

FLORHAM PARK

BOARD OF EDUCATION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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, 2003

Prepared by

**Florham Park Board of Education
Business Office**

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 fiscal year ended June 30, 2003, 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, 2003, and the results of its operations and the cash flows of its proprietary fund type for the fiscal 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 24, 2003 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
Certified Public Accountants
Public School Accountants

Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
July 24, 2003

GENERAL PURPOSE FINANCIAL STATEMENTS

FLORHAM PARK BOARD OF EDUCATION
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
AS OF JUNE 30, 2003
(With Comparative Totals As Of June 30, 2002)

	Governmental Fund Types			Proprietary Fund Types	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only) 2003	Totals (Memorandum Only) 2002
	Special Revenue	Capital Projects	Debt Service			General Fixed Assets	General Long-Term Debt		
ASSETS AND OTHER DEBITS									
Assets									
Cash	\$ 754,198	\$ 22,149	\$ 6,641,566	\$ 21,758	\$ 1,370	\$ 80,027		\$ 7,521,068	\$ 15,143,900
Cash - Capital Reserve Account	1,054							1,054	1,038
Receivables	38,231	24,135	2,898,734	190,000	696	1,000		2,961,796	2,972,012
Intergovernmental Interfunds	118,816							309,816	355,437
Fixed Assets (Net, Where Applicable of Accumulated Depreciation of \$2,450)	-	-	-	-	-	-	\$ 14,586,945	14,586,945	9,734,816
Total Assets	912,299	46,284	9,540,300	211,758	2,066	81,027	14,586,945	25,380,679	28,207,203
Other Debits									
Amount Available in Debt Service Fund							\$ 211,758	211,758	35,466
Amount to be Provided for Retirement of General Long-Term Liabilities							14,193,597	14,193,597	3,934,905
Total Other Debits							14,405,355	14,405,355	3,970,371
Total Assets and Other Debits	\$ 912,299	\$ 46,284	\$ 9,540,300	\$ 211,758	\$ 2,066	\$ 81,027	\$ 14,586,945	\$ 39,786,034	\$ 32,177,574

**FLORHAM PARK BOARD OF EDUCATION
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
AS OF JUNE 30, 2003
(With Comparative Totals As Of June 30, 2002)**

	Governmental Fund Types			Proprietary Fund Types	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only) 2002
	General	Special Revenue	Capital Projects			Debt Service	Enterprise	
LIABILITIES, EQUITY AND OTHER CREDITS								
Liabilities								
Accounts Payable	\$ 355						\$ 355	2,390
Intergovernmental Payable	24,769						24,769	16,008
Interfunds Payable		\$ 308,816		\$ 1,000			309,816	355,437
Due to Student Groups				24,267			24,267	23,929
Deferred Revenue	22,903	1,860,403					1,883,306	2,919,406
Accrued Salaries and Wages				2,661			2,661	1,380
Payroll Deductions and Withholdings				9,188			9,188	5,506
Notes Payable								13,853,329
Bonds Payable						\$ 13,710,000	13,710,000	3,100,000
Obligations Under Capital Leases						258,604	258,604	356,527
Compensated Absences Payable						436,751	436,751	513,844
Total Liabilities	48,027	2,169,219		37,116		14,405,355	16,659,717	21,147,756
Equity and Other Credits								
Investment in General Fixed Assets						\$ 14,586,945	14,586,945	9,734,816
Retained Earnings								7,509
Unreserved				\$ 2,066			2,066	
Fund Balances								
Reserved								
For Encumbrances	\$ 40,820		9,093,512					
Capital Reserve Account	1,054						9,134,332	972,283
Payment of Note Interest							1,054	1,038
Excess Surplus - Designated for Subsequent Year's Expenditures	76,186							236,887
Unreserved							76,186	76,186
Designated for Subsequent Years' Expenditures	300,000						511,757	35,466
Undesignated (Deficit)	494,239	(1,743)	(1,722,431)		43,911		(1,186,023)	(34,367)
Total Equity and Other Credits	912,299	(1,743)	7,371,081	2,066	43,911	14,586,945	23,126,317	11,029,818
Total Liabilities, Equity and Other Credits	912,299	46,284	9,540,300	2,066	81,027	14,586,945	39,786,034	32,177,574

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, 2003
(With Comparative Totals for the Fiscal Year Ended June 30, 2002)

	Governmental Fund Types			Fiduciary	Total		
	General	Special Revenue	Capital Projects	Debt Service	Fund Type Expendable Trust	(Memorandum Only) 2003	2002
REVENUES							
Local Sources							
Property Taxes	\$ 9,601,431			\$ 737,754		\$ 10,339,185	\$ 9,085,149
Tuition	21,200					21,200	12,998
Transportation	35,216					35,216	
Miscellaneous	39,788		\$ 308,816		\$ 1,789	350,393	277,319
Intergovernmental							
State	1,337,445	\$ 124,343	1,052,898			2,514,686	1,173,064
Federal	-	159,778	-	-	-	159,778	156,029
Total Revenues	<u>11,035,080</u>	<u>284,121</u>	<u>1,361,714</u>	<u>737,754</u>	<u>1,789</u>	<u>13,420,458</u>	<u>10,704,559</u>
EXPENDITURES							
Current Expenditures							
Instruction	4,524,096	235,274				4,759,370	4,440,669
Undistributed Expenditures	6,654,705	48,505			24,767	6,727,977	5,242,323
Capital Outlay	53,049	2,085	4,816,702			4,871,836	617,989
Debt Service	-	-	-	751,462	-	751,462	517,445
Total Expenditures	<u>11,231,850</u>	<u>285,864</u>	<u>4,816,702</u>	<u>751,462</u>	<u>24,767</u>	<u>17,110,645</u>	<u>10,818,426</u>
Excess (Deficiency) of Revenues Over							
(Under) Expenditures	<u>(196,770)</u>	<u>(1,743)</u>	<u>(3,454,988)</u>	<u>(13,708)</u>	<u>(22,978)</u>	<u>(3,690,187)</u>	<u>(113,867)</u>

**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, 2003
(With Comparative Totals for the Fiscal Year Ended June 30, 2002)**

	Governmental Fund Types			Fiduciary	Total	
	General	Special Revenue	Capital Projects	Debt Service	Fund Type Expendable Trust	(Memorandum Only) 2003 2002
Excess (Deficiency) of Revenues Over (Under) Expenditures (Carried Forward)	\$ (196,770)	\$ (1,743)	\$ (3,454,988)	\$ (13,708)	\$ (22,978)	\$ (3,690,187) \$ (113,867)
Other Financing Sources (Uses)						
Bond Sale Proceeds			10,940,000			10,940,000
Operating Transfers In	118,816			190,000		308,816 236,887
Operating Transfers Out			(308,816)			(308,816) (236,887)
Capital Leases						94,865
Premium on Note Proceeds						105,147
Total Other Financing Sources (Uses)	118,816		10,631,184	190,000		10,940,000 200,012
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(77,954)	(1,743)	7,176,196	176,292	(22,978)	7,249,813 86,145
Fund Balance, Beginning of Year	990,253		194,885	35,466	66,889	1,287,493 1,201,348
Fund Balance, End of Year	\$ 912,299	\$ (1,743)	\$ 7,371,081	\$ 211,758	\$ 43,911	\$ 8,537,306 \$ 1,287,493

**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, 2003**

	General Fund (Budgetary Basis)			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)
REVENUES									
Local Sources									
Local Tax Levy		\$ 9,601,431	\$ 21,200				\$ 737,754	\$ 737,754	
Tuition	30,000	35,216	5,216				210,000		\$ (210,000)
Transportation	30,000	39,788	9,788						
Miscellaneous									
Intergovernmental									
State	706,225	1,369,929	663,704	\$ 137,295	\$ 126,086	\$ (11,209)			
Federal	-	-	-	158,825	159,778	953			
Total Revenues	10,367,656	11,067,564	699,908	296,120	285,864	(10,256)	947,754	737,754	(210,000)
EXPENDITURES									
Current Expenditures									
Instruction	4,538,346	4,524,096	14,251	244,219	235,274	8,945			
Undistributed Expenditures	6,134,895	6,654,705	(519,810)	49,816	48,505	1,311			
Capital Outlay	53,049	53,049	-	2,085	2,085	-			
Debt Service	-	-	-	-	-	-	983,220	751,462	\$ 231,758
Total Expenditures	10,726,291	11,231,850	(505,560)	296,120	285,864	10,256	983,220	751,462	231,758
Excess (Deficiency) of Revenues Over (Under) Expenditures	(358,635)	(164,286)	194,349	-	-	-	(35,466)	(13,708)	21,758
Other Financing Sources									
Operating Transfer In	-	118,816	118,816	-	-	-	-	190,000	190,000
Total Other Financing Sources	-	118,816	118,816	-	-	-	-	190,000	190,000
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources	(358,635)	(45,470)	313,165	-	-	-	(35,466)	176,292	211,758
Fund Balance, Beginning of Year	990,253	990,253	-	-	-	-	35,466	35,466	-
Fund Balance, End of Year	\$ 631,618	\$ 944,783	\$ 313,165	\$ -	\$ -	\$ -	\$ -	\$ 211,758	\$ 211,758
Reconciliation of Fund Balance									
Fund Balance, End of Year		\$ 944,783							
Less: State Aid Payment Not Recognized on GAAP Basis		(32,484)							
Fund Balance (GAAP Basis), End of Year		\$ 912,299							

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

**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, 2003
(With Comparative Totals for the Fiscal Year Ended June 30, 2002)**

