

**NUTLEY BOARD OF EDUCATION**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

**NUTLEY, NEW JERSEY**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**of the**

**Nutley Board of Education**

**Nutley, New Jersey**

**For The Fiscal Year Ended June 30, 2002**

**Prepared by**

**Business Office**

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## **INTRODUCTORY SECTION**

# NUTLEY BOARD OF EDUCATION



JAMES MALLEN  
BUSINESS ADMINISTRATOR  
BOARD SECRETARY

375 BLOOMFIELD AVENUE  
NUTLEY, NJ 07110  
973 661-8797

October 28, 2002

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

Dear Trustees:

The comprehensive annual financial report of the Nutley School District (District) for the fiscal year ended June 30, 2002, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the 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 2001-02 fiscal year with an enrollment of 4,112 students, which is 80 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>
2001-02	4,112	2.0%
2000-01	4,032	0.9%
1999-00	3,996	1.5%
1998-99	3,936	0.6%
1997-98	3,914	2.7%

**2) ECONOMIC CONDITION AND OUTLOOK:** The taxable net valuation increased from \$497,198,500 to \$507,765,100, an increase of 10.57 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 population showed an increase of 263 from the 1990 Census. 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.

There was a large number of new housing units built during 2001. 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 nearing completion. The overwhelming majority of these units (569) are two bedroom town homes. According to the developers, only Section 5 (104 units) remains to be sold with closings beginning in October, 2002. 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 Cambridge Heights. 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 2001 noted an unemployment rate of 3.1%, well below the county average of 5.4%.

**3) MAJOR INITIATIVES:** The 2001-02 school year was a successful one for the Nutley district. Positive pupil performance results and low per pupil costs were once again in evidence.

The High School Proficiency Assessment (HSPA) was administered in March, 2002, and Nutley students passed the math, and language arts sections at a rate of 88% or better. The last state-wide analysis of HSPT scores was for the 1999 test where Nutley ranked seventh out of 45 districts in the "DE" district factor group in terms of percentage of pupils passing all three sections. In writing, Nutley pupils ranked second of 45.

SAT verbal scores remained consistent with averages of past performances. Results in math exceeded state and national averages by four points and one point, respectively.

The Grade Eight Proficiency Assessment (GEPA) was administered in March, 2002. Nutley pupils were ranked proficient or advanced proficient as follows: Math – 82.7%, Language Arts – 93.4%, Science - 97.7%.

The Elementary School Proficiency Assessment (ESPA) is given to all fourth graders. For the 2002 test the percentage of Nutley pupils demonstrating proficiency was as follows: Math – 83.8%, Language Arts – 93.7%.

The graduating class of 2002 had 93% of its members going on to post - secondary education. Seventy-one percent will be attending four year colleges and universities. Scholarships and grants awarded to 2002 graduates were approximately 2.6 million dollars.

In extra-curricular activities, Nutley continues to outpace the majority of New Jersey districts as evidenced by a budget of \$236 per pupil compared to a state-wide average for K-12 of \$221. This includes 23 varsity sports. The baseball team won the conference divisional championship, and also successfully defended Greater Newark Tournament title. The tennis team won the conference divisional championship. The baseball team and both the boys and girls basketball teams were recognized with awards for their sportsmanship.

The professional staff undertook curriculum revisions in: Composition Writing – NLAT (1-8); Gifted & Talented (K-6); Guidance (K-8); Language Arts/Math Basic Skills (1-8); and Math Basic Skills (9-12). Professional development activities included in-service and out-of-district seminars in English, Language Arts Literacy, Character Education,

Computer Technology, Inclusion and I&RS training, state assessments and mentoring. Our Middle States evaluation resulted in an excellent review of the high school's educational program.

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 2002, the district spent \$8,004 per pupil compared to a state-wide K-12 average of \$9,236. The Guide also reported that the district's budget for 2001-02 was based on \$8,370 per pupil, compared to the New Jersey state average of \$9,544.

The school tax levy was approved by a margin of 2,084-1,869. This marked the thirteenth 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, 2002.

**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, 2002 and the amount and percentage of increases in relation to prior year revenues.

