

NUTLEY BOARD OF EDUCATION

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NUTLEY, NEW JERSEY

BOARD OF EDUCATION

ADMINISTRATIVE OFFICE

375 Bloomfield Avenue

Nutley, NJ 07110

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Date: October 17, 2001

Honorable President and
Members of the Board of Education
Nutley School District
Essex County, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Nutley School District (District) for the fiscal year ended June 30, 2001, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory sections includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general-purpose financial statements, combining and individual fund statements and schedules, as well as the auditors' report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular Letter A-133, "Audits of States, Local Governments and Non-Profit Organizations," and the State Treasury Circular Letter 98-07 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditors' report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: Nutley School District is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board (GASB) as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Nutley Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of education services to grade levels K through 12. These include regular, as well as special education for handicapped youngsters. The District completed the 2000-01 fiscal year with an enrollment of 4,034 students, which is 26 students above the previous year's enrollment. The following details the changes in the student enrollment of the District over the last five years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2000-01	4,034	0.6%
1999-00	4,008	1.8%
1998-99	3,936	0.6%
1997-98	3,914	2.7%
1996-97	3,811	1.7%

2) ECONOMIC CONDITION AND OUTLOOK: The taxable net valuation increased from \$491,427,000 to \$497,198,500, an increase of 5.77 million dollars. The large increase was due to the continuing development of the Cambridge Heights area, a tract of land formerly owned by the ITT Corporation.

The 2000 census indicated there were 7,276 owner occupied units. There were also 3,608 renter occupied housing units. The Census figures did not provide the median value of the owned and rented units, however, the 1990 Census indicated that the median home was valued at \$186,600, and the median monthly rental was \$583. It is assumed that market conditions which affect housing and rental costs in the northern New Jersey area would influence Nutley in a similar manner.

During 2000, 360 new dwellings were constructed and there were 50 additions built to existing residences plus two (2) to commercial establishments. The total value of new construction, additions and alterations is estimated at \$59,091,922. The 2000 population showed an increase of 263 from the 1990 Census.

As noted in the preceding paragraph, there was a large number of new housing units built during 2000. In prior years, normally only a handful of new units were built. The development of a large tract of land at the town's eastern end formerly owned by ITT is now in full swing with more than half of the planned 602 units occupied and additional

construction in progress . The overwhelming majority of these units(569) are two bedroom town homes. According to the developers, the remainder of the units were expected to be completed by the summer of 2001, however, construction delays have pushed this date back. Thus far, there has not been a substantial impact of students from the new development, but the district had anticipated at least 108 additional pupils from this section. This increase, coupled with the steady enrollment increase of the last decade, has caused the district to make plans for the expansion of existing school facilities. The Board is considering a plan for school expansion as was noted in the district's Long Range Facility Plan, which was submitted to the Department of Education during the school year..

Labor force statistics for 2000 noted an unemployment rate of 2.7%, well below the county average of 4.7%.

3) MAJOR INITIATIVES: The 2000-01 school year was a successful one for the Nutley district. Positive pupil performance results and low per pupil costs were once again in evidence.

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In extra-curricular activities Nutley continues to outpace the majority of New Jersey districts as evidenced by a budget of \$213 per pupil compared to a state-wide average for K-12 of \$174. This includes 21 varsity sports. The bowling team retained the conference championship, and the hockey team, in only its second season, qualified for the semi-finals of the league championship. The baseball team won the state sectional championship.

The professional staff undertook curriculum revisions in Language Arts Literacy (K-3), English and Mathematics(9-12) and Basic Skills. There was also extensive work done in evaluating and selecting new science and mathematics textbooks for all elementary grades. Additionally, committees addressed the topic of team teaching at the middle school, self-assessment for the district's special education program, Kindergarten report cards, and high school grade point average. Professional development activities included chemical health, CPR training, and elementary science.

The district once again demonstrated its ability to produce high results at a modest cost. As noted in the Department of Education's Comparative Spending Guide (March, 2001) the district spent \$7,787 per pupil compared to a state-wide K-12 average of \$8,758. The Guide also reported that the district's budget for 2000-01 was based on \$8,119 per pupil, compared to the New Jersey state average of \$8,988.

The school tax levy was approved by an overwhelming margin of 1627-738. This marked the twelfth consecutive year that this measure has been approved.

The school district was certified by the New Jersey State Board of Education in March, 1999. This certification is in effect until April, 2006.

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

As part of the District's single audit described earlier, tests are made to determine the

adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provision embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at the year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2001.

6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and accounting groups are explained in "Notes to the Financial Statements," Note 1.

7) FINANCIAL INFORMATION AT FISCAL YEAR-END: As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of general fund, special revenue fund and debt service fund revenues for the fiscal year ended June 30, 2001 and the amount and percentage of increases in relation to prior year revenues.

<u>Revenue</u>	<u>1999-2000</u>	<u>2000-01</u>	<u>% of Total</u>	<u>Increase</u>	<u>% of Increase</u>
Local Sources	\$29,487,140	\$30,686,040	78.73%	\$ 1,198,900	4.07%
State Sources	6,762,774	7,591,703	19.48%	828,929	12.26%
Federal Sources	<u>650,934</u>	<u>698,858</u>	<u>1.79%</u>	<u>47,924</u>	7.36%
Total	<u>\$36,900,848</u>	<u>\$38,976,601</u>	<u>100.00%</u>	<u>\$2,075,753</u>	<u>5.62%</u>

The increase in local sources was caused by the voter-approved tax levy and the receipt of impact fees from the Cambridge Heights development pursuant to an agreement

between the developers and the Township of Nutley. Tuition revenues declined due to less outside students being enrolled in special education programs. The state aid increase was influenced by an increase in TPAF and F.I.C.A. payments, as well as increase in Core Curriculum aid and Special Education aid.

Special Revenues increased due to increases in the Title I and IDEA programs and the institution of the new Character Education and School-to Career programs.

<u>Expenditures</u>	<u>1999-00</u>	<u>2000-01</u>	<u>% of Total</u>	<u>Increase</u>	<u>% of Increase</u>
Current Expense					
Instruction	\$17,464,382	\$18,226,020	47.18%	\$ 761,638	4.36 %
Undistributed Expenditures	17,948,030	18,641,095	48.25%	693,065	3.86%
Capital Outlay	405,636	463,742	1.20%	58,106	14.32%
Special Schools	23,986	22,036	0.06%	(1,950)	(8.13)%
Transfer to Charter Schools	6,594	0	0	(6,594)	(100.00)%
General Fund Total	\$35,848,628	\$37,352,893	96.69%	\$ 1,504,265	4.20 %
Special Revenue	1,015,283	1,112,544	2.88%	97,261	9.58 %
Debt Services	<u>172,546</u>	<u>166,307</u>	<u>0.43%</u>	<u>(6,239)</u>	<u>(3.62)%</u>
Grand Total	<u><u>\$37,036,457</u></u>	<u><u>\$38,631,744</u></u>	<u><u>100.00%</u></u>	<u><u>\$ 1,595,287</u></u>	<u><u>4.31%</u></u>

The increase in expenditures was a result of planned budgetary expenditures. The increase in General Fund spending was 4.20%. The cost of state-level spending for TPAF and TPAF-FICA payments increased by \$193,954. The Special Revenue increase was the result of new programs and funding increases as noted in the revenue comments. Debt Service expenditures were reduced as a result of anticipated lower interest payments.

There was an unexpended budgetary balance of \$484,888 in the General Fund and a realization of \$502,604 in unanticipated revenues plus \$31,859 in state aid for extraordinary special education expenses.

8) DEBT ADMINISTRATION:

As of June 2001, the District's outstanding debt issues included \$780,000 of general obligation bonds. The most recent bonds were issued in September of 1992 in the amount of \$1,700,000, having been approved by the voters in April, 1990. Bond proceeds were used to pay off temporary notes which originally financed projects such as asbestos removal and restoration, underground storage tank removal, re-roofing of major sections of the high school, and various upgrades to the heating plants at all the schools. It should be noted that the Board was able to address all projects undertaken in an amount for bonding that was \$285,000 lower than originally approved by the voters in 1990. This, of course, has had a positive impact on the debt service requirements of the District.

9) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 2. The District's cash management plan has all public funds deposited in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protections Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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

11) OTHER INFORMATION:

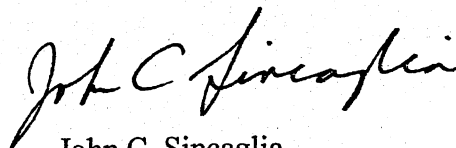
A) Independent Audit - State statutes require an annual audit by licensed public school accountants who are independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins, L.L.P. was selected by the Board at a public meeting held on April 30, 2001. In addition to meeting the requirements set forth in State Statutes, the audit was also designed to meet the requirements of the Single Audit Act Amendments of 1996 and related OMB Circular A-133 and State Treasury Circular Letter 98-07 OMB. The auditors' report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

12) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Nutley Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

A handwritten signature in cursive script, reading "Kathleen C. Serafino".

Dr. Kathleen C. Serafino
Superintendent

A handwritten signature in cursive script, reading "John C. Sincaglia".

John C. Sincaglia
Board Secretary/Business
Administrator

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Nutley Board of Education

Nutley, New Jersey

For The Fiscal Year Ended June 30, 2001

Prepared by

Business Office

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INTRODUCTORY SECTION

BOARD OF EDUCATION

ADMINISTRATIVE OFFICE

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adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provision embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at the year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2001.

6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and accounting groups are explained in "Notes to the Financial Statements," Note 1.

7) FINANCIAL INFORMATION AT FISCAL YEAR-END: As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of general fund, special revenue fund and debt service fund revenues for the fiscal year ended June 30, 2001 and the amount and percentage of increases in relation to prior year revenues.

<u>Revenue</u>	<u>1999-2000</u>	<u>2000-01</u>	<u>% of Total</u>	<u>Increase</u>	<u>% of Increase</u>
Local Sources	\$29,487,140	\$30,686,040	78.73%	\$ 1,198,900	4.07%
State Sources	6,762,774	7,591,703	19.48%	828,929	12.26%
Federal Sources	<u>650,934</u>	<u>698,858</u>	<u>1.79%</u>	<u>47,924</u>	7.36%
Total	<u>\$36,900,848</u>	<u>\$38,976,601</u>	<u>100.00%</u>	<u>\$2,075,753</u>	<u>5.62%</u>

The increase in local sources was caused by the voter-approved tax levy and the receipt of impact fees from the Cambridge Heights development pursuant to an agreement

between the developers and the Township of Nutley. Tuition revenues declined due to less outside students being enrolled in special education programs. The state aid increase was influenced by an increase in TPAF and F.I.C.A. payments, as well as increase in Core Curriculum aid and Special Education aid.

Special Revenues increased due to increases in the Title I and IDEA programs and the institution of the new Character Education and School-to Career programs.

<u>Expenditures</u>	<u>1999-00</u>	<u>2000-01</u>	<u>% of Total</u>	<u>Increase</u>	<u>% of Increase</u>
Current Expense					
Instruction	\$17,464,382	\$18,226,020	47.18%	\$ 761,638	4.36 %
Undistributed Expenditures	17,948,030	18,641,095	48.25%	693,065	3.86%
Capital Outlay	405,636	463,742	1.20%	58,106	14.32%
Special Schools	23,986	22,036	0.06%	(1,950)	(8.13)%
Transfer to Charter Schools	6,594	0	0	(6,594)	(100.00)%
General Fund					
Total	\$35,848,628	\$37,352,893	96.69%	\$ 1,504,265	4.20 %
Special Revenue	1,015,283	1,112,544	2.88%	97,261	9.58 %
Debt Services	<u>172,546</u>	<u>166,307</u>	<u>0.43%</u>	<u>(6,239)</u>	<u>(3.62)%</u>
 Grand Total	 <u>\$37,036,457</u>	 <u>\$38,631,744</u>	 <u>100.00%</u>	 <u>\$ 1,595,287</u>	 <u>4.31%</u>

The increase in expenditures was a result of planned budgetary expenditures. The increase in General Fund spending was 4.20%. The cost of state-level spending for TPAF and TPAF-FICA payments increased by \$193,954. The Special Revenue increase was the result of new programs and funding increases as noted in the revenue comments. Debt Service expenditures were reduced as a result of anticipated lower interest payments.

There was an unexpended budgetary balance of \$484,888 in the General Fund and a realization of \$502,604 in unanticipated revenues plus \$31,859 in state aid for extraordinary special education expenses.

8) DEBT ADMINISTRATION:

As of June 2001, the District's outstanding debt issues included \$780,000 of general obligation bonds. The most recent bonds were issued in September of 1992 in the amount of \$1,700,000, having been approved by the voters in April, 1990. Bond proceeds were used to pay off temporary notes which originally financed projects such as asbestos removal and restoration, underground storage tank removal, re-roofing of major sections of the high school, and various upgrades to the heating plants at all the schools. It should be noted that the Board was able to address all projects undertaken in an amount for bonding that was \$285,000 lower than originally approved by the voters in 1990. This, of course, has had a positive impact on the debt service requirements of the District.

9) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 2. The District's cash management plan has all public funds deposited in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protections Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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

11) OTHER INFORMATION:

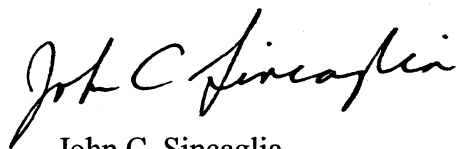
A) Independent Audit - State statutes require an annual audit by licensed public school accountants who are independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins, L.L.P. was selected by the Board at a public meeting held on April 30, 2001. In addition to meeting the requirements set forth in State Statutes, the audit was also designed to meet the requirements of the Single Audit Act Amendments of 1996 and related OMB Circular A-133 and State Treasury Circular Letter 98-07 OMB. The auditors' report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

12) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Nutley Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

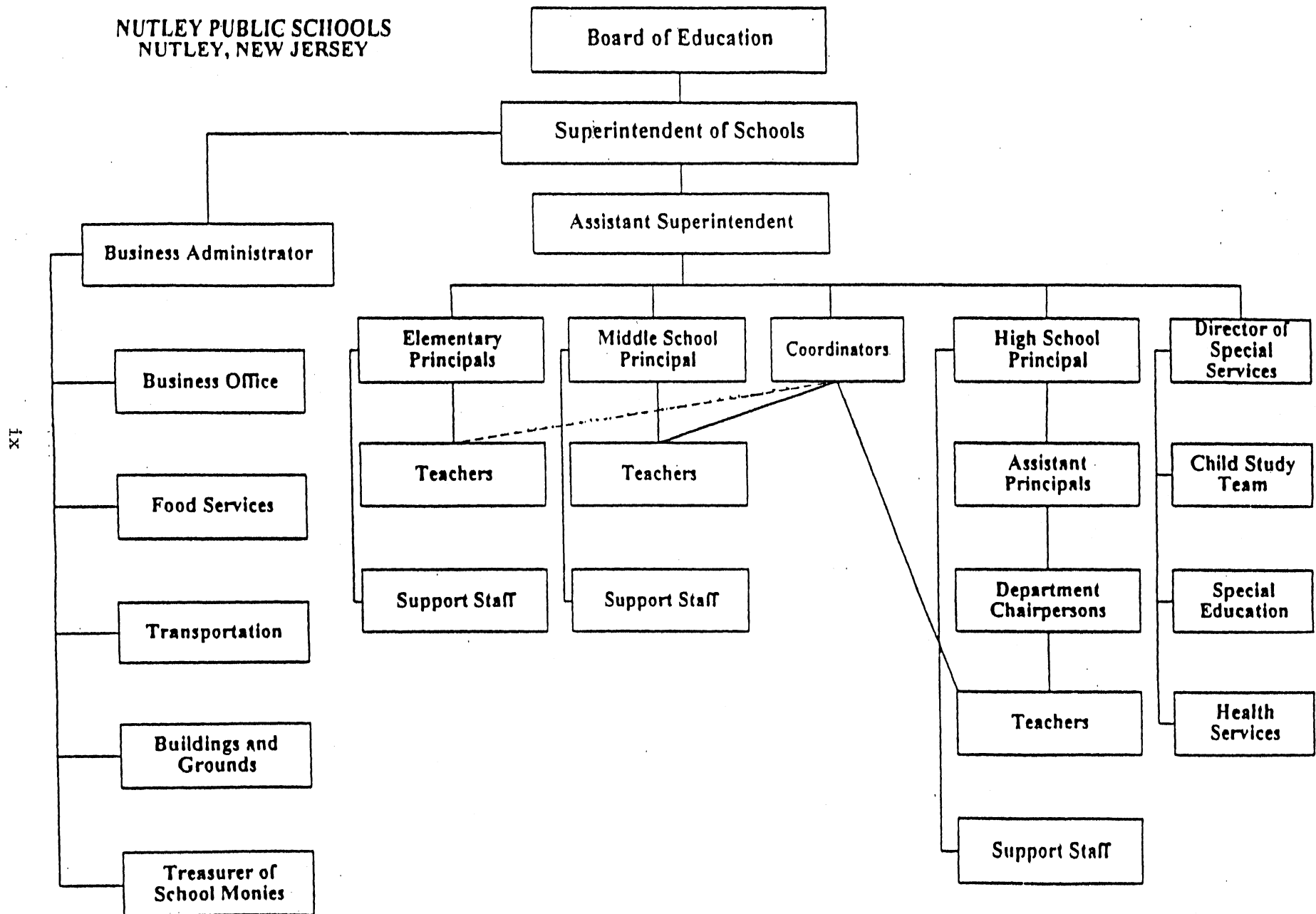
A handwritten signature in black ink, reading "Kathleen C. Serafino". The signature is fluid and cursive, with the first name "Kathleen" being more prominent.