	Proprietary <u>Fund Type</u> <u>Enterprise</u> <u>2003</u>	Total (Memorandum <u>Only</u>) <u>2002</u>
OPERATING REVENUES		
Local Sources		
Daily Sales - Reimbursable Program		
Special Milk Sales	\$ 7,501	\$ 7,325
	<u>7,501</u>	<u>7,325</u>
Total Operating Revenues		
OPERATING EXPENSES		
Salaries	10,068	
Cost of Sales	<u>7,346</u>	<u>7,272</u>
	<u>17,414</u>	<u>7,272</u>
Total Operating Expenses		
Operating Income (Loss)	(9,913)	53
Nonoperating Revenues		
Federal Sources		
Special Milk Program	<u>4,470</u>	<u>4,939</u>
Net Income (Loss)	(5,443)	4,992
Retained Earnings, Beginning of Year	<u>7,509</u>	<u>2,517</u>
Retained Earnings, End of Year	<u>\$ 2,066</u>	<u>\$ 7,509</u>

**FLORHAM PARK BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(With Comparative Totals for the Fiscal Year Ended June 30, 2002)**

	<u>Proprietary Fund Type Enterprise 2003</u>	<u>Total (Memorandum Only) 2002</u>
Cash Flows From Operating Activities		
Cash Received from Customers	\$ 7,501	\$ 7,325
Cash Payments for Employees Salaries	(10,068)	
Cash Payments to Suppliers for Goods and Services	<u>(7,346)</u>	<u>(7,272)</u>
Net Cash Provided (Used) by Operating Activities	<u>(9,913)</u>	<u>53</u>
Cash Flows From Noncapital Financing Activities		
Cash Received from Federal Subsidy Reimbursements	<u>4,030</u>	<u>4,993</u>
Net Cash Provided by Noncapital Financing Activities	<u>4,030</u>	<u>4,993</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(5,883)	5,046
Cash and Cash Equivalents, Beginning of Year	<u>7,253</u>	<u>2,207</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,370</u>	<u>\$ 7,253</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	<u>\$ (9,913)</u>	<u>\$ 53</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (9,913)</u>	<u>\$ 53</u>

NOTES TO FINANCIAL STATEMENTS

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

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 seven elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

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

The 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, 2003

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. The funds included in this category 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 or trust funds) 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, 2003**

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 for 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 (i.e., revenues) and decreases (i.e., 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) standards issued prior to November 30, 1989. Subsequent to this 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, 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, 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, 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.

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgets/Budgetary Control (Continued)

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 properly amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2002/2003. During 2002/2003 the Board increased the original budget by \$358,635. The increase was funded by additional surplus appropriated and the reappropriation of prior year encumbrances.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and 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 General Fund revenues and the Special Revenue Fund revenues and expenditures 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. Note that the District does not report outstanding encumbrances as expenditures in the General Fund since the General Fund Budget follows modified accrual basis with the exception of the revenue recognition policy for the final state aid payment.

**FLORHAM PARK BOARD OF EDUCATION
 NOTES TO FINANCIAL STATEMENTS (Continued)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgets/Budgetary Control (Continued)

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary) "revenues"	\$ 11,067,564	\$ 285,864
Adjust for State Aid Payment not recognized for GAAP purposes until the subsequent year	<u>(32,484)</u>	<u>(1,743)</u>
Total Revenues (GAAP Basis)	<u>\$ 11,035,080</u>	<u>\$ 284,121</u>
Uses/outflows of resources		
Actual amounts (budgetary) "total outflows"	<u>\$ 11,231,850</u>	<u>\$ 285,864</u>
Total Expenditures (GAAP Basis)	<u>\$ 11,231,850</u>	<u>\$ 285,864</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 reported at fair value and are limited by N.J.S.A. 18A:20-37. During the year 2002/03, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 40, "Deposit and Investment Risk Disclosures" which amended GASB Statement No. 3. See Note 2 for specific disclosures on cash and investments.

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, 2003**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Tuition

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

Tuition Expenditures - Tuition charges for the fiscal years 2001-02 and 2002-03 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, 2003.

J. Fixed Assets - The District maintains a formal system of accounting for its general fixed assets. The General Fixed Assets Account Group is comprised of land, equipment, buildings and improvements with a cost of \$2,000 or more for assets purchased subsequent to July 1, 2001 and \$500 for assets purchased prior to July 1, 2001. 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 - 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 by 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, 2003**

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 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 at 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, 2003**

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, 2003, the book value of the Board's deposits was \$7,522,122 and bank balances of the Board's cash and deposits amounted to \$9,126,799. Of the bank balances \$100,000 was covered by FDIC, \$8,575,432 was covered by the New Jersey Governmental Unit Deposit Protection Act, and \$451,367 are uninsured with the New Jersey Cash Management Fund. The Board's deposits which are displayed on the combined balance sheet as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$8,675,432
Collateralized:	
Collateral held by pledging bank's trust department not in the Board's name	<u>451,367</u>
	<u>\$9,126,799</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2003, the Board's bank balance of \$451,367 was exposed to custodial credit risk as follows:

Uninsured and collateral held by pledging Bank's trust department, not in the Board's name	<u>\$451,367</u>
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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.

As of June 30, 2003, the Board had no investments outstanding

**FLORHAM PARK BOARD OF EDUCATION
 NOTES TO FINANCIAL STATEMENTS (Continued)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

NOTE 3 DUE TO/FROM OTHER FUNDS

As of June 30, 2003, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 118,816	
Debt Service Fund	190,000	
Capital Projects Fund		\$ 308,816
Trust and Agency Funds:		
Unemployment Expendable Trust Fund	1,000	
Payroll Agency Fund	<u>-</u>	<u>1,000</u>
 Total	 <u>\$ 309,816</u>	 <u>\$ 309,816</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, 2003.

	Balance, July 1, 2002	Additions	Retirements	Balance, June 30, 2003
Land	\$ 108,278			\$ 108,278
Land Improvements	11,408			11,408
Buildings and Building Improvements	7,562,418	\$ 12,733		7,575,151
Machinery and Equipment	1,604,926	22,694		1,627,620
Construction in Progress	<u>447,786</u>	<u>4,816,702</u>	<u>-</u>	<u>5,264,488</u>
 Total General Fixed Assets	 <u>\$ 9,734,816</u>	 <u>\$ 4,852,129</u>	 <u>\$ -</u>	 <u>\$ 14,586,945</u>

The following is a summary of proprietary fund-type fixed assets at June 30, 2003:

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

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

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, 2003 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%	\$ 2,770,000
\$10,940,000, 2002 Bonds, due in annual installments of \$60,000 to \$960,000 through July 15, 2022, interest at 4.20% to 4.75%	<u>10,940,000</u>
	<u>\$13,710,000</u>

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2003 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 60,906,981
Less: Net Debt	<u>16,608,762</u>
Remaining Borrowing Power	<u>\$ 44,298,219</u>

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

Year Ending June 30,	Serial Bonds		Total
	Principal	Interest	
2004	\$ 350,000	\$ 644,581	\$ 994,581
2005	440,000	621,421	1,061,421
2006	460,000	595,501	1,055,501
2007	485,000	568,366	1,053,366
2008	515,000	539,781	1,054,781
2009-2013	3,025,000	2,255,319	5,280,319
2014-2018	4,675,000	1,706,121	6,381,121
2019-2023	3,760,000	359,851	4,119,851

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

NOTE 5 LONG-TERM DEBT (Continued)

Capital Leases Payable - The District is leasing copiers, computers, buses and has upgraded the lighting fixtures throughout the District totaling \$552,352 under capital leases. The capital leases are for terms of 3 to 7 years. The following is a schedule of the future minimum lease payments under these capital leases. The future minimum lease obligations as of June 30, 2003 were as follows:

Year Ending June 30,	General Long- Term Debt
2004	\$ 119,277
2005	93,732
2006	51,634
2007	<u>23,582</u>
Total Minimum Lease Payments	288,225
Less: Amount representing interest	<u>29,621</u>
Present value of net minimum lease payments	<u><u>\$ 258,604</u></u>

Changes in Long-Term Liabilities - During the year ended June 30, 2003, the following changes occurred in liabilities reported in the General Long-Term Debt Account Group:

	Balance, July 1, 2002	Additions	Reductions	Balance, June 30, 2003
Serial Bonds Payable	\$ 3,100,000	\$ 10,940,000	\$ 330,000	\$ 13,710,000
Compensated Absences Payable	513,844		77,093	436,751
Obligations Under Capital Leases	<u>356,527</u>	<u>-</u>	<u>97,923</u>	<u>258,604</u>
	<u>\$ 3,970,371</u>	<u>\$ 10,940,000</u>	<u>\$ 505,016</u>	<u>\$ 14,405,355</u>

NOTE 6 FUND EQUITY

Reservations/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/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.

Reserved for Excess Surplus Designated for Subsequent Year's Expenditures - This reserve was created to represent the June 30, 2002 audited excess surplus that will be appropriated in the 2003/04 original budget certified for taxes.

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

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.)

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of 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 as of January 1, 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.

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 cover 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.

The TPAF and PERS are included along with other state-administered pension trust and agency funds in the basic financial statements of the State of New Jersey. Complete financial statements of the TPAF and PERS may be obtained from the State of New Jersey, Department of Treasury, Division of Pensions, P.O. Box 295, Trenton, NJ 08625.

Vesting and Benefit Provisions

Teachers' Pension and Annuity Fund

The vesting and benefit provisions are set by N.J.S.A. 18A:66. The Fund provides retirement, death and disability benefits, as well as medical benefits for certain qualified members. All benefits vest after eight to ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the Fund. Retirement benefits for age and service are available at age 60 and, under recently enacted legislation referred to below, are generally determined to be 1/55 of final average salary for each year of service credit (as defined). Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years service credit, as defined, or they may elect deferred retirement after achieving eight to ten years of service credit, in which case benefits would begin the first day of the month after the member attains normal retirement age.