<u>Revenue</u>	<u>2000-01</u>	<u>2001-02</u>	<u>% of Total</u>	<u>Increase/ (Decrease)</u>	<u>% of Increase/ (Decrease)</u>
Local Sources	\$30,686,040	\$31,736,120	79.40%	\$ 1,050,080	3.42 %
State Sources	7,591,703	7,355,360	18.40%	(236,343)	(3.11)%
Federal Sources	<u>698,858</u>	<u>880,080</u>	<u>2.20%</u>	<u>181,222</u>	25.93 %
Total	<u>\$38,976,601</u>	<u>\$39,971,560</u>	<u>100.00%</u>	<u>\$ 994,959</u>	<u>2.55 %</u>

The increase in local sources was caused by the voter-approved tax levy, partially offset by lower 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. Interest on Investments was lower due to declining interest rates. The state aid decrease was influenced by the elimination of TPAF pension contribution.

Special Revenues increased due to increases in the Title I and IDEA programs.

<u>Expenditures</u>	<u>2000-01</u>	<u>2001-02</u>	<u>% of Total</u>	<u>Increase/ (Decrease)</u>	<u>% of Increase/ (Decrease)</u>
Current Expense					
Instruction	\$18,226,020	\$19,055,336	47.15%	\$ 829,316	4.55 %
Undistributed Expenditures	18,641,095	19,688,728	48.71%	1,047,633	5.62 %
Capital Outlay	463,742	154,698	0.39%	(309044)	(66.64)%
Special Schools	22,036	21,586	0.05%	(450)	(2.04)%
Transfer to Charter Schools	<u>0</u>	<u>5,016</u>	<u>0.01%</u>	<u>5,016</u>	<u>100.00 %</u>
General Fund Total	\$37,352,893	\$38,925,364	96.31%	\$1,572,471	4.21 %
Special Revenue	1,112,544	1,331,244	3.30%	218,700	19.66 %
Debt Services	<u>166,307</u>	<u>159,896</u>	<u>0.39%</u>	<u>(6,411)</u>	<u>(3.85)%</u>
Grand Total	<u>\$38,631,744</u>	<u>\$40,416,504</u>	<u>100.00%</u>	<u>\$ 1,784,760</u>	<u>4.62 %</u>

The increase in expenditures was a result of planned budgetary expenditures. The increase in General Fund spending was 4.21%. The cost of state-level spending for TPAF and TPAF-FICA payments decreased by \$468,538. The Special Revenue increase was the result of funding increases as noted in the revenue comments. Debt Service expenditures were reduced as a result of anticipated lower interest payments.

#### **8) DEBT ADMINISTRATION:**

As of June 2002, the District's outstanding debt issues included \$665,000 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.

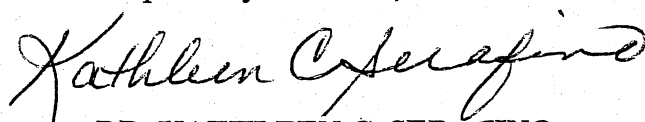
**10) RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

**11) OTHER INFORMATION;**

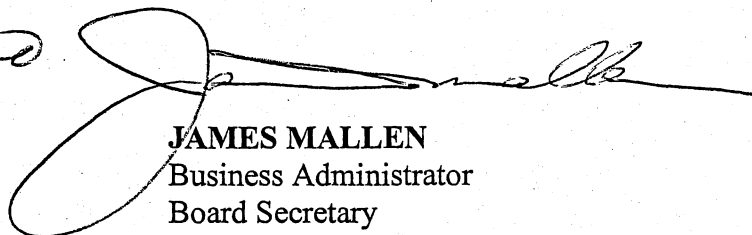
**A) Independent Audit -** State statutes require an annual audit by licensed public school accountants who are independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins, L.L.P. was selected by the Board at a public meeting held on April 29, 2002. 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,