Dr. Kathleen C. Serafino
Superintendent

A handwritten signature in black ink, reading "John C. Sincaglia". The signature is fluid and cursive, with the first name "John" being more prominent.

John C. Sincaglia
Board Secretary/Business
Administrator

**NUTLEY PUBLIC SCHOOLS
NUTLEY, NEW JERSEY**



**NUTLEY BOARD OF EDUCATION
NUTLEY, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2001**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Philip T. Casale , President	2004
John Cafone, Vice-President	2002
Maria Alamo	2003
Alan Genitempo	2004
Vincent Moscaritola	2002
Gerard M. Parisi	2004
Joseph C. Pelaia	2003
Alfred Restaino, Jr.	2003
Agnes Roncaglio	2002

Other Officials

Dr. Kathleen C. Serafino, Superintendent

John C. Sincaglia, Board Secretary/School Business Administrator

David Wilson, Treasurer of School Monies

Frank Pomaco, Esq., Solicitor

NUTLEY BOARD OF EDUCATION
Consultants and Advisors

Attorney

Gaccione, Pomaco & Beck
524 Union Avenue
Belleville, NJ 07109

Independent Auditors

Lerch, Vinci & Higgins, L.L.P.
17-17 Route 208
Fair Lawn, NJ 07410

Medical Inspector

Dr. Barry Prystowski
562 Kingsland Street
Nutley, NJ 07110

Official Depository

First Union Bank N.A. New Jersey
356 Franklin Avenue
Nutley, NJ 07110

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FINANCIAL SECTION

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
JOSEPH F. KELLY, CPA, RMA, PSA

CHRISTINE CORRUBIA, CPA, PSA
ELIZABETH A. SHICK, CPA, RMA, PSA
ANNETTE E. GIORDANO, CPA, RMA, PSA
RICHARD P. CAHILL, CPA, RMA, PSA
ANDREW PARENTE, CPA, PSA
JULIUS B. CONSONI, CPA, PSA
JENNIFER TORPEY, CPA, PSA
DONNA L. JAPHET, CPA, PSA

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying general purpose financial statements of the Nutley Board of Education as of and for the year ended June 30, 2001, 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.

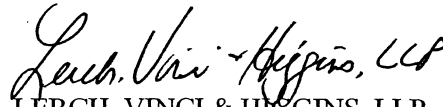
We conducted our audit in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance, Department 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 Nutley Board of Education, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated September 17, 2001 on our consideration of the Nutley 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 Nutley 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 Nutley 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 Nutley 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


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
September 17, 2001

GENERAL PURPOSE FINANCIAL STATEMENTS

NUTLEY BOARD OF EDUCATION
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
AS OF JUNE 30, 2001
(With Comparative Totals as of June 30, 2000)

	Governmental Fund Types			Proprietary Fund Types	Fiduciary Fund Types	Account Groups		Totals	
	General	Special Revenue	Debt Service			General Fixed Assets	Long-Term Debt	(Memorandum Only)	
				Enterprise	Trust and Agency			June 30, 2001	June 30, 2000
ASSETS AND OTHER DEBITS									
Cash and Cash Equivalents	\$ 2,296,332	\$ 130,867	\$ 1		\$ 616,719			\$ 3,043,919	\$ 3,056,356
Intergovernmental Accounts Receivable									
State Aid	299,137	1,616	33	\$ 425				301,211	153,311
Federal Aid		441		4,201				4,642	4,382
Accounts Receivable								-	-
Tuition	11,572							11,572	21,530
Transportation	11,482							11,482	15,156
Interfunds	9,293	40						9,333	13,499
Other	5,250			4,667				9,917	15,215
Inventory				10,201				10,201	9,744
Fixed Assets (Net, where Applicable of Accumulated Depreciation of \$116,305)	-	-	-	1,700	-	\$ 11,386,753	-	11,388,453	10,936,842
Total Assets	2,633,066	132,964	34	21,194	616,719	11,386,753	-	14,790,730	14,226,035
OTHER DEBITS									
Amount to be Provided for Retirement of General Long-Term Debt	-	-	-	-	-	-	\$ 2,738,304	2,738,304	2,652,580
Total Other Debits	-	-	-	-	-	-	2,738,304	2,738,304	2,652,580
Total Assets and Other Debits	\$ 2,633,066	\$ 132,964	\$ 34	\$ 21,194	\$ 616,719	\$ 11,386,753	\$ 2,738,304	\$ 17,529,034	\$ 16,878,615

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

NUTLEY BOARD OF EDUCATION
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
AS OF JUNE 30, 2001
(With Comparative Totals as of June 30, 2000)

	<u>Governmental Fund Types</u>			<u>Proprietary</u>	<u>Fiduciary</u>	<u>Account Groups</u>		<u>Totals</u>	
	<u>General</u>	<u>Special</u>	<u>Debt</u>	<u>Fund Types</u>	<u>Fund Types</u>	<u>General</u>	<u>General</u>	<u>(Memorandum Only)</u>	
		<u>Revenue</u>	<u>Service</u>	<u>Enterprise</u>	<u>Trust and</u>	<u>Fixed Assets</u>	<u>Long-Term</u>	<u>June 30, 2001</u>	<u>June 30, 2000</u>
					<u>Agency</u>		<u>Debt</u>		
LIABILITIES									
Interfund Payable	\$ 40			\$ 9,293				\$ 9,333	\$ 13,499
Intergovernmental Payable		\$ 34,196			\$ 9,030			43,226	89,401
Accounts Payable								-	3,676
Due to Student Groups					137,994			137,994	142,114
Deferred Revenue		98,768	\$ 33	6,914				105,715	137,136
Compensated Absences Payable							\$ 1,958,304	1,958,304	1,757,580
Serial Bonds Payable	-	-	-	-	-	-	780,000	780,000	895,000
Total Liabilities	40	132,964	33	16,207	147,024	-	2,738,304	3,034,572	3,038,406
EQUITY AND OTHER CREDITS									
Investment in General Fixed Assets						\$ 11,386,753		11,386,753	10,934,193
Contributed Capital				2,135				2,135	2,135
Retained Earnings, Unreserved				2,852				2,852	6,025
Fund Balances									
Reserved									
For Encumbrances	384,392							384,392	270,562
Capital Reserve	1,000							1,000	
Unreserved								-	
Designated for Subsequent Year's Budget	700,000							700,000	950,000
Undesignated	1,547,634	-	1	-	469,695	-	-	2,017,330	1,677,294
Total Equity and Other Credits	2,633,026	-	1	4,987	469,695	11,386,753	-	14,494,462	13,840,209
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	<u>\$ 2,633,066</u>	<u>\$ 132,964</u>	<u>\$ 34</u>	<u>\$ 21,194</u>	<u>\$ 616,719</u>	<u>\$ 11,386,753</u>	<u>\$ 2,738,304</u>	<u>\$ 17,529,034</u>	<u>\$ 16,878,615</u>

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

NUTLEY 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, 2001
(With Comparative Totals for the Fiscal Year Ended June 30, 2000)

	<u>Governmental Fund Types</u>			<u>Fiduciary</u>	<u>Totals</u>	
	<u>General</u>	<u>Special</u>	<u>Debt</u>	<u>Fund Type</u>	<u>(Memorandum Only)</u>	
	<u>Fund</u>	<u>Revenue</u>	<u>Service</u>	<u>Expendable</u>	<u>2001</u>	<u>2000</u>
		<u>Fund</u>	<u>Fund</u>	<u>Trust</u>		
REVENUES:						
Local Sources:						
Local Tax Levy	\$ 29,582,475		\$ 152,210		\$ 29,734,685	\$ 28,757,853
Tuition	142,431				142,431	190,865
Interest on Investments	205,583			\$ 25,577	231,160	224,362
Miscellaneous	603,341	-	-	48,685	652,026	379,856
Total Revenues - Local Sources	30,533,830		152,210	74,262	30,760,302	29,552,936
State Sources	7,163,919	\$ 413,686	14,098		7,591,703	6,762,774
Federal Sources	-	698,858	-	-	698,858	650,934
Total Revenues	37,697,749	1,112,544	166,308	74,262	39,050,863	36,966,644
EXPENDITURES:						
Current						
Instruction	18,226,020	517,754			18,743,774	17,959,608
Undistributed	18,641,095	405,781		47,470	19,094,346	18,398,050
Capital Outlay	463,742	189,009			652,751	536,798
Special Schools	22,036				22,036	23,986
Transfer to Charter Schools					-	6,636
Debt Service	-	-	166,307	-	166,307	172,546
Total Expenditures	37,352,893	1,112,544	166,307	47,470	38,679,214	37,097,624

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

NUTLEY 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, 2001
(With Comparative Totals for the Fiscal Year Ended June 30, 2000)

	<u>Governmental Fund Types</u>			<u>Fiduciary</u> <u>Fund Type</u>	<u>Totals</u> <u>(Memorandum Only)</u>	
	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Expendable</u> <u>Trust</u>	<u>2001</u>	<u>2000</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	\$ 344,856	-	\$ 1	\$ 26,792	\$ 371,649	\$ (130,980)
Other Financing Sources (Uses) Transfer Out	<u>(166,783)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(166,783)</u>	<u>(153,878)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Sources	178,073	-	1	26,792	204,866	(284,858)
Fund Balance, Beginning of Year	<u>2,454,953</u>	<u>-</u>	<u>-</u>	<u>442,903</u>	<u>2,897,856</u>	<u>3,182,714</u>
Fund Balance, End of Year	<u>\$ 2,633,026</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 469,695</u>	<u>\$ 3,102,722</u>	<u>\$ 2,897,856</u>

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

NUTLEY 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, 2001

	General Fund			Special Revenue Fund (Budgetary Basis)			Debt Service Fund		
	Modified Budget	Actual	Variance Favorable (Unfavorable)	Modified Budget	Actual	Variance Favorable (Unfavorable)	Modified Budget	Actual	Variance Favorable (Unfavorable)
REVENUES									
Local Sources									
Local Tax Levy	\$29,582,475	\$29,582,475					\$ 152,210	\$ 152,210	
Tuition	135,441	142,431	\$ 6,990						
Interest on Investments	150,000	205,583	55,583						
Miscellaneous	140,000	603,341	463,341	-	-	-	-	-	-
Total - Local Sources Revenues	30,007,916	30,533,830	525,914	-	-	-	152,210	152,210	-
State Sources	5,116,977	7,163,919	2,046,942	\$ 458,432	\$ 415,528	\$ (42,904)	14,098	14,098	
Federal Sources	-	-	-	742,619	698,230	(44,389)	-	-	-
	5,116,977	7,163,919	2,046,942	1,201,051	1,113,758	(87,293)	14,098	14,098	-
Total Revenues	35,124,893	37,697,749	2,572,856	1,201,051	1,113,758	(87,293)	166,308	166,308	-
EXPENDITURES									
Current									
Instruction	18,405,904	18,226,020	179,884	569,392	520,447	48,945			
Undistributed Expenditures	17,180,464	18,641,095	(1,460,631)	453,986	409,569	44,417			
Capital Outlay	568,172	463,742	104,430	177,673	183,742	(6,069)			
Special Schools	22,225	22,036	189						
Debt Service	-	-	-	-	-	-	166,307	166,307	-
Total Expenditures	36,176,765	37,352,893	(1,176,128)	1,201,051	1,113,758	87,293	166,307	166,307	-
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(1,051,872)	344,856	1,396,728	-	-	-	1	1	-

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

NUTLEY 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, 2001

	General Fund			Special Revenue Fund (Budgetary Basis)			Debt Service Fund		
	Modified Budget	Actual	Variance Favorable (Unfavorable)	Modified Budget	Actual	Variance Favorable (Unfavorable)	Modified Budget	Actual	Variance Favorable (Unfavorable)
Other Financing (Uses):									
Transfer Out	\$ (192,000)	\$ (166,783)	\$ 25,217	-	-	-	-	-	-
Total Other Financing Sources (Uses)	(192,000)	(166,783)	25,217	-	-	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(1,243,872)	178,073	1,421,945	-	-	-	\$ 1	\$ 1	-
Fund Balance, Beginning of Year	2,454,953	2,454,953	-	-	-	-	-	-	-
Fund Balance, End of Year	\$ 1,211,081	\$ 2,633,026	\$ 1,421,945	\$ -	\$ -	\$ -	\$ 1	\$ 1	\$ -

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

NUTLEY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(With Comparative Totals for the Fiscal Year Ended June 30, 2000)

	Enterprise Funds	
		(Memorandum Only)
	<u>2001</u>	<u>2000</u>
OPERATING REVENUES		
Local Sources:		
Food Sales	\$ 419,350	\$ 387,856
Special Functions	<u>58,334</u>	<u>58,304</u>
Total Operating Revenues	<u>477,684</u>	<u>446,160</u>
OPERATING EXPENSES		
Salaries and Wages	285,861	283,076
Benefits	137,585	131,722
Supplies	303,286	271,660
Purchased Services	5,659	4,977
Other	848	823
Depreciation	<u>949</u>	<u>949</u>
Total Operating Expenses	<u>734,188</u>	<u>693,207</u>
Operating (Loss)	<u>(256,504)</u>	<u>(247,047)</u>
Nonoperating Revenues:		
State Sources:		
State School Lunch Program	6,586	6,782
Federal Sources:		
Federal School Lunch Program	64,348	69,841
USDA Commodities	<u>15,614</u>	<u>15,946</u>
Total Nonoperating Revenues	<u>86,548</u>	<u>92,569</u>
Net Loss Before Operating Transfers	(169,956)	(154,478)
Operating Transfers In	<u>166,783</u>	<u>153,878</u>
Net Income (Loss)	(3,173)	(600)
Retained Earnings, Beginning of Year	<u>6,025</u>	<u>6,625</u>
Retained Earnings, End of Year	<u>\$ 2,852</u>	<u>\$ 6,025</u>

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

NUTLEY BOARD OF EDUCATION
STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(With Comparative Totals for the Fiscal Year Ended June 30, 2000)

	Enterprise Fund	
		(Memorandum Only)
	<u>2001</u>	<u>2000</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating (Loss)	\$ (256,504)	\$ (247,047)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:		
Depreciation	949	949
USDA Commodities	15,614	15,946
Change in Assets and Liabilities:		
Decrease/(Increase) in Federal Subsidy Receivable	181	645
Decrease/(Increase) in State Subsidy Receivable	4	55
(Decrease)/Increase in Other Accounts Receivable	3,968	(759)
(Increase)/Decrease in Inventory	(457)	1,405
Increase in Deferred Revenue	2,734	(1,808)
(Decrease)/Increase in Interfunds Payable	(4,206)	113
Total Adjustments	<u>18,787</u>	<u>16,546</u>
Net Cash (Used) in Operating Activities	(237,717)	(230,501)
Cash Flows from Non-Capital Financing Activities:		
Financing Activities:		
Federal and State Lunch Program	70,934	76,623
Operating Transfers From Other Funds	<u>166,783</u>	<u>153,878</u>
Net Cash Provided by Non-Capital Financing Activities	<u>237,717</u>	<u>230,501</u>
Net (Decrease) in Cash and Cash Equivalents	<u>-</u>	<u>-</u>
Cash and Cash Equivalents, Beginning of Year	<u>-</u>	<u>-</u>
Cash and Cash Equivalents, End of Year	<u>\$ -</u>	<u>\$ -</u>

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

NOTES TO FINANCIAL STATEMENTS

**NUTLEY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Nutley Board of Education (the "Board") have been prepared in conformity with generally accepted accounting principles (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 Nutley Board of Education comply with the rules prescribed in Financial Accounting for New Jersey School Districts, the Audit Program, by the New Jersey Department of Education. The more significant accounting policies of the Board are described below.