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

NOTE 7 PENSION PLANS (Continued)

Vesting and Benefit Provisions (Continued)

Teachers' Pension and Annuity Fund (Continued)

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Eligible retirees receiving monthly benefits are entitled to cost-of-living increases equal to 60% of the change in the average consumer price index for the calendar year in which the pensioner retired as compared to the average consumer price index for a 12-month period ending with each August 31st immediately preceding the year in which the adjustment becomes payable. The regular retirement allowance is multiplied by the 60% factor as developed and results in a dollar amount of the adjustment payable. Retired members become eligible for pension adjustment benefits (COLA) after 24 months of retirement.

Legislation was passed during 2001 (Chapter 353, P.L. 2001) that provides an increase in the special veterans' retirement allowance and the ordinary and accidental disability retirement allowances. The special veteran's retirement allowance increased from 50% to 54.5% of the member's compensation during the highest-paid year of service. The minimum ordinary disability retirement allowance increased from 40% to 43.6% of final average compensation, and the accidental disability retirement allowance increased from 66.66% to 72.7% of the actual annual compensation at the time of the accident. Existing retirees and beneficiaries are eligible for the increases, which are effective October 2001.

Legislation passed in fiscal year 2001 (Chapter 133, P.L. 2001) increased the retirement benefits under service, deferred and early retirement by changing the formula from 1/60 to 1/55 of final compensation for each year of service. This legislation also increased the retirement benefit for veteran members with 35 or more years of service and reduces the age qualification from 60 to 55. Existing retirees and beneficiaries received a comparable percentage increase in their retirement allowances. This benefit enhancement was effective with the November 1, 2001 benefit payments.

Public Employees Retirement System

The vesting and benefit provisions are set by statute (N.J.S.A. 43:15A and 43:3B). The System provides retirement, death and disability benefits, as well as medical benefits for certain qualified members. All benefits vest after eight to ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the system. Retirement benefits for age and service are available at the age of 60 and are generally determined to be 1/55 of final average salary for each year of service credit (as defined). Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% per annum of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Legislation passed in 2001 (Ch. 133, P.L. 2001) increased the retirement benefits under service, deferred and early retirement by changing the formula from 1/60 to 1/55 of final compensation for each year of service. The legislation also increased the retirement benefits for veteran members with 35 or more years of service and reduced the age qualification from 60 to 55. Existing retirees and beneficiaries received a comparable increase in their retirement allowances, effective with the November 1, 2001 benefit payments.

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

NOTE 7 PENSION PLANS (Continued)

Contributions

Teachers' Pension and Annuity Fund

The contribution policy is set by N.J.S.A. 18A:66 requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Members' contribution at a uniform rate. In accordance with legislation passed in 2001 (Chapter 133, P.L. 2001), the employee contribution rate was lowered to 3% effective January 1, 2002. Prior to this date, employees had been contributing at a rate of 4.5%. The rate will remain at 3% for as long as surplus assets are available in the Fund. Employers are required to contribution at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits.

The State and local employers were not required to make a normal contribution to the System in 2002 and 2001. The normal contribution for basic pension benefits, noncontributory death benefits, and cost-of-living adjustments was funded by actuarially determined excess valuation assets in accordance with Chapter 115, P.L. 1997. This legislation provides for actuarially determined excess valuation assets to offset required normal contributions to the State of New Jersey and the local participating employers. Through FY 2002, excess valuation assets may be used to the extent possible to offset normal contributions. Thereafter, a certain percentage of available excess valuation assets may be used as specified in the legislation.

Public Employees' Retirement System

The contribution policy is set by statute and requires contributions from active members and contributing employers. Plan members and employer contribution rates may be amended by State of New Jersey legislation. Members contribute at a uniform rate of base pay. The full normal employee contribution rate is 5%; however, as a result of legislation (Ch. 415, P.L. 1999), the employee rate was reduced to 3% of base salary effective January 1, 2000. The legislation provides that the rate will remain 3% as long as actuarially determined excess valuation assets are available in the fund. The annual employer contribution is based upon an actuarially determined rate. Such contributions include funding for basic retirement allowances, cost-of-living adjustments and noncontributing death benefits. Local employers were not required to make a normal contribution in 2002, 2001 and 2000. The normal contribution was funded by excess valuation assets as permitted by Ch. 115, P.L. 1997. This legislation permits actuarially determined excess valuation assets to offset normal contributions through fiscal year 2002. Thereafter, a certain percentage of available excess valuation assets may be used as specified in the legislation.

NOTE 8 POST RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (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, 2002, there were 54,493 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding 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 one percent of the active State payroll.

**FLORHAM PARK BOARD OF EDUCATION
 NOTES TO FINANCIAL STATEMENTS (Continued)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

NOTE 8 POST RETIREMENT BENEFITS (Continued)

In accordance with P.L. 2002, c.11 which allowed the State to use available reserves in the Post-Retirement Medical Reserve Funds to cover required pay-as-you-go medical premiums, the State did not make a contribution to the PERS and TPAF in Fiscal Year 2002 toward the cost of post-retirement medical benefits. The legislation also suspended in Fiscal Years 2002 and 2003 the additional post retirement medical contribution to increase the fund balance by one half of one percent of active member salaries for the valuation period. State law provides that post retirement medical contributions resume in Fiscal Year 2004 and will be computed to provide an increase in the reserve fund of three fifths of one percent of active member salaries for the valuation period.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$42.8 million toward Chapter 126 benefits for 7,604 eligible retired members in Fiscal Year 2002.

NOTE 9 CONTINGENT LIABILITY

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 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

As of June 30, 2003, the Board had the following commitments with respect to unfinished capital projects:

<u>Capital Project</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Brooklake Elementary School Improvements	\$3,310,996	2003-2004
Brooklake Elementary School Improvements	2,100,815	2003-2004
Ridgedale Middle School Improvements	3,398,243	2003-2004

NOTE 11 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, 2003, 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.

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

NOTE 12 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.

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>
2002-2003	\$ -	\$ 1,222	\$ 24,617	\$ 37,304
2001-2002	-	133	15,944	60,184
2000-2001	-	2,825	9,796	75,054

NOTE 13 DEFICIT FUND BALANCES

The District has an accumulated unreserved, undesignated deficit of \$1,722,431 in the Capital Projects Fund as of June 30, 2003. This deficit is the result of the District utilizing a grant award to fund expenditures for certain capital projects. 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.

The District has a deficit fund balance of \$1,743 in the Special Revenue Fund as of June 30, 2003 as reported in the fund financial statements (modified accrual basis). P.L. 2003, c.97 mandates that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. GASB Statement No. 33 requires that intergovernmental transactions (revenue, expenditure, asset, liability) should be recognized in symmetry (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State of New Jersey is recording the last 2002/2003 budgeted state aid payment in the subsequent fiscal year, the school district cannot recognize such payment on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording the last state aid payment, the Special Revenue Fund balance deficit does not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payment in future years, the District may also report fund balance deficits in the future.

**FLORHAM PARK BOARD OF EDUCATION
 NOTES TO FINANCIAL STATEMENTS (Continued)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

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, 2003, the District had actual interest earnings of \$16.

NOTE 15 OPERATING LEASES

The District leases office space for the administrative office under a lease agreement, which will expire on December 31, 2003. The lease payments for the year ended June 30, 2003 was \$39,684. Future minimum lease payments for the next year are as follows:

<u>Fiscal Year Ended</u>	<u>Amount</u>
June 30, 2004	<u>\$19,842</u>
Total future minimum lease payments	<u>\$19,842</u>

NOTE 16 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, 2003 is \$76,186 which is appropriated in the 2003/2004 school year budget certified for taxes.

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, 2003 AND 2002**

	<u>2003</u>	<u>2002</u>
ASSETS		
Cash	\$ 754,198	\$ 582,229
Cash - Capital Reserve Account	1,054	1,038
Intergovernmental Receivable		
State	38,231	41,478
Other		13,461
Interfund Receivable	<u>118,816</u>	<u>354,437</u>
 Total Assets	 <u>\$ 912,299</u>	 <u>\$ 992,643</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts Payable	<u>-</u>	<u>\$ 2,390</u>
 Total Liabilities	 <u>-</u>	 <u>2,390</u>
 Fund Balance		
Reserved		
For Encumbrances	\$ 40,820	101,906
Capital Reserve Account	1,054	1,038
Payment of Note Interest		236,887
Excess Surplus - Designated for Subsequent Year's Expenditures	76,186	76,186
Unreserved		
Designated for Subsequent Year's Expenditures	300,000	
Undesignated	<u>494,239</u>	<u>574,236</u>
 Total Fund Balances	 <u>912,299</u>	 <u>990,253</u>
 Total Liabilities and Fund Balance	 <u>\$ 912,299</u>	 <u>\$ 992,643</u>

**FLORHAM PARK BOARD OF EDUCATION
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
FOR THE FISCAL YEARS ENDED JUNE 30, 2003 AND 2002**

	2003			2002		
	Modified Budget	Actual	Variance Favorable (Unfavorable)	Modified Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Local Sources						
Local Tax Levy	\$ 9,601,431	\$ 9,601,431	\$ -	\$ 8,606,000	\$ 8,606,000	\$ -
Tuition	21,200	21,200	21,200	18,905	12,998	(5,907)
Transportation Fees	30,000	35,216	5,216			
Miscellaneous	30,000	39,788	9,788	60,000	144,432	84,432
State Sources						
Special Education Aid	627,845	627,845		561,124	561,124	
Transportation Aid	62,536	62,536		62,536	62,536	
Bilingual Aid	3,428	3,428		3,428	3,428	
Academic Achievement Reward Program	12,416	12,416		12,416	12,516	100
Extraordinary Special Education Aid			35,313		29,302	29,302
Teacher Quality Mentoring					2,550	2,550
On Behalf TPAF Pension Contribution	256,143	256,143	256,143			
(Non Budgeted)						
Reimbursed TPAF Social Security Contribution						
(Non Budgeted)						
Total Revenues	10,367,656	11,067,564	699,908	9,324,409	9,802,859	478,450
EXPENDITURES						
CURRENT EXPENDITURES						
Regular Programs - Instruction						
Salaries of Teachers	207,914	207,914		200,395	200,395	
Preschool/Kindergarten	1,637,308	1,637,308		1,477,500	1,477,118	382
Grades 1-5	1,055,234	1,054,234	1,000	1,199,743	1,173,627	26,116
Grades 6-8						
Regular Programs - Home Instruction	3,840	3,840		6,000	270	5,730
Salaries of Teachers						
Regular Programs - Undistributed Instruction	112,911	112,911		113,004	113,004	
Other Salaries for Instruction	11,008	9,741	1,267	18,131	14,084	4,047
Purchased Professional/Educational Services	3,860	3,810	50	10,244	6,804	3,440
Purchased Technical Services	42,096	38,992	3,104	15,373	2,520	12,853
Other Purchased Services	320,057	315,306	4,751	215,483	164,625	50,858
General Supplies	45,251	44,347	904	23,144	18,823	4,321
Textbooks	3,472	3,472		3,557	2,602	955
Other Objects						
Total Regular Programs	3,442,950	3,431,874	11,076	3,282,574	3,173,872	108,702

