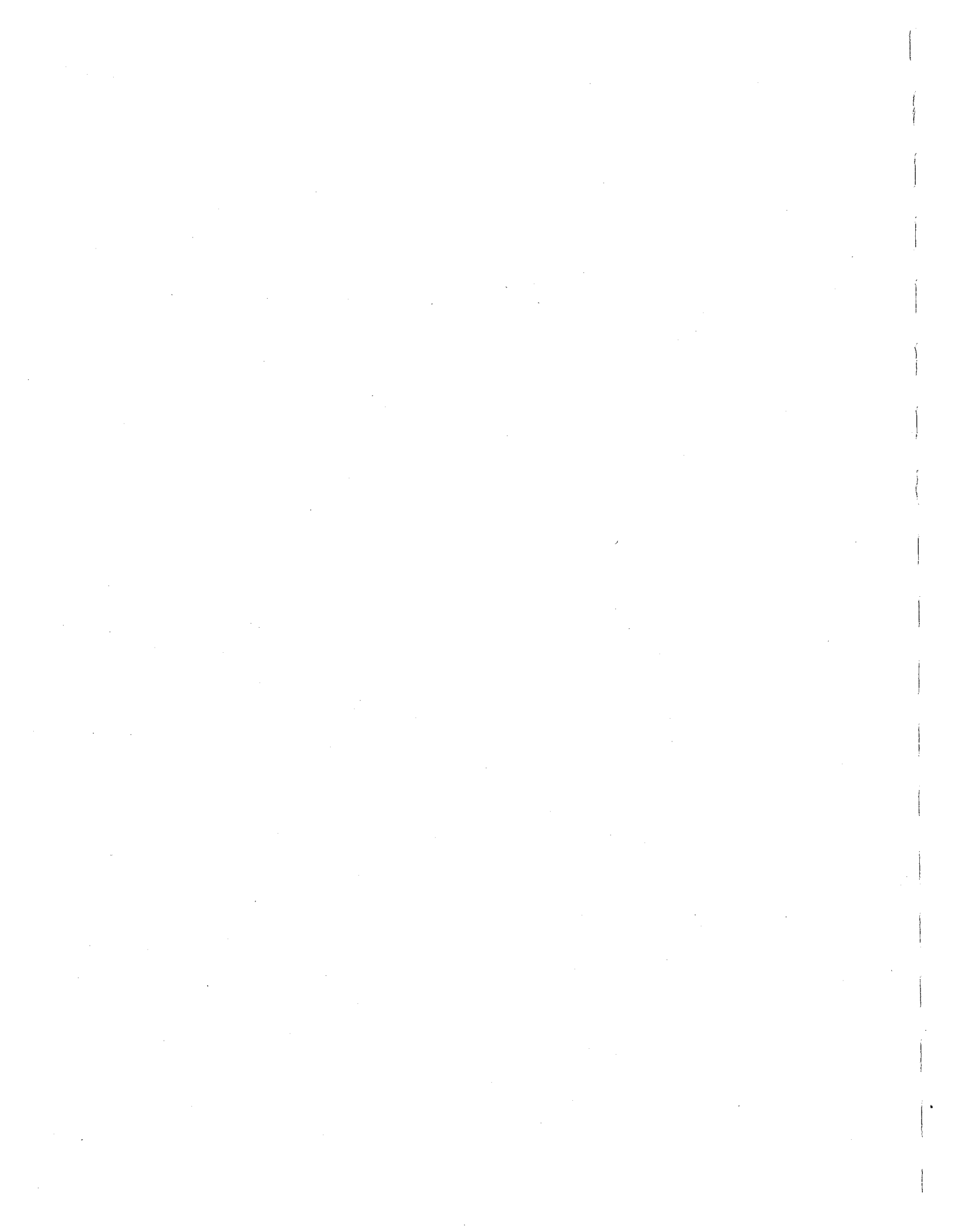


*L. Bray*

**FLORHAM PARK**  
**BOARD OF EDUCATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

**Florham Park Board of Education**  
**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, 2002**

**Prepared by**

**Florham Park Board of Education  
Business Office**



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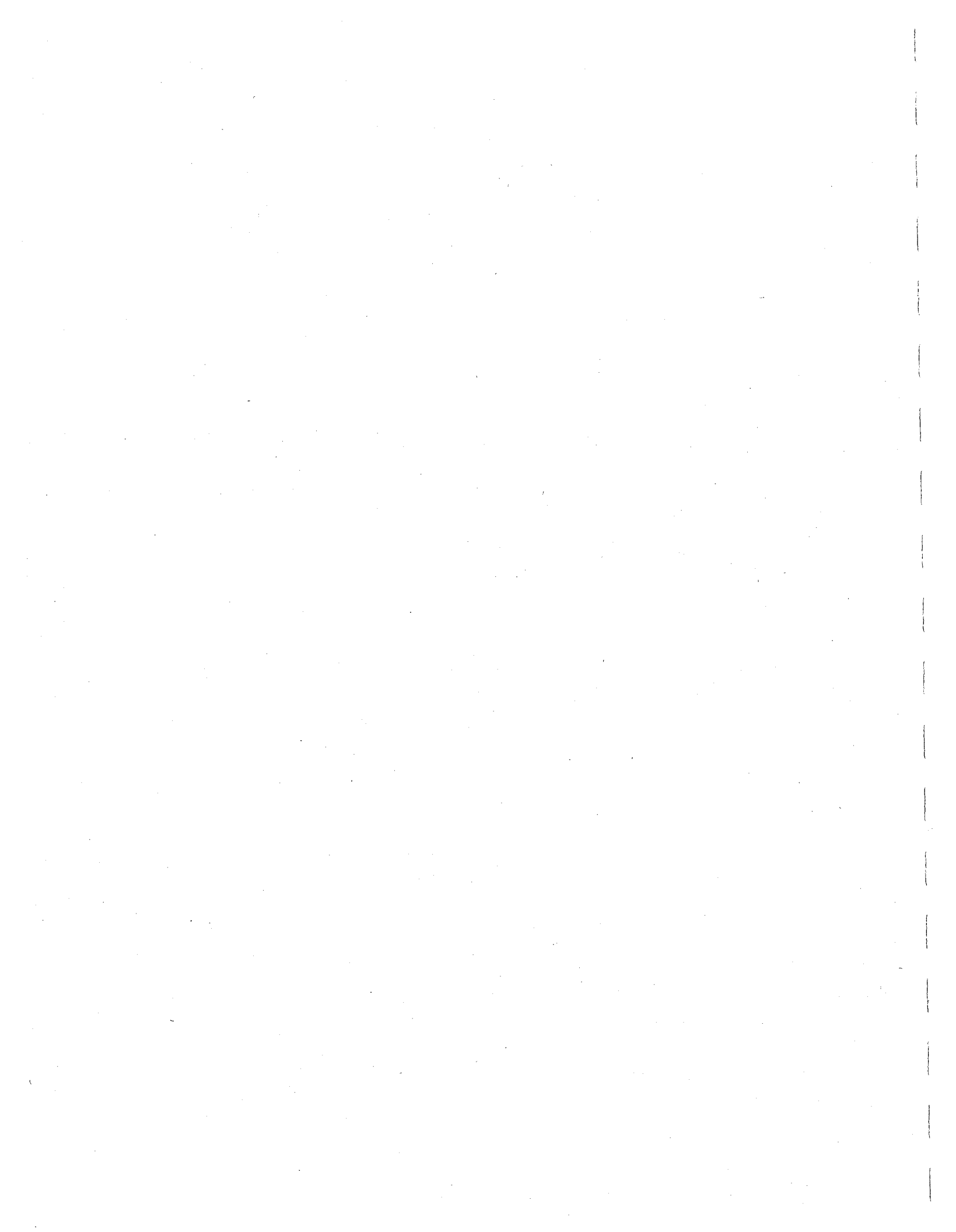
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## **INTRODUCTORY SECTION**





# Florham Park Public Schools

## ADMINISTRATIVE OFFICES

140 COLUMBIA TURNPIKE • FLORHAM PARK, N.J. 07932

973-822-3880

FAX: 973-822-0716

July 25, 2002

Members of the Board of Education  
Florham Park Public Schools  
140 Columbia Turnpike  
Florham Park, NJ 07932

Dear Board Members:

The comprehensive annual financial report of the Florham Park Public Schools for the fiscal year ended June 30, 2002 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 results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: 1) Introductory; 2) Financial; 3) Statistical ; and 4) Single Audit. The Introductory Section includes this transmittal letter, the District's organizational chart, and a list of principal officials. The Financial Section includes general purpose financial statements and schedules, as well as the auditor's report. 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 of 1984 and amendments of 1996 and the U.S. Office of Management and Budget Circular Letter A133, "Audits of State, Local Governments and Non-Profit Organizations and New Jersey OMB Circular Letter 98-07, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and are not a required part of the general purpose financial statements." Information related to this single audit, including the auditor's 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 Florham Park School District is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board (GASB). All funds and account groups of the District are included in this report. The Florham Park Board of Education and its three (3) schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular and special education for handicapped youngsters. The District completed FY 2001/2002 with an enrollment of 843. The following Average Daily Enrollment figures details the changes in student enrollment over the last ten (10) years:

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2001/02	843	8.2%
2000/01	779	4.0%
1999/00	749	0.3%
1998/99	747	2.2%
1997/98	731	3.9%
1996/97	702	1.7%
1995/96	690	(2.3%)
1994/95	706	3.5%
1993/94	681	(0.6%)
1992/93	685	(2.9%)
1991/92	705	(1.3%)

## 2. ECONOMIC CONDITION AND OUTLOOK

Compared to other Districts, Florham Park remains financially healthy. Although funding is not provided, the local tax payer is funding a \$13.85 million bond referendum that was approved January, 22, 2002 to upgrade facilities. The District is currently carrying a 6% surplus of the net budget to provide a cushion for the lack of State Aid, to fund emergency projects, and to provide necessary reserves for future contingencies.

## 3. MAJOR INITIATIVES

The District continues to meet its major challenges, vis-à-vis, 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 gifted and talented, reading, kindergarten program, middle school language learning disability class. The District has also continued to stress technology. All building computer labs have been updated, staff development has been offered after-school hours and during the summer, and the elementary schools are using wireless laptop carts for instruction.

In addition to technology, in-service training has focused on reading, language and mathematics instruction to address the ESPA and GEPA requirements. District in-service has focused on a diversified curriculum meeting the needs of each child.

## 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 approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount as amended for FY 2001/2002 is reflected in the financial section.

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 reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2002.

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 and account groups. These funds and account groups are explained in "Notes to the Financial Statements," Note #1.

7. FINANCIAL INFORMATION AT FISCAL YEAR-END

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund, special revenue fund, and debt service revenues, for fiscal year ended June 30, 2002, including the amount and percentage of increases in relation to prior year revenues:

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/Decrease from 99/00</u>	<u>Increase</u>
Local Sources	\$9,242,579	87.4%	322,370	3.6%
State Sources	\$1,173,064	11.1%	(120,532)	(9.3)%
Federal Sources	156,029	1.5%	10,648	7.3%
Totals	<u>\$10,571,672</u>	<u>100%</u>	<u>212,486</u>	<u>2.0%</u>

The following schedule presents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2002, and the percentage of increases and decreases in relation to prior year amounts:

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/Decrease from 99/00</u>	<u>Percent of Increase/Decrease</u>
Current Expense:				
Instruction	\$4,440,669	42.8	65,216	1.4%
Undistributed Expenditures	\$5,226,229	50.4	(179,959)	(3.3)%
Capital Outlay	170,203	1.9	(279,442)	(6.2%)
Debt Service	517,445	4.9	(6,550)	1.2%
Totals	<u>\$10,354,546</u>	<u>100%</u>	<u>387,635</u>	<u>3.7</u>

#### 8. DEBT ADMINISTRATION

In July, 2002 the District issued \$10,940,000 in General Obligation Bonds. The proceeds of this bond issue were placed in the District's capital projects fund for use to provide funds for capital improvements to the District's buildings and grounds. These improvements include additions and various renovations in all three (3) school buildings.

#### 9. CASH MANAGEMENT

The investment policy of the District is guided in large part by State statute as detailed in "Notes to Financial Statements", Note #2. 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.

#### 10. 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.

#### 11. OTHER INFORMATION

Independent Audit – State statute requires an annual audit by independent certified public accountants or registered municipal accounts. The accounting firm of Lerch Vinci & Higgins, CPA's was selected by the Board's Finance Committee. 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 of 1984, as amended in 1996, and the related OMB Circular A-133 and State Treasury Circular Letter 98-07.

The Auditor's report on the general purpose financial statements and combining and individual fund statements and schedules are 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.

12. 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,

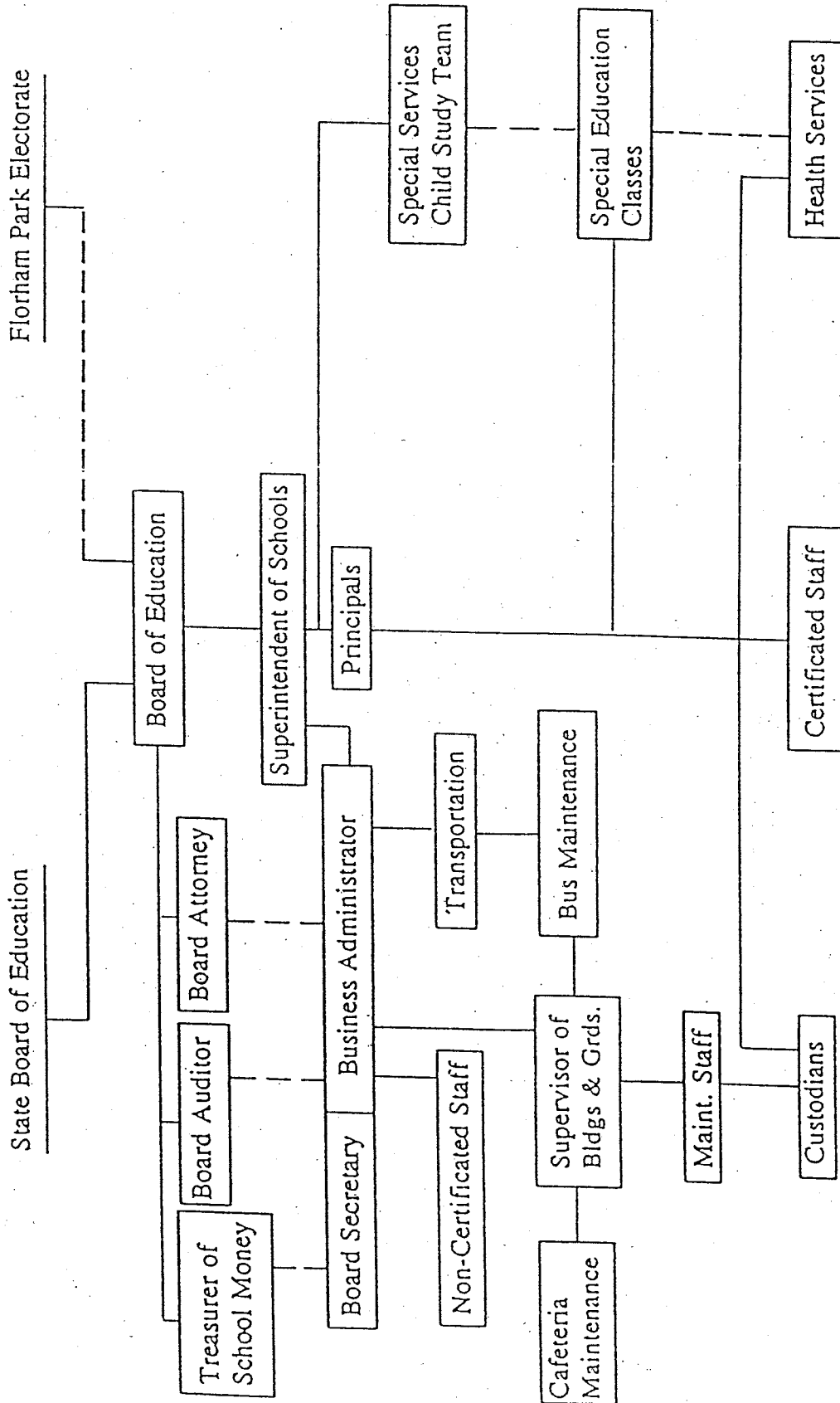


Fred R. Ferrone, Ed.D.  
Superintendent of Schools



John R. Csatlos  
Business Administrator/Board Secretary

FLORHAM PARK SCHOOL DISTRICT  
ORGANIZATIONAL CHART





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

**ROSTER OF OFFICIALS  
JUNE 30, 2002**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Kevin DeCoursey, President	2004
John McFarlane, Vice President	2005
Laura Aden	2004
Fred Boy	2004
John Gaffney	2003
Linda Michalowski	2003
Patrick Montuore	2005
 <u>Other Officials</u>	
Dr. Fred R. Ferrone, Superintendent	
John R. Csatlos, Business Administrator/Board Secretary	
Patricia Mackenzie, Treasurer	

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

**CONSULTANTS AND ADVISORS**

**ATTORNEY**

Nicholas Celso, Esq.  
Schwartz, Simon, Edelstein, Celso & Kessler  
10 James Street  
Florham Park, New Jersey 07932

**AUDIT FIRM**

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

**OFFICIAL DEPOSITORY**

Chase Bank of New Jersey, NA  
186 Ridgedale Avenue  
Florham Park, New Jersey 07932

**FINANCIAL SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208  
FAIR LAWN, NJ 07410  
TELEPHONE (201) 791-7100  
FACSIMILE (201) 791-3035

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  
JOSEPH F. KELLY, CPA, RMA, PSA

CHRISTINE CORRUBIA, CPA, PSA  
ELIZABETH A. SHICK, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA  
RICHARD P. CAHILL, CPA, RMA, PSA  
ANDREW PARENTE CPA, PSA  
JULIUS B. CONSONI, CPA, PSA  
JENNIFER TORPEY, CPA, PSA  
ROBERT W. HAAG, CPA

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying general purpose financial statements of the Florham Park Board of Education, as of and for the year ended June 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the Board of Education's management. Our responsibility is to express an opinion on these general purpose 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 Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.