A. Reporting Entity

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

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

The Nutley 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 generally accepted accounting principles 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 and state school lunch programs.

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.

**NUTLEY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

Proprietary Fund Types - This fund accounts for operations that are organized to be self supporting through user charges. The fund included in this category is the Food Service 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 unemployment contributions and claims.

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

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

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

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

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 and agency 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.

**NUTLEY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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

Those revenues susceptible to accrual are property taxes, interest, tuition, transportation fees, 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 generally accepted accounting principles and serves as a formal plan for expenditures and the proposed means for financing them.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The budget is submitted to the county superintendent and is voted upon at the annual school election on the third Tuesday in April. Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at 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 2000/2001. During 2000/2001 the Board increased the original general fund budget by \$486,899. The increase was funded by available surplus, increase in state and federal funding 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 generally accepted accounting principles with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

**NUTLEY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgets/Budgetary Control (Continued)

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

Total revenues & expenditures (budgetary basis)	\$1,113,758
Adjustments:	
Add encumbrances at June 30, 2000 (net of cancellations)	43,378
Less encumbrances at June 30, 2001	<u>(44,592)</u>
Total revenues & expenditures (GAAP basis)	<u>\$1,112,544</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.

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.

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 1999-00 and 2000-01 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, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities at year end is reported as deferred revenue.

**NUTLEY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 \$500 or more. Fixed assets acquired or constructed are recorded at original cost. Donated fixed assets are valued at their estimated fair market value on the date received.

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

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

K. Compensated Absences - The District accounts for compensated absences as directed by Governmental Accounting Standards Board Statement No. 16, "Accounting for Compensated Absences". Sick leave and vacation benefits are 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, vacation benefits 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.

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 fund types represents the amount available for budgeting future operations. The reserved fund balances for governmental fund types represents the amount that has been legally identified for specific purposes. Unreserved retained earnings for proprietary fund types represents the net assets available for future operations or distribution.

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.

**NUTLEY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management of the School 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 generally accepted accounting principles. 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 School 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.

Bank balances are insured up to \$100,000 in the aggregate by the FDIC for each bank. At June 30, 2001, the book value of the Board's deposits was \$3,043,919 and bank balances of the Board's cash and deposits amounted to \$4,206,213. Of the bank balances \$560,764 was covered by FDIC, \$3,645,449 was covered by the New Jersey Governmental Unit Deposit Protection Act. The Board's deposits which are displayed on the combined balance sheet as "cash" are categorized as:

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

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

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

	<u>1</u>	<u>Category</u> <u>2</u>	<u>3</u>	<u>Bank</u> <u>Balance</u>
Deposits	<u>\$4,206,213</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$4,206,213</u>

**NUTLEY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

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.

The Board had no investments outstanding at June 30, 2001.

NOTE 3 DUE TO/FROM OTHER FUNDS

As of June 30, 2001, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$9,293	\$ 40
Special Revenue Fund	40	
Food Service Enterprise Fund	<u> </u>	<u>9,293</u>
Total	<u>\$9,333</u>	<u>\$9,333</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, 2001.

	<u>Balance, July 1, 2000</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance, June 30, 2001</u>
Buildings and Building Improvements	\$7,084,287	\$280,131		\$7,364,418
Machinery and Equipment	3,667,656	363,093	\$8,414	4,022,335
Construction in Progress	<u>182,250</u>	<u> </u>	<u>182,250</u>	<u> </u>
Total General Fixed Assets	<u>\$10,934,193</u>	<u>\$643,224</u>	<u>\$190,664</u>	<u>\$11,386,753</u>

**NUTLEY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 4 FIXED ASSETS (Continued)

The following is a summary of proprietary fund type fixed assets at June 30, 2001:

	<u>Enterprise Fund</u>
Food Service Equipment	\$118,005
Less: Accumulated Depreciation	<u>116,305</u>
Net Fixed Assets	<u>\$ 1,700</u>

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

Machinery and Equipment	12 years
Vehicles	8 years

NOTE 5 LONG-TERM DEBT

General Obligation Bonds

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

Bonds payable at June 30, 2001 are comprised of the following issues:

\$1,700,000, 1992 Bonds, due in annual installments of \$110,000 to \$115,000 through September 1, 2007, variable interest rate	<u>\$780,000</u>
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The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2001 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$74,882,827
Less: Net Debt	<u>780,000</u>
Remaining Borrowing Power	<u>\$74,102,827</u>

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

Year Ending June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2002	\$115,000	\$44,896	\$159,896
2003	115,000	38,341	153,341
2004	110,000	31,818	141,818
2005	110,000	25,025	135,025
2006	110,000	17,875	127,875
2007-2008	220,000	14,300	234,300

**NUTLEY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 5 LONG-TERM DEBT (Continued)

Changes in Long-Term Liabilities - During the year ended June 30, 2001, the following changes occurred in liabilities reported in the General Long-Term Debt Account Group:

	Balance, July 1, <u>2000</u>	<u>Additions</u>	<u>Reductions</u>	Balance, June 30, <u>2001</u>
Serial Bonds Payable	\$ 895,000		\$115,000	\$ 780,000
Compensated Absences Payable	<u>1,757,580</u>	<u>\$200,724</u>	<u> </u>	<u>1,958,304</u>
	<u>\$2,652,580</u>	<u>\$200,724</u>	<u>\$115,000</u>	<u>\$2,738,304</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.

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

Reserved for Capital Reserve Account - This reserve was created by budget appropriation to fund future capital expenditures (see Note 12).

NOTE 7 PENSION PLANS

Plan Descriptions

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

Teachers' Pension and Annuity Fund

The Teachers' Pension and Annuity Fund was established in January, 1955 under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State.

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

**NUTLEY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 7 PENSION PLANS (Continued)

Public Employees' Retirement System

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above-mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information for TPAF and PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

Significant Legislation

During the year ended June 30, 1997, legislation was enacted authorizing the New Jersey Economic Development Authority (the "Authority") to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. On June 30, 1997, the Authority issued bonds pursuant to this legislation and \$1,547,688,633 and \$241,106,642 from the proceeds of the bonds were deposited into the investment accounts of TPAF and PERS, respectively.

As a result of additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997), the asset valuation method was changed from market related value to full-market value for the valuation reports dated March 31, 1996. This legislation also contains a provision to reduce the employee contribution rates under TPAF and PERS by 1/2 of 1 percent to 4.5 percent for calendar years 2000 and 2001, and to allow for a similar reduction in the employee's rate after calendar year 2001, providing excess valuation assets are available. The legislation also provided for the use of excess actuarial valuation assets to offset the required normal contributions of the State of New Jersey and the local participating employers. Through FY 2002, excess assets may be used to the extent possible to offset normal contributions. Thereafter, a certain percentage of available excess assets may be used as specified in the legislation. Due to the enactment of the legislation described above, the State of New Jersey's portion of the unfunded accrued liability under each retirement system was eliminated.

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF provides for employee contributions of 4.5% of employees' annual compensation, as defined. Chapter 415, P.L. 1999 provided for a reduction in the PERS employee contributions rate from 5% to 3% for calendar years 2000 and 2001. Prior to January 1, 2000, the employee contribution rate was set at 4.5% in accordance with Chapter 115, P.L. 1997, which lowered the contribution rate by 1/2 of 1% for calendar years 1998 and 1999. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

The Board was not required to contribute to PERS for the years ended June 30, 2001, 2000 and 1999. The District's PERS contributions were offset by a Pension Security Act credit.

**NUTLEY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 7 PENSION PLANS (Continued)

Funding Policy (Continued)

During the year ended June 30, 2001, the State of New Jersey contributed \$561,141 to the TPAF for post-retirement medical benefits on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$1,453,942 during the year ended June 30, 2001 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the general purpose financial statements, and the combining and individual fund statements and schedules as revenues and expenditures in accordance with GASB No. 24.

NOTE 8 POST RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after reaching age 60 and accumulating 25 years of credited service. As of June 30, 2000, there were 48,156 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994 with an additional contribution beginning in fiscal year 1996 to maintain a medical reserve of one half of 1% of the active State payroll.

The State contributed \$56.7 million to the PERS and \$120.8 million to the TPAF in fiscal year 2000 for post-retirement medical benefits.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides for health benefits to members of PERS, TPAF and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. In fiscal year 2000, the State paid \$22.3 million toward Chapter 126 benefits for 6,189 eligible retired members.

NOTE 9 CONTINGENT LIABILITIES

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

NOTE 10 CLAIMS AND JUDGEMENTS

The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2001, 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.

**NUTLEY BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 11 INSURANCE

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 which will provide minimum exposure to the school district should they occur.

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>
2000-2001	\$-0-	\$48,685	\$47,470	\$469,695
1999-2000	-0-	46,620	61,167	442,903
1998-1999	-0-	42,246	45,976	438,274

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.

NOTE 12 CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Nutley Board of Education by inclusion of \$1,000 on September 25, 2000 for the accumulation of funds for use as 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.

NOTE 13 DEFERRED COMPENSATION

The Board offers its employees a choice of deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. Since the Board does not have any property or rights to the plan assets and no fiduciary relationship exists between the Board and the deferred compensation plan, the plan assets are not included in the Board's financial statements as of June 30, 2001.

GENERAL FUND

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

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
COMPARATIVE BALANCE SHEETS
AS OF JUNE 30, 2001 AND 2000**

ASSETS	<u>2001</u>	<u>2000</u>
Cash and Cash Equivalents	\$ 2,296,332	\$ 2,254,262
Intergovernmental Accounts Receivable		
State Aid	299,137	147,602
Accounts Receivable		
Tuition	11,572	21,530
Transportation Fees	11,482	15,156
Interfund	9,293	13,499
Other	<u>5,250</u>	<u>6,580</u>
 Total Assets	 <u>\$ 2,633,066</u>	 <u>\$ 2,458,629</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Interfund Payable	\$ 40	
Accounts Payable	<u>-</u>	<u>\$ 3,676</u>
 Total Liabilities	 <u>40</u>	 <u>3,676</u>
 Fund Balance		
Reserved		
For Encumbrances	384,392	270,562
Capital Reserve	1,000	
Unreserved		
Designated for Subsequent Years Budget	700,000	950,000
Undesignated	<u>1,547,634</u>	<u>1,234,391</u>
 Total Fund Balance	 <u>2,633,026</u>	 <u>2,454,953</u>
 Total Liabilities and Fund Balance	 <u>\$ 2,633,066</u>	 <u>\$ 2,458,629</u>

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE FISCAL YEARS ENDED JUNE 30, 2001 AND 2000**

	2001			2000		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES						
Local Sources						
Local Tax Levy	\$ 29,582,475	\$ 29,582,475		\$ 28,597,839	\$ 28,597,839	
Tuition	135,441	142,431	\$ 6,990	214,794	190,865	\$ (23,929)
Interest on Investments	150,000	205,583	55,583	142,500	205,186	62,686
Miscellaneous	<u>140,000</u>	<u>603,341</u>	<u>463,341</u>	<u>114,400</u>	<u>333,236</u>	<u>218,836</u>
Total Revenues - Local Sources	<u>30,007,916</u>	<u>30,533,830</u>	<u>525,914</u>	<u>29,069,533</u>	<u>29,327,126</u>	<u>257,593</u>
State Sources						
Core Curriculum Aid	2,730,725	2,730,725		2,388,292	2,388,292	
Transportation Aid	342,848	342,848		315,383	315,383	
Special Education Aid	1,931,541	1,931,541		1,664,585	1,664,585	
Bilingual Education	59,895	59,895		65,685	65,685	
Academic Achievement Award	51,968	51,968		102,570	102,570	
Extraordinary Aid		31,859	31,859		28,249	28,249
On Behalf TPAF Pension Contributions(Non-Budgeted)		561,141	561,141		423,528	423,528
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	<u>-</u>	<u>1,453,942</u>	<u>1,453,942</u>	<u>-</u>	<u>1,397,601</u>	<u>1,397,601</u>
Total State Sources	<u>5,116,977</u>	<u>7,163,919</u>	<u>2,046,942</u>	<u>4,536,515</u>	<u>6,385,893</u>	<u>1,849,378</u>
Total Revenues	<u>35,124,893</u>	<u>37,697,749</u>	<u>2,572,856</u>	<u>33,606,048</u>	<u>35,713,019</u>	<u>2,106,971</u>

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE FISCAL YEARS ENDED JUNE 30, 2001 AND 2000**

	2001			2000		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
CURRENT EXPENDITURES						
Instruction - Regular Programs						
Salaries of Teachers:						
Preschool/Kindergarten	\$ 514,630	\$ 513,928	\$ 702	\$ 429,937	\$ 429,227	\$ 710
Grades 1 - 5	5,430,543	5,429,893	650	5,325,888	5,325,436	452
Grades 6 - 8	3,487,146	3,486,200	946	3,415,439	3,414,992	447
Grades 9 - 12	4,846,406	4,823,160	23,246	4,698,610	4,696,045	2,565
Home Instruction:						
Salaries of Teachers	70,000	69,422	578	60,200	60,192	8
Purchased Professional Services	5,000	3,132	1,868	10,000	8,493	1,507
Other Objects	100		100	100	-	100
Regular Programs - Undistributed Instruction:						
Other Salaries for Instruction	24,278	23,914	364	21,185	20,856	329
Purchased Technical Services	5,700	5,346	354	5,500	1,424	4,076
Other Purchased Services	52,851	35,519	17,332	57,460	57,060	400
General Supplies	637,013	591,966	45,047	649,346	596,963	52,383
Textbooks	289,596	248,506	41,090	183,857	146,727	37,130
Other Objects	18,350	17,494	856	16,850	14,626	2,224
Total Instruction Regular Programs	<u>15,381,613</u>	<u>15,248,480</u>	<u>133,133</u>	<u>14,874,372</u>	<u>14,772,041</u>	<u>102,331</u>
Special Education						
Cognitive-Mild						
Salaries of Teachers	48,031	47,309	722	44,346	44,317	29
Other Salaries for Instruction	16,307	16,241	66	15,879	15,855	24
General Supplies	1,471	1,303	168	1,484	1,463	21
Textbooks	800	766	34	600	560	40
Other Objects	50	7	43	50	-	50
Total Cognitive-Mild	<u>66,659</u>	<u>65,626</u>	<u>1,033</u>	<u>62,359</u>	<u>62,195</u>	<u>164</u>

NUTLEY BOARD OF EDUCATION
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE FISCAL YEARS ENDED JUNE 30, 2001 AND 2000

	2001			2000		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
CURRENT EXPENDITURES (Continued)						
Special Education (Continued)						
Learning/Language Disabilities						
Salaries of Teachers	\$ 772,784	\$ 771,724	\$ 1,060	\$ 635,969	\$ 635,943	\$ 26
Other Salaries for Instruction	86,284	86,056	228	82,597	82,510	87
General Supplies	19,373	18,968	405	15,384	10,721	4,663
Textbooks	7,000	6,827	173	7,500	4,876	2,624
Other Objects	100	-	100	600	-	600
Total Learning/Language Disabilities	<u>885,541</u>	<u>883,575</u>	<u>1,966</u>	<u>742,050</u>	<u>734,050</u>	<u>8,000</u>
Resource Room/Resource Center						
Salaries of Teachers	538,159	537,879	280	464,627	464,592	35
Other Salaries for Instruction	16,707	14,676	2,031	15,000	14,878	122
General Supplies	12,259	10,799	1,460	9,374	9,099	275
Textbooks	2,320	1,440	880	2,400	1,408	992
Other Objects	50	-	50	50	-	50
Total Resource Room/Resource Center	<u>569,495</u>	<u>564,794</u>	<u>4,701</u>	<u>491,451</u>	<u>489,977</u>	<u>1,474</u>
Preschool Disabilities						
Salaries of Teachers	68,448	64,181	4,267	113,144	113,119	25
Other Salaries for Instruction	24,886	24,347	539	29,063	29,037	26
General Supplies	1,800	1,382	418	1,750	1,654	96
Textbooks	200		200	200	72	128
Other Objects	50	-	50	50	-	50
Total Preschool Disabilities	<u>95,384</u>	<u>89,910</u>	<u>5,474</u>	<u>144,207</u>	<u>143,882</u>	<u>325</u>
Total Special Education	<u>1,617,079</u>	<u>1,603,905</u>	<u>13,174</u>	<u>1,440,067</u>	<u>1,430,104</u>	<u>9,963</u>