**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, 2003 AND 2002**

	2003		2002		Variance Favorable (Unfavorable)
	Modified Budget	Actual	Modified Budget	Actual	
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	\$ 147,732	\$ 147,732	\$ 112,695	\$ 112,695	\$ 16,443
Other Salaries for Instruction	58,174	58,174	58,526	42,083	\$ 16,443
General Supplies	52	52	-	-	-
Total Learning and/or Language Disabilities	205,958	205,958	171,221	154,778	16,443
Visual Impairments					
Other Salaries for Instruction	18,774	18,767	23,200	16,710	6,490
Total Visual Impairments	18,774	18,767	23,200	16,710	6,490
Resource Room/Resource Center					
Salaries of Teachers	546,911	546,911	582,246	582,246	
Other Salaries for Instruction	96,840	96,840	81,029	81,029	
General Supplies	10,443	10,318	8,115	2,637	5,478
Textbooks	2,413	912	3,050	2,042	1,008
Total Resource Room/Resource Center	656,606	654,980	674,440	667,954	6,486
Preschool Disabilities - Full-Time					
Salaries of Teachers	53,694	53,694	51,602	51,602	
Other Salaries for Instruction	60,382	60,382	45,200	44,690	510
Purchased Professional/Educational Services	460	460	36,920	21,345	15,575
Total Preschool Disabilities - Full-Time	114,536	114,536	133,722	117,637	16,085
Total Special Education	995,874	994,241	1,002,583	957,079	45,504
Bilingual/ESL Instruction					
Salaries of Teachers	-	-	7,546	-	7,546
Total Bilingual Education- Instruction	-	-	7,546	-	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, 2003 AND 2002**

	2003			2002		
	Modified Budget	Actual	Variance Favorable (Unfavorable)	Modified Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES						
CURRENT EXPENDITURES (Continued)						
School Sponsored Co-Curricular Activities						
Salaries	\$ 73,636	\$ 73,636	\$ 843	\$ 83,368	\$ 83,368	\$ 1,956
Supplies and Materials	5,102	4,259	\$ 843	8,300	6,344	\$ 1,956
Other Objects	2,037	2,037	-	6,000	3,170	2,830
Total School Sponsored Co-Curricular Activities	80,775	79,932	843	97,668	92,882	4,786
School Sponsored Athletics - Instruction						
Salaries	11,948	11,948		32,901	6,045	26,856
Purchased Services	3,000	2,388	612	4,300	1,000	3,300
Supplies & Materials	3,419	3,332	87	3,500	2,748	752
Other Objects	380	380	-	-	-	-
Total School Sponsored Athletics - Instruction	18,747	18,048	699	40,701	9,793	30,908
Total - Instruction	4,538,346	4,524,096	14,251	4,431,072	4,233,626	197,446
Undistributed Expenditures						
Instruction						
Tuition to Other LEAs Within the State - Special	186,787	186,787		46,225	38,633	7,592
Tuition to CSSD & Regional Day Schools	35,161	35,161		33,556	19,555	14,001
Tuition to Private Schools for Disabled - W/I State	156,990	156,990		78,774	40,045	38,729
Tuition-Other	41,016	41,016	-	6,400	5,522	878
Total Undistributed Expenditures - Instruction	419,954	419,954	-	164,955	103,755	61,200
Health Services						
Salaries	152,810	152,810		146,470	146,470	2,673
Purchased Professional and Technical Services				3,300	627	600
Other Purchased Services	700	620	80	600	6,733	427
Supplies and Materials	6,561	6,212	349	7,160	287	1,963
Other Objects	-	-	-	2,250	-	-
Total Health Services	160,071	159,642	429	159,780	154,117	5,663
Other Support Services - Students - Related Services						
Salaries	143,001	143,001		143,146	143,146	
Purchased Educational Services	254,365	232,011	22,354	10,785	10,785	
Supplies and Materials	1,826	1,782	44	1,710	1,089	621

**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, 2003 AND 2002**

	2003			2002		
	Modified Budget	Actual	Variance Favorable (Unfavorable)	Modified Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES						
CURRENT EXPENDITURES (Continued)						
Other Support Services - Students - Extra Services						
Other Purchased Professional/Ed. Services						
Supplies and Materials						
Total Other Support Services - Students - Extra Services						
Other Support Services - Students - Regular						
Salaries of Other Professional Staff						
Other Purchased Professional/Ed. Services						
Supplies and Materials						
Total Other Support Services - Students - Regular						
Other Support Services - Students - Special						
Salaries of Other Professional Staff						
Salaries of Secretarial and Clerical Assistants						
Purchased Professional/Educational Services						
Other Purchased Professional/Tech. Services						
Miscellaneous Purchased Services						
Supplies and Materials						
Other Objects						
Total Other Support Services - Students - Special						
Improvement of Instructional Services						
Salaries of Other Professional Staff						
Other Salaries						
Purchased Professional/Educational Services						
Other Purchased Professional/Technical Services						
Other Purchased Services						
Supplies and Materials						
Other Objects						
Total Improvement of Instructional Services						
Educational Media Services/School Library						
Salaries						
Other Purchased Services						
Supplies and Materials						
Other Objects						

**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, 2003 AND 2002**

	2003			2002		
	Modified Budget	Actual	Variance Favorable (Unfavorable)	Modified Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES						
CURRENT EXPENDITURES (Continued)						
Instructional Staff Training Services	\$ 24,773	\$ 23,902	\$ 871	\$ 11,306	\$ 3,671	\$ 7,635
Purchased Professional Educational Services	42,929	42,929				
Other Salaries	2,724	1,751	973			
Other Purchased Services	2,197	2,145	52			
Supplies and Materials	-	-	-	3,000	165	2,835
Other Objects						
Total Instructional Staff Training Services	72,622	70,727	1,895	14,306	3,836	10,470
Support Services General Administration						
Salaries	173,002	173,002		191,465	191,148	317
Legal Services	63,624	63,624		80,657	68,536	12,121
Other Purchased Professional Services	86,860	14,400	72,460	88,253	17,727	70,526
Purchased Technical Services				2,210	2,110	100
Communications/Telephone	52,346	52,340	5	45,365	45,365	
Other Purchased Services	45,721	45,721		80,428	74,145	6,283
Supplies and Materials	4,151	3,920	231	4,409	4,216	193
Miscellaneous Expenditures	37,647	37,647		12,741	9,058	3,683
Total Support Services General Administration	463,350	390,654	72,696	505,528	412,305	93,223
Support Services School Administration						
Salaries of Principals/Assistant Principals	264,629	264,629		266,400	266,400	
Salaries of Other Professional Staff				418	418	
Salaries of Secretarial and Clerical Assistants	221,845	221,530	315	184,600	182,210	2,390
Other Salaries	56,701	56,701		91,602	91,602	
Purchased Professional/Technical Services	3,349	3,349				
Other Purchased Services	53,599	52,503	1,096			
Supplies and Materials	5,306	5,306		4,280	2,907	1,373
Other Objects	7,417	6,809	608	8,200	5,724	2,476
Total Support Services School Administration	612,847	610,828	2,019	555,500	549,261	6,239

**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, 2003 AND 2002**

	2003			2002		
	Modified Budget	Actual	Variance Favorable (Unfavorable)	Modified Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES						
CURRENT EXPENDITURES (Continued)						
Required Maintenance for School Facility						
Salaries	\$ 92,595	\$ 92,595	-	\$ 319,820	\$ 317,469	\$ 2,351
Cleaning, Repair & Maintenance Services	23,939	23,939	-	13,994	13,934	60
General Supplies	27,221	27,221	-	33,202	30,765	2,437
Other Objects	980	980	-	5,360	5,059	301
Total Required Maintenance for School Facility	144,735	144,735	-	372,376	367,227	5,149
Operation and Maintenance of Plant Services						
Salaries	305,705	305,705	-	39,792	39,792	8,128
Purchased Professional and Technical Services	20,915	20,915	-	25,497	17,369	8,128
Rental of Land and Buildings	64,199	64,199	-	36,194	35,592	602
Other Purchased Property Services	15,929	15,289	\$ 640	43,946	42,798	1,148
Insurance	106,871	106,871	-	124,370	124,370	-
Energy (Heat and Electricity)	180,742	180,742	-	208,913	161,126	47,787
General Supplies	20,728	20,341	387	-	-	-
Other Objects	596	596	-	-	-	-
Total Operation and Maintenance of Plant Services	715,686	714,659	1,027	478,712	421,047	57,665
Student Transportation Services						
Salaries for Pupil Transportation:						
(Between Home and School) - Regular	105,717	105,717	-	144,831	144,831	-
(Between Home and School) - Special Ed	47,877	47,877	-	-	-	-
(Other than Between Home and School)	19,678	19,678	-	-	-	-
Management Fee - ESC & CTSA Transportation	1,705	975	730	1,223	1,223	-
Other Purchased Professional/Technical Services	955	955	-	-	-	-
Cleaning, Repair and Maintenance Services	25,767	25,767	-	16,059	16,059	-
Lease Purchase Payments - School Buses	74,131	74,131	-	74,131	74,131	-
Contracted Services (Between Home and School) - Vendors	8,279	8,279	-	8,898	6,675	2,223
Contracted Services (Between Home and School) - Joint Agreements	33,000	33,000	-	-	-	-
Contracted Services (Special Education Students) Vendor	109,658	109,658	-	64,241	64,241	-
Contracted Services (Special Education Students) Joint Agreements	20,520	20,520	-	-	-	-
Contracted Services - Aid in Lieu of Payments	46,671	46,671	-	47,570	46,418	1,152
Misc. Purchased Services - Transportation	878	878	-	6,577	1,910	4,667
Supplies and Materials	6,952	6,070	882	1,053	993	60
Miscellaneous Expenditures	1,004	1,004	-	1,984	1,198	786
Total Student Transportation Services	502,793	501,181	1,612	366,567	357,679	8,888