**DR. KATHLEEN C. SERAFINO**  
Superintendent of Schools



**JAMES MALLEEN**  
Business Administrator  
Board Secretary

**NUTLEY PUBLIC SCHOOLS  
NUTLEY, NEW JERSEY**

**Board of Education**

**Superintendent of Schools**

**Assistant Superintendent**

**Business Administrator**

**Business Office**

**Food Services**

**Transportation**

**Buildings and  
Grounds**

**Treasurer of  
School Monies**

**Elementary  
Principals**

**Teachers**

**Support Staff**

**Middle School  
Principal**

**Teachers**

**Support Staff**

**Coordinators**

**High School  
Principal**

**Assistant  
Principals**

**Department  
Chairpersons**

**Teachers**

**Support Staff**

**Director of  
Special  
Services**

**Child Study  
Team**

**Special  
Education**

**Health  
Services**

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

## **ROSTER OF OFFICIALS JUNE 30, 2002**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
John Cafone, President	2005
Maria Alamo, Vice-President	2003
Philip T. Casale	2004
Gerard Del Tufo	2005
Alan Genitempo	2004
Sal Olivo	2005
Gerard M. Parisi	2004
Joseph C. Pelaia	2003
Alfred Restaino, Jr.	2003
<b><u>Other Officials</u></b>	
Dr. Kathleen C. Serafino, Superintendent	
John C. Sincaglia, School Business Administrator/Board Secretary	
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, LLP  
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

## **FINANCIAL SECTION**

# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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FAIR LAWN, NJ 07410  
TELEPHONE (201) 791-7100  
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DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
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JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
JOSEPH F. KELLY, CPA, RMA, PSA

CHRISTINE CORRUBIA, CPA, PSA  
ELIZABETH A. SHICK, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA  
RICHARD P. CAHILL, CPA, RMA, PSA  
ANDREW PARENTE, CPA, PSA  
JULIUS B. CONSONI, CPA, PSA  
JENNIFER TORPEY, CPA, PSA  
ROBERT W. HAAG, CPA, 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, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the Board of Education's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

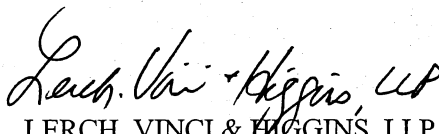
We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

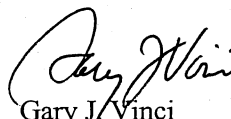
In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Nutley Board of Education, as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund types for the year then ended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

In accordance with Government Auditing Standards, we have also issued our report dated September 6, 2002 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 6, 2002

## **GENERAL PURPOSE FINANCIAL STATEMENTS**

**NUTLEY BOARD OF EDUCATION**  
**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS**  
**AS OF JUNE 30, 2002**  
**(With Comparative Totals as of June 30, 2001)**

	Governmental Fund Types			Proprietary	Fiduciary	Account Groups		Totals	
	General	Special Revenue	Debt Service	Fund Types Enterprise	Fund Types Trust and Agency	General Fixed Assets	General Long-Term Debt	(Memorandum Only) June 30, 2002	June 30, 2001
<b>ASSETS AND OTHER DEBITS</b>									
Cash and Cash Equivalents	\$ 270,396	\$ 106,205	\$ 1	\$ 103,184	\$ 637,801			\$ 1,117,587	\$ 3,043,919
Investments	1,581,035							1,581,035	
Intergovernmental Accounts Receivable									
State Aid	115,408	694		1,149				117,251	301,211
Federal Aid		441		11,211				11,652	4,642
Accounts Receivable									
Tuition	8,202							8,202	11,572
Transportation	18,864							18,864	11,482
Interfunds	4,447							4,447	9,333
Other	5,586	1,100		4,410				11,096	9,917
Inventory				9,679				9,679	10,201
Fixed Assets (Net, where Applicable of Accumulated Depreciation of \$116,091)	-	-	-	1,914	-	\$ 11,571,667	-	11,573,581	11,388,453
<b>Total Assets</b>	<b>2,003,938</b>	<b>108,440</b>	<b>1</b>	<b>131,547</b>	<b>637,801</b>	<b>11,571,667</b>	<b>-</b>	<b>14,453,394</b>	<b>14,790,730</b>
<b>OTHER DEBITS</b>									
Amount Available in Debt Service Fund							\$ 1	1	1
Amount to be Provided for Retirement of General Long-Term Debt	-	-	-	-	-	-	2,861,772	2,861,772	2,738,303
<b>Total Other Debits</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,861,773</b>	<b>2,861,773</b>	<b>2,738,304</b>
<b>Total Assets and Other Debits</b>	<b>\$ 2,003,938</b>	<b>\$ 108,440</b>	<b>\$ 1</b>	<b>\$ 131,547</b>	<b>\$ 637,801</b>	<b>\$ 11,571,667</b>	<b>\$ 2,861,773</b>	<b>\$ 17,315,167</b>	<b>\$ 17,529,034</b>