In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Florham Park Board of Education, as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated July 25, 2002 on our consideration of the Florham Park Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. This report is an integral part of our audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the Florham Park Board of Education, taken as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB's Circular 98-07 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid", and are not a required part of the general purpose financial statements. Additionally, the accompanying combining, individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Florham Park Board of Education. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

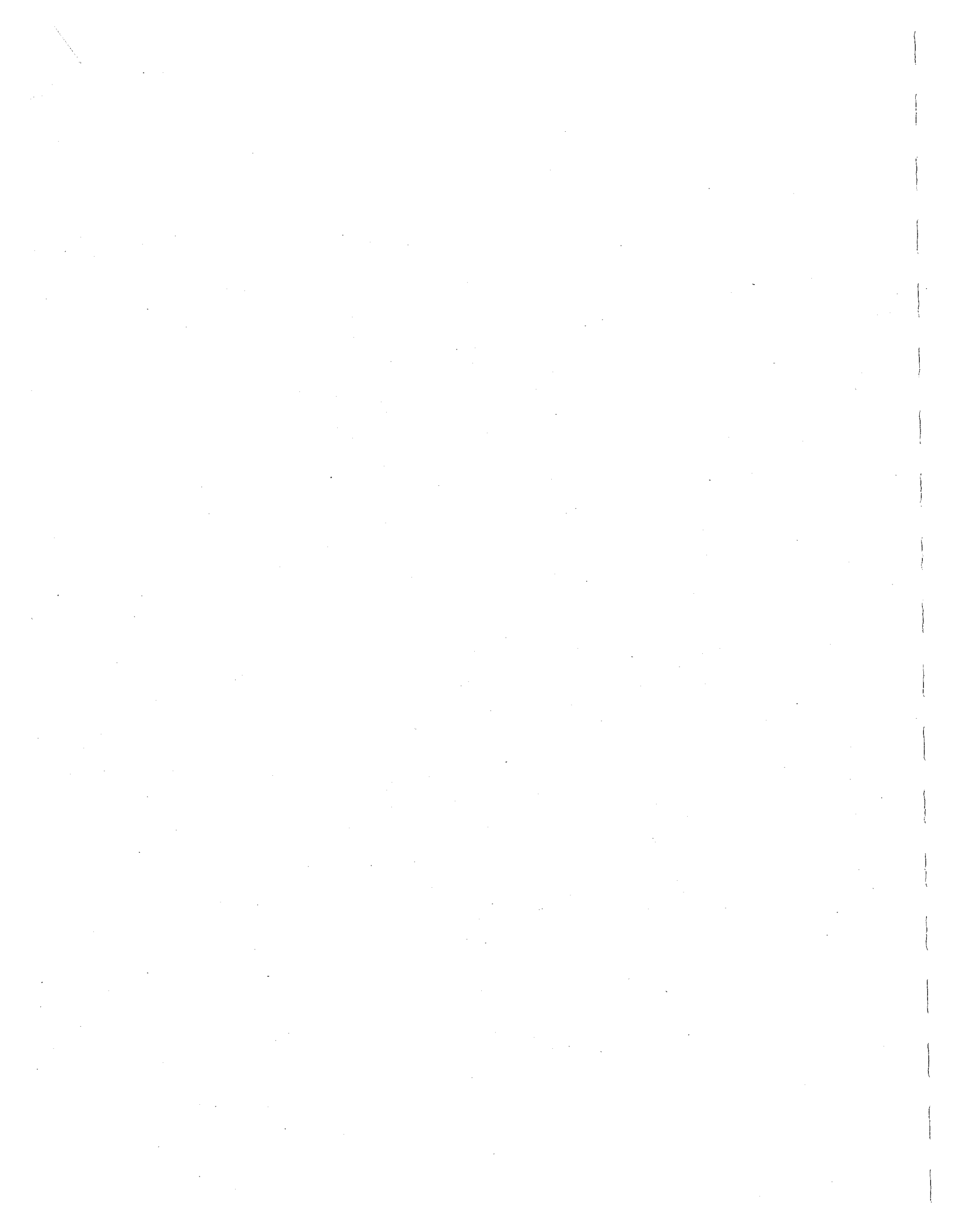
The accompanying financial information listed as the statistical section in the Table of Contents is presented for the purpose of additional analysis and is not a required part of the general purpose financial statements of the Florham Park Board of Education. The information has not been audited by us and, accordingly, we express no opinion on this information.

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  
July 25, 2002

**GENERAL PURPOSE FINANCIAL STATEMENTS**





**FLORHAM PARK BOARD OF EDUCATION**  
**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS**  
AS OF JUNE 30, 2002  
(With Comparative Totals As Of June 30, 2001)

	Governmental Fund Types			Proprietary Fund Types Enterprise	Fiduciary Fund Types Trust and Agency	Account Groups		Totals (Memorandum Only) 2002	Totals (Memorandum Only) 2001
	Special Revenue	Capital Projects	Debt Service			General Fixed Assets	General Long-Term Debt		
<b>ASSETS AND OTHER DEBITS</b>									
Assets									
Cash	\$ 582,229	\$ 18,597	\$ 14,402,651	\$ 35,466	\$ 7,253	\$ 97,704	\$ 15,143,900	\$ 1,129,780	\$ 1,038
Cash - Capital Reserve Account	1,038								1,013
Receivables	54,939	3,516	2,913,301		256	1,000	2,972,012	107,753	349,065
Intergovernmental Interfunds	354,437						355,437		
Fixed Assets (Net, Where Applicable of Accumulated Depreciation of \$2,450)							\$ 9,734,816	9,734,816	9,172,207
Total Assets	992,643	22,113	17,315,952	35,466	7,509	98,704	28,207,203	10,759,818	
Other Debits							\$ 35,466	35,466	73,762
Amount Available in Debt Service Fund									
Amount to be Provided for Retirement of General Long-Term Liabilities							3,934,905	3,934,905	3,928,853
Total Other Debits							3,970,371	3,970,371	4,002,615
Total Assets and Other Debits	992,643	22,113	17,315,952	35,466	7,509	98,704	\$ 32,177,574	\$ 14,762,433	

**FLORHAM PARK BOARD OF EDUCATION  
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
AS OF JUNE 30, 2002  
(With Comparative Totals As Of June 30, 2001)**

	Governmental Fund Types		Proprietary Fund Types	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only) 2002	Totals (Memorandum Only) 2001
	Special Revenue	Capital Projects			General Fixed Assets	Long-Term Debt		
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>								
Liabilities								
Cash Overdraft	\$ 2,390					\$	\$ 8,079	
Accounts Payable		\$ 16,008					2,390	
Intergovernmental Payable			\$ 354,437				16,008	710
Interfunds Payable				\$ 1,000			355,437	349,065
Due to Student Groups		6,105	2,913,301	23,929			23,929	14,610
Deferred Revenue							2,919,406	6,195
Accrued Salaries and Wages				1,380			1,380	
Payroll Deductions and Withholdings				5,506			5,506	5,087
Notes Payable			13,853,329				13,853,329	
Bonds Payable					\$ 3,100,000		3,100,000	3,420,000
Compensated Absences Payable					513,844		513,844	202,173
Obligations Under Capital Leases					356,527		356,527	380,442
<b>Total Liabilities</b>	<b>2,390</b>	<b>22,113</b>	<b>17,121,067</b>	<b>31,815</b>	<b>-</b>	<b>3,970,371</b>	<b>21,147,756</b>	<b>4,386,361</b>
<b>Equity and Other Credits</b>								
Investment in General Fixed Assets					\$ 9,734,816		9,734,816	9,172,207
Retained Earnings								
Unreserved							7,509	2,517
Fund Balances								
Reserved								
For Encumbrances	101,906		870,377				972,283	2,490
Capital Reserve Account	1,038						1,038	1,013
Payment of Note Interest	236,887						236,887	
Excess Surplus	76,186						76,186	
Unreserved								
Designated for Subsequent Years' Budget	574,236						35,466	133,296
Undesignated (Deficit)							(34,367)	1,064,549
<b>Total Equity and Other Credits</b>	<b>990,253</b>	<b>-</b>	<b>194,885</b>	<b>66,889</b>	<b>-</b>	<b>-</b>	<b>11,029,818</b>	<b>10,376,072</b>
<b>Total Liabilities, Equity and Other Credits</b>	<b>\$ 992,643</b>	<b>\$ 22,113</b>	<b>\$ 17,315,952</b>	<b>\$ 98,704</b>	<b>\$ 9,734,816</b>	<b>\$ 3,970,371</b>	<b>\$ 32,177,574</b>	<b>\$ 14,762,433</b>

**FLORHAM PARK BOARD OF EDUCATION  
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(With Comparative Totals for the Fiscal Year Ended June 30, 2001)**

	Governmental Fund Types			Fiduciary Fund Type Expendable Trust	Total (Memorandum Only)	
	General	Special Revenue	Capital Projects		Debt Service	2002
<b>REVENUES</b>						
Local Sources						
Property Taxes	\$ 8,606,000			\$ 479,149	\$ 9,085,149	\$ 8,818,316
Tuition	12,998				12,998	54,723
Miscellaneous	144,432	\$ 131,740		\$ 1,147	277,319	88,298
Intergovernmental						
State	1,039,429	\$ 133,635			1,173,064	1,293,596
Federal	-	156,029			156,029	145,381
<b>Total Revenues</b>	<b>9,802,859</b>	<b>289,664</b>	<b>131,740</b>	<b>1,147</b>	<b>10,704,559</b>	<b>10,400,314</b>
<b>EXPENDITURES</b>						
Current Expenditures						
Instruction	4,233,626	207,043			4,440,669	4,375,453
Undistributed Expenditures	5,186,040	40,189		16,094	5,242,323	5,416,084
Capital Outlay	127,771	42,432	447,786		617,989	449,645
Debt Service	-	-	-	517,445	517,445	510,895
<b>Total Expenditures</b>	<b>9,547,437</b>	<b>289,664</b>	<b>447,786</b>	<b>16,094</b>	<b>10,818,426</b>	<b>10,752,077</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>255,422</b>	<b>-</b>	<b>(316,046)</b>	<b>(14,947)</b>	<b>(113,867)</b>	<b>(351,763)</b>

**FLORHAM PARK BOARD OF EDUCATION  
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(With Comparative Totals for the Fiscal Year Ended June 30, 2001)**

	Governmental Fund Types			Fiduciary Fund Type Expendable Trust	Total (Memorandum Only) 2002	Total (Memorandum Only) 2001
	General	Special Revenue	Capital Projects			
Excess (Deficiency) of Revenues Over (Under) Expenditures (Carried Forward)	\$ 255,422	\$ -	\$ (316,046)	\$ (14,947)	\$ (113,867)	\$ (351,763)
Other Financing Sources (Uses)						
Premium on Note Proceeds			105,147		105,147	
Operating Transfers In	236,887		(236,887)		236,887	35,461
Operating Transfers Out					(236,887)	(35,461)
Capital Leases	94,865				94,865	213,185
Total Other Financing Sources (Uses)	331,752	-	(131,740)	-	200,012	213,185
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	587,174	-	(447,786)	(14,947)	86,145	(138,578)
Fund Balance, Beginning of Year	403,079	-	642,671	81,836	1,201,348	1,339,926
Fund Balance, End of Year	\$ 990,253	\$ -	\$ 194,885	\$ 66,889	\$ 1,287,493	\$ 1,201,348

**FLORHAM PARK BOARD OF EDUCATION  
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	General Fund			Special Revenue Fund (Budgetary Basis)			Debt Service Fund		
	Modified Budget	Actual	Variance Favorable (Unfavorable)	Modified Budget	Actual	Variance Favorable (Unfavorable)	Modified Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>									
Local Sources									
Local Tax Levy	\$ 8,606,000	\$ 8,606,000							
Tuition	18,905	12,998	\$ (5,907)						
Miscellaneous	60,000	144,432	84,432						
Intergovernmental									
State	639,504	1,039,429	399,925	\$ 137,295	\$ 133,635	\$ (3,660)			
Federal	-	-	-	158,825	155,382	(3,443)			
Total Revenues	9,324,409	9,802,859	478,450	296,120	289,017	(7,103)	479,149	479,149	-
<b>EXPENDITURES</b>									
Current Expenditures									
Instruction	4,431,072	4,233,626	197,446	209,328	206,990	2,338			
Undistributed Expenditures	5,142,188	5,186,040	(43,852)	43,926	39,595	4,331			
Capital Outlay	32,967	127,771	(94,804)	42,866	42,432	434			
Debt Service	-	-	-	-	-	-	517,445	517,445	-
Total Expenditures	9,606,227	9,547,437	58,790	296,120	289,017	7,103	517,445	517,445	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(281,818)	255,422	537,240	-	-	-	(38,296)	(38,296)	-
Other Financing Sources									
Capital Leases	-	94,865	94,865	-	-	-	-	-	-
Operating Transfer In	-	236,887	236,887	-	-	-	-	-	-
Total Other Financing Sources	-	331,752	331,752	-	-	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources	(281,818)	587,174	868,992	-	-	-	(38,296)	(38,296)	-
Fund Balance, Beginning of Year	403,079	403,079	-	-	-	-	73,762	73,762	-
Fund Balance, End of Year	\$ 121,261	\$ 990,253	\$ 868,992	\$ -	\$ -	\$ -	\$ 35,466	\$ 35,466	\$ -

**FLORHAM PARK BOARD OF EDUCATION  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS  
ALL PROPRIETARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(With Comparative Totals for the Fiscal Year Ended June 30, 2001)**

	<u>Proprietary Fund Type Enterprise 2002</u>	<u>Total (Memorandum Only) 2001</u>
<b>OPERATING REVENUES</b>		
Local Sources		
Daily Sales - Reimbursable Program	\$ 7,325	\$ 5,029
Special Milk Sales		
Total Operating Revenues	<u>7,325</u>	<u>5,029</u>
<b>OPERATING EXPENSES</b>		
Salaries	-	10,066
Cost of Sales	<u>7,272</u>	<u>7,486</u>
Total Operating Expenses	<u>7,272</u>	<u>17,552</u>
Operating Income (Loss)	<u>53</u>	<u>(12,523)</u>
<b>Nonoperating Revenues</b>		
Federal Sources		
Special Milk Program	<u>4,939</u>	<u>4,831</u>
Total Non-Operating Revenues	<u>4,939</u>	<u>4,831</u>
Net Income (Loss)	4,992	(7,692)
Retained Earnings, Beginning of Year	<u>2,517</u>	<u>10,209</u>
Retained Earnings, End of Year	<u>\$ 7,509</u>	<u>\$ 2,517</u>

The Notes to the Financial Statements are an integral part of this Statement

**FLORHAM PARK BOARD OF EDUCATION  
STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(With Comparative Totals for the Fiscal Year Ended June 30, 2001)**

	<u>Proprietary Fund Type Enterprise 2002</u>	<u>Total (Memorandum Only) 2001</u>
Cash Flows From Operating Activities		
Cash Received from Customers	\$ 7,325	\$ 5,029
Cash Payments for Employees Salaries		(10,066)
Cash Payments to Suppliers for Goods and Services	<u>(7,272)</u>	<u>(7,486)</u>
Net Cash Provided (Used) by Operating Activities	<u>53</u>	<u>(12,523)</u>
Cash Flows From Noncapital Financing Activities		
Cash Received from Federal Subsidy Reimbursements	<u>4,993</u>	<u>4,755</u>
Net Cash Provided by Noncapital Financing Activities	<u>4,993</u>	<u>4,755</u>
Net Increase (Decrease) in Cash and Cash Equivalents	5,046	(7,768)
Cash and Cash Equivalents, Beginning of Year	<u>2,207</u>	<u>9,975</u>
Cash and Cash Equivalents, End of Year	<u>\$ 7,253</u>	<u>\$ 2,207</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	<u>\$ 53</u>	<u>\$ (12,523)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 53</u>	<u>\$ (12,523)</u>

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**NOTES TO FINANCIAL STATEMENTS**



**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Florham Park Board of Education (the "Board" or the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to school districts. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In addition, accounting policies of the Florham Park Board of Education comply with the rules prescribed in Financial Accounting for New Jersey School Districts, the Audit Program, by the New Jersey Department of Education. The more significant accounting policies of the Board are described below.

**A. Reporting Entity**

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of 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 Florham Park Board of Education includes in its financial statements the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. There were no component units with a positive response to any of these reporting criteria. Furthermore, the Board is not includable in any other reporting entity on the basis of such criteria.

**B. Fund Accounting**

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with the activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in-turn, is divided into separate "fund types" as follows:

**Governmental Fund Types** - These are the funds through which most governmental functions typically are financed. The funds included in this category are as follows:

*General Fund* - The General Fund is the general operating fund of the Board. Resources which are not legally or by accounting principles generally accepted in the United States of America to be accounted for in other funds are accounted for in the General Fund.

*Special Revenue 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 and state financed programs, with the exception of the federal milk program.

FLORHAM PARK BOARD OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

Governmental Fund Types (Continued)

Capital Projects Fund - 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.

Debt Service Fund - The Debt Service Fund accounts for the accumulation of resources for and the payment of general long-term debt principal, interest and related costs.

Proprietary Fund Types - These funds account for operations that are organized to be self supporting through user charges. The fund included in this category is the Enterprise Fund.

Enterprise Fund - This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Fiduciary Fund Types - These Funds account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations and other units of government. These funds are as follows:

Expendable Trust Fund - This Fund accounts for the assets and resources which are also held by the Board as a trustee or agent for individuals, private organizations, other governments and/or other funds. This fund includes donations for scholarships whereby both principal and revenues generated may be expended for purposes designated by the donors and unemployment contributions and claims.

Agency Fund - This Fund accounts for assets held by the Board as a trustee or agent for individuals, private organizations, other governments and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The fund assets are held for the purpose of payroll related and student activities programs.

Account Groups - The Board also maintains two account groups as described below:

General Fixed Assets - All fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds. Fixed assets related to food service operations are accounted for in the food service enterprise fund and are considered fund fixed assets.

General Long-Term Debt - All unmatured general long-term liabilities of the District (excluding those of proprietary fund types) are accounted for in the general long-term debt account group. This includes serial bonds outstanding which are expected to be financed from governmental funds, the outstanding principal balance on capital leases and the noncurrent portion of the liability for compensated absences.

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

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

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is reported as retained earnings. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. The Board has elected to follow GAAP prescribed by the Governmental Accounting Standards Board (GASB) and all Financial Accounting Standards Board (FASB) standard issued prior to November 30, 1989. Subsequent to their date, the Board accounts for its proprietary funds as presented by GASB.

The modified accrual basis of accounting is used by all governmental fund types and expendable trust and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers revenues as available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

Those revenues susceptible to accrual are property taxes, interest, tuition and state and federal revenues.

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The district reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

**D. Budgets/Budgetary Control**

In accordance with the requirements of the New Jersey Department of Education, the District annually prepares its operating budget for the forthcoming year. The budget, except for the special revenue fund, which 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.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The budget is submitted to the county superintendent and is voted upon at the annual school election on the third Tuesday in April. 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 line item accounts 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 2001/02. During 2001/02, the Board increased the original budget by \$271,150. The increase was funded by additional surplus appropriated, grant awards and the reappropriation of prior year encumbrances.

**FLORHAM PARK BOARD OF EDUCATION  
 NOTES TO FINANCIAL STATEMENTS (Continued)  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

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

**D. Budgets/Budgetary Control (Continued)**

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 special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

The following presents a reconciliation of the special revenue funds from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Fund.

Total revenues & expenditures (budgetary basis)	\$289,017
Add: Encumbrances at June 30, 2001 (Net of Cancellations)	<u>647</u>
Total revenues & expenditures (GAAP basis)	<u>\$289,664</u>

**E. Encumbrances** - 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 reservations of 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.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

**F. Cash and Investments** - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Board. Investments are stated at fair value and are limited by N.J.S.A. 18A:20-37.

