

**FLORHAM PARK BOARD OF EDUCATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**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, 2013**

**Prepared by**

**Business Office**

**FLORHAM PARK BOARD OF EDUCATION  
TABLE OF CONTENTS**

**Page**

**INTRODUCTORY SECTION**

Letter of Transmittal	i-iv
Organizational Chart	v
Roster of Officials	vi
Consultants and Advisors	vii

**FINANCIAL SECTION**

Independent Auditor's Report	1-3
------------------------------	-----

**REQUIRED SUPPLEMENTARY INFORMATION- PART I**

Management's Discussion and Analysis	4-14
--------------------------------------	------

**Basic Financial Statements**

**A. District-wide Financial Statements**

A-1 Statement of Net Position	15
A-2 Statement of Activities	16

**B. Fund Financial Statements**

*Governmental Funds*

B-1 Balance Sheet	17
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	18
B-3 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances With the District-Wide Statements	19

*Proprietary Funds*

B-4 Statement of Net Position	20
B-5 Combining Statement of Revenues, Expenses, and Changes in Net Position	21
B-6 Statement of Cash Flows	22

*Fiduciary Funds*

B-7 Statement of Fiduciary Net Position	23
B-8 Statement of Changes in Fiduciary Net Position	24

<b>Notes to the Basic Financial Statements</b>	25-49
--	-------

**FLORHAM PARK BOARD OF EDUCATION  
TABLE OF CONTENTS**

Page

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

**C. Budgetary Comparison Schedules**

C-1	Budgetary Comparison Schedule – General Fund	50-55
C-2	Budgetary Comparison Schedule – Special Revenue Fund	56
C-3	Required Supplementary Information – Budgetary Comparison Schedule – Notes to the Required Supplementary Information	57

**OTHER SUPPLEMENTARY INFORMATION**

**D. School Level Schedules – Not Applicable**

**E. Special Revenue Fund**

E-1	Combining Schedule of Program Revenues and Expenditures Special Revenue Fund – Budgetary Basis	58-59
E-2	Schedule of Preschool Education Program Aid Expenditures – Budgetary Basis – Not Applicable	60

**F. Capital Projects Fund**

F-1	Summary Schedule of Project Expenditures – Budgetary Basis – Not Applicable	61
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis – Not Applicable	61

**G. Proprietary Funds**

<i>Enterprise Fund</i>		
G-1	Combining Statement of Net Position	62
G-2	Combining Statement of Revenues, Expenses and Changes in Net Position	62
G-3	Combining Statement of Cash Flows	62

**FLORHAM PARK BOARD OF EDUCATION  
TABLE OF CONTENTS**

Page

**H. Fiduciary Funds**

H-1	Combining Statement of Net Position	63
H-2	Combining Statement of Changes in Net Position – Not Applicable	64
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	64
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	65

**I. Long-Term Debt**

I-1	Schedule of Serial Bonds	66
I-2	Schedule of Obligations under Capital Leases – Not Applicable	67
I-3	Debt Service Fund Budgetary Comparison Schedule	68

**J. STATISTICAL SECTION (Unaudited)**

J-1	Net Position by Component	69
J-2	Changes in Net Position	70-71
J-3	Fund Balances – Governmental Funds	72
J-4	Changes in Fund Balances – Governmental Funds	73
J-5	General Fund Other Local Revenue by Source	74
J-6	Assessed Value and Actual Value of Taxable Property	75
J-7	Direct and Overlapping Property Tax Rates	76
J-8	Principal Property Taxpayers	77
J-9	Property Tax Levies and Collections	78
J-10	Ratios of Outstanding Debt by Type	78
J-11	Ratios of Net General Bonded Debt Outstanding	80
J-12	Direct and Overlapping Governmental Activities Debt	81
J-13	Legal Debt Margin Information	82
J-14	Demographic and Economic Statistics	83
J-15	Principal Employers	84
J-16	Full-Time Equivalent District Employees by Function/Program	85
J-17	Operating Statistics	86
J-18	School Building Information	87
J-19	Schedule of Required Maintenance for School Facilities	88
J-20	Insurance Schedule	89

**FLORHAM PARK BOARD OF EDUCATION  
TABLE OF CONTENTS**

**Page**

**SINGLE AUDIT SECTION**

K-1	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	90-91
K-2	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 Letter 04-04 – Independent Auditor’s Report	92-94
K-3	Schedule of Expenditure of Federal Awards	95
K-4	Schedule of Expenditures of State Financial Assistance	96
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	97-98
K-6	Schedule of Findings and Questioned Costs	99-104
K-7	Summary Schedule of Prior Year Findings	105

## **INTRODUCTORY SECTION**



# Florham Park Public Schools

## ADMINISTRATIVE OFFICES

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

973-822-3880

973-822-0867 Superintendent FAX

973-822-0716 Business Office FAX

FLAVIO RUBANO  
Interim Superintendent of Schools

JOHN CSATLOS, C.P.A.  
School Business Administrator/  
Board Secretary

September 23, 2013

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, 2013 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 basic financial statements. 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 basic financial statements and required supplemental information (RSI). The statistical section includes selected financial and demographic information generally presented on a multi-year basis.

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and the U.S. Office of Management and Budget Circular A-133. "Audits of States, Local Governments and Non-Profit Organizations", and the State Treasury Circular OMB 04-04. Information related to this single audit, including the auditors' report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.



## 1. REPORTING ENTITY AND ITS SERVICES

The District provides a full range of educational services appropriate to grade levels pre-K through 8. These include regular and special education for handicapped youngsters. The District completed FY 2012/2013 with an average daily enrollment of 1,022. The following Average Daily Enrollment figures, reported in the School Summary Register, details the changes in student enrollment over the last ten (10) years:

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2012/13	1,022	-0.39%
2011/12	1,026	-0.10%
2010/11	1,027	0.96%
2009/10	1,037	0.88%
2008/09	1,028	-0.19%
2007/08	1,030	3.21%
2006/07	998	0.50%
2005/06	993	2.90%
2004/05	965	3.65%
2003/04	931	0.32%

## 2. ECONOMIC CONDITION AND OUTLOOK

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

## 3. MAJOR INITIATIVES

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

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

In addition to technology, in-service training has focused on reading, language and mathematics instruction to address the NJASK 3-8 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.

#### 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 and the special revenue fund. The final budget amount as amended for FY 2012/2013 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, 2013.

#### 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 Basic Financial Statements".

#### 7. DEBT ADMINISTRATION

At June 30, 2013 the District had \$8,420,000 in General Obligation Bonds outstanding. The proceeds of these bonds were used to provide funds for major capital improvements, to the District's buildings and grounds. These improvements include additions and various renovations in all three (3)-school buildings.

#### 8. CASH MANAGEMENT

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

9. RISK MANAGEMENT

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

10. OTHER INFORMATION

Independent Audit – State statute requires an annual audit by independent certified public accountants or registered municipal accounts. The Board's Finance Committee selected the accounting firm of Lerch Vinci & Higgins, LLP, CPA's. In addition to meeting the requirements as set forth in State statutes, the audit also was designed to meet the requirements of the Single Audit Act and the related OMB Circular A-133 and State Treasury Circular Letter OMB 04-04.

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,

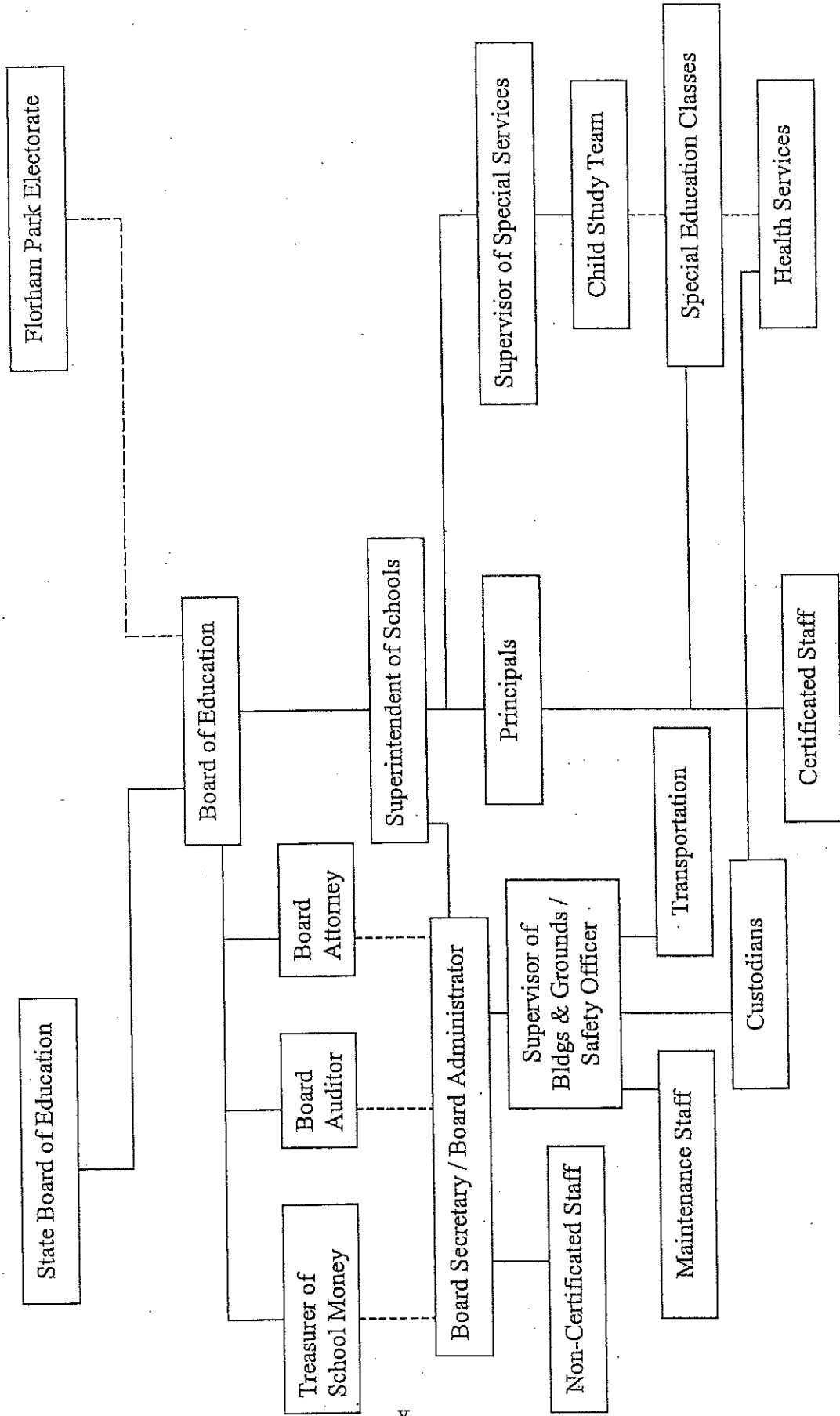


Flavio Rubano  
Interim Superintendent of Schools



John R. Csatos  
Business Administrator/Board Secretary

# FLORHAM PARK SCHOOL DISTRICT ORGANIZATIONAL CHART



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

**ROSTER OF OFFICIALS  
JUNE 30, 2013**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Kevin DeCoursey, President	2013
Dr. John Carollo, Vice President	2013
Marianne Haynes	2013
Patrick Montuore	2014
Joanne Greene Tobias	2014
John Gaffney	2015
Linda Michalowski	2015

**Other Officials**

Dr. William Ronzitti, Superintendent  
John R. Csatos, 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

ELIZABETH A. SHICK, CPA, RMA, PSA  
ANDREW PARENTE, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
RALPH M. PICONE, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
EDWARD N. KERE, CPA  
LORI T. MANUKIAN, CPA, PSA  
MARK SACO, CPA

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Florham Park Board of Education as of and for the fiscal year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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



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

### *Opinions*

In our opinion, the financial statements referred to previously 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, 2013, 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 and budgetary comparison 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 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Florham Park Board of Education.

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

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

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

In accordance with Government Auditing Standards, we have also issued our report dated September 23, 2013 on our consideration of the Florham Park Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Florham Park Board of Education's internal control over financial reporting and compliance.

*LERCH, VINCI & HIGGINS, LLP*  
LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Public School Accountants  
  
Jeffrey C. Bliss  
Public School Accountant  
PSA Number CS00932

Fair Lawn, New Jersey  
September 23, 2013

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

# FLORHAM PARK BOARD OF EDUCATION

## Management's Discussion and Analysis Fiscal Year Ended June 30, 2013

This section of Florham Park Board of Education's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2013. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information between the current year (2012-2013) and the prior year (2011-2012) is required to be presented in the MD&A

### FINANCIAL HIGHLIGHTS

Key financial highlights for the 2012-2013 fiscal year include the following:

- The assets and deferred outflows of the Florham Park Board of Education exceeded its liabilities at the close of the fiscal year by \$8,172,764. (Net Position)
- The District's total net position increased by \$471,596.
- Overall District revenues were \$19,009,206. General revenues accounted for \$16,136,523 or 85% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2,872,683 or 15% of total revenues.
- The school district had \$18,522,982 in expenses for governmental activities; only \$2,851,101 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$16,136,523 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 \$1,561,910. Of this amount, \$263,069 (17%) is available for spending at the District's discretion (unassigned fund balance – General Fund).
- The General Fund fund balance at June 30, 2013 was \$1,561,910, an increase of \$232,963 compared to the ending fund balance at June 30, 2012 of \$1,328,947.
- The General Fund unassigned budgetary fund balance at June 30, 2013 was \$424,238, which represents an increase of \$49,238 compared to the ending unassigned budgetary fund balance at June 30, 2012 of \$375,000.

# FLORHAM PARK BOARD OF EDUCATION

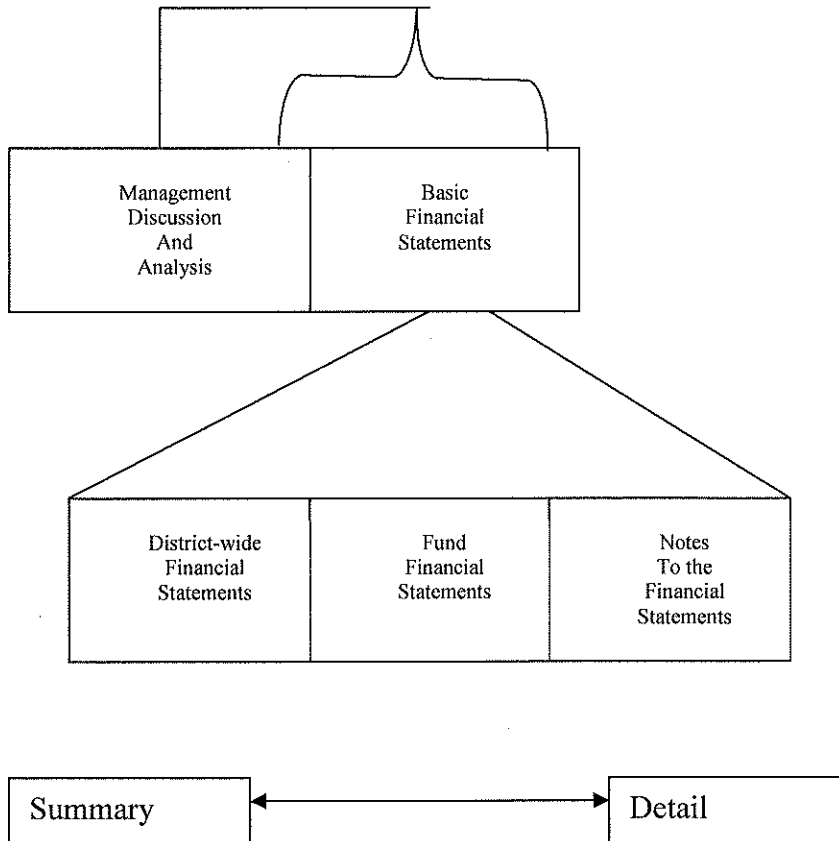
## Management's Discussion and Analysis Fiscal Year Ended June 30, 2013

### OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditors' 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 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, 2013

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, 2013

- 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 Fund 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 Funds* – 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, 2013

**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 \$8,172,764 and \$7,701,168 on June 30, 2013 and 2012, respectively as follows:

	Net Position					
	As of June 30, 2013 and 2012					
	Governmental Activities		Business- Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current Assets	\$ 1,707,290	\$ 1,362,241			\$ 1,707,290	\$ 1,362,241
Capital Assets	15,480,298	15,953,249	\$ 17,176	\$ 9,412	15,497,474	15,962,661
<b>Total Assets</b>	<u>17,187,588</u>	<u>17,315,490</u>	<u>17,176</u>	<u>9,412</u>	<u>17,204,764</u>	<u>17,324,902</u>
<b>Total Deferred Outflows of Resources</b>	<u>406,055</u>	<u>484,474</u>	<u>-</u>	<u>-</u>	<u>406,055</u>	<u>484,474</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>17,593,643</u>	<u>17,799,964</u>	<u>17,176</u>	<u>9,412</u>	<u>17,610,819</u>	<u>17,809,376</u>
Long-Term Liabilities	9,137,091	9,911,756			9,137,091	9,911,756
Other Liabilities	300,964	196,452	-	-	300,964	196,452
<b>Total Liabilities</b>	<u>9,438,055</u>	<u>10,108,208</u>	<u>-</u>	<u>-</u>	<u>9,438,055</u>	<u>10,108,208</u>
Net Position						
Net Investment in Capital Assets	7,049,947	6,825,899	17,176	9,412	7,067,123	6,835,311
Restricted	869,753	664,955			869,753	664,955
Unrestricted	235,888	200,902	-	-	235,888	200,902
<b>Total Net Position</b>	<u>\$ 8,155,588</u>	<u>\$ 7,691,756</u>	<u>\$ 17,176</u>	<u>\$ 9,412</u>	<u>\$ 8,172,764</u>	<u>\$ 7,701,168</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. 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, 2013

The District's total net position of \$8,172,764 at June 30, 2013 represents a \$471,596 or 6%, increase from the prior year. The following presents the changes in net position for the fiscal years ended June 30, 2013 and 2012.