**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, 2003 AND 2002**

	2003			2002			Variance Favorable (Unfavorable)
	Modified Budget	Actual	Variance Favorable (Unfavorable)	Modified Budget	Actual	Variance Favorable (Unfavorable)	
EXPENDITURES							
CURRENT EXPENDITURES (Continued)							
Business and Other Support Services	\$ 196,049	\$ 196,049		\$ 212,931	\$ 212,931		
Salaries	13,163	13,163					
Purchased Professional Services	5,327	5,327					
Purchased Technical Services	18,380	17,448	\$ 932	80,716	74,113	\$ 6,603	
Other Purchased Services	9,442	9,431	11	8,025	6,075	1,950	
Supplies and Materials	240,124	240,124					
Int. on Current Loans	5,960	5,960		7,421	7,421		
Int. for Lease Purch. Agreements	3,455	3,455	-	4,959	4,959		
Miscellaneous Expenditures							
Total Business and Other Support Services	<u>491,899</u>	<u>490,957</u>	<u>943</u>	<u>314,052</u>	<u>305,499</u>	<u>8,553</u>	
Unallocated Benefits - Employee Benefits							
Social Security	123,947	123,947		112,151	112,151		
Other Retirement Contributions - Regular	16,270	16,270		4,053	109	3,944	
Health Benefits	1,218,584	1,218,082	503	951,061	932,746	18,315	
Tuition Reimbursement	21,348	19,580	1,768	23,264	21,845	1,419	
Other Employee Benefits	141,383	141,123	261	29,179	29,109	70	
Total Unallocated Benefits - Employee Benefits	<u>1,521,533</u>	<u>1,519,002</u>	<u>2,531</u>	<u>1,119,708</u>	<u>1,095,960</u>	<u>23,748</u>	
On Behalf TPAF Pension Contributions (Non Budgeted)		256,143	(256,143)				
Reimbursed TPAF Social Security Contribution (Non Budgeted)		372,248	(372,248)		367,973	(367,973)	
Total On-Behalf	<u>-</u>	<u>628,391</u>	<u>(628,391)</u>	<u>-</u>	<u>367,973</u>	<u>(367,973)</u>	
Total Undistributed Expenditures	<u>6,134,895</u>	<u>6,654,705</u>	<u>(519,810)</u>	<u>5,142,188</u>	<u>5,186,040</u>	<u>(43,852)</u>	
Total Current Expenditures	<u>10,673,242</u>	<u>11,178,801</u>	<u>(505,560)</u>	<u>9,573,260</u>	<u>9,419,666</u>	<u>153,594</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, 2003 AND 2002**

	2003			2002		
	Modified Budget	Actual	Variance Favorable (Unfavorable)	Modified Budget	Actual	Variance Favorable (Unfavorable)
CAPITAL OUTLAY						
Equipment						
Regular Programs - Instruction						
Grades 6-8						
Undistributed Expenditures						
Instruction	\$ 22,694	\$ 22,694		\$ 5,582	\$ 5,521	\$ 61
Support Serv. - Students - Regular				4,694	4,694	
Support Serv. - Students - Special Services				153	153	
Operation and Maint. of Plant Services				1,770	1,770	
				4,606	4,606	
Total Equipment	22,694	22,694	-	16,805	16,744	61
Facilities Acquisition and Construction Services						
Construction Services	12,733	12,733				
Lease Purchase Agreements - Principal	17,622	17,622		16,162	16,162	
Total Facilities Acquisition and Construction Services	30,355	30,355	-	16,162	16,162	
Assets Acquired under Capital Leases (Nonbudgeted)						
Student Transportation Services						
Total Assets Acquired under Capital Leases						
Total Capital Outlay	53,049	53,049	-	32,967	127,771	(94,804)
Total General Fund Expenditures	10,726,291	11,231,850	\$ (505,560)	9,606,227	9,547,437	58,790

**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, 2003 AND 2002**

	2003			2002		
	Modified Budget	Actual	Variance Favorable (Unfavorable)	Modified Budget	Actual	Variance Favorable (Unfavorable)
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (358,635)	\$ (164,286)	\$ 194,349	\$ (281,818)	\$ 255,422	\$ 537,240
Other Financing Sources						
Capital Leases	-	118,816	118,816	-	94,865	94,865
Operating Transfers In	-	118,816	118,816	-	236,887	236,887
Total Other Financing Sources	-	118,816	118,816	-	331,752	331,752
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources	(358,635)	(45,470)	313,165	(281,818)	587,174	868,992
Fund Balances, Beginning of Year	990,253	990,253	-	403,079	403,079	-
Fund Balances, End of Year	<u>\$ 631,618</u>	<u>\$ 944,783</u>	<u>\$ 313,165</u>	<u>\$ 121,261</u>	<u>\$ 990,253</u>	<u>\$ 868,992</u>
Recapitulation of Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Sources (Uses)						
Increase in Capital Reserve Account	\$ 16	\$ 16	-	-	25	25
Budgeted Fund Balance	(256,729)	56,420	313,149	(279,328)	589,639	868,967
Prior Year Encumbrances	(101,906)	(101,906)	-	(2,490)	(2,490)	-
	<u>\$ (358,635)</u>	<u>\$ (45,470)</u>	<u>\$ 313,165</u>	<u>\$ (281,818)</u>	<u>\$ 587,174</u>	<u>\$ 868,992</u>
Reconciliation of Fund Balance						
Fund Balance - End of Year	\$ 944,783					
Less: State Aid Payment not Recognized for GAAP Purposes		<u>(32,484)</u>				
Fund Balance - (GAAP Basis), End of Year	<u>\$ 912,299</u>					

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, 2003 AND 2002**

	<u>2003</u>	<u>2002</u>
ASSETS		
Cash	\$ 22,149	\$ 18,597
Intergovernmental Accounts Receivable - Other	<u>24,135</u>	<u>3,516</u>
 Total Assets	 <u>\$ 46,284</u>	 <u>\$ 22,113</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Intergovernmental Payable		
State	\$ 24,769	\$ 15,718
Federal		290
Accounts Payable	355	
Deferred Revenue	<u>22,903</u>	<u>6,105</u>
 Total Liabilities	 <u>48,027</u>	 <u>22,113</u>
 Fund Balance		
Undesignated (Deficit)	<u>(1,743)</u>	<u>-</u>
 Total Liabilities and Fund Balance	 <u>\$ 46,284</u>	 <u>\$ 22,113</u>

FLORHAM PARK BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(With Comparative Totals for the Fiscal Year Ended June 30, 2002)

	Title II Carryover	Title IV 594	Title IV Carryover	Title IV 404	Title III 1,068	Title VI Carryover	Title V 4,405	Character Education Carryover	Character Education	Total Exhibit C-2a	2003	2002
REVENUES												
Intergovernmental												
State	\$ 29,546	\$ 2,640	\$ 594	\$ 404	\$ 1,068	\$ 399	\$ 4,405	\$ 2,662	\$ 3,950	\$ 119,474	\$ 126,086	\$ 133,635
Federal										120,722	159,778	155,382
Total Revenues	\$ 29,546	\$ 2,640	\$ 594	\$ 404	\$ 1,068	\$ 399	\$ 4,405	\$ 2,662	\$ 3,950	\$ 240,196	\$ 285,864	\$ 289,017
EXPENDITURES												
Instruction												
Salaries of Teachers	\$ 22,293				\$ 1,000		\$ 874	\$ 2,662	\$ 2,787	\$ 249	\$ 24,167	\$ 32,662
Other Purchased Services			\$ 99				165			46,995	47,259	26,714
General Supplies										17,830	17,830	9,239
Textbooks												19,231
Tuition										140,320	140,320	119,144
Total Instruction	22,293		99		1,000		1,039	2,662	2,787	205,394	235,274	206,990
Support Services												
Personal Services-Employee Benefits	1,028				68		33				1,129	3,086
Purchased Professional Educational Services	6,225	\$ 2,640	495	\$ 404		\$ 399	3,333		1,163	21,867	14,659	31,082
Purchased Technical Services										10,850	21,867	5,427
Supplies and Materials											10,850	
Total Support Services	7,253	2,640	495	404	68	399	3,366		1,163	32,717	48,505	39,595
Facilities Acquisition And Construction												
Instructional Equipment										2,085	2,085	42,432
Total Facilities, Acquisition and Construction										2,085	2,085	42,432
Total Expenditures	\$ 29,546	\$ 2,640	\$ 594	\$ 404	\$ 1,068	\$ 399	\$ 4,405	\$ 2,662	\$ 3,950	\$ 240,196	\$ 285,864	\$ 289,017

**FLORHAM PARK BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(With Comparative Totals for the Fiscal Year Ended June 30, 2002)**