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

FLORHAM PARK BOARD OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Tuition

Tuition Revenue - 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.

Tuition Expenditures - Tuition charges for the fiscal years 2000-01 and 2001-02 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.

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

Food Service Fund inventories are valued at cost, using the First-in First-out (FIFO) method. There was no inventory in the Food Service Fund at June 30, 2002.

J. Fixed Assets - The District maintains a formal system of accounting for its general fixed assets. General fixed assets acquired or constructed are recorded at original cost. Donated fixed assets are valued at their estimated fair market value on the date received.

General fixed assets are reflected as expenditures in the applicable governmental funds, and the related assets are reported in the general fixed assets account group. Expenditures which enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the fixed asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized.

Assets in the general fixed assets account group are not depreciated. Depreciation of machinery and equipment in the proprietary fund types is computed using the straight line method.

K. Compensated Absences - The District accounts for compensated absences as directed by Governmental Accounting Standards Board Statement No. 16 (GASB No. 16), "Accounting for Compensated Absences". Accumulated sick leave is accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employee for the benefits. Sick leave pay and salary related payments that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for these amounts until paid. Accumulated sick leave and salary related payments of the proprietary funds are recorded as an expense and liability as the benefits accrue to the employees. Under existing agreements employees are not permitted to accumulate unused vacation days.

L. Long-Term Obligations - Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group.

M. Fund Equity - The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes. Unreserved retained earnings for proprietary funds represent the net assets available for future operations or distribution.

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

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

**N. Interfund Transactions** - Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**O. Property Tax Revenues** - Property taxes which are levied pursuant to law and collected by the municipality are transferred to the Board as requested and are recognized as revenues 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 Board are reported as deferred revenues. The tax bills are mailed by the Municipal Tax Collector and are payable in four quarterly installments on February 1, May 1, August 1 and November 1.

**P. Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management of the District to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**Q. Total Columns** - The combined financial statements include a total column that is captioned **memorandum only** to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with accounting principles generally accepted in the United States of America. Neither are such data comparable to a consolidation. Interfund transactions have not been eliminated from the total column of each financial statement.

**R. Comparative Data** - Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the government's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make statements unduly complex and difficult to understand. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**NOTE 2 DEPOSITS AND INVESTMENTS**

The District considers petty cash, change funds, cash in banks and certificates of deposit as cash and cash equivalents.

**Deposits**

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC) or New Jersey's Governmental Unit Deposit Protection Act. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to maintain additional collateral in the amount of 5% of the average public deposits and to deposit these amounts with the Federal Reserve Bank for all deposits not covered by the FDIC.



**FLORHAM PARK BOARD OF EDUCATION  
 NOTES TO FINANCIAL STATEMENTS (Continued)  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

**NOTE 2 DEPOSITS AND INVESTMENTS (Continued)**

Bank balances are insured up to \$100,000 in the aggregate by the FDIC for each bank. At June 30, 2002, the book value of the Board's deposits was \$15,144,938 and bank balances of the Board's cash and deposits amounted to \$15,541,784. Of the bank balances \$100,000 was covered by FDIC, \$14,710,440 was covered by the New Jersey Governmental Unit Deposit Protection Act and \$731,344 are uninsured with the New Jersey Cash Management Plan. The Board's deposits which are displayed on the combined balance sheet as "cash" are categorized as:

Category 1 - Insured or collateralized with securities held by the Board or its agent in the Board's name.

Category 2 - Collateralized with securities held by the pledging financial institutions trust department or agent in the Board's name.

Category 3 - Uncollateralized or collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the Board's name.

	<u>Categories</u>			<u>Bank Balance</u>
	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	
Deposits	<u>\$14,810,440</u>	<u>\$ -</u>	<u>\$731,344</u>	<u>\$15,541,784</u>

**Investments**

New Jersey statutes permit the Board to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States of America.
- b. Government Money Market Mutual Funds.
- c. Any obligations that a federal agency or a federal instrumentality has issued, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest.
- d. Bonds or other obligations of the school district or bonds or other obligations of the local unit or units which the school district is located.
- e. Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, that are approved by the New Jersey Department of Treasury, Division of Investments.
- f. Local Government investment pools.
- g. Agreements or the repurchase of fully collateralized securities, if transacted in accordance with NJSA 18A:20-37.

At June 30, 2002, the Board had no investments outstanding.

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

**NOTE 3 DUE TO/FROM OTHER FUNDS**

As of June 30, 2002, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$354,437	
Capital Projects Fund		\$354,437
Trust and Agency Funds:		
Unemployment Expendable Trust Fund	1,000	
Payroll Agency Fund	<u>          </u>	<u>1,000</u>
Total	<u>\$355,437</u>	<u>\$355,437</u>

**NOTE 4 FIXED ASSETS**

The following is a summary of changes in the General Fixed Assets Account Group for the year ended June 30, 2002.

	<u>Balance, June 30, 2001</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance, June 30, 2002</u>
Land	\$ 108,278			\$ 108,278
Land Improvements	11,408			11,408
Buildings and Building Impvts.	7,562,418			7,562,418
Machinery and Equipment	1,490,103	\$115,881	\$1,058	1,604,926
Construction in Progress	<u>          </u>	<u>447,786</u>	<u>          </u>	<u>447,786</u>
Total General Fixed Assets	<u>\$9,172,207</u>	<u>\$563,667</u>	<u>\$1,058</u>	<u>\$9,734,816</u>

The following is a summary of proprietary fund-type fixed assets at June 30, 2002:

	<u>Enterprise Fund</u>
Food Service Equipment	\$ 2,450
Less: Accumulated Depreciation	<u>(2,450)</u>
Net Fixed Assets	<u>\$ -</u>

The straight-line method of depreciation is utilized in the proprietary fund.

Machinery and Equipment	12 years
Vehicles	8 years

**NOTE 5 LONG-TERM DEBT**

**General Obligation Bonds**

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

Bonds payable at June 30, 2002 are comprised of the following issues:

\$4,950,000, 1994 Bonds, due in annual installments of \$330,000 to \$410,000 through December 15, 2009, interest at 6.0% to 6.20%	<u>\$3,100,000</u>
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**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

**NOTE 5 LONG-TERM DEBT (Continued)**

The Board's remaining borrowing power under N.J.S.A. 18A:24-19, as amended, at June 30, 2002 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$53,834,232
Net Debt Issued and Authorized But Not Issued	<u>16,953,329</u>
Remaining Borrowing Power	<u>\$36,880,903</u>

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

Year Ending June 30,	Serial Bonds		Total
	Principal	Interest	
2003	\$ 330,000	\$177,945	\$ 507,945
2004	350,000	157,545	507,545
2005	380,000	135,645	515,645
2006	400,000	112,645	512,645
2007	410,000	87,945	497,945
2008-2010	1,230,000	201,822	1,431,822

**Capital Leases Payable** - The District is leasing copiers, computers, buses and has upgraded the lighting fixtures throughout the district totaling \$625,889 under capital leases. The capital leases are for terms of 3 to 7 years, respectively. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2002.

Year	Amount
June 30, 2003	\$ 119,277
June 30, 2004	119,277
June 30, 2005	93,732
June 30, 2006	51,634
June 30, 2007	<u>23,582</u>
Total Minimum Lease Payments	407,502
Less: Amount representing interest	<u>50,975</u>
Present value of net minimum lease payments	<u>\$356,527</u>

**Changes in Long-Term Liabilities** - During the year ended June 30, 2002, the following changes occurred in liabilities reported in the General Long-Term Debt Account Group:

	Balance, July 1, 2001	Additions	Reductions	Balance, June 30, 2002
Bonds Payable	\$3,420,000		\$320,000	\$3,100,000
Compensated Absences Payable	202,173	\$311,671		513,844
Obligation Under Capital Leases	<u>380,442</u>	<u>94,865</u>	<u>118,780</u>	<u>356,527</u>
	<u>\$4,002,615</u>	<u>\$406,536</u>	<u>\$438,780</u>	<u>\$3,970,371</u>

**NOTE 6 FUND EQUITY**

Reservations and designations of fund balances of governmental funds are created to either (1) satisfy legal covenants that require a portion of the fund balance to be segregated or (2) identify the portion of the fund balance that is appropriated for future expenditures. Specific reservations and designations of the fund balance accounts are summarized below.

**Reserved for Encumbrances** - This reserve was created to represent encumbrances outstanding at the end of the year based on purchase orders and contracts awarded for which the goods or services have not yet been received at June 30.

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

**NOTE 6 FUND EQUITY (Continued)**

**Reserved for Capital Reserve Account** – This reserve was created by budget appropriation to fund future capital expenditures (See Note 14).

**Reserved for Payment of Note Interest** – This reserve was created to represent the premium received on note proceeds and interest earned on unspent note proceeds pledged to the payment of note interest due in accordance with the financing plan approved by the Local Finance Board of the State of New Jersey on May 8, 2002.

**Reserved for Excess Surplus** – This reserve was established to represent the June 30, 2002 audited excess surplus that will be appropriated in the 2003/04 original budget for property tax relief.

**Designated for Subsequent Year's Budget** – This designation was created to dedicate the portion of unreserved fund balance utilized in the adopted subsequent year's budget.

**NOTE 7 PENSION PLANS**

**Plan Descriptions**

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Teachers' Pension and Annuity Fund retirement system is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statutes, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers. The Public Employees Retirement System is considered a cost-sharing multiple-employer plan.

**Teachers' Pension and Annuity Fund**

The Teachers' Pension and Annuity Fund was 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 public school employees in the State.

Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for health care coverage. Members are eligible for retirement at age 60 (55 for veterans of military service, Ch. 133, P.L. 2001) with an annual benefit generally determined to be 1/60<sup>th</sup> (amended to 1/55<sup>th</sup> as of November 1, 2001, Ch. 133, P.L. 2001) of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above-mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

**Public Employees' Retirement System**

The Public Employees' Retirement System was 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 8 to 10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 (55 for veterans of military service, Ch. 133, P.L. 2001) with an annual benefit generally determined to be 1/60<sup>th</sup> (amended to 1/55<sup>th</sup> as of November 1, 2001, Ch. 133, P.L. 2001) of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above-mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

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 for TPAF and PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

**NOTE 7 PENSION PLANS (Continued)**

**Significant Legislation**

Effective November 1, 2001, Chapter 133, Public Law of 2001 increases the retirement benefits under the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS) for service, deferred and early retirement by changing the formula from 1/70 to 1/64 of final compensation for each year of Class A Service and from 1/60 to 1/55 of final compensation for each year of Class B service. The law also increases the retirement benefit for TPAF and PERS veteran members with 35 or more years of service and reduces the age qualification for this veteran retirement benefit from 60 to 55. The law further provides that existing retirees and beneficiaries whose retirement allowance is based on a service, deferred, early, or 35-year veteran retirement, would also receive a comparable percentage increase in their retirement allowances (9.09%).

This law also provides up to a 2% reduction in TPAF member contributions from the normal contribution rate of 5% beginning with calendar year 2002. After calendar year 2002, the rate of contribution will be reduced equally with employer normal contributions, but not by more than 2%, from excess valuation assets if the State Treasurer determines that excess valuation assets will be used to reduce normal contributions by the State. This change provides that future reductions in TPAF and PERS member contribution rates will be calculated in a similar fashion.

To fund the additional accrued liability for the increase benefits, the law provides that the actuarial value of assets for both TPAF and PERS, for the valuation period ending June 30, 1999, will be the full market value of the assets as of that date.

To fund the additional annual employer normal contribution for the increased benefits, the law establishes a benefit enhancement fund for both TPAF and PERS which would be funded by excess valuation assets beginning with the valuation period ending June 30, 1999. The amount of excess assets credited to the fund cannot exceed the amount of member contributions for the fiscal year in which the normal contributions are payable.

**Funding Policy**

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provides for a current employee contribution rate of 4.5% of employees' annual compensation, as defined. Chapter 415, P.L. 1999 provided for a reduction in the PERS employee contributions rate from 5% to 3%. Prior to January 1, 2001, the employee contribution rate was set at 4.5% in accordance with Chapter 115, P.L. 1997, which lowered the contribution rate by ½ of 1% for calendar years 1998 and 1999. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

The Board's contributions to PERS for the years ended June 30, 2002, 2001 and 2000 were offset by a Pension Security Act credit; therefore no contributions were required.

During the year ended June 30, 2002, the State of New Jersey was not required to contribute to the TPAF for normal cost pension contribution or post-retirement medical benefits on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$367,973 during the year ended June 30, 2002 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the general purpose financial statements, and the combining and individual fund statements and schedules as revenues and expenditures in accordance with GASB No. 24.

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

**NOTE 8 POST RETIREMENT BENEFITS**

**Post-Employment Medical Benefits**

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2001, there were 51,482 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994 with an additional contribution beginning in fiscal year 1996 to maintain a medical reserve of one half of 1% of the active State payroll.

The State contributed \$85.4 million to the PERS and \$175.6 million to the TPAF in the fiscal year 2001 for post-retirement medical benefits.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides for free health benefits to members of PERS and the Alternative Benefit Program who retired from a board of education or county college with 25 years of service. In fiscal year 2001, the State paid \$34.5 million toward Chapter 126 benefits for 6,917 eligible retired members.

**NOTE 9 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.

**NOTE 10 CLAIMS AND JUDGEMENTS**

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, 2002, 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.

**NOTE 11 INSURANCE/RISK MANAGEMENT**

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

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

**FLORHAM PARK BOARD OF EDUCATION  
 NOTES TO FINANCIAL STATEMENTS (Continued)  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

**NOTE 11 INSURANCE/RISK MANAGEMENT (Continued)**

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 expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2001-2002	\$ -0-	\$ 133	\$15,944	\$60,184
2000-2001	-0-	2,825	9,796	75,054
1999-2000	-0-	-0-	14,995	79,358

**NOTE 12 DEFERRED COMPENSATION**

The Board offers its employees a choice of certain deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. Since the Board does not have any property or rights to the plan assets and no fiduciary relationship exists between the Board and the deferred compensation plan, the plan assets are not included in the Board's financial statements as of June 30, 2002.

**NOTE 13 OPERATING LEASE**

The District leases office space for the administrative office under a lease agreement which will expire on December 31, 2002 with two (2) six month options through December 31, 2003. The Board has not exercised its option under the lease agreement as of the date of our report. The lease payments for the year ended June 30, 2002 were \$35,592. Future minimum lease payments for the next year are as follows:

<u>Fiscal Year Ended</u>	<u>Amount</u>
June 30, 2002	<u>\$19,842</u>
Total Future Minimum Lease Payments	<u>\$19,842</u>

**NOTE 14 CAPITAL RESERVE ACCOUNT**

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 account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the department, a district may deposit funds into the capital reserve at any time upon board resolution through the transfer of undesignated, unreserved general fund balance or of excess undesignated, unreserved general fund balance that is anticipated in the budget certified for taxes. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

During the fiscal year ended June 30, 2002, the District had actual interest earnings of \$25.

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

**NOTE 15 CALCULATION OF EXCESS SURPLUS**

In accordance with N.J.S.A. 18A:7F-7, the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2002 is \$76,186.

**NOTE 16 DEFICIT FUND BALANCE**

The District has an accumulated unreserved undesignated deficit of \$675,492 in the Capital Projects Fund as of June 30, 2002. This deficit is the result of the District utilizing temporary financing to fund expenditures for certain capital projects. As the Board permanently finances these appropriations, the District will realize as revenues the proceeds of the financing (see Note 17). In addition, the District was notified by the State Economic Development Authority of a grant award totaling \$2,913,301 under the Educational Facilities Construction and Financing Act of 2000. As the District incurs expenditures allowable under the grant, it will realize as revenue the State share of eligible costs associated with the grant award. This deficit does not indicate that the District is facing financial difficulties and is permitted practice under accounting principles generally accepted in the United States of America.

**NOTE 17 SUBSEQUENT EVENTS**

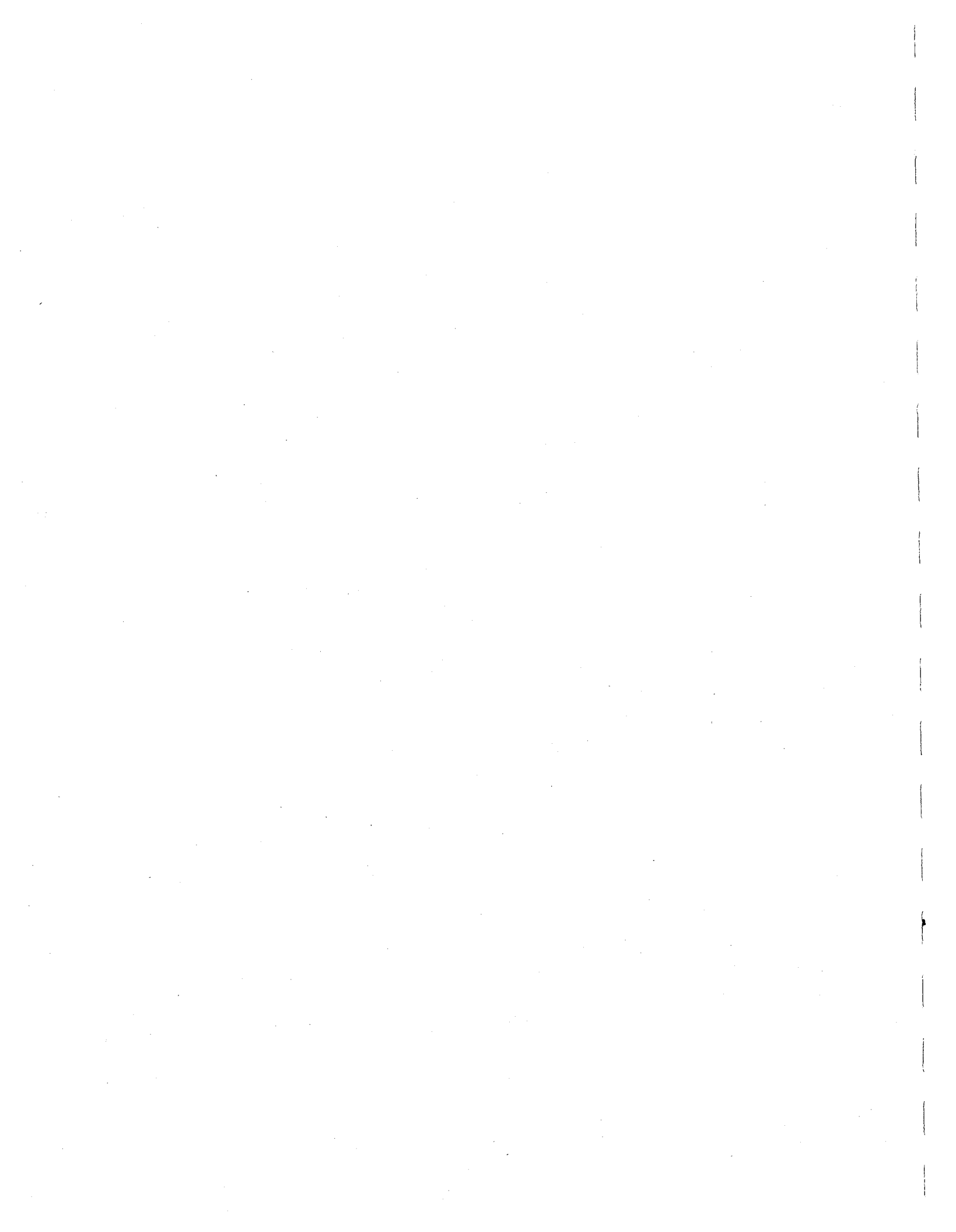
On July 9, 2002 the District issued \$10,940,000 of school bonds dated July 15, 2002 at interest rates of 4.20% to 4.75%. These bonds will mature in annual principal installments of \$60,000 to \$960,000 commencing July 15, 2004 through July 15, 2022.