Change in Net Position  
For The Fiscal Years Ended June 30, 2013 and 2012

	Governmental		Business-		Total	
	Activities		Type		Activities	
	2013	2012	2013	2012	2013	2012
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 383,890	\$ 460,855	\$ 12,415	\$ 12,150	\$ 396,305	\$ 473,005
Operating Grants and Contributions	2,441,422	2,114,533			2,441,422	2,114,533
Capital Grants and Contributions	25,789		9,167		34,956	-
General Revenues						
Property Taxes	16,093,628	15,803,677			16,093,628	15,803,677
Other	42,895	33,953	-	-	42,895	33,953
<b>Total Revenues</b>	<b>18,987,624</b>	<b>18,413,018</b>	<b>21,582</b>	<b>12,150</b>	<b>19,009,206</b>	<b>18,425,168</b>
<b>Expenses</b>						
Instruction						
Regular	6,857,382	6,260,670			6,857,382	6,260,670
Special Education	2,754,197	2,980,703			2,754,197	2,980,703
Other Instruction	197,548	213,722			197,548	213,722
School Sponsored Activities and Athletics	153,681	156,927			153,681	156,927
Support Services						
Student and Instruction Related Services	2,865,286	2,711,681			2,865,286	2,711,681
General Administrative Services	605,846	593,874			605,846	593,874
School Administrative Services	1,049,373	1,084,544			1,049,373	1,084,544
Central Administrative Services	388,815	395,547			388,815	395,547
Plant Operations and Maintenance	2,348,184	2,255,376			2,348,184	2,255,376
Pupil Transportation	964,524	900,848			964,524	900,848
Interest on Debt	338,146	355,199			338,146	355,199
Food Services	-	-	14,628	13,592	14,628	13,592
<b>Total Expenses</b>	<b>18,522,982</b>	<b>17,909,091</b>	<b>14,628</b>	<b>13,592</b>	<b>18,537,610</b>	<b>17,922,683</b>
<b>Increase (Decrease) in Net Position Before Transfer</b>	<b>464,642</b>	<b>503,927</b>	<b>6,954</b>	<b>(1,442)</b>	<b>471,596</b>	<b>502,485</b>
<b>Transfers</b>	<b>(810)</b>	<b>(6,124)</b>	<b>810</b>	<b>6,124</b>	<b>-</b>	<b>-</b>
<b>Increase (Decrease) in Net Position</b>	<b>463,832</b>	<b>497,803</b>	<b>7,764</b>	<b>4,682</b>	<b>471,596</b>	<b>502,485</b>
<b>Net Position, Beginning of Year</b>	<b>7,691,756</b>	<b>7,193,953</b>	<b>9,412</b>	<b>4,730</b>	<b>7,701,168</b>	<b>7,198,683</b>
<b>Net Position, End of Year</b>	<b>\$ 8,155,588</b>	<b>\$ 7,691,756</b>	<b>\$ 17,176</b>	<b>\$ 9,412</b>	<b>\$ 8,172,764</b>	<b>\$ 7,701,168</b>

FLORHAM PARK BOARD OF EDUCATION

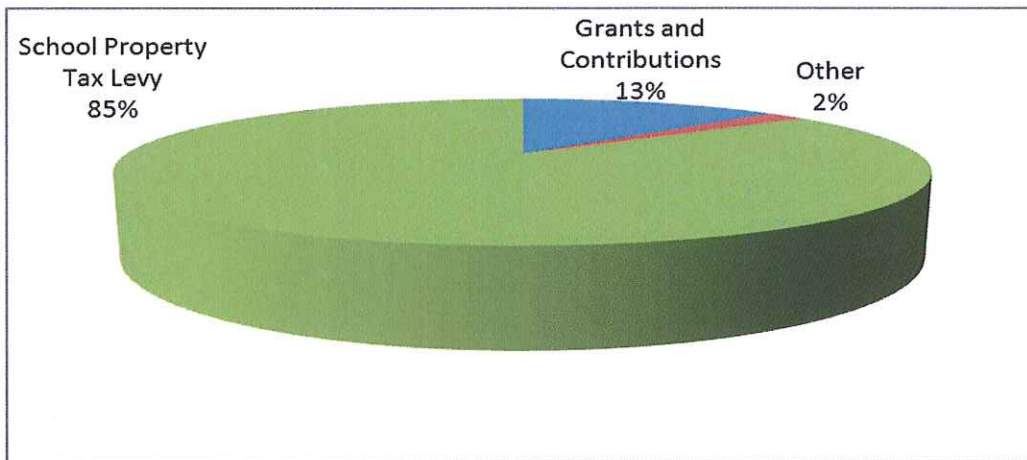
Management’s Discussion and Analysis  
Fiscal Year Ended June 30, 2013

**Governmental Activities.** The District’s total governmental activities’ revenues, which includes State and Federal grants, were \$18,987,624 for the fiscal year ended June 30, 2013, property taxes of \$16,093,628 represented 85% of revenues. Another significant portion of revenues came from grants and contributions which totaled \$2,467,211 and represented 13% of revenues. In addition, charges for services from tuition and transportation fees and general revenue from miscellaneous income such as interest, prior year refunds and other miscellaneous items represented 2% of revenues.

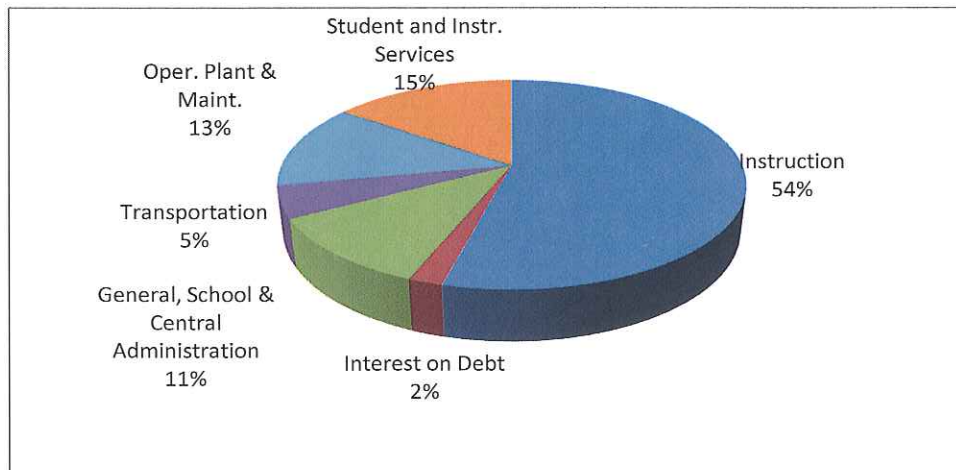
The total cost of all governmental activities programs and services was \$18,522,982 for the fiscal year ended June 30, 2013. The District’s expenses are predominantly related to educating and caring for students. Instruction costs were \$9,962,808 (54%) of total expenses. Student support services costs were \$8,222,028 (44%) of total expenses and interest on debt totaled \$338,146 (2%) of total expenses.

For fiscal year 2013, total governmental activities revenues exceeded expenses and transfers out increasing net position for governmental activities by \$463,832 from the previous year.

Revenues by Sources – Governmental Activities  
For Fiscal Year 2013



Expenses by Use – Governmental Activities  
For Fiscal Year 2013



FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2013

**Net Cost of Governmental Activities.** The District's total cost of services was \$18,522,982. After applying program revenues, derived from operating and capital grants and contributions of \$2,467,211, and charges for services of \$383,890, the net cost of services of the District is \$15,671,881 for the fiscal year ended June 30, 2013.

**Net Cost of Governmental Activities  
For the Fiscal Years Ended June 30, 2013 and 2012**

	Total Cost of Services		Net Cost of Services	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Instruction				
Regular	\$ 6,857,382	\$ 6,260,670	\$ 5,864,350	\$ 5,401,491
Special Education	2,754,197	2,980,703	1,589,270	1,860,674
Other Instruction	197,548	213,722	162,599	184,578
School Sponsored Activities and Athletics	153,681	156,927	153,681	156,927
Support Services				
Student and Instruction Related Services	2,865,286	2,711,681	2,484,554	2,368,998
General Administrative Services	605,846	593,874	605,846	593,874
School Administrative Services	1,049,373	1,084,544	957,680	994,650
Central Services	388,815	395,547	361,348	373,679
Plant Operations and Maintenance	2,348,184	2,255,376	2,334,491	2,255,376
Pupil Transportation	964,524	900,848	819,916	788,257
Interest on Debt	338,146	355,199	338,146	355,199
<b>Total</b>	<b>\$ 18,522,982</b>	<b>\$ 17,909,091</b>	<b>\$ 15,671,881</b>	<b>\$ 15,333,703</b>

**Business-Type Activities** – The District's total business-type activities revenues were \$21,582 for the fiscal year ended June 30, 2013. Charges for services of \$12,415 accounted for 58% of total revenues and capital grants and contributions of \$9,167 accounted for 42% of total revenues.

Total cost of all business-type activities programs and services was \$14,628 for the fiscal year ended June 30, 2013.

There were transfers of \$810 from governmental activities during the year.

For fiscal year 2013, total business-type activities revenues and transfers in exceeded expenses, increasing net position by \$7,764 from the previous year.

FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2013

**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 \$1,561,910 at June 30, 2013, an increase of \$232,963 from last year's fund balance of \$1,328,947. This increase was mainly attributable to revenues which exceeded budget estimates as well as expenditures which were less than amounts budgeted for the 2012/2013 school year.

Revenues for the District's governmental funds were \$18,987,624, while total expenditures were \$18,754,661 for the fiscal year ended June 30, 2013.

**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, 2013</u>	<u>June 30, 2012</u>		
Local Sources				
Property Taxes	\$ 15,050,909	\$ 14,764,011	\$ 286,898	2%
Other	426,785	494,808	(68,023)	-14%
State Sources	2,098,826	1,696,152	402,674	24%
Federal Sources	-	28,088	(28,088)	100%
Total General Fund Revenues	<u>\$ 17,576,520</u>	<u>\$ 16,983,059</u>	<u>\$ 593,461</u>	3%

For fiscal year 2013, total General Fund revenues increased \$593,461 or 3% from the previous year. Property taxes increased \$286,898 or 2% to support increases in operating costs. As indicated, State aid increased \$402,674 or 24% mainly due to increases in State categorical aid such as special education, transportation, and security aids.

The following schedule presents a summary of General Fund expenditures.

	<u>Fiscal Year Ended</u>		Amount of Increase (Decrease)	Percent Change
	<u>June 30, 2013</u>	<u>June 30, 2012</u>		
Instruction	\$ 9,674,860	\$ 9,269,095	\$ 405,765	4%
Support Services	7,465,076	7,159,113	305,963	4%
Capital Outlay	202,811	49,838	152,973	307%
Total Expenditures	<u>\$ 17,342,747</u>	<u>\$ 16,478,046</u>	<u>\$ 864,701</u>	5%

For fiscal year 2013, total General Fund expenditures increased \$864,701 or 5% from the previous year. Notable increases during the year were attributed to increases in contractual salary requirements and related employee benefit costs.

FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2013

**GENERAL FUND (Continued)**

In fiscal year 2013 General Fund revenues exceeded expenditures and other financing uses by \$232,963. Therefore, total fund balance increased to \$1,561,910 at June 30, 2013. After deducting restricted and assigned fund balances, the unassigned fund balance increased from \$238,004 at June 30, 2012 to \$263,069 at June 30, 2013. In addition, the District designated fund balance of \$815,288 at year end for use in the subsequent school year's budget, \$660,000 of which was designated from restricted fund balance for capital reserve.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

At the end of fiscal year 2013, the District had \$15,480,298 invested in land, buildings, furniture, equipment and vehicles for governmental activities. The following is a comparison of the June 30, 2013 and 2012 balances:

Capital Assets  
as of June 30, 2013 and 2012

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Land	\$ 1,156,663	\$ 1,156,663
Land Improvements	1,369,190	1,369,190
Buildings and Building Improvements	22,556,453	22,402,440
Machinery and Equipment	<u>2,433,149</u>	<u>2,358,562</u>
	27,515,455	27,286,855
<b>Less Accumulated Depreciation</b>	<u>(12,035,157)</u>	<u>(11,333,606)</u>
<b>Total</b>	<u>\$ 15,480,298</u>	<u>\$ 15,953,249</u>

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

**LONG TERM LIABILITIES**

At June 30, 2013 the District had \$8,720,685 of total outstanding debt. Of this amount, \$8,420,000 is for serial bonds and \$300,685 is for compensated absences. The following is a comparison of the June 30, 2013 and 2012 balances:

Outstanding Long-Term Debt  
as of June 30, 2013 and 2012

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Serial Bonds	\$ 8,420,000	\$ 9,115,000
Compensated Absences	<u>300,685</u>	<u>299,932</u>
<b>Total</b>	<u>\$ 8,720,685</u>	<u>\$ 9,414,932</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, 2013

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

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

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

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

For fiscal year 2013 General Fund budgetary revenues exceeded budgetary expenditures and other financing uses increasing budgetary fund balance \$257,136 from the previous year. After deducting fund balances restricted and assigned, the unassigned budgetary fund balance increased \$49,238, from \$375,000 at June 30, 2012 to \$424,238 at June 30, 2013. In addition, the District increased its capital reserve \$204,798 from \$664,955 at June 30, 2012 to \$869,753 at June 30, 2013.

### **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 2013-2014 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs.

These indicators were considered when adopting the budget for fiscal year 2013-2014. Budgeted expenditures in the General Fund increased approximately 9% to \$17,236,785 for fiscal year 2013-2014. Overall contractual salary requirements remained relatively unchanged, however, increases in employee benefits and capital outlay construction service costs were the main factors for the increase.

