

FLORHAM PARK BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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, 2014

Prepared by

Business Office

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INTRODUCTORY SECTION



Florham Park Public Schools

ADMINISTRATIVE OFFICES

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

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 19, 2014

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, 2014 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and the respective changes in financial position of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the "Independent Auditor's Report".

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

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and the U.S. Office of Management and Budget Circular A-133. "Audits of States, Local Governments and Non-Profit Organizations", and the State Treasury Circular OMB 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 2013/2014 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>
2013/14	1,022	0.00%
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%

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.

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

Ridgedale Middle School will receive complete replacement of gutters, cornice, windows and exterior doors under the approved projects. These projects were also approved by the School Development Authority for ROD Grant funding.

4. INTERNAL ACCOUNTING CONTROLS

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

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

5. BUDGETARY CONTROLS

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Annual appropriated budgets are adopted for the general fund, special revenue fund and debt service fund. The final budget amount as amended for FY 2013/2014 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, 2014.

6. ACCOUNTING SYSTEM AND REPORTS

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

7. DEBT ADMINISTRATION

At June 30, 2014 the District had \$7,710,000 in General Obligation Bonds outstanding. The proceeds of these bonds were used to provide funds for major capital improvements, to the District's buildings and grounds. These improvements include additions and various renovations in all three (3) of the District's school buildings.

8. CASH MANAGEMENT

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

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

9. RISK MANAGEMENT

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

10. OTHER INFORMATION

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

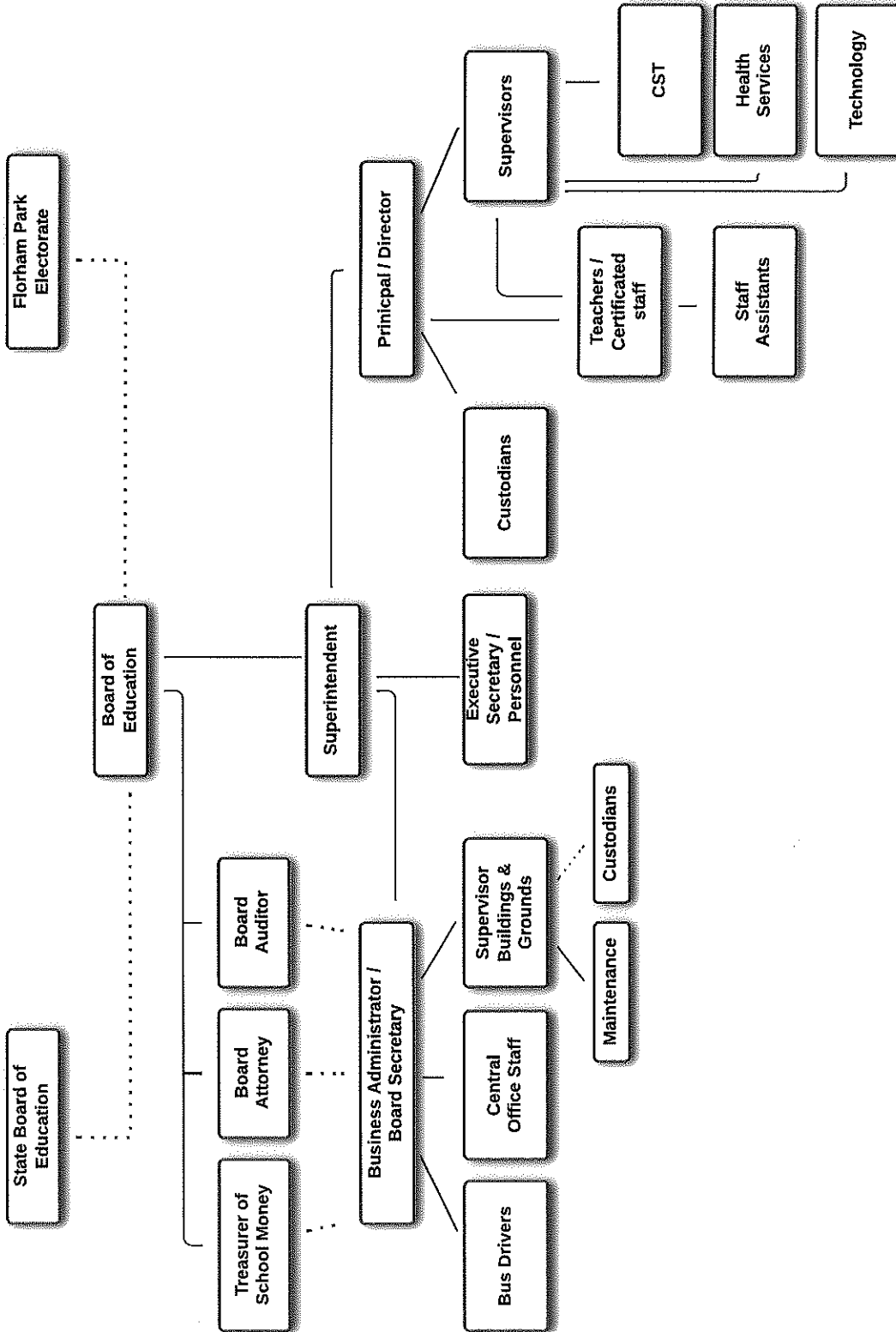


Flavio Rubano
Interim Superintendent of Schools



John R. Csatlos
Business Administrator/Board Secretary

FLORHAM PARK BOARD OF EDUCATION
ORGANIZATIONAL CHART



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

**ROSTER OF OFFICIALS
JUNE 30, 2014**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Kevin DeCoursey, President	2016
Dr. John Carollo, Vice President	2016
Marianne Haynes	2016
Patrick Montuore	2014
Joanne Greene Tobias	2014
John Gaffney	2015
Linda Michalowski	2015

Other Officials

Mr. Flavio Rubano, Interim Superintendent
John R. Csatlos, Business Administrator/Board Secretary
Raymond G. Karaty, Treasurer

FLORHAM PARK BOARD OF EDUCATION

FLORHAM PARK, NEW JERSEY

CONSULTANTS AND ADVISORS

ATTORNEY

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
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, 2014 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, 2014, 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.

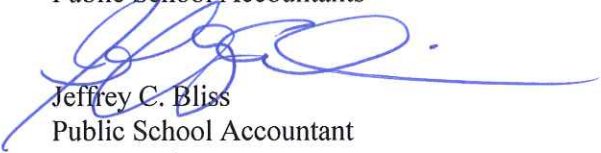
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated September 19, 2014 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 19, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2014

As management of the Florham Park Board of Education (the Board or District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the Florham Park Board of Education for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2013-2014 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 \$8,661,806. (Net Position)
- The District's total net position increased by \$489,032.
- Overall District revenues were \$19,341,893. General revenues accounted for \$16,735,355 or 87% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2,606,538 or 13% of total revenues.
- The school district had \$18,838,526 in expenses for governmental activities; only \$2,594,345 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$16,735,355 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 \$1,760,533. Of this amount, \$281,944 (16%) is available for spending at the District's discretion (unassigned fund balance – General Fund).
- The General Fund fund balance at June 30, 2014 was \$1,343,377, a decrease of \$218,533 compared to the ending fund balance at June 30, 2013 of \$1,561,910.
- The General Fund unassigned budgetary fund balance at June 30, 2014 was \$480,932, which represents an increase of \$56,694 compared to the ending unassigned budgetary fund balance at June 30, 2013 of \$424,238.
- The District's total outstanding long-term debt decreased by \$794,518 during the current fiscal year.

FLORHAM PARK BOARD OF EDUCATION

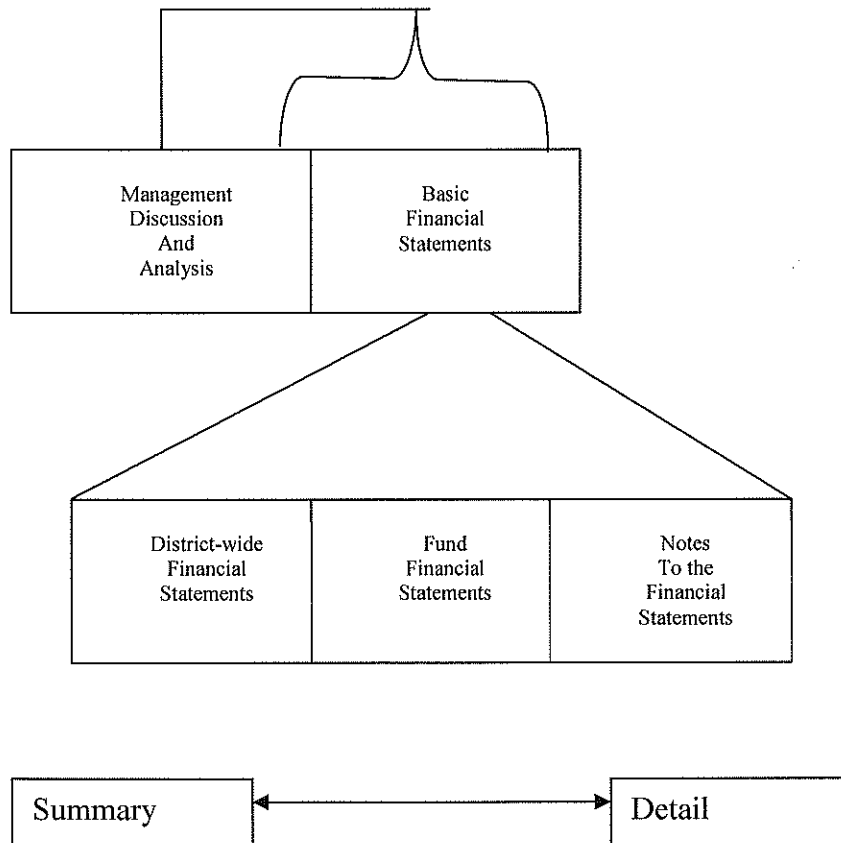
Management's Discussion and Analysis Fiscal Year Ended June 30, 2014

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



FLORHAM PARK BOARD OF EDUCATION

Management’s Discussion and Analysis
Fiscal Year Ended June 30, 2014

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, 2014

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how *cash and other financial resources* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.
- *Proprietary funds* – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.
 - *Enterprise 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, 2014

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 \$8,661,806 and \$8,172,764 on June 30, 2014 and 2013, respectively as follows:

	Net Position					
	As of June 30, 2013 and 2012					
	Governmental Activities		Business- Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current Assets	\$ 2,522,474	\$ 1,707,290			\$ 2,522,474	\$ 1,707,290
Capital Assets	15,038,538	15,480,298	\$ 15,366	\$ 17,176	15,053,904	15,497,474
Total Assets	<u>17,561,012</u>	<u>17,187,588</u>	<u>15,366</u>	<u>17,176</u>	<u>17,576,378</u>	<u>17,204,764</u>
Total Deferred Outflows of Resources	<u>338,445</u>	<u>406,055</u>	<u>-</u>	<u>-</u>	<u>338,445</u>	<u>406,055</u>
Total Assets and Deferred Outflows of Resources	<u>17,899,457</u>	<u>17,593,643</u>	<u>15,366</u>	<u>17,176</u>	<u>17,914,823</u>	<u>17,610,819</u>
Long-Term Liabilities	8,342,573	9,137,091			8,342,573	9,137,091
Other Liabilities	910,444	300,964	-	-	910,444	300,964
Total Liabilities	<u>9,253,017</u>	<u>9,438,055</u>	<u>-</u>	<u>-</u>	<u>9,253,017</u>	<u>9,438,055</u>
Net Position						
Net Investment in Capital Assets	7,319,911	7,049,947	15,366	17,176	7,335,277	7,067,123
Restricted	1,119,301	869,753			1,119,301	869,753
Unrestricted	207,228	235,888	-	-	207,228	235,888
Total Net Position	<u>\$ 8,646,440</u>	<u>\$ 8,155,588</u>	<u>\$ 15,366</u>	<u>\$ 17,176</u>	<u>\$ 8,661,806</u>	<u>\$ 8,172,764</u>

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

The District's total net position of \$8,661,806 at June 30, 2014 represents a \$489,032 or 6%, increase from the prior year. The following presents the changes in net position for the fiscal years ended June 30, 2014 and 2013.

FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2014

Change in Net Position
For The Fiscal Years Ended June 30, 2014 and 2013

	Governmental		Business-		Total	
	Activities		Type			
	2014	2013	2014	2013	2014	2013
Revenues						
Program Revenues						
Charges for Services	\$ 300,552	\$ 383,890	\$ 12,193	\$ 12,415	\$ 312,745	\$ 396,305
Operating Grants and Contributions	2,251,981	2,441,422			2,251,981	2,441,422
Capital Grants and Contributions	41,812	25,789		9,167	41,812	34,956
General Revenues						
Property Taxes	16,670,804	16,093,628			16,670,804	16,093,628
Other	64,551	42,895	-	-	64,551	42,895
Total Revenues	19,329,700	18,987,624	12,193	21,582	19,341,893	19,009,206
Expenses						
Instruction						
Regular	6,839,702	6,857,382			6,839,702	6,857,382
Special Education	3,057,821	2,754,197			3,057,821	2,754,197
Other Instruction	243,694	197,548			243,694	197,548
School Sponsored Activities and Athletics	174,848	153,681			174,848	153,681
Support Services						
Student and Instruction Related Services	2,792,544	2,865,286			2,792,544	2,865,286
General Administrative Services	477,445	605,846			477,445	605,846
School Administrative Services	987,638	1,049,373			987,638	1,049,373
Central Administrative Services	407,775	388,815			407,775	388,815
Plant Operations and Maintenance	2,498,158	2,348,184			2,498,158	2,348,184
Pupil Transportation	1,035,975	964,524			1,035,975	964,524
Interest on Debt	322,926	338,146			322,926	338,146
Food Services	-	-	14,325	14,628	14,325	14,628
Total Expenses	18,838,526	18,522,982	14,325	14,628	18,852,851	18,537,610
Increase (Decrease) in Net Position Before Transfers	491,174	464,642	(2,132)	6,954	489,042	471,596
Transfers	(322)	(810)	322	810	-	-
Increase (Decrease) in Net Position	490,852	463,832	(1,810)	7,764	489,042	471,596
Net Position, Beginning of Year	8,155,588	7,691,756	17,176	9,412	8,172,764	7,701,168
Net Position, End of Year	\$ 8,646,440	\$ 8,155,588	\$ 15,366	\$ 17,176	\$ 8,661,806	\$ 8,172,764

FLORHAM PARK BOARD OF EDUCATION

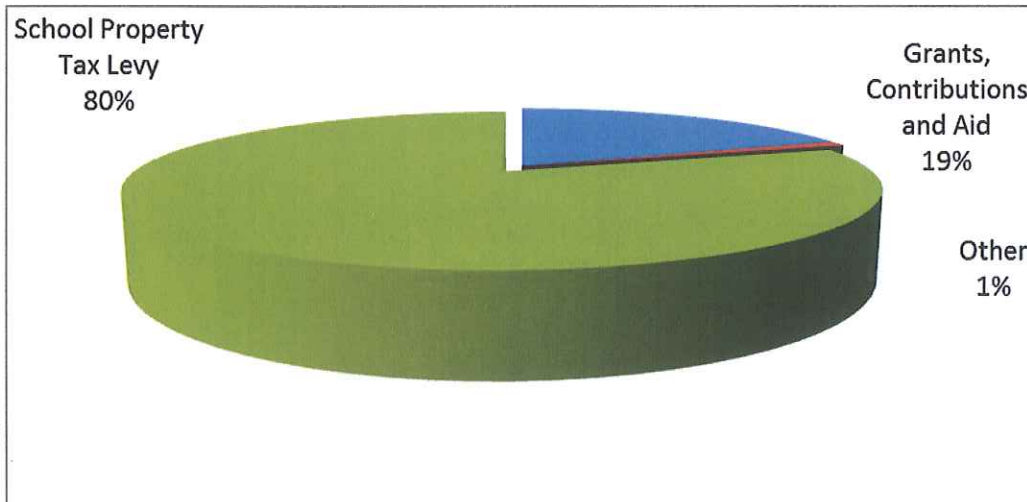
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2014

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$19,329,700 for the fiscal year ended June 30, 2014, property taxes of \$16,670,804 represented 86% of revenues. Another significant portion of revenues came from grants and contributions which totaled \$2,293,793 and represented 12% 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.

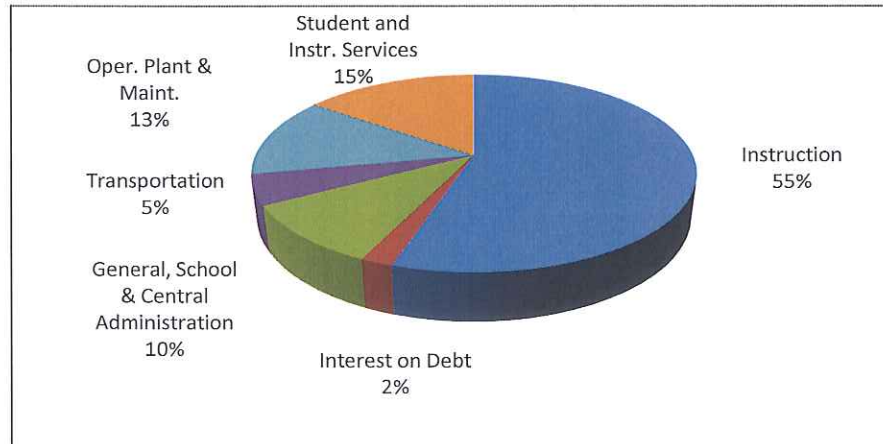
The total cost of all governmental activities programs and services was \$18,838,526 for the fiscal year ended June 30, 2014. The District's expenses are predominantly related to educating and caring for students. Instruction costs were \$10,316,065 (55%) of total expenses. Student support services costs were \$8,199,535 (43%) of total expenses and interest on debt totaled \$322,926 (2%) of total expenses.

For fiscal year 2014, total governmental activities revenues exceeded expenses and transfers out increasing net position for governmental activities by \$490,842 from the previous year.

Revenues by Sources – Governmental Activities
For Fiscal Year 2014



Expenses by Use – Governmental Activities
For Fiscal Year
2014



FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2014

Net Cost of Governmental Activities. The District's total cost of services was \$18,838,526. After applying program revenues, derived from operating and capital grants and contributions of \$2,293,793, and charges for services of \$300,552, the net cost of services of the District is \$16,244,181 for the fiscal year ended June 30, 2014.

**Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2014 and 2013**

	Total Cost of Services		Net Cost of Services	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Instruction				
Regular	\$ 6,839,702	\$ 6,857,382	\$ 5,935,186	\$ 5,864,350
Special Education	3,057,821	2,754,197	1,980,330	1,589,270
Other Instruction	243,694	197,548	204,758	162,599
School Sponsored Activities and Athletics	174,848	153,681	174,848	153,681
Support Services				
Student and Instruction Related Services	2,792,544	2,865,286	2,526,755	2,484,554
General Administrative Services	477,445	605,846	477,445	605,846
School Administrative Services	987,638	1,049,373	902,750	957,680
Central Services	407,775	388,815	382,558	361,348
Plant Operations and Maintenance	2,498,158	2,348,184	2,443,863	2,334,491
Pupil Transportation	1,035,975	964,524	892,762	819,916
Interest on Debt	322,926	338,146	322,926	338,146
Total	\$ 18,838,526	\$ 18,522,982	\$ 16,244,181	\$ 15,671,881

Business-Type Activities – The District's total business-type activities revenues were \$12,193 for the fiscal year ended June 30, 2014. Charges for services accounted for 100% of total revenues.

Total cost of all business-type activities programs and services was \$14,325 for the fiscal year ended June 30, 2014.

There were transfers of \$322 from governmental activities during the year.

For fiscal year 2014, total business-type activities expenses exceeded revenues and transfers in decreasing net position by \$1,810 from the previous year.

FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2014

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 \$1,760,533 at June 30, 2014, an increase of \$198,623 from last year's fund balance of \$1,561,910. This increase was mainly attributable to revenues which exceeded budget estimates as well as expenditures which were less than amounts budgeted for the 2013/2014 school year.

Revenues for the District's governmental funds were \$19,329,700, while total expenditures were \$19,130,755 for the fiscal year ended June 30, 2014.

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, 2014</u>	<u>June 30, 2013</u>		
Local Sources				
Property Taxes	\$ 15,629,073	\$ 15,050,909	\$ 578,164	4%
Other	365,103	426,785	(61,682)	-14%
State Sources	<u>1,920,537</u>	<u>2,098,826</u>	<u>(178,289)</u>	-8%
 Total General Fund Revenues	 <u>\$ 17,914,713</u>	 <u>\$ 17,576,520</u>	 <u>\$ 338,193</u>	 2%

For fiscal year 2014, total General Fund revenues increased \$338,193 or 2% from the previous year. Property taxes increased \$579,164 or 4% to support increases in operating costs. As indicated, State aid decreased \$178,289 or 8% mainly due to decreases in on behalf TPAF pension and post retirement medical benefit payments.

The following schedule presents a summary of General Fund expenditures.

	<u>Fiscal Year Ended</u>		Amount of Increase (Decrease)	Percent Change
	<u>June 30, 2014</u>	<u>June 30, 2013</u>		
Instruction	\$ 10,056,270	\$ 9,674,860	\$ 381,410	4%
Support Services	7,437,877	7,465,076	(27,199)	0%
Capital Outlay	<u>162,707</u>	<u>202,811</u>	<u>(40,104)</u>	-20%
 Total Expenditures	 <u>\$ 17,656,854</u>	 <u>\$ 17,342,747</u>	 <u>\$ 314,107</u>	 2%

For fiscal year 2014, total General Fund expenditures increased \$314,107 or 2% from the previous year. Notable increases during the year were attributed to increases in special education tuition costs, energy costs and employee benefit costs.

FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2014

GENERAL FUND (Continued)

In fiscal year 2014 General Fund expenditures and other financing uses exceeded revenues by \$218,533. Therefore, total fund balance decreases to \$1,343,377 at June 30, 2014. After deducting restricted and assigned fund balances, the unassigned fund balance increased from \$263,069 at June 30, 2013 to \$281,944 at June 30, 2014. In addition, the District designated fund balance of \$517,678 at year end for use in the subsequent school year's budget, \$432,390 of which was designated from restricted fund balance for capital reserve.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of fiscal year 2014, the District had \$15,038,538 invested in land, buildings, furniture, equipment and vehicles for governmental activities. Depreciation charges for fiscal year 2013-2014 amounted to \$692,808 for governmental activities. The following is a comparison of the June 30, 2014 and 2013 balances:

Capital Assets as of June 30, 2014 and 2013		<u>Governmental Activities</u>	
		<u>2014</u>	<u>2013</u>
Land	\$	1,156,663	\$ 1,156,663
Construction in Progress		98,190	
Land Improvements		1,369,190	1,369,190
Buildings and Building Improvements		22,650,983	22,556,453
Machinery and Equipment		<u>2,340,978</u>	<u>2,433,149</u>
		27,616,004	27,515,455
Less Accumulated Depreciation		<u>(12,577,466)</u>	<u>(12,035,157)</u>
Total		<u>\$ 15,038,538</u>	<u>\$ 15,480,298</u>

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

LONG TERM LIABILITIES

At June 30, 2014 the District had \$8,342,573 of total outstanding debt. Of this amount, \$8,057,072 is for serial bonds and \$285,501 is for compensated absences. For fiscal year 2013-2014 total outstanding long-term debt decreased by \$794,518. The following is a comparison of the June 30, 2014 and 2013 balances:

Outstanding Long-Term Debt as of June 30, 2014 and 2013		<u>Governmental Activities</u>	
		<u>2014</u>	<u>2013</u>
Serial Bonds (Including Original Issue Premium)	\$	8,057,072	\$ 8,836,406
Compensated Absences		<u>285,501</u>	<u>300,685</u>
Total		<u>\$ 8,342,573</u>	<u>\$ 9,137,091</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, 2014

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 2014 General Fund budgetary expenditures and other financing uses exceeded budgetary revenues decreasing budgetary fund balance \$180,714 from the previous year. After deducting fund balances restricted and assigned, the unassigned budgetary fund balance increased \$56,694, from \$424,238 at June 30, 2013 to \$480,932 at June 30, 2014. In addition, the District decreases its capital reserve \$167,608 from \$869,753 at June 30, 2013 to \$702,145 at June 30, 2014.

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 2014-2015 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 as well as special education costs.

These indicators were considered when adopting the budget for fiscal year 2014-2015. Budgeted expenditures in the General Fund increased approximately 1% to \$17,359,030 for fiscal year 2014-2015. Overall contractual salary requirements remained relatively unchanged, increases in employee benefits costs were the main factors for the increase which were offset by a decrease in capital outlay appropriations.

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, 2014

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,959,298		\$ 1,959,298
Receivables, net	563,176		563,176
Capital Assets, Not Being Depreciated	1,254,853		1,254,853
Capital Assets, Being Depreciation, Net	<u>13,783,685</u>	\$ 15,366	<u>13,799,051</u>
Total Assets	<u>17,561,012</u>	<u>15,366</u>	<u>17,576,378</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding of Debt	<u>338,445</u>	-	<u>338,445</u>
Total Deferred Outflows of Resources	<u>338,445</u>	-	<u>338,445</u>
Total Assets and Deferred Outflows of Resources	<u>17,899,457</u>	<u>15,366</u>	<u>17,914,823</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	469,336		469,336
Payable to Other Governments	12,988		12,988
Accrued Interest Payable	148,503		148,503
Unearned Revenue	279,617		279,617
Noncurrent Liabilities			
Due Within One Year	776,722		776,722
Due Beyond One Year	<u>7,565,851</u>	-	<u>7,565,851</u>
Total Liabilities	<u>9,253,017</u>	-	<u>9,253,017</u>
NET POSITION			
Net Investment in Capital Assets	7,319,911	15,366	7,335,277
Restricted for			
Capital Projects	1,119,301		1,119,301
Unrestricted	<u>207,228</u>	\$ -	<u>207,228</u>
Total Net Position	<u>\$ 8,646,440</u>	<u>\$ 15,366</u>	<u>\$ 8,661,806</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, 2014