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, 2002**  
**(With Comparative Totals as of June 30, 2001)**

	<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, 2002</u>	<u>June 30, 2001</u>
					<u>Agency</u>		<u>Debt</u>		
<b>LIABILITIES</b>									
Interfund Payable				\$ 4,447				\$ 4,447	\$ 9,333
Intergovernmental Payable		\$ 29,715			\$ 378			30,093	43,226
Accounts Payable	\$ 856	39,427						40,283	
Due to Student Groups					159,991			159,991	137,994
Deferred Revenue		39,298		4,647				43,945	105,715
Compensated Absences Payable							\$ 2,196,773	2,196,773	1,958,304
Serial Bonds Payable	-	-	-	-	-	-	665,000	665,000	780,000
<b>Total Liabilities</b>	<b>856</b>	<b>108,440</b>	<b>-</b>	<b>9,094</b>	<b>160,369</b>	<b>-</b>	<b>2,861,773</b>	<b>3,140,532</b>	<b>3,034,572</b>
<b>EQUITY AND OTHER CREDITS</b>									
Investment in General Fixed Assets						\$ 11,571,667		11,571,667	11,386,753
Contributed Capital				2,135				2,135	2,135
Retained Earnings, Unreserved				120,318				120,318	2,852
Fund Balances									
Reserved									
For Encumbrances	\$ 127,216							127,216	384,392
Capital Reserve	1,000							1,000	1,000
Unreserved								-	
Designated for Subsequent Year's Budget	917,000							917,000	700,000
Undesignated	957,866	-	\$ 1	-	477,432	-	-	1,435,299	2,017,330
<b>Total Equity and Other Credits</b>	<b>2,003,082</b>	<b>-</b>	<b>1</b>	<b>122,453</b>	<b>477,432</b>	<b>11,571,667</b>	<b>-</b>	<b>14,174,635</b>	<b>14,494,462</b>
<b>TOTAL LIABILITIES, EQUITY AND OTHER CREDITS</b>	<b>\$ 2,003,938</b>	<b>\$ 108,440</b>	<b>\$ 1</b>	<b>\$ 131,547</b>	<b>\$ 637,801</b>	<b>\$ 11,571,667</b>	<b>\$ 2,861,773</b>	<b>\$ 17,315,167</b>	<b>\$ 17,529,034</b>

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, 2002**  
**(With Comparative Totals for the Fiscal Year Ended June 30, 2001)**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)	
	General <u>Fund</u>	Special Revenue <u>Fund</u>	Debt Service <u>Fund</u>	Expendable <u>Trust</u>	<u>2002</u>	<u>2001</u>
REVENUES:						
Local Sources:						
Local Tax Levy	\$ 31,081,333		\$ 144,349		\$ 31,225,682	\$ 29,734,685
Tuition	95,572				95,572	142,431
Interest on Investments	87,745			\$ 18,673	106,418	231,160
Miscellaneous	327,121	-	-	53,479	380,600	652,026
Total Revenues - Local Sources	31,591,771		144,349	72,152	31,808,272	30,760,302
State Sources	6,888,649	\$ 451,164	15,547		7,355,360	7,591,703
Federal Sources	-	880,080	-	-	880,080	698,858
Total Revenues	38,480,420	1,331,244	159,896	72,152	40,043,712	39,050,863
EXPENDITURES:						
Current						
Instruction	19,055,336	586,649			19,641,985	18,743,774
Undistributed	19,688,728	716,374		64,415	20,469,517	19,094,346
Capital Outlay	154,698	28,190			182,888	652,751
Special Schools	21,586				21,586	22,036
Transfer to Charter Schools	5,016	31			5,047	
Debt Service	-	-	159,896	-	159,896	166,307
Total Expenditures	38,925,364	1,331,244	159,896	64,415	40,480,919	38,679,214

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, 2002**  
**(With Comparative Totals for the Fiscal Year Ended June 30, 2001)**