The proceeds of the bonds will be used to finance the construction of additions to and the making of major renovations and improvements to the District schools including furnishings and equipment.



## **GENERAL FUND**

The General Fund is the general operating fund of the District. Resources which are not legally or by accounting principles generally accepted in the United States of America to be accounted for in other funds are accounted for in the General Fund.



**FLORHAM PARK BOARD OF EDUCATION  
GENERAL FUND  
COMPARATIVE BALANCE SHEETS  
AS OF JUNE 30, 2002 AND 2001**

	<u>2002</u>	<u>2001</u>
<b>ASSETS</b>		
Cash	\$ 582,229	\$ 643,688
Cash - Capital Reserve Account	1,038	1,013
Intergovernmental Receivable		
State	41,478	107,443
Other	13,461	
Interfund Receivable	<u>354,437</u>	<u>-</u>
 Total Assets	 <u>\$ 992,643</u>	 <u>\$ 752,144</u>
 <b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Interfund Payable		\$ 349,065
Accounts Payable	<u>\$ 2,390</u>	<u>-</u>
 Total Liabilities	 <u>2,390</u>	 <u>349,065</u>
 Fund Balance		
Reserved		
For Encumbrances	101,906	2,490
Capital Reserve Account	1,038	1,013
Payment of Note Interest	236,887	
Excess Surplus	76,186	
Unreserved		
Designated for Subsequent Year's Budget		95,000
Undesignated	<u>574,236</u>	<u>304,576</u>
 Total Fund Balances	 <u>990,253</u>	 <u>403,079</u>
 Total Liabilities and Fund Balance	 <u>\$ 992,643</u>	 <u>\$ 752,144</u>

**FLORHAM PARK BOARD OF EDUCATION**  
**GENERAL FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2002 AND 2001**

	2002		2001		Variance Favorable (Unfavorable)
	Modified Budget	Actual	Modified Budget	Actual	
<b>REVENUES</b>					
Local Sources	\$ 8,606,000	\$ 8,606,000	\$ 8,350,520	\$ 8,350,520	\$ 8,028
Local Tax Levy	18,905	12,998	46,695	54,723	(8,940)
Tuition	60,000	144,432	56,110	47,170	
Miscellaneous					
State Sources	561,124	561,124	454,270	520,991	66,721
Special Education Aid	62,536	62,536	101,715	101,715	-
Transportation Aid	3,428	3,428	76	76	
Bilingual Aid	12,416	12,516	12,789	12,789	
Academic Achievement Reward Program					
Extraordinary Special Education Aid	29,302	29,302		22,448	22,448
Teacher Quality Mentoring	2,550	2,550			
On Behalf TPAF Pension Contribution					
(Non Budgeted)				145,085	145,085
Reimbursed TPAF Social Security Contribution		367,973		353,178	353,178
(Non Budgeted)					
<b>Total Revenues</b>	<b>9,324,409</b>	<b>9,802,859</b>	<b>9,022,175</b>	<b>9,608,695</b>	<b>586,520</b>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
Regular Programs - Instruction	200,395	200,395	153,600	153,600	
Salaries of Teachers	1,477,500	1,477,118	1,431,033	1,431,033	
Preschool/Kindergarten	1,199,743	1,173,627	1,268,378	1,277,906	(9,528)
Grades 1-5					
Grades 6-8					
Regular Programs - Home Instruction	6,000	270	8,493	8,493	
Salaries of Teachers					
Regular Programs - Undistributed Instruction	113,004	113,004	93,999	93,999	
Other Salaries for Instruction	18,131	14,084	14,942	14,630	312
Purchased Professional/Educational Services	10,244	6,804	4,145	4,055	90
Purchased Technical Services	15,373	2,520	6,674	6,632	42
Other Purchased Services	215,483	164,625	149,834	145,486	4,348
General Supplies	23,144	18,823	31,225	30,589	636
Textbooks	3,557	2,602	3,863	3,863	
Other Objects					
<b>Total Regular Programs</b>	<b>3,282,574</b>	<b>3,173,872</b>	<b>3,166,186</b>	<b>3,170,286</b>	<b>(4,100)</b>

**FLORHAM PARK BOARD OF EDUCATION**  
**GENERAL FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2002 AND 2001**

	2002		2001		Variance Favorable (Unfavorable)
	Modified Budget	Actual	Modified Budget	Actual	
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	\$ 112,695	\$ 112,695	\$ 83,200	\$ 83,200	-
Other Salaries for Instruction	58,526	42,083	67,473	67,473	-
Total Learning and/or Language Disabilities	171,221	154,778	150,673	150,673	-
Visual Impairments					
Other Salaries for Instruction	23,200	16,710	22,668	22,668	-
Total Visual Impairments	23,200	16,710	22,668	22,668	-
Resource Room/Resource Center					
Salaries of Teachers	582,246	582,246	544,266	544,266	9,152
Other Salaries for Instruction	81,029	81,029	120,226	111,074	701
General Supplies	8,115	2,637	7,492	6,791	98
Textbooks	3,050	2,042	1,191	1,093	-
Total Resource Room/Resource Center	674,440	667,954	673,175	663,224	9,951
Preschool Disabilities - Full-Time					
Salaries of Teachers	51,602	51,602	47,800	47,481	319
Other Salaries for Instruction	45,200	44,690	45,417	45,342	75
Purchased Professional/Educational Services	36,920	21,345	-	-	-
Total Preschool Disabilities - Full-Time	133,722	117,637	93,217	92,823	394
Total Special Education	1,002,583	957,079	939,733	929,388	10,345
Bilingual/ESL Instruction					
Salaries of Teachers	7,546	-	-	-	-
Total Bilingual Education- Instruction	7,546	-	-	-	-

FLORHAM PARK BOARD OF EDUCATION  
GENERAL FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEARS ENDED JUNE 30, 2002 AND 2001

	2002			2001		
	Modified Budget	Actual	Variance Favorable (Unfavorable)	Modified Budget	Actual	Variance Favorable (Unfavorable)
<b>EXPENDITURES</b>						
<b>CURRENT EXPENDITURES (Continued)</b>						
School Sponsored Co-Curricular Activities						
Salaries	\$ 83,368	\$ 83,368	\$ -	\$ 65,346	\$ 64,207	\$ 1,139
Supplies and Materials	8,300	6,344	1,956	3,616	3,453	163
Other Objects	6,000	3,170	2,830	5,609	5,609	-
<b>Total School Sponsored Co-Curricular Activities</b>	<b>97,668</b>	<b>92,882</b>	<b>4,786</b>	<b>74,571</b>	<b>73,269</b>	<b>1,302</b>
School Sponsored Athletics - Instruction						
Salaries	32,901	6,045	26,856	18,299	18,299	-
Purchased Services	4,300	1,000	3,300	2,881	473	2,408
Supplies & Materials	3,500	2,748	752	2,503	2,503	-
<b>Total School Sponsored Athletics - Instruction</b>	<b>40,701</b>	<b>9,793</b>	<b>30,908</b>	<b>23,683</b>	<b>21,275</b>	<b>2,408</b>
<b>Total - Instruction</b>	<b>4,431,072</b>	<b>4,233,626</b>	<b>197,446</b>	<b>4,204,173</b>	<b>4,194,218</b>	<b>9,955</b>
<b>Undistributed Expenditures</b>						
Instruction						
Tuition to Other LEAs Within the State - Special	46,225	38,633	7,592	206,410	206,410	-
Tuition to CSSD & Regional Day Schools	33,556	19,555	14,001	29,492	29,492	-
Tuition to Private Schools for Disabled - W/I State	78,774	40,045	38,729	-	-	-
Tuition-Other	6,400	5,522	878	-	-	-
<b>Total Undistributed Expenditures - Instruction</b>	<b>164,955</b>	<b>103,755</b>	<b>61,200</b>	<b>235,902</b>	<b>235,902</b>	<b>-</b>
Health Services						
Salaries	146,470	146,470	-	140,073	140,073	-
Purchased Professional and Technical Services	3,300	627	2,673	585	585	-
Other Purchased Services	600	-	600	220	220	-
Supplies and Materials	7,160	6,733	427	4,397	4,397	-
Other Objects	2,250	287	1,963	730	661	69
<b>Total Health Services</b>	<b>159,780</b>	<b>154,117</b>	<b>5,663</b>	<b>146,005</b>	<b>145,936</b>	<b>69</b>
Other Support Services - Students - Related Services						
Salaries	143,146	143,146	-	108,690	108,690	-
Purchased Professional and Technical Services	10,785	10,785	-	934	934	-
Supplies and Materials	1,710	1,089	621	-	-	-
<b>Total Other Support Serv. - Students-Related Services</b>	<b>155,641</b>	<b>155,020</b>	<b>621</b>	<b>109,624</b>	<b>109,624</b>	<b>-</b>

**FLORHAM PARK BOARD OF EDUCATION  
GENERAL FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEARS ENDED JUNE 30, 2002 AND 2001**

	2002			2001		
	Modified Budget	Actual	Variance Favorable (Unfavorable)	Modified Budget	Actual	Variance Favorable (Unfavorable)
<b>EXPENDITURES</b>						
<b>CURRENT EXPENDITURES (Continued)</b>						
Other Support Services - Students - Extra Services						
Other Purchased Professional/Ed. Services	\$ 52,562	\$ 40,056	\$ 12,506			
Supplies and Materials	656	538	118			
Total Other Support Services - Students - Extra Services	53,218	40,594	12,624			
Other Support Services - Students - Regular						
Salaries of Other Professional Staff	92,747	92,747		\$ 87,334	\$ 87,334	
Other Purchased Professional/Ed. Services	18,236	11,035	7,201			
Supplies and Materials	6,759	6,759				
Total Other Support Services - Students - Regular	117,742	110,541	7,201	87,334	87,334	
Other Support Services - Students - Special						
Salaries of Other Professional Staff	218,800	217,763	1,037	222,645	222,645	
Salaries of Secretarial and Clerical Assistants	42,531	42,531		41,250	41,250	
Purchased Professional/Educational Services	181,500	174,487	7,013	222,681	222,681	
Other Purchased Professional/Tech. Services	8,795	8,731	64	4,325	4,325	
Supplies and Materials	6,750	5,481	1,269	7,079	7,079	
Total Other Support Services - Students - Special	458,376	448,993	9,383	497,980	497,980	
Improvement of Instructional Services						
Salaries of Other Professional Staff	70,000	70,000		67,298	67,298	
Other Salaries	10,100	950	9,150	8,210	8,210	
Purchased Professional/Educational Services	8,889	8,864	25	6,044	6,044	
Other Purchased Professional/Technical Services	9,033	9,033		8,051	8,051	
Other Purchased Services	3,542	3,542		1,482	1,482	
Supplies and Materials	42,208	42,208		52,041	52,041	
Other Objects	1,564	1,564		147	147	
Total Improvement of Instructional Services	145,336	136,161	9,175	143,273	143,273	
Educational Media Services/School Library						
Salaries	134,800	134,676	124	130,900	130,900	
Other Objects	25,591	21,396	4,195	22,238	22,238	
Total Educational Media Services/School Library	160,391	156,072	4,319	153,138	153,138	

**FLORHAM PARK BOARD OF EDUCATION  
GENERAL FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEARS ENDED JUNE 30, 2002 AND 2001**

	2002			2001		
	Modified Budget	Actual	Variance Favorable (Unfavorable)	Modified Budget	Actual	Variance Favorable (Unfavorable)
<b>EXPENDITURES</b>						
<b>CURRENT EXPENDITURES (Continued)</b>						
Instructional Staff Training Services	\$ 11,306	\$ 3,671	\$ 7,635	\$ 6,076	\$ 6,076	-
Purchased Professional Educational Services	3,000	165	2,835	2,726	2,726	-
Other Objects						
Total Instructional Staff Training Services	14,306	3,836	10,470	8,802	8,802	-
Support Services General Administration						
Salaries	191,465	191,148	317	187,035	187,035	
Legal Services	80,657	68,536	12,121	46,813	46,813	
Other Purchased Professional Services	88,253	17,727	70,526	22,026	22,026	
Purchased Technical Services	2,210	2,110	100	5,468	5,468	
Communications/Telephone	45,365	45,365	-	39,125	39,125	
Other Purchased Services	80,428	74,145	6,283	50,687	50,687	
Supplies and Materials	4,409	4,216	193	5,390	5,390	
Miscellaneous Expenditures	12,741	9,058	3,683	15,817	15,738	\$ 79
Total Support Services General Administration	505,528	412,305	93,223	372,361	372,282	79
Support Services School Administration						
Salaries of Principals/Assistant Principals	266,400	266,400		248,825	248,825	
Salaries of Other Professional Staff	418	418		3,050	3,050	
Salaries of Secretarial and Clerical Assistants	184,600	182,210	2,390	177,715	177,715	
Other Salaries	91,602	91,602		87,864	87,864	
Other Purchased Services	4,280	2,907	1,373	31,703	31,703	
Supplies and Materials	8,200	5,724	2,476	3,478	3,477	1
Other Objects				5,033	5,027	6
Total Support Services School Administration	555,500	549,261	6,239	557,668	557,661	7



**FLORHAM PARK BOARD OF EDUCATION  
GENERAL FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEARS ENDED JUNE 30, 2002 AND 2001**

	2002			2001		
	Modified Budget	Actual	Variance Favorable (Unfavorable)	Modified Budget	Actual	Variance Favorable (Unfavorable)
<b>EXPENDITURES</b>						
<b>CURRENT EXPENDITURES (Continued)</b>						
Required Maintenance for School Facility	\$ 319,820	\$ 317,469	\$ 2,351	\$ 320,102	\$ 319,927	\$ 175
Salaries	13,994	13,934	60	23,339	23,339	
Cleaning, Repair & Maintenance Services	33,202	30,765	2,437	31,000	30,705	295
General Supplies	5,360	5,059	301	9,408	8,981	427
Other Objects						
<b>Total Required Maintenance for School Facility</b>	<b>372,376</b>	<b>367,227</b>	<b>5,149</b>	<b>383,849</b>	<b>382,952</b>	<b>897</b>
<b>Operation and Maintenance of Plant Services</b>						
Salaries	39,792	39,792		34,000	33,890	110
Purchased Professional and Technical Services	25,497	17,369	8,128	74,570	73,915	655
Rental of Land and Buildings	36,194	35,592	602	37,800	37,800	
Other Purchased Property Services	43,946	42,798	1,148	49,483	49,483	
Insurance	124,370	124,370		121,589	121,589	
Energy (Heat and Electricity)	208,913	161,126	47,787	189,787	189,787	
Other Objects						
<b>Total Operation and Maintenance of Plant Services</b>	<b>478,712</b>	<b>421,047</b>	<b>57,665</b>	<b>507,229</b>	<b>506,464</b>	<b>765</b>
<b>Student Transportation Services</b>						
Salaries for Pupil Transportation (Between Home and School) - Regular	144,831	144,831		74,180	74,136	44
Management Fee - ESC & CTSA Transportation	1,223	1,223		1,596	1,083	513
Cleaning, Repair and Maintenance Services	16,059	16,059		6,645	6,288	357
Lease Purchase Payments - School Buses	74,131	74,131		53,372	53,266	106
Contracted Services (Between Home and School) - Vendors	8,898	6,675	2,223	42,000	40,109	1,891
Contracted Services (Other Than Between Home and School) - Vendors				2,809	2,809	
Contracted Services (Special Education Students) Vendor	64,241	64,241		123,654	123,468	186
Contracted Services - Aid in Lieu of Payments	47,570	46,418	1,152	39,275	39,275	
Misc. Purchased Services - Transportation	6,577	1,910	4,667	8,900	7,910	990
Supplies and Materials	1,053	993	60	3,600	3,252	348
Miscellaneous Expenditures	1,984	1,198	786	2,600	2,545	55
<b>Total Student Transportation Services</b>	<b>366,567</b>	<b>357,679</b>	<b>8,888</b>	<b>358,631</b>	<b>354,141</b>	<b>4,490</b>

**FLORHAM PARK BOARD OF EDUCATION  
GENERAL FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEARS ENDED JUNE 30, 2002 AND 2001**

	2002			2001		
	Modified Budget	Actual	Variance Favorable (Unfavorable)	Modified Budget	Actual	Variance Favorable (Unfavorable)
<b>EXPENDITURES</b>						
<b>CURRENT EXPENDITURES (Continued)</b>						
Business and Other Support Services						
Salaries	\$ 212,931	\$ 212,931		\$ 222,325	\$ 222,325	
Purchased Technical Services	12,368	12,368		5,990	5,990	
Other Purchased Services	68,348	61,745	\$ 6,603	44,685	41,606	\$ 3,079
Sale/ Lease Back Payments	8,025	6,075	1,950	24,750	24,395	355
Supplies and Materials	7,421	7,421	-	8,407	8,407	
Int. for Lease Purch. Agreements	4,959	4,959	-	2,965	2,910	55
Miscellaneous Expenditures						
<b>Total Business and Other Support Services</b>	<b>314,052</b>	<b>305,499</b>	<b>8,553</b>	<b>309,122</b>	<b>305,633</b>	<b>3,489</b>
Unallocated Benefits - Employee Benefits						
Social Security	112,151	112,151	-	113,179	113,179	
Other Retirement Contributions - Regular	4,053	109	3,944	508	508	
Health Benefits	951,061	932,746	18,315	833,628	833,294	334
Tuition Reimbursement	23,264	21,845	1,419	16,904	16,904	
Other Employee Benefits	29,179	29,109	70	24,521	24,521	
<b>Total Unallocated Benefits - Employee Benefits</b>	<b>1,119,708</b>	<b>1,095,960</b>	<b>23,748</b>	<b>988,740</b>	<b>988,406</b>	<b>334</b>
On Behalf TPAF Pension Contributions (Non Budgeted)						
Reimbursed TPAF Social Security Contribution (Non Budgeted)						
<b>Total On-Behalf</b>	<b>-</b>	<b>367,973</b>	<b>(367,973)</b>	<b>-</b>	<b>353,178</b>	<b>(145,085)</b>
<b>Total Undistributed Expenditures</b>	<b>5,142,188</b>	<b>5,186,040</b>	<b>(43,852)</b>	<b>4,859,658</b>	<b>5,347,791</b>	<b>(488,133)</b>
<b>Total Current Expenditures</b>	<b>9,573,260</b>	<b>9,419,666</b>	<b>153,594</b>	<b>9,063,831</b>	<b>9,542,009</b>	<b>(478,178)</b>