### **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.

**BASIC FINANCIAL STATEMENTS**

**FLORHAM PARK BOARD OF EDUCATION  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2013**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,609,273		\$ 1,609,273
Receivables, net	98,017		98,017
Capital Assets, Not Being Depreciated	1,156,663		1,156,663
Capital Assets, Being Depreciation, Net	<u>14,323,635</u>	<u>\$ 17,176</u>	<u>14,340,811</u>
Total Assets	<u>17,187,588</u>	<u>17,176</u>	<u>17,204,764</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amounts on Refunding of Debt	<u>406,055</u>	<u>-</u>	<u>406,055</u>
Total Deferred Outflows of Resources	<u>406,055</u>	<u>-</u>	<u>406,055</u>
Total Assets and Deferred Outflows of Resources	<u>17,593,643</u>	<u>17,176</u>	<u>17,610,819</u>
<b>LIABILITIES</b>			
Accounts Payable	137,205		137,205
Payable to Other Governments			-
Accrued Interest Payable	155,584		155,584
Unearned Revenue	8,175		8,175
Noncurrent Liabilities			
Due Within One Year	760,000		760,000
Due Beyond One Year	<u>8,377,091</u>	<u>-</u>	<u>8,377,091</u>
Total Liabilities	<u>9,438,055</u>	<u>-</u>	<u>9,438,055</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	7,049,947	17,176	7,067,123
Restricted for			
Capital Projects	869,753		869,753
Unrestricted	<u>235,888</u>	<u>-</u>	<u>235,888</u>
Total Net Position	<u>\$ 8,155,588</u>	<u>\$ 17,176</u>	<u>\$ 8,172,764</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, 2013**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
Instruction							
Regular	\$ 6,857,382	\$ 89,498	\$ 877,745	\$ 25,789	\$ (5,864,350)		\$ (5,864,350)
Special Education	2,754,197	193,869	971,058		(1,589,270)		(1,589,270)
Other Instruction	197,548		34,949		(162,599)		(162,599)
School Sponsored Activities and Athletics	153,681				(153,681)		(153,681)
Support Services							
Student and Instruction Related Services	2,865,286		380,732		(2,484,554)		(2,484,554)
General Administrative Services	605,846				(605,846)		(605,846)
School Administrative Services	1,049,373		91,693		(957,680)		(957,680)
Central Services	388,815		27,467		(361,348)		(361,348)
Plant Operations and Maintenance	2,348,184		13,693		(2,334,491)		(2,334,491)
Pupil Transportation	964,524	100,523	44,085		(819,916)		(819,916)
Interest on Debt	338,146	-	-		(338,146)		(338,146)
Total Governmental Activities	<u>18,522,982</u>	<u>383,890</u>	<u>2,441,422</u>	<u>25,789</u>	<u>(15,671,881)</u>	<u>-</u>	<u>(15,671,881)</u>
<b>Business-Type Activities</b>							
Food Service	14,628	12,415	-	9,167	-	\$ 6,954	6,954
Total Business-Type Activities	<u>14,628</u>	<u>12,415</u>	<u>-</u>	<u>9,167</u>	<u>-</u>	<u>6,954</u>	<u>6,954</u>
<b>Total Primary Government</b>	<u>\$ 18,537,610</u>	<u>\$ 396,305</u>	<u>\$ 2,441,422</u>	<u>\$ 34,956</u>	<u>(15,671,881)</u>	<u>6,954</u>	<u>(15,664,927)</u>
<b>General Revenues</b>							
Taxes							
Property Tax, Levied for General Purposes					15,050,909		15,050,909
Property Tax, Levied for Debt Service					1,042,719		1,042,719
Investment Earnings					5,653		5,653
Miscellaneous Income					37,242		37,242
Transfers					(810)	810	-
Total General Revenues and Transfers					<u>16,135,713</u>	<u>810</u>	<u>16,136,523</u>
Change in Net Position					463,832	7,764	471,596
Net Position, Beginning of Year (Restated)					<u>7,691,756</u>	<u>9,412</u>	<u>7,701,168</u>
Net Position, End of Year					<u>\$ 8,155,588</u>	<u>\$ 17,176</u>	<u>\$ 8,172,764</u>

**FUND FINANCIAL STATEMENTS**

**FLORHAM PARK BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2013**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,609,273			\$ 1,609,273
Receivables from Other Governments	35,573	\$ 62,215		97,788
Due from Other Funds	42,995	-	-	42,995
	<u>1,687,841</u>	<u>62,215</u>	<u>-</u>	<u>1,750,056</u>
Total Assets	\$ 1,687,841	\$ 62,215	\$ -	\$ 1,750,056
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 124,928	\$ 12,277		\$ 137,205
Due to Other Funds	1,003	41,763		42,766
Unearned Revenue	-	8,175	-	8,175
	<u>125,931</u>	<u>62,215</u>	<u>-</u>	<u>188,146</u>
Total Liabilities	125,931	62,215	-	188,146
<b>Fund Balances</b>				
<b>Restricted</b>				
Capital Reserve	209,753			209,753
Capital Reserve - Designated for Subsequent Year's Expenditures	660,000			660,000
Emergency Reserve	250,000			250,000
<b>Assigned</b>				
Year End Encumbrances	23,800			23,800
Designated for Subsequent Year Expenditures	155,288			155,288
Unassigned	263,069	-	-	263,069
	<u>1,561,910</u>	<u>-</u>	<u>-</u>	<u>1,561,910</u>
Total Fund Balances	1,561,910	-	-	1,561,910
Total Liabilities and Fund Balances	\$ 1,687,841	\$ 62,215	\$ -	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$27,515,455 and the accumulated depreciation is \$12,035,157. 15,480,298

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. 406,055

The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is: (155,584)

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	\$ 8,836,406	
Compensated Absences	300,685	
	<u>(9,137,091)</u>	
Net position of governmental activities		<u>\$ 8,155,588</u>

**FLORHAM PARK BOARD OF EDUCATION**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b>REVENUES</b>				
Local Sources				
Property Tax Levy	\$ 15,050,909		\$ 1,042,719	\$ 16,093,628
Tuition	283,367			283,367
Transportation Fees	100,523			100,523
Interest	5,653			5,653
Miscellaneous	37,242	\$ 64,792	-	102,034
	<hr/>			<hr/>
Total - Local Sources	15,477,694	64,792	1,042,719	16,585,205
State Sources	2,098,826	44,864		2,143,690
Federal Sources	-	258,729	-	258,729
	<hr/>			<hr/>
Total Revenues	<u>17,576,520</u>	<u>368,385</u>	<u>1,042,719</u>	<u>18,987,624</u>
<b>EXPENDITURES</b>				
Current				
Instruction				
Regular	6,773,673	33,660		6,807,333
Special Education	2,548,114	208,077		2,756,191
Other Instruction	199,392	6,907		206,299
School-Sponsored Activities and Athletics	153,681			153,681
Support Services				
Student and Instruction Related Services	2,755,157	93,952		2,849,109
General Administrative Services	618,816			618,816
School Administrative Services	1,034,914			1,034,914
Central Services	388,815			388,815
Plant Operations and Maintenance	1,713,187			1,713,187
Student Transportation Services	954,187			954,187
Debt Service				
Principal			695,000	695,000
Interest and Other Charges			347,719	347,719
Capital Outlay	202,811	25,789	-	228,600
	<hr/>			<hr/>
Total Expenditures	<u>17,342,747</u>	<u>368,385</u>	<u>1,042,719</u>	<u>18,753,851</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>233,773</u>	<u>-</u>	<u>-</u>	<u>233,773</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(810)	-	-	(810)
	<hr/>			<hr/>
Total Other Financing Sources and Uses	(810)	-	-	(810)
Net Change in Fund Balances	232,963	-	-	232,963
Fund Balance, Beginning of Year	1,328,947	-	-	1,328,947
	<hr/>			<hr/>
Fund Balance, End of Year	<u>\$ 1,561,910</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,561,910</u>

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

**FLORHAM PARK BOARD OF EDUCATION  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
WITH THE DISTRICT-WIDE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Total net change in fund balances - governmental funds (Exhibit B-2)** \$ 232,963

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

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

Capital Outlay	\$ 228,600	
Depreciation Expense	<u>(701,551)</u>	
		(472,951)

In the statement of activities, certain operating expenses - compensated absences are measured by the amounts earned 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		(753)
----------------------------------	--	-------

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

Serial Bonds		695,000
--------------	--	---------

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	80,418	
Amortization of Deferred Amounts on Refunding	<u>(78,419)</u>	
		1,999

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>7,574</u>
------------------------------	--	--------------

**Change in net position of governmental activities (Exhibit A-2)** **\$ 463,832**

**FLORHAM PARK BOARD OF EDUCATION  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 AS OF JUNE 30, 2013**

**Non-Major  
 Enterprise Fund  
Food Service**

**ASSETS**

## Non-Current Assets

## Capital Assets

Equipment

	\$	116,396
Less: Accumulated Depreciation		<u>(99,220)</u>

Total Non-Current Assets

	<u>17,176</u>
--	---------------

Total Assets

	<u>17,176</u>
--	---------------

**NET POSITION**

Net Investment in Capital Assets

	<u>17,176</u>
--	---------------

Total Net Position

	<u><u>\$ 17,176</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, 2013**

	<b>Non-Major Enterprise Fund <u>Food Service</u></b>
<b>OPERATING REVENUES</b>	
Local Sources	
Daily Sales	\$ <u>12,415</u>
Total Operating Revenues	<u>12,415</u>
<b>OPERATING EXPENSES</b>	
Cost of Sales	13,225
Depreciation	<u>1,403</u>
Total Operating Expenses	<u>14,628</u>
Operating Loss	(2,213)
Nonoperating Revenues	
Local Grant	<u>9,167</u>
Income Before Transfers	6,954
Transfers In	<u>810</u>
Changes in Net Position	7,764
Net Position, Beginning of Year	<u>9,412</u>
Net Position, End of Year	<u><u>\$ 17,176</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, 2013**

	<b>Non-Major Enterprise Fund <u>Food Service</u></b>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 12,415
Cash Payments to Suppliers for Goods and Services	<u>(13,225)</u>
Net Cash (Used for) Operating Activities	<u>(810)</u>
Cash Flows from Noncapital Financing Activities	
Cash Received from Local Grants	9,167
Cash Received from General Fund	<u>810</u>
Net Cash Provided by Noncapital Financing Activities	<u>9,977</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	<u>(9,167)</u>
Net Cash (Used for) Capital and Related Financing Activities	<u>(9,167)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	-
Cash and Cash Equivalents, Beginning of Year	<u>-</u>
Cash and Cash Equivalents, End of Year	<u>\$ -</u>
Reconciliation of Operating Loss to Net Cash (Used for) Operating Activities	
Operating Loss	\$ <u>(2,213)</u>
Adjustments to Reconcile Operating Loss to Net Cash (Used for) Operating Activities	
Depreciation	<u>1,403</u>
Total Adjustments	<u>1,403</u>
Net Cash (Used for) Operating Activities	<u>\$ (810)</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, 2013**

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 32,989	\$ 6,163	\$ 84,740
Due from Other Funds	<u>5,685</u>	<u>-</u>	<u>-</u>
Total Assets	<u>38,674</u>	<u>6,163</u>	<u>\$ 84,740</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings			\$ 7,585
Accrued Salaries and Wages			2,028
Due to Other Funds			5,914
Intergovernmental Payable - State	201		-
Due to Student Groups	<u>-</u>	<u>-</u>	<u>69,213</u>
Total Liabilities	<u>201</u>	<u>-</u>	<u>\$ 84,740</u>
<b>NET POSITION</b>			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 38,473</u>	<u>\$ 6,163</u>	

**FLORHAM PARK BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>
<b>ADDITIONS</b>		
Contributions		
Employees	\$ 14,885	
Investment Earnings		
Interest	<u>71</u>	<u>\$ 15</u>
Total Additions	<u>14,956</u>	<u>15</u>
<b>DEDUCTIONS</b>		
Unemployment Claims and Contributions	<u>6,180</u>	<u>-</u>
Total Deductions	<u>6,180</u>	<u>-</u>
Change in Net Position	8,776	15
Net Position, Beginning of Year	<u>29,697</u>	<u>6,148</u>
Net Position, End of Year	<u>\$ 38,473</u>	<u>\$ 6,163</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**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.

**B. New Accounting Standards**

During fiscal year 2013, the District adopted the following GASB statements:

- GASB 62, *Codification of Accounting and Financial reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.
- GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this Statement is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effect on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed.
- GASB 65, *Items Previously Reported as Assets and Liabilities*, although not required to be implemented until next year, the District elected to apply the statement to the current year financial statements. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

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

- GASB 66, *Technical Corrections – 2012, an Amendment of GASB Statements 10 and 62*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
- GASB 67, *Financial Reporting for Pension Plans, an Amendment of GASB 25*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.
- GASB 68, *Accounting and Financial Reporting for Pensions*, will be effective beginning with the year ending June 30, 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.

**C. Basis of Presentation - Financial Statements**

The basic 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.

**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.

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

**C. Basis of Presentation - Financial Statements (Continued)**

**District-Wide Financial Statements**

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

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

**Fund Financial Statements**

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

The District reports the following major governmental funds:

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

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

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

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

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

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

**C. Basis of Presentation - Financial Statements (Continued)**

**Fund Financial Statements (continued)**

Additionally, the government reports the following fund type:

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

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

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

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

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

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

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. 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.

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

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

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

***1. Cash, Cash Equivalents and Investments***

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

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

***2. Receivables***

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

***3. Inventories***

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



**FLORHAM PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

**4. Capital Assets**

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

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

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

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

**5. Deferred Outflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding which results from the loss on a debt refunding reported in the district-wide statement of net position. A deferred charge on debt refunding results from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**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.

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

**7. *Long-Term Obligations***

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

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

**8. *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.

FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental Fund Statements (Continued)

**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 3B.)

*Capital Reserve – Designated for Subsequent Year's Expenditures* - This restriction was created by the District in accordance with NJAC 6A:23A-14.1 and represents the June 30, 2013 capital reserve balance that was appropriated in the 2013/2014 District budget certified for taxes. (See Note 3B)

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

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

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

*Designated for Subsequent Year's Expenditures* – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2013/2014 District budget certified for taxes.

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

9. *Reclassifications*

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

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, investment earnings and miscellaneous revenues.

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

**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 revenue is recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred 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 2011-2012 and 2012-2013 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

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

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

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

**FLORHAM PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

**A. Budgetary Information (Continued)**

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2012/2013. During 2012/2013 the Board increased the original budget by \$112,132. The increase was funded by additional surplus appropriated, 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.

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 on October 16, 2000. 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, 2013 is as follows:

Beginning balance		\$ 664,955
Increased by		
Interest earnings	\$ 338	
Deposits Approved by Board Resolution	<u>204,460</u>	
Total Increases		<u>204,798</u>
Balance, June 30, 2013		<u>\$ 869,753</u>

**FLORHAM PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

**B. Capital Reserve (Continued)**

The June 30, 2013 LRFP balance of local support costs of uncompleted capital projects is \$994,136. Of the \$869,753 balance at June 30, 2013, \$660,000 was designated and appropriated in the 2013/2014 District budget certified for taxes.

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Cash Deposits and Investments**

**Cash Deposits**

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

Bank balances for interest bearing accounts are insured up to \$250,000 in the aggregate by the FDIC for each bank. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, temporary unlimited deposit insurance coverage was provided for non-interest bearing accounts from December 31, 2010 through December 31, 2012. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2013, the book value of the Board's deposits were \$1,733,165 and bank and brokerage firm balances of the Board's deposits amounted to \$2,239,404. 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>2,239,404</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, 2013 none of the Board's bank balance was exposed to custodial credit risk.

**Investments**

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

As of June 30, 2013, the Board had no outstanding investments.