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE FISCAL YEARS ENDED JUNE 30, 2001 AND 2000**

	2001			2000		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
CURRENT EXPENDITURES (Continued)						
Special Education (Continued)						
Basic Skills/Remedial						
Salaries of Teachers	\$ 378,920	\$ 376,208	\$ 2,712	\$ 321,851	\$ 321,847	\$ 4
General Supplies	8,427	5,856	2,571	7,814	6,414	1,400
Textbooks	500		500	500	198	302
Other Objects	500	405	95	500	-	500
Total Basic Skills/Remedial	<u>388,347</u>	<u>382,469</u>	<u>5,878</u>	<u>330,665</u>	<u>328,459</u>	<u>2,206</u>
Bilingual Education						
Salaries of Teachers	165,308	163,345	1,963	154,946	154,910	36
General Supplies	2,689	1,356	1,333	3,150	3,010	140
Textbooks	600	383	217	350	-	350
Total Bilingual Education	<u>168,597</u>	<u>165,084</u>	<u>3,513</u>	<u>158,446</u>	<u>157,920</u>	<u>526</u>
Vocational Programs- Local - Instruction						
Salaries of Teachers	5,000	5,000				
General Supplies	1,960	1,632	328			
Textbooks	3,000	1,672	1,328			
Other Objects	600	-	600	-	-	-
Total Vocational Programs-Local-Instruction	<u>10,560</u>	<u>8,304</u>	<u>2,256</u>	<u>-</u>	<u>-</u>	<u>-</u>
Co-Curricular Activities						
Salaries of Teachers	142,171	141,037	1,134	139,200	138,922	278
Other Objects	3,400	3,380	20	2,900	2,830	70
Total Co-Curricular Activities	<u>145,571</u>	<u>144,417</u>	<u>1,154</u>	<u>142,100</u>	<u>141,752</u>	<u>348</u>

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE FISCAL YEARS ENDED JUNE 30, 2001 AND 2000**

	2001			2000		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
CURRENT EXPENDITURES (Continued)						
Athletics						
Salaries	\$ 445,658	\$ 445,309	\$ 349	\$ 365,920	\$ 365,792	\$ 128
Purchased Services	57,900	51,511	6,389	55,225	49,336	5,889
Supplies and Materials	78,126	74,852	3,274	118,837	116,697	2,140
Other Objects	119,513	106,726	12,787	115,706	99,305	16,401
Total Athletics	<u>701,197</u>	<u>678,398</u>	<u>22,799</u>	<u>655,688</u>	<u>631,130</u>	<u>24,558</u>
Community Services						
Salaries	3,500	3,267	233	3,500	2,976	524
Total Community Services	<u>3,500</u>	<u>3,267</u>	<u>233</u>	<u>3,500</u>	<u>2,976</u>	<u>524</u>
Total Instruction - Other	<u>1,407,212</u>	<u>1,373,635</u>	<u>33,577</u>	<u>1,290,399</u>	<u>1,262,237</u>	<u>28,162</u>
Total Instruction	<u>18,405,904</u>	<u>18,226,020</u>	<u>179,884</u>	<u>17,604,838</u>	<u>17,464,382</u>	<u>140,456</u>
Tuition						
Tuition to NJ LEA's - Special	295,407	286,913	8,494	249,941	245,728	4,213
Tuition to County Vocational - Regular	3,150		3,150	3,000	2,210	790
Tuition to County Vocational - Special	40,500	32,010	8,490	44,955	44,625	330
Tuition to County Sp Service and Regional Day School	105,010	104,267	743	110,156	105,355	4,801
Tuition to NJ Private Handicapped	1,390,226	1,369,816	20,410	1,287,766	1,286,245	1,521
Tuition to State Facilities	-	-	-	27,303	27,303	-
Total Tuition	<u>1,834,293</u>	<u>1,793,006</u>	<u>41,287</u>	<u>1,723,121</u>	<u>1,711,466</u>	<u>11,655</u>

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE FISCAL YEARS ENDED JUNE 30, 2001 AND 2000**

	2001			2000		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
CURRENT EXPENDITURES (Continued)						
Undistributed Expenditures						
Health Services						
Salaries	\$ 395,659	\$ 395,258	\$ 401	\$ 485,781	\$ 483,188	\$ 2,593
Purchased Professional Services	26,000	25,564	436	21,500	21,079	421
Other Purchased Services	200	10	190	200	4	196
Supplies and Materials	15,613	13,879	1,734	14,700	14,665	35
Other Objects	250	-	250	250	30	220
Total Health Services	<u>437,722</u>	<u>434,711</u>	<u>3,011</u>	<u>522,431</u>	<u>518,966</u>	<u>3,465</u>
Undistributed Expend.-Other Supp. Svcs.-						
Student Related Services						
Salaries	177,442	176,295	1,147	166,040	165,953	87
Purchased Professional Services	43,206	39,463	3,743	49,400	49,387	13
Supplies and Materials	2,305	1,983	322	1,969	1,922	47
Other Objects	50	36	14	750	75	675
Total Other Support/Student Related Services	<u>223,003</u>	<u>217,777</u>	<u>5,226</u>	<u>218,159</u>	<u>217,337</u>	<u>822</u>
Undistributed Expend.-Other Supp. Svcs.-Extraord. Serv.						
Salaries	24,295	21,342	2,953	5,303	416	4,887
Purchased Professional Services	31,000	30,807	193	26,400	26,361	39
Supplies and Materials	1,050	(536)	1,586	150	125	25
Other Objects	200	50	150	-	-	-
Total Other Support/Extraordinary Services	<u>56,545</u>	<u>51,663</u>	<u>4,882</u>	<u>31,853</u>	<u>26,902</u>	<u>4,951</u>

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE FISCAL YEARS ENDED JUNE 30, 2001 AND 2000**

	2001			2000		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
CURRENT EXPENDITURES (Continued)						
Undistributed Expend.-Other Supp. Svcs.-Students- Reg						
Salaries of Other Professional Staff	\$ 701,179	\$ 695,977	\$ 5,202	\$ 654,876	\$ 650,719	\$ 4,157
Salaries of Secretarial Staff	94,216	93,387	829	87,430	87,059	371
Purchased Professional Services	2,000	1,007	993	2,000	979	1,021
Other Purchased Professional Services	45,174	42,296	2,878	67,504	62,804	4,700
Other Purchased Services	2,600	2,408	192	3,346	3,281	65
Supplies and Materials	34,864	27,530	7,334	41,744	40,364	1,380
Other Objects	3,900	3,644	256	2,200	2,117	83
Total Other Support Services/Regular	<u>883,933</u>	<u>866,249</u>	<u>17,684</u>	<u>859,100</u>	<u>847,323</u>	<u>11,777</u>
Undistributed Expend.-Other Supp. Svcs.-Students- Special						
Salaries of Other Professional Staff	589,043	577,208	11,835	581,145	578,633	2,512
Miscellaneous Purchased Services	3,500	1,861	1,639	3,600	2,391	1,209
Supplies and Materials	16,784	14,520	2,264	10,617	5,727	4,890
Other Objects	150	-	150	150	-	150
Total Other Support Services/Special	<u>609,477</u>	<u>593,589</u>	<u>15,888</u>	<u>595,512</u>	<u>586,751</u>	<u>8,761</u>
Improvement of Instruction						
Salaries of Supervisors of Instruction	113,250	113,150	100	111,150	110,702	448
Salaries of Other Professional Staff	55,500	50,990	4,510	38,800	38,216	584
Salaries of Secretarial Staff	131,395	122,222	9,173	122,357	115,342	7,015
Other Purchased Professional Services	900		900	1,250	1,180	70
Other Purchased Services	1,200	901	299	950	828	122
Supplies and Materials	14,180	12,139	2,041	12,178	12,151	27
Other Objects	850	635	215	850	661	189
Total Improvement of Instruction	<u>317,275</u>	<u>300,037</u>	<u>17,238</u>	<u>287,535</u>	<u>279,080</u>	<u>8,455</u>

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE FISCAL YEARS ENDED JUNE 30, 2001 AND 2000**

	2001			2000		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
CURRENT EXPENDITURES (Continued)						
Educational Media Services/ School Library						
Salaries	\$ 507,524	\$ 501,476	\$ 6,048	\$ 615,766	\$ 614,974	\$ 792
Purchased Professional Services	3,000	1,410	1,590	2,800	450	2,350
Other Purchased Services	9,059	5,829	3,230	8,491	7,998	493
Supplies and Materials	155,763	105,653	50,110	151,082	114,648	36,434
Total Educational Media Services/ School Library	<u>675,346</u>	<u>614,368</u>	<u>60,978</u>	<u>778,139</u>	<u>738,070</u>	<u>40,069</u>
Instructional Staff Training Services						
Salaries of other Professional Staff	21,000	20,585	415	10,500	8,281	2,219
Purchased Professional Services	4,000	3,000	1,000	3,750	1,877	1,873
Other Purchased Services	15,640	10,371	5,269	14,800	13,512	1,288
Supplies and Materials	1,000	58	942	1,250	275	975
Other Objects	1,200	1,116	84	850	178	672
Total Instructional Staff Training Services	<u>42,840</u>	<u>35,130</u>	<u>7,710</u>	<u>31,150</u>	<u>24,123</u>	<u>7,027</u>
Support Services General Administration						
Salaries	408,483	407,543	940	375,674	374,500	1,174
Legal Services	73,000	72,018	982	125,700	125,654	46
Other Purchased Professional Services	23,000	20,000	3,000	27,200	27,193	7
Purchased Technical Services	3,500	2,275	1,225	3,500	2,250	1,250
Communications/Telephone	98,575	95,482	3,093	128,684	123,985	4,699
Other Purchased Services	126,251	124,432	1,819	83,745	77,291	6,454
Supplies and Materials	15,700	15,527	173	13,740	13,254	486
Miscellaneous Expenditures	43,300	42,955	345	40,500	40,415	85
Total Support Services General Administration	<u>791,809</u>	<u>780,232</u>	<u>11,577</u>	<u>798,743</u>	<u>784,542</u>	<u>14,201</u>

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE FISCAL YEARS ENDED JUNE 30, 2001 AND 2000**

	2001			2000		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
CURRENT EXPENDITURES (Continued)						
Support Services School Administration						
Salaries of Principals and Assistant Principals	\$ 967,021	\$ 965,108	\$ 1,913	\$ 979,143	\$ 979,049	\$ 94
Salaries of Other Professional Staff	409,138	405,031	4,107	416,045	416,006	39
Salaries of Secretarial Staff	523,991	515,040	8,951	511,190	508,922	2,268
Other Purchased Services	30,099	29,181	918	29,495	28,304	1,191
Supplies and Materials	67,726	63,948	3,778	64,385	51,260	13,125
Other Objects	36,950	30,236	6,714	36,725	36,514	211
Total Support Services School Administration	<u>2,034,925</u>	<u>2,008,544</u>	<u>26,381</u>	<u>2,036,983</u>	<u>2,020,055</u>	<u>16,928</u>
Allowable Maintenance for School Facilities						
Salaries	377,907	376,884	1,023	342,258	341,048	1,210
Cleaning, Repair and Maintenance Services	117,601	95,246	22,355	122,080	104,683	17,397
General Supplies	110,926	105,121	5,805	130,065	126,589	3,476
Other Objects	600	-	600	1,100	1,050	50
Total Allow. Maint for School Facilities	<u>607,034</u>	<u>577,251</u>	<u>29,783</u>	<u>595,503</u>	<u>573,370</u>	<u>22,133</u>
Other Operations and Maintenance of Plant						
Salaries	1,745,445	1,740,830	4,615	1,640,838	1,640,768	70
Purchased Professional Services	43,800	43,512	288	43,000	42,264	736
Cleaning, Repair and Maintenance Services	222,296	197,481	24,815	216,063	204,565	11,498
Insurance	44,452	42,556	1,896	28,375	26,080	2,295
Other Purchased Services	31,200	13,586	17,614	34,005	26,985	7,020
General Supplies	103,391	85,341	18,050	100,416	96,257	4,159
Energy	432,000	424,517	7,483	404,000	391,064	12,936
Other Objects	269,400	263,056	6,344	269,780	267,615	2,165
Total Other Operations and Maint. of Plant	<u>2,891,984</u>	<u>2,810,879</u>	<u>81,105</u>	<u>2,736,477</u>	<u>2,695,598</u>	<u>40,879</u>

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE FISCAL YEARS ENDED JUNE 30, 2001 AND 2000**

	2001			2000		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
CURRENT EXPENDITURES (Continued)						
Student Transportation Services						
Salaries for Pupil Trans (Bet Home & Sch)-Sp Ed.	\$ 543,959	\$ 542,386	\$ 1,573	\$ 547,579	\$ 547,487	\$ 92
Salaries for Pupil Trans (Other than Bet Home & Sch).	136,425	136,000	425	124,282	120,619	3,663
Cleaning, Repair and Maintenance Services	49,400	48,901	499	47,200	47,119	81
Contr Serv(Oth. Than Bet Home & Sch)-Vend	50,500	46,088	4,412	63,200	63,120	80
Contr Serv(Sp Ed Stds)-Vendors	89,000	79,766	9,234	138,190	138,132	58
Contr Serv(Sp Ed Stds)-Joint Agreements	96,000	87,815	8,185	10,000	9,799	201
Miscellaneous Purch. Services- Transportation	17,500	16,112	1,388	16,000	12,477	3,523
Supplies and Materials	45,200	24,298	20,902	36,500	28,990	7,510
Miscellaneous Expenditures	14,000	12,726	1,274	13,202	12,607	595
Total Student Transportation Services	<u>1,041,984</u>	<u>994,092</u>	<u>47,892</u>	<u>996,153</u>	<u>980,350</u>	<u>15,803</u>
Business and Other Services						
Salaries	648,261	638,859	9,402	631,225	628,637	2,588
Purchased Professional Services	103,500	64,016	39,484	31,500	30,289	1,211
Purchased Technical Services	123,500	48,954	74,546	53,504	34,564	18,940
Other Purchased Services	46,578	46,096	482	25,550	25,483	67
Supplies and Materials	27,994	22,743	5,251	25,267	21,632	3,635
Miscellaneous Expenditures	1,800	1,018	782	1,800	1,284	516
Total Business and Other Services	<u>951,633</u>	<u>821,686</u>	<u>129,947</u>	<u>768,846</u>	<u>741,889</u>	<u>26,957</u>

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE FISCAL YEARS ENDED JUNE 30, 2001 AND 2000**

	2001			2000		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
CURRENT EXPENDITURES (Continued)						
Unallocated Employee Benefits						
Social Security Contributions - Other	\$ 481,436	\$ 479,012	\$ 2,424	\$ 456,810	\$ 456,781	\$ 29
Other Retirement - Regular	20,000	18,077	1,923	19,100	17,254	1,846
Workmens Compensation	124,867	119,074	5,793	132,085	127,004	5,081
Health Benefits	2,985,338	2,950,846	34,492	2,581,922	2,539,145	42,777
Tuition Reimbursements	69,000	68,760	240	68,000	67,865	135
Other Employee Benefits	89,460	82,725	6,735	173,800	173,030	770
Total Unallocated Employee Benefits	<u>3,770,101</u>	<u>3,718,494</u>	<u>51,607</u>	<u>3,431,717</u>	<u>3,381,079</u>	<u>50,638</u>
On Behalf TPAF Pension Contributions (Non-Budgeted)	<u>-</u>	<u>561,141</u>	<u>(561,141)</u>	<u>-</u>	<u>423,528</u>	<u>(423,528)</u>
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	<u>-</u>	<u>1,453,942</u>	<u>(1,453,942)</u>	<u>-</u>	<u>1,397,601</u>	<u>(1,397,601)</u>
Total Undistributed Expenditures	<u>17,180,464</u>	<u>18,641,095</u>	<u>(1,460,631)</u>	<u>16,411,422</u>	<u>17,948,030</u>	<u>(1,536,608)</u>
Total Current Expenditures	<u>35,586,368</u>	<u>36,867,115</u>	<u>(1,280,747)</u>	<u>34,016,260</u>	<u>35,412,412</u>	<u>(1,396,152)</u>
CAPITAL OUTLAY						
Equipment						
Regular Programs - Instruction						
Grades 6 - 8				9,170	6,468	2,702
Grades 9 - 12	10,158	10,103	55	29,441	25,093	4,348
Special Education - Instruction						
Learning/Language Disabilities	4,047	3,019		1,099	1,099	
Resource Room/Resource Center						
Other Instructional Athletic Equipment				18,047	17,860	187

