

**FLORHAM PARK BOARD OF EDUCATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**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, 2019**

**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. STEVEN G. CAPONEGRO**  
Superintendent of Schools  
steve.caponegro@fpks.org

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

November 12, 2019

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, 2019 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.





# Florham Park Public Schools

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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 2018/2019 with an average daily enrollment of 982. 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>
2018/19	982	1.70%
2017/18	966	0.00%
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%

## 2. ECONOMIC CONDITION AND OUTLOOK

Florham Park remains financially healthy. The District is currently carrying approximately 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 or other permitted emergencies such as 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 and the 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 "Parking Lot Renovations" at Brooklake and Briarwood Schools as well as the "Integration of CO Detectors" in Ridgdale and Brooklake as required by law. The district has also completed a new Pre-School Playground at Briarwood Elementary School.

On November 5, 2019, the residents of Florham Park passed a School Bond Referendum, authorizing the issuance of approximately \$25 million in 20 year School Bonds. The proceeds will be used to accomplish every (27) Capital Project(s) contained in the district's Long Range Facility Plan.



# *Florham Park Public Schools*

## **ADMINISTRATIVE OFFICES**

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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 2018/2019 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, 2019.

#### **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, 2019 the District had \$3,730,000 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. On November 5, 2019, the residents of Florham Park passed an approximately \$25 million School Bond Referendum.

## 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.



# Florham Park Public Schools

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### 10. OTHER INFORMATION

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

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

### 11. ACKNOWLEDGEMENTS

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

Respectfully submitted,

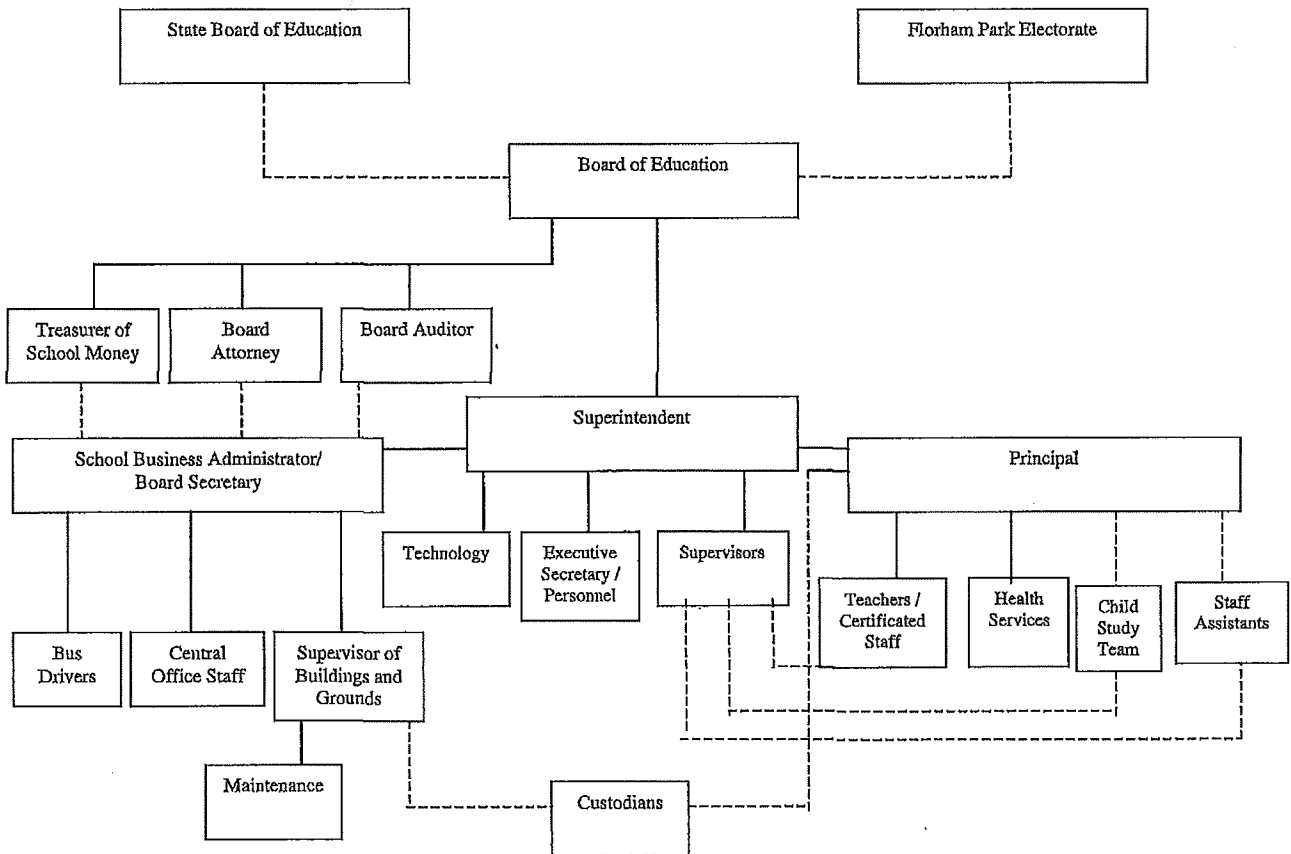
Dr. Steven G. Caponegro  
Superintendent of Schools

John R. Csatlos CPA  
Business Administrator/Board Secretary

# FLORHAM PARK BOARD OF EDUCATION

ADMINISTRATION

## ORGANIZATIONAL CHART



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

**ROSTER OF OFFICIALS  
JUNE 30, 2019**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Nicolas Rittrivi, President	2019
Alita Thomas, Vice President	2021
Yvonne Cali	2019
Febienne Crimi	2019
Linda Rozek	2020
Brian Perillo	2019
Kristina Heinold	2021

**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  
MARK SACO, CPA  
SHERYL M. LEIDIG, CPA, PSA  
ROBERT LERCH, CPA  
CHRIS SOHN, CPA

## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Education  
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, 2019 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.

### *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, 2019, 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, pension information and other postemployment benefits information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

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

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated November 12, 2019 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  
November 12, 2019

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

# FLORHAM PARK BOARD OF EDUCATION

## Management's Discussion and Analysis Fiscal Year Ended June 30, 2019

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, 2019. 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 2018-2019 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 \$6,631,210. (Net Position)
- The District's total net position increased by \$681,155.
- Overall District revenues were \$25,313,723. General revenues accounted for \$19,351,427 or 76% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$5,962,296 or 24% of total revenues.
- The school district had \$24,623,933 in expenses for governmental activities; only \$5,957,382 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$19,351,427 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$1,647,299. Of this amount, \$367,831 (22%) is available for spending at the District's discretion (unassigned fund balance – General Fund).
- The General Fund fund balance at June 30, 2019 was \$1,647,299 a decrease of \$590,613 compared to the ending fund balance at June 30, 2018 of \$2,237,912.
- The General Fund unassigned budgetary fund balance at June 30, 2019 was \$559,082 which represents an increase of \$186,587 compared to the ending unassigned budgetary fund balance at June 30, 2018 of \$372,495.
- The District's total outstanding long-term liabilities decreased by \$1,295,171 during the current fiscal year.

# FLORHAM PARK BOARD OF EDUCATION

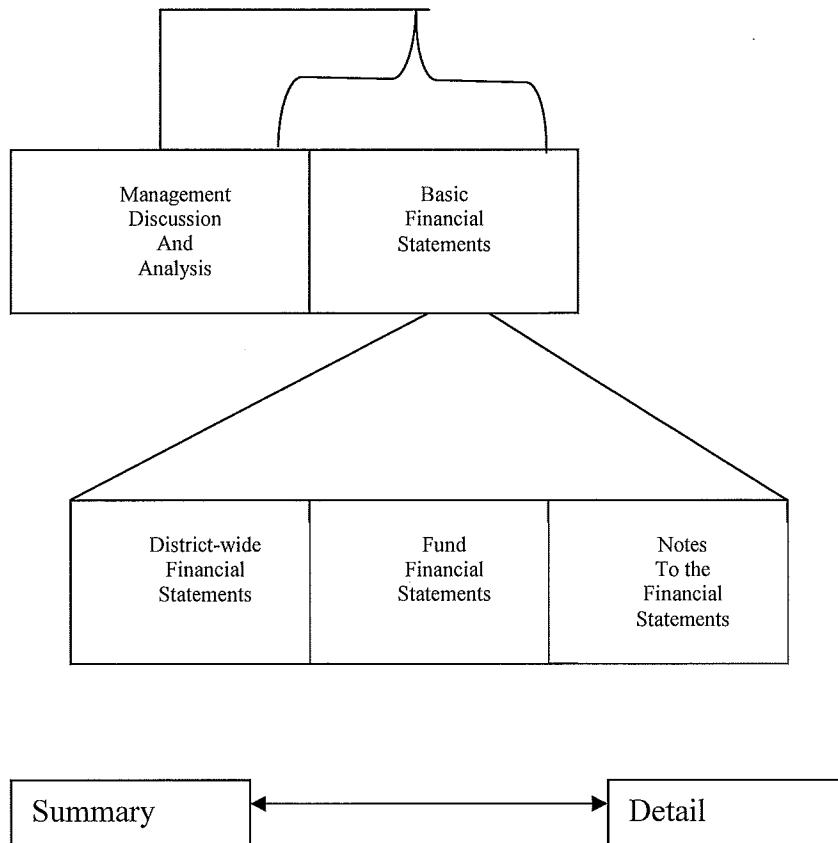
## Management's Discussion and Analysis Fiscal Year Ended June 30, 2019

### 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, 2019

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, 2019

- 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, 2019

**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 \$6,631,210 and \$5,950,055 on June 30, 2019 and 2018, respectively as follows:

	<b>Net Position</b>					
	<b>As of June 30, 2019 and 2018</b>					
	Governmental Activities		Business- Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current Assets	\$ 1,856,913	\$ 2,371,222			\$ 1,856,913	\$ 2,371,222
Capital Assets	14,704,528	14,131,845	\$ 9,116	\$ 8,126	14,713,644	14,139,971
<b>Total Assets</b>	<u>16,561,441</u>	<u>16,503,067</u>	<u>9,116</u>	<u>8,126</u>	<u>16,570,557</u>	<u>16,511,193</u>
<b>Total Deferred Outflows of Resources</b>	<u>1,943,895</u>	<u>2,072,245</u>	<u>-</u>	<u>-</u>	<u>1,943,895</u>	<u>2,072,245</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>18,505,336</u>	<u>18,575,312</u>	<u>9,116</u>	<u>8,126</u>	<u>18,514,452</u>	<u>18,583,438</u>
Long-Term Liabilities	9,547,778	10,842,949			9,547,778	10,842,949
Other Liabilities	282,022	221,634	-	-	282,022	221,634
<b>Total Liabilities</b>	<u>9,829,800</u>	<u>11,064,583</u>	<u>-</u>	<u>-</u>	<u>9,829,800</u>	<u>11,064,583</u>
<b>Total Deferred Inflows of Resources</b>	<u>2,053,442</u>	<u>1,568,800</u>	<u>-</u>	<u>-</u>	<u>2,053,442</u>	<u>1,568,800</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>11,883,242</u>	<u>12,633,383</u>	<u>-</u>	<u>-</u>	<u>11,883,242</u>	<u>12,633,383</u>
Net Position						
Net Investment in Capital Assets	10,964,789	9,518,311	9,116	8,126	10,973,905	9,526,437
Restricted	685,184	717,801			685,184	717,801
Unrestricted	<u>(5,027,879)</u>	<u>(4,294,183)</u>	<u>-</u>	<u>-</u>	<u>(5,027,879)</u>	<u>(4,294,183)</u>
<b>Total Net Position</b>	<u>\$ 6,622,094</u>	<u>\$ 5,941,929</u>	<u>\$ 9,116</u>	<u>\$ 8,126</u>	<u>\$ 6,631,210</u>	<u>\$ 5,950,055</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, 2019

The District's total net position of \$6,631,210 at June 30, 2019 represents a \$681,155 or 11%, increase from the prior year. The following presents the changes in net position for the fiscal years ended June 30, 2019 and 2018.

**Change in Net Position  
For The Fiscal Years Ended June 30, 2019 and 2018**

	Governmental		Business-		Total	
	Activities		Type			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 279,161	\$ 267,128	\$ 4,914	\$ 5,029	\$ 284,075	\$ 272,157
Operating Grants and Contributions	5,678,221	6,833,942			5,678,221	6,833,942
General Revenues						
Property Taxes	19,199,651	18,419,303			19,199,651	18,419,303
Unrestricted State Aid	1,758	19,199			1,758	19,199
Other	<u>150,018</u>	<u>141,978</u>	<u>-</u>	<u>-</u>	<u>150,018</u>	<u>141,978</u>
<b>Total Revenues</b>	<b><u>25,308,809</u></b>	<b><u>25,681,550</u></b>	<b><u>4,914</u></b>	<b><u>5,029</u></b>	<b><u>25,313,723</u></b>	<b><u>25,686,579</u></b>
<b>Expenses</b>						
Instruction						
Regular	9,067,105	9,323,261			9,067,105	9,323,261
Special Education	4,616,774	4,699,889			4,616,774	4,699,889
Other Instruction	381,634	388,761			381,634	388,761
School Sponsored Activities and Athletics	210,847	240,664			210,847	240,664
Support Services					-	
Student and Instruction Related Services	3,638,483	3,871,776			3,638,483	3,871,776
General Administrative Services	673,616	708,755			673,616	708,755
School Administrative Services	1,191,622	1,255,892			1,191,622	1,255,892
Central Administrative Services	716,757	722,662			716,757	722,662
Plant Operations and Maintenance	2,827,711	2,874,570			2,827,711	2,874,570
Pupil Transportation	1,140,451	1,115,537			1,140,451	1,115,537
Interest on Debt	158,933	193,994			158,933	193,994
Food Services	<u>-</u>	<u>-</u>	<u>8,635</u>	<u>11,482</u>	<u>8,635</u>	<u>11,482</u>
<b>Total Expenses</b>	<b><u>24,623,933</u></b>	<b><u>25,395,761</u></b>	<b><u>8,635</u></b>	<b><u>11,482</u></b>	<b><u>24,632,568</u></b>	<b><u>25,407,243</u></b>
<b>Increase (Decrease) in Net Position Before Transfers</b>	<b>684,876</b>	<b>285,789</b>	<b>(3,721)</b>	<b>(6,453)</b>	<b>681,155</b>	<b>279,336</b>
<b>Transfers</b>	<b><u>(4,711)</u></b>	<b><u>(4,643)</u></b>	<b><u>4,711</u></b>	<b><u>4,643</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Increase (Decrease) in Net Position</b>	<b>680,165</b>	<b>281,146</b>	<b>990</b>	<b>(1,810)</b>	<b>681,155</b>	<b>279,336</b>
<b>Net Position, Beginning of Year</b>	<b><u>5,941,929</u></b>	<b><u>5,660,783</u></b>	<b><u>8,126</u></b>	<b><u>9,936</u></b>	<b><u>5,950,055</u></b>	<b><u>5,670,719</u></b>
<b>Net Position, End of Year</b>	<b><u>\$ 6,622,094</u></b>	<b><u>\$ 5,941,929</u></b>	<b><u>\$ 9,116</u></b>	<b><u>\$ 8,126</u></b>	<b><u>\$ 6,631,210</u></b>	<b><u>\$ 5,950,055</u></b>

# FLORHAM PARK BOARD OF EDUCATION

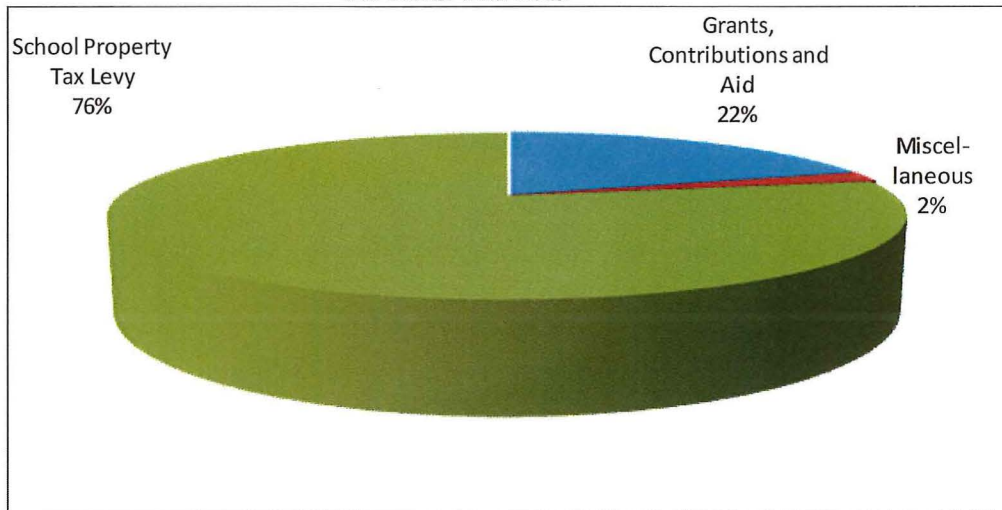
## Management's Discussion and Analysis Fiscal Year Ended June 30, 2019

**Governmental Activities.** The District's total governmental activities' revenues, which includes State and Federal grants, were \$25,308,809 for the fiscal year ended June 30, 2019, property taxes of \$19,199,651 represented 76% of revenues. Another significant portion of revenues came from grants and contributions and unrestricted state aid which totaled \$5,679,979 and represented 22% of revenues. In addition, charges for services from tuition, transportation fees and facility use fees, as well as general revenue from miscellaneous income such as interest, prior year refunds and other miscellaneous items represented 2% of revenues.