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

**B. Receivables**

Receivables as of June 30, 2013 for the district's individual major funds, nonmajor, and fiduciary 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		\$ 60,885	\$ 60,885
State	\$ 35,573		35,573
Local	-	1,330	1,330
Gross Receivables	35,573	62,215	97,788
Less: Allowance for Uncollectibles	-	-	-
Net Total Receivables	<u>\$ 35,573</u>	<u>\$ 62,215</u>	<u>\$ 97,788</u>

**C. Unearned Revenue**

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

	<u>Total</u>
Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 8,175
Total Unearned Revenue for Governmental Funds	<u>\$ 8,175</u>

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

**D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,156,663	-	-	\$ 1,156,663
Total Capital Assets, Not Being Depreciated	<u>1,156,663</u>	<u>-</u>	<u>-</u>	<u>1,156,663</u>
Capital Assets, Being Depreciated:				
Land Improvements	1,369,190			1,369,190
Building and Building Improvements	22,402,440	\$ 154,013		22,556,453
Machinery and Equipment	2,358,562	74,587	-	2,433,149
Total Capital Assets Being Depreciated	<u>26,130,192</u>	<u>228,600</u>	<u>-</u>	<u>26,358,792</u>
Less Accumulated Depreciation for:				
Land Improvements	(915,200)	(67,455)		(982,655)
Building and Building Improvements	(8,228,794)	(554,216)		(8,783,010)
Machinery and Equipment	(2,189,612)	(79,880)	-	(2,269,492)
Total Accumulated Depreciation	<u>(11,333,606)</u>	<u>(701,551)</u>	<u>-</u>	<u>(12,035,157)</u>
Total Assets, Being Depreciation, Net	<u>14,796,586</u>	<u>(472,951)</u>	<u>-</u>	<u>14,323,635</u>
Government Activities Capital Assets, Net	<u>\$ 15,953,249</u>	<u>\$ (472,951)</u>	<u>\$ -</u>	<u>\$ 15,480,298</u>



**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

**D. Capital Assets (Continued)**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-Type Activities:</b>				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 107,229	\$ 9,167	-	\$ 116,396
Total Capital Assets Being Depreciated	<u>107,229</u>	<u>9,167</u>	<u>-</u>	<u>116,396</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(97,817)	(1,403)	-	(99,220)
Total Accumulated Depreciation	<u>(97,817)</u>	<u>(1,403)</u>	<u>-</u>	<u>(99,220)</u>
Total Capital Assets, Being Depreciated, Net	<u>9,412</u>	<u>7,764</u>	<u>-</u>	<u>17,176</u>
Business-Type Activities Capital Assets, Net	<u>\$ 9,412</u>	<u>\$ 7,764</u>	<u>\$ -</u>	<u>\$ 17,176</u>

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

**Governmental Activities:**

Instruction	
Regular	\$ 10,481
Total Instruction	<u>10,481</u>

Support Services

Student and Instructional Related Services	13,043
General Administrative Services	3,178
School Administrative Services	30,240
Plant Operations and Maintenance	634,272
Pupil Transportation	10,337
Total Support Services	<u>691,070</u>

Total depreciation expense - governmental activities	<u>\$ 701,551</u>
--	-------------------

**Business-Type Activities:**

Food Service Fund	<u>\$ 1,403</u>
-------------------	-----------------

**FLORHAM PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

The composition of interfund balances as of June 30, 2013, is as follows:

**Due to/from other funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 41,763
General Fund	Payroll Agency Fund	1,232
Unemployment Compensation Trust Fund	General Fund	1,003
Unemployment Compensation Trust Fund	Payroll Agency Fund	<u>4,682</u>
 Total		 <u>\$ 48,680</u>

The above balances are the result of revenues earned in one fund to finance expenditures in another fund and/or to cover cash balances which were in an overdraft position.

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

**Interfund transfers**

	<u>Transfer In:</u>
	Enterprise
	<u>Food Service</u>
Transfer Out:	
General Fund	<u>\$ 810</u>
 Total transfers out	 <u>\$ 810</u>

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

**FLORHAM PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

**F. Leases**

**Operating Leases**

The District leases copiers under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2013 were \$ 8,502. The future minimum lease payments for these operating leases are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2014	\$ 35,750
2015	35,750
2016	35,750
2017	35,750
2018	<u>27,248</u>
Total	<u>\$ 170,248</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, 2013 are comprised of the following issues:

\$9,185,000, 2009 Refunding Bonds, due in annual installments of \$710,000 to \$945,000 through July 15, 2022, interest at 2.00% to 5.00%	<u>\$8,420,000</u>
---	--------------------

**FLORHAM PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

**General Obligation Bonds (Continued)**

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

**Governmental Activities:**

Fiscal Year Ended June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2014	\$ 710,000	\$ 331,731	\$ 1,041,731
2015	730,000	313,056	1,043,056
2016	760,000	287,156	1,047,156
2017	790,000	253,206	1,043,206
2018	830,000	213,456	1,043,456
2019-2023	<u>4,600,000</u>	<u>489,935</u>	<u>5,089,935</u>
	<u>\$ 8,420,000</u>	<u>\$ 1,888,540</u>	<u>\$ 10,308,540</u>

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2013 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 96,912,020
Less: Net Debt	<u>8,420,000</u>
Remaining Borrowing Power	<u>\$ 88,492,020</u>

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2013, 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	\$ 9,115,000		\$ 695,000	\$ 8,420,000	\$ 710,000
Add: Original Issue Premium	496,824	-	80,418	416,406	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Bonds Payable	9,611,824	-	775,418	8,836,406	710,000
Compensated Absences	299,932	\$ 54,738	53,985	300,685	50,000
Governmental Activity Long-Term Liabilities	<u>\$ 9,911,756</u>	<u>\$ 54,738</u>	<u>\$ 829,403</u>	<u>\$ 9,137,091</u>	<u>\$ 760,000</u>

**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 School Board Association Insurance Group ("Group"). The Group is a risk sharing public entity pool, established for the purpose of insuring against various types of insurance coverage including worker's compensation property, auto and general liability claims.

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

**FLORHAM PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 4 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

The New Jersey School Board Association 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 insurance Group 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:

Fiscal Year Ended <u>June 30,</u>	District <u>Contributions</u>	Employee <u>Contributions</u>	Amount <u>Reimbursed</u>	Ending <u>Balance</u>
2013	None	\$ 14,885	\$ 6,180	\$ 38,473
2012	None	16,068	29,958	29,697
2011	\$ 65,000	14,344	55,196	43,466

**B. Contingent Liabilities**

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

**Federal and State Awards** – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2013, 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, 2013, the District has not estimated its arbitrage earnings due to the IRS, if any.

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

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

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

**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. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

**Other Pension Funds**

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

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

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

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

**Basis of Accounting**

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

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Significant Legislation**

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operate and to the benefit provisions of those systems.

The legislation's provisions impacting employee pension and health benefits include:

- For new members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members) decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the TPAF and PERS active member rates from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years for members hired or reappointed on or after June 28, 2011. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members takes place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension system's unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

**Investment Valuation**

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

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

**Funding Status and Funding Progress**

As of July 1, 2011, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 67.5 percent with an unfunded actuarial accrued liability of \$41.7 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 60.8 percent and \$30.1 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 77.5 percent and \$11.6 billion.



**FLORHAM PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Funding Status and Funding Progress (Continued)**

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

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

**Actuarial Methods and Assumptions**

In the July 1, 2011 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) a revised investment rate of return for all retirement systems from 8.25 percent to 7.95 percent and (b) revised projected salary increases of 4.52 percent for the PERS and 3.90 percent for TPAF.

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.5% for PERS, 6.5% for TPAF and 5.50% for DCRP of the employee's annual compensation.

**Annual Pension Costs (APC)**

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2013 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended June 30, 2013, 2012 and 2011 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2013	\$ 188,419	\$ 470,265	\$ 6,475
2012	192,795	231,228	4,717
2011	202,935	21,802	1,034

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

The State contributed \$470,265 and \$231,228 during 2012/2013 and 2011/2012, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2010/2011, the State did not contribute to the TPAF for normal cost and accrued liability; however, the State contributed \$21,802 for the NCGI premium only.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$526,605 during the year ended June 30, 2013 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

**E. Post-Retirement Medical Benefits**

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

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 566 state and local participating employers and contributing entities for Fiscal Year 2012.

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

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

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

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Basis of Accounting**

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

**Significant Legislation**

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

**Investment Valuation**

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

**Funded Status and Funding Progress**

As of July 1, 2011, the most recent actuarial valuation date, the State had a \$48.9 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$18.0 billion for state active and retired members and \$30.9 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

**Actuarial Methods and Assumptions**

In the July 1, 2011, actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Post-Retirement Medical Benefits Contributions**

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2012, there were 97,661, retirees receiving post-retirement medical benefits and the State contributed \$958.9 million on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education with 25 years of service. The State paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2012.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2013, 2012 and 2011 were \$531,751, \$464,830 and \$463,068, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

**NOTE 5 RESTATEMENT**

On July 1, 2012, the Florham Park Board of Education implemented 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". The Florham Park Board of Education has determined that the effect of implementing these accounting changes on the financial statements previously reported as of and for the year ended June 30, 2012 was to eliminate in the District-wide statement of net position the deferred charge related to debt issuance costs in the amount of \$74,543 with a corresponding reduction in the net investment in capital assets component of net position. The result of this restatement is to reduce total net position of Governmental Activities at June 30, 2012 from \$7,766,299 as originally reported to \$7,691,756 as adjusted for the effects of the change in accounting principle.

**BUDGETARY COMPARISON SCHEDULES**

FLORHAM PARK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 15,050,909		\$ 15,050,909	\$ 15,050,909	
Tuition	72,000		72,000	283,367	\$ 211,367
Transportation Fees From Individuals	40,000		40,000	43,732	3,732
Transportation Fees From Other LEA's	50,000		50,000	56,791	6,791
Interest				5,315	5,315
Interest on Capital Reserve	500		500	338	(162)
Miscellaneous	23,000	-	23,000	37,242	14,242
<b>Total Local Sources</b>	<b>15,236,409</b>	<b>-</b>	<b>15,236,409</b>	<b>15,477,694</b>	<b>241,285</b>
State Sources					
Special Education Aid	413,450		413,450	413,450	
Transportation Aid	37,893		37,893	37,893	
Security Aid	15,080		15,080	15,080	
Extraordinary Aid	20,000		20,000	118,279	98,279
Additional Nonpublic Transportation Aid				9,676	9,676
On-behalf TPAF Pension Payments - Pension Contribution (Non-Budget)				446,759	446,759
NCGI Premium (Non-Budget)				23,506	23,506
On-behalf TPAF Payments - Post Retirement Medical Benefits (Non-Budget)				531,751	531,751
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	526,605	526,605
<b>Total State Sources</b>	<b>486,423</b>	<b>-</b>	<b>486,423</b>	<b>2,122,999</b>	<b>1,636,576</b>
<b>Total Revenues</b>	<b>15,722,832</b>	<b>-</b>	<b>15,722,832</b>	<b>17,600,693</b>	<b>1,877,861</b>
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	68,469		68,469	68,469	
Kindergarten	278,000	\$ 7,576	285,576	285,576	
Grades 1-5	2,016,406	86,041	2,102,447	2,102,447	
Grades 6-8	1,557,420	(13)	1,557,407	1,557,407	
Regular Program - Home Instruction					
Salaries of Teachers	10,000	16,951	26,951	26,951	
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	233,132	45,116	278,248	278,248	
Purchased Professional/Educational Services	11,950	(7,250)	4,700	3,900	800
Purchased Technical Services	23,200	2,469	25,669	25,666	3
Other Purchased Services	135,200	(23,735)	111,465	111,333	132
General Supplies	280,750	(33,502)	247,248	247,067	181
Textbooks	8,150	(2,978)	5,172	5,064	108
Other Objects	11,550	(3,893)	7,657	7,107	550
<b>Total Regular Programs</b>	<b>4,634,227</b>	<b>86,782</b>	<b>4,721,009</b>	<b>4,719,235</b>	<b>1,774</b>
Special Education Instruction					
Learning and/or Language Disabilities					
Salaries of Teachers	72,591	77,000	149,591	148,771	820
Other Salaries for Instruction	36,335	(10,945)	25,390	25,390	
General Supplies	2,900	(2,255)	645	632	13
Textbooks	400	(400)	-	-	-
<b>Total Learning and/or Language Disabilities</b>	<b>112,226</b>	<b>63,400</b>	<b>175,626</b>	<b>174,793</b>	<b>833</b>

FLORHAM PARK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Special Education (Continued)					
Resource Room/Resource Center					
Salaries of Teachers	\$ 994,632	\$ (14,289)	\$ 980,343	\$ 979,836	\$ 507
Other Salaries for Instruction	216,793	(26,678)	190,115	190,115	
General Supplies	3,450		3,450	2,653	797
Textbooks	1,100	-	1,100	315	785
<b>Total Resource Room</b>	<b>1,215,975</b>	<b>(40,967)</b>	<b>1,175,008</b>	<b>1,172,919</b>	<b>2,089</b>
Preschool Disabilities - Full-Time					
Salaries of Teachers	55,365	15,493	70,858	70,858	
Other Salaries for Instruction	62,478	(55,832)	6,646	6,646	
General Supplies	3,200	(353)	2,847	2,847	-
<b>Total Preschool Disabilities - Full-Time</b>	<b>121,043</b>	<b>(40,692)</b>	<b>80,351</b>	<b>80,351</b>	<b>-</b>
<b>Total Special Education</b>	<b>1,449,244</b>	<b>(18,259)</b>	<b>1,430,985</b>	<b>1,428,063</b>	<b>2,922</b>
Basic Skills/Remedial					
Salaries of Teachers	78,000		78,000	77,181	819
General Supplies	700	-	700	580	120
<b>Total Basic Skills/Remedial</b>	<b>78,700</b>	<b>-</b>	<b>78,700</b>	<b>77,761</b>	<b>939</b>
Bilingual Education - Instruction					
Salaries of Teachers	37,800		37,800	37,769	31
General Supplies	150	-	150	50	100
<b>Total Bilingual Education - Instruction</b>	<b>37,950</b>	<b>-</b>	<b>37,950</b>	<b>37,819</b>	<b>131</b>
School Sponsored Co/Extra Curricular Activities					
Salaries	63,000	(961)	62,039	55,551	6,488
Supplies and Materials	8,000	(1,203)	6,797	6,217	580
<b>Total School Sponsored Co/Extra Curricular Activities</b>	<b>71,000</b>	<b>(2,164)</b>	<b>68,836</b>	<b>61,768</b>	<b>7,068</b>
School Sponsored Athletics					
Salaries	32,000	1,821	33,821	33,821	
Purchased Services	11,500	3,004	14,504	14,340	164
Supplies and Materials	7,140	(2,204)	4,936	4,896	40
Other Objects	1,800	(800)	1,000	1,000	-
<b>Total School Sponsored Athletics</b>	<b>52,440</b>	<b>1,821</b>	<b>54,261</b>	<b>54,057</b>	<b>204</b>
Other Instructional Programs					
Salaries	19,300		19,300	19,295	5
Supplies and Materials	875	(400)	475	180	295
<b>Total Other Instructional Programs</b>	<b>20,175</b>	<b>(400)</b>	<b>19,775</b>	<b>19,475</b>	<b>300</b>
<b>Total Instruction</b>	<b>6,343,736</b>	<b>67,780</b>	<b>6,411,516</b>	<b>6,398,178</b>	<b>13,338</b>
Undistributed Expenditures					
Instruction					
Tuition to Other I.E.As Within the State - Special	332,000		332,000	326,455	5,545
Tuition to Priv. Sch. for the Disabled Within the State	225,000	(55,000)	170,000	124,653	45,347
<b>Total Undistributed Expenditures - Instruction</b>	<b>557,000</b>	<b>(55,000)</b>	<b>502,000</b>	<b>451,108</b>	<b>50,892</b>

**FLORHAM PARK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Health Services					
Salaries	\$ 257,246	\$ (2,300)	\$ 254,946	\$ 254,920	\$ 26
Purchased Professional-Technical Services	5,000		5,000	5,000	
Other Purchased Services	675	(62)	613	613	-
Supplies and Materials	4,725	661	5,386	5,317	69
Other Objects	525	-	525	140	385
Total Health Services	<u>268,171</u>	<u>(1,701)</u>	<u>266,470</u>	<u>265,990</u>	<u>480</u>
Speech, OT, PT and Related Services					
Salaries	452,619	4,527	457,146	457,146	
Purchased Professional-Educational Services	72,900	(15,555)	57,345	57,345	
Supplies and Materials	13,150	(8,912)	4,238	4,238	-
Total Speech, OT, PT and Related Services	<u>538,669</u>	<u>(19,940)</u>	<u>518,729</u>	<u>518,729</u>	<u>-</u>
Other Support Services-Students-Extra Serv.					
Salaries	76,818	99,197	176,015	176,015	-
Total Other Support Services - Students - Extra Serv.	<u>76,818</u>	<u>99,197</u>	<u>176,015</u>	<u>176,015</u>	<u>-</u>
Guidance					
Salaries of Other Professional Staff	156,550	265	156,815	156,631	184
Salaries of Secretarial and Clerical Assistants	32,900		32,900	32,886	14
Other Purchased Professional and Tech. Services	39,475	(28,931)	10,544	10,309	235
Other Purchased Services	250		250	250	-
Supplies and Materials	5,677	(836)	4,841	4,212	629
Other Objects	250	76	326	326	-
Total Guidance	<u>235,102</u>	<u>(29,426)</u>	<u>205,676</u>	<u>204,364</u>	<u>1,312</u>
Child Study Team					
Salaries of Other Professional Staff	287,120	(18,000)	269,120	268,716	404
Salaries of Secretarial and Clerical Assistants	64,700	-	64,700	64,622	78
Other Purchased Professional and Tech. Services	13,150	(5,675)	7,475	7,475	-
Other Purchased Services	8,000	3,405	11,405	10,145	1,260
Supplies and Materials	14,680	(2,040)	12,640	11,640	1,000
Other Objects	1,900	(690)	1,210	1,210	-
Total Child Study Team	<u>389,550</u>	<u>(23,000)</u>	<u>366,550</u>	<u>363,808</u>	<u>2,742</u>
Improvement of Instructional Services					
Salaries of Other Professional Staff	57,000		57,000	56,968	32
Other Salaries	39,000	(14,000)	25,000	24,000	1,000
Total Improvement of Instructional Services	<u>96,000</u>	<u>(14,000)</u>	<u>82,000</u>	<u>80,968</u>	<u>1,032</u>
Educational Media Services/School Library					
Salaries	173,812	27,106	200,918	200,447	471
Purchased Professional and Technical Services	3,200	(60)	3,140	3,140	
Other Purchased Services	4,650	(347)	4,303	4,153	150
Supplies and Materials	19,547	(10,661)	8,886	8,469	417
Other Objects	470	-	470	-	470
Total Educational Media Serv./School Library	<u>201,679</u>	<u>16,038</u>	<u>217,717</u>	<u>216,209</u>	<u>1,508</u>
Instructional Staff Training Services					
Salaries of Other Professional Staff	57,000		57,000	56,968	32
Other Salaries	8,000		8,000	4,900	3,100
Purchased Professional/Educational Services	54,900	(7,656)	47,244	41,183	6,061
Other Purchased Services	9,000	(344)	8,656	6,148	2,508
Other Objects	1,310	-	1,310	391	919
Total Staff Training Services	<u>130,210</u>	<u>(8,000)</u>	<u>122,210</u>	<u>109,590</u>	<u>12,620</u>