**FLORHAM PARK BOARD OF EDUCATION  
GENERAL FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEARS ENDED JUNE 30, 2002 AND 2001**

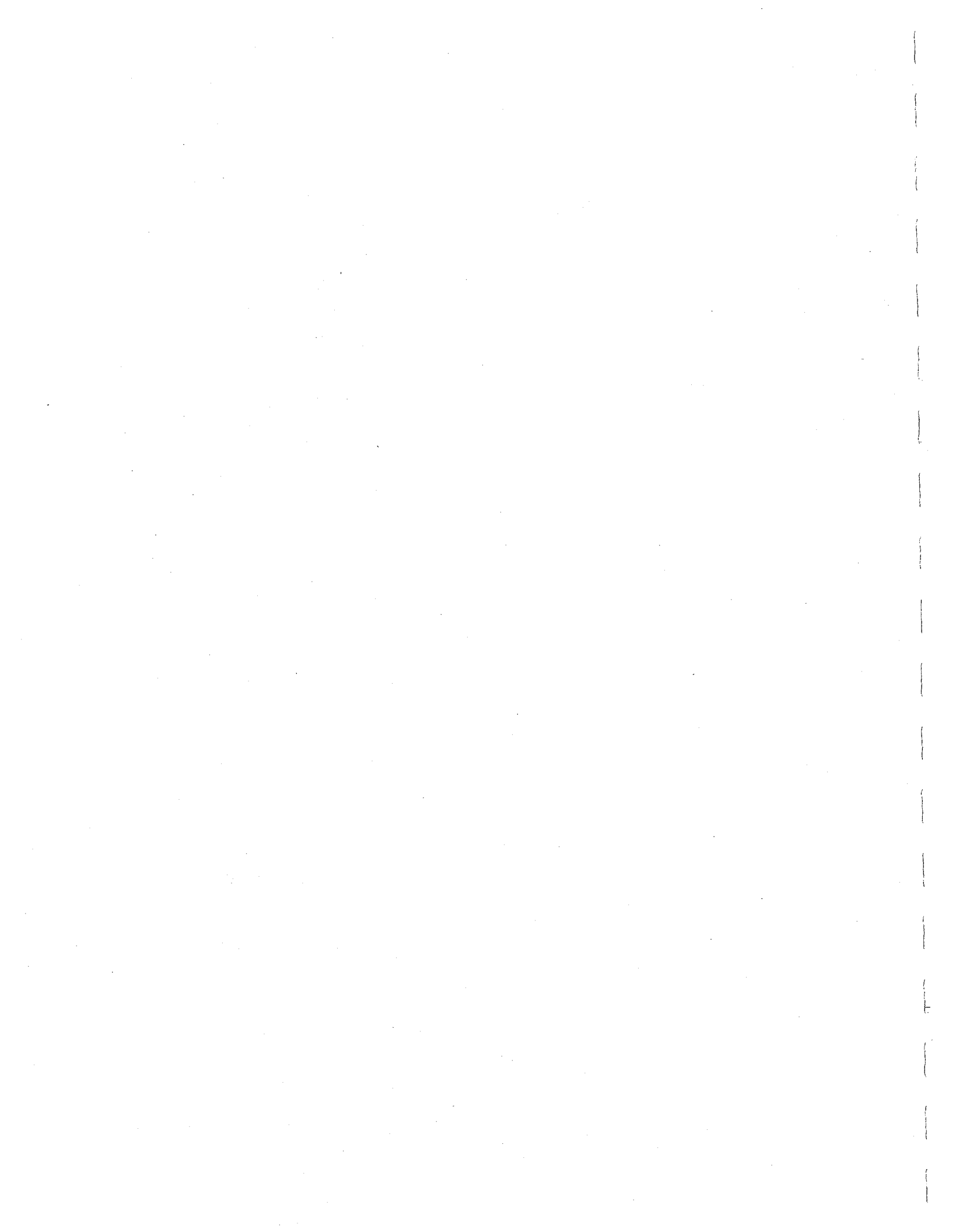
	2002			2001		
	Modified Budget	Actual	Variance Favorable (Unfavorable)	Modified Budget	Actual	Variance Favorable (Unfavorable)
<b>CAPITAL OUTLAY</b>						
Equipment						
Regular Programs - Instruction						
Grades 1-5	\$ 5,582	\$ 5,521	\$ 61	\$ 1,715	\$ 1,715	
Grades 6-8				55,965	55,965	
Undistributed Expenditures						
Instruction	4,694	4,694		59,154	59,154	
Support Serv. - Students - Regular	153	153		20,953	20,953	
Support Serv. - Students - Special Services	1,770	1,770		2,409	2,409	
Support Serv. - Related & Extraordinary						
Operation and Maint. of Plant Services	4,606	4,606		1,960	1,960	
Business and Other Support Services	-	-		9,976	9,976	
Total Equipment	16,805	16,744	61	152,132	152,132	
Facilities Acquisition and Construction Services						
Construction Services				26,090	26,090	
Lease Purchase Agreements - Principal	16,162	16,162	-	15,175	15,175	
Total Facilities Acquisition and Construction Services	16,162	16,162	-	41,265	41,265	
Assets Acquired under Capital Leases (Nonbudgeted)						
Operation and Maintenance of Plant Services						
Business Office						
Student Transportation Services		94,865	(94,865)			
Total Assets Acquired under Capital Leases		94,865	(94,865)			
Total Capital Outlay	32,967	127,771	(94,804)	193,397	406,582	(213,185)
Total General Fund Expenditures	9,606,227	9,547,437	58,790	9,257,228	9,948,591	(691,363)

**FLORHAM PARK BOARD OF EDUCATION  
GENERAL FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEARS ENDED JUNE 30, 2002 AND 2001**

	2002		2001		Variance Favorable (Unfavorable)	
	Modified Budget	Actual	Modified Budget	Actual		
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (281,818)	\$ 255,422	\$ 537,240	\$ (235,053)	\$ (339,896)	\$ (104,843)
Other Financing Sources						
Capital Leases		94,865	94,865	-	213,185	213,185
Operating Transfers In	-	236,887	236,887	-	-	-
Total Other Financing Sources	-	331,752	331,752	-	213,185	213,185
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources	(281,818)	587,174	868,992	(235,053)	(126,711)	108,342
Fund Balances, Beginning of Year	403,079	403,079	-	529,790	529,790	-
Fund Balances, End of Year	\$ 121,261	\$ 990,253	\$ 868,992	\$ 294,737	\$ 403,079	\$ 108,342
<b>Recapitulation of Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Sources (Uses)</b>						
Increase in Capital Reserve Account		\$ 25	\$ 25	\$ 1,000	\$ 1,013	\$ 13
Budgeted Fund Balance	\$ (279,328)	589,639	868,967	(188,377)	(80,048)	108,329
Prior Year Encumbrances	(2,490)	(2,490)	-	(47,676)	(47,676)	-
	\$ (281,818)	\$ 587,174	\$ 868,992	\$ (235,053)	\$ (126,711)	\$ 108,342

## **SPECIAL REVENUE FUND**

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.



**FLORHAM PARK BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEETS  
AS OF JUNE 30, 2002 AND 2001**

	<u>2002</u>	<u>2001</u>
<b>ASSETS</b>		
Cash	\$ 18,597	\$ 6,905
Intergovernmental Accounts Receivable - Other	<u>3,516</u>	<u>-</u>
Total Assets	<u>\$ 22,113</u>	<u>\$ 6,905</u>
<b>LIABILITIES</b>		
Intergovernmental Payable		
State	\$ 15,718	\$ 710
Federal	290	
Deferred Revenue	<u>6,105</u>	<u>6,195</u>
Total Liabilities	<u>\$ 22,113</u>	<u>\$ 6,905</u>







**FLORHAM PARK BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
STATEMENT OF DEMONSTRABLY EFFECTIVE PROGRAM AID  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

NOT APPLICABLE

**SPECIAL REVENUE FUND  
STATEMENT OF EARLY CHILDHOOD PROGRAM AID  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

NOT APPLICABLE

**SPECIAL REVENUE FUND  
STATEMENT OF INSTRUCTIONAL SUPPLEMENT AID  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

NOT APPLICABLE

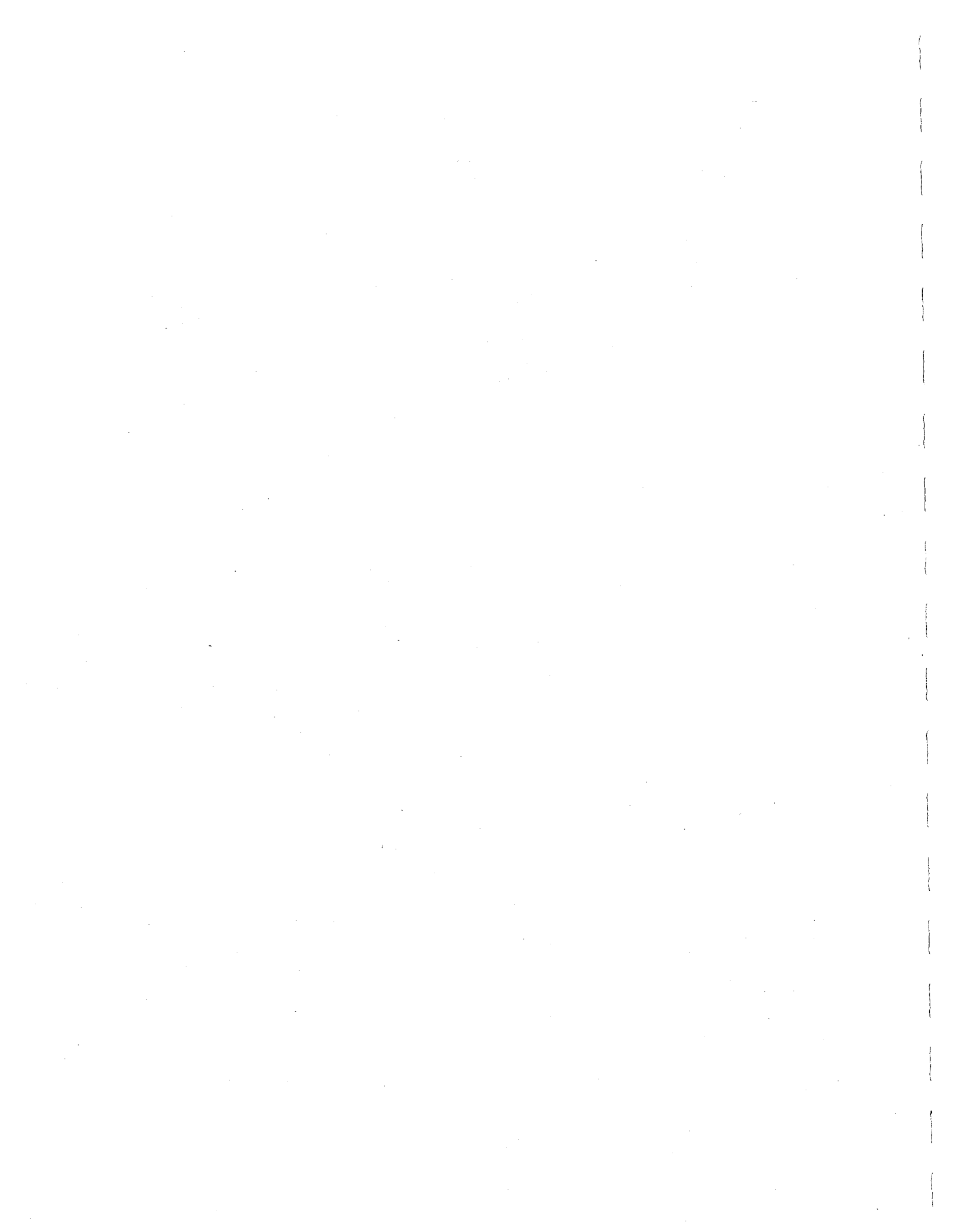
**FLORHAM PARK BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
STATEMENT OF DISTANCE LEARNING NETWORK AID  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	2002		
	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES</b>			
Support Services			
Other Purchased Services	\$ 608	\$ 608	\$ -
	<u>608</u>	<u>608</u>	<u>-</u>
Total Support Services			
Facilities Acquisition And Construction			
NonInstructional Equipment	34,283	34,283	-
	<u>34,283</u>	<u>34,283</u>	<u>-</u>
Total Facilities, Acquisition and Construction			
Total Expenditures	<u>\$ 34,891</u>	<u>\$ 34,891</u>	<u>\$ -</u>
Total Revised 2001-02 Distance Learning Network Aid			\$ 34,891
Actual Distance Learning Network Aid Carryover (June 30, 2001)			<u>-</u>
Total Distance Learning Network Aid Available for 2001-02 Budget			34,891
Less: 2001-02 Budgeted Distance Learning Network Aid (Including prior year carryover)			<u>34,891</u>
Available and Unbudgeted DLNA Foods as of June 30, 2002			-
Add: 2001-02 Unexpended DLNA			<u>-</u>
2002-2003 Actual Carryover-DLNA			<u>\$ -</u>
2001-2002 Carryover Budgeted in 2002-2003			<u>\$ -</u>

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## **CAPITAL PROJECTS FUND**

The Capital Projects Fund accounts for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Enterprise Funds and Trust Funds).



**FLORHAM PARK BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
COMPARATIVE BALANCE SHEETS  
AS OF JUNE 30, 2002 AND 2001**

	<u>2002</u>	<u>2001</u>
<b>ASSETS</b>		
Cash	\$ 14,402,651	\$ 307,772
Interfund Receivable		334,899
Intergovernmental Accounts Receivable - State	<u>2,913,301</u>	<u>-</u>
 Total Assets	 <u>\$ 17,315,952</u>	 <u>\$ 642,671</u>
 <b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Interfund Payable	\$ 354,437	
Deferred Revenue	2,913,301	
Notes Payable	<u>13,853,329</u>	<u>-</u>
 Total Liabilities	 <u>17,121,067</u>	 <u>-</u>
 Fund Balance		
Reserved		
For Encumbrances	870,377	
Unreserved		
Undesignated (Deficit)	<u>(675,492)</u>	<u>\$ 642,671</u>
 Total Fund Balances	 <u>194,885</u>	 <u>642,671</u>
 Total Liabilities and Fund Balances	 <u>\$ 17,315,952</u>	 <u>\$ 642,671</u>

**FLORHAM PARK BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2002 AND 2001**

	<u>2002</u>	<u>2001</u>
Revenues		
Local Sources		
Interest Earned	\$ 131,740	\$ 35,461
	<u>131,740</u>	<u>35,461</u>
Total Revenues		
Expenditures		
Capital Outlay	447,786	-
	<u>447,786</u>	<u>-</u>
Total Expenditures		
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(316,046)</u>	<u>35,461</u>
Other Financing Sources (Uses)		
Premium on Note Proceeds	105,147	
Operating Transfers Out	<u>(236,887)</u>	<u>(35,461)</u>
Total Other Financing Sources (Uses)	<u>(131,740)</u>	<u>(35,461)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(447,786)	-
Fund Balance, Beginning of Year	<u>642,671</u>	<u>642,671</u>
Fund Balance, End of Year	<u>\$ 194,885</u>	<u>\$ 642,671</u>



**FLORHAM PARK BOARD OF EDUCATION**  
**CAPITAL PROJECTS FUND**  
**SUMMARY STATEMENT OF PROJECT EXPENDITURES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

<u>Number</u>	<u>Issue/Project Title</u>	<u>Appropriation</u>	<u>Transfers</u>	<u>Modified Appropriation</u>	<u>Expenditures to Date</u>		<u>Balance, June 30, 2002</u>
					<u>Prior Years</u>	<u>Current Year</u>	
12/14/93	Improve Briarwood, Brooklake & Ridgedale Schools - Construction of Addition, Major Repairs, Acquisition of New Furniture, Equipment and Apparatus	\$ 4,950,000	\$ (642,671)	\$ 4,307,329	\$ 4,307,329		
01/22/02	Construct, furnish and equip educational and physical plant renovations and additions to the Briarwood, Brooklake and Ridgedale Schools	<u>13,853,329</u>	<u>642,671</u>	<u>14,496,000</u>	-	<u>\$ 447,786</u>	<u>\$ 14,048,214</u>
		<u>\$ 18,803,329</u>	<u>\$ -</u>	<u>\$ 18,803,329</u>	<u>\$ 4,307,329</u>	<u>\$ 447,786</u>	<u>14,048,214</u>
						Less: Unrealized Revenue	<u>13,853,329</u>
						Fund Balance, June 30, 2002	<u>\$ 194,885</u>

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## **DEBT SERVICE FUND**

The Debt Service Fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.