	Governmental Fund Types			Fiduciary Fund Type Expendable Trust	Totals (Memorandum Only)	
	General	Special	Debt		2002	2001
	<u>Fund</u>	<u>Revenue</u> <u>Fund</u>	<u>Service</u> <u>Fund</u>			
Excess (Deficiency) of Revenues Over/(Under) Expenditures	\$ (444,944)	-	-	\$ 7,737	\$ (437,207)	\$ 371,649
Other Financing Sources (Uses) Transfer Out	<u>(185,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(185,000)</u>	<u>(166,783)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Sources	(629,944)	-	-	7,737	(622,207)	204,866
Fund Balance, Beginning 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>
Fund Balance, End of Year	<u>\$ 2,003,082</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 477,432</u>	<u>\$ 2,480,515</u>	<u>\$ 3,102,722</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, 2002**

	General Fund			Special Revenue Fund (Budgetary Basis)			Debt Service Fund		
	Modified Budget	Actual	Variance Favorable (Unfavorable)	Modified Budget	Actual	Variance Favorable (Unfavorable)	Modified Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>									
Local Sources									
Local Tax Levy	\$31,081,333	\$31,081,333					\$ 144,349	\$ 144,349	
Tuition	75,998	95,572	\$ 19,574						
Interest on Investments	-	87,745	87,745						
Miscellaneous	308,000	327,121	19,121	-	-	-	-	-	-
Total - Local Sources Revenues	31,465,331	31,591,771	126,440	-	-	-	144,349	144,349	-
State Sources	5,304,787	6,888,649	1,583,862	\$ 484,527	\$ 446,639	\$ (37,888)	15,547	15,547	
Federal Sources	-	-	-	872,101	849,336	(22,765)	-	-	-
	5,304,787	6,888,649	1,583,862	1,356,628	1,295,975	(60,653)	15,547	15,547	-
Total Revenues	36,770,118	38,480,420	1,710,302	1,356,628	1,295,975	(60,653)	159,896	159,896	-
<b>EXPENDITURES</b>									
Current									
Instruction	19,144,787	19,055,336	89,451	640,589	583,990	56,599			
Undistributed Expenditures	18,441,265	19,688,728	(1,247,463)	689,732	683,764	5,968			
Capital Outlay	165,683	154,698	10,985	26,276	28,190	(1,914)			
Special Schools	26,650	21,586	5,064						
Transfer to Charter Schools	5,016	5,016		31	31	-			
Debt Service	-	-	-	-	-	-	159,896	159,896	-
Total Expenditures	37,783,401	38,925,364	(1,141,963)	1,356,628	1,295,975	60,653	159,896	159,896	-
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(1,013,283)	(444,944)	568,339	-	-	-	-	-	-

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, 2002**

	General Fund			Special Revenue Fund (Budgetary Basis)			Debt Service Fund		
	Modified Budget	Actual	Variance Favorable (Unfavorable)	Modified Budget	Actual	Variance Favorable (Unfavorable)	Modified Budget	Actual	Variance Favorable (Unfavorable)
Other Financing Sources (Uses):									
Transfers Out	\$ (185,000)	\$ (185,000)	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	(185,000)	(185,000)	-	-	-	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(1,198,283)	(629,944)	\$ 568,339	-	-	-	-	-	-
Fund Balance, Beginning of Year	2,633,026	2,633,026	-	-	-	-	\$ 1	\$ 1	-
Fund Balance, End of Year	<u>\$ 1,434,743</u>	<u>\$ 2,003,082</u>	<u>\$ 568,339</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>

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

	Enterprise Funds	
		(Memorandum Only)
	<u>2002</u>	<u>2001</u>
<b>OPERATING REVENUES</b>		
Local Sources:		
Tuition	\$ 342,343	
Food Sales	449,487	\$ 419,350
Special Functions	61,607	58,334
	<u>853,437</u>	<u>477,684</u>
Total Operating Revenues		
<b>OPERATING EXPENSES</b>		
Salaries and Wages	537,512	285,861
Benefits	137,942	137,585
Supplies	326,966	303,286
Purchased Services	6,539	5,659
Other	2,561	848
Depreciation	(214)	949
	<u>1,011,306</u>	<u>734,188</u>
Total Operating Expenses		
Operating (Loss)	<u>(157,869)</u>	<u>(256,504)</u>
<b>Nonoperating Revenues:</b>		
State Sources:		
State School Lunch Program	6,695	6,586
Federal Sources:		
Federal School Lunch Program	64,223	64,348
USDA Commodities	19,417	15,614
	<u>90,335</u>	<u>86,548</u>
Total Nonoperating Revenues		
Net (Loss) Before Operating Transfers	(67,534)	(169,956)
Operating Transfers In	<u>185,000</u>	<u>166,783</u>
Net Income (Loss)	117,466	(3,173)
Retained Earnings, Beginning of Year	<u>2,852</u>	<u>6,025</u>
Retained Earnings, End of Year	<u>\$ 120,318</u>	<u>\$ 2,852</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, 2002**  
**(With Comparative Totals for the Fiscal Year Ended June 30, 2001)**