FLORHAM PARK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	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	\$ 267,125	\$ 10,767	\$ 277,892	\$ 277,892	
Legal Services	25,000	24,198	49,198	49,198	
Audit Fees	21,500	21,000	42,500	18,700	\$ 23,800
Other Purchased Professional Services	8,750	2,181	10,931	10,931	
Communications/Telephone	34,300	27,376	61,676	61,676	
Miscellaneous Purchased Services	23,500	(231)	23,269	23,143	126
General Supplies	5,500	448	5,948	5,740	208
Miscellaneous Expenditures	12,000	658	12,658	12,658	-
Total Support Services General Administration	397,675	86,397	484,072	459,938	24,134
Support Services School Administration					
Salaries of Principal/Asst. Principals/Prog. Dir.	413,226	(6,200)	407,026	406,958	68
Salaries of Other Professional Staff	119,096	(87,096)	32,000	32,000	
Salaries of Secretarial and Clerical Assistants	197,367	822	198,189	198,189	
Purchased Professional and Technical Services	1,250	(125)	1,125	808	317
Other Purchased Services	16,200	10,300	26,500	24,014	2,486
Supplies and Materials	6,350	29,045	35,395	35,336	59
Other Objects	5,020	(349)	4,671	4,305	366
Total Support Services School Administration	758,509	(53,603)	704,906	701,610	3,296
Support Services Central Services					
Salaries	236,880	863	237,743	237,743	
Purchased Professional Service		1,396	1,396	1,396	
Purchased Technical Services	17,000	8	17,008	17,008	
Miscellaneous Purchased Services	14,500	3,999	18,499	18,495	4
Supplies and Materials	3,500	1,266	4,766	4,766	
Miscellaneous Expenditures	1,500	(63)	1,437	1,383	54
Total Support Central School Administration	273,380	7,469	280,849	280,791	58
Required Maintenance for School Facilities					
Salaries	182,368	(1)	182,367	182,367	
Cleaning, Repair and Maintenance Services	130,600	(17,685)	112,915	111,798	1,117
General Supplies	39,650	(719)	38,931	33,662	5,269
Other Objects	400	(65)	335	100	235
Total Required Maintenance for School Fac.	353,018	(18,470)	334,548	327,927	6,621
Custodial Services					
Salaries	489,341	3,498	492,839	481,508	11,331
Purchased Prof. And Technical Serv.	41,700	18,519	60,219	58,579	1,640
Cleaning, Repair and Maint. Serv.	26,200	(8,509)	17,691	17,691	
Other Purchased Property Services	23,000	1,718	24,718	24,718	
Insurance	64,000	8,827	72,827	72,827	
Miscellaneous Purchased Services	10,000	6,770	16,770	16,770	
General Supplies	37,500	10,320	47,820	47,815	5
Energy (Natural Gas)	100,000	(27,505)	72,495	70,238	2,257
Energy (Electricity)	285,000	(87,946)	197,054	188,318	8,736
Other Objects	1,600	(772)	828	828	-
Total Custodial Services	1,078,341	(75,080)	1,003,261	979,292	23,969
Care and Upkeep of Grounds					
Salaries	61,000		61,000	60,935	65
Purchased Professional and Technical Services	2,500	1,000	3,500	3,385	115
Cleaning, Repair and Maintenance Svc.	21,800	(2,934)	18,866	18,866	
General Supplies	16,500	446	16,946	15,765	1,181
Total Care and Upkeep of Grounds	101,800	(1,488)	100,312	98,951	1,361

**FLORHAM PARK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Student Transportation Services					
Salaries of Non-Instructional Aides	\$ 72,500	\$ (4,000)	\$ 68,500	\$ 68,495	\$ 5
Salaries for Pupil Transportation (Between Home and School) - Regular	127,500	(8,799)	118,701	118,701	
Salaries for Pupil Transportation (Between Home and School) - Sp Ed	196,000	(1,574)	194,426	194,426	
Salaries for Pupil Transportation (Between Home and School) - Non-Public	40,000	21,227	61,227	61,227	
Management Fee - ESC & CTSA Transp. Prog.	3,000	(1,000)	2,000	2,000	-
Other Purchased Prof. and Technical Serv.	2,000	(1,670)	330	330	-
Cleaning, Repair and Maintenance Services	39,000	3,322	42,322	42,322	
Contracted Services (Bet. Home and Sch)-Vendors					
Contracted Services (Other than Between Home and Sch) - Vendors	5,000	(2,750)	2,250	2,250	
Contracted Services (Spl. Ed. Students) - Vendors					
Contracted Services (Spl. Ed. Students) - Joint Agreements	70,000	30,630	100,630	100,630	
Contracted Services - Aid in Lieu of Payments Non-Public	50,000	(5,503)	44,497	44,497	
Contracted Services (Reg. Students) - ESCs & CTSA	3,000		3,000	3,000	
Contracted Services (Spl. Ed. Students) - ESCs & CTSA	50,000	13,379	63,379	63,379	
Misc. Purchased Serv. - Transportation	28,000	(3,961)	24,039	23,963	76
General Supplies	29,000	10,201	39,201	39,201	
Other Objects	2,000	182	2,182	2,182	-
<b>Total Student Transportation Services</b>	<b>717,000</b>	<b>49,684</b>	<b>766,684</b>	<b>766,603</b>	<b>81</b>
Unallocated Benefits - Employee Benefits					
Social Security Contributions	215,000	18,278	233,278	233,278	
Other Retirement Contributions - PERS	192,795	(4,376)	188,419	188,419	
Other Retirement Contributions - DCRP	5,000	1,700	6,700	6,475	225
Unemployment Compensation	15,000	(13,000)	2,000		2,000
Workers Compensation	75,000	17,432	92,432	92,170	262
Health Benefits	2,615,000	(52,036)	2,562,964	2,555,776	7,188
Tuition Reimbursement	36,000	(5,767)	30,233	30,233	-
Other Employee Benefits	26,000	52,726	78,726	78,726	-
<b>Total Unallocated Benefits - Employee Benefits</b>	<b>3,179,795</b>	<b>14,957</b>	<b>3,194,752</b>	<b>3,185,077</b>	<b>9,675</b>
On-behalf TPAF Pension Payments -					
Pension Contribution				446,759	(446,759)
NCGI Premium (Non-Budget)				23,506	(23,506)
On-behalf TPAF Payments -					
Post Retirement Medical Benefits (Non-Budget)				531,751	(531,751)
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	526,605	(526,605)
<b>Total On-Behalf Payments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,528,621</b>	<b>(1,528,621)</b>
<b>Total Undistributed Expenditures</b>	<b>9,352,717</b>	<b>(25,966)</b>	<b>9,326,751</b>	<b>10,715,591</b>	<b>(1,388,840)</b>
<b>Total Expenditures - Current Expenditures</b>	<b>15,696,453</b>	<b>41,814</b>	<b>15,738,267</b>	<b>17,113,769</b>	<b>(1,375,502)</b>

**FLORHAM PARK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<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:					
Required Maint for School Facilities		\$ 7,464	\$ 7,464	\$ 7,464	
School Buses - Special	-	41,334	41,334	41,334	-
Total Equipment	-	48,798	48,798	48,798	-
Facilities Acquisition and Construction Services					
Other Purchased Professional and Technical Services	\$ 15,000	2,100	17,100	17,100	
Construction Services	140,000	(2,100)	137,900	136,913	\$ 987
SDA Assessment	26,167	-	26,167	26,167	-
Total Facilities Acquis. and Const. Services	181,167	-	181,167	180,180	987
Increase in Capital Reserve	500	-	500	-	500
Total Capital Outlay	181,667	48,798	230,465	228,978	1,487
 Total Expenditures	 15,878,120	 90,612	 15,968,732	 17,342,747	 (1,374,015)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(155,288)	(90,612)	(245,900)	257,946	503,846
Other Financing Sources (Uses)					
Operating Transfers Out - Enterprise Fund	-	(810)	(810)	(810)	-
Total Other Financing Sources (Uses)	-	(810)	(810)	(810)	-
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources	(155,288)	(91,422)	(246,710)	257,136	503,846
Fund Balance, Beginning of Year	1,465,943	-	1,465,943	1,465,943	-
Fund Balance, End of Year	\$ 1,310,655	\$ (91,422)	\$ 1,219,233	\$ 1,723,079	\$ 503,846
 <b>Recapitulation of Fund Balance</b>					
Restricted Fund Balance:					
Capital Reserve				\$ 209,753	
Capital Reserve-Designated for Subsequent Year's Expenditures				660,000	
Emergency Reserve				250,000	
Assigned Fund Balance					
Year End Encumbrances				23,800	
Designated for Subsequent Year's Expenditures				155,288	
Unassigned Fund Balance				424,238	
				1,723,079	
Reconciliation to Governmental Funds Statements (GAAP):					
Less: State Aid Payment Not Recognized on GAAP Basis				(161,169)	
Fund Balance Per Governmental Funds (GAAP)				\$ 1,561,910	

**FLORHAM PARK BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Intergovernmental					
Federal	\$ 250,684	\$ 14,347	\$ 265,031	\$ 258,729	\$ (6,302)
State	65,778	(8,637)	57,141	44,864	(12,277)
Local	50,000	15,000	65,000	64,792	(208)
Total Revenues	<u>366,462</u>	<u>20,710</u>	<u>387,172</u>	<u>368,385</u>	<u>(18,787)</u>
<b>EXPENDITURES</b>					
Instruction					
Purchase Professional Educational Service		12,090	12,090	11,870	220
Tuition	223,969	(28,799)	195,170	195,170	-
General Supplies	50,000	(16,162)	33,838	34,697	(859)
Textbooks	6,697	278	6,975	6,907	68
Total Instruction	<u>280,666</u>	<u>(32,593)</u>	<u>248,073</u>	<u>248,644</u>	<u>(571)</u>
Support Services					
Salaries		1,229	1,229	1,229	-
Purchased Professional/Technical Services		5,799	5,799	5,799	-
Purchased Professional/Educational Services	26,715	16,797	43,512	37,941	5,571
Other Purchased Services	59,081	(11,489)	47,592	35,383	12,209
General Supplies	-	14,088	14,088	13,600	488
Total Support Services	<u>85,796</u>	<u>26,424</u>	<u>112,220</u>	<u>93,952</u>	<u>18,268</u>
Facilities Acquisition and Construction Services					
Equipment	-	26,879	26,879	25,789	1,090
Total Facilities Acquisition and Const. Svc.	<u>-</u>	<u>26,879</u>	<u>26,879</u>	<u>25,789</u>	<u>1,090</u>
Total Expenditures	<u>366,462</u>	<u>20,710</u>	<u>387,172</u>	<u>368,385</u>	<u>18,787</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**FLORHAM PARK BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

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

		<u>General Fund</u>		<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1)	\$ 17,600,693	(C-2)	\$ 368,385
Difference - Budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.				
Encumbrances, June 30, 2012				
Encumbrances, June 30, 2013				
State Aid payment recognized for GAAP purpose not recognized for Budgetary statements (2011/2012 State aid)		136,996		
State Aid payments recognized for budgetary purpose not recognized for GAAP statements (2012/2013 State aid)		<u>(161,169)</u>		<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2)	<u>\$ 17,576,520</u>	(B-2)	<u>\$ 368,385</u>
<b>Uses/outflows of resources</b>				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1)	\$ 17,342,747	(C-2)	\$ 368,385
Differences - Budget to GAAP				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes.				
Encumbrances, June 30, 2012				
Encumbrances, June 30, 2013		<u>-</u>		<u>-</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2)	<u>\$ 17,342,747</u>	(B-2)	<u>\$ 368,385</u>

**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, 2013

	IDEIA Part B Basic	IDEIA Part B Preschool	NCLB Title IIIA	NCLB Title III	Local Grants	Total Exhibit E-1A	2013
<b>REVENUES</b>							
Intergovernmental							
Federal	\$ 213,723	\$ 8,706	\$ 34,211	\$ 2,089		\$ 44,864	\$ 258,729
State	-	-	-	-	\$ 64,792	-	44,864
Local	-	-	-	-	-	-	64,792
<b>Total Revenues</b>	<b>\$ 213,723</b>	<b>\$ 8,706</b>	<b>\$ 34,211</b>	<b>\$ 2,089</b>	<b>\$ 64,792</b>	<b>\$ 44,864</b>	<b>\$ 368,385</b>
<b>EXPENDITURES</b>							
Instruction							
Purchase Professional Educational Service	\$ 10,000	\$ 1,870					\$ 11,870
Tuition	195,170						195,170
General Supplies		1,037	3,594	2,089	25,403	2,574	34,697
Textbooks						6,907	6,907
<b>Total Instruction</b>	<b>205,170</b>	<b>2,907</b>	<b>3,594</b>	<b>2,089</b>	<b>25,403</b>	<b>9,481</b>	<b>248,644</b>
Support Services							
Salaries		1,229					1,229
Purchased Professional/Technical Services	8,553	5,799	29,388				5,799
Purchased Professional/Educational Services							37,941
Other Purchased Services						35,383	35,383
General Supplies					13,600		13,600
<b>Total Support Services</b>	<b>8,553</b>	<b>5,799</b>	<b>30,617</b>	<b>-</b>	<b>13,600</b>	<b>35,383</b>	<b>93,952</b>
Facilities Acquisition and Construction Services							
Equipment					25,789		25,789
<b>Total Facilities Acquisition and Const. Svc</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,789</b>	<b>-</b>	<b>25,789</b>
<b>Total Expenditures</b>	<b>\$ 213,723</b>	<b>\$ 8,706</b>	<b>\$ 34,211</b>	<b>\$ 2,089</b>	<b>\$ 64,792</b>	<b>\$ 44,864</b>	<b>\$ 368,385</b>



**FLORHAM PARK BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Nonpublic Nursing	Nonpublic Textbooks	Nonpublic Technology	Nonpublic Compensatory Instruction	Corrective Speech	Nonpublic Ch. 193 Exam & Classification	Supplemental Instruction	Total E-1A
<b>REVENUES</b>								
Intergovernmental								
Federal								
State	\$ 9,681	\$ 6,907	\$ 2,574	\$ 8,361	\$ 6,640	\$ 6,052	\$ 4,649	\$ 44,864
Local	-	-	-	-	-	-	-	-
Total Revenues	\$ 9,681	\$ 6,907	\$ 2,574	\$ 8,361	\$ 6,640	\$ 6,052	\$ 4,649	\$ 44,864
<b>EXPENDITURES</b>								
Instruction								
Tuition			\$ 2,574					\$ 2,574
General Supplies		\$ 6,907						\$ 6,907
Textbooks								
Total Instruction		\$ 6,907	\$ 2,574					\$ 9,481
Support Services								
Salaries								
Purchased Professional/Technical Services								
Purchased Professional/Educational Services				\$ 8,361	\$ 6,640	\$ 6,052	\$ 4,649	\$ 35,383
Other Purchased Services	\$ 9,681							
General Supplies								
Total Support Services	\$ 9,681			\$ 8,361	\$ 6,640	\$ 6,052	\$ 4,649	\$ 35,383
Facilities Acquisition and Construction Services								
Equipment								
Total Facilities Acquisition and Const. Svc								
Total Expenditures	\$ 9,681	\$ 6,907	\$ 2,574	\$ 8,361	\$ 6,640	\$ 6,052	\$ 4,649	\$ 44,864