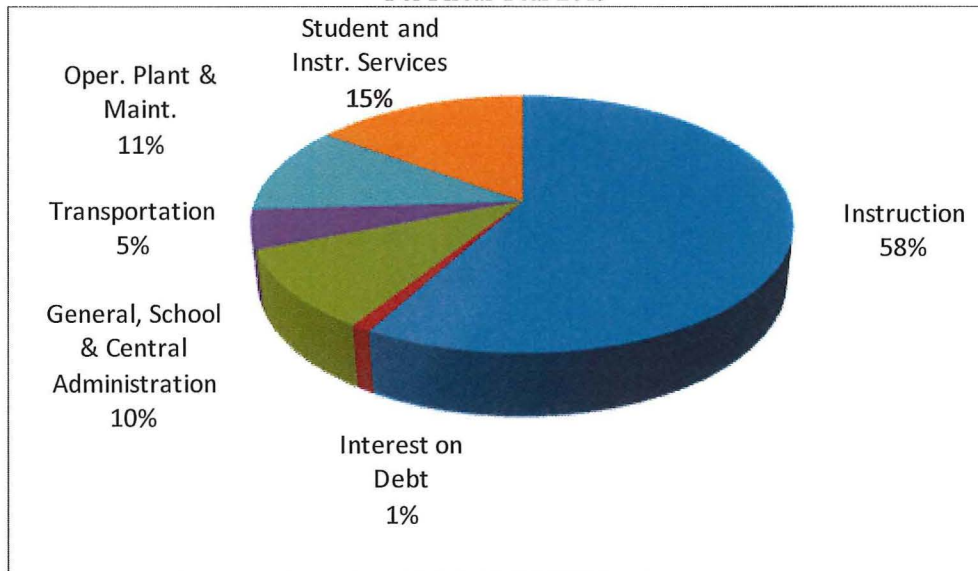
The total cost of all governmental activities programs and services was \$24,623,933 for the fiscal year ended June 30, 2019. The District's expenses are predominantly related to educating and caring for students. Instruction costs were \$14,276,360 (58%) of total expenses. Support services costs were \$10,188,640 (41%) of total expenses and interest on debt totaled \$158,933 (1%) of total expenses.

For fiscal year 2019, total governmental activities revenues exceeded expenses and transfers out increasing net position for governmental activities by \$680,165 from the previous year.

Revenues by Sources – Governmental Activities  
For Fiscal Year 2019



Expenses by Use – Governmental Activities  
For Fiscal Year 2019



FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2019

**Total and Net Cost of Governmental Activities.** The District's total cost of services was \$24,623,933. After applying program revenues, derived from operating grants and contributions of \$5,678,221, and charges for services of \$279,161, the net cost of services of the District is \$18,666,551 for the fiscal year ended June 30, 2019.

**Total and Net Cost of Governmental Activities  
For the Fiscal Years Ended June 30, 2019 and 2018**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Instruction				
Regular	\$ 9,067,105	\$ 9,323,261	\$ 6,620,092	\$ 6,329,948
Special Education	4,616,774	4,699,889	3,041,976	2,869,973
Other Instruction	381,634	388,761	274,271	261,649
School Sponsored Activities and Athletics	210,847	240,664	202,772	222,298
Support Services				
Student and Instruction Related Services	3,638,483	3,871,776	2,882,828	2,891,775
General Administrative Services	673,616	708,755	552,110	543,880
School Administrative Services	1,191,622	1,255,892	943,499	935,201
Central Administrative Services	716,757	722,662	560,699	533,529
Plant Operations and Maintenance	2,827,711	2,874,570	2,651,786	2,725,795
Pupil Transportation	1,140,451	1,115,537	777,585	786,649
Interest on Debt	<u>158,933</u>	<u>193,994</u>	<u>158,933</u>	<u>193,994</u>
<b>Total</b>	<b><u>\$ 24,623,933</u></b>	<b><u>\$ 25,395,761</u></b>	<b><u>\$ 18,666,551</u></b>	<b><u>\$ 18,294,691</u></b>

**Business-Type Activities** – The District's total business-type activities revenues were \$4,914 for the fiscal year ended June 30, 2019. Charges for services accounted for 100% of total revenues.

Total cost of all business-type activities programs and services was \$8,635 for the fiscal year ended June 30, 2019.

There were transfers of \$4,711 from governmental activities during the year.

For fiscal year 2019, total business-type activities revenues and transfers exceeded expenses increasing net position by \$990 from the previous year.

FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2019

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund balance of \$1,647,299 at June 30, 2019, a decrease of \$590,613 from last year's fund balance of \$2,237,912. This decrease was mainly attributable to the District's use of prior year available fund balances to fund budgeted expenditures of the 2018/2019 school year in the general fund.

Revenues for the District's governmental funds were \$23,303,661, while total expenditures were \$23,889,563 for the fiscal year ended June 30, 2019.

**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, 2019</u>	<u>June 30, 2018</u>		
Local Sources				
Property Taxes	\$ 18,154,307	\$ 17,375,847	\$ 778,460	4%
Other	429,179	409,106	20,073	5%
State Sources	3,352,743	2,963,398	389,345	13%
Federal Sources	<u>15,267</u>	<u>-</u>	<u>15,267</u>	100%
 Total General Fund Revenues	 <u>\$ 21,951,496</u>	 <u>\$ 20,748,351</u>	 <u>\$ 1,203,145</u>	 6%

For fiscal year 2019, total General Fund revenues increased \$1,203,145 or 6% from the previous year. Property taxes increased \$778,460 or 4% to support increases in operating costs. As indicated, State aid increased \$389,345 or 13% mainly due to increases in transportation aid and 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, 2019</u>	<u>June 30, 2018</u>		
Instruction	\$ 12,562,605	\$ 12,023,817	\$ 538,788	4%
Support Services	8,753,122	8,638,882	114,240	1%
Debt Service	3,300	3,300	-	0%
Capital Outlay	<u>1,218,371</u>	<u>149,961</u>	<u>1,068,410</u>	712%
 Total Expenditures	 <u>\$ 22,537,398</u>	 <u>\$ 20,815,960</u>	 <u>\$ 1,721,438</u>	 8%

For fiscal year 2019, total General Fund expenditures increased \$1,721,438 or 8% from the previous year. Notable increases during the year were attributed to increases in regular and special education instruction costs and capital outlay costs.

FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2019

**GENERAL FUND (Continued)**

In fiscal year 2019 General Fund expenditures and other financing uses exceeded revenues by \$590,613. Therefore, total fund balance decreased to \$1,647,299 at June 30, 2019. After deducting restricted and assigned fund balances, the unassigned fund balance increased from \$278,294 at June 30, 2018 to \$367,831 at June 30, 2019. In addition, the District decreased its restricted fund balance for capital reserve by \$32,617 and committed and assigned fund balances by \$812,398 while other restricted fund balances for excess surplus and unexpended additional spending proposals increased \$164,865 at year end.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

At the end of fiscal year 2019, the District had \$14,704,528 invested in land, buildings, furniture, equipment and vehicles for governmental activities. Depreciation charges for fiscal year 2018-2019 amounted to \$645,688 for governmental activities. The following is a comparison of the June 30, 2019 and 2018 balances:

Capital Assets as of June 30, 2019 and 2018		<u>Governmental Activities</u>	
		<u>2019</u>	<u>2018</u>
Land	\$	1,156,663	\$ 1,156,663
Construction in Progress		115,125	19,625
Land Improvements		1,662,405	1,369,190
Buildings and Building Improvements		24,772,135	24,291,795
Machinery and Equipment		<u>2,153,519</u>	<u>2,018,688</u>
		29,859,847	28,855,961
<b>Less Accumulated Depreciation</b>		<u>(15,155,319)</u>	<u>(14,724,116)</u>
<b>Total</b>		<u>\$ 14,704,528</u>	<u>\$ 14,131,845</u>

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

**LONG TERM LIABILITIES**

At June 30, 2019 the District had \$9,547,778 of total outstanding long term liabilities. Of this amount, \$3,833,235 is for serial bonds, \$7,175 is for capital leases, \$352,202 is for compensated absences and \$5,355,166 is for the District's net pension liability. For fiscal year 2018-2019 total outstanding long-term liabilities decreased by \$1,295,171. The following is a comparison of the June 30, 2019 and 2018 balances:

Outstanding Long-Term Debt as of June 30, 2019 and 2018		<u>Governmental Activities</u>	
		<u>2019</u>	<u>2018</u>
Serial Bonds (Including Original Issue Premium)	\$	3,833,235	\$ 4,743,884
Capital Leases Payable		7,175	9,959
Compensated Absences		352,202	267,679
Net Pension Liability		<u>5,355,166</u>	<u>5,821,427</u>
<b>Total</b>		<u>\$ 9,547,778</u>	<u>\$ 10,842,949</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, 2019

### **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 and restricted fund balances to the budget during the year for unbudgeted items. Other revisions to the budget during the year were the reappropriation of prior year encumbrances and an additional spending proposal approved by the voters in November 2018.

For fiscal year 2019 General Fund budgetary expenditures and other financing uses exceeded budgetary revenues decreasing budgetary fund balance by \$493,563 from the previous year. After deducting fund balances restricted and assigned, the unassigned budgetary fund balance increased \$186,587 from \$372,495 at June 30, 2018 to \$559,082 at June 30, 2019. In addition, the District decreased its capital reserve from \$637,801 at June 30, 2018 to \$605,184 at June 30, 2019. However, the District increased its excess surplus reserve from \$43,736 at June 30, 2018 to \$104,595 at June 30, 2019 and established a restricted reserve of \$104,006 at June 2019 for the unexpended appropriations of an additional spending proposal.

### **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 2019-2020 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 2019-2020. Budgeted expenditures in the General Fund increased approximately 3% to \$20,218,694 for fiscal year 2019-2020. Contractual salary requirements was the main factor for the increase in the 2019-2020 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, 2019**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,692,082		\$ 1,692,082
Receivables, net	164,831		164,831
Capital Assets, Not Being Depreciated	1,271,788		1,271,788
Capital Assets, Being Depreciation, Net	<u>13,432,740</u>	<u>\$ 9,116</u>	<u>13,441,856</u>
Total Assets	<u>16,561,441</u>	<u>9,116</u>	<u>16,570,557</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amount on Refunding of Debt	100,671		100,671
Deferred Amounts on Net Pension Liability	<u>1,843,224</u>	<u>-</u>	<u>1,843,224</u>
Total Deferred Outflows of Resources	<u>1,943,895</u>	<u>-</u>	<u>1,943,895</u>
Total Assets and Deferred Outflows of Resources	<u>18,505,336</u>	<u>9,116</u>	<u>18,514,452</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	146,622		146,622
Payable to Other Governments	6,508		6,508
Accrued Interest Payable	72,408		72,408
Unearned Revenue	56,484		56,484
Noncurrent Liabilities			
Due Within One Year	960,454		960,454
Due Beyond One Year	<u>8,587,324</u>	<u>-</u>	<u>8,587,324</u>
Total Liabilities	<u>9,829,800</u>	<u>-</u>	<u>9,829,800</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Amounts on Net Pension Liability	<u>2,053,442</u>	<u>-</u>	<u>2,053,442</u>
Total Deferred Inflows of Resources	<u>2,053,442</u>	<u>-</u>	<u>2,053,442</u>
Total Liabilities and Deferred Inflows of Resources	<u>11,883,242</u>	<u>-</u>	<u>11,883,242</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	10,964,789	9,116	10,973,905
Restricted for			
Capital Projects	605,184		605,184
Plant Maintenance	80,000		80,000
Unrestricted	<u>(5,027,879)</u>	<u>-</u>	<u>(5,027,879)</u>
Total Net Position	<u>\$ 6,622,094</u>	<u>\$ 9,116</u>	<u>\$ 6,631,210</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, 2019**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Governmental Activities</b>						
Instruction						
Regular	\$ 9,067,105	\$ 57,685	\$ 2,389,328	\$ (6,620,092)		\$ (6,620,092)
Special Education	4,616,774		1,574,798	(3,041,976)		(3,041,976)
Other Instruction	381,634		107,363	(274,271)		(274,271)
School Sponsored Activities and Athletics	210,847		8,075	(202,772)		(202,772)
Support Services						
Student and Instruction Related Services	3,638,483		755,655	(2,882,828)		(2,882,828)
General Administrative Services	673,616		121,506	(552,110)		(552,110)
School Administrative Services	1,191,622		248,123	(943,499)		(943,499)
Central Administrative Services	716,757		156,058	(560,699)		(560,699)
Plant Operations and Maintenance	2,827,711	68,032	107,893	(2,651,786)		(2,651,786)
Pupil Transportation	1,140,451	153,444	209,422	(777,585)		(777,585)
Interest on Debt	158,933	-	-	(158,933)	-	(158,933)
Total Governmental Activities	<u>24,623,933</u>	<u>279,161</u>	<u>5,678,221</u>	<u>(18,666,551)</u>	<u>-</u>	<u>(18,666,551)</u>
<b>Business-Type Activities</b>						
Food Service	<u>8,635</u>	<u>4,914</u>	<u>-</u>	<u>-</u>	<u>\$ (3,721)</u>	<u>(3,721)</u>
Total Business-Type Activities	<u>8,635</u>	<u>4,914</u>	<u>-</u>	<u>-</u>	<u>(3,721)</u>	<u>(3,721)</u>
Total Primary Government	<u>\$ 24,632,568</u>	<u>\$ 284,075</u>	<u>\$ 5,678,221</u>	<u>(18,666,551)</u>	<u>(3,721)</u>	<u>(18,670,272)</u>
<b>General Revenues</b>						
Taxes						
Property Tax, Levied for General Purposes				18,154,307		18,154,307
Property Tax, Levied for Debt Service				1,045,344		1,045,344
Unrestricted State Aid				1,758		1,758
Investment Earnings				55,089		55,089
Miscellaneous Income				94,929		94,929
Transfers				(4,711)	4,711	-
Total General Revenues and Transfers				<u>19,346,716</u>	<u>4,711</u>	<u>19,351,427</u>
Change in Net Position				680,165	990	681,155
Net Position, Beginning of Year				<u>5,941,929</u>	<u>8,126</u>	<u>5,950,055</u>
Net Position, End of Year				<u>\$ 6,622,094</u>	<u>\$ 9,116</u>	<u>\$ 6,631,210</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, 2019**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Debt Service Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,691,733	\$ 349		\$ 1,692,082
Intergovernmental Receivable	123,605	24,575		148,180
Other Accounts Receivable	8,059	-		8,059
Due from Other Funds	<u>8,592</u>	<u>-</u>	<u>-</u>	<u>8,592</u>
 Total Assets	 <u>\$ 1,831,989</u>	 <u>\$ 24,924</u>	 <u>\$ -</u>	 <u>\$ 1,856,913</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts Payable	\$ 86,270	\$ 814		\$ 87,084
Accrued Salaries and Wages	24,692			24,692
Compensated Absences Payable	34,846			34,846
Intergovernmental Payable - State		6,508		6,508
Unearned Revenue	<u>38,882</u>	<u>17,602</u>	<u>-</u>	<u>56,484</u>
 Total Liabilities	 <u>184,690</u>	 <u>24,924</u>	 <u>-</u>	 <u>209,614</u>
Fund Balances				
Restricted				
Capital Reserve	435,184			435,184
Capital Reserve - Designated for Subsequent Year's Expenditures	170,000			170,000
Maintenance Reserve	50,000			50,000
Maintenance Reserve - Designated for Subsequent Year's Expenditures	30,000			30,000
Emergency Reserve - Designated for Subsequent Year's Expenditures	250,000			250,000
Legally Restricted - Unexpended Additional Spending Proposal	104,006			104,006
Excess Surplus	104,595			104,595
Assigned				
Year End Encumbrances	135,683			135,683
Unassigned	<u>367,831</u>	<u>-</u>	<u>-</u>	<u>367,831</u>
 Total Fund Balances	 <u>1,647,299</u>	 <u>-</u>	 <u>-</u>	 <u>1,647,299</u>
 Total Liabilities and Fund Balances	 <u>\$ 1,831,989</u>	 <u>\$ 24,924</u>	 <u>\$ -</u>	 <u>\$ 1,856,913</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, 2019**

<b>Total Fund Balances (Exhibit B-1)</b>		<b>\$ 1,647,299</b>
 Amounts reported for <i>governmental activities</i> 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 \$29,859,847 and the accumulated depreciation is \$15,155,319.		14,704,528
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.		100,671
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	\$ 1,843,224	
Deferred Inflows of Resources	<u>(2,053,442)</u>	(210,218)
The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is:		(72,408)
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	3,833,235	
Capital Leases Payable	7,175	
Compensated Absences	352,202	
Net Pension Liability	<u>5,355,166</u>	<u>(9,547,778)</u>
<b>Total Net Position of Governmental Activities (Exhibit A-1)</b>		<b><u>\$ 6,622,094</u></b>