	Enterprise Fund	
		(Memorandum Only)
	<u>2002</u>	<u>2001</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Operating (Loss)	\$ (157,869)	\$ (256,504)
Adjustments to Reconcile Operating Loss to		
Net Cash Used in Operating Activities:		
Depreciation	(214)	949
USDA Commodities	19,417	15,614
Change in Assets and Liabilities:		
Decrease/(Increase) in Federal Subsidy Receivable		181
Decrease/(Increase) in State Subsidy Receivable		4
(Decrease)/Increase in Other Accounts Receivable	257	3,968
(Increase)/Decrease in Inventory	522	(457)
Increase in Deferred Revenue	(4,846)	2,734
(Decrease)/Increase in Interfunds Payable	(2,267)	(4,206)
Total Adjustments	<u>12,869</u>	<u>18,787</u>
Net Cash (Used) in Operating Activities	<u>(145,000)</u>	<u>(237,717)</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>		
Financing Activities:		
Federal and State Lunch Program	63,184	70,934
Operating Transfers From Other Funds	<u>185,000</u>	<u>166,783</u>
Net Cash Provided by Non-Capital Financing Activities	<u>248,184</u>	<u>237,717</u>
Net Increase in Cash and Cash Equivalents	<u>103,184</u>	<u>-</u>
Cash and Cash Equivalents, Beginning of Year	<u>-</u>	<u>-</u>
Cash and Cash Equivalents, End of Year	<u>\$ 103,184</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, 2002**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Nutley Board of Education (the "Board" or the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to school districts. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In addition, accounting policies of the 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 accounting principles generally accepted in the United States of America to be accounted for in other funds are accounted for in the General Fund.

*Special Revenue Fund* - The Special Revenue Fund accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal and state financed programs, with the exception of the federal and state school breakfast and lunch programs.

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

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

**B. Fund Accounting (Continued)**

**Governmental Fund Types (Continued)**

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

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

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

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

*Expendable Trust Fund* - This Fund accounts for the assets and resources which are also held by the Board as a trustee or agent for individuals, private organizations, other governments and/or other funds. This fund includes 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 and extended day operations are accounted for in the enterprise fund and are considered fund fixed assets.

*General Long-Term Debt* - All unmatured general long-term liabilities of the District (excluding those of proprietary fund types or trust funds) are accounted for in the General Long-Term Debt Account Group. This includes serial bonds outstanding which are expected to be financed from governmental funds 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 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.



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

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

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

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

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

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

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

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

**D. Budgets/Budgetary Control**

In accordance with the requirements of the New Jersey Department of Education, the District annually prepares its operating budget for the forthcoming year. The budget, except for the special revenue fund, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them.

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 2001/2002. During 2001/2002 the Board increased the original budget by \$865,181. The increase was funded by additional surplus appropriated, state and federal grant awards and the reappropriation of the prior year encumbrances.

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

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

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

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

The following presents a reconciliation of the special revenue 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)	\$1,295,975
Adjustments:	
Add encumbrances at June 30, 2001 (net of cancellations)	44,183
Less encumbrances at June 30, 2002	<u>(8,914)</u>
Total revenues & expenditures (GAAP basis)	<u>\$1,331,244</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.

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

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

**H. Tuition**

Tuition 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 2000-01 and 2001-02 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the state.

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

Food Service Fund inventories, 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.

**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 for assets acquired prior to July 1, 2001 and \$2,000 or more for assets acquired thereafter. Fixed assets acquired or constructed are recorded at original cost. Donated fixed assets are valued at their estimated fair market value on the date received.