**FLORHAM PARK BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF PRESCHOOL EDUCATION PROGRAM AID EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOT APPLICABLE**

**CAPITAL PROJECTS FUND**

**FLORHAM PARK BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOT APPLICABLE**

**SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOT APPLICABLE**

**ENTERPRISE FUND**

**FLORHAM PARK BOARD OF EDUCATION  
ENTERPRISE FUND  
COMBINING STATEMENT OF NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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, 2013**

Financial Statements are Presented on Exhibit B-5

**COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Financial Statements are Presented on Exhibit B-6

**FIDUCIARY FUNDS**

**AGENCY FUNDS**

**FLORHAM PARK BOARD OF EDUCATION  
AGENCY FUNDS  
COMBINING STATEMENT OF NET POSITION  
AS OF JUNE 30, 2013**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash	\$ 69,213	\$ 15,527	\$ 84,740
Total Assets	<u>\$ 69,213</u>	<u>\$ 15,527</u>	<u>\$ 84,740</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings		\$ 7,585	\$ 7,585
Accrued Salaries and Wages		2,028	2,028
Due to Other Funds		5,914	5,914
Due to Student Groups	\$ 69,213	-	69,213
Total Liabilities	<u>\$ 69,213</u>	<u>\$ 15,527</u>	<u>\$ 84,740</u>



**FLORHAM PARK BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-8

**STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Balance, July 1, 2012</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2013</u>
<b>ELEMENTARY SCHOOLS</b>				
Briarwood	\$ 3,936	\$ 9,119	\$ 8,570	\$ 4,485
Brooklake	582	14,263	12,766	2,079
<b>MIDDLE SCHOOLS</b>				
Ridgedale Athletics	1	4,506	3,515	992
Ridgedale	<u>36,911</u>	<u>126,762</u>	<u>102,016</u>	<u>61,657</u>
Total All Schools	<u>\$ 41,430</u>	<u>\$ 154,650</u>	<u>\$ 126,867</u>	<u>\$ 69,213</u>

**FLORHAM PARK BOARD OF EDUCATION  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<b>Balance, July 1, <u>2012</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance, June 30, <u>2013</u></b>
<b>LIABILITIES</b>				
Payroll Deductions and Withholdings	\$ 5,515	\$ 4,461,391	\$ 4,459,321	\$ 7,585
Accrued Salaries and Wages	1,504	6,475,115	6,474,591	2,028
Due to Other Funds	<u>15,167</u>	<u>15,411</u>	<u>24,664</u>	<u>5,914</u>
 Total	 <u>\$ 22,186</u>	 <u>\$ 10,951,917</u>	 <u>\$ 10,958,576</u>	 <u>\$ 15,527</u>

**LONG-TERM DEBT**

FLORHAM PARK BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Annual Maturities Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2012</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2013</u>
School District Refunding Bonds - 2009	9/10/2009	\$ 9,185,000	7/15/2013	\$ 460,000	2.00 %				
			7/15/2013	250,000	2.50				
			7/15/2014	730,000	3.00				
			7/15/2015	360,000	2.75				
			7/15/2015	400,000	5.00				
			7/15/2016	100,000	3.50				
			7/15/2016	690,000	5.00				
			7/15/2017	830,000	5.00				
			7/15/2018	300,000	3.50				
			7/15/2018	570,000	4.25				
			7/15/2019	190,000	3.50				
			7/15/2019	715,000	4.375				
			7/15/2020	940,000	4.50				
			7/15/2021	940,000	4.25				
			7/15/2022	945,000	4.00				
						\$ 9,115,000	-	\$ 695,000	\$ 8,420,000
						\$ 9,115,000	\$ -	\$ 695,000	\$ 8,420,000

Paid By Budget Appropriation      \$ 695,000

**FLORHAM PARK BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOT APPLICABLE**

**FLORHAM PARK BOARD OF EDUCATION  
LONG-TERM DEBT  
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<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	\$ 1,042,719	-	\$ 1,042,719	\$ 1,042,719	-
Total Revenues	<u>1,042,719</u>	<u>-</u>	<u>1,042,719</u>	<u>1,042,719</u>	<u>-</u>
<b>EXPENDITURES</b>					
Regular Debt Service					
Principal	695,000		695,000	695,000	
Interest	347,719		347,719	347,719	
Total Expenditures	<u>1,042,719</u>	<u>-</u>	<u>1,042,719</u>	<u>1,042,719</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-
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)

	2004	2005	2006	2007	2008	2009	2010	2011 (1)	2012	2013
<b>Governmental activities</b>										
Net Investment in capital assets	\$ 6,784,337	\$ 6,852,751	\$ 6,762,118	\$ 6,742,419	\$ 6,688,333	\$ 6,701,460	\$ 6,864,045	\$ 6,814,593	\$ 6,825,899	\$ 7,049,947
Restricted	114,565	104,339	209,068	89,270	32,035	200,677	225,326	384,597	664,955	869,753
Unrestricted	38,335	(212,420)	(374,914)	(386,851)	37,626	1,979	(24,502)	(5,237)	200,902	235,888
Total governmental activities net position	\$ 6,937,237	\$ 6,744,670	\$ 6,596,272	\$ 6,444,838	\$ 6,757,994	\$ 6,904,116	\$ 7,064,869	\$ 7,193,953	\$ 7,691,756	\$ 8,155,588
<b>Business-type activities</b>										
Net Investment in capital assets	\$ 5,405	\$ 3,721	\$ 3,235	\$ 2,322	\$ 1,409	\$ 496	\$ 4,334	\$ 4,730	\$ 9,412	\$ 17,176
Restricted	5,345	3,511	(6,950)	(13,693)	2,099	3,999	780			
Unrestricted	10,750	7,232	(3,715)	(11,371)	3,508	4,495	(5,114)	(4,730)	9,412	17,176
Total business-type activities net position	\$ 10,750	\$ 7,232	\$ (3,715)	\$ (11,371)	\$ 3,508	\$ 4,495	\$ (5,114)	\$ (4,730)	\$ 9,412	\$ 17,176
<b>District-wide</b>										
Net Investment in capital assets	\$ 6,789,742	\$ 6,856,472	\$ 6,765,353	\$ 6,744,741	\$ 6,689,742	\$ 6,701,956	\$ 6,868,379	\$ 6,819,323	\$ 6,835,311	\$ 7,067,123
Restricted	114,565	104,339	209,068	89,270	32,035	200,677	225,326	384,597	664,955	869,753
Unrestricted	43,680	(208,909)	(381,864)	(400,544)	39,725	5,978	(23,722)	(5,237)	200,902	235,888
Total district net position	\$ 6,947,987	\$ 6,751,902	\$ 6,592,557	\$ 6,433,467	\$ 6,761,502	\$ 6,908,511	\$ 7,069,983	\$ 7,198,683	\$ 7,701,168	\$ 8,172,764

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".



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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>										
<b>Governmental Activities</b>										
<b>Instruction</b>										
Regular	\$ 5,474,587	\$ 5,521,996	\$ 5,809,031	\$ 6,571,189	\$ 6,705,625	\$ 6,577,544	\$ 6,860,495	\$ 6,277,653	\$ 6,260,670	\$ 6,857,382
Special Education	1,732,336	2,455,940	2,554,818	2,607,536	2,313,004	2,269,125	2,702,625	2,602,610	2,980,703	2,754,197
Other Instruction	83,181	70,221	69,663	83,439	80,730	67,043	108,418	141,708	213,722	197,548
School Sponsored Activities and Athletics	163,886	129,699	139,489	139,328	150,045	148,318	148,955	148,770	156,927	153,681
<b>Support Services:</b>										
Student & Instruction Related Services	1,566,051	1,817,140	2,250,544	2,428,809	2,435,868	2,558,454	2,659,787	2,493,443	2,711,681	2,865,286
General Administrative Services	762,681	557,374	548,193	491,435	537,995	518,851	574,800	597,239	593,874	605,846
School Administrative Services	833,658	654,996	721,807	856,001	961,645	908,615	1,081,152	1,061,376	1,084,544	1,049,375
Central Services/Business Services	326,534	250,832	292,896	407,181	347,440	345,639	338,009	365,831	395,547	388,815
Plant Operations and Maintenance	1,605,918	1,928,465	1,994,220	2,000,682	2,321,091	2,412,179	2,446,176	2,508,052	2,255,376	2,348,184
Pupil Transportation	554,681	773,436	826,229	1,031,136	922,126	803,849	804,200	816,834	900,848	964,524
Interest on Long-Term Debt	657,338	688,584	665,301	509,513	524,666	513,234	372,251	383,267	355,199	358,146
<b>Total Governmental Activities Expenses</b>	<u>\$ 13,780,851</u>	<u>\$ 14,848,683</u>	<u>\$ 15,872,191</u>	<u>\$ 17,106,249</u>	<u>\$ 17,300,235</u>	<u>\$ 17,182,851</u>	<u>\$ 18,096,868</u>	<u>\$ 17,396,783</u>	<u>\$ 17,909,091</u>	<u>\$ 18,522,982</u>
<b>Business-Type Activities:</b>										
Food Service	12,440	19,694	21,407	19,214	13,116	16,412	14,561	13,708	13,592	14,628
Enrichment Program			5,206	4,058						
Total Business-Type Activities Expense	<u>12,440</u>	<u>19,694</u>	<u>26,613</u>	<u>23,272</u>	<u>13,116</u>	<u>16,412</u>	<u>14,561</u>	<u>13,708</u>	<u>13,592</u>	<u>14,628</u>
<b>Total District Expenses</b>	<u>\$ 13,793,291</u>	<u>\$ 14,868,377</u>	<u>\$ 15,898,804</u>	<u>\$ 17,129,521</u>	<u>\$ 17,313,351</u>	<u>\$ 17,199,263</u>	<u>\$ 18,111,429</u>	<u>\$ 17,410,491</u>	<u>\$ 17,922,683</u>	<u>\$ 18,537,610</u>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
<b>Charges for Services:</b>										
Pupil Transportation	\$ 34,870	\$ 42,563	\$ 42,853	\$ 74,708	\$ 118,587	\$ 111,551	\$ 130,101	\$ 119,141	\$ 100,618	\$ 100,523
Tuition							64,462	75,225	360,237	283,367
Operating Grants and Contributions	1,851,096	2,014,423	2,201,960	2,658,388	2,704,811	2,189,988	2,530,036	1,724,411	2,114,533	2,441,422
Capital Grants and Contributions	1,802,012	65,157	90,577	-	6,500	480	53,026	14,100	-	25,789
<b>Total Governmental Activities Program Revenues</b>	<u>\$ 3,687,978</u>	<u>\$ 2,121,943</u>	<u>\$ 2,335,390</u>	<u>\$ 2,733,096</u>	<u>\$ 2,829,898</u>	<u>\$ 2,301,999</u>	<u>\$ 2,777,625</u>	<u>\$ 1,952,877</u>	<u>\$ 2,575,588</u>	<u>\$ 2,851,101</u>
<b>Business-type activities:</b>										
<b>Charges for Services</b>										
Food Service	8,544	8,700	8,615	8,317	7,681	9,143	8,226	8,413	12,150	12,415
Enrichment Program				855						
Operating Grants and Contributions	5,491	7,476	6,624	6,444	6,252	8,256	6,954	2,725		9,167
Capital Grants and Contributions										
<b>Total Business Type Activities Program Revenues</b>	<u>\$ 14,035</u>	<u>\$ 16,176</u>	<u>\$ 15,239</u>	<u>\$ 15,616</u>	<u>\$ 13,933</u>	<u>\$ 17,399</u>	<u>\$ 15,180</u>	<u>\$ 11,138</u>	<u>\$ 12,150</u>	<u>\$ 21,582</u>
<b>Total District Program Revenues</b>	<u>\$ 3,702,013</u>	<u>\$ 2,138,119</u>	<u>\$ 2,350,629</u>	<u>\$ 2,748,712</u>	<u>\$ 2,843,831</u>	<u>\$ 2,319,398</u>	<u>\$ 2,792,805</u>	<u>\$ 1,964,015</u>	<u>\$ 2,587,538</u>	<u>\$ 2,872,683</u>

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (10,092,873)	\$ (12,726,740)	\$ (13,536,801)	\$ (14,373,153)	\$ (14,470,337)	\$ (14,880,852)	\$ (15,319,243)	\$ (15,463,906)	\$ (15,353,703)	\$ (15,050,909)
Business-Type Activities	1,595	(3,518)	(11,374)	(7,656)	817	987	619	(2,570)	(1,442)	6,954
<b>Total District-Wide Net Expense</b>	<b>\$ (10,091,278)</b>	<b>\$ (12,730,258)</b>	<b>\$ (13,548,175)</b>	<b>\$ (14,380,809)</b>	<b>\$ (14,469,520)</b>	<b>\$ (14,879,865)</b>	<b>\$ (15,318,624)</b>	<b>\$ (15,466,476)</b>	<b>\$ (15,355,145)</b>	<b>\$ (15,664,927)</b>

**General Revenues and Other Changes in Net Position**

Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 10,771,768	\$ 11,307,037	\$ 12,359,375	\$ 12,813,495	\$ 13,433,441	\$ 13,822,785	\$ 14,278,900	\$ 14,617,866	\$ 14,764,011	\$ 15,050,909
Property Taxes Levied for Debt Service	782,824	1,061,420	1,055,500	1,053,365	1,054,780	1,054,628	1,053,010	955,617	1,039,666	1,042,719
Unrestricted Aid, Grants and Contributions	45,355	112,719	71,994	154,468	177,788	4,010				
Investment Earnings	52,275	22,755	25,864	33,880	19,425	11,786	4,256	7,592	6,182	5,653
Miscellaneous Income	10,431	30,242	39,708	166,513	112,121	133,765	145,850	111,931	27,771	37,242
Transfers	-	-	-	-	(14,062)	-	-	(2,186)	(6,124)	(810)
<b>Total Governmental Activities</b>	<b>11,662,653</b>	<b>12,534,173</b>	<b>13,552,441</b>	<b>14,221,719</b>	<b>14,783,493</b>	<b>15,026,974</b>	<b>15,479,996</b>	<b>15,690,820</b>	<b>15,831,506</b>	<b>16,155,713</b>

Business-Type Activities:

Investment Earnings	-	-	-	-	14,062	-	-	2,186	6,124	810
Transfers	-	-	-	-	(14,062)	-	-	(2,186)	(6,124)	(810)
<b>Total Business-Type Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ 15,693,006</b>	<b>\$ 15,837,630</b>	<b>\$ 16,136,523</b>

**Special Items**

Governmental Activities:										
Loss on Disposal of Assets	-	-	\$ (164,038)	-	-	-	-	-	-	-
<b>Total Governmental Activities</b>	<b>-</b>	<b>-</b>	<b>(164,038)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Change in Net Position**

Governmental Activities	\$ 1,569,780	\$ (192,567)	\$ (148,398)	\$ (151,434)	\$ 313,156	\$ 146,122	\$ 160,753	\$ 226,914	\$ 497,803	\$ 463,832
Business-Type Activities	1,595	(3,518)	(11,374)	(7,656)	14,879	987	619	(384)	4,682	7,764
<b>Total District</b>	<b>\$ 1,571,375</b>	<b>\$ (196,085)</b>	<b>\$ (159,772)</b>	<b>\$ (159,090)</b>	<b>\$ 328,035</b>	<b>\$ 147,109</b>	<b>\$ 161,372</b>	<b>\$ 226,530</b>	<b>\$ 502,485</b>	<b>\$ 471,596</b>

FLORHAM PARK BOARD OF EDUCATION  
 FUND BALANCES - GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS

(Unaudited)  
 (modified accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$ 330,087	\$ 69,676	\$ 273,700	\$ 302,749	\$ 218,376	\$ 493,163	\$ 499,997			
Unreserved	464,703	315,505	167,599	139,887	404,841	165,798	153,110			
Restricted								\$ 634,597	\$ 914,955	\$ 1,119,753
Committed										
Assigned								29,868	175,988	179,088
Unassigned								165,593	238,004	263,069
Total General Fund	\$ 794,790	\$ 385,181	\$ 441,299	\$ 242,636	\$ 623,217	\$ 658,961	\$ 653,107	\$ 830,058	\$ 1,328,947	\$ 1,561,910
All Other Governmental Funds										
Reserved	\$ 186,634	\$ 130,308				\$ 103,817				
Unreserved	(23,600)	(40,506)	\$ 6,921	\$ 6,921	\$ 6,921	(8,516)	\$ 80,789			
Restricted										
Committed										
Assigned										
Total all other governmental funds	\$ 163,034	\$ 89,802	\$ 6,921	\$ 6,921	\$ 6,921	\$ 95,301	\$ 80,789	\$ -	\$ -	\$ -