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

**FLORHAM PARK BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Local Sources				
Property Tax Levy	\$ 18,154,307		\$ 1,045,344	\$ 19,199,651
Tuition	57,685			57,685
Transportation Fees	153,444			153,444
Interest	55,089			55,089
Miscellaneous	162,961	\$ 42,506	-	205,467
Total - Local Sources	18,583,486	42,506	1,045,344	19,671,336
State Sources	3,352,743	11,657		3,364,400
Federal Sources	15,267	252,658	-	267,925
Total Revenues	21,951,496	306,821	1,045,344	23,303,661
<b>EXPENDITURES</b>				
Current				
Instruction				
Regular	8,024,308	57,295		8,081,603
Special Education	4,004,504	204,805		4,209,309
Other Instruction	335,541	4,827		340,368
School-Sponsored Activities and Athletics	198,252			198,252
Support Services				
Student and Instruction Related Services	3,253,980	25,588		3,279,568
General Administrative Services	623,518			623,518
School Administrative Services	1,060,188			1,060,188
Central Services	642,500			642,500
Plant Operations and Maintenance	2,118,893	14,306		2,133,199
Student Transportation Services	1,054,043			1,054,043
Debt Service				
Principal	2,784		870,000	872,784
Interest and Other Charges	516		175,344	175,860
Capital Outlay	1,218,371	-	-	1,218,371
Total Expenditures	22,537,398	306,821	1,045,344	23,889,563
Excess (Deficiency) of Revenues Over (Under) Expenditures	(585,902)	-	-	(585,902)
<b>OTHER FINANCING SOURCES/(USES)</b>				
Transfers Out	(4,711)	-	-	(4,711)
Total Other Financing Uses	(4,711)	-	-	(4,711)
Net Change in Fund Balances	(590,613)	-	-	(590,613)
Fund Balance, Beginning of Year	2,237,912	-	-	2,237,912
Fund Balance, End of Year	\$ 1,647,299	\$ -	\$ -	\$ 1,647,299

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, 2019**

**Total net change in fund balances - governmental funds (Exhibit B-2)** \$ (590,613)

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

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

Capital Outlay	\$ 1,218,371	
Depreciation Expense	<u>(645,688)</u>	
		572,683

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	(84,523)	
Increase in Pension Expense	<u>(107,093)</u>	
		(191,616)

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	870,000	
Capital Leases	<u>2,784</u>	
		872,784

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	40,649	
Amortization of Deferred Amounts on Refunding	<u>(39,638)</u>	
		1,011

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>15,916</u>
------------------------------	--	---------------

**Change in net position of governmental activities (Exhibit A-2)** **\$ 680,165**



**FLORHAM PARK BOARD OF EDUCATION  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 AS OF JUNE 30, 2019**

	<b>Non-Major Enterprise Fund <u>Food Service</u></b>
<b>ASSETS</b>	
Non-Current Assets	
Capital Assets	
Equipment	\$ 119,196
Less: Accumulated Depreciation	<u>(110,080)</u>
Total Non-Current Assets	<u>9,116</u>
Total Assets	<u>9,116</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	<u>9,116</u>
Total Net Position	<u><u>\$ 9,116</u></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, 2019**

	<b>Non-Major Enterprise Fund <u>Food Service</u></b>
<b>OPERATING REVENUES</b>	
Local Sources	
Daily Sales	\$ <u>4,914</u>
Total Operating Revenues	<u>4,914</u>
<b>OPERATING EXPENSES</b>	
Cost of Goods Sold	6,825
Depreciation	<u>1,810</u>
Total Operating Expenses	<u>8,635</u>
Operating Loss Before Transfer	(3,721)
Transfer In	<u>4,711</u>
Changes in Net Position	990
Net Position, Beginning of Year	<u>8,126</u>
Net Position, End of Year	<u><u>\$ 9,116</u></u>

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

**FLORHAM PARK BOARD OF EDUCATION  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Non-Major Enterprise Fund Food Service</u>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 4,914
Cash Payments to Suppliers for Goods and Services	<u>(6,825)</u>
Net Cash (Used for) Operating Activities	<u>(1,911)</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Cash Received from General Fund	<u>1,911</u>
Net Cash Provided by Noncapital Financing Activities	<u>1,911</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Purchase of Capital Assets	<u>(2,800)</u>
Net Cash (Used For) Capital Related Financing Activities	<u>(2,800)</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>
<b>Reconciliation of Operating Loss to Net Cash (Used for) Operating Activities</b>	
Operating Loss	\$ <u>(3,721)</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>\$ (1,911)</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, 2019**

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 93,742	\$ 5,639	\$ 101,044
Due from Other Funds	<u>6,424</u>	<u>-</u>	<u>-</u>
Total Assets	<u>100,166</u>	<u>5,639</u>	<u>\$ 101,044</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings			\$ 6,335
Accrued Salaries and Wages			329
Flex Spending Deposits			244
Due to Other Funds			15,016
Intergovernmental Payable - State	\$ 1,607		
Due to Student Groups	<u>-</u>	<u>-</u>	<u>79,120</u>
Total Liabilities	<u>1,607</u>	<u>-</u>	<u>\$ 101,044</u>
<b>NET POSITION</b>			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 98,559</u>	<u>\$ 5,639</u>	

**FLORHAM PARK BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>
<b>ADDITIONS</b>		
Contributions		
Employees	\$ 19,180	
Donations		\$ 150
Investment Earnings		
Interest	1,883	118
	<hr/>	<hr/>
Total Additions	21,063	268
<b>DEDUCTIONS</b>		
Scholarship Awards		150
Unemployment Claims and Contributions	13,924	-
	<hr/>	<hr/>
Total Deductions	13,924	150
Change in Net Position	7,139	118
Net Position, Beginning of Year	91,420	5,521
	<hr/>	<hr/>
Net Position, End of Year	\$ 98,559	\$ 5,639
	<hr/>	<hr/>

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, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

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

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

**B. New Accounting Standards**

During fiscal year 2019, the District adopted the following GASB statements as required:

- GASB No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistency provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms association with debt will be disclosed.

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

- 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.

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

**B. New Accounting Standards (Continued)**

- 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.
- GASB No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, will be effective beginning with the fiscal year ending June 30, 2020. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

**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.

**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.



FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 *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.

The District reports the following non-major proprietary funds which are 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 funds* are used to account for resources legally held in trust for state unemployment insurance claims and for private donations for scholarship awards. All resources of the funds, 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.

The *fiduciary agency funds* account for assets held by the District as an agent for student activities and for payroll deductions and withholdings. The funds for the student activities fund are solely for noninstructional student activities that are supported and controlled by student organizations and clubs for which school administration does not have management involvement. The payroll funds are held to remit employee withholdings to respective state, federal and other agencies.

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.

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

**D. Measurement Focus and Basis of Accounting**

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

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

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

Property taxes, tuition, transportation fees, facility use 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.

**FLORHAM PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

**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.

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 amount on refunding of debt which results from the loss on a debt refunding reported in the district-wide statement of net position. Deferred amounts on debt refunding result from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

***5. Deferred Outflows/Inflows of Resources (Continued)***

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to 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.

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

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

***8. Long-Term Obligations***

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

FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. *Long-Term Obligations (Continued)*

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

9. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

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

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

*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 2019/2020 District budget certified for taxes.

*Maintenance Reserve* – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education. (See Note 2C).

*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 2019/2020 District budget certified for taxes

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**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)**

**Restricted Fund Balance (Continued)**

*Emergency Reserve – Designated for Subsequent Year's Expenditures* 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 that was appropriated in the 2019/2020 original budget certified for taxes. (See Note 2D).

*Legally Restricted – Unexpended Additional Spending Proposal* – This restriction was created in accordance with NJAC 6A:23A-12.13(a)11 to represent the unexpended proceeds of a separate spending proposal approved by the voters in the 2018/2019 District budget that is required to be appropriated in the 2020/2021 original budget certified for taxes.

*Excess Surplus* – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2019 audited excess surplus that is required to be appropriated in the 2020/2021 original budget certified for taxes.

**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.

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

In the general operating fund and other governmental funds (debt service fund types), it is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

**10. Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the government that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District has no committed Fund balance at year end.

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

***10. Fund Balance Policies (Continued)***

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the School Business Administrator/Board Secretary to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**F. Revenues and Expenditures/Expenses**

***1. Program Revenues***

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

***2. Property Taxes***

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

***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 2017-2018 and 2018-2019 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

**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 funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**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 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. The Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Education 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 2018/2019. Also, during 2018/2019 the Board increased the original budget by \$1,041,968. The increase was funded by an additional spending proposal approved by the voters at the November 2018 election, additional unassigned and restricted fund balances appropriated, additional state aid and grant awards and the reappropriation of prior year general fund encumbrances.

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



**FLORHAM PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

**A. Budgetary Information (Continued)**

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

**B. Capital Reserve**

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

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

The activity of the capital reserve for the fiscal year ended June 30, 2019 is as follows:

Balance, July 1, 2018		\$ 637,801
Increased by		
Deposits Approved by Board Resolution	\$ 400,000	
Return of Unencumbered Appropriations Funded by Reserve	<u>56,430</u>	
		<u>456,430</u>
		1,094,231
Decreased by		
Withdrawals Approved in District Budget	359,047	
Withdrawals Approved by Board Resolution	<u>130,000</u>	
		<u>489,047</u>
Balance, June 30, 2019		<u>\$ 605,184</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. \$170,000 of the capital reserve balance at June 30, 2019 was designated and appropriated for use in the 2019/2020 original budget certified for taxes.

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

**C. Maintenance Reserve**

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

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance reserve in the annual General Fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

The activity of the maintenance reserve for the fiscal year ended June 30, 2019 is as follows:

Balance, July 1, 2018	<u>\$ 80,000</u>
Balance, June 30, 2019	<u>\$ 80,000</u>

The June 30, 2019 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$994,136. \$30,000 of the maintenance reserve balance at June 30, 2019 was designated and appropriated for use in the 2019/2020 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, 2019 is as follows:

Balance, July 1, 2018	<u>\$ 250,000</u>
Balance, June 30, 2019	<u>\$ 250,000</u>

The emergency reserve balance at June 30, 2019 of \$250,000 was designated and appropriated for use in the 2019/2020 original budget certified for taxes.

**FLORHAM PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

**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, 2019 is \$104,595. This amount will be appropriated in the 2020/2021 original budget certified for taxes.

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Cash Deposits and Investments**

**Cash Deposits**

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), 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 and NCUSIF.

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, 2019, the book value of the Board's deposits were \$1,892,507 and bank and brokerage firm balances of the Board’s deposits amounted to \$2,403,838. The Board's deposits which are displayed on the various fund balance sheets as “cash and cash equivalents” are categorized as:

<b><u>Depository Account</u></b>	<b><u>Bank Balance</u></b>
Insured	\$ <u>2,403,838</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, 2019 none of the Board’s bank balances were exposed to custodial credit risk.

**FLORHAM PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

**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; any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; 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; Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the “Local Authorities Fiscal Control Law,” (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by school districts; Local Government investment pools; deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2019, the Board had no outstanding investments.

Interest Rate Risk – The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Board places no limit in the amount the District may invest in any one issuer.

**B. Receivables**

Receivables as of June 30, 2019 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		\$ 22,855	\$ 22,855
State	\$ 28,097		28,097
Local	95,508	1,720	97,228
Accounts	<u>8,059</u>	<u>-</u>	<u>8,059</u>
Gross Receivables	131,664	24,575	156,239
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 131,664</u>	<u>\$ 24,575</u>	<u>\$ 156,239</u>

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

**C. Unearned Revenue**

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

General Fund		
Prepaid Tuition Fees	\$	23,400
Prepaid Transportation Fees		11,450
Prepaid Facility Use Fees		4,032
Special Revenue Fund		
Unencumbered Grant Draw Downs		<u>17,602</u>
 Total Unearned Revenue for Governmental Funds	 \$	 <u>56,484</u>

**D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2019 was as follows:

	<u>Balance, July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2019</u>
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,156,663			\$ 1,156,663
Construction in Progress	<u>19,625</u>	\$ 95,500	<u>-</u>	<u>115,125</u>
Total Capital Assets, Not Being Depreciated	<u>1,176,288</u>	<u>95,500</u>	<u>-</u>	<u>1,271,788</u>
Capital Assets, Being Depreciated:				
Land Improvements	1,369,190	293,215		1,662,405
Building and Building Improvements	24,291,795	480,340		24,772,135
Machinery and Equipment	<u>2,018,688</u>	<u>349,316</u>	\$ (214,485)	<u>2,153,519</u>
Total Capital Assets Being Depreciated	<u>27,679,673</u>	<u>1,122,871</u>	<u>(214,485)</u>	<u>28,588,059</u>
Less Accumulated Depreciation for:				
Land Improvements	(1,250,965)	(78,603)		(1,329,568)
Building and Building Improvements	(11,674,325)	(532,391)		(12,206,716)
Machinery and Equipment	<u>(1,798,826)</u>	<u>(34,694)</u>	214,485	<u>(1,619,035)</u>
Total Accumulated Depreciation	<u>(14,724,116)</u>	<u>(645,688)</u>	<u>214,485</u>	<u>(15,155,319)</u>
Total Assets, Being Depreciation, Net	<u>12,955,557</u>	<u>477,183</u>	<u>-</u>	<u>13,432,740</u>
Government Activities Capital Assets, Net	<u>\$ 14,131,845</u>	<u>\$ 572,683</u>	<u>\$ -</u>	<u>\$ 14,704,528</u>

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

**D. Capital Assets (Continued)**

	Balance, July 1, 2018	Increases	Decreases	Balance, June 30, 2019
<b>Business-Type Activities:</b>				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 116,396	\$ 2,800	-	\$ 119,196
Total Capital Assets Being Depreciated	<u>116,396</u>	<u>2,800</u>	<u>-</u>	<u>119,196</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(108,270)	(1,810)	-	(110,080)
Total Accumulated Depreciation	<u>(108,270)</u>	<u>(1,810)</u>	<u>-</u>	<u>(110,080)</u>
Total Capital Assets, Being Depreciated, Net	<u>8,126</u>	<u>990</u>	<u>-</u>	<u>9,116</u>
Business-Type Activities Capital Assets, Net	<u>\$ 8,126</u>	<u>\$ 990</u>	<u>\$ -</u>	<u>\$ 9,116</u>

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

<b>Governmental Activities:</b>	
Instruction	
Regular	\$ 3,192
Total Instruction	<u>3,192</u>
Support Services	
Student and Instruction Related Services	1,906
General Administrative Services	904
School Administrative Services	4,200
Plant Operations and Maintenance	597,763
Pupil Transportation	<u>37,723</u>
Total Support Services	<u>642,496</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 645,688</u>
<b>Business-Type Activities:</b>	
Food Service Fund	<u>\$ 1,810</u>

**FLORHAM PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

The composition of interfund balances as of June 30, 2019, is as follows:

**Due To/From Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Payroll Agency Fund	\$ 8,592
Unemployment Compensation Trust Fund	Payroll Agency Fund	<u>6,424</u>
Total		<u>\$ 15,016</u>

The above balances are the result of amounts deposited 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>
	Enterprise Fund
	<u>Food Service</u>
Transfer Out:	
General Fund	<u>\$ 4,711</u>
Total Transfers	<u>\$ 4,711</u>

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

**F. Leases**

**Capital Leases**

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

The capital assets acquired through capital leases are as follows:

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

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

**F. Leases (Continued)**

**Capital Leases (Continued)**

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019 were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2020	\$ 3,300
2021	3,300
2022	<u>1,100</u>
Total minimum lease payments	7,700
Less: amount representing interest	<u>(525)</u>
Present value of minimum lease payments	<u>\$ 7,175</u>

**G. Long-Term Debt**

**General Obligation Bonds**

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

Bonds payable at June 30, 2019 are comprised of the following issues:

\$9,185,000, 2009 Refunding Bonds, due in annual installments of \$905,000 to \$945,000 through July 15, 2022, interest at 3.50% to 4.50%	<u>\$3,730,000</u>
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The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

**Governmental Activities:**

Fiscal Year Ended <u>June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2020	\$ 905,000	\$ 139,016	\$ 1,044,016
2021	940,000	98,900	1,038,900
2022	940,000	57,775	997,775
2023	<u>945,000</u>	<u>18,900</u>	<u>963,900</u>
	<u>\$ 3,730,000</u>	<u>\$ 314,591</u>	<u>\$ 4,044,591</u>



**FLORHAM PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

**G. Long-Term Debt (Continued)**

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2019 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 100,827,648
Less: Net Debt	<u>3,730,000</u>
Remaining Borrowing Power	<u>\$ 97,097,648</u>

**H. Other Long-Term Liabilities**

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable	\$ 4,600,000		\$ 870,000	\$ 3,730,000	\$ 905,000
Add: Original Issue Premium	<u>143,884</u>	<u>-</u>	<u>40,649</u>	<u>103,235</u>	<u>33,594</u>
Total Bonds Payable	4,743,884	-	910,649	3,833,235	938,594
Capital Leases Payable	9,959		2,784	7,175	2,954
Compensated Absences	267,679	\$ 120,369	35,846	352,202	18,906
Net Pension Liability	<u>5,821,427</u>	<u>-</u>	<u>466,261</u>	<u>5,355,166</u>	<u>-</u>
Governmental Activities Long-Term Liabilities	<u>\$ 10,842,949</u>	<u>\$ 120,369</u>	<u>\$ 1,415,540</u>	<u>\$ 9,547,778</u>	<u>\$ 960,454</u>

For the governmental activities, the liabilities for capital leases, compensated absences and net pension liability are generally liquidated by the general fund.