	I.D.E.A. - Preschool		I.D.E.A. - Part B-Basic		Nonpublic Nursing Aid		Nonpublic- Ch. 192 Compensatory Education		Nonpublic - Ch. 193 Examination & Classification		Supplemental Instruction	Distance Learning	Total
	I.D.E.A. Preschool	I.D.E.A. - Part B-Basic	I.D.E.A. - Part B-Basic	I.D.E.A. - Part B-Basic	Textbooks Aid	Nursing Aid	Technology Initiative Aid	Compensatory Education	Corrective Speech	Examination & Classification			
REVENUES													
Intergovernmental													
State													
Federal													
Total Revenues	\$ 7,727	\$ 112,995	\$ -	\$ 17,830	\$ 21,867	\$ -	\$ 2,960	\$ 17,119	\$ 7,118	\$ 4,716	\$ 34,891	\$ 119,474	
Total Revenues	<u>\$ 7,727</u>	<u>\$ 112,995</u>	<u>\$ -</u>	<u>\$ 17,830</u>	<u>\$ 21,867</u>	<u>\$ -</u>	<u>\$ 2,960</u>	<u>\$ 17,119</u>	<u>\$ 7,118</u>	<u>\$ 4,716</u>	<u>\$ 34,891</u>	<u>\$ 240,196</u>	
EXPENDITURES													
Instruction													
Salaries of Teachers													
Other Purchased Services													
General Supplies		\$ 1,465			\$ 249						\$ 249		
Textbooks				\$ 17,830	10,639						\$ 34,891		\$ 46,995
Tuition													\$ 17,830
Total Instruction	\$ 7,727	100,680	-	-	-	-	2,960	17,119	7,118	4,716	-	-	140,320
Total Instruction	<u>7,727</u>	<u>102,145</u>	<u>-</u>	<u>17,830</u>	<u>-</u>	<u>10,888</u>	<u>2,960</u>	<u>17,119</u>	<u>7,118</u>	<u>4,716</u>	<u>34,891</u>	<u>205,394</u>	
Support Services													
Purchased Professional Technical Services													
Supplies and Materials		10,850			21,867								21,867
Total Support Services		<u>10,850</u>			<u>21,867</u>								<u>32,717</u>
Facilities Acquisition And Construction													
Equipment													
Total Facilities, Acquisition and Construction													
Total Expenditures	<u>\$ 7,727</u>	<u>\$ 112,995</u>	<u>\$ -</u>	<u>\$ 17,830</u>	<u>\$ 21,867</u>	<u>\$ 12,973</u>	<u>\$ 2,960</u>	<u>\$ 17,119</u>	<u>\$ 7,118</u>	<u>\$ 4,716</u>	<u>\$ 34,891</u>	<u>\$ 240,196</u>	

**FLORHAM PARK BOARD OF EDUCATION
SPECIAL REVENUE FUND
STATEMENT OF DEMONSTRABLY EFFECTIVE PROGRAM AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

NOT APPLICABLE

**SPECIAL REVENUE FUND
STATEMENT OF EARLY CHILDHOOD PROGRAM AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

NOT APPLICABLE

**SPECIAL REVENUE FUND
STATEMENT OF INSTRUCTIONAL SUPPLEMENT AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

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, 2003**

	2003		
	Budgeted	Actual	Variance
Instruction			
General Supplies	\$ 34,891	\$ 34,891	-
Total Instruction	34,891	34,891	-
Total Expenditures	\$ 34,891	\$ 34,891	\$ -
Total Revised 2002-03 Distance Learning Network Aid			\$ 34,891
Actual Distance Learning Network Aid Carryover (June 30, 2002)			-
Total Distance Learning Network Aid Available for 2002-03 Budget			34,891
Less: 2002-03 Budgeted Distance Learning Network Aid (Including prior year carryover)			34,891
Available and Unbudgeted DLNA Funds as of June 30, 2003			-
Add: 2002-03 Unexpended DLNA			-
2003-2004 Actual Carryover-DLNA			\$ -
2002-2003 Carryover Budgeted in 2003-2004			\$ -

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, 2003 AND 2002**

	<u>2003</u>	<u>2002</u>
ASSETS		
Cash	\$ 6,641,566	\$ 14,402,651
Intergovernmental Accounts Receivable - State	<u>2,898,734</u>	<u>2,913,301</u>
 Total Assets	 <u>\$ 9,540,300</u>	 <u>\$ 17,315,952</u>
 LIABILITIES AND FUND BALANCES		
Liabilities		
Interfund Payable	\$ 308,816	\$ 354,437
Deferred Revenue	1,860,403	2,913,301
Notes Payable	<u>-</u>	<u>13,853,329</u>
 Total Liabilities	 <u>2,169,219</u>	 <u>17,121,067</u>
Fund Balance		
Reserved		
For Encumbrances	9,093,512	870,377
Unreserved		
Undesignated (Deficit)	<u>(1,722,431)</u>	<u>(675,492)</u>
 Total Fund Balances	 <u>7,371,081</u>	 <u>194,885</u>
 Total Liabilities and Fund Balances	 <u>\$ 9,540,300</u>	 <u>\$ 17,315,952</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, 2003 AND 2002**

	<u>2003</u>	<u>2002</u>
Revenues		
Local Sources		
Interest Earned	\$ 308,816	\$ 131,740
State Sources		
Educational Facilities Construction and Financing Act	<u>1,052,898</u>	<u>-</u>
Total Revenues	1,361,714	131,740
Expenditures		
Capital Outlay	<u>4,816,702</u>	<u>447,786</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(3,454,988)</u>	<u>(316,046)</u>
Other Financing Sources (Uses)		
Bond Sale Proceeds	10,940,000	
Premium on Note Proceeds		105,147
Operating Transfers Out	<u>(308,816)</u>	<u>(236,887)</u>
Total Other Financing Sources (Uses)	<u>10,631,184</u>	<u>(131,740)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	7,176,196	(447,786)
Fund Balance, Beginning of Year	<u>194,885</u>	<u>642,671</u>
Fund Balance, End of Year	<u>\$ 7,371,081</u>	<u>\$ 194,885</u>

**FLORHAM PARK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

<u>Number</u>	<u>Issue/Project Title</u>	<u>Appropriation</u>	<u>Expenditures to Date</u>		<u>Balance, June 30, 2003</u>
			<u>Prior Years</u>	<u>Current Year</u>	
01/22/02	Construct, furnish and equip educational and physical plant renovations and additions to the Briarwood, Brooklake and Ridgedale Schools	<u>\$ 14,496,000</u>	<u>\$ 447,786</u>	<u>\$ 4,816,702</u>	\$ 9,231,512
			Less: Unrealized Revenue		<u>1,860,431</u>
			Fund Balance, June 30, 2003		<u>\$ 7,371,081</u>

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, 2003 AND 2002**

	<u>2003</u>	<u>2002</u>
ASSETS		
Cash	\$ 21,758	\$ 35,466
Interfund Receivable	<u>190,000</u>	<u>-</u>
Total Assets	<u>\$ 211,758</u>	<u>\$ 35,466</u>
 LIABILITIES AND FUND BALANCES		
Fund Balance		
Designated for Subsequent Year's Expenditures	\$ 211,757	\$ 35,466
Undesignated	<u>1</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 211,758</u>	<u>\$ 35,466</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, 2003 AND 2002**

	2003			2002		
	Modified Budget	Actual	Variance Favorable (Unfavorable)	Modified Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Local Sources						
Property Taxes	\$ 737,754	\$ 737,754	\$ (210,000)	\$ 479,149	\$ 479,149	-
Miscellaneous	210,000	-		-	-	-
Total Revenues	947,754	737,754	(210,000)	479,149	479,149	-
EXPENDITURES						
Regular Debt Service						
Principal	330,000	330,000		320,000	320,000	
Interest	653,220	421,462	\$ 231,758	197,445	197,445	-
Total Expenditures	983,220	751,462	231,758	517,445	517,445	-
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(35,466)	(13,708)	21,758	(38,296)	(38,296)	-
Other Financing Sources						
Operating Transfers In	-	190,000	190,000	-	-	-
Total Other Financing Sources	-	190,000	190,000	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Sources (Uses)	(35,466)	176,292	211,758	(38,296)	(38,296)	-
Fund Balance, Beginning of Year	35,466	35,466	-	73,762	73,762	-

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, 2003 AND 2002**

	<u>2003</u>	<u>Total</u>	<u>2002</u>
ASSETS			
Current Assets			
Cash	\$ 1,370		\$ 7,253
Intergovernmental Receivable - Federal	<u>696</u>		<u>256</u>
Total Current Assets	<u>2,066</u>		<u>7,509</u>
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>\$ 2,066</u>		<u>\$ 7,509</u>
FUND EQUITY			
Fund Equity			
Unreserved Retained Earnings	<u>\$ 2,066</u>		<u>\$ 7,509</u>
Total Fund Equity	<u>\$ 2,066</u>		<u>\$ 7,509</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, 2003 AND 2002**

	<u>2003</u>	<u>Total</u> <u>2002</u>
OPERATING REVENUES		
Local Sources		
Daily Sales-Reimbursable Programs		
Special Milk Program	\$ 7,501	\$ 7,325
Total Operating Revenues	<u>7,501</u>	<u>7,325</u>
OPERATING EXPENSES		
Salaries	10,068	
Cost of Sales	<u>7,346</u>	<u>7,272</u>
Total Operating Expenses	<u>17,414</u>	<u>7,272</u>
Operating Income (Loss)	(9,913)	53
Nonoperating Revenues		
Federal Sources		
Special Milk Program	<u>4,470</u>	<u>4,939</u>
Net Income (Loss)	(5,443)	4,992
Retained Earnings, Beginning of Year	<u>7,509</u>	<u>2,517</u>
Retained Earnings, End of Year	<u>\$ 2,066</u>	<u>\$ 7,509</u>