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)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues</b>										
Property Tax Levy	\$ 11,554,592	\$ 12,368,457	\$ 13,414,875	\$ 13,866,858	\$ 14,488,221	\$ 14,877,413	\$ 15,331,910	\$ 15,573,483	\$ 15,803,677	\$ 16,093,628
Tuition							64,462	75,225	360,237	283,367
Transportation Fees	34,870	42,363	42,853	74,708	118,587	111,531	130,101	119,141	100,618	100,523
Interest Earnings	52,275	22,755	25,864	33,880	19,425	11,786	4,256	7,592	6,182	5,653
Miscellaneous	10,431	30,242	79,708	175,765	155,078	204,151	201,954	145,355	127,803	102,034
State Sources	3,525,231	1,982,174	2,074,304	2,524,684	2,596,142	1,871,212	2,090,671	1,395,974	1,734,490	2,143,690
Federal Sources	173,232	210,125	250,227	278,920	250,000	252,880	434,267	309,113	280,011	258,729
<b>Total Revenue</b>	<b>15,350,631</b>	<b>14,656,116</b>	<b>15,887,831</b>	<b>16,954,815</b>	<b>17,627,453</b>	<b>17,328,973</b>	<b>18,257,621</b>	<b>17,625,883</b>	<b>18,413,018</b>	<b>18,987,624</b>
<b>Expenditures</b>										
Instruction										
Regular Instruction	5,487,472	5,513,212	5,736,178	6,568,515	6,682,753	6,555,456	6,836,216	6,351,479	6,247,254	6,807,333
Special Education Instruction	1,798,502	2,494,494	2,532,878	2,619,972	2,312,188	2,300,513	2,702,338	2,601,388	2,970,143	2,756,191
Other instruction	83,181	70,221	69,663	83,439	80,730	67,043	108,418	141,708	197,575	206,299
School Sponsored Activities/Athletics	161,082	128,311	139,489	139,328	150,045	148,318	148,955	148,770	156,927	153,681
Support Services:										
Student and Inst. Related Services	1,578,552	1,844,327	2,232,447	2,417,696	2,424,803	2,541,151	2,637,425	2,469,287	2,705,075	2,849,109
General Administrative Services	688,285	537,630	621,725	499,724	521,582	512,323	564,222	588,560	585,195	618,816
School Administrative Services	810,201	641,633	690,572	777,949	925,334	931,646	1,002,152	1,024,353	1,051,982	1,034,914
Central Services/Business Services	323,466	249,263	292,790	405,815	339,488	344,484	353,430	365,104	395,545	388,815
Plant Operations and Maintenance	1,179,549	1,407,771	1,321,457	1,355,354	1,661,143	1,743,922	1,787,291	1,869,193	1,614,160	1,713,187
Pupil Transportation	602,009	728,077	762,817	967,724	865,900	762,550	762,901	795,125	894,645	954,187
Capital Outlay	9,304,105	430,206	502,537	155,500	189,189	140,813	301,461	96,554	49,838	228,600
Debt Service										
Principal	350,000	552,885	541,947	584,612	590,475	637,196	668,184	677,939	670,000	695,000
Interest and Other Charges	644,580	674,513	672,131	577,850	549,821	519,434	404,994	398,075	369,666	347,719
Cost of Issuance							101,880			
Payment to Escrow Account							662,153			
<b>Total Expenditures</b>	<b>23,010,784</b>	<b>15,272,543</b>	<b>16,116,631</b>	<b>17,153,478</b>	<b>17,293,451</b>	<b>17,204,849</b>	<b>19,042,020</b>	<b>17,527,535</b>	<b>17,908,005</b>	<b>18,753,851</b>
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(7,660,153)	(616,427)	(228,800)	(198,663)	334,002	124,124	(784,399)	98,348	505,013	233,773
<b>Other Financing sources (uses)</b>										
Capital Leases	107,045	101,062	181,986		60,641					
Refunding Bond Proceeds							9,185,000			
Premium on Notes/Bonds	17,537	32,524	20,051		679,033					
Bonds Refunded							(9,100,000)			
Transfers In	51,808	136,308	26,024	12,753	2,794	107,526	19,363	118		
Transfers Out	(51,808)	(136,308)	(26,024)	(12,753)	(16,856)	(107,526)	(19,363)	(2,304)	(6,124)	(810)
Total Other Financing Sources (Uses)	124,582	133,586	202,037	-	46,579	-	764,033	(2,186)	(6,124)	(810)
<b>Net Change in Fund Balances</b>	<b>\$ (7,535,571)</b>	<b>\$ (482,841)</b>	<b>\$ (26,763)</b>	<b>\$ (198,663)</b>	<b>\$ 380,581</b>	<b>\$ 124,124</b>	<b>\$ (20,366)</b>	<b>\$ 96,162</b>	<b>\$ 498,889</b>	<b>\$ 232,963</b>
Debt Service as a Percentage of Noncapital Expenditures	7.26%	8.27%	7.78%	6.84%	6.67%	6.78%	9.80%	6.17%	5.82%	5.63%

\* Noncapital expenditures are total expenditures less capital outlay.

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

Fiscal Year Ended June 30,	Interest	Tuition	Transportation Fees	Prior Year Reimbursements	Insurance Refunds	Prior Year Orders Canceled	Cancel Old Outstanding Checks	Facility Use	E-Rate	Benefit Share	Miscellaneous	Total
2004	\$ 18,004		\$ 34,870								\$ 10,431	\$ 63,305
2005	19,802		42,363	\$ 15,117		\$ 568	\$ 1,539				13,018	92,407
2006	19,891		42,853	8,030		15,340					16,338	102,452
2007	21,127		74,708	41,143	\$ 86,268				\$ 10,897		28,205	262,348
2008	16,631		118,587	44,356			1,125	\$ 30,989	14,107		21,544	247,339
2009	11,478		111,531	40,923	14,304			38,357	15,298		24,883	256,774
2010	4,053	\$ 64,462	130,101	15,156	976			40,734	16,085	\$ 37,676	33,203	342,446
2011	7,474	75,225	119,141	28,568	3,517			46,669	26,680		6,497	313,771
2012	6,182	360,237	100,618	9,490			7,666	8,200			2,415	494,808
2013	5,653	283,367	100,523	10,299			2,315	2,377	16,367		5,884	426,785

**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 <sup>a</sup>
2004	\$ 35,821,900	\$ 798,733,500		\$ 119,800	\$ 520,540,800	\$ 139,784,900	\$ 94,075,100	\$ 1,589,076,000	\$ 3,227,999	\$ 1,592,303,999	\$ 2,617,040,618	\$ 0.76
2005	37,898,500	804,072,800		119,800	517,707,600	139,829,100	86,852,200	1,586,480,000	2,706,314	1,589,186,314	2,843,114,860	0.80
2006	72,140,300	1,863,783,600	\$ 716,800	119,800	868,630,200	229,991,100	161,878,700	3,297,260,500	4,552,436	3,301,812,936	2,976,989,614	0.41
2007	66,582,200	1,977,590,900	716,800	119,800	894,240,000	228,460,100	161,878,700	3,329,588,500	4,556,753	3,334,145,253	3,158,254,479	0.43
2008	64,246,500	1,989,080,900	716,800	119,800	917,460,600	178,344,300	159,770,700	3,309,739,600	4,687,591	3,314,427,191	3,278,877,905	0.44
2009	126,647,500	2,011,843,600	748,300	119,800	912,417,600	108,971,400	153,215,500	3,313,963,700	4,947,120	3,318,910,820	3,236,762,565	0.45
2010	128,845,700	2,047,551,750	748,300	119,800	887,116,700	101,502,400	151,215,500	3,316,900,150	4,901,700	3,321,801,850	3,332,562,174	0.47
2011	118,379,400	2,051,706,450	748,300	119,800	867,113,600	101,502,400	151,215,500	3,290,579,450	4,582,780	3,295,162,230	3,332,111,643	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	3,326,722,558	0.48
2013	95,482,900	2,024,443,400	748,300	119,800	890,390,400	97,324,800	157,415,500	3,268,930,100	4,257,410	3,270,187,510	3,335,769,352	0.50

Source: County Abstract of Rates

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

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

Calendar Year	Total Direct School Tax Rate	Overlapping Rates			Total Direct and Overlapping Tax Rate
	Florham Park Local School District	Hanover Park Regional High School District	Municipality of Florham Park	Morris County	
2004	\$ 0.76	\$ 0.36	\$ 0.51	\$ 0.47	\$ 2.10
2005	0.80	0.39	0.59	0.47	2.25
2006 (A)	0.41	0.20	0.32	0.22	1.15
2007	0.43	0.20	0.32	0.22	1.16
2008	0.44	0.20	0.33	0.22	1.19
2009	0.45	0.20	0.33	0.21	1.19
2010	0.47	0.21	0.35	0.23	1.25
2011	0.48	0.21	0.36	0.24	1.29
2012	0.48	0.22	0.38	0.25	1.33
2013	0.50	0.23	0.39	0.23	1.35

Source: County Abstract of Ratables

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

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

Taxpayer	2013		2004	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
KBSII 100-200 Campus Drive LLC	\$ 273,145,779	8.36%		
Wells Reit II	123,256,941	3.77%		
BASF	91,664,000	2.81%		
Avalonbay Communities	85,422,625	2.62%		
Rock GW LLC	84,149,575	2.58%		
Park Ave Realty			\$ 77,358,100	4.87%
Advance At Park Place LLC	75,848,724	2.32%		
Exxon Research & Engineering Company			58,603,100	3.69%
Wells Reit II			51,368,000	3.23%
KBSII 100-200 Campus Drive LLC			50,214,600	3.16%
LFT Real Estate	45,697,200	1.40%		
LH Florham Holding	44,484,000	1.36%		
Sun Valley Plaza LLC			38,092,600	2.40%
Avalonbay Communities			33,478,100	2.11%
Vreeleand SPVEF	33,295,196	1.02%		
Pershing LLC	31,389,393	0.96%		
200/224 Park Ave LLC			30,868,500	1.94%
Dolce/AEW Properties			28,944,400	1.82%
Campus Drive LLC			27,032,800	1.70%
Koll Bren			25,583,200	1.61%
	<u>\$ 888,353,433</u>	<u>27.20%</u>	<u>\$ 421,543,400</u>	<u>26.53%</u>

Source: Municipal Tax Assessor



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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2004	\$ 11,554,592	\$ 11,554,592	100%	-
2005	12,368,457	12,368,457	100%	-
2006	13,414,875	13,414,875	100%	-
2007	13,866,858	13,866,858	100%	-
2008	14,488,221	14,488,221	100%	-
2009	14,877,413	14,877,413	100%	-
2010	15,331,910	15,331,910	100%	-
2011	15,573,483	15,573,483	100%	-
2012	15,803,667	15,803,667	100%	-
2013	16,093,628	16,093,628	100%	-

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

Fiscal Year Ended June 30,	Governmental Activities					Population	Per Capita
	General Obligation Bonds	Capital Leases	Grant Anticipation Notes	Total District			
2005	\$ 12,920,000	\$ 237,726	\$ 2,898,734	\$ 16,056,460	12,467	\$ 1,288	
2006	12,460,000	337,765	2,607,404	15,405,169	12,373	1,245	
2007	11,975,000	238,153	568,093	12,781,246	12,298	1,039	
2008	11,460,000	223,319	-	11,683,319	12,355	946	
2009	10,915,000	131,123	-	11,046,123	12,347	895	
2010	10,425,000	37,939	-	10,462,939	11,705	894	
2011	9,785,000	-	-	9,785,000	11,751	833	
2012	9,115,000	-	-	9,115,000	11,860	769	
2013	8,420,000	-	-	8,420,000	11,860 (E)	710	

(E) - Estimate

Source: District records

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only nine years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property (A)	Per Capita
	General Obligation Bonds	Deductions			
2005	\$ 12,920,000		\$ 12,920,000	0.81	\$ 1,288
2006	12,460,000		12,460,000	0.38	1,245
2007	11,975,000		11,975,000	0.36	1,039
2008	11,460,000		11,460,000	0.35	946
2009	10,915,000		10,915,000	0.33	895
2010	10,425,000		10,425,000	0.31	894
2011	9,785,000		9,785,000	0.30	833
2012	9,115,000		9,115,000	0.28	769
2013	8,420,000		8,420,000	0.26	710

Source: District records

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

N/A - Not Available

**FLORHAM PARK BOARD OF EDUCATION  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2012  
(Unaudited)**

	<u>Total Debt</u>
Municipal Debt: (1)	
Florham Park Board of Education (as of June 30, 2013)	\$ 8,420,000
Regional High School - Florham Park's Share	7,044,352
Borough of Florham Park	<u>30,582,627</u>
	<u>46,046,979</u>
Overlapping Debt Apportioned to the Municipality:	
Morris County: (2)	
County of Morris (A)	<u>9,087,435</u>
	<u>9,087,435</u>
Total Direct and Overlapping Debt	<u>\$ 55,134,414</u>

## Source:

- (1) Borough of Florham Park's 2012 Annual Debt Statement
- (2) Morris County's 2012 Annual Debt Statement
- (A) The debt for this entity was apportioned by dividing the municipality's 2012 equalized value by the total 2012 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 2013

Equalized valuation basis	
2010	\$3,360,587,791
2011	3,322,139,778
2012	3,008,474,468
	<u>\$9,691,202,037</u>
	<u>\$3,230,400,679</u>
Debt limit (3 % of average equalization value)	\$ 96,912,020
Total Net Debt Applicable to Limit	<u>8,420,000</u>
Legal debt margin	<u>\$ 88,492,020</u>

Average equalized valuation of taxable property

Fiscal Year

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 69,339,944	\$ 77,455,093	\$ 83,824,516	\$ 88,757,608	\$ 93,239,463	\$ 97,102,876	\$ 99,109,670	\$ 99,963,349	\$ 99,887,568	\$ 96,912,020
Total net debt applicable to limit	16,258,762	15,527,404	13,028,094	11,975,000	11,460,000	10,915,000	10,425,000	9,785,000	9,115,000	8,420,000
Legal debt margin	\$ 53,081,182	\$ 61,927,689	\$ 70,796,422	\$ 76,782,608	\$ 81,779,463	\$ 86,187,876	\$ 88,684,670	\$ 90,178,349	\$ 90,772,568	\$ 88,492,020
Total net debt applicable to the limit as a percentage of debt limit	23.45%	20.05%	15.54%	13.49%	12.29%	11.24%	10.52%	9.79%	9.13%	8.69%

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>
2004	12,444	\$ 60,780	3.6%
2005	12,467	62,930	2.8%
2006	12,373	67,918	2.7%
2007	12,298	71,191	2.4%
2008	12,355	74,025	3.2%
2009	12,347	67,614	5.6%
2010	11,705	69,811	5.6%
2011	11,751	71,730	5.4%
2012	11,860	N/A	5.7%
2013	11,860 (E)	N/A	N/A

N/A - Not Available

(E) - Estimate

Source: New Jersey State Department of Education

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

<u>Employer</u>	<u>2013</u>		<u>2004</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

INFORMATION NOT AVAILABLE

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

<b>Function/Program</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Instruction	97.5	97.3	104.2	104.5	105.5	106.0	106.0	108.0	108.0
Support Services									
Student and Instruction Related Services	22.0	23.5	23.6	23.6	24.6	24.6	24.6	24.6	24.6
General Administration	3.0	2.2	2.2	2.2	2.2	2.0	2.0	2.0	2.0
School Administrative Services	6.0	6.0	6.0	7.0	7.0	7.0	7.0	7.0	6.0
Central Services	3.0	3.0	3.0	2.8	2.8	2.8	3.0	3.0	3.0
Plant Operations and Maintenance	12.0	10.4	10.4	10.7	10.7	11.3	11.3	11.3	11.3
Pupil Transportation	5.5	6.4	12.0	12.5	13.5	13.5	13.5	13.5	13.5
<b>Total</b>	<b>149.0</b>	<b>148.8</b>	<b>161.4</b>	<b>163.3</b>	<b>166.3</b>	<b>167.2</b>	<b>167.4</b>	<b>169.4</b>	<b>168.4</b>