**FLORHAM PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**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.

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

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

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

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

<u>Fiscal Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019	None	\$ 19,180	\$ 13,924	\$ 98,559
2018	None	18,746	23,075	91,420
2017	None	18,155	796	94,700

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (Continued)**

**B. Contingent Liabilities**

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

**Pending Litigation - L.G. v. Florham Park Board of Education** – L.G.'s parents filed for due process to contest the school district's offer of an in-district program. At the beginning of the 2018-2019 school year, the parents had unilaterally placed L.G. at a private school for the disabled where L.G. continues in attendance. The parents are therefore seeking reimbursement for all costs related to L.G.'s placement at the private school, including, but not limited to tuition and transportation. Parents are also requesting reimbursement for expert fees and attorney's fees. In the opinion of the Board attorney, the total of such costs and fees will likely exceed \$120,000.

The Board has filed its response to the due process request, and both parties participated in mediation. The parties were unable to reach a resolution, and as a result, the matter has been transmitted to the Office of Administrative Law for a due process hearing. Preliminarily, however, a settlement conference is currently scheduled for the latter part of November, 2019.

At this time, the District intends to vigorously defend the educational programs that have been offered, yet rejected, by L.G.'s parents.

**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, 2019, 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, 2019, the District has not estimated its arbitrage earnings due to the IRS, if any.

**D. Employee Retirement Systems and Pension Plans**

**Plan Descriptions and Benefits Provided**

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

**Public Employees' Retirement System (PERS)** – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage 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. PERS is a cost sharing multiple employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

**FLORHAM PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Public Employees' Retirement System (PERS) (Continued)**

The following represents the membership tiers for PERS:

<b>Tier</b>	<b>Definition</b>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

**Teachers' Pension and Annuity Fund (TPAF)** – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees. TPAF is a cost sharing multiple- employer defined benefit pension plan with a special funding situation, which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions. For additional information about TPAF, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represent the membership tiers for TPAF:

<b>Tier</b>	<b>Definition</b>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 4 OTHER INFORMATION (Continued)**

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

**Teachers' Pension and Annuity Fund (TPAF) (Continued)**

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement for his/her respective tier. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

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 and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not earn the minimum salary required or do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. 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 (“Division”), issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Plan Amendments**

The authority to amend the provisions of the above plans rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for TPAF and PERS, once a Target Funded Ratio (TFR) is met. The Pension Plan Design Committees will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation of final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committees will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period.

**Measurement Focus and Basis of Accounting**

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

**Investment Valuation**

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

The State of New Jersey, Department of the Treasury, Division of Investment issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290 or at [www.state.nj.us/treasury/doinvest](http://www.state.nj.us/treasury/doinvest).

**FLORHAM PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Collective Net Pension Liability**

The collective net pension liability of the participating employers for local PERS at June 30, 2018 is \$19.7 billion and the plan fiduciary net position as a percentage of the total pension liability is 53.60%. The collective net pension liability of the State funded TPAF at June 30, 2018 is \$63.81 billion and the plan fiduciary net position as a percentage of total pension liability is 26.49%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2017 which were rolled forward to June 30, 2018.

**Actuarial Methods and Assumptions**

In the July 1, 2017 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary’s report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**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 members 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 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee’s annual compensation for fiscal year 2019.

PERS employers’ and TPAF State’s nonemployer contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2019 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State’s annual pension contribution was less than this actuarial determined amount. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployer 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. All PERS and DCRP contributions made by the Board for fiscal years 2019, 2018 and 2017 were equal to the required contributions.

During the fiscal years ended June 30, 2019, 2018 and 2017 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, contributed for TPAF, respectively for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2019	\$ 270,533	\$ 1,455,348	\$ 21,376
2018	231,671	1,092,308	20,876
2017	193,137	737,416	13,746

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Employer and Employee Pension Contributions (Continued)**

In addition for fiscal years 2019, 2018 and 2017 the District contributed \$833, \$960 and \$0, respectively for PERS and the State contributed \$1,335, \$1,527 and \$752, respectively 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 Statement No. 85, *Omnibus 2017* (GASB No. 85). 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 \$549,437 during the fiscal year ended June 30, 2019 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. 85.

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

**Public Employees Retirement System (PERS)**

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the measurement period July 1, 2017 through June 30, 2018. Employer allocation percentages have been rounded for presentation purposes.

Although the NJ Division of Pensions and Benefits ("Division") administers one cost-sharing multiple employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2018 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2018.

At June 30, 2019, the District reported in the statement of net position (accrual basis) a liability of \$5,355,166 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018 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 the District's share of contributions to the pension plan relative to the contributions of all participating governmental entities, actuarially determined. At June 30, 2018, the District's proportionate share was .02720 percent, which was an increase of .00219 percent from its proportionate share measured as of June 30, 2017 of .02501 percent.



FLORHAM PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

For the fiscal year ended June 30, 2019, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$377,626 for PERS. The pension contribution made by the District during the current 2018/2019 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2019 with a measurement date of the prior fiscal year end of June 30, 2018. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2019 for contributions made subsequent to the measurement date. At June 30, 2019, 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	\$ 102,124	\$ 27,613
Changes of Assumptions	882,443	1,712,297
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		50,232
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>858,657</u>	<u>263,300</u>
Total	<u>\$ 1,843,224</u>	<u>\$ 2,053,442</u>

At June 30, 2019, 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:

<u>Year Ending June 30,</u>	<u>Total</u>
2020	\$ 46,963
2021	54,467
2022	(126,113)
2023	(136,577)
2024	<u>(48,958)</u>
	<u>\$ (210,218)</u>

**FLORHAM PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 4 OTHER INFORMATION (Continued)**

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

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

**Public Employees Retirement System (PERS) (Continued)**

*Actuarial Assumptions*

The District's total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.00%
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, 2017 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  
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NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

*Long-Term Expected Rate of Return*

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
US Equities	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%
Emerging Market Equities	6.50%	11.64%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%

*Discount Rate*

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2019	June 30, 2018	5.66%
2018	June 30, 2017	5.00%



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NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 4 OTHER INFORMATION (Continued)**

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

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

**Teachers Pension and Annuity Fund (TPAF)**

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as a an employee and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the fiscal year ended June 30, 2018. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2018, the State's pension contribution was less than the actuarial determined amount.

In accordance with GASB No. 68, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey, as a nonemployer contributing entity, 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, 2019, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$2,685,682 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2019 the State's proportionate share of the net pension liability attributable to the District is \$46,069,356. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer adjusted for unpaid early retirement incentives to total contributions to TPAF during the year ended June 30, 2018. At June 30, 2018, the State's share of the net pension liability attributable to the District was .07242 percent, which was an increase of .00686 percent from its proportionate share measured as of June 30, 2017 of .06556 percent.

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 4 OTHER INFORMATION (Continued)**

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

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

**Teachers Pension and Annuity Fund (TPAF) (Continued)**

**Actuarial Assumptions**

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<b><u>TPAF</u></b>
Inflation Rate	2.25%
Salary Increases:	
2011-2026	1.55-4.55%
Thereafter	2.00-5.45%
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2006

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, 2017 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  
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**NOTE 4 OTHER INFORMATION (Continued)**

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

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

**Teachers Pension and Annuity Fund (TPAF) (Continued)**

**Long-Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

**FLORHAM PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 4 OTHER INFORMATION (Continued)**

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

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

**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:

<b>Fiscal Year</b>	<b>Measurement Date</b>	<b>Discount Rate</b>
2019	June 30, 2018	4.86%
2018	June 30, 2017	4.25%

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, 2040
Municipal Bond Rate *	From July 1, 2040 and Thereafter

\* The municipal bond return rate used is 3.87% as of the measurement date of June 30, 2018. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

***Sensitivity of Net Pension Liability***

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.86%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.86 percent) or 1-percentage-point higher (5.86 percent) than the current rate:

	<b>1% Decrease (3.86%)</b>	<b>Current Discount Rate (4.86%)</b>	<b>1% Increase (5.86%)</b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 54,453,104</u>	<u>\$ 46,069,356</u>	<u>\$ 39,119,433</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2018. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2018 was not provided by the pension system.



**FLORHAM PARK BOARD OF EDUCATION  
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**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

**E. Post-Retirement Medical Benefits**

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for school districts.

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a single employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

**Plan Description and Benefits Provided**

The State of New Jersey sponsors and administers the following post-retirement health benefit program plan covering certain local school district employees, including those Board employees and retirees eligible for coverage.

**State Health Benefit Program Fund – Local Education Retired Employees Plan** (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage, prescription drug benefits and Medicare Part B reimbursement to qualified retired education employees and their covered dependents. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

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

**Plan Membership**

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2017:

Active Plan Members	217,131
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	145,050
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u>-</u>
Total	<u>362,181</u>

**Measurement Focus and Basis of Accounting**

The financial statements of the post-employment health benefit plans are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plans. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

**Investment Valuation**

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**Collective Net OPEB Liability**

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2018 is \$46.1 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2017 which were rolled forward to June 30, 2018.

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**Actuarial Methods and Assumptions**

In the June 30, 2017 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**Post-Retirement Medical Benefits Contributions**

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.23 billion to the OPEB plan in fiscal year 2018.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution an amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2019, 2018 and 2017 were \$660,144, \$705,498 and \$614,435, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. The nonemployer allocation percentages presented are based on the ratio of the State's contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the measurement period July 1, 2017 through June 30, 2018. Nonemployer allocation percentages have been rounded for presentation purposes.

In accordance with GASB No. 75, the District is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 75 is zero percent and the State's proportionate share is 100% of the OPEB liability attributable to the District. Therefore, in addition, the District does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

**FLORHAM PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

For the fiscal year ended June 30, 2019, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$1,434,958. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2019 the State's proportionate share of the OPEB liability attributable to the District is \$31,671,050. The nonemployer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the District at June 30, 2018 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2018. At June 30, 2018, the state's share of the OPEB liability attributable to the District was .06868 percent, which was a decrease of .00053 percent from its proportionate share measured as of June 30, 2017 of .06921 percent.

**Actuarial Assumptions**

The OPEB liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases *	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 4.55%
Rate Thereafter	2.00% to 5.45%
Mortality	Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disable Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.
Long-Term Rate of Return	1.00%

\*Salary increases are based on the defined benefit plan that the individual is enrolled in and his or her year of service for TPAF or his or her age for PERS.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2012 to June 30, 2015 and July 1, 2011 to June 30, 2014, respectively.

Healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.8 percent and decreases to a 5.0 percent long-term trend rate after eight years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5 percent. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8 percent and decreases to a 5.0 percent long-term trend rate after eight years. For prescription drug benefits, the initial trend rate is 8.0 percent and decreases to a 5.0 percent long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0 percent. This reflects the known underlying cost of the Part B premium. The Medicare Advantage trend rate is 4.5 percent and will continue in all future years.

**FLORHAM PARK BOARD OF EDUCATION  
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**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**Long-Term Expected Rate of Return**

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 1.00% as of June 30, 2018.

**Discount Rate**

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2019	June 30, 2018	3.87%
2018	June 30, 2017	3.58%

The discount rate represents the municipal bond return rate as chosen by the Division. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**Changes in the Total OPEB Liability**

The change in the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2019 (measurement date June 30, 2018) is as follows:

	<u>Total OPEB Liability (State Share 100%)</u>
Balance, June 30, 2017 Measurement Date	\$ 37,123,389
Changes Recognized for the Fiscal Year:	
Service Cost	1,376,131
Interest on the Total OPEB Liability	1,363,776
Differences Between Expected and Actual Experience	(3,740,231)
Changes of Assumptions	(3,634,411)
Gross Benefit Payments	(846,873)
Contributions from the Member	29,269
<b>Net Changes</b>	<u>\$ (5,452,339)</u>
Balance, June 30, 2018 Measurement Date	<u>\$ 31,671,050</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.58 percent in 2017 to 3.87 percent in 2018.

The change in the total OPEB liability was based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2018. A change in the total OPEB liability specific to the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2018 was not provided by the pension system.

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**Sensitivity of OPEB Liability**

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 3.87%, as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87 percent) or 1-percentage-point higher (4.87 percent) than the current rate:

	<b>1% Decrease (2.87%)</b>	<b>Current Discount Rate (3.87%)</b>	<b>1% Increase (4.87%)</b>
State's Proportionate Share of the OPEB Liability Attributable to the District	<u>\$ 37,441,628</u>	<u>\$ 31,671,050</u>	<u>\$ 27,084,036</u>

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
Total OPEB Liability (School Retirees)	<u>\$ 26,177,967</u>	<u>\$ 31,671,050</u>	<u>\$ 38,935,862</u>

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2018. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2018 were not provided by the pension system.

**F. Subsequent Events**

On November 5, 2019, the voters of the Florham Park Board of Education approved a \$24,854,156 referendum authorizing the District to issue bonds and/or notes to finance various capital improvements and upgrades to all District schools, consisting of safety and security improvements, enhancement of exterior structures, improvements and upgrade to infrastructure and building systems and other improvements to create long-term efficiencies throughout the District. The referendum project includes \$8,460,610 of project costs eligible for State of New Jersey debt service aid. As of the date of the audit, the Board has not sold Bonds or Notes in conjunction with these projects.

**G. 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, 2019**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>REVENUES</b>					
<b>Local Sources</b>					
Property Tax Levy	\$ 18,034,307	\$ 120,000	\$ 18,154,307	\$ 18,154,307	
Tuition	63,000		63,000	57,685	\$ (5,315)
Transportation Fees From Individuals	50,000		50,000	57,936	7,936
Transportation Fees From Other LEA's	120,000		120,000	95,508	(24,492)
Interest				55,089	55,089
Miscellaneous	100,000	-	100,000	162,961	62,961
<b>Total Local Sources</b>	<u>18,367,307</u>	<u>120,000</u>	<u>18,487,307</u>	<u>18,583,486</u>	<u>96,179</u>
<b>State Sources</b>					
Special Education Aid	441,376		441,376	441,376	
Transportation Aid	145,795	15,212	161,007	161,007	
Security Aid	17,063	2,424	19,487	19,487	
Extraordinary Aid				133,580	133,580
Additional Nonpublic Transportation Aid				28,079	28,079
On-behalf TPAF Pension Payments - Pension Contribution (Non-Budget)				1,425,508	1,425,508
NCGI Premium (Non-Budget)				29,840	29,840
On-behalf TPAF OPEB Payments - Post Retirement Medical Benefits (Non-Budget)				660,144	660,144
On-behalf TPAF LTDI Payments - Long-Term Disability Insurance (Non-Budget)				1,335	1,335
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	549,437	549,437
<b>Total State Sources</b>	<u>604,234</u>	<u>17,636</u>	<u>621,870</u>	<u>3,449,793</u>	<u>2,827,923</u>
<b>Federal Sources</b>					
FEMA	-	-	-	15,267	15,267
<b>Total Federal Sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,267</u>	<u>15,267</u>
<b>Total Revenues</b>	<u>18,971,541</u>	<u>137,636</u>	<u>19,109,177</u>	<u>22,048,546</u>	<u>2,939,369</u>
<b>Instruction - Regular Programs</b>					
<b>Salaries of Teachers</b>					
Preschool	60,424	224	60,648	60,648	
Kindergarten	351,835	78,047	429,882	429,882	
Grades 1-5	2,247,753	(100,699)	2,147,054	2,147,054	
Grades 6-8	1,776,965	52,247	1,829,212	1,829,212	
<b>Regular Program - Home Instruction</b>					
Salaries of Teachers	10,000	(7,620)	2,380	2,380	
<b>Regular Programs - Undistributed Instruction</b>					
Other Salaries for Instruction	4,000	200	4,200	4,200	
Purchased Professional/Educational Services	11,950	24,972	36,922	36,922	-
Purchased Technical Services	62,635	(6,590)	56,045	54,796	1,249
Other Purchased Services	129,955	(35,844)	94,111	85,330	8,781
General Supplies	378,392	82,530	460,922	446,752	14,170
Textbooks	88,855	51,425	140,280	89,177	51,103
Other Objects	8,360	-	8,360	6,700	1,660
<b>Total Regular Programs</b>	<u>5,131,124</u>	<u>138,892</u>	<u>5,270,016</u>	<u>5,193,053</u>	<u>76,963</u>
<b>Special Education Instruction</b>					
<b>Learning and/or Language Disabilities</b>					
Salaries of Teachers	73,911	(8,306)	65,605	65,605	
Other Salaries for Instruction	120,740	(14,131)	106,609	106,609	
Purchased Professional/Educational Services		641	641	641	-
General Supplies	3,835	-	3,835	1,294	2,541
Textbooks	2,200	(336)	1,864	1,394	470
<b>Total Learning and/or Language Disabilities</b>	<u>200,686</u>	<u>(22,132)</u>	<u>178,554</u>	<u>175,543</u>	<u>3,011</u>