**FLORHAM PARK BOARD OF EDUCATION  
DEBT SERVICE FUND  
COMPARATIVE BALANCE SHEETS  
AS OF JUNE 30, 2002 AND 2001**

	<u>2002</u>	<u>2001</u>
<b>ASSETS</b>		
Cash	\$ 35,466	\$ 73,762
Total Assets	<u>\$ 35,466</u>	<u>\$ 73,762</u>
<b>FUND BALANCES</b>		
Designated for Subsequent Year's Budget	\$ 35,466	\$ 38,296
Unreserved, Undesignated	<u>-</u>	<u>35,466</u>
Total Fund Balances	<u>\$ 35,466</u>	<u>\$ 73,762</u>

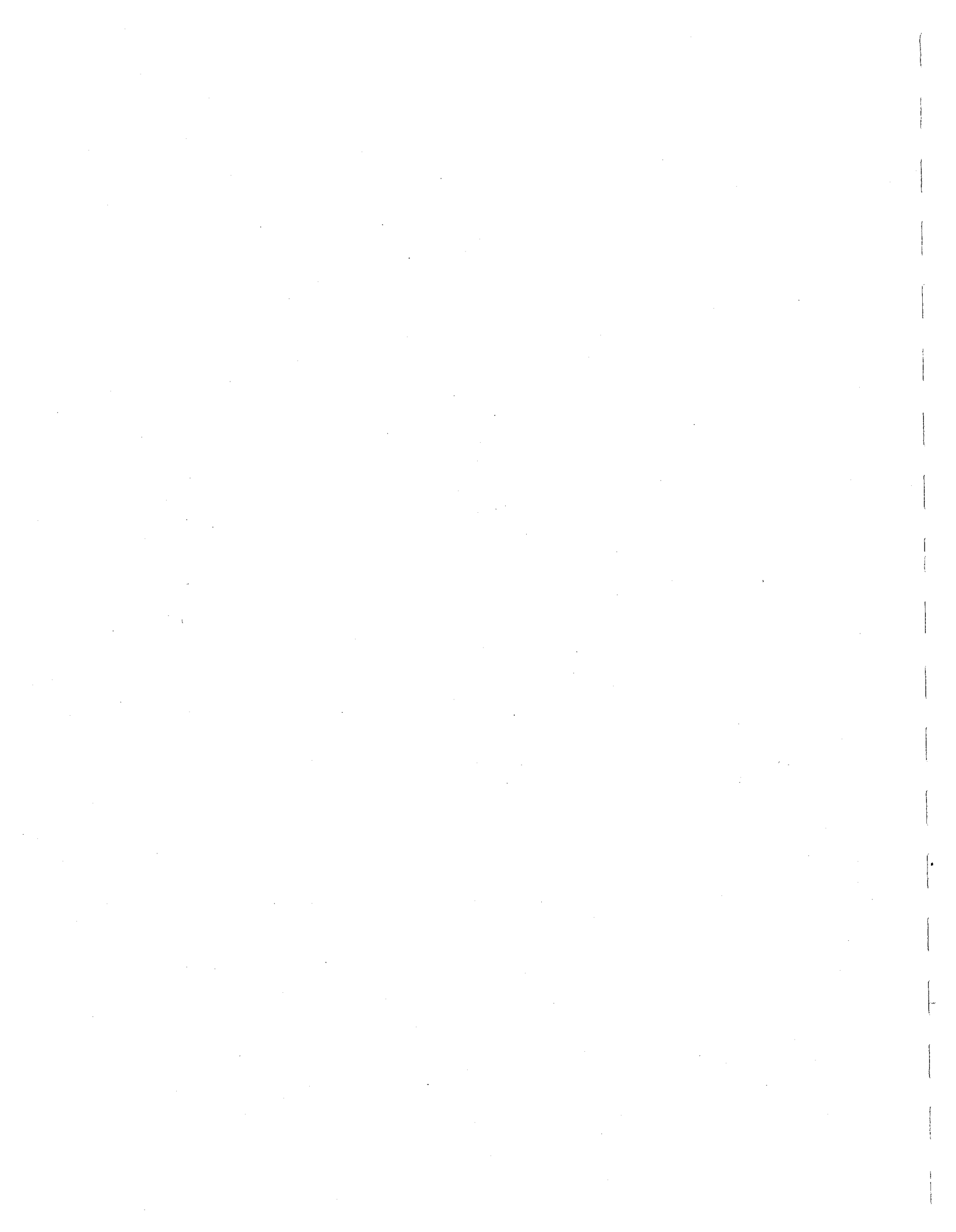
**FLORHAM PARK BOARD OF EDUCATION**  
**DEBT SERVICE FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2002 AND 2001**

	2002		2001		Variance Favorable (Unfavorable)
	Modified Budget	Actual	Modified Budget	Actual	
<b>REVENUES</b>					
Local Sources Property Taxes	\$ 479,149	\$ 479,149	\$ 467,796	\$ 467,796	-
Total Revenues	479,149	479,149	467,796	467,796	-
<b>EXPENDITURES</b>					
Regular Debt Service	320,000	320,000	295,000	295,000	
Principal	197,445	197,445	215,900	215,895	\$ 5
Interest					
Total Expenditures	517,445	517,445	510,900	510,895	5
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(38,296)	(38,296)	(43,104)	(43,099)	5
Other Financing Sources					
Operating Transfers In	-	-	-	35,461	35,461
Total Other Financing Sources	-	-	-	35,461	35,461
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Sources (Uses)	(38,296)	(38,296)	(43,104)	(7,638)	35,466
Fund Balance, Beginning of Year	73,762	73,762	81,400	81,400	-
Fund Balance, End of Year	\$ 35,466	\$ 35,466	\$ 38,296	\$ 73,762	\$ 35,466

### **ENTERPRISE FUND**

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs of providing goods or services be financed through user charges.

**Food Service Fund** – This fund provides for the operation of food services in all schools within the school district.





**FLORHAM PARK BOARD OF EDUCATION  
FOOD SERVICE ENTERPRISE FUND  
COMPARATIVE BALANCE SHEETS  
AS OF JUNE 30, 2002 AND 2001**

	<u>2002</u>	<u>Total</u>	<u>2001</u>
<b>ASSETS</b>			
Current Assets			
Cash	\$ 7,253		\$ 2,207
Intergovernmental Receivable - Federal	256		310
	<u>7,509</u>		<u>2,517</u>
Total Current Assets			
Fixed Assets			
Equipment	2,450		2,450
Accumulated Depreciation	<u>(2,450)</u>		<u>(2,450)</u>
Fixed Assets (Net of Accumulated Depreciation)	<u>-</u>		<u>-</u>
Total Assets	<u>\$ 7,509</u>		<u>\$ 2,517</u>
<b>FUND EQUITY</b>			
Fund Equity			
Unreserved Retained Earnings	<u>\$ 7,509</u>		<u>\$ 2,517</u>
Total Fund Equity	<u>\$ 7,509</u>		<u>\$ 2,517</u>

**FLORHAM PARK BOARD OF EDUCATION  
FOOD SERVICE ENTERPRISE FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2002 AND 2001**

	<u>2002</u>	<u>Total</u>	<u>2001</u>
<b>OPERATING REVENUES</b>			
Local Sources			
Daily Sales-Reimbursable Programs			
Special Milk Program	\$ 7,325		\$ 5,029
Total Operating Revenues	<u>7,325</u>		<u>5,029</u>
<b>OPERATING EXPENSES</b>			
Salaries	-		10,066
Cost of Sales	<u>7,272</u>		<u>7,486</u>
Total Operating Expenses	<u>7,272</u>		<u>17,552</u>
Operating Income (Loss)	<u>53</u>		<u>(12,523)</u>
Nonoperating Revenues			
Federal Sources			
Special Milk Program	<u>4,939</u>		<u>4,831</u>
Total Nonoperating Revenues	<u>4,939</u>		<u>4,831</u>
Net Income (Loss)	4,992		(7,692)
Retained Earnings, Beginning of Year	<u>2,517</u>		<u>10,209</u>
Retained Earnings, End of Year	<u>\$ 7,509</u>		<u>\$ 2,517</u>

**FLORHAM PARK BOARD OF EDUCATION  
FOOD SERVICE ENTERPRISE FUND  
COMPARATIVE STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2002 AND 2001**

	<u>2002</u>	<u>Total</u>	<u>2001</u>
Cash Flows From Operating Activities			
Cash Received from Customers	\$ 7,325		\$ 5,029
Cash Payments for Employees Salaries			(10,066)
Cash Payments to Suppliers for Goods and Services	<u>(7,272)</u>		<u>(7,486)</u>
Net Cash Provided (Used) by Operating Activities	<u>53</u>		<u>(12,523)</u>
Cash Flows From Noncapital Financing Activities			
Cash Received from Federal Subsidy Reimbursements	<u>4,993</u>		<u>4,755</u>
Net Cash Provided by Noncapital Financing Activities	<u>4,993</u>		<u>4,755</u>
Net Increase (Decrease) in Cash and Cash Equivalents	5,046		(7,768)
Cash and Cash Equivalents, Beginning of Year	<u>2,207</u>		<u>9,975</u>
Cash and Cash Equivalents, End of Year	<u>\$ 7,253</u>		<u>\$ 2,207</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	<u>\$ 53</u>		<u>\$ (12,523)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 53</u>		<u>\$ (12,523)</u>

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## TRUST AND AGENCY FUNDS

The Trust and Agency Funds account for assets held by the government in a trustee capacity. Agency funds are used to account for assets held by the government as an agent for individual, private organizations, other governments and/or other funds.

**Expendable Trust Fund** – This Fund is established to account for the assets and resources which are also held by the Board as a trustee or agent for individuals, private organizations, other governments and/or other funds. These funds include donations for scholarships; both principal and revenues generated may be expended for purposes designated by the donors and unemployment compensation insurance contributions and claims.

**Agency Fund** – This Fund is established to account for assets held by the Board as a trustee or agent for individuals, private organizations, other governments and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The fund assets are held for the purpose of Payroll related and Student Activities programs.



**FLORHAM PARK BOARD OF EDUCATION  
TRUST AND AGENCY FUNDS  
COMBINING BALANCE SHEET  
AS OF JUNE 30, 2002**

(With Comparative Totals as of June 30, 2001)

	<u>Expendable Trust</u>		<u>Agency</u>		<u>Total</u>
	<u>Unemployment Insurance</u>	<u>Scholarship</u>	<u>Student Activity</u>	<u>Payroll</u>	<u>2001</u>
					<u>2002</u>
<b>ASSETS</b>					
Cash	\$ 59,184	\$ 6,705	\$ 23,929	\$ 7,886	\$ 95,446
Interfund Receivable	1,000	-	-	-	14,166
	\$ 60,184	\$ 6,705	\$ 23,929	\$ 7,886	\$ 109,612
	\$ 60,184	\$ 6,705	\$ 23,929	\$ 7,886	\$ 109,612
<b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities</b>					
Cash Overdraft					\$ 8,079
Accrued Salaries and Wages			\$ 1,380	\$ 1,380	-
Payroll Deductions and Withholdings			5,506	5,506	5,087
Interfund Payable			1,000	1,000	
Due to Student Groups	-	-	\$ 23,929	-	23,929
	-	-	23,929	7,886	27,776
<b>Total Liabilities</b>	-	-	23,929	7,886	27,776
<b>Fund Balance</b>					
Unreserved, Undesignated	\$ 60,184	\$ 6,705	-	-	81,836
	\$ 60,184	\$ 6,705	\$ 23,929	\$ 7,886	\$ 109,612
<b>Total Liabilities and Fund Balance</b>	\$ 60,184	\$ 6,705	\$ 23,929	\$ 7,886	\$ 109,612

**FLORHAM PARK BOARD OF EDUCATION  
NON-EXPENDABLE TRUST FUND - SCHOLARSHIP  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

NOT APPLICABLE



**FLORHAM PARK BOARD OF EDUCATION  
STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

<b>STUDENT ACTIVITY FUND</b>	Balance, July 1, <u>2001</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2002</u>
<b>ASSETS</b>				
Cash	\$ 14,610	\$ 111,834	\$ 102,515	\$ 23,929
Total Assets	<u>\$ 14,610</u>	<u>\$ 111,834</u>	<u>\$ 102,515</u>	<u>\$ 23,929</u>
<b>LIABILITIES</b>				
Due to Student Groups	\$ 14,610	\$ 111,834	102,515	\$ 23,929
Total Liabilities	<u>\$ 14,610</u>	<u>\$ 111,834</u>	<u>\$ 102,515</u>	<u>\$ 23,929</u>

**FLORHAM PARK BOARD OF EDUCATION  
STUDENT ACTIVITY FUND  
STATEMENT OF ACTIVITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	Balance, July 1, <u>2001</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2002</u>
<b>ELEMENTARY SCHOOLS</b>				
Brooklake	\$ 566	\$ 8,971	\$ 8,336	\$ 1,201
Briarwood	1,016	7,118	5,505	2,629
<b>MIDDLE SCHOOLS</b>				
Ridgedale	<u>13,028</u>	<u>95,745</u>	<u>88,674</u>	<u>20,099</u>
Total	<u>\$ 14,610</u>	<u>\$ 111,834</u>	<u>\$ 102,515</u>	<u>\$ 23,929</u>

**FLORHAM PARK BOARD OF EDUCATION  
PAYROLL AGENCY FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

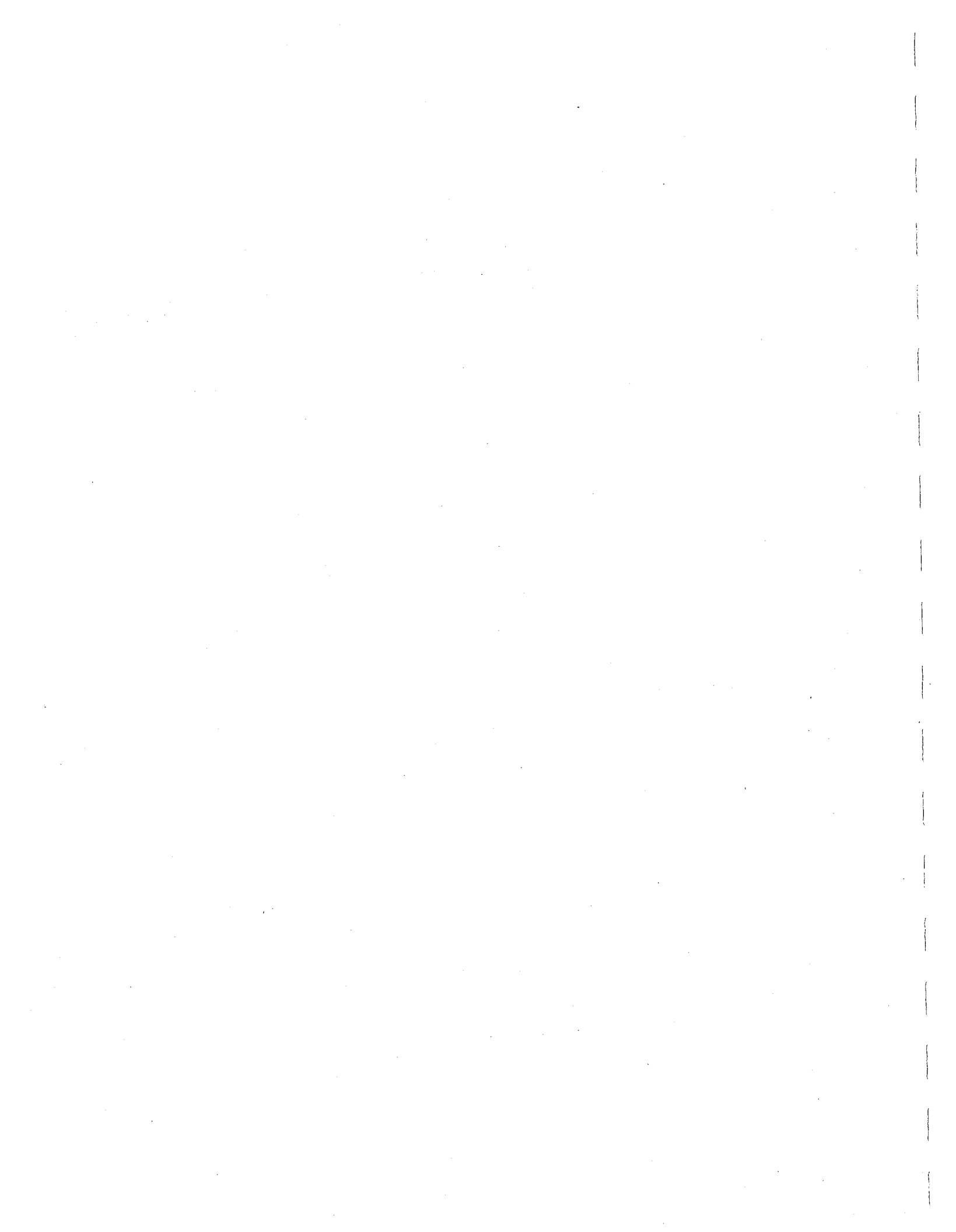
<b>PAYROLL FUND</b>	Balance, July 1, <u>2001</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2002</u>
<b>ASSETS</b>				
Cash		\$ 6,950,085	\$ 6,942,199	\$ 7,886
Interfund Accounts Receivable	\$ 13,166	-	13,166	-
 Total Assets	 <u>\$ 13,166</u>	 <u>\$ 6,950,085</u>	 <u>\$ 6,955,365</u>	 <u>\$ 7,886</u>
 <b>LIABILITIES</b>				
Cash Overdraft	\$ 8,079		\$ 8,079	
Payroll Deductions and Withholdings	5,087	\$ 2,906,698	2,906,279	\$ 5,506
Accrued Salaries and Wages		4,042,387	4,041,007	1,380
Interfund Payable	-	1,000	-	1,000
 Total Liabilities	 <u>\$ 13,166</u>	 <u>\$ 6,950,085</u>	 <u>\$ 6,955,365</u>	 <u>\$ 7,886</u>

**FLORHAM PARK BOARD OF EDUCATION  
EXPENDABLE TRUST FUND  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(With Comparative Totals as of June 30, 2001)**

	Unemployment <u>Insurance</u>	<u>Scholarship</u>	<u>2002</u>	<u>Total</u> <u>2001</u>
<b>REVENUES</b>				
Employee Contributions	\$ 133		\$ 133	\$ 2,825
Interest	<u>941</u>	<u>\$ 73</u>	<u>1,014</u>	<u>2,842</u>
 Total Revenues	 <u>1,074</u>	 <u>73</u>	 <u>1,147</u>	 <u>5,667</u>
 <b>EXPENDITURES</b>				
Current				
Unemployment Claims	15,944		15,944	9,796
Scholarship Awards	<u>-</u>	<u>150</u>	<u>150</u>	<u>100</u>
 Total Expenditures	 <u>15,944</u>	 <u>150</u>	 <u>16,094</u>	 <u>9,896</u>
 Excess (Deficiency) of Revenues Over/(Under) Expenditures	 (14,870)	 (77)	 (14,947)	 (4,229)
 Fund Balance, Beginning of Year	 <u>75,054</u>	 <u>6,782</u>	 <u>81,836</u>	 <u>86,065</u>
 Fund Balance, End of Year	 <u>\$ 60,184</u>	 <u>\$ 6,705</u>	 <u>\$ 66,889</u>	 <u>\$ 81,836</u>

### **GENERAL FIXED ASSETS ACCOUNT GROUP**

General Fixed Assets is a balanced account group used to establish control and accountability for the costs of all real property and moveable equipment owned by the District. The investment in General Fixed Assets is carried until the disposition of the property and ownership is relinquished. Depreciation on fixed assets is not recorded.