Source: District Personnel Records



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

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	High School				
2004	931	\$ 12,712,099	\$ 13,654	10.52%	81	1:12	1:12	931	895	0.32%	96.13%	
2005	965	13,614,939	14,109	3.33%	81	1:12	1:12	965	919	3.65%	95.23%	
2006	1,007	14,400,016	14,300	1.35%	81	1:12	1:12	993	950	2.90%	95.67%	
2007	1,011	15,835,516	15,663	9.53%	82	1:12	1:12	998	960	0.50%	96.19%	
2008	1,051	15,963,966	15,189	-3.03%	85	1:12	1:12	1,030	987	3.21%	95.83%	
2009	1,047	15,907,406	15,193	0.03%	87	1:12	1:12	1,028	981	-0.19%	95.43%	
2010	1,041	16,903,348	16,238	6.87%	87	1:12	1:12	1,037	994	0.88%	95.85%	
2011	1,037	16,354,967	15,771	-2.87%	87	1:12	1:12	1,027	983	-0.96%	95.72%	
2012	1,028	16,818,501	16,360	3.73%	89	1:12	1:12	1,026	980	-0.10%	95.52%	
2013	1,029	17,482,532	16,990	3.85%	90	1:12	1:12	1,022	982	-0.39%	96.09%	

Sources: District records

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

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>District Building</b>										
<b>Elementary</b>										
<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		339	335	350	346	325	339	347		
<b>Briarwood</b>										
Square Feet	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	4,700
Enrollment		340	343	350	365	352	360	355		
<b>Middle School</b>										
<b>Ridgedale</b>										
Square Feet	76,100	76,100	76,100	76,100	76,100	76,100	76,100	76,100	76,100	76,100
Enrollment		314	320	343	331	351	331	327		

Number of Schools at June 30, 2013

- 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**

School Facilities	Project Nos.	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Brooklake Elementary School	N/A	\$ 55,165	\$ 79,746	\$ 85,752	\$ 79,347	\$ 87,876	\$ 80,795	\$ 78,381	\$ 137,547	\$ 86,392	\$ 123,324
Briarwood Elementary School	N/A	33,869	60,084	91,908	85,043	85,300	113,747	70,827	103,820	76,142	83,628
Ridgedale Elementary School	N/A	74,589	63,431	84,475	78,165	131,398	135,037	147,412	150,862	151,883	120,975
<b>Total School Facilities</b>		<b>\$ 163,623</b>	<b>\$ 203,261</b>	<b>\$ 262,135</b>	<b>\$ 242,555</b>	<b>\$ 304,574</b>	<b>\$ 329,579</b>	<b>\$ 296,620</b>	<b>\$ 392,229</b>	<b>\$ 314,417</b>	<b>\$ 327,927</b>

Source: District Records

**FLORHAM PARK BOARD OF EDUCATION  
INSURANCE SCHEDULE  
JUNE 30, 2013  
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - NJSBAIG		
Property - Blanket Building & Contents	\$ 50,989,144	\$ 5,000
Increased Cost of Construction	10,000,000	
Flood/Earthquake	10,000,000	
Computer Equipment	275,000	
Energy Systems - Property Damage	100,000,000	
Commercial Liability - Bodily Injury/Property Damage	11,000,000	
Comprehensive General Liability	11,000,000	
Workers Compensation	2,000,000	
School Leaders Errors and Omissions	11,000,000	5,000
Business Auto	11,000,000	1,000
Public Employee Dishonesty	100,000	
Money and Security	25,000	
Computer Fraud	100,000	
Depositor Forgery	100,000	
Student Accident	5,000,000	
Public Official Bond - Board Secretary	100,000	
Public Official Bond - Treasurer of School Monies	230,000	

Source: School District's records

**SINGLE AUDIT SECTION**



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

ELIZABETH A. SHICK, CPA, RMA, PSA  
ANDREW PARENTE, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
RALPH M. PICONE, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
EDWARD N. KERE, CPA  
LORI T. MANUKIAN, CPA, PSA  
MARK SACO, 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 Trustees  
Florham Park Board of Education  
Florham Park, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Florham Park Board of Education as of and for the fiscal year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the Florham Park Board of Education's basic financial statements and have issued our report thereon dated September 23, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Florham Park 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.

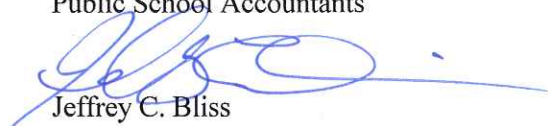
We noted certain matters that we reported to management of the Florham Park Board of Education in a separate report entitled, “Auditor’s Management Report on Administrative Findings – Financial, Compliance and Performance” dated September 23, 2013.

**Purpose of this Report**

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

Lerch, Vinci & Higgins, LLP

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



Jeffrey C. Bliss  
Public School Accountant  
PSA Number CS00932

Fair Lawn, New Jersey  
September 23, 2013





# LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

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

ELIZABETH A. SHICK, CPA, RMA, PSA  
ANDREW PARENTE, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
RALPH M. PICONE, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
EDWARD N. KERE, CPA  
LORI T. MANUKIAN, CPA, PSA  
MARK SACO, CPA

**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 04-04**

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on Compliance for Each Major State Program**

We have audited the Florham Park Board of Education's compliance with the types of compliance requirements described in the New Jersey Office of Management and Budget (OMB) Circular 04-04 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, 2013. The Florham Park Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Florham Park Board of Education's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and Circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about 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, 2013.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with New Jersey OMB Circular 04-04 which are described in the accompanying schedule of findings and questioned costs as items 2013-1 and 2013-2. Our opinion on each major state program is not modified with respect to these matters.

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

### **Report on Internal Control Over Compliance**

Management of the Florham Park Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Florham Park Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Florham Park Board of Education's internal control over compliance.

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

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

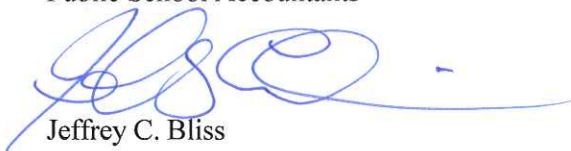
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of New Jersey OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 04-04**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Florham Park Board of Education as of and for the fiscal year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated September 23, 2013, 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 04-04 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

*Leitch, Vinci & Higgins, LLP*

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



Jeffrey C. Bliss  
Public School Accountant  
PSA Number CS00932

Fair Lawn, New Jersey  
September 23, 2013

FLORHAM PARK BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Federal CFDA Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2012	Unearned Revenue Carryover Amount	Accounts Receivable Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	June 30, 2013 (Account Receivable)	June 30, 2013 Unearned Revenue	Due to Grantor at June 30, 2013	MEMO GAAP Receivable
U.S. Department of Education General Fund Impact Aid: Education Job Funds	84-410A	N/A	28,088	(2,857)	-	-	2,857	-	-	-	-	-	-
Total General Fund				(2,857)	-	-	2,857	-	-	-	-	-	-
U.S. Department of Education Passed-through State Department of Education													
Title II A	84-281A	NCLB153008	24,572		\$ 11,388	\$ (11,388)		\$ 34,211		\$ (35,960)	\$ 1,749		\$ (34,211)
Title II A	84-281A	NCLB153008	26,715	(22,743)	(11,388)	11,388	22,743						
Title III	84-365A	NCLB153004	2,089				2,089						
Title IV	84-186A	NCLB153008	-	1,513							1,513		
I.D.E.I.A. Part B, Basic Regular	84-027	FT-1530-08	218,094		356	(356)	196,341	213,723	(586)	(22,695)	4,727		(17,968)
I.D.E.I.A. Part B, Basic Regular	84-027	FT-1530-08	215,120	(37,135)	(356)	356	37,135						
I.D.E.I.A. Preschool	84-027	PS-1530-08	8,888		38	(38)		8,706		(8,926)	220		(8,706)
I.D.E.I.A. Preschool	84-027	PS-1530-08	8,849	(8,821)	(38)	38	8,821						
Total U.S. Department of Education				(67,186)	-	-	267,129	258,729	(586)	(67,581)	8,209		(60,885)
Total				\$ (70,043)	\$ -	\$ -	\$ 269,986	\$ 258,729	\$ (586)	\$ (67,581)	\$ 8,209	\$ -	\$ (60,885)

This schedule was not subject to Single Audit in accordance with OMB Circular A-133.

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, 2013

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2012	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	(Accounts Receivable)	June 30, 2013 Unearned Revenue	Due to Grantor	MEMO		
												GAAP Receivable	Combined Total Expenditures	
<b>State Department of Education</b>														
Special Education Aid	13-495-034-5120-089	7/1/12-6/30/13	\$ 413,450	\$ (29,037)	\$	\$ 375,431	\$ 413,450	\$	\$ (38,019)				\$	\$ 413,450
Special Education Aid	12-495-034-5120-089	7/1/11-6/30/12	357,037			29,037								15,080
Security Aid	13-495-034-5120-084	7/1/12-6/30/13	15,080			13,693	15,080		(1,387)					37,893
Transportation Aid	13-495-034-5120-014	7/1/12-6/30/13	37,893			34,409	118,279		(3,484)					118,279
Extraordinary Special Education Costs Aid	13-100-034-5120-473	7/1/12-6/30/13	107,939	(107,939)		107,939	9,676		(9,676)				\$ (9,676)	9,676
Additional Non Public Transportation Aid	N/A	7/1/12-6/30/13	9,676											
Additional Non Public Transportation Aid	N/A	7/1/11-6/30/12	11,973	(11,973)		11,973								
TPAF Social Security Contributions	13-495-034-5095-002	7/1/12-6/30/13	526,605			500,708	526,605		(25,897)				(25,897)	526,605
TPAF Pension Contributions	13-495-034-5095-006	7/1/12-6/30/13	446,759			446,759	446,759							446,759
TPAF Pension - NCGI Premium	13-495-034-5095-007	7/1/12-6/30/13	23,506			23,506	23,506							23,506
TPAF Pension-Post Retirement Medical	13-495-034-5095-001	7/1/12-6/30/13	531,751			531,751	531,751							531,751
<b>Total General Fund</b>				(148,969)		2,075,226	2,122,999		(196,742)				(35,573)	2,122,999
<b>Special Revenue Fund:</b>														
New Jersey Nonpublic Aid														
Auxiliary Services														
Compensatory Education	13-100-034-5120-067	7/1/12-6/30/13	13,377			13,377	8,361	\$ 2,028			\$ 5,016			8,361
Compensatory Education	12-100-034-5120-067	7/1/11-6/30/12	8,453					862						
ESL	12-100-034-5120-067	7/1/11-6/30/12	862											
Handicapped Services														
Corrective Speech	13-100-034-5120-066	7/1/12-6/30/13	8,202			8,202	6,640				1,562			6,640
Corrective Speech	12-100-034-5120-066	7/1/11-6/30/12	5,529					869						
Examination and Classification	13-100-034-5120-066	7/1/12-6/30/13	9,394			9,394	6,052				3,342			6,052
Examination and Classification	12-100-034-5120-066	7/1/11-6/30/12	10,782					3,860						
Supplemental Instruction	13-100-034-5120-066	7/1/12-6/30/13	6,938			6,938	4,649				2,289			4,649
Supplemental Instruction	12-100-034-5120-066	7/1/11-6/30/12	5,612					1,543						
Nursing	13-100-034-5120-070	7/1/12-6/30/13	9,681			9,681	9,681							9,681
Technology	13-100-034-5120-373	7/1/12-6/30/13	2,574			2,574	2,574							2,574
Textbooks	13-100-034-5120-064	7/1/12-6/30/13	6,975			6,975	6,907				68			6,907
<b>Total Special Revenue Fund</b>				9,162		57,141	44,864	9,162			12,277			44,864
<b>Total State Financial Assistance</b>				(139,807)		2,132,367	2,167,863	9,162	(196,742)		12,277		(35,573)	2,167,863
<b>State Financial Assistance Not Subject to Single Audit Determination</b>														
General Fund														
TPAF Pension Contributions	13-495-034-5095-006	7/1/12-6/30/13	446,759			(446,759)	(446,759)							(446,759)
TPAF Pension - NCGI Premiums	13-100-034-5095-007	7/1/12-6/30/13	23,506			(23,506)	(23,506)							(23,506)
TPAF Post Retirement Medical Contributions	13-100-034-5095-001	7/1/12-6/30/13	531,751			(531,751)	(531,751)							(531,751)
<b>Total State Financial Assistance Subject to Single Audit Determination</b>				(139,807)		1,130,351	1,165,847	9,162	(196,742)		12,277		(35,573)	1,165,847

**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, 2013**

**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 basic financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules are 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 bases of accounting are described in Notes 1(D) to the Board's basic financial statements. The information in these schedules is presented in accordance with requirements of U.S. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and New Jersey OMB Circular 04-04, "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 basic financial statements.

**NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$24,173 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 2,098,826	\$ 2,098,826
Special Revenue Fund	\$ 258,729	44,864	303,593
Total Financial Assistance	<u>\$ 258,729</u>	<u>\$ 2,143,690</u>	<u>\$ 2,402,419</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, 2013**

**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 \$526,605 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, 2013. The amount reported as TPAF Pension System Contributions in the amount of \$470,265 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$531,751 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2013.

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

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, are excluded from major program determination.

FLORHAM PARK BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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, 2013**

*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 04-04?   X   yes    \_\_\_\_\_ no

Identification of major state programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>13-495-037-5095-002</u>	<u>TPAF Social Security</u>
<u>13-495-034-5120-089</u>	<u>Special Education Aid</u>
<u>13-495-034-5120-084</u>	<u>Security Aid</u>
_____	_____
_____	_____
_____	_____

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

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes      X   no



**FLORHAM PARK BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

*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, 2013**

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

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

**CURRENT YEAR FEDERAL AWARDS**

NOT APPLICABLE

**FLORHAM PARK BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

**CURRENT YEAR STATE AWARDS**

**Finding 2013-1:**

Our audit of the travel expenditures revealed the following:

- Post travel reports were not completed in all instances.
- Board approval prior to travel event was not obtained in certain instances.
- Travel expenses were reimbursed in excess of the Board approved amount.

**State Program Information:**

Special Education Aid	495-034-5120-089
Security Aid	495-034-5120-084

**Criteria or Specific Requirement:**

State Grant Compliance Supplement – State Aid - Public

**Condition:**

Certain travel expense reimbursements were made that were not in accordance with the Board approved travel policy.

**Questioned Costs:**

Unknown.

**Context:**

Of the five (5) travel expense reimbursements we tested we noted two (2) instances where post travel reports were not submitted, one (1) instance for travel events that were not approved prior to the event and one (1) instance for a reimbursement that was in excess of the amount pre-approved by the Board.

**Effect:**

Travel expense reimbursements were made that were not in compliance with the District travel policy and the State Aid Public Grant Compliance Requirements.

**Recommendation:**

Procedures be reviewed and revised to ensure District travel expenses are in compliance with the Board approved policy.

**Management's Response:**

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

**FLORHAM PARK BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

**CURRENT YEAR STATE AWARDS**

**Finding 2013-2:**

Our audit revealed that the June 30, 2013 monthly transfer report indicated cumulative transfers to General Administration that exceeded ten percent (10%) of the original budget appropriation amount for which Executive County Superintendent approval was not sought.

**State Program Information:**

Special Education Aid	495-034-5120-089
Security Aid	495-034-5120-084

**Criteria or Specific Requirement:**

State Grant Compliance Supplement – State Aid - Public  
NJAC 6A:23A-13.3(g)

**Condition:**

Cumulative transfers to the advertised appropriation account identified as General Administration exceeded ten percent (10%) and were not approved by the Executive County Superintendent.

**Questioned Costs:**

Unknown.

**Context:**

Cumulative transfers to the advertised appropriation account identified as General Administration on the June 2013 monthly transfer report was sixteen percent (16%). Maximum allowable transfers to General Administration was \$41,838, whereas the District's cumulative transfers were \$65,696.

**Effect:**

Transfers were made that were not properly approved by the Executive County Superintendent in accordance with NJAC 6A:23A-13.3(g).

**Recommendation:**

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

**Management's Response:**

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

**FLORHAM PARK BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

**STATUS OF PRIOR YEAR FINDINGS**

There were none.