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
Governmental Activities							
Instruction							
Regular	\$ 6,839,702	\$ 87,168	\$ 814,812	\$ 2,536	\$ (5,935,186)	\$ (5,935,186)	\$ (5,935,186)
Special Education	3,057,821	117,806	959,685		(1,980,330)	(1,980,330)	(1,980,330)
Other Instruction	243,694		38,936		(204,758)	(204,758)	(204,758)
School Sponsored Activities and Athletics	174,848				(174,848)	(174,848)	(174,848)
Support Services							
Student and Instruction Related Services	2,792,544		265,789		(2,526,755)	(2,526,755)	(2,526,755)
General Administrative Services	477,445				(477,445)	(477,445)	(477,445)
School Administrative Services	987,638		84,888		(902,750)	(902,750)	(902,750)
Central Services	407,775		25,217		(382,558)	(382,558)	(382,558)
Plant Operations and Maintenance	2,498,158		15,019	\$ 39,276	(2,443,863)	(2,443,863)	(2,443,863)
Pupil Transportation	1,035,975	95,578	47,635		(892,762)	(892,762)	(892,762)
Interest on Debt	322,926				(322,926)	(322,926)	(322,926)
Total Governmental Activities	18,838,526	300,552	2,251,981	41,812	(16,244,181)	(16,244,181)	(16,244,181)
Business-Type Activities							
Food Service	14,325	12,193				\$ (2,132)	(2,132)
Total Business-Type Activities	14,325	12,193				(2,132)	(2,132)
Total Primary Government	\$ 18,852,851	\$ 312,745	\$ 2,251,981	\$ 41,812	(16,244,181)	(2,132)	(16,246,313)
General Revenues							
Taxes							
Property Tax, Levied for General Purposes					15,629,073		15,629,073
Property Tax, Levied for Debt Service					1,041,731		1,041,731
Investment Earnings					6,442		6,442
Miscellaneous Income					58,109		58,109
Transfers					(322)	322	
Total General Revenues and Transfers					16,735,033	322	16,735,355
Change in Net Position					490,852	(1,810)	489,042
Net Position, Beginning of Year (Restated)					8,155,588	17,176	8,172,764
Net Position, End of Year					\$ 8,646,440	\$ 15,366	\$ 8,661,806

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

**FLORHAM PARK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2014**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 1,532,968		\$ 426,330		\$ 1,959,298
Receivables from Other Governments	83,205	\$ 125,048	317,380		525,633
Other Accounts Receivable		29,362			29,362
Due from Other Funds	<u>148,090</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>148,090</u>
Total Assets	<u>\$ 1,764,263</u>	<u>\$ 154,410</u>	<u>\$ 743,710</u>	<u>\$ -</u>	<u>\$ 2,662,383</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 200,014		\$ 48,450		\$ 248,464
Accrued Salaries and Wages	219,869				219,869
Intergovernmental Payable - State		\$ 12,988			12,988
Due to Other Funds	1,003	139,909			140,912
Unearned Revenue	<u>-</u>	<u>1,513</u>	<u>278,104</u>	<u>-</u>	<u>279,617</u>
Total Liabilities	<u>420,886</u>	<u>154,410</u>	<u>326,554</u>	<u>-</u>	<u>901,850</u>
Fund Balances					
Restricted					
Capital Reserve	269,755				269,755
Capital Reserve - Designated for Subsequent Year's Expenditures	432,390				432,390
Emergency Reserve	250,000				250,000
Capital Projects			417,156		417,156
Assigned					
Year End Encumbrances	24,000				-
Designated for Subsequent Year Expenditures	85,288				85,288
Unassigned	<u>281,944</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>281,944</u>
Total Fund Balances	<u>1,343,377</u>	<u>-</u>	<u>417,156</u>	<u>-</u>	<u>1,760,533</u>
Total Liabilities and Fund Balances	<u>\$ 1,764,263</u>	<u>\$ 154,410</u>	<u>\$ 743,710</u>	<u>\$ -</u>	

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 \$27,616,004 and the accumulated depreciation is \$12,577,466.

15,038,538

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.

338,445

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

(148,503)

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
Compensated Absences

\$ 8,057,072
285,501

(8,342,573)

Net position of governmental activities

\$ 8,646,440

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

FLORHAM PARK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 15,629,073			\$ 1,041,731	\$ 16,670,804
Tuition	204,974				204,974
Transportation Fees	95,578				95,578
Interest	6,442				6,442
Miscellaneous	58,109	\$ 54,777	\$ -	-	112,886
Total - Local Sources	15,994,176	54,777	-	1,041,731	17,090,684
State Sources	1,920,537	38,067	39,276		1,997,880
Federal Sources	-	241,136	-	-	241,136
Total Revenues	17,914,713	333,980	39,276	1,041,731	19,329,700
EXPENDITURES					
Current					
Instruction					
Regular	6,788,816	53,834			6,842,650
Special Education	2,867,917	193,811			3,061,728
Other Instruction	224,689	10,254			234,943
School-Sponsored Activities and Athletics	174,848				174,848
Support Services					
Student and Instruction Related Services	2,709,176	73,545			2,782,721
General Administrative Services	477,445				477,445
School Administrative Services	982,864				982,864
Central Services	391,628				391,628
Plant Operations and Maintenance	1,863,465				1,863,465
Student Transportation Services	1,013,299				1,013,299
Debt Service					
Principal				710,000	710,000
Interest and Other Charges				331,731	331,731
Capital Outlay	162,707	2,536	98,190	-	263,433
Total Expenditures	17,656,854	333,980	98,190	1,041,731	19,130,755
Excess (Deficiency) of Revenues Over (Under) Expenditures	257,859	-	(58,914)	-	198,945
OTHER FINANCING SOURCES (USES)					
Transfers In			476,070		476,070
Transfers Out	(476,392)	-	-	-	(476,392)
Total Other Financing Sources and Uses	(476,392)	-	476,070	-	(322)
Net Change in Fund Balances	(218,533)	-	417,156	-	198,623
Fund Balance, Beginning of Year	1,561,910	-	-	-	1,561,910
Fund Balance, End of Year	\$ 1,343,377	\$ -	\$ 417,156	\$ -	\$ 1,760,533

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, 2014**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ 198,623

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	\$ 263,433	
Depreciation Expense	<u>(692,808)</u>	
		(429,375)

The statement of activities report losses arising from the disposal of existing capital assets. Conversely, Governmental Funds do not report any loss on disposal of capital assets.

Loss on Disposal of Fixed Assets		(12,385)
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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):

Decrease in Compensated Absences		15,184
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Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities.

Serial Bond Principal		710,000
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Governmental funds report the effect of premiums and other such items related to the refunding bonds when they are first issued, whereas these amounts are deferred and amortized in the statement of activities.

Amortization of Bond Premium	69,334	
Amortization of Deferred Amounts on Refunding	<u>(67,610)</u>	
		1,724

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>7,081</u>
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Change in net position of governmental activities (Exhibit A-2) **\$ 490,852**

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

**FLORHAM PARK BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2014**

	Non-Major Enterprise Fund <u>Food Service</u>
ASSETS	
Non-Current Assets	
Capital Assets	
Equipment	\$ 116,396
Less: Accumulated Depreciation	<u>(101,030)</u>
Total Non-Current Assets	<u>15,366</u>
Total Assets	<u>15,366</u>
 NET POSITION	
Net Investment in Capital Assets	<u>15,366</u>
Total Net Position	<u><u>\$ 15,366</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, 2014**

	Non-Major Enterprise Fund <u>Food Service</u>
OPERATING REVENUES	
Local Sources	
Daily Sales	\$ <u>12,193</u>
Total Operating Revenues	<u>12,193</u>
OPERATING EXPENSES	
Cost of Sales	12,258
Purchased Services	257
Depreciation	<u>1,810</u>
Total Operating Expenses	<u>14,325</u>
Operating Loss Before Transfer	(2,132)
Transfer In	<u>322</u>
Changes in Net Position	(1,810)
Net Position, Beginning of Year	<u>17,176</u>
Net Position, End of Year	<u>\$ 15,366</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, 2014**

	Non-Major Enterprise Fund <u>Food Service</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 12,193
Cash Payments to Suppliers for Goods and Services	<u>(12,515)</u>
Net Cash (Used for) Operating Activities	<u>(322)</u>
Cash Flows from Noncapital Financing Activities	
Cash Received from General Fund	<u>322</u>
Net Cash Provided by Noncapital Financing Activities	<u>322</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>(2,132)</u>
Adjustments to Reconcile Operating Loss to Net Cash (Used for) Operating Activities	
Depreciation	<u>1,810</u>
Total Adjustments	<u>1,810</u>
Net Cash (Used for) Operating Activities	<u>\$ (322)</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, 2014**

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 53,111	\$ 5,854	\$ 71,364
Due from Other Funds	<u>5,745</u>	<u>-</u>	<u>-</u>
Total Assets	<u>58,856</u>	<u>5,854</u>	<u>\$ 71,364</u>
LIABILITIES			
Payroll Deductions and Withholdings			\$ 7,254
Due to Other Funds			12,923
Intergovernmental Payable - State	3,155		-
Due to Student Groups	<u>-</u>	<u>-</u>	<u>51,187</u>
Total Liabilities	<u>3,155</u>	<u>-</u>	<u>\$ 71,364</u>
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 55,701</u>	<u>\$ 5,854</u>	

**FLORHAM PARK BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>
ADDITIONS		
Contributions		
Board	\$ 35,000	
Employees	15,194	
Investment Earnings		
Interest	85	\$ 16
	<hr/>	<hr/>
Total Additions	50,279	16
DEDUCTIONS		
Scholarship Awards		325
Unemployment Claims and Contributions	33,051	-
	<hr/>	<hr/>
Total Deductions	33,051	325
Change in Net Position	17,228	(309)
Net Position, Beginning of Year	<hr/>	<hr/>
	38,473	6,163
Net Position, End of Year	<u>\$ 55,701</u>	<u>\$ 5,854</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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 2014, the District adopted the following GASB statements:

- GASB 66, *Technical Corrections – 2012, an Amendment of GASB Statements 10 and 62*. 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*.

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

- GASB 68, *Accounting and financial Reporting for Pensions*, will be effective beginning with the fiscal 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.

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB 69, *Government Combinations and Disposals of Government Operations* will be effective beginning with the fiscal year ending June 30, 2015. The objective of this Statement is to establish accounting and financial reporting standards for mergers, acquisitions, and transfers of operations (i.e., government combinations). The Statement also provides guidance on how to determine the gain or loss on a disposal of government operations. This Statement applies to all state and local governmental entities. The District does not expect this statement to impact its financial statements.

C. Basis of Presentation - Financial Statements

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

District-Wide Financial Statements

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

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

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

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.

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

The District reports the following major governmental funds:

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

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

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

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

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

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

Additionally, the government reports the following fund types:

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

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

Reclassifications

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

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

1. Cash, Cash Equivalents and Investments

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

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

**FLORHAM PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. Receivables

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

3. Inventories

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

4. Capital Assets

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

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

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

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

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred amounts on refunding of debt which results from the loss on a debt refunding reported in the district-wide statement of net position. 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.

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. *Compensated Absences*

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

7. *Long-Term Obligations*

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

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

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.

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

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

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

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

Capital Reserve - Designated for Subsequent Year's Budget – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2014/2015 District budget certified for taxes.

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.

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

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

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

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2014/2015 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.

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 1st in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

3. Tuition Revenues and Expenditures

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

Tuition Expenditures - Tuition charges for the fiscal years 2012-2013 and 2013-2014 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.

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2013/2014. Also, during 2013/2014 the Board increased the original budget by \$144,460. The increase was funded by additional surplus appropriated, grant awards and the reappropriation of prior year general fund encumbrances. During the fiscal year authorized and approved additional fund balance appropriations of \$107,955 from the general fund were made on July 22, 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 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.

**FLORHAM PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

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, 2014 is as follows:

Beginning balance		\$ 869,753
Increased by		
Return of Unexpended Capital Reserve		
Funds in District Budget	\$ 183,930	
Deposits Approved by Board Resolution	<u>308,462</u>	
		<u>492,392</u>
		1,362,145
Decreased by		
Withdrawals Approved in District Budget		<u>660,000</u>
Balance, June 30, 2013		<u>\$ 702,145</u>

The withdrawals from the capital reserve were for use in department approved facilities projects, consistent with the district's Long Range Facilities Plan. Of the \$702,145 balance at June 30, 2014, \$432,390 was designated and appropriated in the 2014/2015 district budget certified for taxes.

**FLORHAM PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2014, the book value of the Board's deposits were \$2,089,627 and bank and brokerage firm balances of the Board's deposits amounted to \$2,387,466. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ <u>2,387,466</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, 2014 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, 2014, the Board had no outstanding investments.