**FLORHAM PARK BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2003 AND 2002**

	<u>2003</u>	<u>Total</u>	<u>2002</u>
Cash Flows From Operating Activities			
Cash Received from Customers	\$ 7,501		\$ 7,325
Cash Payments for Employees Salaries	(10,068)		
Cash Payments to Suppliers for Goods and Services	<u>(7,346)</u>		<u>(7,272)</u>
Net Cash Provided (Used) by Operating Activities	<u>(9,913)</u>		<u>53</u>
Cash Flows From Noncapital Financing Activities			
Cash Received from Federal Subsidy Reimbursements	<u>4,030</u>		<u>4,993</u>
Net Cash Provided by Noncapital Financing Activities	<u>4,030</u>		<u>4,993</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(5,883)		5,046
Cash and Cash Equivalents, Beginning of Year	<u>7,253</u>		<u>2,207</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,370</u>		<u>\$ 7,253</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	<u>\$ (9,913)</u>		<u>\$ 53</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (9,913)</u>		<u>\$ 53</u>

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, 2003

(With Comparative Totals as of June 30, 2002)

	<u>Expendable Trust</u>	<u>Scholarship</u>	<u>Agency</u>	<u>Student</u>	<u>Payroll</u>	<u>Total</u>
	<u>Unemployment</u>		<u>Activity</u>			<u>2003</u>
	<u>Insurance</u>					<u>2002</u>
ASSETS						
Cash	\$ 36,304	\$ 6,607	\$ 24,267	\$ 12,849	\$ 80,027	\$ 97,704
Interfund Receivable	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>1,000</u>
Total Assets	<u>\$ 37,304</u>	<u>\$ 6,607</u>	<u>\$ 24,267</u>	<u>\$ 12,849</u>	<u>\$ 81,027</u>	<u>\$ 98,704</u>
LIABILITIES AND FUND BALANCE						
Liabilities						
Accrued Salaries and Wages			\$	2,661	\$ 2,661	\$ 1,380
Payroll Deductions and Withholdings				9,188	9,188	5,506
Interfund Payable				1,000	1,000	1,000
Due to Student Groups	<u>-</u>	<u>-</u>	<u>\$ 24,267</u>	<u>-</u>	<u>24,267</u>	<u>23,929</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>24,267</u>	<u>12,849</u>	<u>37,116</u>	<u>31,815</u>
Fund Balance						
Unreserved, Undesignated	\$ 37,304	\$ 6,607	-	-	43,911	66,889
Total Liabilities and Fund Balance	<u>\$ 37,304</u>	<u>\$ 6,607</u>	<u>\$ 24,267</u>	<u>\$ 12,849</u>	<u>\$ 81,027</u>	<u>\$ 98,704</u>

**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, 2003**

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, 2003**

STUDENT ACTIVITY FUND	Balance, July 1, <u>2002</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2003</u>
ASSETS				
Cash	\$ 23,929	117,022	116,684	\$ 24,267
Total Assets	<u>\$ 23,929</u>	<u>\$ 117,022</u>	<u>\$ 116,684</u>	<u>\$ 24,267</u>
LIABILITIES				
Due to Student Groups	\$ 23,929	117,022	116,684	\$ 24,267
Total Liabilities	<u>\$ 23,929</u>	<u>\$ 117,022</u>	<u>\$ 116,684</u>	<u>\$ 24,267</u>

**FLORHAM PARK BOARD OF EDUCATION
STUDENT ACTIVITY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

	Balance, July 1, <u>2002</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2003</u>
ELEMENTARY SCHOOLS				
Brooklake	\$ 1,201	\$ 5,131	\$ 4,256	\$ 2,076
Briarwood	2,629	8,222	8,644	2,207
MIDDLE SCHOOLS				
Ridgedale Officiating		3,610	3,609	1
Ridgedale	<u>20,099</u>	<u>100,059</u>	<u>100,175</u>	<u>19,983</u>
Total	<u>\$ 23,929</u>	<u>\$ 117,022</u>	<u>\$ 116,684</u>	<u>\$ 24,267</u>

**FLORHAM PARK BOARD OF EDUCATION
PAYROLL AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

PAYROLL FUND	Balance, July 1, <u>2002</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2003</u>
ASSETS				
Cash	\$ 7,886	\$ 7,036,123	\$ 7,031,160	\$ 12,849
Interfund Accounts Receivable	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 7,886</u>	<u>\$ 7,036,123</u>	<u>\$ 7,031,160</u>	<u>\$ 12,849</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 5,506	\$ 2,757,984	\$ 2,754,302	\$ 9,188
Accrued Salaries and Wages	1,380	4,278,139	4,276,858	2,661
Interfund Payable	1,000	-	-	1,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>\$ 7,886</u>	<u>\$ 7,036,123</u>	<u>\$ 7,031,160</u>	<u>\$ 12,849</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, 2003
(With Comparative Totals as of June 30, 2002)**

	Unemployment Insurance	Scholarship	2003	<u>Total</u> 2002
REVENUES				
Employee Contributions	\$ 1,222		\$ 1,222	\$ 133
Interest	<u>515</u>	\$ 52	<u>567</u>	<u>1,014</u>
 Total Revenues	 <u>1,737</u>	 <u>52</u>	 <u>1,789</u>	 <u>1,147</u>
EXPENDITURES				
Current				
Unemployment Claims	24,617		24,617	15,944
Scholarship Awards	<u>-</u>	<u>150</u>	<u>150</u>	<u>150</u>
 Total Expenditures	 <u>24,617</u>	 <u>150</u>	 <u>24,767</u>	 <u>16,094</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(22,880)	(98)	(22,978)	(14,947)
Fund Balance, Beginning of Year	<u>60,184</u>	<u>6,705</u>	<u>66,889</u>	<u>81,836</u>
Fund Balance, End of Year	<u>\$ 37,304</u>	<u>\$ 6,607</u>	<u>\$ 43,911</u>	<u>\$ 66,889</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, 2003 AND 2002**

	<u>2003</u>	<u>2002</u>
GENERAL FIXED ASSETS		
Land	\$ 108,278	\$ 108,278
Land Improvements	11,408	11,408
Buildings and Buildings Improvements	7,575,151	7,562,418
Machinery and Equipment	1,627,620	1,604,926
Construction in Progress	<u>5,264,488</u>	<u>447,786</u>
Total General Fixed Assets	<u>\$ 14,586,945</u>	<u>\$ 9,734,816</u>
INVESTMENT IN GENERAL FIXED ASSETS		
General Fund	\$ 4,858,054	\$ 4,822,627
Special Revenue Fund	78,987	78,987
Capital Projects Fund	9,531,626	4,714,924
Donations	<u>118,278</u>	<u>118,278</u>
Total Investment in General Fixed Assets	<u>\$ 14,586,945</u>	<u>\$ 9,734,816</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, 2003 AND 2002**

	Balance, June 30, <u>2002</u>	<u>Increases</u>	<u>Decreases</u>	Balance, June 30, <u>2003</u>
General Fund	\$ 4,822,627	\$ 35,427		\$ 4,858,054
Special Revenue Fund	78,987			78,987
Capital Projects Fund	4,714,924	4,816,702		9,531,626
Donations	<u>118,278</u>	<u>-</u>	<u>-</u>	<u>118,278</u>
	<u>\$ 9,734,816</u>	<u>\$ 4,852,129</u>	<u>\$ -</u>	<u>\$ 14,586,945</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 SCHEDULE OF GENERAL LONG-TERM DEBT
AS OF JUNE 30, 2003 AND 2002**

	<u>2003</u>	<u>2002</u>
OTHER DEBITS		
Amount Available in Debt Service Fund	\$ 211,758	\$ 35,466
Amount to be Provided for Retirement of Long-Term Debt	<u>14,193,597</u>	<u>3,934,905</u>
Total Amount to be Provided for General Long-Term Debt	<u>\$ 14,405,355</u>	<u>\$ 3,970,371</u>
LONG-TERM LIABILITIES		
Serial Bonds Payable	\$ 13,710,000	\$ 3,100,000
Obligations Under Capital Leases	258,604	356,527
Compensated Absences Payable	<u>436,751</u>	<u>513,844</u>
Total General Long-Term Liabilities	<u>\$ 14,405,355</u>	<u>\$ 3,970,371</u>

**FLORHAM PARK BOARD OF EDUCATION
GENERAL LONG-TERM DEBT ACCOUNT GROUP
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Annual Maturities Amount	Interest Rate	Balance, July 1, 2002	Issued	Retired	Balance, June 30, 2003
School District Bonds - Series 1994	12/15/1994	\$ 4,950,000	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	\$ 3,100,000		\$ 330,000	\$ 2,770,000
School District Bonds - Series 2002	7/15/2002	10,940,000	7/15/04-05	60,000	4.20				
			7/15/2006	75,000	4.20				
			7/15/2007	105,000	4.20				
			7/15/2008	135,000	4.20				
			7/15/2009	165,000	4.20				
			7/15/2010	605,000	4.20				
			7/15/2011	635,000	4.20				
			7/15/2012	665,000	4.30				
			7/15/2013	695,000	4.30				
			7/15/2014	725,000	4.30				
			7/15/2015	760,000	4.30				
			7/15/2016	795,000	4.40				
		7/15/2017	830,000	4.40					
		7/15/2018	870,000	4.50					
		7/15/2019	905,000	4.60					
		7/15/2020	945,000	4.70					
		7/15/2021	950,000	4.75					
		7/15/2022	960,000	4.75					
						\$ 3,100,000	\$ 10,940,000	-	10,940,000
						\$ 3,100,000	\$ 10,940,000	\$ 330,000	\$ 13,710,000

**FLORHAM PARK BOARD OF EDUCATION
GENERAL LONG-TERM DEBT ACCOUNT GROUP
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
AS OF JUNE 30, 2003**