**FLORHAM PARK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Special Education (Continued)					
Resource Room/Resource Center					
Salaries of Teachers	\$ 1,365,097	\$ 88,956	\$ 1,454,053	\$ 1,451,261	\$ 2,792
Other Salaries for Instruction	224,246	26,859	251,105	251,105	-
Purchased Professional/Educational Services		47,583	47,583	47,583	-
General Supplies	5,462	1,309	6,771	6,452	319
Textbooks	25,200	17,304	42,504	36,651	5,853
Total Resource Room	<u>1,620,005</u>	<u>182,011</u>	<u>1,802,016</u>	<u>1,793,052</u>	<u>8,964</u>
Preschool Disabilities - Full-Time					
Salaries of Teachers	99,739	9,438	109,177	109,177	-
Other Salaries for Instruction	201,383	(35,478)	165,905	165,905	-
Purchased Professional/Educational Services		6,413	6,413	6,413	-
General Supplies	4,590	3,733	8,323	6,681	1,642
Total Preschool Disabilities - Full-Time	<u>305,712</u>	<u>(15,894)</u>	<u>289,818</u>	<u>288,176</u>	<u>1,642</u>
Total Special Education	<u>2,126,403</u>	<u>143,985</u>	<u>2,270,388</u>	<u>2,256,771</u>	<u>13,617</u>
Basic Skills/Remedial					
Salaries of Teachers	125,772	2,093	127,865	127,865	-
General Supplies	10,442	(2,157)	8,285	8,041	244
Textbooks	9,100	(294)	8,806	8,806	-
Total Basic Skills/Remedial	<u>145,314</u>	<u>(358)</u>	<u>144,956</u>	<u>144,712</u>	<u>244</u>
Bilingual Education - Instruction					
Salaries of Teachers	69,610	(2,978)	66,632	66,632	-
General Supplies	425	-	425	126	299
Total Bilingual Education - Instruction	<u>70,035</u>	<u>(2,978)</u>	<u>67,057</u>	<u>66,758</u>	<u>299</u>
School Sponsored Co/Extra Curricular Activities					
Salaries	95,200	(143)	95,057	84,313	10,744
Supplies and Materials	9,226	-	9,226	3,437	5,789
Total School Sponsored Co/Extra Curricular Activities	<u>104,426</u>	<u>(143)</u>	<u>104,283</u>	<u>87,750</u>	<u>16,533</u>
School Sponsored Athletics					
Salaries	45,000	-	45,000	34,561	10,439
Purchased Services	12,300	900	13,200	11,000	2,200
Supplies and Materials	4,600	(900)	3,700	3,478	222
Other Objects	2,000	-	2,000	1,855	145
Total School Sponsored Athletics	<u>63,900</u>	<u>-</u>	<u>63,900</u>	<u>50,894</u>	<u>13,006</u>
Other Instructional Programs					
Salaries	2,760	144	2,904	2,904	-
Supplies and Materials	1,100	-	1,100	-	1,100
Total Other Instructional Programs	<u>3,860</u>	<u>144</u>	<u>4,004</u>	<u>2,904</u>	<u>1,100</u>
Total Instruction	<u>7,645,062</u>	<u>279,542</u>	<u>7,924,604</u>	<u>7,802,842</u>	<u>121,762</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State - Special	201,800	13,029	214,829	214,413	416
Tuition to Priv. Sch. for the Disabled & Other LEAs Out of State	212,779	59,898	272,677	272,677	-
Total Undistributed Expenditures - Instruction	<u>414,579</u>	<u>72,927</u>	<u>487,506</u>	<u>487,090</u>	<u>416</u>

**FLORHAM PARK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Health Services					
Salaries	\$ 303,754	\$ (11,569)	\$ 292,185	\$ 292,185	
Purchased Professional-Technical Services	6,000	-	6,000	6,000	
Other Purchased Services	2,925	1,374	4,299	537	\$ 3,762
Supplies and Materials	5,725	(800)	4,925	3,552	1,373
Other Objects	100	209	309	209	100
<b>Total Health Services</b>	<b>318,504</b>	<b>(10,786)</b>	<b>307,718</b>	<b>302,483</b>	<b>5,235</b>
Speech, OT, PT and Related Services					
Salaries	473,232	(5,646)	467,586	467,586	-
Purchased Professional-Educational Services	18,000	3,296	21,296	21,062	234
Supplies and Materials	12,850	(6,616)	6,234	5,381	853
<b>Total Speech, OT, PT and Related Services</b>	<b>504,082</b>	<b>(8,966)</b>	<b>495,116</b>	<b>494,029</b>	<b>1,087</b>
Other Support Services-Students-Extra Serv.					
Salaries	133,720	(11,943)	121,777	121,777	-
<b>Total Other Support Services - Students - Extra Serv.</b>	<b>133,720</b>	<b>(11,943)</b>	<b>121,777</b>	<b>121,777</b>	<b>-</b>
Guidance					
Salaries of Other Professional Staff	198,888	(5,035)	193,853	193,853	
Salaries of Secretarial and Clerical Assistants	25,816	780	26,596	26,596	-
Other Purchased Professional and Tech. Services	33,500	4,921	38,421	38,238	183
Other Purchased Services	350	-	350	41	309
Supplies and Materials	6,250	(1,944)	4,306	3,991	315
Other Objects	250	-	250	84	166
<b>Total Guidance</b>	<b>265,054</b>	<b>(1,278)</b>	<b>263,776</b>	<b>262,803</b>	<b>973</b>
Child Study Team					
Salaries of Other Professional Staff	371,129	21,121	392,250	392,250	-
Salaries of Secretarial and Clerical Assistants	76,045	(234)	75,811	75,660	151
Other Purchased Professional and Tech. Services	12,500	(5,000)	7,500	7,103	397
Other Purchased Services	7,000	5,237	12,237	10,856	1,381
Supplies and Materials	41,350	309	41,659	39,563	2,096
Other Objects	1,395	(250)	1,145	1,145	-
<b>Total Child Study Team</b>	<b>509,419</b>	<b>21,183</b>	<b>530,602</b>	<b>526,577</b>	<b>4,025</b>
Improvement of Instructional Services					
Salaries of Other Professional Staff	113,064	20,000	133,064	132,603	461
Other Salaries	28,000	-	28,000	27,136	864
Supplies and Materials	2,000	-	2,000	957	1,043
Other Objects	2,000	-	2,000	1,879	121
<b>Total Improvement of Instructional Services</b>	<b>145,064</b>	<b>20,000</b>	<b>165,064</b>	<b>162,575</b>	<b>2,489</b>
Educational Media Services/School Library					
Salaries	103,506	(7,779)	95,727	95,727	-
Purchased Professional/Educational Services		513	513	513	-
Other Purchased Services	50	-	50		50
Supplies and Materials	14,825	(8,145)	6,680	6,677	3
<b>Total Educational Media Serv./School Library</b>	<b>118,381</b>	<b>(15,411)</b>	<b>102,970</b>	<b>102,917</b>	<b>53</b>
Instructional Staff Training Services					
Salaries of Other Professional Staff	44,667	(1)	44,666	44,666	-
Other Salaries	18,450	(6,353)	12,097	12,097	-
Purchased Professional/Educational Services	144,842	(4,196)	140,646	115,411	25,235
Other Purchased Services	6,700	218	6,918	5,368	1,550
Supplies and Materials	3,500	6,430	9,930	9,845	85
Other Objects	925	-	925	575	350
<b>Total Staff Training Services</b>	<b>219,084</b>	<b>(3,902)</b>	<b>215,182</b>	<b>187,962</b>	<b>27,220</b>

**FLORHAM PARK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Support Services General Administration					
Salaries	\$ 250,525	\$ (17,551)	\$ 232,974	\$ 232,974	
Legal Services	37,500	23,187	60,687	60,687	\$ -
Audit Fees	26,500	29,040	55,540	29,655	25,885
Other Purchased Professional Services	8,500	13,666	22,166	20,566	1,600
Communications/Telephone	39,025	(767)	38,258	38,258	-
Miscellaneous Purchased Services	39,675	(3,203)	36,472	36,472	-
General Supplies	9,700	14,760	24,460	24,460	-
Miscellaneous Expenditures	19,500	(8,224)	11,276	11,276	-
<b>Total Support Services General Administration</b>	<b>430,925</b>	<b>50,908</b>	<b>481,833</b>	<b>454,348</b>	<b>27,485</b>
Support Services School Administration					
Salaries of Principal/Asst. Principals	419,441	(3)	419,438	419,438	
Salaries of Other Professional Staff	34,364	(3,205)	31,159	31,159	
Salaries of Secretarial and Clerical Assistants	190,370	2,762	193,132	193,132	-
Purchased Professional and Technical Services	1,350	(608)	742	126	616
Other Purchased Services	14,900	7,400	22,300	21,237	1,063
Supplies and Materials	21,130	(4,909)	16,221	15,187	1,034
Other Objects	8,225	(1,466)	6,759	6,484	275
<b>Total Support Services School Administration</b>	<b>689,780</b>	<b>(29)</b>	<b>689,751</b>	<b>686,763</b>	<b>2,988</b>
Support Services Central Services					
Salaries	280,436	6,837	287,273	287,273	-
Purchased Technical Services	28,400	(716)	27,684	27,684	-
Miscellaneous Purchased Services	3,000	611	3,611	3,611	-
Supplies and Materials	3,000	5,622	8,622	8,237	385
Miscellaneous Expenditures	1,820	(240)	1,580	1,580	-
<b>Total Support Central School Administration</b>	<b>316,656</b>	<b>12,114</b>	<b>328,770</b>	<b>328,385</b>	<b>385</b>
Admin. Info. Technology					
Salaries	89,408	2,360	91,768	91,768	-
<b>Total Admin. Info. Technology</b>	<b>89,408</b>	<b>2,360</b>	<b>91,768</b>	<b>91,768</b>	<b>-</b>
Required Maintenance for School Facilities					
Salaries	210,085	1,086	211,171	211,171	-
Cleaning, Repair and Maintenance Services	152,700	(2,882)	149,818	149,569	249
General Supplies	28,500	5,726	34,226	34,226	-
Other Objects	500	-	500	125	375
<b>Total Required Maintenance for School Fac.</b>	<b>391,785</b>	<b>3,930</b>	<b>395,715</b>	<b>395,091</b>	<b>624</b>
Custodial Services					
Salaries	590,981	(9,910)	581,071	579,201	1,870
Purchased Prof. And Technical Serv.	70,575	(20,812)	49,763	46,916	2,847
Cleaning, Repair and Maint. Serv.	21,425	(4,950)	16,475	16,475	-
Other Purchased Property Services	31,000	648	31,648	31,274	374
Insurance	79,000	(16,499)	62,501	60,501	2,000
Miscellaneous Purchased Services	25,500	3,942	29,442	29,442	-
General Supplies	47,500	15,031	62,531	60,638	1,893
Energy (Natural Gas)	91,000	(12,558)	78,442	78,310	132
Energy (Electricity)	240,000	(10,000)	230,000	229,929	71
Other Objects	1,050	-	1,050	642	408
<b>Total Custodial Services</b>	<b>1,198,031</b>	<b>(55,108)</b>	<b>1,142,923</b>	<b>1,133,328</b>	<b>9,595</b>
Care and Upkeep of Grounds					
Salaries	69,130	232	69,362	69,362	-
Purchased Professional and Technical Services	3,350	1,466	4,816	4,816	-
Cleaning, Repair and Maintenance Svc.	28,703	(12,625)	16,078	14,919	1,159
General Supplies	18,700	11,020	29,720	19,911	9,809
Other Objects	-	560	560	560	-
<b>Total Care and Upkeep of Grounds</b>	<b>119,883</b>	<b>653</b>	<b>120,536</b>	<b>109,568</b>	<b>10,968</b>

**FLORHAM PARK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Security					
Purchased Professional and Technical Services	-	\$ 120,000	\$ 120,000	\$ 15,994	\$ 104,006
Total Care and Upkeep of Grounds	-	120,000	120,000	15,994	104,006
Student Transportation Services					
Salaries of Non-Instructional Aides	\$ 124,906	(18,590)	106,316	106,316	
Salaries for Pupil Transportation (Between Home and School) - Regular	106,918	(2,790)	104,128	95,321	8,807
Salaries for Pupil Transportation (Between Home and School) - Sp Ed	215,000	(213)	214,787	214,787	-
Salaries for Pupil Transportation (Other than Between Home and School)	49,500	(6,438)	43,062	43,062	-
Management Fee - ESC & CTSA Transp. Prog.	1,500	2,000	3,500	3,401	99
Other Purchased Prof. and Technical Serv.	700	149	849	849	-
Cleaning, Repair and Maintenance Services	28,000	(6,489)	21,511	17,935	3,576
Contracted Services - Aid in Lieu of Payments Non-Public	99,000	(18,000)	81,000	79,707	1,293
Contracted Services (Between Home and School) - Joint Agreements	150,000	23,183	173,183	167,483	5,700
Contracted Services (Reg. Students) - ESCs & CTSA	6,000	-	6,000	4,121	1,879
Contracted Services (Spec. Ed. Students)	-	40,282	40,282	40,282	-
Misc. Purchased Serv. - Transportation	26,500	3,708	30,208	30,208	-
General Supplies	21,000	(774)	20,226	19,267	959
Other Objects	1,800	-	1,800	899	901
Total Student Transportation Services	830,824	16,028	846,852	823,638	23,214
Unallocated Benefits - Employee Benefits					
Social Security Contributions	270,000	5,804	275,804	275,804	-
Other Retirement Contributions - PERS	260,000	12,932	272,932	272,932	-
Other Retirement Contributions - Regular (DCRP)	16,500	5,000	21,500	21,376	124
Workers Compensation	122,000	6,153	128,153	128,153	-
Health Benefits	3,909,510	(342,004)	3,567,506	3,209,393	358,113
Tuition Reimbursement	34,000	3,957	37,957	37,957	-
Other Employee Benefits	46,700	(6,153)	40,547	37,178	3,369
Unused Vacation Payment	-	17,885	17,885	17,885	-
Unused Sick Payment	-	17,961	17,961	17,961	-
Total Unallocated Benefits - Employee Benefits	4,658,710	(278,465)	4,380,245	4,018,639	361,606
On-behalf TPAF Pension Payments -					
Pension Contribution (Non-Budget)				1,425,508	(1,425,508)
NCGI Premium (Non-Budget)				29,840	(29,840)
On-behalf TPAF OPEB Payments -					
Post Retirement Medical Benefits (Non-Budget)				660,144	(660,144)
On-behalf TPAF LTDI Payments -					
Long-Term Disability Insurance (Non-Budget)				1,335	(1,335)
On-behalf TPAF Social Security Payments (Non-Budget)					
	-	-	-	549,437	(549,437)
Total On-Behalf Payments	-	-	-	2,666,264	(2,666,264)
Total Undistributed Expenditures	11,353,889	(65,785)	11,288,104	13,371,999	(2,083,895)
Total Expenditures - Current Expenditures	18,998,951	213,757	19,212,708	21,174,841	(1,962,133)

**FLORHAM PARK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>CAPITAL OUTLAY</b>					
Equipment					
Undistributed:					
School Buses - Regular	\$ 177,774	-	\$ 177,774	\$ 177,774	-
School Buses - Special	61,135	-	61,135	61,134	\$ 1
Operation of Plant Equipment		\$ 85,683	85,683	85,683	-
Required Maint. For School Facilities		14,019	14,019	14,019	-
Equipment	-	10,706	10,706	10,706	-
Care and Upkeep of Grounds	-	-	-	-	-
Total Equipment	<u>238,909</u>	<u>110,408</u>	<u>349,317</u>	<u>349,316</u>	<u>1</u>
Facilities Acquisition and Construction Services					
Salaries	10,000	5,000	15,000	10,000	5,000
Other Purchased Professional and Tech. Services		133,935	133,935	90,390	43,545
Construction Services	349,047	480,340	829,387	797,457	31,930
Debt Service Assessment	26,168	-	26,168	26,168	-
Total Facilities Acquis. and Const. Services	<u>385,215</u>	<u>619,275</u>	<u>1,004,490</u>	<u>924,015</u>	<u>80,475</u>
Total Capital Outlay	<u>624,124</u>	<u>729,683</u>	<u>1,353,807</u>	<u>1,273,331</u>	<u>80,476</u>
Transfer of Funds to Charter Schools	70,158	19,068	89,226	89,226	-
Total Expenditures	<u>19,693,233</u>	<u>962,508</u>	<u>20,655,741</u>	<u>22,537,398</u>	<u>(1,881,657)</u>
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	<u>(721,692)</u>	<u>(824,872)</u>	<u>(1,546,564)</u>	<u>(488,852)</u>	<u>1,057,712</u>
Other Financing Sources (Uses)					
Transfer Out - Food Service Enterprise Fund	-	(2,800)	(2,800)	(4,711)	(1,911)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(2,800)</u>	<u>(2,800)</u>	<u>(4,711)</u>	<u>(1,911)</u>
Excess (Deficiency) of Revenues Over/(Under)					
Expenditures and Other Financing Sources	(721,692)	(827,672)	(1,549,364)	(493,563)	1,055,801
Fund Balance, Beginning of Year	<u>2,332,113</u>	<u>-</u>	<u>2,332,113</u>	<u>2,332,113</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1,610,421</u>	<u>\$ (827,672)</u>	<u>\$ 782,749</u>	<u>\$ 1,838,550</u>	<u>\$ 1,055,801</u>
<b>Recapitulation of Fund Balance</b>					
Restricted Fund Balance:					
Capital Reserve				\$ 435,184	
Capital Reserve - Designated for Subsequent Year's Expenditures				170,000	
Maintenance Reserve				50,000	
Maintenance Reserve - Designated for Subsequent Year's Expenditures				30,000	
Emergency Reserve - Designated for Subsequent Year's Expenditures				250,000	
Legally Restricted - Unexpended Additional Spending Proposal				104,006	
Excess Surplus				104,595	
Assigned Fund Balance					
Year End Encumbrances				135,683	
Unassigned Fund Balance				<u>559,082</u>	
				1,838,550	
Reconciliation to Governmental Funds Statements (GAAP):					
Less: State Aid Payments Not Recognized on GAAP Basis				<u>(191,251)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 1,647,299</u>	

**FLORHAM PARK BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Intergovernmental					
Federal	\$ 218,000	\$ 57,793	\$ 275,793	\$ 252,658	\$ (23,135)
State	12,398	5,767	18,165	11,657	(6,508)
Local	<u>30,000</u>	<u>13,100</u>	<u>43,100</u>	<u>42,506</u>	<u>(594)</u>
Total Revenues	<u>260,398</u>	<u>76,660</u>	<u>337,058</u>	<u>306,821</u>	<u>(30,237)</u>
<b>EXPENDITURES</b>					
Instruction					
Tuition	180,000	29,880	209,880	200,665	9,215
Purchased Professional/Educational Services	20,000	5,750	25,750	24,540	1,210
General Supplies	31,739	4,925	36,664	33,874	2,790
Textbooks	<u>2,575</u>	<u>308</u>	<u>2,883</u>	<u>7,848</u>	<u>(4,965)</u>
Total Instruction	<u>234,314</u>	<u>40,863</u>	<u>275,177</u>	<u>266,927</u>	<u>8,250</u>
Support Services					
Purchased Professional/Technical Services	18,000	13,138	31,138	8,371	22,767
Purchased Professional/Educational Services	4,559	679	5,238	14,344	(9,106)
Other Purchased Services		2,873	2,873	2,873	-
Cleaning, Repair and Maintenance Services	3,525	4,575	8,100	1,592	6,508
General Supplies	<u>-</u>	<u>13,100</u>	<u>13,100</u>	<u>12,714</u>	<u>386</u>
Total Support Services	<u>26,084</u>	<u>34,365</u>	<u>60,449</u>	<u>39,894</u>	<u>20,555</u>
Facilities Acquisition and Construction Services					
Buildings	<u>-</u>	<u>1,432</u>	<u>1,432</u>	<u>-</u>	<u>1,432</u>
Total Facilities Acquisition and Const. Svc.	<u>-</u>	<u>1,432</u>	<u>1,432</u>	<u>-</u>	<u>1,432</u>
Total Expenditures	<u>260,398</u>	<u>76,660</u>	<u>337,058</u>	<u>306,821</u>	<u>30,237</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, 2019**

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.