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE FISCAL YEARS ENDED JUNE 30, 2001 AND 2000**

	2001			2000		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
CAPITAL OUTLAY (Continued)						
Equipment (Continued)						
Vocational Programs:						
Vocational Programs-Local-Instruction	\$ 12,750	\$ 12,160	\$ 590			
School Sponsored/Other Instruct- Athletics	4,549	4,519	30			
Undistributed Expenditures						
Instruction	7,264	6,295	969	\$ 16,596	\$ 16,573	\$ 23
Support Services - Regular	3,600	3,363	237	1,169	1,168	1
Support Services - Special	3,600	1,121	2,479			
Support Services - Instructional Staff	10,076	5,339	4,737	7,248	2,510	4,738
Support Services - General Administration	1,100	1,065	35			
Support Services - School Administration	2,253	2,224	29	11,143	10,028	1,115
Operation and Maintenance of Plant	66,595	62,110	4,485	17,100	17,085	15
Student Transportation Services	145,800	69,784	76,016	51,450	51,419	
Business and Other Services	3,690	2,509	1,181	9,569	9,562	7
Total Equipment	<u>275,482</u>	<u>183,611</u>	<u>91,871</u>	<u>172,032</u>	<u>158,865</u>	<u>13,167</u>
Facilities Acquisition and Constr. Services						
General Supplies	24,350	19,264	5,086			
Construction Services	268,340	260,867	7,473	429,764	246,771	182,993
Total Facilities Acquisition and Constr. Services	<u>292,690</u>	<u>280,131</u>	<u>12,559</u>	<u>429,764</u>	<u>246,771</u>	<u>182,993</u>
Total Expenditures - Capital Outlay	<u>568,172</u>	<u>463,742</u>	<u>104,430</u>	<u>601,796</u>	<u>405,636</u>	<u>196,160</u>
SPECIAL SCHOOLS						
Summer School - Instruction						
Salaries of Teachers	18,800	18,676	124	21,000	20,626	374
Total Summer School - Instruction	<u>18,800</u>	<u>18,676</u>	<u>124</u>	<u>21,000</u>	<u>20,626</u>	<u>374</u>

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE FISCAL YEARS ENDED JUNE 30, 2001 AND 2000**

	2001			2000		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
SPECIAL SCHOOLS (Continued)						
Summer School - Support Services						
Salaries	\$ 3,425	\$ 3,360	\$ 65	\$ 3,360	\$ 3,360	-
Total Summer School - Support Services	3,425	3,360	65	3,360	3,360	-
Total Expenditures - Special Schools	22,225	22,036	189	24,360	23,986	\$ 374
TRANSFER OF FUNDS TO CHARTER SCHOOLS						
Tuition						
Tuition to NJ LEA's - Regular	-	-	-	6,639	6,594	45
Total Expenditures - Transfer of Funds to Charter Schools	-	-	-	6,639	6,594	45
Total Expenditures - General Fund	36,176,765	37,352,893	(1,176,128)	34,649,055	35,848,628	(1,199,573)
Excess (Deficiency) of Revenues						
Over/(Under) Expenditures	(1,051,872)	344,856	1,396,728	(1,043,007)	(135,609)	907,398
Other Financing Sources (Uses) Transfer Out						
Transfer Out	(192,000)	(166,783)	25,217	(202,000)	(153,878)	48,122
Excess (Deficiency) of Revenues and Other Financing						
Sources Over/(Under) Expenditures and Other						
Financing Uses	(1,243,872)	178,073	1,421,945	(1,245,007)	(289,487)	955,520
Fund Balance, Beginning of Year	2,454,953	2,454,953	-	2,744,440	2,744,440	-
Fund Balance, End of Year	\$ 1,211,081	\$ 2,633,026	\$ 1,421,945	\$ 1,499,433	\$ 2,454,953	\$ 955,520

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE FISCAL YEARS ENDED JUNE 30, 2001 AND 2000**

	2001			2000		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Recapitulation of Excess (Deficiency) of Revenues						
Over/(Under) Expenditures						
Adjustment for Prior Year Encumbrances	\$ (270,562)	\$ (270,562)		\$ (266,407)	\$ (266,407)	
Increase in Capital Reserve	1,000	1,000				
Budgeted Fund Balance	<u>(974,310)</u>	<u>447,635</u>	<u>\$ 1,421,945</u>	<u>(978,600)</u>	<u>(23,080)</u>	<u>\$ 955,520</u>
Total	<u>\$ (1,243,872)</u>	<u>\$ 178,073</u>	<u>\$ 1,421,945</u>	<u>\$ (1,245,007)</u>	<u>\$ (289,487)</u>	<u>\$ 955,520</u>

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SPECIAL REVENUE FUND

The Special Revenue Fund is 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.

**NUTLEY BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
AS OF JUNE 30, 2001 AND 2000**

	<u>2001</u>	<u>2000</u>
ASSETS		
Cash and Cash Equivalents	\$ 130,867	\$ 204,151
Interfund Receivable	40	
Intergovernmental Accounts Receivable		
State Aid	1,616	2,307
Federal Aid	<u>441</u>	<u>2,973</u>
 Total Assets	 <u>\$ 132,964</u>	 <u>\$ 209,431</u>
 LIABILITIES		
Liabilities		
Intergovernmental Accounts Payable	\$ 34,196	\$ 76,475
Deferred Revenue	<u>98,768</u>	<u>132,956</u>
 Total Liabilities	 <u>\$ 132,964</u>	 <u>\$ 209,431</u>

NUTLEY BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(With Comparative Totals for the Fiscal Year Ended June 30, 2000)

	Nonpublic Textbooks	N.J. Nonpublic Auxiliary Compensatory Education	Home Instruction	Transportation	NJ Nonpublic Handicapped Supplemental Instruction	Examination/ Classification	Corrective Speech	Nonpublic Nursing
REVENUES								
State Sources	\$ 26,051	\$ 65,085	\$ 922	\$ 6,737	\$ 9,744	\$ 26,321	\$ 32,346	\$ 35,846
Federal Sources	-	-	-	-	-	-	-	-
Total Revenues	\$ 26,051	\$ 65,085	\$ 922	\$ 6,737	\$ 9,744	\$ 26,321	\$ 32,346	\$ 35,846
EXPENDITURES								
Instruction:								
Salaries of Teachers								
Other Salaries for Instruction								
Purchased Prof. and Technical Services		\$ 65,085	\$ 922		\$ 9,744		\$ 32,346	
Other Purchased Services								
General Supplies								
Textbooks	\$ 26,051							
Miscellaneous Expenses	-	-	-	-	-	-	-	-
Total Instruction	26,051	65,085	922	-	9,744	-	32,346	-
Support Services								
Salaries of Other Professional Staff								
Salaries of Secr and Clercal Assistants								
Other Salaries								
Purchased Professional Educational Services						\$ 26,321		\$ 35,846
Travel								
Other Purchased Services				\$ 6,737				
Supplies and Materials								
Tuition								
Miscellaneous Expenses	-	-	-	-	-	-	-	-
Total Support Services	-	-	-	6,737	-	26,321	-	35,846
Personal Services - Employee Benefits								
Social Security Contributions								
Other Retirement								
Other Employee Benefits	-	-	-	-	-	-	-	-
Total Personnel Services - Employee Benefits	-	-	-	-	-	-	-	-
Facilities Acquisition and								
Construction Services								
Instructional Equipment	-	-	-	-	-	-	-	-
Noninstructional Equipment	-	-	-	-	-	-	-	-
Total Facilities Acquisition	-	-	-	-	-	-	-	-
Transfer to Charter School	-	-	-	-	-	-	-	-
Total Expenditures	\$ 26,051	\$ 65,085	\$ 922	\$ 6,737	\$ 9,744	\$ 26,321	\$ 32,346	\$ 35,846

NUTLEY BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(With Comparative Totals for the Fiscal Year Ended June 30, 2000)

	Character Education	Distance Learning Network Aid		NJ Technology Initiative	IDEA B Basic	IDEA B Preschool	IDEA Prior Year Carryover	IDEA B Carryover
		Current year	Carryover					
REVENUES								
State Sources	\$ 9,314	\$ 168,645	\$ 11,104	\$ 23,413	\$ 289,443	\$ 24,726	\$ 7,822	\$ 57,083
Federal Sources	-	-	-	-	-	-	-	-
Total Revenues	\$ 9,314	\$ 168,645	\$ 11,104	\$ 23,413	\$ 289,443	\$ 24,726	\$ 7,822	\$ 57,083
EXPENDITURES								
Instruction:								
Salaries of Teachers	\$ 689				\$ 82,232			\$ 11,198
Other Salaries for Instruction					9,463			3,360
Purchased Prof. and Technical Services				\$ 23,413				
Other Purchased Services	350							
General Supplies	7,479	\$ 35,688	\$ 4,994					10,030
Textbooks								
Miscellaneous Expenses	100	-	-	-	-	-	-	-
Total Instruction	8,618	35,688	4,994	23,413	91,695	-	-	24,588
Support Services								
Salaries of Other Professional Staff						\$ 22,415		12,156
Salaries of Secr and Clerical Assistants								
Other Salaries					62,116			
Purchased Professional Services					88,615		\$ 7,822	18,295
Travel								
Other Purchased Services	696							
Supplies and Materials								
Tuition								
Miscellaneous Expenses	-	-	-	-	-	-	-	-
Total Support Services	696	-	-	-	150,731	22,415	7,822	30,451
Personal Services - Employee Benefits								
Social Security Contributions					11,767	1,715		2,044
Other Retirement					2,231	596		
Other Employee Benefits	-	-	-	-	31,898	-	-	-
Total Personnel Services - Employee Benefits	-	-	-	-	45,896	2,311	-	2,044
Facilities Acquisition and Construction Services								
Instructional Equipment		132,957	6,110					
Noninstructional Equipment	-	-	-	-	1,121	-	-	-
Total Facilities Acquisition	-	132,957	6,110	-	1,121	-	-	-
Transfer to Charter School	-	-	-	-	-	-	-	-
Total Expenditures	\$ 9,314	\$ 168,645	\$ 11,104	\$ 23,413	\$ 289,443	\$ 24,726	\$ 7,822	\$ 57,083

**NUTLEY BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(With Comparative Totals for the Fiscal Year Ended June 30, 2000)**

	School To Career	IDEA B Preschool Carryover	Title I	Title I Carryover	Title VI	Title II	Title II Carryover	Title IV
REVENUES								
State Sources								
Federal Sources	\$ 14,515	\$ 2,693	\$ 173,880	\$ 1,597	\$ 18,366	\$ 11,859	\$ 1,333	\$ 16,571
Total Revenues	\$ 14,515	\$ 2,693	\$ 173,880	\$ 1,597	\$ 18,366	\$ 11,859	\$ 1,333	\$ 16,571
EXPENDITURES								
Instruction:								
Salaries of Teachers			\$ 139,180					
Other Salaries for Instruction		\$ 1,000						
Purchased Prof. and Technical Services								
Other Purchased Services								
General Supplies			3,096	\$ 1,597	\$ 4,782	\$ 1,861		
Textbooks	-	-	-	-	-	-	-	-
Miscellaneous Expenses	-	-	-	-	-	-	-	-
Total Instruction	-	1,000	142,276	1,597	4,782	1,861	-	-
Support Services								
Salaries of Other Professional Staff	\$ 14,515					6,951		\$ 12,535
Salaries of Sec and Clerical Assistants			3,365					
Other Salaries								
Purchased Professional Services		1,617						
Travel								702
Other Purchased Services						2,515	\$ 1,333	
Supplies and Materials								2,042
Tuition								
Miscellaneous Expenses	-	-	44	-	-	-	-	-
Total Support Services	14,515	1,617	3,409	-	-	9,466	1,333	15,279
Personal Services - Employee Benefits								
Social Security Contributions		76	10,905			532		959
Other Retirement			3,702					333
Other Employee Benefits	-	-	-	-	-	-	-	-
Total Personnel Services - Employee Benefits	-	76	14,607	-	-	532	-	1,292
Facilities Acquisition and Construction Services								
Instructional Equipment			13,588		13,584			
Noninstructional Equipment	-	-	-	-	-	-	-	-
Total Facilities Acquisition	-	-	13,588	-	13,584	-	-	-
Transfer to Charter School	-	-	-	-	-	-	-	-
Total Expenditures	\$ 14,515	\$ 2,693	\$ 173,880	\$ 1,597	\$ 18,366	\$ 11,859	\$ 1,333	\$ 16,571

**NUTLEY BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(With Comparative Totals for the Fiscal Year Ended June 30, 2000)**

	Title IV Carryover	Perkins Vocational Education	Preschool Carryover	Class Size Reduction Carryover	Class Size Reduction	Total	
						June 30, 2001	June 30, 2000
REVENUES							
State Sources						\$ 415,528	\$ 369,023
Federal Sources	\$ 72	\$ 24,778	\$ 325	\$ 3,692	\$ 49,475	698,230	658,571
Total Revenues	<u>\$ 72</u>	<u>\$ 24,778</u>	<u>\$ 325</u>	<u>\$ 3,692</u>	<u>\$ 49,475</u>	<u>\$ 1,113,758</u>	<u>\$ 1,027,594</u>
EXPENDITURES							
Instruction:							
Salaries of Teachers					\$ 40,429	\$ 273,728	\$ 301,932
Other Salaries for Instruction						13,823	13,991
Purchased Prof. and Technical Services						131,510	112,152
Other Purchased Services						350	
General Supplies		\$ 5,033	\$ 325			74,885	47,412
Textbooks						26,051	28,836
Miscellaneous Expenses	-	-	-	-	-	100	-
Total Instruction	<u>-</u>	<u>5,033</u>	<u>325</u>	<u>-</u>	<u>40,429</u>	<u>520,447</u>	<u>504,323</u>
Support Services							
Salaries of Other Professional Staff				\$ 928		69,500	63,519
Salaries of Secr and Clerical Assistants						3,365	
Other Salaries						62,116	58,359
Purchased Professional Services		2,000				180,516	99,343
Travel						702	
Other Purchased Services				2,693	1,594	15,568	25,374
Supplies and Materials	\$ 72	1,363				3,477	67,603
Tuition						-	3,000
Miscellaneous Expenses	-	-	-	-	-	44	-
Total Support Services	<u>72</u>	<u>3,363</u>	<u>-</u>	<u>3,621</u>	<u>1,594</u>	<u>335,288</u>	<u>317,198</u>
Personal Services - Employee Benefits							
Social Security Contributions				71	2,927	18,524	31,808
Other Retirement					1,018	16,317	6,607
Other Employee Benefits	-	-	-	-	3,507	39,440	31,187
Total Personnel Services - Employee Benefits	<u>-</u>	<u>-</u>	<u>-</u>	<u>71</u>	<u>7,452</u>	<u>74,281</u>	<u>69,602</u>
Facilities Acquisition and Construction Services							
Instructional Equipment		16,382				155,449	
Noninstructional Equipment	-	-	-	-	-	28,293	136,429
Total Facilities Acquisition	<u>-</u>	<u>16,382</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>183,742</u>	<u>136,429</u>
Transfer to Charter School	-	-	-	-	-	-	42
Total Expenditures	<u>\$ 72</u>	<u>\$ 24,778</u>	<u>\$ 325</u>	<u>\$ 3,692</u>	<u>\$ 49,475</u>	<u>\$ 1,113,758</u>	<u>\$ 1,027,594</u>

**NUTLEY BOARD OF EDUCATION
SPECIAL REVENUE FUND
DEMONSTRABLY EFFECTIVE PROGRAM AID
STATEMENT OF EXPENDITURES - BUDGETARY BASIS**