**FLORHAM PARK BOARD OF EDUCATION  
GENERAL FIXED ASSETS ACCOUNT GROUP  
SCHEDULE OF GENERAL FIXED ASSETS  
AS OF JUNE 30, 2002 AND 2001**

	<u>2002</u>	<u>2001</u>
<b>GENERAL FIXED ASSETS</b>		
Land	\$ 108,278	\$ 108,278
Land Improvements	11,408	11,408
Buildings and Buildings Improvements	7,562,418	7,562,418
Machinery and Equipment	1,604,926	1,490,103
Construction in Progress	<u>447,786</u>	<u>-</u>
Total General Fixed Assets	<u>\$ 9,734,816</u>	<u>\$ 9,172,207</u>
<b>INVESTMENT IN GENERAL FIXED ASSETS</b>		
General Fund	\$ 4,822,627	\$ 4,721,722
Special Revenue Fund	78,987	75,069
Capital Projects Fund	4,714,924	4,267,138
Donations	<u>118,278</u>	<u>108,278</u>
Total Investment in General Fixed Assets	<u>\$ 9,734,816</u>	<u>\$ 9,172,207</u>

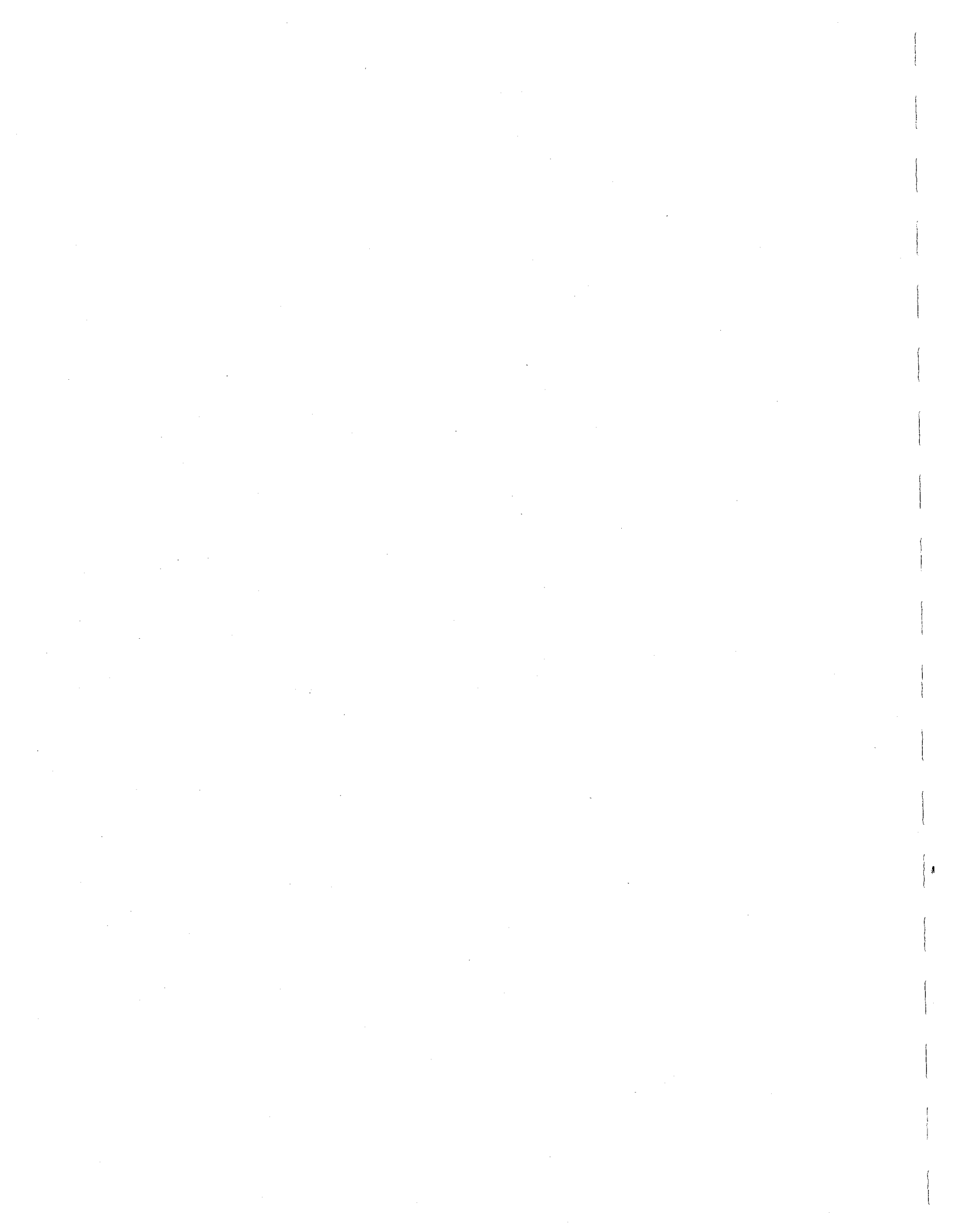
**FLORHAM PARK BOARD OF EDUCATION  
GENERAL FIXED ASSETS ACCOUNT GROUP  
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY SOURCE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2002 AND 2001**

	Balance, June 30, <u>2001</u>	<u>Increases</u>	<u>Decreases</u>	Balance, June 30, <u>2002</u>
General Fund	\$ 4,721,722	\$ 101,963	\$ 1,058	\$ 4,822,627
Special Revenue Fund	75,069	3,918		78,987
Capital Projects Fund	4,267,138	447,786		4,714,924
Donations	<u>108,278</u>	<u>10,000</u>	<u>-</u>	<u>118,278</u>
	<u>\$ 9,172,207</u>	<u>\$ 563,667</u>	<u>\$ 1,058</u>	<u>\$ 9,734,816</u>



### **GENERAL LONG-TERM DEBT ACCOUNT GROUP**

The general long-term debt account group is used to record the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding, obligations under capital leases and the noncurrent liability for compensated absences.



**FLORHAM PARK BOARD OF EDUCATION  
GENERAL LONG-TERM DEBT ACCOUNT GROUP  
COMPARATIVE STATEMENTS OF GENERAL LONG-TERM DEBT  
AS OF JUNE 30, 2002 AND 2001**

	<u>2002</u>	<u>2001</u>
<b>OTHER DEBITS</b>		
Amount Available in Debt Service Fund	\$ 35,466	\$ 73,762
Amount to be Provided for Retirement of Long-Term Debt	<u>3,934,905</u>	<u>3,928,853</u>
Total Amount to be Provided for General Long-Term Debt	<u>\$ 3,970,371</u>	<u>\$ 4,002,615</u>
<b>LONG-TERM LIABILITIES</b>		
Serial Bonds Payable	\$ 3,100,000	\$ 3,420,000
Obligations Under Capital Leases	356,527	380,442
Compensated Absences Payable	<u>513,844</u>	<u>202,173</u>
Total General Long-Term Liabilities	<u>\$ 3,970,371</u>	<u>\$ 4,002,615</u>

**FLORHAM PARK BOARD OF EDUCATION**  
**GENERAL LONG-TERM DEBT ACCOUNT GROUP**  
**STATEMENT OF SERIAL BONDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Annual Maturities Amount	Interest Rate	Balance, July 1, 2001	Retired	Balance, June 30, 2002
School District Bonds - Series 1994	12/15/1994	\$ 4,950,000	12/15/2002	\$ 330,000	6.00	\$ 3,420,000	\$ 320,000	\$ 3,100,000
			12/15/2003	350,000	6.00			
			12/15/2004	380,000	6.00			
			12/15/2005	400,000	6.10			
			12/15/2006	410,000	6.15			
			12/15/07-09	410,000	6.20			
						<u>\$ 3,420,000</u>	<u>\$ 320,000</u>	<u>\$ 3,100,000</u>
						<u>\$ 3,420,000</u>	<u>\$ 320,000</u>	<u>\$ 3,100,000</u>

**FLORHAM PARK BOARD OF EDUCATION  
GENERAL LONG-TERM DEBT ACCOUNT GROUP  
STATEMENT OF OBLIGATIONS UNDER CAPITAL LEASES  
AS OF JUNE 30, 2002**

<u>Series</u>	Amount of Original <u>Issue</u>	Interest <u>Rate</u>	Balance, July 1, <u>2001</u>	Issued Current <u>Year</u>	Retired Current <u>Year</u>	Balance, June 30, <u>2002</u>
1998 Computers	\$ 73,538	13.495	\$ 22,007		\$ 22,007	
2000 Lighting Retrofit Project	129,336	6.50	114,161		16,162	\$ 97,999
2000 Bus- 39 Passenger	54,733	5.75	32,772		10,319	22,453
2000 Bus- 54 Passenger	60,233	5.38	36,074		11,400	24,674
2001 Bus - 54 Passenger (2)	123,782	6.00	96,060		21,958	74,102
2001 Savin Copier (3)	89,403	6.50	79,368		16,069	63,299
2002 Bus - 54 Passenger	54,841	4.99		\$ 54,841	12,062	42,779
2002 Bus - 24 Passenger	40,024	4.99	-	40,024	8,803	31,221
			<u>\$ 380,442</u>	<u>\$ 94,865</u>	<u>\$ 118,780</u>	<u>\$ 356,527</u>

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**STATISTICAL SECTION**





**FLORHAM PARK BOARD OF EDUCATION  
GOVERNMENTAL FUND EXPENDITURES BY FUNCTION\*  
LAST NINE FISCAL YEARS  
(Unaudited)**

	1994	1995	1996	1997	1998	1999	2000	2001	2002
<b>GENERAL FUND</b>									
Instruction	\$2,770,456	\$2,777,073	\$2,869,312	\$2,861,451	\$2,847,064	\$3,170,882	\$3,062,645	\$3,170,286	\$3,173,872
Regular	803,930	900,613	788,746	917,860	762,584	721,890	786,184	929,388	957,079
Special	21,248	29,330		15,907		15,487			
Other	69,241	72,335	70,663	72,346	81,186	58,789	77,990	94,544	102,675
School-Sponsored/Other Instructional									
Total Instruction	<u>3,664,875</u>	<u>3,779,351</u>	<u>3,728,721</u>	<u>3,851,657</u>	<u>3,706,741</u>	<u>3,967,048</u>	<u>3,926,819</u>	<u>4,194,218</u>	<u>4,233,626</u>
Undistributed									
Instruction	255,524	233,593	234,889	200,103	162,007	268,608	264,571	235,902	103,755
Support services-students	444,848	431,312	471,329	464,971	669,575	662,728	814,930	840,874	909,265
Support services-instructional staff	183,267	197,574	155,243	167,896	164,101	258,900	284,030	305,213	296,069
General administration	377,545	382,040	398,892	406,621	353,073	490,309	356,626	372,282	412,305
School administration	346,325	299,378	293,718	294,568	333,577	480,317	473,375	557,661	549,261
Operations and maintenance	639,503	632,313	693,047	762,033	767,875	764,289	820,552	889,416	788,274
Student transportation	285,957	282,638	240,657	295,837	311,928	307,395	334,232	354,141	357,679
Business services and unallocated benefits	1,204,218	1,150,167	1,077,612	1,080,883	1,079,086	1,174,877	1,136,547	1,294,039	1,401,459
On-behalf TPAF Pension Contribution			39,811	125,660	118,697	281,090	111,787	145,085	
Reimbursed TPAF Social Security Contributions			276,582	288,915	298,647	310,332	322,663	353,178	367,973
Total Undistributed	<u>3,737,187</u>	<u>3,609,015</u>	<u>3,881,780</u>	<u>4,087,487</u>	<u>4,258,566</u>	<u>4,998,845</u>	<u>4,919,313</u>	<u>5,347,791</u>	<u>5,186,040</u>
Capital Outlay									
Equipment	43,081	187,051	127,392	73,217	112,975	212,328	166,133	152,132	16,744
Facilities Acq. and construction services	566,493	76,037	57,475	260,118	146,785	127,215	24,517	41,265	16,162
Assets Acquired under Capital Leases				110,473	98,515	-	244,302	213,185	94,865
Total Capital Outlay	<u>609,574</u>	<u>263,088</u>	<u>184,867</u>	<u>443,808</u>	<u>358,275</u>	<u>339,543</u>	<u>434,952</u>	<u>406,582</u>	<u>127,771</u>
Total General Fund Expenditures	<u>8,011,636</u>	<u>7,651,454</u>	<u>7,795,368</u>	<u>8,382,952</u>	<u>8,323,582</u>	<u>9,305,436</u>	<u>9,281,084</u>	<u>9,948,591</u>	<u>9,547,437</u>

**FLORHAM PARK BOARD OF EDUCATION  
GOVERNMENTAL FUND EXPENDITURES BY FUNCTION\*  
LAST NINE FISCAL YEARS  
(Unaudited)**

	1994	1995	1996	1997	1998	1999	2000	2001	2002
<b>SPECIAL REVENUE FUND</b>									
Federal	\$ 144,500	\$ 99,600	\$ 109,166	\$ 61,228	\$ 41,146	\$ 106,997	\$ 97,541	\$ 145,381	\$ 156,029
State	33,440	39,435	36,202	39,772	87,685	113,385	107,118	137,314	133,635
Total Special Revenue Expenditures	<u>177,940</u>	<u>139,035</u>	<u>145,368</u>	<u>101,000</u>	<u>128,831</u>	<u>220,382</u>	<u>204,659</u>	<u>282,695</u>	<u>289,664</u>
<b>DEBT SERVICE EXPENDITURES</b>									
	-	149,422	497,695	514,492	510,095	519,645	513,145	510,895	517,445
Total Governmental Fund Expenditures	<u>\$8,189,576</u>	<u>\$7,939,911</u>	<u>\$ 8,438,431</u>	<u>\$8,998,444</u>	<u>\$8,962,508</u>	<u>\$10,045,463</u>	<u>\$ 9,998,888</u>	<u>\$10,742,181</u>	<u>\$ 10,354,546</u>

Source: School District's Financial Statements

\*Includes General, Special Revenue and Debt Service Funds

**FLORHAM PARK BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REQUIRED MAINTANENCE FOR SCHOOL FACILITIES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2002 AND 2001  
(UNAUDITED)**

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

<u>School Facilities</u>	<u>Project Nos.</u>	<u>2002</u>	<u>2001</u>
Brooklake Elementary School	N/A	\$ 105,761	\$ 110,290
Briarwood Elementary School	N/A	104,660	109,141
Ridgedale Elementary School	N/A	<u>156,806</u>	<u>163,521</u>
Total School Facilities		<u>\$ 367,227</u>	<u>\$ 382,952</u>

Source: School District Records

**FLORHAM PARK BOARD OF EDUCATION  
GOVERNMENTAL FUND REVENUES BY SOURCE\*  
LAST NINE FISCAL YEARS  
(Unaudited)**

<u>Fiscal Year Ended June 30.</u>	<u>Local Tax Levy</u>	<u>Other Local Revenue</u>	<u>State Revenue</u>	<u>Federal Revenue</u>	<u>Total</u>
1994	\$ 6,916,292	\$ 410,513	\$ 462,248	\$ 144,500	\$ 7,933,553
1995	7,363,640	542,207	327,620	99,600	8,333,067
1996	7,825,911	112,514	560,838	110,749	8,610,012
1997	7,331,806	309,722	946,911	61,228	8,649,667
1998	7,552,937	135,719	935,193	41,146	8,664,995
1999	7,939,569	125,206	1,131,625	106,997	9,303,397
2000	8,392,863	83,605	1,199,108	97,541	9,773,117
2001	8,818,316	101,893	1,293,596	145,381	10,359,186
2002	9,085,149	157,430	1,173,064	156,029	10,571,672

\* Includes General, Special Revenue and Debt Service Funds

Source: School District's Financial Statements

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

Fiscal Year Ended <u>June 30,</u>	<u>Interest</u>	<u>Tuition</u>	State Health Benefits <u>Rebate</u>	Prior Year Orders <u>Canceled</u>	Cancel Old Outstanding <u>Checks</u>	<u>Miscellaneous</u>	<u>Total</u>
1994	\$ 19,231	\$ 365,715		\$ 17,095		\$ 8,472	\$ 410,513
1995	58,235	359,936	\$ 110,862		\$ 9,943	3,231	542,207
1996	97,358	8,294				6,862	112,514
1997	88,891	13,500		3,358		24,423	130,172
1998	76,547	14,500				22,798	113,845
1999	70,098	18,423		15,226		12,816	116,563
2000	42,813	31,130				9,662	83,605
2001	35,546	54,723		10,390		1,234	101,893
2002	29,327	12,998		46,634	19,745	48,726	157,430

Source: School District Records

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

<u>Year Ended December 31,</u>	<u>Total Tax Levy</u>	<u>Current Year Collections</u>	<u>Percent of Tax Levy Collected</u>
1992	\$ 19,655,771	\$ 19,273,549	98.06%
1993	19,909,362	19,559,186	98.24%
1994	20,974,987	20,828,606	99.30%
1995	21,694,527	21,446,412	98.85%
1996	22,333,604	22,142,323	99.14%
1997	22,255,845	22,150,158	99.53%
1998	22,598,579	22,481,815	99.48%
1999	22,790,811	22,667,606	99.45%
2000	24,932,203	24,690,492	99.03%
2001	22,255,845	22,150,158	99.52%

Source: Municipal Records

**FLORHAM PARK BOARD OF EDUCATION  
EQUALIZED ANALYSIS OF REAL PROPERTY VALUES  
LAST TEN YEARS  
(Unaudited)**

<u>Year Ended December 31.</u>	<u>Net Assessed Valuations</u>	<u>Equalized Valuations</u>	<u>Percent of Tax Assessed to Equalized Valuations</u>
1993	\$ 1,129,304,953	\$ 1,374,285,664	82.17%
1994	1,109,634,575	1,465,568,192	75.71%
1995	1,397,501,274	1,519,155,773	91.99%
1996	1,372,336,818	1,554,175,332	88.30%
1997	1,368,293,504	1,486,144,785	92.07%
1998	1,358,871,029	1,450,727,460	94.65%
1999	1,417,294,048	1,525,901,490	93.77%
2000	1,451,431,600	1,663,221,989	88.29%
2001	1,498,599,362	1,840,681,818	82.06%
2002	1,553,727,613	2,109,776,583	74.16%

Source: Municipal Records

**FLORHAM PARK BOARD OF EDUCATION  
PROPERTY TAX RATES  
PER \$100 OF ASSESSED VALUATION  
LAST TEN YEARS  
(Unaudited)**

<u>Calendar Year</u>	<u>Local Purpose</u>	<u>County</u>	<u>Local School</u>	<u>Regional School</u>	<u>Total</u>
1993	0.41	0.38	0.61	0.37	1.77
1994	0.42	0.42	0.65	0.40	1.89
1995	0.33	0.33	0.55	0.34	1.55
1996	0.38	0.35	0.55	0.34	1.62
1997	0.40	0.34	0.54	0.34	1.62
1998	0.42	0.32	0.57	0.33	1.64
1999	0.42	0.28	0.58	0.31	1.59
2000	0.44	0.36	0.59	0.31	1.70
2001	0.46	0.37	0.60	0.32	1.75
2002	0.47	0.40	0.63	0.33	1.83

Source: Borough Tax Collector



**FLORHAM PARK BOARD OF EDUCATION  
RATIO OF LONG-TERM DEBT  
TO ASSESSED VALUE AND LONG-TERM DEBT PER CAPITA  
LAST TEN FISCAL YEARS  
(Unaudited)**

<u>Fiscal Year Ended June 30.</u>	<u>School District Population</u>	<u>Net Assessed Valuation</u>	<u>Net Bonded Debt</u>	<u>Ratio of Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
1993	8,700	\$ 1,129,304,953			
1994	8,805	1,109,634,575			
1995	8,906	1,397,501,274	\$ 4,950,000	0.35%	\$ 556
1996	8,980	1,372,336,818	4,745,000	0.35%	528
1997	9,061	1,368,293,504	4,510,000	0.33%	498
1998	9,073	1,358,871,029	4,265,000	0.31%	470
1999	9,089	1,417,294,048	3,995,000	0.28%	440
2000	8,857	1,451,431,600	3,715,000	0.26%	419
2001	8,857	1,498,599,362	3,420,000	0.23%	386
2002	8,857	1,553,727,613	3,100,000	0.20%	350

Source: United States Bureau of Census  
School District's Records

**FLORHAM PARK BOARD OF EDUCATION  
COMPUTATION OF LEGAL DEBT MARGIN  
FOR FISCAL YEAR ENDED JUNE 30, 2002  
(Unaudited)**

<u>Year</u>	Equalized Valuation Basis
2001	\$ 2,015,519,417
2000	1,768,744,333
1999	1,599,159,417
Average equalized valuation of taxable property	<u>\$ 1,794,474,389</u>
School borrowing margin (3% of \$1,794,474,389)	\$ 53,834,232
Net school debt issued and authorized but not issued as of June 30, 2002	<u>16,953,329</u>
School Borrowing Margin Available	<u>\$ 36,880,903</u>

Source: 2001 Borough of Florham Park Annual Debt Statement  
School District's Records

**FLORHAM PARK BOARD OF EDUCATION  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
FOR THE YEAR ENDED DECEMBER 31, 2001  
(Unaudited)**

	<u>Total Debt</u>
Municipal Debt: (1)	
Florham Park School District (as of June 30, 2002)	\$ 16,953,329
Regional School District	239,266
Borough of Florham Park	<u>9,180,000</u>
Total Direct Debt	<u>26,372,595</u>
Overlapping Debt Apportioned to the Municipality:	
Morris County: (2)	
County of Morris (A)	<u>9,394,655</u>
Total Overlapping Debt	<u>9,394,655</u>
Total Direct and Overlapping Debt	<u><u>\$ 35,767,250</u></u>

(A) The debt for this entity was apportioned by dividing the Municipality's 2001 equalized value by the total 2001 equalized value for Morris County.