	<b>General Fund</b>	<b>Special Revenue Fund</b>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 22,048,546	(C-2) \$ 306,821
Difference - Budget to GAAP:		
State Aid payment recognized for GAAP purpose not recognized for Budgetary statements (2017/2018 State aid)	94,201	
State Aid payments recognized for budgetary purpose not recognized for GAAP statements (2018/2019 State aid)	<u>(191,251)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2) \$ <u>21,951,496</u>	(B-2) \$ <u>306,821</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	(C-1) \$ <u>22,537,398</u>	(C-2) \$ <u>306,821</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>22,537,398</u>	(B-2) \$ <u>306,821</u>



**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**PENSION INFORMATION  
AND  
POST-EMPLOYMENT BENEFITS 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 Six Fiscal Years\*  
(Dollar amounts in thousands)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	.02720%	0.02501%	0.02174%	0.02295%	0.02478%	0.02587
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 5,355,166	\$ 5,821,427	\$ 6,438,829	\$ 5,152,221	\$ 4,639,341	\$ 4,943,683
District's Covered-Employee Payroll	\$ 1,719,080	\$ 1,816,504	\$ 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	311.51%	320.47%	401.92%	345.93%	288.75%	285.98%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	48.10%	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 Six Fiscal Years  
(Dollar amounts in thousands)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 270,533	\$ 231,671	\$ 193,137	\$ 197,324	\$ 204,276	\$ 197,018
Contributions in Relation to the Contractually Required Contribution	<u>270,533</u>	<u>231,671</u>	<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>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 1,719,080	\$ 1,816,504	\$ 1,602,017	\$ 1,489,362	\$ 1,606,722	\$ 1,728,708
Contributions as a Percentage of Covered-Employee Payroll	15.74%	12.75%	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 Six Fiscal Years\*  
(Dollar amounts in thousands)**

	<u>2019</u>	<u>2018</u>	<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%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0	\$0	\$0	\$0	\$0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 46,069,356</u>	<u>\$ 44,202,616</u>	<u>\$ 52,441,105</u>	<u>\$ 45,143,920</u>	<u>\$ 39,091,399</u>	<u>\$ 36,781,872</u>
<b>Total</b>	<u>\$ 46,069,356</u>	<u>\$ 44,202,616</u>	<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	\$ 7,802,149	\$ 7,523,691	\$ 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%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.49%	25.41%	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, 2019**

**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.

**FLORHAM PARK BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF  
TOTAL OPEB LIABILITY**

**Postemployment Health Benefit Plan**

**Last Two Fiscal Years\***

	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>		
Service Cost	\$ 1,376,131	\$ 1,650,007
Interest on Total OPEB Liability	1,363,776	1,178,614
Differences Between Expected and Actual Experience	(3,740,231)	
Changes of Assumptions	(3,634,411)	(4,904,537)
Gross Benefit Payments	(846,873)	(943,534)
Contribution from the Member	<u>29,269</u>	<u>34,743</u>
<b>Net Change in Total OPEB Liability</b>	(5,452,339)	(2,984,707)
<b>Total OPEB Liability - Beginning</b>	<u>37,123,389</u>	<u>40,108,096</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 31,671,050</u>	<u>\$ 37,123,389</u>
District's Proportionate Share of OPEB Liability	\$ -	\$ -
State's Proportionate Share of OPEB Liability	<u>37,123,389</u>	<u>37,123,389</u>
Total OPEB Liability - Ending	<u>\$ 37,123,389</u>	<u>\$ 37,123,389</u>
District's Covered-Employee Payroll	<u>\$ 9,521,229</u>	<u>\$ 9,340,195</u>
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	0%	0%

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

\*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. 75. 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 CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY  
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**Changes in Benefit Terms:**

None.

**Changes of Assumptions**

Assumptions used in calculating the OPEB liability are presented in Note 4E.

**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, 2019

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	IDEIA Part B Basic	IDEIA Part B Preschool	NCLB Title IA	NCLB Title IIA	NCLB Title III	NCLB Title III Immigrant	NCLB Title IV	Local Grants	Nonpublic Security	Total Exhibit E-1A	Total
<b>REVENUES</b>											
Intergovernmental											
Federal	\$ 202,234	\$ 3,571	\$ 24,540	\$ 12,230	\$ 2,687	\$ 4,263	\$ 3,133				\$ 252,658
State									\$ 1,592	\$ 10,065	11,657
Local	-	-	-	-	-	-	-	\$ 42,506	-	-	42,506
Total Revenues	<u>\$ 202,234</u>	<u>\$ 3,571</u>	<u>\$ 24,540</u>	<u>\$ 12,230</u>	<u>\$ 2,687</u>	<u>\$ 4,263</u>	<u>\$ 3,133</u>	<u>\$ 42,506</u>	<u>\$ 1,592</u>	<u>\$ 10,065</u>	<u>\$ 306,821</u>
<b>EXPENDITURES</b>											
Instruction											
Tuition	\$ 200,665										\$ 200,665
Purchased Professional/Educational Services			\$ 24,540								24,540
General Supplies	1,569				\$ 814			\$ 29,547		\$ 1,944	33,874
Textbooks	-	\$ 2,571	-	-	-	\$ 2,149	-	245	-	2,883	7,848
Total Instruction	<u>202,234</u>	<u>2,571</u>	<u>24,540</u>	<u>-</u>	<u>814</u>	<u>2,149</u>	<u>-</u>	<u>29,792</u>	<u>-</u>	<u>4,827</u>	<u>266,927</u>
Support Services											
Purchased Professional/Technical Services							\$ 3,133			5,238	8,371
Purchased Professional/Educational Services				\$ 12,230		2,114					14,344
Other Purchased Services		1,000			1,873						2,873
Cleaning, Repair and Maintenance Services								\$ 12,714	\$ 1,592		1,592
General Supplies	-	-	-	-	-	-	-	-	-	-	12,714
Total Support Services	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>12,230</u>	<u>1,873</u>	<u>2,114</u>	<u>3,133</u>	<u>12,714</u>	<u>1,592</u>	<u>5,238</u>	<u>39,894</u>
Total Expenditures	<u>\$ 202,234</u>	<u>\$ 3,571</u>	<u>\$ 24,540</u>	<u>\$ 12,230</u>	<u>\$ 2,687</u>	<u>\$ 4,263</u>	<u>\$ 3,133</u>	<u>\$ 42,506</u>	<u>\$ 1,592</u>	<u>\$ 10,065</u>	<u>\$ 306,821</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, 2019

	<u>Nonpublic Nursing</u>	<u>Nonpublic Textbooks</u>	<u>Nonpublic Technology</u>	<u>Total E-1A</u>
<b>REVENUES</b>				
Intergovernmental				
Federal				
State	\$ 5,238	\$ 2,883	\$ 1,944	\$ 10,065
Total Revenues	<u>\$ 5,238</u>	<u>\$ 2,883</u>	<u>\$ 1,944</u>	<u>\$ 10,065</u>
<b>EXPENDITURES</b>				
Instruction				
General Supplies			\$ 1,944	\$ 1,944
Textbooks	-	\$ 2,883	-	2,883
Total Instruction	<u>-</u>	<u>2,883</u>	<u>1,944</u>	<u>4,827</u>
Support Services				
Purchased Professional/Technical Services	\$ 5,238	-	-	5,238
Total Support Services	<u>5,238</u>	<u>-</u>	<u>-</u>	<u>5,238</u>
Total Expenditures	<u>\$ 5,238</u>	<u>\$ 2,883</u>	<u>\$ 1,944</u>	<u>\$ 10,065</u>

**FLORHAM PARK BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF PRESCHOOL EDUCATION PROGRAM AID EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOT APPLICABLE**

**CAPITAL PROJECTS FUND**

**EXHIBITS F-1 AND F-2**

**NOT APPLICABLE**

**ENTERPRISE FUND**

**FLORHAM PARK BOARD OF EDUCATION  
ENTERPRISE FUND  
COMBINING STATEMENT OF NET POSITION  
AS OF JUNE 30, 2019**

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, 2019**

Financial Statements are Presented on Exhibit B-5

**COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash	\$ 79,120	\$ 21,924	\$ 101,044
Total Assets	<u>\$ 79,120</u>	<u>\$ 21,924</u>	<u>\$ 101,044</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings		\$ 6,335	\$ 6,335
Accrued Salaries and Wages		329	329
Flex Spending Deposits		244	244
Due to Other Funds		15,016	15,016
Due to Student Groups	<u>\$ 79,120</u>	<u>-</u>	<u>79,120</u>
Total Liabilities	<u>\$ 79,120</u>	<u>\$ 21,924</u>	<u>\$ 101,044</u>

**FLORHAM PARK BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-8

**STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Balance, July 1, 2018</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2019</u>
<b>ELEMENTARY SCHOOLS</b>				
Briarwood	\$ 6,981	\$ 7,150	\$ 4,487	\$ 9,644
Brooklake	8,504	10,757	8,815	10,446
<b>MIDDLE SCHOOLS</b>				
Ridgedale Athletics	640	5,048	5,562	126
Ridgedale	<u>51,375</u>	<u>95,869</u>	<u>88,340</u>	<u>58,904</u>
Total All Schools	<u>\$ 67,500</u>	<u>\$ 118,824</u>	<u>\$ 107,204</u>	<u>\$ 79,120</u>

**FLORHAM PARK BOARD OF EDUCATION  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<b>Balance, July 1, <u>2018</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance, June 30, <u>2019</u></b>
<b>LIABILITIES</b>				
Payroll Deductions and Withholdings	\$ 7,155	\$ 5,646,545	\$ 5,647,365	\$ 6,335
Accrued Salaries and Wages	393	6,286,616	6,286,680	329
Flex Spending Deposits		49,869	49,625	244
Due to Other Funds	<u>14,851</u>	<u>22,790</u>	<u>22,625</u>	<u>15,016</u>
 Total	 <u>\$ 22,399</u>	 <u>\$ 12,005,820</u>	 <u>\$ 12,006,295</u>	 <u>\$ 21,924</u>

**LONG-TERM DEBT**

**FLORHAM PARK BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<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, 2018</u>	<u>Matured</u>	<u>Balance, June 30, 2019</u>
			<u>Date</u>	<u>Amount</u>				
School District Refunding Bonds - 2009	9/10/2009	\$ 9,185,000	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	<u>\$ 4,600,000</u>	<u>\$ 870,000</u>	<u>\$ 3,730,000</u>
						<u>\$ 4,600,000</u>	<u>\$ 870,000</u>	<u>\$ 3,730,000</u>
							Paid By Budget Appropriation	<u>\$ 870,000</u>

**FLORHAM PARK BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<u>Purpose</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance, June 30, 2018</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2019</u>
Copier - 2017	\$ 14,249	5.93%	\$ <u>9,959</u>	\$ <u>-</u>	\$ <u>2,784</u>	\$ <u>7,175</u>

**FLORHAM PARK BOARD OF EDUCATION  
LONG-TERM DEBT  
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 1,045,344	-	\$ 1,045,344	\$ 1,045,344	-
Total Revenues	<u>1,045,344</u>	<u>-</u>	<u>1,045,344</u>	<u>1,045,344</u>	<u>-</u>
<b>EXPENDITURES</b>					
Regular Debt Service					
Principal	870,000		870,000	870,000	
Interest	<u>175,344</u>	<u>-</u>	<u>175,344</u>	<u>175,344</u>	<u>-</u>
Total Expenditures	<u>1,045,344</u>	<u>-</u>	<u>1,045,344</u>	<u>1,045,344</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,									
	2010	2011 (1)	2012	2013	2014 (2)	2015	2016	2017	2018	2019
Governmental activities										
Net Investment in capital assets	\$ 6,864,045	\$ 6,814,593	\$ 6,825,899	\$ 7,049,947	\$ 7,319,911	\$ 8,233,539	\$ 8,978,991	\$ 9,142,964	\$ 9,518,311	\$ 10,964,789
Restricted	225,326	384,597	664,955	869,753	1,119,301	1,087,822	1,020,183	1,206,701	717,801	685,184
Unrestricted	(24,502)	(5,237)	201,002	235,888	(4,736,455)	(4,459,727)	(4,393,670)	(4,688,882)	(4,294,183)	(5,027,879)
Total governmental activities net position	<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>	<u>\$ 5,941,929</u>	<u>\$ 6,622,094</u>
Business-type activities										
Net Investment in capital assets	\$ 4,334	\$ 4,730	\$ 9,412	\$ 17,176	\$ 15,366	\$ 13,556	\$ 11,746	\$ 9,936	\$ 8,126	\$ 9,116
Restricted										
Unrestricted	780									
Total business-type activities net position	<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>	<u>\$ 8,126</u>	<u>\$ 9,116</u>
District-wide										
Net Investment in capital assets	\$ 6,868,379	\$ 6,819,323	\$ 6,835,311	\$ 7,067,123	\$ 7,335,277	\$ 8,247,095	\$ 8,990,737	\$ 9,152,900	\$ 9,526,437	\$ 10,973,905
Restricted	225,326	384,597	664,955	869,753	1,119,301	1,087,822	1,020,183	1,206,701	717,801	685,184
Unrestricted	(23,722)	(5,237)	201,002	235,888	(4,736,455)	(4,459,727)	(4,393,670)	(4,688,882)	(4,294,183)	(5,027,879)
Total district net position	<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>	<u>\$ 5,950,055</u>	<u>\$ 6,631,210</u>