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2014 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>Capital Projects</u>	<u>Total</u>
Receivables:				
Intergovernmental				
Federal		\$ 123,718		\$ 123,718
State	\$ 32,954		\$ 317,380	350,334
Local	50,251	1,330	-	51,581
Other	-	29,362	-	29,362
Gross Receivables	83,205	154,410	317,380	554,995
Less: Allowance for Uncollectibles	-	-	-	-
Net Total Receivables	<u>\$ 83,205</u>	<u>\$ 154,410</u>	<u>\$ 317,380</u>	<u>\$ 554,995</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	\$ 1,513
Capital Projects Fund	
Unrealized School Facilities Grants	<u>278,104</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 279,617</u>

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,156,663			\$ 1,156,663
Construction in Progress	-	\$ 98,190	-	98,190
Total Capital Assets, Not Being Depreciated	<u>1,156,663</u>	<u>98,190</u>	<u>-</u>	<u>1,254,853</u>
Capital Assets, Being Depreciated:				
Land Improvements	1,369,190			1,369,190
Building and Building Improvements	22,556,453	94,530		22,650,983
Machinery and Equipment	2,433,149	70,713	\$ (162,884)	2,340,978
Total Capital Assets Being Depreciated	<u>26,358,792</u>	<u>165,243</u>	<u>(162,884)</u>	<u>26,361,151</u>
Less Accumulated Depreciation for:				
Land Improvements	(982,655)	(67,455)		(1,050,110)
Building and Building Improvements	(8,783,010)	(558,942)		(9,341,952)
Machinery and Equipment	(2,269,492)	(66,411)	150,499	(2,185,404)
Total Accumulated Depreciation	<u>(12,035,157)</u>	<u>(692,808)</u>	<u>150,499</u>	<u>(12,577,466)</u>
Total Assets, Being Depreciation, Net	<u>14,323,635</u>	<u>(527,565)</u>	<u>(12,385)</u>	<u>13,783,685</u>
Government Activities Capital Assets, Net	<u>\$ 15,480,298</u>	<u>\$ (429,375)</u>	<u>\$ (12,385)</u>	<u>\$ 15,038,538</u>

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 116,396	-	-	\$ 116,396
Total Capital Assets Being Depreciated	<u>116,396</u>	<u>-</u>	<u>-</u>	<u>116,396</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(99,220)	\$ (1,810)	-	(101,030)
Total Accumulated Depreciation	<u>(99,220)</u>	<u>(1,810)</u>	<u>-</u>	<u>(101,030)</u>
Total Capital Assets, Being Depreciated, Net	<u>17,176</u>	<u>(1,810)</u>	<u>-</u>	<u>15,366</u>
Business-Type Activities Capital Assets, Net	<u>\$ 17,176</u>	<u>\$ (1,810)</u>	<u>\$ -</u>	<u>\$ 15,366</u>

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

Governmental Activities:

Instruction	
Regular	\$ 8,290
Total Instruction	<u>8,290</u>

Support Services

Student and Instructional Related Services	5,856
School Administrative Services	30,266
Plant Operations and Maintenance	638,105
Pupil Transportation	10,291
Total Support Services	<u>684,518</u>

Total depreciation expense - governmental activities	<u>\$ 692,808</u>
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Business-Type Activities:

Food Service Fund	<u>\$ 1,810</u>
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**FLORHAM PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2014:

<u>Project</u>	<u>Remaining Commitment</u>
Ridgedale Middle School Replacement of Yankee Gutter and Cornice	<u>\$ 465,710</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2014, is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 139,909
General Fund	Payroll Agency Fund	8,181
Unemployment Compensation Trust Fund	General Fund	1,003
Unemployment Compensation Trust Fund	Payroll Agency Fund	<u>4,742</u>
Total		<u>\$ 153,835</u>

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

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

**FLORHAM PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

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

Interfund transfers

	Transfer In:		
	Capital Projects	Enterprise Food Service	Total
Transfer Out: General Fund	\$ 476,070	\$ 322	\$ 476,392
Total transfers	\$ 476,070	\$ 322	\$ 476,392

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

F. Leases

Operating Leases

The District leases copiers under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2014 were \$35,750. The future minimum lease payments for these operating leases are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2015	\$ 35,750
2016	35,750
2017	35,750
2018	27,248
Total	\$ 134,498

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, 2014 are comprised of the following issues:

\$9,185,000, 2009 Refunding Bonds, due in annual installments of \$730,000 to \$945,000 through July 15, 2022, interest at 2.75% to 5.00%	<u>\$7,710,000</u>
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**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

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

Governmental Activities:

Fiscal Year Ended <u>June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
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	870,000	175,344	1,045,344
2020-2023	<u>3,730,000</u>	<u>314,591</u>	<u>4,044,591</u>
	<u>\$ 7,710,000</u>	<u>\$ 1,556,809</u>	<u>\$ 9,266,809</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2014 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 91,797,202
Less: Net Debt	<u>7,710,000</u>
Remaining Borrowing Power	<u>\$ 84,087,202</u>

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable	\$ 8,420,000		\$ 710,000	\$ 7,710,000	\$ 730,000
Add: Original Issue Premium	416,406	-	69,334	347,072	-
Total Bonds Payable	8,836,406	-	779,334	8,057,072	730,000
Compensated Absences	300,685	\$ 12,812	27,996	285,501	46,722
Governmental Activity Long-Term Liabilities	<u>\$ 9,137,091</u>	<u>\$ 12,812</u>	<u>\$ 807,330</u>	<u>\$ 8,342,573</u>	<u>\$ 776,722</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 Group is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the Group, to report claims on a timely basis, cooperate with the management of the Group, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the Group. Members have a contractual obligation to fund any deficit of the Group attributable to a membership year during which they were a member.

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

**FLORHAM PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2014	\$ 35,000	\$ 15,194	\$ 33,051	\$ 55,701
2013	None	14,885	6,180	38,473
2012	None	16,068	29,958	29,697

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, 2014, 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, 2014, 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, 2014**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

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

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

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

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

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

Other Pension Funds

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

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems, but are currently suspended as a result of reform legislation.

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

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

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Basis of Accounting

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

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 PERS 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. 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.

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 64.5 percent with an unfunded actuarial accrued liability of \$47.2 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 56.7 percent and \$34.4 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 76.1 percent and \$12.8 billion.

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

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

Actuarial Methods and Assumptions

In the July 1, 2012 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems from 7.95 percent to 7.90 percent and (b) projected salary increases of 4.22 percent for the PERS and 3.51 % 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 6.6% for PERS, 6.6% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2014 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

**FLORHAM PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

During the fiscal years ended June 30, 2014, 2013 and 2012 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2014	\$ 197,018	\$ 309,416	\$ 8,833
2013	188,419	470,265	6,475
2012	192,795	231,228	4,717

During fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$309,416 for normal cost pension and NCGI premium. For fiscal years 2012/2013 and 2011/2012, the state contributed \$470,265 and \$231,228, respectively for normal cost pension, accrued liability and the NCGI premium.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$508,403 during the fiscal year ended June 30, 2014 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 classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 585 state and local participating employers and contributing entities for Fiscal Year 2013.

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.

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

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

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, 2012, the most recent actuarial valuation date, the State had a \$51.5 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$19.3 billion for state active and retired members and \$32.2 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Funded Status and Funding Progress (Continued)

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

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

Actuarial Methods and Assumptions

In the July 1, 2012, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

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, 2013, there were 100,134, retirees receiving post-retirement medical benefits and the State contributed \$1.07 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$173.8 million toward Chapter 126 benefits for 17,356 eligible retired members in Fiscal Year 2013.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2014, 2013 and 2012 were \$507,327, \$531,751 and \$464,830, 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.

BUDGETARY COMPARISON SCHEDULES

**FLORHAM PARK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
REVENUES					
Local Sources					
Property Tax Levy	\$ 15,629,073		\$ 15,629,073	\$ 15,629,073	
Tuition	192,500		192,500	204,974	\$ 12,474
Transportation Fees From Individuals	40,000		40,000	43,035	3,035
Transportation Fees From Other LEA's	50,000		50,000	52,543	2,543
Interest				6,442	6,442
Interest on Capital Reserve	500		500		(500)
Miscellaneous	23,000	-	23,000	58,109	35,109
Total Local Sources	15,935,073	-	15,935,073	15,994,176	59,103
State Sources					
Special Education Aid	411,749		411,749	411,749	
Transportation Aid	39,684		39,684	39,684	
Security Aid	14,991		14,991	14,991	
Extraordinary Aid	20,000		20,000	156,714	136,714
Additional Nonpublic Transportation Aid				8,064	8,064
Anti-Bullying Bill of Rights Act				1,928	1,928
On-behalf TPAF Pension Payments - Pension Contribution (Non-Budget)				284,320	284,320
NCGI Premium (Non-Budget)				25,096	25,096
On-behalf TPAF OPEB Payments - Post Retirement Medical Benefits (Non-Budget)				507,327	507,327
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	508,483	508,483
Total State Sources	486,424	-	486,424	1,958,356	1,471,932
Total Revenues	16,421,497	-	16,421,497	17,952,532	1,531,035
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	70,000	\$ (19,181)	50,819	50,819	
Kindergarten	291,000	2,348	293,348	293,348	
Grades 1-5	2,155,823	(118,188)	2,037,635	2,037,635	
Grades 6-8	1,544,600	102,776	1,647,376	1,647,376	
Regular Program - Home Instruction					
Salaries of Teachers	10,000	(1,951)	8,049	8,049	
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	235,000	26,220	261,220	261,220	
Purchased Professional/Educational Services	9,700	(3,081)	6,619	6,619	
Purchased Technical Services	38,745	(9,598)	29,147	29,147	
Other Purchased Services	150,050	(7,736)	142,314	142,314	
General Supplies	308,675	(18,032)	290,643	289,894	749
Textbooks	12,575	(2,500)	10,075	9,979	96
Other Objects	13,400	(5,446)	7,954	7,954	-
Total Regular Programs	4,839,568	(54,369)	4,785,199	4,784,354	845
Special Education Instruction					
Learning and/or Language Disabilities					
Salaries of Teachers	169,000	(14,403)	154,597	154,597	
Other Salaries for Instruction	32,000	(105)	31,895	31,895	
General Supplies	2,125		2,125	1,821	304
Textbooks	400	-	400	400	-
Total Learning and/or Language Disabilities	203,525	(14,508)	189,017	188,713	304

**FLORHAM PARK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
Resource Room/Resource Center					
Salaries of Teachers	\$ 869,000	\$ 155,830	\$ 1,024,830	\$ 1,024,830	
Other Salaries for Instruction	197,675	(10,471)	187,204	187,204	
General Supplies	3,050	800	3,850	3,316	\$ 534
Textbooks	700	-	700	500	200
Total Resource Room	1,070,425	146,159	1,216,584	1,215,850	734
Preschool Disabilities - Full-Time					
Salaries of Teachers	56,500	14,765	71,265	71,265	
Other Salaries for Instruction	35,400	(13,524)	21,876	21,876	
General Supplies	4,000	(293)	3,707	3,362	345
Total Preschool Disabilities - Full-Time	95,900	948	96,848	96,503	345
Total Special Education	1,369,850	132,599	1,502,449	1,501,066	1,383
Basic Skills/Remedial					
Salaries of Teachers	80,000	(812)	79,188	79,188	
General Supplies	600	-	600	-	600
Total Basic Skills/Remedial	80,600	(812)	79,788	79,188	600
Bilingual Education - Instruction					
Salaries of Teachers	39,000	9,827	48,827	48,827	
General Supplies	150	293	443	443	-
Total Bilingual Education - Instruction	39,150	10,120	49,270	49,270	-
School Sponsored Co/Extra Curricular Activities					
Salaries	70,000	788	70,788	70,788	
Supplies and Materials	7,700	(2,229)	5,471	5,083	388
Total School Sponsored Co/Extra Curricular Activities	77,700	(1,441)	76,259	75,871	388
School Sponsored Athletics					
Salaries	40,000	(5,327)	34,673	34,208	465
Purchased Services	11,500		11,500	11,500	
Supplies and Materials	5,140	2,321	7,461	7,461	
Other Objects	1,600	(92)	1,508	1,500	8
Total School Sponsored Athletics	58,240	(3,098)	55,142	54,669	473
Other Instructional Programs					
Salaries	20,000	4,539	24,539	24,539	
Supplies and Materials	850	-	850	577	273
Total Other Instructional Programs	20,850	4,539	25,389	25,116	273
Total Instruction	6,485,958	87,538	6,573,496	6,569,534	3,962
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State - Special	302,000	(38,946)	263,054	246,564	16,490
Tuition to Priv. Sch. for the Disabled Within the State	470,000	(37,421)	432,579	432,579	-
Total Undistributed Expenditures - Instruction	772,000	(76,367)	695,633	679,143	16,490

**FLORHAM PARK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Health Services					
Salaries	\$ 258,000	\$ 4,884	\$ 262,884	\$ 262,884	
Purchased Professional-Technical Services	5,000		5,000	5,000	
Other Purchased Services	1,080	(550)	530	365	\$ 165
Supplies and Materials	5,311	740	6,051	5,965	86
Other Objects	690	(190)	500	100	400
Total Health Services	270,081	4,884	274,965	274,314	651
Speech, OT, PT and Related Services					
Salaries	467,000	(21,442)	445,558	445,558	
Purchased Professional-Educational Services	82,800	8,864	91,664	90,788	876
Supplies and Materials	16,970	(9,939)	7,031	6,112	919
Total Speech, OT, PT and Related Services	566,770	(22,517)	544,253	542,458	1,795
Other Support Services-Students-Extra Serv.					
Salaries	95,000	49,976	144,976	144,976	-
Total Other Support Services - Students - Extra Serv.	95,000	49,976	144,976	144,976	-
Guidance					
Salaries of Other Professional Staff	159,000	7,646	166,646	166,646	
Salaries of Secretarial and Clerical Assistants	33,500	241	33,741	33,741	
Other Purchased Professional and Tech. Services	40,600	(5,266)	35,334	34,402	932
Other Purchased Services	250		250	250	250
Supplies and Materials	4,130	(848)	3,282	2,746	536
Other Objects	250	(6)	244	244	-
Total Guidance	237,730	1,767	239,497	237,779	1,718
Child Study Team					
Salaries of Other Professional Staff	320,000	(6,653)	313,347	312,981	366
Salaries of Secretarial and Clerical Assistants	66,000	302	66,302	66,302	
Other Purchased Professional and Tech. Services	11,950	(3,000)	8,950	7,570	1,380
Other Purchased Services	10,000		10,000	8,821	1,179
Supplies and Materials	13,300	(3,264)	10,036	9,468	568
Other Objects	1,950	-	1,950	656	1,294
Total Child Study Team	423,200	(12,615)	410,585	405,798	4,787
Improvement of Instructional Services					
Salaries of Other Professional Staff	58,000	(6,488)	51,512	48,660	2,852
Other Salaries	24,000		24,000	24,000	
Other Purchased Services	-	250	250	250	-
Total Improvement of Instructional Services	82,000	(6,238)	75,762	72,910	2,852
Educational Media Services/School Library					
Salaries	125,628	31,101	156,729	156,729	
Purchased Professional and Technical Services	3,200		3,200	3,140	60
Other Purchased Services	7,214	(2,000)	5,214	4,515	699
Supplies and Materials	28,121	(14,524)	13,597	12,776	821
Other Objects	3,000	(1,500)	1,500	33	1,467
Total Educational Media Serv./School Library	167,163	13,077	180,240	177,193	3,047
Instructional Staff Training Services					
Salaries of Other Professional Staff	58,000	(9,340)	48,660	48,660	
Other Salaries	10,000	(3,850)	6,150	6,150	
Purchased Professional/Educational Services	50,250	(720)	49,530	22,601	26,929
Other Purchased Services	6,250	870	7,120	5,444	1,676
Other Objects	1,210	-	1,210	1,049	161
Total Staff Training Services	125,710	(13,040)	112,670	83,904	28,766