NOT APPLICABLE

**EARLY CHILDHOOD PROGRAM AID
STATEMENT OF EXPENDITURES - BUDGETARY BASIS**

NOT APPLICABLE

**INSTRUCTIONAL SUPPLEMENTAL AID
STATEMENT OF EXPENDITURES - BUDGETARY BASIS**

NOT APPLICABLE

NUTLEY BOARD OF EDUCATION
SPECIAL REVENUE FUND
DISTANCE LEARNING NETWORK AID
STATEMENT OF EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES			
Support Services			
Supplies and Materials	\$ 43,193	\$ 40,682	\$ 2,511
Total Support	<u>43,193</u>	<u>40,682</u>	<u>2,511</u>
Facilities Acquisition and Construction			
Instructional Equipment	<u>143,739</u>	<u>139,067</u>	<u>4,672</u>
Total Facilities Acquisition & Construction	<u>143,739</u>	<u>139,067</u>	<u>4,672</u>
Total	<u>\$ 186,932</u>	<u>\$ 179,749</u>	<u>\$ 7,183</u>
DISTANCE LEARNING CARRYOVER			<u>\$ 7,183</u>
Total Revised 2000-2001 Distance Learning Network Aid Allocation		\$ 175,828	
Actual Distance Learning Network Aid Carryover (June 30, 2000)		<u>11,104</u>	
Total Distance Learning Network Aid Available for 2000-2001 Budget		186,932	
Less: 2000-2001 Budgeted Distance Learning Network Aid		<u>186,932</u>	
Available & Unbudgeted Distance Learning Network Funds as of June 30, 2001		-	
Add: 2000-2001 Unexpended Distance Learning Network Aid		<u>\$ 7,183</u>	
2001-2002 Actual Carryover - Distance Learning Network Aid		<u>\$ 7,183</u>	
2000-2001 Distance Learning Network Aid Carryover Budgeted in 2001-2002		<u>\$ -</u>	

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CAPITAL PROJECTS FUND

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

NOT APPLICABLE

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DEBT SERVICE FUND

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

**NUTLEY BOARD OF EDUCATION
DEBT SERVICE FUND
COMPARATIVE BALANCE SHEETS
AS OF JUNE 30, 2001 AND 2000**

ASSETS	<u>2001</u>	<u>2000</u>
Cash and Cash Equivalents	\$ 1	
Intergovernmental Accounts Receivable	<u>33</u>	<u>-</u>
Total Assets	<u>\$ 34</u>	<u>\$ -</u>
 LIABILITIES AND FUND BALANCES		
Liabilities		
Deferred Revenue	<u>\$ 33</u>	<u>-</u>
Total Liabilities	<u>33</u>	<u>-</u>
Fund Balances		
Unreserved, Undesignated	<u>1</u>	<u>-</u>
Total Fund Balances	<u>1</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 34</u>	<u>\$ -</u>

**NUTLEY BOARD OF EDUCATION
DEBT SERVICE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE FISCAL YEARS ENDED JUNE 30, 2001 AND 2000**

	2001			2000		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES						
Local Sources						
Local Tax Levy	\$ 152,210	\$ 152,210		\$ 160,014	\$ 160,014	
State Sources						
Debt Service Aid Type II	<u>14,098</u>	<u>14,098</u>	<u>-</u>	<u>12,532</u>	<u>12,532</u>	<u>-</u>
Total Revenues	<u>166,308</u>	<u>166,308</u>	<u>-</u>	<u>172,546</u>	<u>172,546</u>	<u>-</u>
EXPENDITURES						
Regular Debt Service						
Interest	51,307	51,307		57,546	57,546	
Principal	<u>115,000</u>	<u>115,000</u>	<u>-</u>	<u>115,000</u>	<u>115,000</u>	<u>-</u>
Total Expenditures	<u>166,307</u>	<u>166,307</u>	<u>-</u>	<u>172,546</u>	<u>172,546</u>	<u>-</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	1	1	-	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ENTERPRISE FUND

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The stated 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.

**NUTLEY BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
COMPARATIVE BALANCE SHEETS
AS OF JUNE 30, 2001 AND 2000**

ASSETS	<u>2001</u>	<u>2000</u>
Intergovernmental Accounts Receivable		
State	\$ 425	\$ 429
Federal	4,201	4,382
Other	4,667	8,635
Inventory	<u>10,201</u>	<u>9,744</u>
 Total Current Assets	 <u>19,494</u>	 <u>23,190</u>
 Fixed Assets		
Machinery and Equipment	118,005	118,005
Less: Accumulated Depreciation	<u>116,305</u>	<u>115,356</u>
 Total Fixed Assets	 <u>1,700</u>	 <u>2,649</u>
 Total Assets	 <u><u>\$ 21,194</u></u>	 <u><u>\$ 25,839</u></u>
 LIABILITIES AND FUND EQUITY		
Liabilities		
Interfunds Payable	\$ 9,293	\$ 13,499
Deferred Revenue	<u>6,914</u>	<u>4,180</u>
 Total Liabilities	 <u>16,207</u>	 <u>17,679</u>
 Fund Equity		
Contributed Capital	2,135	2,135
Retained Earnings, Unreserved	<u>2,852</u>	<u>6,025</u>
 Total Fund Equity	 <u>4,987</u>	 <u>8,160</u>
 Total Liabilities and Fund Equity	 <u><u>\$ 21,194</u></u>	 <u><u>\$ 25,839</u></u>

**NUTLEY BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
FOR THE FISCAL YEARS ENDED JUNE 30, 2001 AND 2000**

	<u>2001</u>	<u>2000</u>
OPERATING REVENUES		
Local Sources		
Daily Sales - Reimbursable		
School Lunch Program	\$ 419,350	\$ 387,856
Special Functions	<u>58,334</u>	<u>58,304</u>
 Total Operating Revenues	 <u>477,684</u>	 <u>446,160</u>
 OPERATING EXPENSES		
Salaries and Wages	285,861	283,076
Benefits	137,585	131,722
Supplies	303,286	271,660
Purchased Services	5,659	4,977
Other	848	823
Depreciation	<u>949</u>	<u>949</u>
 Total Operating Expenses	 <u>734,188</u>	 <u>693,207</u>
 Operating (Loss)	 <u>(256,504)</u>	 <u>(247,047)</u>
 Nonoperating Revenues		
State Sources		
State School Lunch Program	6,586	6,782
Federal Sources		
Federal School Lunch Program	64,348	69,841
USDA Commodities	<u>15,614</u>	<u>15,946</u>
 Total Nonoperating Revenues	 <u>86,548</u>	 <u>92,569</u>
 Net Loss Before Operating Transfers	 (169,956)	 (154,478)
 Operating Transfers In	 <u>166,783</u>	 <u>153,878</u>
 Net Income (Loss)	 (3,173)	 (600)
 Retained Earnings, Beginning of Year	 <u>6,025</u>	 <u>6,625</u>
 Retained Earnings, End of Year	 <u>\$ 2,852</u>	 <u>\$ 6,025</u>

**NUTLEY BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2001 AND 2000**

	<u>2001</u>	<u>2000</u>
Cash Flows from Operating Activities		
Operating (Loss)	\$ (256,504)	\$ (247,047)
Adjustments to Reconcile Operating Income (Loss) to		
Net Cash Used in Operating Activities:		
Depreciation	949	949
USDA Commodities	15,614	15,946
Change in Assets and Liabilities:		
Decrease (Increase) in Federal Subsidy Receivable	181	645
Decrease (Increase) in State Subsidy Receivable	4	55
Decrease (Increase) in Other Accounts Receivable	3,968	(759)
(Increase) Decrease in Inventory	(457)	1,405
Increase (Decrease) in Deferred Revenue	2,734	(1,808)
(Decrease) Increase in Other Liabilities	(4,206)	113
(Decrease) in Accounts Payable	-	-
Total Adjustments	<u>18,787</u>	<u>16,546</u>
Net Cash (Used) in Operating Activities	<u>(237,717)</u>	<u>(230,501)</u>
Cash Flows from Non-Capital Financing Activities		
Financing Activities:		
Federal and State School Lunch Aid	70,934	76,623
Operating Transfers From Other Funds	<u>166,783</u>	<u>153,878</u>
Net Cash Provided by Non-Capital Financing Activities	<u>237,717</u>	<u>230,501</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>-</u>	<u>-</u>
Cash and Cash Equivalents, Beginning of Year	<u>-</u>	<u>-</u>
Cash and Cash Equivalents, End of Year	<u>\$ -</u>	<u>\$ -</u>

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TRUST AND AGENCY FUNDS

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

Expendable Trust Fund - This Fund is established to account for the assets and resources which are also held by the Board as a trustee or agent for individuals, private organizations, other governments. This fund includes unemployment 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.

**NUTLEY BOARD OF EDUCATION
TRUST AND AGENCY FUND
COMBINING BALANCE SHEET
AS OF JUNE 30, 2001
(With Comparative Totals as of June 30, 2000)**

	Expendable Trust Unemployment Insurance	Agency Student Activity	Payroll	Total 2001	2000
ASSETS					
Cash and Cash Equivalents	\$ 478,725	\$ 137,994	-	\$ 616,719	\$ 597,943
Total Assets	<u>\$ 478,725</u>	<u>\$ 137,994</u>	<u>\$ -</u>	<u>\$ 616,719</u>	<u>\$ 597,943</u>
LIABILITIES AND FUND BALANCE					
Liabilities					
Intergovernmental Payable	\$ 9,030			\$ 9,030	\$ 12,926
Due to Student Groups	-	\$ 137,994	-	137,994	142,114
Total Liabilities	<u>9,030</u>	<u>137,994</u>	<u>-</u>	<u>147,024</u>	<u>155,040</u>
Fund Balances					
Unreserved, Undesignated	<u>469,695</u>	<u>-</u>	<u>-</u>	<u>469,695</u>	<u>442,903</u>
Total Liabilities and Fund Balance	<u>\$ 478,725</u>	<u>\$ 137,994</u>	<u>\$ -</u>	<u>\$ 616,719</u>	<u>\$ 597,943</u>

**NUTLEY BOARD OF EDUCATION
NONEXPENDABLE TRUST FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001 AND 2000**

NOT APPLICABLE

**NUTLEY BOARD OF EDUCATION
STUDENT ACTIVITY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Balance</u> <u>July 1, 2000</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2001</u>
ASSETS				
Cash and Cash Equivalents	\$ 142,114	\$ 361,508	\$ 365,628	\$ 137,994
Total Assets	<u>\$ 142,114</u>	<u>\$ 361,508</u>	<u>\$ 365,628</u>	<u>\$ 137,994</u>
LIABILITIES				
Due to Student Groups	\$ 142,114	\$ 361,508	\$ 365,628	\$ 137,994
Total Liabilities	<u>\$ 142,114</u>	<u>\$ 361,508</u>	<u>\$ 365,628</u>	<u>\$ 137,994</u>

**NUTLEY BOARD OF EDUCATION
STUDENT ACTIVITY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Balance</u> <u>July 1, 2000</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disburse-</u> <u>ments</u>	<u>Balance</u> <u>June 30, 2001</u>
ELEMENTARY SCHOOLS				
Lincoln	\$ 2,375	\$ 16,301	\$ 15,849	\$ 2,827
Radcliffe	773	8,844	5,216	4,401
Spring Garden	10,400	9,426	11,220	8,606
Washington	3,941	6,323	7,342	2,922
Yantacaw	394	9,734	6,204	3,924
	<u>17,883</u>	<u>50,628</u>	<u>45,831</u>	<u>22,680</u>
MIDDLE SCHOOL				
Franklin	<u>6,530</u>	<u>93,618</u>	<u>93,682</u>	<u>6,466</u>
HIGH SCHOOL				
Nutley High	<u>117,701</u>	<u>217,262</u>	<u>226,115</u>	<u>108,848</u>
TOTAL ALL SCHOOLS	<u>\$ 142,114</u>	<u>\$ 361,508</u>	<u>\$ 365,628</u>	<u>\$ 137,994</u>

**NUTLEY BOARD OF EDUCATION
PAYROLL FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Balance July 1, 2000</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2001</u>
ASSETS				
Cash and Cash Equivalents	<u>-</u>	<u>\$ 26,372,220</u>	<u>\$ 26,372,220</u>	<u>-</u>
Total Assets	<u>\$ -</u>	<u>\$ 26,372,220</u>	<u>\$ 26,372,220</u>	<u>\$ -</u>
LIABILITIES				
Accrued Salaries, Payroll Deductions and Withholdings	<u>-</u>	<u>\$ 26,372,220</u>	<u>\$ 26,372,220</u>	<u>-</u>
Total Liabilities	<u>\$ -</u>	<u>\$ 26,372,220</u>	<u>\$ 26,372,220</u>	<u>\$ -</u>

NUTLEY BOARD OF EDUCATION
EXPENDABLE TRUST FUND
UNEMPLOYMENT INSURANCE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001 AND 2000

	<u>2001</u>	<u>2000</u>
REVENUES		
Miscellaneous - Employee Contributions	\$ 48,685	\$ 46,620
Interest	<u>25,577</u>	<u>19,176</u>
Total Revenues	<u>74,262</u>	<u>65,796</u>
EXPENDITURES		
Current		
Undistributed Expenditures	<u>47,470</u>	<u>61,167</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	26,792	4,629
Fund Balances, Beginning of Year	<u>442,903</u>	<u>438,274</u>
Fund Balances, End of Year	<u>\$ 469,695</u>	<u>\$ 442,903</u>

GENERAL FIXED ASSETS ACCOUNT GROUP

The general fixed assets account group 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.

NUTLEY BOARD OF EDUCATION
COMPARATIVE SCHEDULES OF GENERAL FIXED ASSETS BY SOURCE
AS OF JUNE 30, 2001 AND 2000

	<u>2001</u>	<u>2000</u>
GENERAL FIXED ASSETS		
Buildings & Building Improvements	\$ 7,364,418	\$ 7,084,287
Machinery and Equipment	4,022,335	3,667,656
Construction in Progress	<u>-</u>	<u>182,250</u>
 Total General Fixed Assets	 <u>\$ 11,386,753</u>	 <u>\$ 10,934,193</u>
 INVESTMENT IN GENERAL FIXED ASSETS BY SOURCE		
General Fund	\$ 10,811,605	\$ 10,539,572
Special Revenue Fund	<u>575,148</u>	<u>394,621</u>
 Total Investment in General Fixed Assets	 <u>\$ 11,386,753</u>	 <u>\$ 10,934,193</u>

**NUTLEY BOARD OF EDUCATION
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY SOURCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	Balance <u>July 1, 2000</u>	<u>Additions</u>	Transfers/ <u>Disposals</u>	Balance <u>June 30, 2001</u>
General Fund	\$ 10,539,572	\$ 462,697	\$ 190,664	\$10,811,605
Special Revenue Fund	<u>394,621</u>	<u>180,527</u>	<u>-</u>	<u>575,148</u>
	<u>\$ 10,934,193</u>	<u>\$ 643,224</u>	<u>\$ 190,664</u>	<u>\$11,386,753</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 and the noncurrent portion of the liability for compensated absences.

NUTLEY BOARD OF EDUCATION
GENERAL LONG-TERM DEBT ACCOUNT GROUP
COMPARATIVE STATEMENT OF GENERAL LONG-TERM DEBT
AS OF JUNE 30, 2001 AND 2000

	<u>2001</u>	<u>2000</u>
OTHER DEBITS		
Amount to be Provided for Retirement of Long-Term Debt	\$ 2,738,304	\$ 2,652,580
 Total Amount Available and to be Provided for General Long-Term Debt	 <u>\$ 2,738,304</u>	 <u>\$ 2,652,580</u>
 LONG-TERM LIABILITIES		
Serial Bonds Payable	\$ 780,000	\$ 895,000
Compensated Absences Payable	<u>1,958,304</u>	<u>1,757,580</u>
 Total General Long-Term Liabilities	 <u>\$ 2,738,304</u>	 <u>\$ 2,652,580</u>

NUTLEY BOARD OF EDUCATION
 GENERAL LONG-TERM DEBT ACCOUNT GROUP
 SCHEDULE OF SERIAL BONDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001

Purpose	Date of <u>Issue</u>	Amount of Original <u>Issue</u>	Annual <u>Date</u>	Maturities <u>Amount</u>	Interest <u>Rate</u>	Balance <u>July 1, 2000</u>	<u>Paid</u>	Balance <u>June 30, 2001</u>
Asbestos Abatement Activities at Various Schools; Removal of Fuel Oil Storage Tanks at Various Schools; Modifications to Heating Plants at Various Schools; Re- placement of Roof Above the Auditorium and Main Gymnasium of the High School.	9/1/1992	\$ 1,700,000	9/1/01-02 9/1/03-07	\$ 115,000 110,000	Various	<u>\$ 895,000</u>	<u>\$ 115,000</u>	<u>\$ 780,000</u>
						<u>\$ 895,000</u>	<u>\$ 115,000</u>	<u>\$ 780,000</u>

STATISTICAL SECTION

Note: GASB requires that ten years of statistical data be presented. Since New Jersey entered GAAP Accounting in Fiscal Year 1994, this presentation will only include those years under GAAP accounting. Each year thereafter, an additional year's data will be included until ten years of data is presented.