Sources:

- (1) Borough of Florham Park 2001 Annual Debt Statement
- (2) Morris County 2001 Annual Debt Statement

**FLORHAM PARK BOARD OF EDUCATION  
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES  
FOR LONG-TERM DEBT TO TOTAL GENERAL FUND EXPENDITURES  
LAST NINE FISCAL YEARS  
(Unaudited)**

<u>Fiscal Year Ended June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Fund Expenditures</u>	<u>Ratio of Debt Service to General Expenditures</u>
1994				\$ 8,011,636	
1995		\$ 149,422	\$ 149,422	7,651,454	1.95%
1996	\$ 205,000	292,695	497,695	7,795,367	6.38%
1997	235,000	279,492	514,492	8,382,952	6.14%
1998	245,000	265,095	510,095	8,323,582	6.13%
1999	270,000	249,645	519,645	9,305,436	5.58%
2000	280,000	233,145	513,145	9,281,084	5.53%
2001	295,000	215,895	510,895	9,948,591	5.14%
2002	320,000	197,445	517,445	9,547,437	5.42%

Source: School District Financial Statements

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

<u>Year Ended December 31.</u>	<u>Unemployment Rate</u>	<u>Per Capita Income (1)</u>	<u>School District Population</u>
1992	6.6%	\$ 34,147	8,649
1993	4.5	35,863	8,700
1994	3.2	36,615	8,805
1995	4.5	39,478	8,906
1996	4.2	42,090	8,980
1997	3.4	45,285	9,061
1998	2.9	47,915	9,073
1999	2.9	42,133	9,089
2000	2.4	N/A	8,857
2001	2.5	N/A	8,857

(1) - Represents Morris County

Source: United States Bureau of Census  
School District Records

**FLORHAM PARK BOARD OF EDUCATION  
SCHEDULE OF PRINCIPAL TAXPAYERS  
(Unaudited)**

<u>Taxpayer</u>	<u>2001 Assessed Valuation</u>	<u>As a % of District's Net Assessed Valuation</u>
Park Avenue Realty	\$ 77,358,100	5.16
Exxon Research & Engineering Co.	69,800,000	4.66
Rock Florham LLC	51,368,000	3.43
100/200 Campus Drive	50,214,600	3.35
Koll Bran	36,417,900	2.43
Avalon Bay Communities	33,478,100	2.23
Dolce/AEW Properties	28,944,400	1.93
Campus Drive LLC	27,032,800	1.80
Rock Florham LLC	25,587,600	1.71
Prudential Insurance Co.	19,200,000	1.28
	<u>\$ 419,401,500</u>	<u>27.98</u>

Source: 2001 Tax Duplicate

**FLORHAM PARK BOARD OF EDUCATION  
ATTENDANCE DATA  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year Ended <u>June 30,</u>	Average Daily <u>Enrollment</u>	Average Daily <u>Attendance</u>	%Change in Average Daily <u>Enrollment</u>	Attendance <u>%</u>
1993	683	656	0.3%	96.0%
1994	681	654	(3.5)	96.0%
1995	706	676	2.3	95.8%
1996	690	658	(1.7)	95.3%
1997	702	673	(4.0)	95.9%
1998	731	700	(2.1)	95.9%
1999	747	716	4.1	95.5%
2000	749	716	0.3	95.60%
2001	779	746	4.0	95.80%
2002	838	804	7.6	95.94%

Source: School District Records

**FLORHAM PARK BOARD OF EDUCATION  
SCHEDULE OF INSURANCE  
JUNE 30, 2002  
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - Graphics Arts Mutual Insurance Company		
Property - Blanket Building & Contents	\$ 18,026,387	\$ 1,000
Increased Cost of Construction	5,000,000	
Energy Systems - Property Damage	100,000,000	
Commercial Liability	1,000,000	
Workers Compensation	5,000,000	
School Board Legal Liability	5,000,000	
Automobile	1,000,000	1,000
Employee Dishonesty	25,000	
Robbery & Safe Burglary - Outside	25,000	
Public Official Bond - Board Secretary	100,000	
Public Official Bond - Treasurer of School Monies	203,000	

Source: School District's records



**FLORHAM PARK BOARD OF EDUCATION  
MISCELLANEOUS STATISTICS  
JUNE 30, 2002  
(Unaudited)**

Date established	1930
Area	7.52 Sq. Miles
Number of Schools	
Elementary	2
Middle High School	<u>1</u>
	<u>3</u>
Employees	
Certified	79
Other	<u>38</u>
Total Employees	<u>117</u>
Teacher/Student Ratio	
Elementary	1:10
Middle	1:9
Student Count	778

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**SINGLE AUDIT SECTION**



# LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

Page 1

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208  
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ROBERT W. HAAG, CPA, PSA

## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the general purpose financial statements of the Florham Park Board of Education as of and for the year ended June 30, 2002, and have issued our report thereon dated July 25, 2002. 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 Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

### Compliance

As part of obtaining reasonable assurance about whether the Florham Park Board of Education's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 an instance of noncompliance that is required to be reported under Government Auditing Standards and audit requirements as prescribed by Division of Finance, Department of Education, State of New Jersey which is described in the accompanying schedule of findings and questioned costs as item 2002-1. We also noted a certain immaterial instance of noncompliance that we have reported to management of the Florham Park Board of Education in a separate "Auditors' Management Report on Administrative Findings – Financial Compliance and Performance" dated July 25, 2002.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Florham Park Board of Education's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect Florham Park Board of Education's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. A reportable condition is described in the accompanying schedule of findings and questioned costs as item 2002-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, the reportable condition identified above is considered to be a material weakness.

This report is intended solely for the information and use of the Board of Trustees, management, the New Jersey State Department of Education and other state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*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  
July 25, 2002

# LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2  
Page 1

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## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 98-07

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

### Compliance

We have audited the compliance of the Florham Park Board of Education with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" and the New Jersey Compliance Manual "State Grant Compliance Supplement" that are applicable to each of its major state programs for the year ended June 30, 2002. 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. Compliance with the requirement of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Florham Park Board of Education's management. Our responsibility is to express an opinion on the Florham Park Board of Education's compliance based on our audit.

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 Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB Circular 98-07, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Those standards and circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Florham Park Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Florham Park Board of Education's compliance with those requirements.

In our opinion, the Florham Park Board of Education complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended June 30, 2002.

### Internal Control Over Compliance

The management of Florham Park Board of Education is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Florham Park Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 98-07.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal or state program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Trustees, management, the New Jersey State Department of Education and other state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*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  
July 25, 2002



**FLORHAM PARK BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2001	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Prior Year Encumbrances Cancelled	(Account Receivable)	Deferred Revenue	Due to Grantor at June 30, 2002
<b>U.S. Department of Agriculture Passed-through State Department of Education</b>												
Special Milk Program	10.556	N/A	7/1/01-6/30/02	\$ 4,939			\$ 4,683	\$ 4,939		\$ (256)		
Special Milk Program	10.556	N/A	7/1/00-6/30/01	4,831	\$ (310)		310					
<b>Total U.S. Department of Agriculture</b>					<b>(310)</b>		<b>4,993</b>	<b>4,939</b>		<b>(256)</b>		
<b>U.S. Department of Education Passed-through State Department of Education</b>												
<b>I.A.S.A. Consolidated</b>												
Title II	84.168	IASA153002	9/1/01-8/31/02	2,937			2,937	297			\$ 2,640	
Title II, Carryover	84.168	IASA153099	9/1/98-8/31/01	2,131	24			24				
Title II	84.168	IASA153001	9/1/00-8/31/01	2,286	723	(723)			125			\$ 125
Title II, Carryover	84.168	IASA153000	9/1/01-8/31/02	2,286		723		723				
Title IV	84.146	IASA153002	9/1/01-8/31/02	3,975			3,975	3,571			404	
Title IV	84.156	IASA153001	9/1/00-8/31/01	3,978	289	(289)			9			9
Title IV, Carryover	84.156	IASA153001	9/1/01-8/31/02	3,978		289		289				
Title VI Class Size Reduction	76.708	CSRI53002	9/1/01-8/31/02	20,573			20,573	20,573				
Title VI	84.151	IASA153002	9/1/01-8/31/02	4,570			4,570	4,171			399	
Title VI	84.151	IASA153001	9/1/00-8/31/01	4,383	90	(90)						
Title VI, Carryover	84.151	IASA153001	9/1/01-8/31/02	4,383		90		90				
I.D.E.A. Part B, Basic Regular	84.027	FT-1530-02	9/1/01-8/31/02	114,772			114,772	114,772				
I.D.E.A. Preschool	84.027	PS-1530-02	9/1/01-8/31/02	8,141			8,141	8,141				
I.D.E.A. Part B, Basic Regular	84.027	FT-1530-01	9/1/00-8/31/01	82,552	2,731	(2,731)						
I.D.E.A. Part B, Basic Regular	84.027	FT-1530-01	9/1/01-8/31/02	82,552		2,731		2,731				156
I.D.E.A. Part B, Basic Regular, Carryover	84.027	FT-1530-99	9/1/99-8/31/01	81,012	58				98			
<b>Total U.S. Department of Education</b>					<b>3,915</b>		<b>154,968</b>	<b>155,382</b>	<b>232</b>		<b>3,443</b>	<b>290</b>
<b>Total</b>					<b>\$ 3,605</b>		<b>\$ 159,961</b>	<b>\$ 160,321</b>	<b>\$ 232</b>	<b>\$ (256)</b>	<b>\$ 3,443</b>	<b>\$ 290</b>

Note: This schedule was not subject to a Federal Single Audit.

**FLORHAM PARK BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2001	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment	Repayment of Prior Years' Balances	(Accounts Receivable) June 30, 2002	Deferred Revenue June 30, 2002	Due to Grantor June 30, 2002
<b>State Department of Education</b>												
Special Education Aid	01-495-034-5120-011	7/1/00-6/30/01	\$ 520,991	\$ (66,721)		\$ 66,721	\$ 561,124					
Special Education Aid	02-495-034-5120-011	7/1/00-6/30/01	561,124			561,124	62,536					
Transportation Aid	02-495-035-5120-014	7/1/01-6/30/02	62,536			62,536	3,428					
Bilingual Education Aid	02-495-034-5120-008	7/1/01-6/30/02	3,438			3,428	12,516					
Academic Achievement Reward Program	02-100-034-5120-344	7/1/01-6/30/02	12,516			12,516	22,448					
Extraordinary Special Education Costs Aid	01-495-034-5120-044	7/1/00-6/30/01	22,448	(22,448)		22,448	29,302			\$ (29,302)		
Extraordinary Special Education Costs Aid	02-495-034-5120-044	7/1/01-6/30/02	29,302			29,302	2,550					
Teacher Quality Mentoring	02-495-034-5120-052	7/1/01-6/30/02	2,550			2,550	18,274			(18,274)		
TPAF Social Security Contributions	01-495-034-5095-002	7/1/00-6/30/01	353,178			18,274	355,797			(12,176)		
TPAF Social Security Contributions	02-495-034-5095-002	7/1/01-6/30/02	367,973			355,797	367,973					
New Jersey Nonpublic Aid												
Auxiliary Services												\$ 10,281
Compensatory Education	02-100-034-5120-067	7/1/01-6/30/02	17,011			17,011	6,730					
Handicapped Services												1,171
Corrective Speech	02-100-034-5120-066	7/1/01-6/30/02	13,336			13,336	12,165					1,067
Examination and Classification	02-100-034-5120-066	7/1/01-6/30/02	16,242			16,242	15,175					2,201
Supplemental Instruction	02-100-034-5120-066	7/1/01-6/30/02	8,487			8,487	6,286					
Nursing	02-100-034-5120-070	7/1/01-6/30/02	23,338			23,338	23,338					
Nursing	01-100-034-5120-070	7/1/00-6/30/01	21,328		34	21,328			\$ 34			118
Textbooks	02-100-034-5120-064	7/1/01-6/30/02	19,349			19,349	19,231					880
Technology Initiative Aid	02-100-034-5120-373	7/1/01-6/30/02	13,960			13,960	13,080					
Technology Initiative Aid	01-100-034-5120-373	7/1/00-6/30/01	13,131		676				676		\$ 2,662	
Character Education Aid	02-100-034-5120-418	7/1/01-6/30/02	4,000			4,000	1,338					
Character Education Aid	01-100-034-5120-418	7/1/00-6/30/01	4,000	1,401	(1,401)							
Character Education Aid	01-100-034-5120-418	7/1/00-6/30/01	4,000		1,401		1,401					
Character Education Aid, Carryover	01-100-034-5120-418	7/1/01-6/30/02	4,000			34,891	34,891					
Distance Learning Network Aid	02-100-034-5120-348	7/1/01-6/30/02	34,891									
<b>Total</b>				(105,332)		1,256,008	1,173,064		710	(41,478)	2,662	15,718
<b>Economic Development Authority</b>												
Educational Facilities Construction and Financing Act of 2000	SP202276-77-78	N/A	2,913,301							(2,913,301)	2,913,301	
<b>Total</b>				\$ (105,332)		\$ 1,256,008	\$ 1,173,064		\$ 710	\$ (2,954,779)	\$ 2,915,963	\$ 15,718

**NOTES TO THE SCHEDULES OF FEDERAL AWARDS AND  
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, 2002**

**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 general purpose financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies is included on the schedule of federal financial assistance.

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules are presented using the modified accrual basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting and those recorded in the special revenue fund, which are presented using the budgetary basis of accounting. These bases of accounting are described in Notes 1(C) to the Board's general purpose financial statements.

**NOTE 3 RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS**

Amounts reported in the accompanying schedules agree with amounts reported in the Board's general purpose financial statements. The general purpose financial statements present the special revenue fund on both a GAAP basis and a budgetary basis. 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, whereas the GAAP basis does not. The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$647. See Note 1(D) for a reconciliation of the budgetary basis to the GAAP basis of accounting for the special revenue fund. Financial assistance revenues are reported in the Board's general purpose financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$1,039,429	\$1,039,429
Special Revenue Fund	\$156,029	133,635	289,664
Enterprise Fund	<u>4,939</u>	<u>          </u>	<u>4,939</u>
Total Financial Assistance	<u>\$160,968</u>	<u>\$1,173,064</u>	<u>\$1,334,032</u>

**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**

TPAF Social Security contributions represent the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2002.

**FLORHAM PARK BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

*Part I – Summary of Auditor’s Results*

**Financial Statement Section**

Type of auditors' report issued on financial statements

Unqualified

Internal control over financial reporting:

1) Material weakness(es) identified

X yes           no

2) Reportable condition identified that are not considered to be material weakness(es)?

     yes      X none reported

Noncompliance material to general purpose financial statements noted?

X yes           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, 2002

*Part 2 - Schedule of Financial Statement Findings*

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the general-purpose financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

**Finding 2002-1**

Numerous unrecorded additions were noted in the general fixed assets account group at June 30, 2002.

**Criteria or specific requirement:**

Generally accepted accounting principles and the State Department of Education's prescribed GAAP Technical Systems Manual, pursuant to N.J.S.A.18A:4-14 and N.J.A.C. 6:20-2A.

**Condition:**

Certain fixed asset additions were not included in the District's fixed asset accounting system

**Questioned Costs:**

None. The financial statements have been adjusted to reflect the unrecorded additions noted during our audit.

**Context:**

Fixed Assets totalling \$108,783 were not recorded on the district's fixed assets records at June 30, 2002.

**Effect:**

The district's fixed assets accounting and reporting systems' internal control procedures could lead to unrecorded fixed assets.

**Recommendation:**

The District's internal control procedures for Fixed Asset Accounting and Reporting be reviewed and revised to ensure all fixed assets have been recorded in the district's records.



**FLORHAM PARK BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

*Part 3 - Schedule of Federal and State Award Findings and Questioned Costs (Cont'd)*

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 98-07.

**CURRENT YEAR FEDERAL AWARDS**

Not Applicable

**FLORHAM PARK BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

***Part 3 - Schedule of Federal and State Award Findings and Questioned Costs (Cont'd)***

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 98-07.

**CURRENT YEAR STATE AWARDS**

There are none.

**FLORHAM PARK BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

This section identifies the status of prior-year findings related to the general-purpose 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 98-07.

**STATUS OF PRIOR YEAR FINDINGS**

**FINDING 2001-1**

**Condition**

Certain expenditures were not budgeted nor charged to the appropriate budget account.

**Current Status**

Corrective action has been taken.

**FINDING 2001-2**

**Condition**

The Treasurer's monthly bank reconciliations included adjustments which were not recorded in the Board Secretary's Report.

**Current Status**

Corrective action has been taken.

**FINDING 2001-3**

**Condition**

Certain fixed asset additions were not included in the District's fixed asset accounting system

**Current Status**

See Finding 2002-1.

**FLORHAM PARK BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

This section identifies the status of prior-year findings related to the general-purpose 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 98-07.

**STATUS OF PRIOR YEAR FINDINGS (Continued)**

**FINDING 2001-4**

**Condition**

On-Roll student count did not include certain students received from other districts. In addition, a list was not prepared of all tiered students which showed their name, grade and classification as well as each related or intensive service.

**Current Status**

Corrective action has been taken.