**FLORHAM PARK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Support Services General Administration					
Salaries	\$ 219,360	\$ (18,718)	\$ 200,642	\$ 200,642	
Legal Services	30,000	11,633	41,633	41,633	
Audit Fees	24,500	23,900	48,400	24,400	\$ 24,000
Other Purchased Professional Services	4,000	(865)	3,135	3,135	
Communications/Telephone	50,000	(6,232)	43,768	43,768	
Miscellaneous Purchased Services	31,000	394	31,394	31,283	111
General Supplies	4,000	9,703	13,703	13,630	73
Miscellaneous Expenditures	22,000	(13,883)	8,117	8,117	-
Total Support Services General Administration	384,860	5,932	390,792	366,608	24,184
Support Services School Administration					
Salaries of Principal/Asst. Principals	413,975	4,191	418,166	418,166	
Salaries of Other Professional Staff	35,000	(1,667)	33,333	33,333	
Salaries of Secretarial and Clerical Assistants	201,000	(19,800)	181,200	181,200	
Purchased Professional and Technical Services	1,300	(550)	750	750	
Other Purchased Services	14,100	8,106	22,206	22,170	36
Supplies and Materials	22,450	(12,273)	10,177	10,103	74
Other Objects	9,070	(3,856)	5,214	5,207	7
Total Support Services School Administration	696,895	(25,849)	671,046	670,929	117
Support Services Central Services					
Salaries	242,498	25	242,523	242,523	
Purchased Technical Services	22,500	-	22,500	21,818	682
Miscellaneous Purchased Services	14,000	(1,021)	12,979	12,798	181
Supplies and Materials	5,000	(112)	4,888	4,634	254
Miscellaneous Expenditures	1,500	87	1,587	1,587	-
Total Support Central School Administration	285,498	(1,021)	284,477	283,360	1,117
Required Maintenance for School Facilities					
Salaries	186,500		186,500	186,500	
Cleaning, Repair and Maintenance Services	88,100	52,890	140,990	140,990	
General Supplies	33,000	(8,441)	24,559	24,559	
Other Objects	400	(300)	100	100	-
Total Required Maintenance for School Fac.	308,000	44,149	352,149	352,149	-
Custodial Services					
Salaries	502,418	26,536	528,954	513,424	15,530
Purchased Prof. And Technical Serv.	50,000	(6,308)	43,692	43,692	
Cleaning, Repair and Maint. Serv.	16,500	5,257	21,757	21,757	
Other Purchased Property Services	22,000	5,869	27,869	27,332	537
Insurance	72,000	8,985	80,985	80,911	74
Miscellaneous Purchased Services	14,000	3,326	17,326	17,124	202
General Supplies	39,500	5,929	45,429	45,429	
Energy (Natural Gas)	90,000	2,232	92,232	92,232	
Energy (Electricity)	285,000	(44,787)	240,213	240,213	
Other Objects	2,000	(886)	1,114	1,114	-
Total Custodial Services	1,093,418	6,153	1,099,571	1,083,228	16,343
Care and Upkeep of Grounds					
Salaries	62,000		62,000	62,000	
Purchased Professional and Technical Services	2,500	(519)	1,981	1,981	
Cleaning, Repair and Maintenance Svc.	11,500	10,975	22,475	22,475	
General Supplies	19,500	(2,047)	17,453	17,453	-
Total Care and Upkeep of Grounds	95,500	8,409	103,909	103,909	-

**FLORHAM PARK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Student Transportation Services					
Salaries of Non-Instructional Aides	\$ 84,000	\$ 13,985	\$ 97,985	\$ 97,985	
Salaries for Pupil Transportation (Between Home and School) - Regular	102,418	(13,659)	88,759	88,759	
Salaries for Pupil Transportation (Between Home and School) - Sp Ed	172,000	63,121	235,121	235,121	
Salaries for Pupil Transportation (Between Home and School) - Non-Public	40,000	9,292	49,292	49,292	
Management Fee - ESC & CTSA Transp. Prog.	6,000	(3,172)	2,828	2,828	
Other Purchased Prof. and Technical Serv.	2,000	(1,360)	640	640	
Cleaning, Repair and Maintenance Services	35,000	(3,241)	31,759	31,600	\$ 159
Contracted Services - Aid in Lieu of Payments Non-Public	45,000	5,918	50,918	50,918	
Contracted Services (Other than Between Home and Sch) - Vendors	5,000	(5,000)			
Contracted Services (Spl. Ed. Students) - Vendors					
Contracted Services (Spl. Ed. Students) - Joint Agreements	130,000	10,654	140,654	140,654	
Contracted Services (Reg. Students) - ESCs & CTSA	3,000		3,000	3,000	
Contracted Services (Spl. Ed. Students) - ESCs & CTSA	50,000	1,067	51,067	51,067	
Misc. Purchased Serv. - Transportation	24,000	2,713	26,713	26,713	
General Supplies	29,000	5,140	34,140	34,140	
Other Objects	1,500	300	1,800	1,757	43
Total Student Transportation Services	728,918	85,758	814,676	814,474	202
Unallocated Benefits - Employee Benefits					
Social Security Contributions	225,000	14,671	239,671	239,671	
Other Retirement Contributions - PERS	195,000	2,887	197,887	197,018	869
Other Retirement Contributions - DCRP	6,000	3,216	9,216	8,833	383
Unemployment Compensation	5,000	30,000	35,000	35,000	
Workers Compensation	96,000	4,586	100,586	100,586	
Health Benefits	2,980,000	(117,362)	2,862,638	2,602,544	260,094
Tuition Reimbursement	25,000	-	25,000	24,105	895
Other Employee Benefits	55,000	2,442	57,442	57,442	-
Total Unallocated Benefits - Employee Benefits	3,587,000	(59,560)	3,527,440	3,265,199	262,241
On-behalf TPAF Pension Payments -					
Pension Contribution (Non-Budget)				284,320	(284,320)
NCGI Premium (Non-Budget)				25,096	(25,096)
On-behalf TPAF OPEB Payments -					
Post Retirement Medical Benefits (Non-Budget)				507,327	(507,327)
On-behalf TPAF Social Security Payments (Non-Budget)					
	-	-	-	508,483	(508,483)
Total On-Behalf Payments	-	-	-	1,325,226	(1,325,226)
Total Undistributed Expenditures	9,919,743	2,898	9,922,641	10,883,557	(960,916)
Total Expenditures - Current Expenditures	16,405,701	90,436	16,496,137	17,453,091	(956,954)

**FLORHAM PARK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CAPITAL OUTLAY					
Equipment					
Undistributed:					
Care and Upkeep of Grounds	\$ 13,000	\$ 34,967	\$ 47,967	\$ 47,967	
School Buses - Special	-	20,210	20,210	20,210	-
Total Equipment	<u>13,000</u>	<u>55,177</u>	<u>68,177</u>	<u>68,177</u>	<u>-</u>
Facilities Acquisition and Construction Services					
Architect/Engineering Services	70,000		70,000	2,700	\$ 67,300
Construction Services	695,000	(476,070)	218,930	94,482	124,448
Other Objects	40,348	(14,180)	26,168	26,168	-
Total Facilities Acquis. and Const. Services	<u>805,348</u>	<u>(490,250)</u>	<u>315,098</u>	<u>123,350</u>	<u>191,748</u>
Increase in Capital Reserve	500	-	500	-	500
Total Capital Outlay	<u>818,848</u>	<u>(435,073)</u>	<u>383,775</u>	<u>191,527</u>	<u>192,248</u>
Transfer of Funds to Charter Schools	12,236	-	12,236	12,236	-
Total Expenditures	<u>17,236,785</u>	<u>(344,637)</u>	<u>16,892,148</u>	<u>17,656,854</u>	<u>(764,706)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(815,288)</u>	<u>344,637</u>	<u>(470,651)</u>	<u>295,678</u>	<u>766,329</u>
Other Financing Sources (Uses)					
Transfer Out - Capital Projects Fund		(476,070)	(476,070)	(476,070)	-
Operating Transfers Out - Enterprise Fund	-	(322)	(322)	(322)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(476,392)</u>	<u>(476,392)</u>	<u>(476,392)</u>	<u>-</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources	<u>(815,288)</u>	<u>(131,755)</u>	<u>(947,043)</u>	<u>(180,714)</u>	<u>766,329</u>
Fund Balance, Beginning of Year	<u>1,723,079</u>	<u>-</u>	<u>1,723,079</u>	<u>1,723,079</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 907,791</u>	<u>\$ (131,755)</u>	<u>\$ 776,036</u>	<u>\$ 1,542,365</u>	<u>\$ 766,329</u>

Recapitulation of Fund Balance

Restricted Fund Balance:	
Capital Reserve	\$ 269,755
Capital Reserve-Designated for Subsequent Year's Expenditures	432,390
Emergency Reserve	250,000
Assigned Fund Balance	
Year End Encumbrances	24,000
Designated for Subsequent Year's Expenditures	85,288
Unassigned Fund Balance	<u>480,932</u>
	1,542,365
Reconciliation to Governmental Funds Statements (GAAP):	
Less: State Aid Payment Not Recognized on GAAP Basis	<u>(198,988)</u>
Fund Balance Per Governmental Funds (GAAP)	<u>\$ 1,343,377</u>

**FLORHAM PARK BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
Federal	\$ 253,643	\$ (9,681)	\$ 243,962	\$ 241,136	\$ (2,826)
State	44,307	6,748	51,055	38,067	(12,988)
Local	50,000	15,638	65,638	54,777	(10,861)
Total Revenues	<u>347,950</u>	<u>12,705</u>	<u>360,655</u>	<u>333,980</u>	<u>(26,675)</u>
EXPENDITURES					
Instruction					
Tuition	226,982	(32,608)	194,374	193,811	563
General Supplies	52,574	14,861	67,435	56,574	10,861
Textbooks	6,975	539	7,514	7,514	-
Total Instruction	<u>286,531</u>	<u>(17,208)</u>	<u>269,323</u>	<u>257,899</u>	<u>11,424</u>
Support Services					
Salaries		1,243	1,243	1,243	-
Purchased Professional/Technical Services	34,758	14,573	49,331	34,080	15,251
Purchased Professional/Educational Services	26,661	11,561	38,222	38,222	-
Total Support Services	<u>61,419</u>	<u>27,377</u>	<u>88,796</u>	<u>73,545</u>	<u>15,251</u>
Facilities Acquisition and Construction Services					
Equipment	-	2,536	2,536	2,536	-
Total Facilities Acquisition and Const. Svc.	<u>-</u>	<u>2,536</u>	<u>2,536</u>	<u>2,536</u>	<u>-</u>
Total Expenditures	<u>347,950</u>	<u>12,705</u>	<u>360,655</u>	<u>333,980</u>	<u>26,675</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**FLORHAM PARK BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

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

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 17,952,532	(C-2) \$ 333,980
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, 2013		-
Encumbrances, June 30, 2014		-
State Aid payment recognized for GAAP purpose not recognized for Budgetary statements (2012/2013 State aid)	161,169	
State Aid payments recognized for budgetary purpose not recognized for GAAP statements (2013/2014 State aid)	<u>(198,988)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2) \$ <u>17,914,713</u>	(B-2) \$ <u>333,980</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ 17,656,854	(C-2) \$ 333,980
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, 2013		-
Encumbrances, June 30, 2014	<u>-</u>	<u>-</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>17,656,854</u>	(B-2) \$ <u>333,980</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, 2014

	IDEIA Part B <u>Basic</u>	IDEIA Part B <u>Preschool</u>	NCLB Title IIA	Local <u>Grants</u>	Total Exhibit E-1A	<u>2014</u>
REVENUES						
Intergovernmental						
Federal	\$ 208,253	\$ 6,267	\$ 26,616		\$ 38,067	\$ 241,136
State						38,067
Local	-	-	-	\$ 54,777	-	54,777
Total Revenues	<u>\$ 208,253</u>	<u>\$ 6,267</u>	<u>\$ 26,616</u>	<u>\$ 54,777</u>	<u>\$ 38,067</u>	<u>\$ 333,980</u>
EXPENDITURES						
Instruction						
Tuition	193,811					193,811
General Supplies	-	-	\$ 1,593	\$ 52,241	\$ 2,740	\$ 56,574
Textbooks	-	-	-	-	7,514	7,514
Total Instruction	<u>193,811</u>	<u>-</u>	<u>1,593</u>	<u>52,241</u>	<u>10,254</u>	<u>257,899</u>
Support Services						
Salaries			1,243			1,243
Purchased Professional/Technical Services	14,442	6,267			27,813	34,080
Purchased Professional/Educational Services	-	-	23,780	-	-	38,222
Total Support Services	<u>14,442</u>	<u>6,267</u>	<u>25,023</u>	<u>-</u>	<u>27,813</u>	<u>73,545</u>
Facilities Acquisition and Construction Services						
Equipment	-	-	-	2,536	-	2,536
Total Facilities Acquisition and Const. Svc	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,536</u>	<u>-</u>	<u>2,536</u>
Total Expenditures	<u>\$ 208,253</u>	<u>\$ 6,267</u>	<u>\$ 26,616</u>	<u>\$ 54,777</u>	<u>\$ 38,067</u>	<u>\$ 333,980</u>