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

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

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses</b>										
<b>Governmental Activities</b>										
Instruction										
Regular	\$ 6,860,495	\$ 6,277,653	\$ 6,260,670	\$ 6,857,382	\$ 6,839,702	\$ 8,124,418	\$ 8,312,608	\$ 8,898,679	\$ 9,323,261	\$ 9,067,105
Special Education	2,702,625	2,602,610	2,980,703	2,754,197	3,057,821	3,320,865	3,884,339	4,448,709	4,699,889	4,616,774
Other Instruction	108,418	141,708	213,722	197,548	243,694	119,197	216,185	392,057	388,761	381,634
School Sponsored Activities and Athletics	148,955	148,770	156,927	153,681	174,848	172,524	208,900	192,970	240,664	210,847
Support Services:										
Student & Instruction Related Services	2,659,787	2,493,443	2,711,681	2,865,286	2,792,544	3,117,108	3,203,838	3,670,298	3,871,776	3,638,483
General Administrative Services	574,800	597,239	593,874	605,846	477,445	587,964	653,608	675,383	708,755	673,616
School Administrative Services	1,081,152	1,061,376	1,084,544	1,049,373	987,638	1,020,387	1,072,812	1,231,262	1,255,892	1,191,622
Central Services/Business Services	338,009	365,831	395,547	388,815	407,775	536,395	576,944	631,307	722,662	716,757
Plant Operations and Maintenance	2,446,176	2,508,052	2,255,376	2,348,184	2,498,158	2,578,129	2,781,829	2,827,407	2,874,570	2,827,711
Pupil Transportation	804,200	816,834	900,848	964,524	1,035,975	1,006,013	970,710	1,041,017	1,115,537	1,140,451
Interest on Long-Term Debt	372,251	383,267	355,199	338,146	322,926	301,548	272,166	235,145	193,994	158,933
Total Governmental Activities Expenses	<u>18,096,868</u>	<u>17,396,783</u>	<u>17,909,091</u>	<u>18,522,982</u>	<u>18,838,526</u>	<u>20,884,548</u>	<u>22,153,939</u>	<u>24,244,234</u>	<u>25,395,761</u>	<u>24,623,933</u>
<b>Business-Type Activities:</b>										
Food Service	14,561	13,708	13,592	14,628	14,325	16,048	14,847	11,457	11,482	8,635
Total Business-Type Activities Expense	<u>14,561</u>	<u>13,708</u>	<u>13,592</u>	<u>14,628</u>	<u>14,325</u>	<u>16,048</u>	<u>14,847</u>	<u>11,457</u>	<u>11,482</u>	<u>8,635</u>
Total District Expenses	<u>\$ 18,111,429</u>	<u>\$ 17,410,491</u>	<u>\$ 17,922,683</u>	<u>\$ 18,537,610</u>	<u>\$ 18,852,851</u>	<u>\$ 20,900,596</u>	<u>\$ 22,168,786</u>	<u>\$ 24,255,691</u>	<u>\$ 25,407,243</u>	<u>\$ 24,632,568</u>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges for Services:										
Instruction	\$ 64,462	\$ 75,225	\$ 360,237	\$ 283,367	\$ 204,974	\$ 136,134	\$ 42,000	\$ 66,500	\$ 70,000	\$ 57,685
Plant Operations and Maintenance										68,032
Pupil Transportation	130,101	119,141	100,618	100,523	95,578	123,417	173,840	199,199	197,128	153,444
Operating Grants and Contributions	2,530,036	1,724,411	2,114,533	2,441,422	2,251,981	4,202,090	4,804,584	5,949,438	6,833,942	5,678,221
Capital Grants and Contributions	53,026	14,100	-	25,789	41,812	287,653	218,425	-	-	-
Total Governmental Activities Program Revenues	<u>2,777,625</u>	<u>1,932,877</u>	<u>2,575,388</u>	<u>2,851,101</u>	<u>2,594,345</u>	<u>4,749,294</u>	<u>5,238,849</u>	<u>6,215,137</u>	<u>7,101,070</u>	<u>5,957,382</u>
<b>Business-type activities:</b>										
Charges for Services										
Food Service	8,226	8,413	12,150	12,415	12,193	11,123	9,436	6,313	5,029	4,914
Operating Grants and Contributions	6,954	2,725								
Capital Grants and Contributions				9,167						
Total Business Type Activities Program Revenues	<u>15,180</u>	<u>11,138</u>	<u>12,150</u>	<u>21,582</u>	<u>12,193</u>	<u>11,123</u>	<u>9,436</u>	<u>6,313</u>	<u>5,029</u>	<u>4,914</u>
Total District Program Revenues	<u>\$ 2,792,805</u>	<u>\$ 1,944,015</u>	<u>\$ 2,587,538</u>	<u>\$ 2,872,683</u>	<u>\$ 2,606,538</u>	<u>\$ 4,760,417</u>	<u>\$ 5,248,285</u>	<u>\$ 6,221,450</u>	<u>\$ 7,106,099</u>	<u>\$ 5,962,296</u>

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (15,319,243)	\$ (15,463,906)	\$ (15,333,703)	\$ (15,671,881)	\$ (16,244,181)	\$ (16,135,254)	\$ (16,915,090)	\$ (18,029,097)	\$ (18,294,691)	\$ (18,666,551)
Business-Type Activities	619	(2,570)	(1,442)	6,954	(2,132)	(4,925)	(5,411)	(5,144)	(6,453)	(3,721)
<b>Total District-Wide Net Expense</b>	<b>\$ (15,318,624)</b>	<b>\$ (15,466,476)</b>	<b>\$ (15,335,145)</b>	<b>\$ (15,664,927)</b>	<b>\$ (16,246,313)</b>	<b>\$ (16,140,179)</b>	<b>\$ (16,920,501)</b>	<b>\$ (18,034,241)</b>	<b>\$ (18,301,144)</b>	<b>\$ (18,670,272)</b>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 14,278,900	\$ 14,617,866	\$ 14,764,011	\$ 15,050,909	\$ 15,629,073	\$ 16,092,428	\$ 16,414,276	\$ 16,900,649	\$ 17,375,847	\$ 18,154,307
Property Taxes Levied for Debt Service	1,053,010	955,617	1,039,666	1,042,719	1,041,731	1,043,056	1,047,156	1,043,206	1,043,456	1,045,344
Unrestricted Aid, Grants and Contributions						8,864	9,752	18,347	19,199	1,758
Investment Earnings	4,256	7,592	6,182	5,653	6,442	7,396	6,930	10,751	38,627	55,089
Miscellaneous Income	143,830	111,931	27,771	37,242	58,109	145,502	184,447	114,757	103,351	94,929
Transfers		(2,186)	(6,124)	(810)	(322)	(3,115)	(3,601)	(3,334)	(4,643)	(4,711)
<b>Total Governmental Activities</b>	<b>15,479,996</b>	<b>15,690,820</b>	<b>15,831,506</b>	<b>16,135,713</b>	<b>16,735,033</b>	<b>17,294,131</b>	<b>17,658,960</b>	<b>18,084,376</b>	<b>18,575,837</b>	<b>19,346,716</b>
Business-Type Activities:										
Investment Earnings										
Transfers		2,186	6,124	810	322	3,115	3,601	3,334	4,643	4,711
<b>Total Business-Type Activities</b>	<b>-</b>	<b>2,186</b>	<b>6,124</b>	<b>810</b>	<b>322</b>	<b>3,115</b>	<b>3,601</b>	<b>3,334</b>	<b>4,643</b>	<b>4,711</b>
<b>Total District-Wide</b>	<b>\$ 15,479,996</b>	<b>\$ 15,693,006</b>	<b>\$ 15,837,630</b>	<b>\$ 16,136,523</b>	<b>\$ 16,735,355</b>	<b>\$ 17,297,246</b>	<b>\$ 17,662,561</b>	<b>\$ 18,087,710</b>	<b>\$ 18,580,480</b>	<b>\$ 19,351,427</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ 160,753	\$ 226,914	\$ 497,803	\$ 463,832	\$ 490,852	\$ 1,158,877	\$ 743,870	\$ 55,279	\$ 281,146	\$ 680,165
Business-Type Activities	619	(384)	4,682	7,764	(1,810)	(1,810)	(1,810)	(1,810)	(1,810)	990
<b>Total District</b>	<b>\$ 161,372</b>	<b>\$ 226,530</b>	<b>\$ 502,485</b>	<b>\$ 471,596</b>	<b>\$ 489,042</b>	<b>\$ 1,157,067</b>	<b>\$ 742,060</b>	<b>\$ 53,469</b>	<b>\$ 279,336</b>	<b>\$ 681,155</b>

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 499,997									
Unreserved	153,110									
Restricted		\$ 634,597	\$ 914,955	\$ 1,119,753	\$ 952,145	\$ 919,755	\$ 1,229,465	\$ 1,550,147	\$ 1,011,537	\$ 1,143,785
Committed									566,023	-
Assigned		29,868	175,988	179,088	109,288	302,830	307,567	446,894	382,058	135,683
Unassigned		165,593	238,004	263,069	281,944	249,176	303,854	313,123	278,294	367,831
<b>Total General Fund</b>	<b>\$ 653,107</b>	<b>\$ 830,058</b>	<b>\$ 1,328,947</b>	<b>\$ 1,561,910</b>	<b>\$ 1,343,377</b>	<b>\$ 1,471,761</b>	<b>\$ 1,840,886</b>	<b>\$ 2,310,164</b>	<b>\$ 2,237,912</b>	<b>\$ 1,647,299</b>
All Other Governmental Funds										
Reserved										
Unreserved	\$ 80,789									
Restricted					417,156	418,067	90,428			
Committed										
Assigned										
<b>Total all other governmental funds</b>	<b>\$ 80,789</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 417,156</b>	<b>\$ 418,067</b>	<b>\$ 90,428</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues</b>										
Property Tax Levy	\$ 15,331,910	\$ 15,573,483	\$ 15,803,677	\$ 16,093,628	\$ 16,670,804	\$ 17,135,484	\$ 17,461,432	\$ 17,943,855	\$ 18,419,303	\$ 19,199,651
Tuition	64,462	75,225	360,237	283,367	204,974	136,134	42,000	66,500	70,000	57,685
Transportation Fees	130,101	119,141	100,618	100,523	95,578	123,417	173,840	199,199	197,128	153,444
Interest Earnings	4,256	7,592	6,182	5,653	6,442	7,396	6,930	10,751	38,627	55,089
Miscellaneous	201,954	145,355	127,803	102,034	112,886	189,921	194,085	133,315	144,460	205,467
State Sources	2,090,671	1,395,974	1,734,490	2,143,690	1,997,880	2,485,186	2,519,552	2,488,505	2,975,796	3,364,400
Federal Sources	434,267	309,113	280,011	258,729	241,136	251,670	280,855	257,919	257,390	267,925
<b>Total Revenue</b>	<b>18,257,621</b>	<b>17,625,883</b>	<b>18,413,018</b>	<b>18,987,624</b>	<b>19,329,700</b>	<b>20,329,208</b>	<b>20,678,694</b>	<b>21,100,044</b>	<b>22,102,704</b>	<b>23,303,661</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	6,836,216	6,351,479	6,247,254	6,807,333	6,842,650	7,154,541	7,086,683	7,098,579	7,744,442	8,081,603
Special Education Instruction	2,702,338	2,601,388	2,970,143	2,756,191	3,061,728	3,011,002	3,442,010	3,740,194	4,013,862	4,209,309
Other instruction	108,418	141,708	197,575	206,299	234,943	119,166	184,063	320,145	318,560	340,368
School Sponsored Activities/Athletics	148,955	148,770	156,927	153,681	174,848	172,524	206,900	182,553	213,981	198,252
<b>Support Services:</b>										
Student and Inst. Related Services	2,637,425	2,469,287	2,705,075	2,849,109	2,782,721	2,873,116	2,861,543	3,069,835	3,281,982	3,279,568
General Administrative Services	564,222	588,560	585,195	618,816	477,445	586,105	603,354	601,187	613,022	623,518
School Administrative Services	1,002,152	1,024,353	1,051,982	1,034,914	982,864	946,243	948,944	993,800	1,050,076	1,060,188
Central Services/Business Services	353,430	365,104	395,545	388,815	391,628	503,459	531,707	546,118	603,018	642,500
Plant Operations and Maintenance	1,787,291	1,869,193	1,614,160	1,713,187	1,863,465	1,928,045	2,120,754	2,029,487	2,130,813	2,133,199
Pupil Transportation	762,901	795,125	894,645	954,187	1,013,299	988,045	945,742	977,279	1,003,840	1,054,043
Capital Outlay	301,461	96,554	49,838	228,600	263,433	871,496	654,751	127,526	149,961	1,218,371
<b>Debt Service</b>										
Principal	668,184	677,939	670,000	695,000	710,000	730,000	760,000	791,666	832,624	872,784
Interest and Other Charges	404,994	398,075	369,666	347,719	331,731	313,056	287,156	253,740	214,132	175,860
Cost of Issuance	101,880									
Payment to Escrow Account	662,153									
<b>Total Expenditures</b>	<b>19,042,020</b>	<b>17,527,535</b>	<b>17,908,005</b>	<b>18,753,851</b>	<b>19,130,755</b>	<b>20,196,798</b>	<b>20,633,607</b>	<b>20,732,109</b>	<b>22,170,313</b>	<b>23,889,563</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(784,399)	98,348	505,013	233,773	198,945	132,410	45,087	367,935	(67,609)	(585,902)
<b>Other Financing sources (uses)</b>										
Capital Lease Proceeds								14,249		
Refunding Bond Proceeds	9,185,000									
Premium on Notes/Bonds	679,033									
Bonds Refunded	(9,100,000)									
Transfers In	19,363	118			476,070	432,390	-	87,847		
Transfers Out	(19,363)	(2,304)	(6,124)	(810)	(476,392)	(435,505)	(3,601)	(91,181)	(4,643)	(4,711)
<b>Total Other Financing Sources (Uses)</b>	<b>764,033</b>	<b>(2,186)</b>	<b>(6,124)</b>	<b>(810)</b>	<b>(322)</b>	<b>(3,115)</b>	<b>(3,601)</b>	<b>10,915</b>	<b>(4,643)</b>	<b>(4,711)</b>
<b>Net Change in Fund Balances</b>	<b>\$ (20,366)</b>	<b>\$ 96,162</b>	<b>\$ 498,889</b>	<b>\$ 232,963</b>	<b>\$ 198,623</b>	<b>\$ 129,295</b>	<b>\$ 41,486</b>	<b>\$ 378,850</b>	<b>\$ (72,252)</b>	<b>\$ (590,613)</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>9.80%</b>	<b>6.17%</b>	<b>5.82%</b>	<b>5.63%</b>	<b>5.52%</b>	<b>5.40%</b>	<b>5.24%</b>	<b>5.07%</b>	<b>4.75%</b>	<b>4.63%</b>

\* Noncapital expenditures are total expenditures less capital outlay.

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

95	Fiscal Year Ended <u>June 30.</u>	<u>Interest</u>	<u>Tuition</u>	Transportation <u>Fees</u>	Prior Year <u>Reimbursements</u>	Insurance <u>Refunds</u>	Prior Year Orders <u>Canceled</u>	Cancel Old Outstanding <u>Checks</u>	Facility <u>Use</u>	<u>E-Rate</u>	Benefit <u>Share</u>	<u>Miscellaneous</u>	<u>Total</u>
	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
	2018	38,627	70,000	197,128	20,731			1,739	63,888	5,218		11,775	409,106
	2019	55,089	57,685	153,444	22,815	23,645	6,000		68,032	7,282		35,187	429,179

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 *
2010	\$ 128,845,700	\$ 2,047,551,750	\$ 748,300	\$ 119,800	\$ 887,116,700	\$ 101,302,400	\$ 151,215,500	\$ 3,316,900,150	\$ 4,901,700	\$ 3,321,801,850	\$ 3,332,562,174	\$ 0.47
2011	118,379,400	2,051,700,450	748,300	119,800	867,113,600	101,302,400	151,215,500	3,290,579,450	4,582,780	3,295,162,230	3,356,840,595	0.48
2012	110,392,500	2,031,401,150	748,300	119,800	890,441,900	97,324,800	151,215,500	3,281,643,950	4,576,711	3,286,220,661	3,335,769,352	0.48
2013	95,485,900	2,024,445,400	748,300	119,800	890,390,400	97,324,800	157,415,500	3,265,930,100	4,257,410	3,270,187,510	3,015,767,531	0.50
2014	98,799,800	1,985,991,600	748,300	119,800	882,320,700	96,354,600	168,609,300	3,232,944,100	3,854,835	3,236,798,935	2,839,810,971	0.52
2015	95,113,200	2,003,842,000	748,300	119,800	883,268,500	94,644,600	175,484,100	3,253,220,500	4,080,033	3,257,300,533	3,021,413,939	0.53
2016	98,191,900	2,014,682,600	748,300	119,800	903,530,300	92,180,200	175,484,100	3,284,937,200	4,079,867	3,289,017,067	3,126,935,377	0.54
2017	96,791,400	2,035,336,200	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
2018	64,953,700	2,050,951,700	748,300	119,800	929,394,900	88,344,300	245,944,100	3,380,456,800	3,974,458	3,384,431,258	3,503,649,795	0.56
2019	67,831,000	2,060,266,800	748,300	119,800	972,198,500	88,344,300	248,969,900	3,438,478,600	4,002,145	3,442,480,745	3,511,036,186	0.57

Source: County Abstract of Ratables

96

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		
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	
2018	0.56	0.27	0.41	0.27	1.51	
2019	0.57	0.28	0.42	0.27	1.54	

Source: County Abstract of Ratables



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

Taxpayer	2019		2010	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Park Ave Realty			\$ 77,358,100	5.16%
Exxon Research & Engineering			69,800,000	4.66%
KBSII 100-200 Campus Drive LLC			50,214,600	3.35%
Koll Bran			36,417,900	2.43%
Avalonbay Communities			33,478,100	2.23%
Dolce/Aew Properties			28,944,400	1.93%
Campus Drive LLC			27,032,800	1.80%
Prudential Insurance			19,200,000	1.71%
Rock - GW Miramar			77,225,600	3.43%
KBSII 300-600 CAMPUS DRIVE, LLC	\$ 93,517,700	2.72%		
SUN VALLEY PLAZA, LLC	77,474,200	2.25%		
BASF CORP	68,000,000	1.98%		
RG-KCI LLC%RGDC,ATTN:J CARLOMAGNO	63,500,000	1.84%		
AVALONBAY COMMUNITIES INC	63,369,900	1.84%		
KBSII 100-200 CAMPUS DRIVE, LLC	61,742,300	1.79%		
WELLTOWER INC	19,944,300	0.58%		
FLORHAM PARK LW HOTEL ASSOCIATES LP	18,430,800	0.54%		
LIPT 140 PARK AVENUE LLC	35,014,200	1.02%		
KBSII 100-200 CAMPUS DRIVE LLC	34,052,800	0.99%		
	<u>\$ 535,046,200</u>	<u>15.54%</u>	<u>\$ 419,671,500</u>	<u>26.70%</u>