NUTLEY BOARD OF EDUCATION
GOVERNMENTAL FUND EXPENDITURES BY FUNCTION *
LAST SEVEN FISCAL YEARS
(Unaudited)

	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>
GENERAL FUND							
Instruction							
Regular	\$ 15,248,480	\$ 14,772,041	\$ 14,230,398	\$ 13,814,801	\$ 13,592,391	\$ 12,963,067	\$ 12,125,961
Special	1,603,905	1,430,104	1,277,811	1,296,002	1,851,178	1,802,120	1,697,318
Other	547,553	486,379	493,012	453,869	112,070	54,633	51,289
School-Sponsored/Other Instructional	831,119	772,882	639,175	587,532	456,091	453,782	455,269
Total Instruction	<u>18,231,057</u>	<u>17,461,406</u>	<u>16,640,396</u>	<u>16,152,204</u>	<u>16,011,730</u>	<u>15,273,602</u>	<u>14,329,837</u>
Community Services	<u>3,267</u>	<u>2,976</u>	<u>2,327</u>	<u>1,668</u>	<u>1,764</u>	<u>1,333</u>	<u>2,170</u>
Undistributed							
Instruction - Tuition	1,793,006	1,711,466	1,663,639	1,615,882	1,474,291	1,327,378	1,402,885
Support Services-Students	2,163,989	2,197,279	2,119,607	1,973,607	1,720,483	1,570,030	1,479,401
Support Services-Instructional Staff	949,535	1,041,273	1,023,532	963,975	1,001,010	969,716	915,498
General Administration	780,232	784,542	708,391	750,705	709,214	718,448	808,834
School Administration	2,008,544	2,020,055	1,963,728	1,863,816	1,871,243	1,995,671	1,909,687
Operations and Maintenance	3,388,130	3,268,968	3,142,134	3,118,757	3,032,535	2,962,513	2,728,687
School Transportation	994,092	980,350	990,996	807,890	838,446	772,703	713,220
Business and Other Support Services							
Salaries and Employee Benefits	4,357,353	4,009,716	3,792,480	3,519,052	3,860,057	3,795,224	3,605,136
Other	182,827	113,252	94,874	70,917	149,756	62,528	240,183
On-Behalf TPAF Pension Contributions	561,141	423,528	1,188,398	409,721	537,168	154,463	N/A
On-Behalf TPAF Social Security Contributions	1,453,942	1,397,601	1,332,455	1,265,767	1,241,810	1,201,391	N/A
Total Undistributed	<u>18,632,791</u>	<u>17,948,030</u>	<u>18,020,234</u>	<u>16,360,089</u>	<u>16,436,013</u>	<u>15,530,065</u>	<u>13,803,531</u>
Capital Outlay							
Equipment	183,611	158,865	266,716	213,670	226,189	231,131	179,172
Facilities	280,131	246,771	250,868	341,819	93,123	146,667	148,207
Total Capital Outlay	<u>463,742</u>	<u>405,636</u>	<u>517,584</u>	<u>555,489</u>	<u>319,312</u>	<u>377,798</u>	<u>327,379</u>
Special Schools	<u>22,036</u>	<u>23,986</u>	<u>23,776</u>	<u>19,110</u>	<u>23,696</u>	<u>24,643</u>	<u>25,184</u>
Transfer of Funds to Charter School	<u>-</u>	<u>6,594</u>	<u>11,560</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total General Fund Expenditures	<u>37,352,893</u>	<u>35,848,628</u>	<u>35,215,877</u>	<u>33,088,560</u>	<u>32,792,515</u>	<u>31,207,441</u>	<u>28,488,101</u>
SPECIAL REVENUE FUND							
State	413,686	364,349	338,080	353,227	218,560	203,393	172,464
Federal	698,858	650,934	535,880	454,874	438,279	489,842	430,125
Total Special Revenue Expenditures	<u>1,112,544</u>	<u>1,015,283</u>	<u>873,960</u>	<u>808,101</u>	<u>656,839</u>	<u>693,235</u>	<u>602,589</u>
DEBT SERVICE FUND	<u>166,307</u>	<u>172,546</u>	<u>178,555</u>	<u>184,305</u>	<u>189,825</u>	<u>208,403</u>	<u>277,676</u>
Total Governmental Fund Expenditures	<u>\$ 38,631,744</u>	<u>\$ 37,036,457</u>	<u>\$ 36,268,392</u>	<u>\$ 34,080,966</u>	<u>\$ 33,639,179</u>	<u>\$ 32,109,079</u>	<u>\$ 29,368,366</u>

Source: School District's Financial Statements

* Includes General, Special Revenue and Debt Service Funds

**NUTLEY BOARD OF EDUCATION
GOVERNMENTAL FUND REVENUES BY SOURCE *
LAST EIGHT 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>
2001	\$29,734,685	\$ 951,355	\$7,591,703 *	\$ 698,858	\$ 38,976,601
2000	28,757,853	729,287	6,762,774 *	650,934	36,900,848
1999	29,674,739	641,584	5,501,303 *	535,880	36,353,506
1998	28,810,776	666,649	4,437,891 *	486,474	34,366,976
1997	28,518,923	592,390	4,253,521 *	415,789	33,780,623
1996	27,085,852	655,089	4,072,236 *	477,961	32,291,138
1995	26,298,483	1,159,178	2,233,235	408,424	30,099,320
1994	24,349,117	502,288	3,251,627	508,611	28,611,643

*Includes on-behalf payments by the State of New Jersey for TPAF Pension and Social Security Contributions

Source: School District's Financial Statements

* Includes General, Special Revenue and Debt Service Funds

**NUTLEY BOARD OF EDUCATION
MUNICIPAL PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN 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>	
2000	\$ 62,018,501	\$ 59,357,454	95.70	%
1999	60,368,412	58,704,526	97.24	
1998	59,884,383	57,952,295	96.77	
1997	57,978,726	56,385,078	97.25	
1996	55,795,710	54,252,100	97.23	
1995	54,811,414	53,332,177	97.30	
1994	52,120,586	50,667,611	97.21	
1993	48,705,762	47,355,718	97.23	
1992	46,297,333	45,216,917	97.67	
1991	44,832,916	43,932,153	97.99	

Source: Municipality's Financial Statements

NUTLEY BOARD OF EDUCATION
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(Unaudited)

Year Ended <u>June 30,</u>	Net Assessed <u>Valuations</u>	Estimated Full Cash <u>Valuations</u>	Percentage of Net Assessed to Estimated Full Cash Valuations
2001	\$ 497,198,500	\$ 2,019,155,469	24.62%
2000	491,427,200	1,933,991,342	25.41
1999	490,889,000	1,728,645,229	28.39
1998	493,042,100	1,723,923,427	28.60
1997	488,108,600	1,787,943,590	27.30
1996	490,409,200	1,747,093,694	28.07
1995	494,788,200	1,761,438,946	28.09
1994	495,441,140	1,769,247,947	28.00
1993	489,395,000	1,789,650,722	27.35
1992	493,718,400	1,802,076,429	27.40

Source: Tax Assessor

**NUTLEY BOARD OF EDUCATION
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
PER \$100 OF ASSESSED VALUATION
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Assessment Year</u>	<u>School District</u>	<u>Township</u>	<u>County</u>	<u>County Open Space</u>	<u>Total</u>
2001	\$6.13	\$3.76	\$2.61	\$0.04	\$12.54
2000	5.96	3.66	2.83	.04	12.49
1999	5.95	3.66	2.62	.04	12.27
1998	5.93	3.58	2.63		12.14
1997	5.87	3.21	2.69		11.77
1996	5.67	3.02	2.67		11.36
1995	5.40	3.05	2.62		11.07
1994	5.11	2.93	2.53		10.57
1993	4.83	2.66	2.45		9.94
1992	4.52	2.53	2.32		9.37

Source: Township of Nutley Tax Duplicate

**NUTLEY BOARD OF EDUCATION
RATIO OF NET GENERAL BONDED DEBT
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Fiscal Year Ended June 30,</u>	<u>Population</u>	<u>Assessed Valuation</u>	<u>Net Bonded Debt</u>	<u>Ratio of Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt per Capita</u>
2001	27,362	\$ 497,198,500	\$ 780,000	0.16	28.51
2000	27,362	491,427,200	895,000	0.18	32.71
1999	25,764	490,889,000	1,010,000	0.21	39.20
1998	25,867	493,042,100	1,125,000	0.23	43.49
1997	25,800	488,108,600	1,240,000	0.23	48.06
1996	25,970	490,409,200	1,355,000	0.28	52.18
1995	26,093	494,788,200	1,558,000	0.31	59.71
1994	26,370	495,441,140	1,673,000	0.34	63.44
1993	26,626	489,395,000	1,863,000	0.38	69.97
1992	26,698	493,718,400	238,000	0.05	8.91

Source: School District Population- U.S. Bureau of the Census
Assessed Valuations- Tax Assessor

**NUTLEY BOARD OF EDUCATION
COMPUTATION OF LEGAL DEBT MARGIN
FOR FISCAL YEAR ENDED JUNE 30, 2001
(Unaudited)**

<u>Year</u>	<u>Equalized Valuation Basis</u>
2000	\$1,976,156,792
1999	1,923,933,884
1998	1,716,121,329
Average equalized valuation of taxable property	<u>\$1,872,070,668</u>
School borrowing margin (4% of \$1,872,070,668)	\$ 74,882,827
Net bonded school debt as of June 30, 2001	<u>780,000</u>
School Borrowing Margin Available	<u>\$ 74,102,827</u>

Source: Township's 2000 Annual Debt Statement

**NUTLEY BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
FOR THE YEAR ENDED JUNE 30, 2001
(Unaudited)**

Net Direct Debt of School District as of June 30, 2001		\$ 780,000
Net Overlapping Debt of School District		
Township of Nutley	\$ 12,242,495	
Essex County	20,341,337	
Essex County Utilities Authority (A)	5,334,587	
North Jersey District Water Supply Commission (B)	<u>6,115,604</u>	
		<u>44,034,023</u>
Total Direct and Overlapping Bond Debt as of June 30, 2001		<u>\$ 44,814,023</u>

- (A) The debt for this entity was apportioned by dividing the Municipality's 2001 equalized value by the total 2001 equalized value for Essex County.
- (B) Overlapping debt was computed based upon usage

Sources:

- (1) Township of Nutley 2000 Annual Debt Statement
- (2) Essex County 2000 Annual Debt Statement
- (3) Essex County Utilities Authority
- (4) North Jersey District Water Supply Commission

**NUTLEY BOARD OF EDUCATION
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL BONDED 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 Governmental Fund Expenditures*</u>	<u>Ratio of Debt Service to Governmental Expenditures</u>
2001	\$ 115,000	\$ 51,307	\$ 166,307	\$ 38,631,744	.43
2000	115,000	57,546	172,546	37,036,457	.47
1999	115,000	63,555	178,555	36,268,392	.49
1998	115,000	69,305	184,305	34,080,666	.54
1997	115,000	74,825	189,825	33,703,212	.56
1996	128,000	80,403	208,403	32,109,079	.65
1995	190,000	87,676	277,676	29,368,366	.95
1994	190,000	95,985	285,985	28,466,966	1.00
1993	75,000	181,152	256,152	29,370,523	.87
1992	75,000	120,842	195,842	27,780,090	.70

*Excludes the Capital Projects Fund as these expenditures vary substantially from year to year. The financial data presented would not be as meaningful for comparative purposes if these were included.

Source: School District Financial Statements

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

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income**</u>	<u>Population***</u>
2000	2.7	*	27,362
1999	3.3	34,824	25,764
1998	3.2	33,617	25,867
1997	6.5	31,765	25,800
1996	4.5	30,653	25,970
1995	4.4	29,356	26,093
1994	4.7	27,861	26,370
1993	5.2	27,001	26,626
1992	6.0	26,897	26,698
1991	*	25,199	26,774

* Accurate information not available.

** This information represents Essex County information not Township of Nutley.

*** Estimates as per U.S. Bureau fo the Census , Census 2000

**NUTLEY BOARD OF EDUCATION
PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS**

The Schedule is Not Applicable to Fiscal Year 2000-01

**NUTLEY BOARD OF EDUCATION
SCHEDULE OF PRINCIPAL TAXPAYERS
(Unaudited)**

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>As a % of District's Net Assessed Valuation</u>	
Hoffman - LaRoche, Inc	\$ 70,005,800	14.08	%
Town and Country	4,027,200	.81	
432 Owners Inc.	3,048,200	.61	
Bell Atlantic	2,737,400	.55	
Village Manor Apts.	2,430,000	.49	
Nutley Shop-Rite	2,163,000	.44	
Nutley Properties	1,960,000	.39	
First Union Bank	1,002,300	.20	
Reckson Operating	750,800	.15	
Enthone-Omni	737,200	.15	
	<u>\$ 88,861,900</u>	<u>.18</u>	%

Source: Tax Collector

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

<u>Fiscal Year Ended June 30,</u>	<u>Average Daily Enrollment</u>	<u>Average Daily Attendance</u>	<u>% Change in Average Daily Enrollment</u>	<u>Attendance %</u>
2001	4,032	3,826	0.9	94.89
2000	3,996	3,797	1.5	95.00
1999	3,936	3,741	0.5	95.05
1998	3,914	3,713	3.1	95.00
1997	3,811	3,603	1.3	94.89
1996	3,748	3,554	2.2	94.80
1995	3,663	3,478	3.1	94.90
1994	3,559	3,372	2.5	94.85
1993	3,469	3,292	3.5	94.90
1992	3,353	3,195	1.5	95.29

Source: School District records

**NUTLEY BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2001
(Unaudited)**

	<u>Insurance Company</u>	<u>Coverage</u>	<u>Deductible</u>
All Real and Personal Property and Theft of Contents	Suburban Essex JIF Royal Idemnity	\$ 50,000 66,000,000	\$ 1,000 25,000
Money and Security Loss	Suburban Essex JIF	50,000	1,000
General Liability (BI and PD)	Suburban Essex JIF	100,000	N/A
Automobile Liability	Suburban Essex JIF	100,000	N/A
Excess School Liability (GL and AL)	Genesis Insurance Co.	11,000,000 per occ 22,000,000 aggreg	N/A
School Board Legal Liability	Suburban Essex JIF Genesis Insurance Co.	100,000 per occ 5,000,000 per occ 5,000,000 aggreg	2,500 100,000
Athletic Accident Insurance	People's Benefit Life	10,000,000	N/A
Interscholastic Sports Disability	People's Benefit Life	550,000	N/A
Worker's Compensation	Suburban Essex JIF Genesis Reinsurance Corp	100,000 Unlimited Cov A 5,000,000 Cov B	N/A 100,000
Public Official Bonds			
Dave Wilson	Selective	135,000	N/A
John Sincaglia	Cigna	3,000	N/A

Source: School District's records

**NUTLEY BOARD OF EDUCATION
MISCELLANEOUS STATISTICS
AS OF JUNE 30, 2001
(Unaudited)**

Date established	
Area	3 square miles
Number of Schools	
Elementary	5
Middle School	1
Senior High School	<u>1</u>
Total schools	<u>7</u>
Employees	
Certified	315
Other	<u>205</u>
Total employees	<u>520</u>
Teacher/Student Ratio	
Kindergarten	1:17
1-5	1:17
6-8	1:18
9-12	1:16
Special Education	1:08
Student Count	4,032

Source: School District's records

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SINGLE AUDIT SECTION

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

Page 1

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208
FAIR LAWN, NJ 07410
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ANDREW PARENTE, CPA, PSA
JULIUS B. CONSONI, CPA, PSA
JENNIFER TORPEY, CPA, PSA
DONNA L. JAPHET, CPA, PSA

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

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

We have audited the general purpose financial statements of the Nutley Board of Education as of and for the year ended June 30, 2001, and have issued our report thereon dated September 17, 2001. We conducted our audit in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Compliance


As part of obtaining reasonable assurance about whether the Nutley Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Nutley Board of Education in a separate "Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance" dated September 17, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Nutley Board of Education's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving internal control over financial reporting that we have reported to management of the Nutley Board of Education in a separate "Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance" dated September 17, 2001.