FLORHAM PARK BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Nonpublic Nursing	Nonpublic Textbooks	Nonpublic Technology	Nonpublic Compensatory Instruction	Corrective Speech	Nonpublic Ch. 193 Exam & Classification	Supplemental Instruction	Total E-1A
REVENUES								
Intergovernmental								
Federal								
State	\$ 10,577	\$ 7,514	\$ 2,740	\$ 2,568	\$ 6,015	\$ 4,143	\$ 4,510	\$ 38,067
Local	-	-	-	-	-	-	-	-
Total Revenues	\$ 10,577	\$ 7,514	\$ 2,740	\$ 2,568	\$ 6,015	\$ 4,143	\$ 4,510	\$ 38,067
EXPENDITURES								
Instruction								
Tuition			\$ 2,740					\$ 2,740
General Supplies								7,514
Textbooks		\$ 7,514						
Total Instruction		\$ 7,514	\$ 2,740					\$ 10,254
Support Services								
Salaries								
Purchased Professional/Technical Services	\$ 10,577			\$ 2,568	\$ 6,015	\$ 4,143	\$ 4,510	\$ 27,813
Purchased Professional/Educational Services								
Total Support Services	\$ 10,577			\$ 2,568	\$ 6,015	\$ 4,143	\$ 4,510	\$ 27,813
Facilities Acquisition and Construction Services								
Equipment								
Total Facilities Acquisition and Const. Svc								
Total Expenditures	\$ 10,577	\$ 7,514	\$ 2,740	\$ 2,568	\$ 6,015	\$ 4,143	\$ 4,510	\$ 38,067

**FLORHAM PARK BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION PROGRAM AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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, 2014**

<u>Issue/Project Title</u>	<u>Appropriation</u>	<u>Current Year</u>	<u>Unexpended Balance, June 30, 2014</u>
Ridgedale Middle School Replacement of Yankee Gutter and Cornice	\$ 793,450	\$ 98,190	\$ 695,260
Total	<u>793,450</u>	<u>98,190</u>	<u>695,260</u>

Reconciliation to GAAP Basis

Project Balance, June 30, 2014	\$ 695,260
Less Unrealized Grant Awards	<u>(278,104)</u>
Fund Balance, June 30, 2014 - GAAP Basis	<u>\$ 417,156</u>

Recapitulation of Fund Balance

Restricted for Capital Projects:	
Year End Encumbrances	\$ 465,710
Available for Capital Projects	<u>(48,554)</u>
Total Fund Balance - Restricted for Capital Projects	<u>\$ 417,156</u>

**FLORHAM PARK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Revenues and Other Financing Sources	
State Sources - SDA Grant	\$ 317,380
Local Sources -	
Transfer from Capital Reserve	<u>476,070</u>
Total Revenues	<u>793,450</u>
Expenditures and Other Financing Uses	
Architect Engineer	49,740
Construction Services	<u>48,450</u>
Total Expenditures and Other Financing Uses	<u>98,190</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	695,260
Fund Balance - Beginning of Year	<u>-</u>
Fund Balance - End of Year - Budgetary	<u>\$ 695,260</u>
 <u>Reconciliation to GAAP Basis</u>	
Fund Balance, June 30, 2014 - Budgetary Basis	\$ 695,260
Less Unearned Revenue (Unearned SDA Grant)	<u>(278,104)</u>
Fund Balance, June 30, 2014 - GAAP Basis	<u>\$ 417,156</u>

**FLORHAM PARK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
RIDGEDALE MIDDLE SCHOOL REPLACEMENT OF YANKEE GUTTER AND CORNICE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Prior Year</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant		\$ 317,380	317,380	317,380
Local Sources - Transfer from Capital Reserve	-	476,070	476,070	476,070
Total Revenues	-	793,450	793,450	793,450
Expenditures and Other Financing Uses				
Architect Engineer		49,740	49,740	57,000
Construction Services	-	48,450	48,450	736,450
Total Expenditures	-	98,190	98,190	793,450
Excess (Deficiency) or Revenues Over (Under) Expenditures	\$ -	\$ 695,260	\$ 695,260	\$ -
Additional Project Information:				
DOE Project Number	#1530-030-14-1001			
SDA Project Number	#1530-030-14-G2FL			
Grant Date	G5-5563			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Original Authorized Cost	\$	793,450		
Additional Authorized Cost		-		
Revised Authorized Cost	\$	793,450		
Percentage Increase Over Original Authorized Cost	N/A			
Percentage Completion	12.38%			
Original Target Completion Date	September 2014			
Revised Target Completion Date	September 2014			

ENTERPRISE FUND

**FLORHAM PARK BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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, 2014**

Financial Statements are Presented on Exhibit B-5

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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, 2014**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 51,187	\$ 20,177	\$ 71,364
Total Assets	<u>\$ 51,187</u>	<u>\$ 20,177</u>	<u>\$ 71,364</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 7,254	\$ 7,254
Due to Other Funds		12,923	12,923
Due to Student Groups	<u>\$ 51,187</u>	<u>-</u>	<u>51,187</u>
Total Liabilities	<u>\$ 51,187</u>	<u>\$ 20,177</u>	<u>\$ 71,364</u>

**FLORHAM PARK BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-8

**STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Balance, July 1, 2013</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2014</u>
ELEMENTARY SCHOOLS				
Briarwood	\$ 4,485	\$ 8,026	\$ 9,761	\$ 2,750
Brooklake	2,079	19,621	17,422	4,278
MIDDLE SCHOOLS				
Ridgedale Athletics	992	4,505	5,496	1
Ridgedale	<u>61,657</u>	<u>115,167</u>	<u>132,666</u>	<u>44,158</u>
Total All Schools	<u>\$ 69,213</u>	<u>\$ 147,319</u>	<u>\$ 165,345</u>	<u>\$ 51,187</u>

**FLORHAM PARK BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Balance, July 1, <u>2013</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2014</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 7,585	\$ 4,703,608	\$ 4,703,939	\$ 7,254
Accrued Salaries and Wages	2,028	6,245,867	6,247,895	-
Flex Spending Deposits		11,106	11,106	-
Due to Other Funds	<u>5,914</u>	<u>23,554</u>	<u>16,545</u>	<u>12,923</u>
 Total	 <u>\$ 15,527</u>	 <u>\$ 10,984,135</u>	 <u>\$ 10,979,485</u>	 <u>\$ 20,177</u>

LONG-TERM DEBT

**FLORHAM PARK BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

<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, 2013</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2014</u>
School District Refunding Bonds - 2009	9/10/2009	\$ 9,185,000	7/15/2014	\$ 730,000	3.000 %				
			7/15/2015	360,000	2.750				
			7/15/2015	400,000	5.000				
			7/15/2016	100,000	3.500				
			7/15/2016	690,000	5.000				
			7/15/2017	830,000	5.000				
			7/15/2018	300,000	3.500				
			7/15/2018	570,000	4.250				
			7/15/2019	190,000	3.500				
			7/15/2019	715,000	4.375				
			7/15/2020	940,000	4.500				
			7/15/2021	940,000	4.250				
			7/15/2022	945,000	4.000				
						\$ 8,420,000	-	\$ 710,000	\$ 7,710,000
						\$ 8,420,000	\$ -	\$ 710,000	\$ 7,710,000

Paid By Budget Appropriation \$ 710,000

**FLORHAM PARK BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOT APPLICABLE

**FLORHAM PARK BOARD OF EDUCATION
LONG-TERM DEBT
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

REVENUES	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Local Sources					
Property Tax Levy	\$ 1,041,731	-	\$ 1,041,731	\$ 1,041,731	-
Total Revenues	<u>1,041,731</u>	<u>-</u>	<u>1,041,731</u>	<u>1,041,731</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	710,000		710,000	710,000	
Interest	331,731		331,731	331,731	
Total Expenditures	<u>1,041,731</u>	<u>-</u>	<u>1,041,731</u>	<u>1,041,731</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)

	2005	2006	2007	2008	2009	2010	2011 (1)	2012	2013	2014
Governmental activities										
Net Investment in capital assets	\$ 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	\$ 7,319,911
Restricted	104,339	209,068	89,270	32,035	200,677	223,326	384,597	664,955	869,753	1,119,301
Unrestricted	(212,420)	(374,914)	(386,831)	37,626	1,979	(24,502)	(5,237)	200,902	235,888	207,228
Total governmental activities net position	\$ 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	\$ 8,646,440
Business-type activities										
Net Investment in capital assets	\$ 3,721	\$ 3,235	\$ 2,322	\$ 1,409	\$ 496	\$ 4,334	\$ 4,730	\$ 9,412	\$ 17,176	\$ 15,366
Restricted	3,511	(6,950)	(13,693)	2,099	3,999	780				
Unrestricted	7,232	(3,715)	(11,371)	3,508	4,495	5,114	4,730	9,412	17,176	15,366
Total business-type activities net position	\$ 3,511	\$ (3,715)	\$ (11,371)	\$ 3,508	\$ 4,495	\$ 5,114	\$ 4,730	\$ 9,412	\$ 17,176	\$ 15,366
District-wide										
Net Investment in capital assets	\$ 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	\$ 7,335,277
Restricted	104,339	209,068	89,270	32,035	200,677	223,326	384,597	664,955	869,753	1,119,301
Unrestricted	(208,909)	(381,864)	(400,544)	39,725	5,978	(23,722)	(5,237)	200,902	235,888	207,228
Total district net position	\$ 6,751,902	\$ 6,592,537	\$ 6,433,467	\$ 6,761,502	\$ 6,908,611	\$ 7,069,983	\$ 7,198,683	\$ 7,701,168	\$ 8,172,764	\$ 8,661,806

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)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 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	\$ 6,839,702
Special Education	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	3,057,821
Other Instruction	70,221	69,663	83,439	80,730	67,043	108,418	141,708	213,722	197,548	243,694
School Sponsored Activities and Athletics	129,699	139,489	139,328	150,045	148,318	148,955	148,770	156,927	153,681	174,848
Support Services:										
Student & Instruction Related Services	1,817,140	2,250,544	2,428,809	2,435,868	2,558,454	2,659,787	2,493,445	2,711,681	2,865,286	2,792,544
General Administrative Services	557,374	548,193	491,435	537,995	518,851	574,800	597,239	593,874	605,846	471,445
School Administrative Services	654,996	721,807	836,001	961,645	968,615	1,081,152	1,061,376	1,084,544	1,049,373	987,638
Central Services/Business Services	250,832	292,896	407,181	347,440	345,659	338,009	365,831	395,547	388,815	407,775
Plant Operations and Maintenance	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	2,498,158
Pupil Transportation	773,436	826,229	1,031,136	922,126	803,849	804,200	816,834	900,848	964,524	1,035,975
Interest on Long-Term Debt	688,584	665,301	509,513	524,666	513,234	372,251	383,267	355,199	338,146	322,926
Total Governmental Activities Expenses	14,848,683	15,872,191	17,106,249	17,360,235	17,182,851	18,096,868	17,396,783	17,909,091	18,522,982	18,838,526
Business-Type Activities:										
Food Service	19,694	21,407	19,214	13,116	16,412	14,561	13,708	13,592	14,628	14,325
Enrichment Program		5,206	4,058							
Total Business-Type Activities Expense	19,694	26,613	23,272	13,116	16,412	14,561	13,708	13,592	14,628	14,325
Total District Expenses	\$ 14,868,377	\$ 15,898,804	\$ 17,129,521	\$ 17,313,351	\$ 17,199,263	\$ 18,111,429	\$ 17,410,491	\$ 17,922,683	\$ 18,537,610	\$ 18,852,851
Program Revenues										
Governmental Activities:										
Charges for Services:										
Pupil Transportation	\$ 42,363	\$ 42,853	\$ 74,708	\$ 118,587	\$ 111,551	\$ 130,101	\$ 119,141	\$ 100,618	\$ 100,523	\$ 95,578
Tuition	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	2,251,981
Operating Grants and Contributions	65,157	90,577	-	6,500	480	53,026	14,100	-	25,789	41,812
Capital Grants and Contributions	2,121,943	2,355,390	2,733,096	2,829,898	2,301,999	2,777,625	1,932,877	2,575,388	2,851,101	2,594,345
Total Governmental Activities Program Revenues	4,644,886	5,070,810	5,939,202	6,759,816	5,604,018	6,596,782	3,868,529	5,291,539	5,322,835	5,083,718
Business-type activities:										
Charges for Services	8,700	8,615	8,317	7,681	9,143	8,226	8,413	12,150	12,415	12,193
Food Service			855							
Enrichment Program	7,476	6,624	6,444	6,252	8,256	6,954	2,725			
Operating Grants and Contributions										
Capital Grants and Contributions	16,176	15,239	15,616	13,933	17,399	15,180	11,138	12,150	21,582	12,193
Total Business Type Activities Program Revenues	2,138,119	2,350,629	2,748,712	2,843,831	2,319,398	2,792,805	1,944,015	2,587,538	2,872,683	2,606,538
Total District Program Revenues	\$ 2,138,119	\$ 2,350,629	\$ 2,748,712	\$ 2,843,831	\$ 2,319,398	\$ 2,792,805	\$ 1,944,015	\$ 2,587,538	\$ 2,872,683	\$ 2,606,538