**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	
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%	-
2018	18,419,303	18,419,303	100%	-
2019	19,199,651	19,199,651	100%	-

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

Fiscal Year Ended June 30,	Governmental Activities			Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases	Grant Anticipation Notes			
2010	\$ 10,425,000	\$ 37,939		\$ 10,462,939	11,740	\$ 891
2011	9,785,000			9,785,000	11,764	832
2012	9,115,000			9,115,000	11,781	774
2013	8,420,000			8,420,000	11,770	715
2014	7,710,000			7,710,000	11,695	659
2015	6,980,000			6,980,000	11,731	595
2016	6,220,000			6,220,000	11,673	533
2017	5,430,000	12,583		5,442,583	11,653	467
2018	4,600,000	9,959		4,609,959	11,594	398
2019	3,730,000	7,175		3,737,175	11,594 (E)	322

(E) - Estimate

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

Fiscal Year Ended June 30,	<u>General Bonded Debt Outstanding</u>		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions			
2010	\$ 10,425,000		\$ 10,425,000	0.31	\$ 888
2011	9,785,000		9,785,000	0.30	832
2012	9,115,000		9,115,000	0.28	774
2013	8,420,000		8,420,000	0.26	715
2014	7,710,000		7,710,000	0.24	659
2015	6,980,000		6,980,000	0.21	595
2016	6,220,000		6,220,000	0.19	533
2017	5,430,000		5,430,000	0.16	466
2018	4,600,000		4,600,000	0.14	397
2019	3,730,000		3,730,000	0.11	322

**FLORHAM PARK BOARD OF EDUCATION  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2018  
(Unaudited)**

	<u><b>Total Debt</b></u>
Municipal Debt: (1)	
Florham Park Board of Education (as of June 30, 2019)	\$ 3,730,000
Regional High School - Florham Park's Share	6,122,247
Borough of Florham Park	<u>20,370,741</u>
Total Direct Municipal Debt	<u>30,222,988</u>
Overlapping Debt Apportioned to the Municipality:	
Morris County: (2)	
County of Morris (A)	<u>13,431,082</u>
Total Overlapping Debt Apportioned to the Municipality	<u>13,431,082</u>
Total Direct and Overlapping Debt	<u>\$ 43,654,070</u>

Source:

- (1) Borough of Florham Park's 2018 Annual Debt Statement
- (2) Morris County's 2018 Annual Debt Statement
- (A) The debt for this entity was apportioned by dividing the municipality's 2018 equalized value by the total 2018 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 2019**

	Equalized valuation basis
	2016 \$ 3,164,679,383
	2017 3,411,023,709
	2018 <u>3,507,061,728</u>
	<u>\$ 10,082,764,820</u>
Average equalized valuation of taxable property	<u>\$ 3,360,921,607</u>
Debt limit (3 % of average equalization value)	\$ 100,827,648
Total Net Debt Applicable to Limit	<u>3,730,000</u>
Legal debt margin	<u>\$ 97,097,648</u>

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 99,109,670	\$ 99,963,349	\$ 99,887,568	\$ 96,912,020	\$ 91,797,202	\$ 88,416,523	\$ 89,109,645	\$ 92,265,379	\$ 96,534,898	\$ 100,827,648
Total net debt applicable to limit	<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>	<u>4,600,000</u>	<u>3,730,000</u>
Legal debt margin	<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>	<u>\$ 91,934,898</u>	<u>\$ 97,097,648</u>
Total net debt applicable to the limit as a percentage of debt limit	10.52%	9.79%	9.13%	8.69%	8.40%	7.89%	6.98%	5.89%	4.77%	3.70%

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>
2010	11,740	\$ 73,918	5.6%
2011	11,764	76,573	5.4%
2012	11,781	79,481	5.7%
2013	11,770	80,358	5.4%
2014	11,695	83,626	4.7%
2015	11,731	87,505	4.0%
2016	11,673	89,653	3.7%
2017	11,653	94,259	3.5%
2018	11,594	N/A	3.1%
2019	11,594	(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)**

<b>Employer</b>	<b>2019</b>		<b>2010</b>	
	<b>Employees</b>	<b>Percentage of Total Municipal Employment</b>	<b>Employees</b>	<b>Percentage of Total Municipal Employment</b>

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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Instruction	106.0	106.0	108.0	108.0	110.0	109.0	113.0	113.0	114.0	113.0
Support Services										
Student and Instruction Related Services	24.6	24.6	24.6	24.6	23.6	23.6	21.3	21.3	21.3	20.3
General Administration	2.0	2.0	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	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Central Services	2.8	3.0	3.0	3.0	3.0	3.0	4.0	4.0	4.0	4.0
Plant Operations and Maintenance	11.3	11.3	11.3	11.3	11.3	11.3	11.8	11.3	11.3	11.3
Pupil Transportation	13.5	13.5	13.5	13.5	13.5	13.5	13.1	13.1	13.1	12.1
<b>Total</b>	<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>	<u>171.7</u>	<u>168.7</u>

Source: District Personnel Records

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

Teacher/Student Ratio

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Teacher/Student Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
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%
2018	971	20,973,596	21,600	5.35%	91	1:10	1:10	966	920	0.00%	95.24%
2019	982	21,622,548	22,019	1.94%	91	1:10	1:10	970	923	0.41%	95.15%

Sources: District records

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

	<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>2018</u>	<u>2019</u>
<b><u>District Building</u></b>										
<u>Elementary</u>										
<b>Brooklake</b>										
Square Feet	50,700	50,700	50,700	50,700	50,700	50,700	50,700	50,700	50,700	50,700
Enrollment	346	325	339	347	324	297	316	327	328	335
<b>Briarwood</b>										
Square Feet	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000
Enrollment	365	352	360	355	350	352	301	310	318	324
<u>Middle School</u>										
<b>Ridgedale</b>										
Square Feet	76,100	76,100	76,100	76,100	76,100	76,100	76,000	76,000	76,000	76,000
Enrollment	331	351	331	327	327	337	342	317	325	323

Number of Schools at June 30, 2019  
 Elementary = 2  
 Middle School = 1  
3

Source: District Records

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

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

<u>School Facilities</u>	<u>Project Nos.</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Brooklake Elementary School	N/A	\$ 78,381	\$ 137,547	\$ 86,392	\$ 123,324	\$ 105,435	\$ 126,543	\$ 157,949	\$ 111,247	\$ 157,758	\$ 98,476
Briarwood Elementary School	N/A	70,827	103,820	76,142	83,628	96,050	117,308	146,422	103,576	151,218	97,202
Ridgedale Elementary School	N/A	<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>	<u>154,327</u>	<u>167,769</u>
Total School Facilities		<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>	<u>\$ 463,303</u>	<u>\$ 363,447</u>

Source: District Records

**FLORHAM PARK BOARD OF EDUCATION  
INSURANCE SCHEDULE  
JUNE 30, 2019  
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - NJSIG		
Property - Blanket Building & Contents	\$ 55,696,206	\$ 5,000
Increased Cost of Construction	25,000,000	
Flood	75,000,000	
Computer Equipment	300,000	
Energy Systems - Property Damage	100,000,000	
Commercial Liability - Bodily Injury/Property Damage	11,000,000	
Workers Compensation	2,000,000	
School Leaders Errors and Omissions	11,000,000	5,000
Business Auto	11,000,000	1,000
Public Employee Dishonesty	100,000	
Money and Security	25,000	
Computer Fraud	100,000	
Depositor Forgery	100,000	
Student Accident	5,000,000	
Public Official Bond - Board Secretary	100,000	
Public Official Bond - Treasurer of School Monies	230,000	

Source: School District's records

**SINGLE AUDIT SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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CHRIS SOHN, CPA

**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 Education  
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, 2019 and the related notes to the financial statements, which collectively comprise the Florham Park Board of Education's basic financial statements and have issued our report thereon dated November 12, 2019.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Florham Park Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 12, 2019.

### **Purpose of this Report**

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

*Lerch, Vinci & Higgins, LLP*

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



Jeffrey C. Bliss  
Public School Accountant  
PSA Number CS00932

Fair Lawn, New Jersey  
November 12, 2019





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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 Education  
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, 2019. 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, U.S. Uniform Guidance 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, 2019.

### **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 U.S. Uniform Guidance and 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 U.S. Uniform Guidance and 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 Florham Park Board of Education, as of and for the fiscal year ended June 30, 2019 and have issued our report thereon dated November 12, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

*LERCH, VINCI & HIGGINS, LLP*

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



Jeffrey C. Bliss  
Public School Accountant  
PSA Number CS00932

Fair Lawn, New Jersey  
November 12, 2019

**FLORHAM PARK BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2018	Unearned	Accounts	Cash Received	Budgetary Expenditures	June 30, 2019		MEMO GAAP Receivable	
							Revenue Carryover Amount	Receivable Carryover Amount			(Account Receivable)	Unearned Revenue		
<b>U.S. Department of Education</b>														
<b>Passed-through State Department of Education</b>														
I.D.E.I.A Part B, Basic Regular	84.027	H027A180100	FT-1530-08	7/1/18-9/30/19	\$ 200,665		\$ 3,569	\$ (3,569)	\$ 200,665	\$ 202,234	\$ (3,569)	\$ 2,000	*	\$ (1,569)
I.D.E.I.A. Part B, Basic Regular	84.027	H027A170100	FT-1530-08	7/1/17-6/30/18	203,864	\$ (13,839)	(3,569)	3,569	13,839				*	-
I.D.E.I.A. Preschool	84.173	H027A180114	PS-1530-08	7/1/18-9/30/19	8,646		2,571	(2,571)		3,571	(11,217)	7,646	*	(3,571)
I.D.E.I.A. Preschool	84.173	H173A170114	PS-1530-08	7/1/17-6/30/18	8,515	(6,714)	(2,571)	2,571	6,714	-	-	-	*	-
<b>Total Special Education Cluster (IDEA)</b>						<u>(20,553)</u>	<u>-</u>	<u>-</u>	<u>221,218</u>	<u>205,805</u>	<u>(14,786)</u>	<u>9,646</u>	*	<u>(5,140)</u>
Title I Part A	84.010	S010A180030	NCLB153008	7/1/18-9/30/19	24,540		396	(396)	13,703	24,540	(11,233)	396	*	(10,837)
Title I Part A	84.010	S010A170030	NCLB153008	7/1/17-6/30/18	24,362	(24,362)	(396)	396	24,362				*	-
Title II Part A	84.367A	S367A180029	NCLB153008	7/1/18-9/30/19	12,707		6,847	(6,847)	12,013	12,230	(7,541)	7,324	*	(217)
Title II Part A	84.367A	S367A170029	NCLB153008	7/1/17-6/30/18	13,801	(13,466)	(6,847)	6,847	13,466				*	-
Title III	84.365	S365A180030	NCLB361018	7/1/18-9/30/19	2,687					2,687	(2,687)	-	*	(2,687)
Title III Immigrant	84.365	S365A180030	NCLB153008	7/1/18-9/30/19	2,149		2,114	(2,114)	2,114	4,263	(2,149)	-	*	(2,149)
Title III Immigrant	84.365	S365A170030	NCLB153008	7/1/17-6/30/18			(2,114)	2,114					*	-
Title IV	84.424	S424A180031	NCLB153008	7/1/18-9/30/19	10,000		1,016	(1,016)	1,308	3,133	(9,708)	7,883	*	(1,825)
Title IV	84.424	S424A170031	NCLB153008	7/1/17-6/30/18	10,000	(8,984)	(1,016)	1,016	8,984	-	-	-	*	-
<b>Total U.S. Department of Education</b>						<u>\$ (67,365)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 297,168</u>	<u>\$ 252,658</u>	<u>\$ (48,104)</u>	<u>\$ 25,249</u>	*	<u>\$ (22,855)</u>
<b>U.S. Department of Education</b>														
<b>Passed-through State Department of Education</b>														
FEMA - Disaster Grant														
Debris Removal/Snow Removal	97.036	N/A	N/A	N/A	15,267	-	-	-	15,267	15,267	-	-	*	-
<b>Total U.S. Department of Homeland Security</b>						<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,267</u>	<u>\$ 15,267</u>	<u>\$ -</u>	<u>\$ -</u>	*	<u>\$ -</u>
<b>Total Federal Financial Assistance</b>						<u>\$ (67,365)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 312,435</u>	<u>\$ 267,925</u>	<u>\$ (48,104)</u>	<u>\$ 25,249</u>		<u>\$ (22,855)</u>

The federal programs were 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, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2018	Cash Received	Budgetary Expenditures	June 30, 2019			MEMO	
							(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Combined Total Expenditures
<b>State Department of Education</b>											
<b>General Fund:</b>											
Special Education Aid	19-495-034-5120-089	7/1/18-6/30/19	\$ 441,376		\$ 400,444	\$ 441,376	\$ (40,932)			*	\$ 441,376
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	441,376	\$ (40,391)	40,391					*	
Security Aid	19-495-034-5120-089	7/1/18-6/30/19	19,487		17,680	19,487	(1,807)			*	19,487
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	17,063	(1,561)	1,561					*	
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	9,750	(892)	892					*	
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	9,750	(892)	892					*	
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	9,460	(866)	866	-	-	-	-	*	-
Total State Aid - Public Cluster				(44,602)	462,726	460,863	(42,739)	-	-	*	460,863
Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	161,007		146,075	161,007	(14,932)			*	161,007
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	44,317	(4,056)	4,056					*	
Additional Non Public Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	28,079			28,079	(28,079)			*	\$ (28,079)
Additional Non Public Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	22,957	(22,957)	22,957	-	-	-	-	*	-
Total Transportation Aid Cluster				(27,013)	173,088	189,086	(43,011)	-	-	*	(28,079)
Extraordinary Special Education Costs Aid	19-495-034-5120-044	7/1/18-6/30/19	133,580			133,580	(133,580)			*	133,580
Extraordinary Special Education Costs Aid	18-495-034-5120-044	7/1/17-6/30/18	45,543	(45,543)	45,543					*	
TPAF Social Security Contributions	19-495-034-5094-003	7/1/18-6/30/19	549,437		549,419	549,437	(18)			*	(18)
TPAF Pension Contributions	19-495-034-5094-002	7/1/18-6/30/19	1,425,508		1,425,508	1,425,508				*	1,425,508
TPAF Pension - NCGI Premium	19-495-034-5094-004	7/1/18-6/30/19	29,840		29,840	29,840				*	29,840
TPAF Post Retirement Medical Contributions	19-495-034-5094-001	7/1/18-6/30/19	660,144		660,144	660,144				*	660,144
TPAF Long-Term Disability Insurance Contributions	19-495-034-5094-004	7/1/18-6/30/19	1,335	-	1,335	1,335	-	-	-	*	1,335
Total General Fund				(117,158)	3,347,603	3,449,793	(219,348)	-	-	*	(28,097)
<b>Special Revenue Fund:</b>											
New Jersey Nonpublic Aid											
Nursing	19-100-034-5120-070	7/1/18-6/30/19	5,238		5,238	5,238				*	5,238
Technology	19-100-034-5120-373	7/1/18-6/30/19	1,944		1,944	1,944				*	1,944
Textbooks	19-100-034-5120-064	7/1/18-6/30/19	2,883		2,883	2,883				*	2,883
Security	19-100-034-5120-509	7/1/18-6/30/19	8,100	-	8,100	1,592	-	-	\$ 6,508	*	1,592
Total Special Revenue Fund				-	18,165	11,657	-	-	6,508	*	11,657
Total State Financial Assistance Subject to Single Audit Determination				(117,158)	3,365,768	3,461,450	(219,348)	-	6,508	*	(28,097)
<b>State Financial Assistance</b>											
<b>Not Subject to Major Program Determination</b>											
<b>General Fund</b>											
TPAF Pension Contributions	19-495-034-5094-002	7/1/18-6/30/19	1,425,508		(1,425,508)	(1,425,508)				*	(1,425,508)
TPAF Pension - NCGI Premium	19-495-034-5094-004	7/1/18-6/30/19	29,840		(29,840)	(29,840)				*	(29,840)
TPAF Post Retirement Medical Contributions	19-495-034-5094-001	7/1/18-6/30/19	660,144		(660,144)	(660,144)				*	(660,144)
TPAF Long-Term Disability Insurance Contributions	19-495-034-5094-004	7/1/18-6/30/19	1,335	-	(1,335)	(1,335)	-	-	-	*	(1,335)
Total State Financial Assistance For Major Program Determination				\$ (117,158)	\$ 1,248,941	\$ 1,344,623	\$ (219,348)	\$ -	\$ 6,508	*	\$ (28,097)

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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, 2019**

**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 a decrease of \$97,050 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	\$ 15,267	\$ 3,352,743	\$ 3,368,010
Special Revenue Fund	<u>252,658</u>	<u>11,657</u>	<u>264,315</u>
Total Financial Assistance	<u>\$ 267,925</u>	<u>\$ 3,364,400</u>	<u>\$ 3,632,325</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, 2019**

**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 \$549,437 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, 2019. The amount reported as TPAF Pension System Contributions in the amount of \$1,455,348, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$660,144 and TPAF Long-Term Disability Insurance in the amount of \$1,335 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2019.

**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 Contribution payments 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, 2019**

*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, 2019**

*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
18-495-034-5094-003	Reimbursed 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, 2019**

***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, 2019**

*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, 2019**

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.