<u>Series</u>	Amount of Original <u>Issue</u>	Interest <u>Rate</u>		Balance, July 1, <u>2002</u>	Issued Current <u>Year</u>	Retired Current <u>Year</u>	Balance, June 30, <u>2003</u>
2000 Lighting Retrofit Project	\$ 129,336	6.50	%	\$ 97,999		\$ 17,212	\$ 80,787
2000 Bus- 39 Passenger	54,733	5.75		22,453		10,913	11,540
2000 Bus- 54 Passenger	60,233	5.38		24,674		12,014	12,660
2002 Bus - 54 Passenger (2)	123,782	6.00		74,102		23,276	50,826
2002 Savin Copier (3)	89,403	6.50		63,299		17,337	45,962
2003 Bus - 54 Passenger	54,841	4.99		42,779		9,926	32,853
2003 Bus - 24 Passenger	40,024	4.99		<u>31,221</u>	<u>-</u>	<u>7,245</u>	<u>23,976</u>
				<u>\$ 356,527</u>	<u>\$ -</u>	<u>\$ 97,923</u>	<u>\$ 258,604</u>

STATISTICAL SECTION
(Unaudited)

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

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
GENERAL FUND										
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	\$3,431,874
Regular	803,930	900,613	788,746	917,860	762,584	721,890	786,184	929,388	957,079	994,241
Special	21,248	29,330	-	15,907	15,907	15,487	-	-	-	-
Other	69,241	72,335	70,663	72,346	81,186	58,789	77,990	94,544	102,675	97,980
School-Sponsored/Other Instructional	3,664,875	3,779,351	3,728,721	3,851,657	3,706,741	3,967,048	3,926,819	4,194,218	4,233,626	4,524,095
Total Instruction										
Undistributed										
Instruction	255,524	233,593	234,889	200,203	162,007	268,608	264,571	235,902	103,755	419,954
Support services-students	444,848	431,312	471,329	464,971	669,575	662,728	814,930	840,874	909,265	963,347
Support services-instructional staff	183,267	197,574	155,243	167,896	164,101	258,900	284,030	305,213	296,069	270,998
General administration	377,545	382,040	398,892	406,621	353,073	490,309	356,626	372,282	412,305	390,654
School administration	346,325	299,378	293,718	294,568	333,577	480,317	473,375	557,661	549,261	610,828
Operations and maintenance	639,503	632,313	693,047	762,033	767,875	764,289	820,552	889,416	788,274	859,394
Student transportation	285,957	282,638	240,657	295,837	311,928	307,395	334,232	354,141	357,679	501,181
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	2,009,959
On-behalf IPAF Pension Contribution	-	-	39,811	125,660	118,697	281,090	111,787	145,085	-	256,143
Reimbursed TPAF Social Security Contributions	-	-	276,582	288,915	298,647	310,332	322,663	353,178	367,973	372,248
Total Undistributed	3,737,187	3,609,015	3,881,780	4,087,587	4,258,566	4,998,845	4,919,313	5,347,791	5,186,040	6,654,706
Capital Outlay										
Equipment	43,081	187,051	127,392	73,217	112,975	212,328	166,133	152,132	16,744	22,694
Facilities Acq. and construction services	566,493	76,037	57,475	260,118	146,785	127,215	24,517	41,265	16,162	30,355
Assets Acquired under Capital Leases	-	-	-	110,473	98,515	-	244,302	213,185	94,865	-
Total Capital Outlay	609,574	263,088	184,867	443,808	358,275	339,543	434,952	406,582	127,771	53,049
Total General Fund Expenditures	8,011,636	7,651,454	7,795,368	8,383,052	8,323,582	9,305,436	9,281,084	9,948,591	9,547,437	11,231,850

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

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
SPECIAL REVENUE FUND										
Federal	\$ 144,500	\$ 99,600	\$ 109,166	\$ 61,228	\$ 41,146	\$ 106,997	\$ 97,541	\$ 145,381	\$ 156,029	\$ 159,778
State	33,440	39,435	36,202	39,772	87,685	113,385	107,118	137,314	133,635	126,086
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>	<u>285,864</u>
DEBT SERVICE EXPENDITURES	-	149,422	497,695	514,492	510,095	519,645	513,145	510,895	517,445	751,462
Total Governmental Fund Expenditures	<u>\$ 8,189,576</u>	<u>\$ 7,939,911</u>	<u>\$ 8,438,431</u>	<u>\$ 8,998,544</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>	<u>\$ 12,269,176</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 MAINTENANCE FOR SCHOOL FACILITIES
FOR THE FISCAL YEARS ENDED JUNE 30, 2003, 2002 AND 2001
(UNAUDITED)**

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

<u>School Facilities</u>	<u>Project Nos.</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Brooklake Elementary School	N/A	\$ 43,042	\$ 105,761	\$ 110,290
Briarwood Elementary School	N/A	49,198	104,660	109,141
Ridgedale Elementary School	N/A	<u>52,495</u>	<u>156,806</u>	<u>163,521</u>
Total School Facilities		<u>\$ 144,735</u>	<u>\$ 367,227</u>	<u>\$ 382,952</u>

Source: School District Records

**FLORHAM PARK BOARD OF EDUCATION
GOVERNMENTAL FUND REVENUES BY SOURCE*
LAST TEN 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
2003	10,339,185	96,204	1,461,788	159,778	12,056,955

* Includes General, Special Revenue and Debt Service Funds

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

Fiscal Year Ended <u>June 30,</u>	<u>Interest</u>	<u>Tuition</u>	<u>State Health Benefits Rebate</u>	<u>Prior Year Orders Canceled</u>	<u>Cancel Old Outstanding Checks</u>	<u>Transportation Fees</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
2003	20,539	21,200				35,216	19,249	96,204

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>
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	26,629,207	26,468,847	99.30%
2002	28,858,870	28,694,374	99.42%

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>
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%
2003	1,591,994,757	2,384,206,830	67.20%

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>
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
2003	0.49	0.44	0.69	0.34	1.96

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>
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	10,296	1,451,431,600	3,715,000	0.26%	361
2001	12,222	1,498,599,362	3,420,000	0.23%	280
2002	12,247	1,553,727,613	3,100,000	0.20%	253
2003	12,247	1,591,994,757	13,710,000	0.86%	1,119

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, 2003
(Unaudited)**

<u>Year</u>	Equalized Valuation Basis
2002	\$ 2,306,434,375
2001	2,015,519,417
2000	<u>1,768,744,333</u>
Average equalized valuation of taxable property	<u>\$ 2,030,232,708</u>
School borrowing margin (3% of \$2,030,232,708)	\$ 60,906,981
Net school debt issued and authorized but not issued as of June 30, 2003	<u>16,608,762</u>
School Borrowing Margin Available	<u>\$ 44,298,219</u>

Source: 2002 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, 2002
(Unaudited)**

	<u>Total Debt</u>
Municipal Debt: (1)	
Florham Park School District (as of June 30, 2003)	\$ 16,608,762
Regional School District	197,156
Borough of Florham Park	<u>10,303,000</u>
Total Direct Debt	<u>27,108,918</u>
Overlapping Debt Apportioned to the Municipality:	
Morris County: (2)	
County of Morris (A)	<u>9,812,223</u>
Total Overlapping Debt	<u>9,812,223</u>
Total Direct and Overlapping Debt	<u>\$ 36,921,141</u>

(A) The debt for this entity was apportioned by dividing the Municipality's 2002 equalized value by the total 2002 equalized value for Morris County.

Sources:

- (1) Borough of Florham Park 2002 Annual Debt Statement
- (2) Morris County 2002 Annual Debt Statement

**FLORHAM PARK BOARD OF EDUCATION
 RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
 FOR LONG-TERM DEBT TO TOTAL GENERAL FUND EXPENDITURES
 LAST TEN 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%
2003	330,000	421,462	751,462	11,231,850	6.69%

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>
1993	5.7%	\$ 35,760	8,700
1994	5.0	36,488	8,805
1995	4.3	39,317	8,906
1996	4.0	41,896	8,980
1997	3.3	44,117	9,061
1998	2.8	47,905	9,073
1999	2.8	49,614	9,089
2000	2.3	56,047	10,296
2001	2.9	58,151	12,222
2002	4.4	N/A	12,247

(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>	2003 Assessed <u>Valuation</u>	As a % of District's Net Assessed <u>Valuation</u>
Park Avenue Realty	\$ 77,358,100	4.86
Exxon Research & Engineering Co.	69,800,000	1.38
Rock Florham LLC	51,368,000	3.23
100/200 Campus Drive	50,214,600	3.15
Sun Valley at Florham Park	36,992,900	2.32
Avalon Bay Communities	33,478,100	2.10
Rock - Florham	29,612,600	1.86
Dolce/AEW Properties	28,944,400	1.82
Campus Drive LLC	27,032,800	1.70
Koll Bren	<u>25,583,200</u>	<u>1.61</u>
	<u>\$ 430,384,700</u>	<u>27.03</u>

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

Fiscal Year Ended <u>June 30,</u>	<u>Average Daily Enrollment</u>	<u>Average Daily Attendance</u>	<u>%Change in Average Daily Enrollment</u>	<u>Attendance %</u>
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%
2003	928	889	10.6	95.80%

Source: School District Records

**FLORHAM PARK BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2003
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - NJSBAIG		
Property - Blanket Building & Contents	\$ 21,253,017	\$ 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	
Depositors Forgery	25,000	
Primary Umbrella	5,000,000	
School Board Liability - Diamond State Ins. Company	5,000,000	5,000
Excess Umbrella - AIG Ins. Co.	10,000,000	
Catastrophe Access Plan - Firemens Fund Ins. Co.	50,000,000	
Student Accident - Bollinger Ins. Co.	1,000,000	
Public Official Bond - Board Secretary	100,000	
Public Official Bond - Treasurer of School Monies	182,000	

**FLORHAM PARK BOARD OF EDUCATION
MISCELLANEOUS STATISTICS
JUNE 30, 2003
(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	96
Other	<u>42</u>
Total Employees	<u>138</u>
Teacher/Student Ratio	
Elementary	1:12
Middle	1:12
Student Count	928