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net (Expense)/Revenue										
Governmental Activities	\$ (12,726,740)	\$ (13,556,801)	\$ (14,373,153)	\$ (14,470,337)	\$ (14,880,852)	\$ (15,319,243)	\$ (15,463,906)	\$ (15,333,703)	\$ (15,671,881)	\$ (16,244,181)
Business-Type Activities	(3,518)	(11,374)	(7,656)	817	987	619	(2,570)	(1,442)	6,954	(2,132)
Total District-Wide Net Expense	\$ (12,730,258)	\$ (13,548,175)	\$ (14,380,809)	\$ (14,469,520)	\$ (14,879,865)	\$ (15,318,624)	\$ (15,466,476)	\$ (15,335,145)	\$ (15,664,927)	\$ (16,246,313)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 11,307,037	\$ 12,359,375	\$ 12,813,493	\$ 13,433,441	\$ 13,822,785	\$ 14,278,900	\$ 14,617,866	\$ 14,764,011	\$ 15,050,909	\$ 15,629,073
Property Taxes Levied for Debt Service	1,064,420	1,055,500	1,053,365	1,054,780	1,054,628	1,053,010	955,617	1,039,666	1,042,719	1,041,731
Unrestricted Aid, Grants and Contributions	112,719	71,994	154,468	177,788	4,010					
Investment Earnings	22,755	25,864	33,880	19,425	11,786	4,256	7,592	6,182	5,653	6,442
Miscellaneous Income	30,242	39,708	166,513	112,121	133,765	143,830	111,931	27,771	37,242	58,109
Transfers	-	-	-	(14,062)	-	-	(2,186)	(6,124)	(810)	(322)
Total Governmental Activities	12,534,173	13,552,441	14,221,719	14,783,493	15,026,974	15,479,996	15,690,820	15,831,506	16,135,713	16,735,033
Business-Type Activities:										
Investment Earnings	-	-	-	14,062	-	-	2,186	6,124	810	322
Transfers	-	-	-	14,062	-	-	2,186	6,124	810	322
Total Business-Type Activities	\$ 12,534,173	\$ 13,552,441	\$ 14,221,719	\$ 14,797,555	\$ 15,026,974	\$ 15,479,996	\$ 15,693,006	\$ 15,837,630	\$ 16,136,523	\$ 16,735,355
Special Items										
Governmental Activities:										
Loss on Disposal of Assets	-	\$ (164,038)	-	-	-	-	-	-	-	-
Total Governmental Activities	-	(164,038)	-	-	-	-	-	-	-	-
Change in Net Position										
Governmental Activities	\$ (192,567)	\$ (148,398)	\$ (151,434)	\$ 313,156	\$ 146,122	\$ 160,753	\$ 226,914	\$ 497,803	\$ 463,832	\$ 490,852
Business-Type Activities	(3,518)	(11,374)	(7,656)	14,879	987	619	(384)	4,682	7,764	(1,810)
Total District	\$ (196,085)	\$ (159,972)	\$ (159,090)	\$ 328,035	\$ 147,109	\$ 161,372	\$ 226,530	\$ 502,485	\$ 471,596	\$ 489,042

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

(Unaudited)
(modified accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved	\$ 69,676	\$ 273,700	\$ 102,749	\$ 218,376	\$ 493,163	\$ 499,997				
Unreserved	315,505	167,599	139,887	404,841	165,798	153,110				
Restricted							\$ 634,597	\$ 914,955	\$ 1,119,753	\$ 952,145
Committed							29,868	175,988	179,088	109,288
Assigned							165,593	238,004	263,069	281,944
Unassigned										
Total General Fund	\$ 385,181	\$ 441,299	\$ 242,636	\$ 623,217	\$ 658,961	\$ 653,107	\$ 830,058	\$ 1,328,947	\$ 1,561,910	\$ 1,343,377
All Other Governmental Funds										
Reserved	\$ 130,308				\$ 103,817					
Unreserved	(40,506)	\$ 6,921	\$ 6,921	\$ 6,921	(8,516)	\$ 80,789				417,156
Restricted										
Committed										
Assigned										
Total all other governmental funds	\$ 89,802	\$ 6,921	\$ 6,921	\$ 6,921	\$ 95,301	\$ 80,789	\$ -	\$ -	\$ -	\$ 417,156

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)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Property Tax Levy	\$ 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	\$ 16,670,804
Tuition						64,462	75,225	360,237	283,367	204,974
Transportation Fees	42,363	42,853	74,708	118,587	111,531	130,101	119,141	100,618	100,523	95,578
Interest Earnings	22,755	25,864	33,880	19,425	11,786	19,425	7,592	6,182	5,653	6,442
Miscellaneous	30,242	79,708	175,765	155,078	204,151	201,954	145,355	127,803	102,034	112,886
State Sources	1,982,174	2,074,304	2,524,684	2,596,142	1,871,212	2,090,671	1,595,974	1,754,490	2,143,690	1,997,880
Federal Sources	210,125	250,227	278,920	250,000	252,880	434,267	309,113	280,011	258,729	241,136
Total Revenue	14,656,116	15,887,831	16,954,815	17,627,453	17,328,973	18,257,621	17,625,883	18,413,018	18,987,624	19,329,700
Expenditures										
Instruction										
Regular Instruction	5,515,212	5,736,178	6,568,515	6,682,753	6,555,456	6,836,216	6,351,479	6,247,254	6,807,333	6,842,650
Special Education Instruction	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	3,061,728
Other Instruction	70,221	69,663	83,439	80,750	67,043	108,418	141,708	197,575	206,299	234,943
School Sponsored Activities/Athletics	128,311	139,489	139,328	150,045	148,318	148,955	148,770	156,927	153,681	174,848
Support Services:										
Student and Inst. Related Services	1,844,327	2,232,447	2,417,696	2,424,805	2,541,151	2,637,425	2,469,287	2,705,075	2,849,109	2,782,721
General Administrative Services	537,630	621,725	499,724	521,582	512,323	564,222	588,560	585,195	618,816	477,445
School Administrative Services	641,633	690,572	777,949	925,334	931,646	1,002,152	1,024,353	1,051,982	1,034,914	982,864
Central Services/Business Services	249,263	292,790	405,815	339,488	344,484	353,430	365,104	395,545	388,815	391,628
Plant Operations and Maintenance	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	1,863,465
Pupil Transportation	728,077	762,817	967,724	865,900	762,550	762,901	795,125	894,645	954,187	1,013,299
Capital Outlay	430,206	502,537	155,500	189,189	140,813	301,461	96,554	49,838	228,600	263,433
Debt Service										
Principal	552,885	541,947	584,612	590,475	637,196	668,184	677,939	670,000	695,000	710,000
Interest and Other Charges	674,513	672,131	577,850	549,821	519,434	404,994	398,075	369,666	347,719	331,751
Cost of Issuance						101,880				
Payment to Escrow Account						662,153				
Total Expenditures	15,272,543	16,116,631	17,153,478	17,293,451	17,204,849	19,042,020	17,527,535	17,908,005	18,753,851	19,130,755
Excess (Deficiency) of Revenues	(616,427)	(228,800)	(198,663)	334,002	124,124	(784,399)	98,348	505,013	233,773	198,945
Other Financing sources (uses)										
Capital Leases	101,062	181,986		60,641		9,185,000				
Refunding Bond Proceeds						679,033				
Premium on Notes/Bonds	32,524	20,051				(9,100,000)				
Bonds Refunded						19,363	118			476,070
Transfers In	136,308	26,024	12,753	2,794	107,526	(19,363)	(2,304)	(6,124)	(810)	(476,392)
Transfers Out	(136,308)	(26,024)	(12,753)	(16,856)	(107,526)	(19,363)	(2,304)	(6,124)	(810)	(476,392)
Total Other Financing Sources (Uses)	133,586	202,037	-	46,579	-	764,033	(2,186)	(6,124)	(810)	(322)
Net Change in Fund Balances	\$ (482,841)	\$ (26,763)	\$ (198,663)	\$ 380,581	\$ 124,124	\$ (20,366)	\$ 96,162	\$ 498,889	\$ 232,963	\$ 198,623
Debt Service as a Percentage of Noncapital Expenditures	8.27%	7.78%	6.84%	6.67%	6.78%	9.80%	6.17%	5.82%	5.63%	5.52%

* 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
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
2014	6,442	204,974	95,578	5,485	16,305		4,060		13,021		19,238	365,103

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

Calendar Year	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct Local School Tax Rate ^a
2005	\$ 37,898,500	\$ 804,072,800		\$ 119,800	\$ 517,707,600	\$ 159,829,100	\$ 86,852,200	\$ 1,586,480,000	\$ 2,706,314	\$ 1,589,186,314	\$ 2,843,114,880	\$ 0.80
2006	72,140,300	1,963,783,600	\$ 716,800	119,800	866,630,200	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	0.45
2008	64,246,500	1,988,080,900	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	128,647,500	2,011,843,600	748,300	119,800	912,417,600	108,971,400	155,215,500	3,313,963,700	4,947,120	3,318,910,820	3,357,907,547	0.45
2010	128,845,700	2,047,551,750	748,300	119,800	887,116,700	101,302,400	151,215,500	3,316,900,150	4,901,700	3,321,801,850	3,332,562,174	0.47
2011	118,379,400	2,051,700,450	748,300	119,800	867,113,600	101,302,400	151,215,500	3,290,579,450	4,582,780	3,295,162,230	3,356,840,595	0.48
2012	110,392,500	2,031,401,150	748,300	119,800	890,441,900	97,324,800	151,215,500	3,281,643,950	4,576,711	3,286,220,661	3,353,769,352	0.48
2013	95,485,900	2,024,445,400	748,300	119,800	890,390,400	97,324,800	157,415,500	3,265,950,100	4,257,410	3,270,187,510	3,015,767,531	0.50
2014	98,799,800	1,985,991,600	748,300	119,800	882,320,700	96,354,600	168,609,300	3,232,944,100	3,854,865	3,236,798,955	2,839,810,971	0.52

Source: County Abstract of Rates

a Tax rates are per \$100
b Borough undertook a revaluation of real property effective for calendar year 2006.

N/A Not Available

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

Calendar Year	Total Direct School Tax Rate	Overlapping Rates			Total Direct and Overlapping Tax Rate
	Florham Park Local School District	Hanover Park Regional High School District	Municipality of Florham Park	Morris County	
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
2014	0.52	0.23	0.40	0.23	1.38

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	2014		2005	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
KBSII 100-200 Campus Drive LLC	\$ 188,360,700	5.83%		
BASF	68,000,000	2.10%		
Sun Valley Plaza LLC	65,537,500	2.03%	\$ 30,869,100	1.94%
Wells Reit II	65,398,000	2.02%	51,368,000	3.23%
Avalonbay Communities	63,369,900	1.96%	33,478,100	2.11%
Rock GW LLC	62,425,500	1.93%		
Advance At Park Place LLC	56,267,600	1.74%	30,868,500	1.94%
LFT Real Estate	33,900,000	1.05%		
HPT IHG Two	33,000,000	1.02%		
Riverbend	30,000,000	0.93%		
Park Avenue Realty			77,358,100	4.87%
Exxon Research			58,603,100	3.68%
100/200 Campus Drive			50,214,600	3.16%
LH Florham Holding			28,944,400	1.82%
Campus Drive LLC			27,032,800	1.70%
Wells Reit II Marvin Boer and Co.			26,235,300	1.65%
	<u>\$ 666,259,200</u>	<u>20.61%</u>	<u>\$ 414,972,000</u>	<u>26.10%</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	
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%	-
2014	16,670,804	16,670,804	100%	-

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

Fiscal Year Ended June 30,	Governmental Activities					Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases	Grant Anticipation Notes					
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		11,831	712	
2014	7,710,000	-	-	7,710,000		11,831 (E)	652	

(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 (A)	12,460,000		12,460,000	0.38	1,245
2007	11,975,000		11,975,000	0.36	1,039
2008	11,460,000		11,460,000	0.35	946
2009	10,915,000		10,915,000	0.33	895
2010	10,425,000		10,425,000	0.31	894
2011	9,785,000		9,785,000	0.30	833
2012	9,115,000		9,115,000	0.28	769
2013	8,420,000		8,420,000	0.26	712
2014	7,710,000		7,710,000	0.24	652

Source: District records

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

**FLORHAM PARK BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2013
(Unaudited)**

	<u>Total Debt</u>
Municipal Debt: (1)	
Florham Park Board of Education (as of June 30, 2014)	\$ 7,710,000
Regional High School - Florham Park's Share	6,418,287
Borough of Florham Park	<u>30,167,576</u>
Total Direct Municipal Debt	<u>44,295,863</u>
Overlapping Debt Apportioned to the Municipality:	
Morris County: (2)	
County of Morris (A)	<u>8,597,544</u>
Total Overlapping Debt Apportioned to the Municipality	<u>8,597,544</u>
Total Direct and Overlapping Debt	<u>\$ 52,893,407</u>

Source:

- (1) Borough of Florham Park's 2013 Annual Debt Statement
- (2) Morris County's 2013 Annual Debt Statement
- (A) The debt for this entity was apportioned by dividing the municipality's 2013 equalized value by the total 2013 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 2014

Equalized valuation basis

2011	\$3,322,139,778
2012	3,008,474,468
2013	2,849,105,906
	<u>\$9,179,720,152</u>

Average equalized valuation of taxable property \$3,059,906,717

Debt limit (3 % of average equalization value)
 Total Net Debt Applicable to Limit \$ 91,797,202
 Legal debt margin 7,710,000
\$ 84,087,202