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


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


Gary A. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
September 17, 2001

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

Page 1

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

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

Compliance

We have audited the compliance of the Nutley Board of Education with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" and the "New Jersey State Grant Compliance Supplement" that are applicable to each of its major federal and state programs for the year ended June 30, 2001. Nutley Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirement of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Nutley Board of Education's management. Our responsibility is to express an opinion on Nutley Board of Education's compliance based on our audit.

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

In our opinion, Nutley Board of Education complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended June 30, 2001. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and New Jersey OMB Circular 98-07 and which are described in the accompanying schedule of findings and questioned costs as item 2001-01.

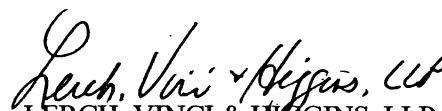
Internal Control Over Compliance


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

We noted certain matters involving the internal control over compliance and its operations that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgement, could adversely affect Nutley Board of Education's ability to administer a major federal or state program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 2001-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal or state program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition identified above is not a material weakness.

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


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


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
September 17, 2001

NUTLEY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Grant Period	Award Amount	Balance June 30, 2000	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year Balances	Adjustment	Balance June 30, 2001 (Accounts Receivable)	Deferred Revenue	Due to Grantor
U.S. Department of Education												
Passed Through State Department of Education												
<u>Special Revenue Fund:</u>												
Title I	84.010	9/1/00-8/31/01	\$ 176,613			\$ 176,613	\$ 173,880			\$ 2,733		
Title I	84.010	9/1/99-8/31/00	171,326	\$ 1,685	\$ (1,685)							
Title I, Carryover	84.010	9/1/99-8/31/01	171,326		1,685		1,597				88	
Title VI	84.151	9/1/00-8/31/01	18,740			18,740	18,366				374	
Title VI	84.151	9/1/99-8/31/00	18,554	326	(326)							
Title VI, Carryover	84.151	9/1/99-8/31/01	18,554		326				(A) \$ 157		483	
Title VI - Class Size Reduction	84.340	9/1/00-8/31/01	52,082			52,082	49,475				2,607	
Title VI - Class Size Reduction	84.340	9/1/99-8/31/00	46,729	3,696	(3,696)							
Title VI - Class Size Reduction, Carryover	84.340	9/1/99-8/31/01	46,729		3,696		3,692				4	
IDEA Part B	84.027	9/1/00-8/31/01	321,260			321,260	289,443				31,817	
IDEA Part B	84.027	9/1/99-8/31/00	314,000	57,764	(57,764)							
IDEA Part B, Carryover	84.027	9/1/99-8/31/01	314,000		57,764		57,083				681	
IDEA Part B Carryover	84.027	9/1/98-8/31/00	281,925	7,822	(7,822)							
IDEA Part B Carryover	84.027	9/1/98-8/31/00	281,925		7,822		7,822					
IDEA Part B Preschool	84.027	9/1/00-8/31/01	26,471			26,471	24,726				1,745	
IDEA Part B Preschool	84.027	9/1/99-8/31/00	23,936	2,693	(2,693)							
IDEA Part B Preschool, Carryover	84.027	9/1/99-8/31/00	23,936		2,693		2,693					
IDEA Part B Preschool, Carryover	84.027	9/1/98-8/31/00	28,745	325	(325)							
IDEA Part B Preschool Carryover	84.027	9/1/99-8/31/00	28,745		325		325					
Carl D. Perkins - Secondary	84.048	7/1/00-6/30/01	24,778			24,778	24,778					
Carl D. Perkins	84.048	7/1/99-6/30/00	13,701	99				\$ 99				
Title IV (Drug Education)	84.188	9/1/00-8/31/01	16,973			16,973	16,571				402	
Title IV (Drug Education)	84.188	9/1/99-8/31/00	15,964	1,141	(1,141)							
Title IV (Drug Education), Carryover	84.188	9/1/99-8/31/01	15,964		1,141		72				1,069	
Title II (Ike/Math)	84.168	9/1/00-8/31/01	12,889			12,889	11,859				1,030	
Title II (Ike/Math)	84.168	9/1/99-8/31/00	13,208	1,333	(1,333)							
Title II Carryover	84.168	9/1/99-8/31/00	13,208		1,333		1,333					
School To Career	N/A	N/A	16,028			16,028	14,515				1,513	
Technology Literacy Challenge	84.318	4/1/99-3/31/00	95,000	(2,973)	-	2,532	-	-	-	\$ (441)	-	-
Total Special Revenue Fund				73,911	-	668,366	698,230	99	157	(441)	44,546	-
U.S.D.A. Department of Agriculture												
Passed Through State Department of Education												
<u>Enterprise Fund:</u>												
Food Distribution Program	10.550	7/1/00-6/30/01	\$ 18,348			\$ 18,348	\$ 11,434			\$ 6,914		
Food Distribution Program	10.550	7/1/99-6/30/00	14,138	4,180			4,180					
National School Lunch Program	10.555	7/1/00-6/30/01	64,348			60,147	64,348			\$ (4,201)		
National School Lunch Program	10.555	7/1/99-6/30/00	68,841	(4,382)	-	4,382	-	-	-	-	-	-
Total Enterprise Fund				(202)	-	82,877	79,962	-	-	(4,201)	6,914	-
Total Federal Financial Awards				\$ 73,709	-	\$ 751,243	\$ 778,192	\$ 99	\$ 157	\$ (4,642)	\$ 51,460	-

(A)- Encumbrances Cancelled

NUTLEY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

										Balance		
										June 30, 2001		
										(Accts. Receivable)	Deferred Revenue	Due to Grantor
State Department of Education	Grant or State Project Number	Grant	Award Amount	Balance June 30, 2000	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year Balances	Adjustments			
General Fund:												
Core Curriculum Aid	01-495-034-5120-022	7/1/00-6/30/01	\$2,730,725			\$ 2,730,725	\$ 2,730,725					
Transportation Aid	01-495-034-5120-024	7/1/00-6/30/01	342,848			342,848	342,848					
Special Education Aid	01-495-034-5120-011	7/1/00-6/30/01	1,931,541			1,738,514	1,931,541			\$ (193,027)		
Special Education Aid	00-495-034-5120-011	7/1/99-6/30/00	1,664,585	\$ (47,841)		47,841						
Bilingual Education	01-495-034-5120-008	7/1/00-6/30/01	59,895			59,895	59,895					
Academic Achievement Award	01-100-034-5120-344	7/1/00-6/30/01	51,968			51,968	51,968					
Extraordinary Aid	01-495-034-5120-044	7/1/00-6/30/01	31,859				31,859			(31,859)		
Extraordinary Aid	00-495-034-5120-044	7/1/99-6/30/00	28,249	(28,249)		28,249						
On-Behalf TPAF Pension Contribution	01-495-034-5095-001	7/1/00-6/30/01	561,141			561,141	561,141					
TPAF Social Security Contribution	01-495-034-5095-002	7/1/00-6/30/01	1,453,942			1,379,691	1,453,942			(74,251)		
TPAF Social Security Contribution	00-495-034-5095-002	7/1/99-6/30/00	1,397,601	(71,512)	-	71,512	-	-	-	-	-	-
Total General Fund				(147,602)	-	7,012,384	7,163,919	-	-	(299,137)	-	-
Special Revenue Fund:												
New Jersey Nonpublic Aid:												
Textbooks	01-100-034-5120-064	7/1/00-6/30/01	32,402			32,402	26,051					\$ 6,351
Textbooks	00-100-034-5120-064	7/1/99-6/30/00	30,199	4,182				\$ 5,714 (A)	\$ 1,532			
Auxiliary Services												
Compensatory Education	01-100-034-5120-067	7/1/00-6/30/01	72,332			72,332	65,085					7,247
Compensatory Education	00-100-034-5120-067	7/1/99-6/30/00	90,611	39,608				40,288 (B)	340	(340)		
English as a Second Language	01-100-034-5120-067	7/1/00-6/30/01	6,370	-		6,370						6,370
English as a Second Language	00-100-034-5120-067	7/1/99-6/30/00	10,192	5,223				5,223				
Transportation	01-100-034-5120-067	7/1/00-6/30/01	6,737			6,737	6,737					
Home Instruction	01-100-034-5120-067	7/1/00-6/30/01	922				922			(922)		
Home Instruction	00-100-034-5120-067	7/1/99-6/30/00	2,307	(2,307)		2,307						
Handicapped Services												
Supplemental Instruction	01-100-034-5120-066	7/1/00-6/30/01	20,903			20,903	9,744					11,159
Supplemental Instruction	00-100-034-5120-066	7/1/99-6/30/00	21,820	10,609				10,609				
Examination and Classification	01-100-034-5120-066	7/1/00-6/30/01	26,555			26,555	26,321					234
Examination and Classification	00-100-034-5120-066	7/1/99-6/30/00	21,454	8,469				8,469				
Corrective Speech	01-100-034-5120-066	7/1/00-6/30/01	35,141			35,141	32,346					2,795
Corrective Speech	00-100-034-5120-066	7/1/99-6/30/00	37,962	8,285				8,285				
Nonpublic Nursing	01-100-034-5120-070	7/1/00-6/30/01	35,846			35,846	35,846					
Nonpublic Technology Initiative	01-100-034-5120-373	7/1/00-6/30/01	23,453			23,453	23,413					40
Nonpublic Technology Initiative	00-100-034-5120-373	7/1/99-6/30/00	27,000					708 (B)	354	(354)		
Character Education	01-100-034-5120-418	7/1/00-6/30/01	11,761			11,761	9,314				\$ 2,447	
Distance Learning Network	01-100-034-5120-348	7/1/00-6/30/01	175,828			175,828	168,645				7,183	
Distance Learning Network	00-100-034-5120-348	7/1/99-6/30/00	168,904	11,104	-	-	11,104	-	-	-	-	-
Total Special Revenue Fund				85,173	-	449,635	415,528	79,296	2,226	(1,616)	9,630	34,196
Debt Service Fund:												
Debt Service Aid Type II	01-495-034-5120-017	7/1/00-6/30/01	14,098	-	-	14,098	14,098	-	-	(33)	33	-
Total Debt Service Fund												
State Department of Agriculture												
Enterprise Fund:												
National School Lunch Program	01-100-034-5120-122	7/1/00-6/30/01	6,586			6,161	6,586			(425)		
National School Lunch Program	00-100-034-5120-122	7/1/99-6/30/00	6,782	(429)	-	429	-	-	-	-	-	-
				(429)	-	6,590	6,586	-	-	(425)	-	-
Total State Financial Assistance				\$ (62,858)	\$ -	\$ 7,482,707	\$ 7,600,131	\$ 79,296	\$ 2,226	\$ (301,211)	\$ 9,663	\$ 34,196

(A) Encumbrances Cancelled
(B) Refunds on prior year expenditures

NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE

**NUTLEY BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the Board's general purpose financial statements. The general purpose financial statements present the special revenue fund on both a GAAP basis and a budgetary basis. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$1,214. See Note 1(D) for a reconciliation of the budgetary basis to the GAAP basis of accounting for the special revenue fund. Financial assistance revenues are reported in the Board's general purpose financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$7,163,919	\$7,163,919
Special Revenue Fund	\$698,858	413,686	1,112,544
Debt Service Fund		14,098	14,098
Food Service Fund	<u>79,962</u>	<u>6,586</u>	<u>86,548</u>
Total Financial Assistance	<u>\$778,820</u>	<u>\$7,598,289</u>	<u>\$8,377,109</u>

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5 OTHER

Revenues and expenditures reported under the U.S.D.A. Commodities Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2001. TPAF Social Security contributions represent the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2001.

**NUTLEY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

Part I – Summary of Auditor's Results

Financial Statement Section

Type of auditors' report issued on financial statements

Unqualified

Internal control over financial reporting:

1) Material weakness(es) identified:

_____ yes X no

2) Reportable condition(s) identified that are not considered to be material weaknesses?

_____ yes X none reported

Noncompliance material to general purpose financial statements noted?

_____ yes X no

Federal Awards Section

Internal Control over major programs:

1) Material weakness(es) identified:

_____ yes X no

2) Reportable condition(s) identified that are not considered to be material weaknesses?

_____ yes X none reported

Type of auditor's report issued on compliance for major programs

Unqualified

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133?

_____ yes X no

Identification of major federal programs:

CFDA Number(s)

Name of Federal Program or Cluster

84.027

IDEA Part B

84.340

Title VI - Class Size Reduction

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee?

_____ yes X no

**NUTLEY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

Part I – Summary of Auditor's Results

State Awards Section

Internal Control over major programs:

(1) Were any reportable condition(s) in internal control over major programs identified?

 X yes no

(2) If applicable, were any such reportable condition(s) considered to be material weakness(es)?

 yes X no

Type of auditor's report issued on compliance for major programs

Unqualified

Any audit findings disclosed that are required to be reported in accordance with N.J. Circular Letter 98-07?

 X yes no

Identification of major state programs:

GMIS Number(s)	Name of State Program
01-495-034-5120-022	Core Curriculum Stds. Aid
01-495-034-5120-011	Special Education Aid
01-495-5095-002	On-Behalf TPAF Social Security Contribution

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee?

 yes X no

**NUTLEY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

Part 2 - Schedule of Financial Statement Findings

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

There are none.

**NUTLEY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

Part 3 - Schedule of Federal and State Award Findings and Questioned Costs

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

CURRENT YEAR FEDERAL AWARDS

There are none.

**NUTLEY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

Part 3 - Schedule of Federal and State Award Findings and Questioned Costs

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

CURRENT YEAR STATE AWARDS

Finding 2001-1

Our audit revealed the following:

- a) On-Roll Full - The amount reported on the A.S.S.A. was overstated by one student.
- b) On-Roll Related Services - In certain instances, a related service was recorded on the A.S.S.A. application and supporting workpapers but was not listed in the students I.E.P.
In addition, two I.E.P.'s were not available for audit due to the student moving out of district.
- c) Private Schools for the Handicapped - Three students special education classifications as recorded on the A.S.S.A. were not in agreement with the classification as recorded in the I.E.P.

State program information:

01-495-034-5120-022	Core Curriculum Standards Aid
01-495-034-5120-011	Special Education Aid

Criteria or specific requirement:

State of New Jersey Department of Education Requirements.

Condition:

Students were reported as receiving a related service which was not listed in the I.E.P.. Private School for the Handicapped students classifications as recorded on the A.S.S.A. were not in agreement with the classification as per I.E.P. Documentation to support classifications and or services was not available for audit.

**NUTLEY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

Part 3 - Schedule of Federal and State Award Findings and Questioned Costs

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

CURRENT YEAR STATE AWARDS (Continued)

Finding 2001-1 (Continued)

Questioned Costs:

None.

Context:

State aid may be under or overstated by reporting errors.

Effect:

State aid may be under or overstated.

Recommendation:

Greater care be exercised over the reporting of related services. In addition, documentation (IEP's) to support students inclusion in the respective programs be made available for audit.

**NUTLEY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

This section identifies the status of prior-year findings related to the general purpose financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (section .315(a)(b)) and New Jersey OMB's Circular 98-07.

STATUS OF PRIOR YEAR FINDINGS

Finding 2000-1

Conditions

- a) On-Roll Related Services - In certain instances, a related service was recorded on the A.S.S.A. application and supporting workpapers but was not listed in the students I.E.P. In addition, five students special education classifications as recorded on the A.S.S.A. were not in agreement with the classification as recorded in the I.E.P.
- b) Private Schools for the Handicapped - All students were verified to the October tuition voucher. However, eight I.E.P.'s were not available for audit due to a move or graduation. In addition, one student had no special education classification in the I.E.P.
- c) Private Schools - Related Services - All private school children were reported as only receiving one related service (other). A student may be recorded as receiving up to four related services.
- d) Bilingual - Students were reported who were not enrolled in the program on October 15th.

See Finding 2001-1.