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

Assets in the General Fixed Assets Account Group are not depreciated. Depreciation of machinery and equipment in the proprietary fund types is computed using the straight line method.

**K. Compensated Absences** - The District accounts for compensated absences as directed by Governmental Accounting Standards Board Statement No. 16 (GASB No. 16), "Accounting for Compensated Absences". Accumulated sick leave 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, vacation benefits 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 funds represent the amount available for budgeting future operations. The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes. Unreserved retained earnings for proprietary funds represent the net assets available for future operations or distribution.

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

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

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

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

**O. Property Tax Revenues** - Property taxes which are levied pursuant to law and collected by the municipality are transferred to the Board as requested and recognized as revenues in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the Board are reported as deferred revenues. The tax bills are mailed by the municipal tax collector and are payable in four quarterly installments on February 1, May 1, August 1 and November 1.

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

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

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

**NOTE 2 DEPOSITS AND INVESTMENTS**

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

**Deposits**

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

Bank balances are insured up to \$100,000 in the aggregate by the FDIC for each bank. At June 30, 2002, the book value of the Board's deposits was \$1,117,587 and bank balances of the Board's cash and deposits amounted to \$2,529,857. Of the bank balances \$694,864 was covered by FDIC, \$1,834,993 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:

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

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

**Deposits (Continued)**

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 2</u>	<u>3</u>	<u>Bank Balance</u>
Deposits	<u>\$2,529,857</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,529,857</u>

**Investments**

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

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

The investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

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

Category 2 - Uninsured and unregistered, with securities held by the counterpart's trust department or agent in the Board's name.

Category 3 - Uninsured and unregistered, with securities held by the counterpart or by its trust department or agent, but not in the Board's name.

	<u>1</u>	<u>Category 2</u>	<u>3</u>	<u>Reported Amount</u>	<u>Fair Value</u>
<u>2002</u>					
U.S. Government Securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,581,035</u>	<u>\$1,581,035</u>	<u>\$1,581,035</u>

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

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

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

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$4,447	
Food Service Enterprise Fund	<u>      </u>	\$4,447
Total	<u>\$4,447</u>	<u>\$4,447</u>

**NOTE 4 FIXED ASSETS**

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

	Balance, July 1, <u>2001</u>	<u>Additions</u>	<u>Retirements</u>	Balance, June 30, <u>2002</u>
Buildings and Building Improvements	\$7,364,418	\$ 16,533		\$7,380,951
Machinery and Equipment	<u>4,022,335</u>	<u>168,381</u>	<u>      </u>	<u>4,190,716</u>
Total General Fixed Assets	<u>\$11,386,753</u>	<u>\$184,914</u>	<u>\$ -</u>	<u>\$11,571,667</u>

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

	<u>Enterprise Fund</u>
Food Service Equipment	\$118,005
Less: Accumulated Depreciation	<u>116,091</u>
Net Fixed Assets	<u>\$ 1,914</u>

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

Machinery and Equipment	12 years
Vehicles	8 years

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

**NOTE 5 LONG-TERM DEBT**

**General Obligation Bonds**

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

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

\$1,700,000, 1992 Bonds, due in annual installments of \$110,000 to \$115,000 through September 1, 2007, variable interest rate	<u>\$665,000</u>
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**Intergovernmental Loan Payable**

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

4% of Equalized Valuation Basis (Municipal)	\$79,588,532
Less: Net Debt	<u>665,000</u>
Remaining Borrowing Power	<u>\$78,923,532</u>

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

Year Ending June 30,	Serial Bonds		Total
	Principal	Interest	
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	110,000	10,725	120,725
2008	110,000	3,575	113,575

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

	Balance, July 1, 2001	Additions	Reductions	Balance, June 30, 2002
Serial Bonds Payable	\$ 780,000		\$115,000	\$ 665,000
Compensated Absences Payable	<u>1,958,304</u>	<u>\$216,939</u>	<u>          </u>	<u>2,175,243</u>
	<u>\$2,738,304</u>	<u>\$216,939</u>	<u>\$115,000</u>	<u>\$2,840,243</u>

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

**NOTE 6 FUND EQUITY**

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

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

**Reserved for Capital Reserve Account** - This reserve was created by budget appropriation to fund future capital expenditures (See Note 13.)