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	\$ 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	\$ 91,797,202
Total net debt applicable to limit	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	7,710,000
Legal debt margin	\$ 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	\$ 84,087,202
Total net debt applicable to the limit as a percentage of debt limit	20.05%	15.54%	13.49%	12.29%	11.24%	10.52%	9.79%	9.13%	8.69%	8.40%

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>
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	74,057	5.7%
2013	11,831	N/A	5.4%
2014	11,831 (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>2014</u>		<u>2005</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

INFORMATION NOT AVAILABLE

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

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Instruction	97.5	97.3	104.2	104.5	105.5	106.0	106.0	108.0	108.0	110.0
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	23.6
General Administration	3.0	2.2	2.2	2.2	2.2	2.0	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	6.0
Central Services	3.0	3.0	3.0	2.8	2.8	2.8	3.0	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	11.3
Pupil Transportation	5.5	6.4	12.0	12.5	13.5	13.5	13.5	13.5	13.5	13.5
Total	149.0	148.8	161.4	163.3	166.3	167.2	167.4	169.4	168.4	169.4

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				
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	15,195	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	3.83%	90	1:12	1:12	1,022	982	-0.39%	96.09%
2014	1,001	17,825,591	17,808	4.81%	89	1:12	1:12	1,003	964	-1.86%	96.11%

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)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<u>District Building</u>										
<u>Elementary</u>										
Brooklake										
Square Feet	50,700	50,700	50,700	50,700	50,700	50,700	50,700	50,700	50,700	50,700
Enrollment		339	335	350	350	346	325	339	347	324
Briarwood										
Square Feet	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000
Enrollment		340	343	361	350	365	352	360	355	350
<u>Middle School</u>										
Ridgedale										
Square Feet	76,100	76,100	76,100	76,100	76,100	76,100	76,100	76,100	76,100	76,100
Enrollment			314	320	343	331	351	331	327	327

Number of Schools at June 30, 2014
 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)

<u>School Facilities</u>	<u>Project Nos.</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Undistributed Expenditures - Required Maintenance for School Facilities 11-000-261-xxx											
Brooklake Elementary School	N/A	\$ 79,746	\$ 85,752	\$ 79,347	\$ 87,876	\$ 80,795	\$ 78,381	\$ 137,547	\$ 86,392	\$ 123,324	\$ 105,435
Briarwood Elementary School	N/A	60,084	91,908	85,043	85,300	113,747	70,827	103,820	76,142	83,628	96,050
Ridgedale Elementary School	N/A	<u>63,431</u>	<u>84,475</u>	<u>78,165</u>	<u>131,398</u>	<u>135,037</u>	<u>147,412</u>	<u>150,862</u>	<u>151,883</u>	<u>120,975</u>	<u>150,664</u>
Total School Facilities		<u>\$ 203,261</u>	<u>\$ 262,135</u>	<u>\$ 242,555</u>	<u>\$ 304,574</u>	<u>\$ 329,579</u>	<u>\$ 296,620</u>	<u>\$ 392,229</u>	<u>\$ 314,417</u>	<u>\$ 327,927</u>	<u>\$ 352,149</u>

Source: District Records

**FLORHAM PARK BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2014
(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



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
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CINDY JANACEK, CPA, RMA
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, 2014 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 19, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

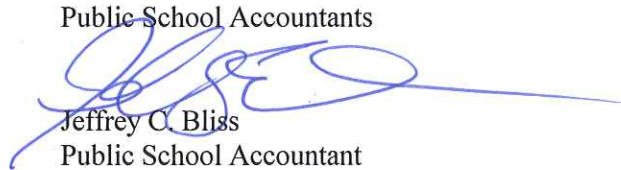
We noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Florham Park Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated September 19, 2014

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. Bljss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
September 19, 2014



LERCH, VINCI & HIGGINS, LLP

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**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL
ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 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 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, 2014. 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; 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 federal or 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, 2014.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with New Jersey OMB Circular 04-04 which is described in the accompanying schedule of findings and questioned costs as item 2014-001. Our opinion on each major state program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Management of the Florham Park Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Florham Park Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with New Jersey OMB Circular 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, 2014 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 19, 2014, 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 is fairly stated in all material respects in relation to the basic financial statements as a whole.

LERCH, VINCI & HIGGINS, LLP

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


Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
September 19, 2014

**FLORHAM PARK BOARD OF EDUCATION
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2013	Unearned Revenue Carryover Amount	Accounts Receivable Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	June 30, 2014 (Account Receivable)	Unearned Revenue	Due to Grantor at June 30, 2014	MEMO GAAP Receivable
84.367A	NCLB153008	9/1/13-6/30/14	\$ 24,867	\$ (34,211)	\$ 1,749	\$ (1,749)	\$ 34,211	\$ 26,616		\$ (26,616)		\$ (26,616)	
84.367A	NCLB153008	9/1/12-8/31/13	24,572	1,513	(1,749)	1,749					1,513		
84.186A	NCLB153008	9/1/10-8/31/11	1,513										
84.027	FT-1530-08	9/1/13-8/31/14	204,089	(17,968)	4,727	(4,727)	116,287	208,253	10	(92,519)	563		(91,956)
84.027	FT-1530-08	9/1/12-8/31/13	218,094		(4,727)	4,727	17,968						
84.173	PS-1530-08	9/1/13-8/31/14	8,310		220	(220)	1,121	6,267		(7,409)	2,263		(5,146)
84.173	PS-1530-08	9/1/12-8/31/13	8,888	(8,706)	(220)	220	8,706						
Total U.S. Department of Education			\$ (59,372)	\$ -	\$ -	\$ -	\$ 178,293	\$ 241,136	10	\$ (126,544)	\$ 4,339	\$ -	\$ (123,718)
Total													

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, 2014

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2013	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	(Accounts Receivable)	MEMO	
										June 30, 2014 Unearned Revenue	Due to Grantor
State Department of Education											
General Fund:											
Special Education Aid	14-495-034-5120-089	7/1/13-6/30/14	\$ 411,749	\$ (38,019)	\$ 374,431	\$ 411,749	\$ (37,318)			\$ (8,064)	\$ 411,749
Special Education Aid	13-495-034-5120-089	7/1/12-6/30/13	413,450		38,019						
Security Aid	14-495-034-5120-084	7/1/13-6/30/14	14,991	(1,387)	13,632	14,991	(1,359)				14,991
Security Aid	13-495-034-5120-084	7/1/12-6/30/13	15,080	(3,484)	1,387						
Transportation Aid	14-495-034-5120-014	7/1/13-6/30/14	39,684		36,087	39,684	(3,597)				39,684
Transportation Aid	13-495-034-5120-014	7/1/12-6/30/13	37,893	(118,279)	3,484						
Extraordinary Special Education Costs Aid	14-100-034-5120-473	7/1/13-6/30/14	156,714		118,279	156,714	(156,714)				156,714
Extraordinary Special Education Costs Aid	13-100-034-5120-473	7/1/12-6/30/13	118,279								
Additional Non Public Transportation Aid	N/A	7/1/13-6/30/14	8,064			8,064	(8,064)				8,064
Additional Non Public Transportation Aid	N/A	7/1/12-6/30/13	9,676		9,676						
Anti-Bullying Bill of Rights Act	N/A	7/1/13-6/30/14	1,928		1,928						1,928
TPAF Social Security Contributions	14-495-034-5095-002	7/1/13-6/30/14	508,483	(25,897)	483,593	508,483	(24,890)				508,483
TPAF Social Security Contributions	13-495-034-5095-002	7/1/12-6/30/13	526,605		25,897						
TPAF Pension Contributions	14-495-034-5095-006	7/1/13-6/30/14	284,320		284,320	284,320					284,320
TPAF Pension - NCGI Premium	14-495-034-5095-007	7/1/13-6/30/14	25,096		25,096	25,096					25,096
TPAF Pension-Post Retirement Medical	14-495-034-5095-001	7/1/13-6/30/14	507,327		507,327	507,327					507,327
Total General Fund			<u>(196,742)</u>		<u>1,923,156</u>	<u>1,958,356</u>	<u>(231,942)</u>			<u>(32,954)</u>	<u>1,958,356</u>
Special Revenue Fund:											
New Jersey Nonpublic Aid											
Auxiliary Services	14-100-034-5120-067	7/1/13-6/30/14	6,848		6,848	2,568	\$ 5,016	\$ 4,280			2,568
Compensatory Education	13-100-034-5120-067	7/1/12-6/30/13	13,377								
Handicapped Services											
Corrective Speech	14-100-034-5120-066	7/1/13-6/30/14	8,750		8,750	6,015		2,735			6,015
Corrective Speech	13-100-034-5120-066	7/1/12-6/30/13	8,202			1,562					
Examination and Classification	14-100-034-5120-066	7/1/13-6/30/14	9,075		9,075	4,143		4,932			4,143
Examination and Classification	13-100-034-5120-066	7/1/12-6/30/13	9,394			3,342					
Supplemental Instruction	14-100-034-5120-066	7/1/13-6/30/14	5,551		5,551	4,510		1,041			4,510
Supplemental Instruction	14-100-034-5120-066	7/1/12-6/30/13	6,938			2,289					
Nursing	14-100-034-5120-070	7/1/13-6/30/14	10,577		10,577	10,577					10,577
Technology	14-100-034-5120-373	7/1/13-6/30/14	2,740		2,740	2,740					2,740
Textbooks	14-100-034-5120-064	7/1/13-6/30/14	7,514		7,514	7,514					7,514
Textbooks	13-100-034-5120-064	7/1/12-6/30/13	6,975					68			
Total Special Revenue Fund			<u>12,277</u>		<u>51,055</u>	<u>38,067</u>		<u>12,277</u>			<u>38,067</u>
State of New Jersey Schools Development Authority:											
Capital Projects											
Ridgedale Middle School Replacement of Yankee Gutter & Cornice	1530-030-14-G2FL	N/A	317,380			39,276	\$ 278,104		(317,380)		39,276
Total Capital Projects						<u>39,276</u>	<u>278,104</u>		<u>(317,380)</u>		<u>39,276</u>
Total State Financial Assistance			<u>(184,465)</u>		<u>1,974,211</u>	<u>2,035,699</u>	<u>(549,322)</u>	<u>12,277</u>		<u>(350,334)</u>	<u>2,035,699</u>
State Financial Assistance Not Subject to Single Audit Determination											
General Fund											
TPAF Pension Contributions	14-495-034-5095-006	7/1/13-6/30/14	284,320		(284,320)						(284,320)
TPAF Pension - NCGI Premiums	14-495-034-5095-007	7/1/13-6/30/14	25,096		(25,096)						(25,096)
TPAF Post Retirement Medical Contributions	14-495-034-5095-001	7/1/13-6/30/14	507,327		(507,327)						(507,327)
Total State Financial Assistance Subject to Single Audit Determination											
Total State Financial Assistance			<u>\$ (184,465)</u>		<u>\$ 1,157,468</u>	<u>\$ 1,218,956</u>	<u>\$ (549,322)</u>	<u>\$ 12,277</u>		<u>\$ (350,334)</u>	<u>\$ 1,218,956</u>

See Accompanying Notes to Schedule of Expenditures of State Financial Assistance

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal and state financial assistance programs of the Florham Park Board of Education. The Board of Education is defined in Note 1(A) to the Board's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with requirements of U.S. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and New Jersey OMB Circular 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 financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$37,819 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,920,537	\$ 1,920,537
Special Revenue Fund	\$ 241,136	38,067	279,203
Capital Projects Fund	-	39,276	39,276
Total Financial Assistance	<u>\$ 241,136</u>	<u>\$ 1,997,880</u>	<u>\$ 2,239,016</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, 2014**

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 \$508,483 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, 2014. The amount reported as TPAF Pension System Contributions in the amount of \$309,416 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$507,327 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2014.

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, 2014**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditors' report issued on financial statements	<u>Unmodified</u>
Internal control over financial reporting:	
1) Material weakness(es) identified	<u> </u> yes <u> X </u> no
2) Significant deficiency identified that are not considered to be material weakness(es)?	<u> </u> yes <u> X </u> none reported
Noncompliance material to the basic financial statements noted?	<u> </u> yes <u> X </u> 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, 2014**

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>14-495-037-5095-002</u>	<u>TPAF Social Security</u>
<u>14-495-034-5120-089</u>	<u>Special Education Aid</u>
<u>14-495-034-5120-084</u>	<u>Security Aid</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </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, 2014**

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, 2014**

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, 2014**

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.

Finding 2014-001:

Our audit of the Application for State School Aid (ASSA) noted that the low income students reported were under reported by 14 students based on the students reported on the District's workpapers. We also noted that LEP low income students were under reported by two students on the ASSA when compared to the District workpapers. Differences were also noted on the reporting of the on roll students that were misclassified between special education and regular education per class registers.

State program information:

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

Criteria or specific requirement:

State of New Jersey grant compliance supplement for State Aid - Public

Condition:

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

Questioned Costs:

Unknown.

Context:

It was noted that 14 students were not reported as low income students and 2 students were not reported as LEP low income on the ASSA.

Effect:

The District is reporting incorrect student counts on the ASSA.

Cause:

Students reported on District workpapers were not reconciled to students reported on ASSA.

Recommendation:

Greater care be exercised when reporting student counts on the Application for State School Aid to ensure they agree with District workpapers.

Management's Response

Management has reviewed this finding and indicated corrective action will be implemented regarding reporting of student counts on the ASSA.

**FLORHAM PARK BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

Finding 2013-1

Condition:

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

Current Status:

Corrective action has been taken.

Finding 2013-2

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.

Current Status:

Corrective action has been taken.