**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.

**NOTE 7 SEGMENT INFORMATION - ENTERPRISE FUNDS**

The Board maintains an enterprise fund to provide food service and extended day programs. Significant financial data as of and for the year ended June 30, 2002, for the Board's Enterprise Fund is as follows:

	<u>Food Service</u>	<u>Extended Day</u>	<u>Total</u>
Operating Revenues	\$511,094	\$342,343	\$853,437
Depreciation Expense	(214)		(214)
Operating Income (Loss)	(261,053)	103,184	(157,869)
Operating Transfers			
In	185,000		185,000
Net Income (Loss)	14,282	103,184	117,466
Net Working Capital	17,355	103,184	120,539
Total Assets	28,363	103,184	131,547
Total Equity	19,269	103,184	122,453

**NOTE 8 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.



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

**NOTE 8 PENSION PLANS (Continued)**

**Plan Descriptions (Continued)**

**Teachers' Pension and Annuity Fund**

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

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

**Public Employees' Retirement System**

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 (55 for Veterans of military service, Ch. 133, P.L. 2001) with an annual benefit generally determined to be  $1/60^{\text{th}}$  (amended to  $1/55^{\text{th}}$  as of November 1, 2001, Ch. 133 P.L. 2001) of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above-mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

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

**Significant Legislation**

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

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

**NOTE 8 PENSION PLANS (Continued)**

**Significant Legislation (Continued)**

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

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

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

**Funding Policy**

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

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

During the year ended June 30, 2002, the State of New Jersey was not required to contribute to the TPAF for normal cost pension contribution or post-retirement medical benefits on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$1,546,545 during the year ended June 30, 2002 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been included in the general purpose financial statements, and the combining and individual fund statements and schedules as a revenue and expenditure in accordance with GASB No. 24.

**NOTE 9 POST RETIREMENT BENEFITS**

**Post-Employment Medical Benefits**

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

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

**NOTE 9 POST RETIREMENT BENEFITS (Continued)**

**Post-Employment Medical Benefits (Continued)**

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

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

**NOTE 10 CONTINGENT LIABILITY**

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

**NOTE 11 CLAIMS AND JUDGEMENTS**

The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2002, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**NOTE 12 INSURANCE/RISK MANAGEMENT**

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

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

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Districts' expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2001-2002	\$-0-	\$53,479	\$64,415	\$477,432
2000-2001	-0-	48,685	47,470	469,695
1999-2000	-0-	46,620	61,167	442,903

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

**NOTE 13 CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the District on September 25, 2000. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

**NOTE 14 DEFERRED COMPENSATION**

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

**NOTE 15 CONTRIBUTED CAPITAL**

	Enterprise <u>Fund</u>
Contributed Capital, July 1, 2001	\$2,135
Contributed Capital, June 30, 2002	\$2,135

## **GENERAL FUND**

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

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

ASSETS	<u>2002</u>	<u>2001</u>
Cash and Cash Equivalents	\$ 270,396	\$ 2,296,332
Investments	1,581,035	
Intergovernmental Accounts Receivable		
State Aid	115,408	299,137
Accounts Receivable		
Tuition	8,202	11,572
Transportation Fees	18,864	11,482
Interfund	4,447	9,293
Other	<u>5,586</u>	<u>5,250</u>
 Total Assets	 <u>\$ 2,003,938</u>	 <u>\$ 2,633,066</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Interfund Payable		\$ 40
Accounts Payable	<u>\$ 856</u>	<u>-</u>
 Total Liabilities	 <u>856</u>	 <u>40</u>
Fund Balance		
Reserved		
For Encumbrances	127,216	384,392
Capital Reserve	1,000	1,000
Unreserved		
Designated for Subsequent Years Budget	917,000	700,000
Undesignated	<u>957,866</u>	<u>1,547,634</u>
 Total Fund Balance	 <u>2,003,082</u>	 <u>2,633,026</u>
 Total Liabilities and Fund Balance	 <u>\$ 2,003,938</u>	 <u>\$ 2,633,066</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, 2002 AND 2001**

	2002			2001		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES						
Local Sources						
Local Tax Levy	\$ 31,081,333	\$ 31,081,333		\$ 29,582,475	\$ 29,582,475	
Tuition	75,998	95,572	\$ 19,574	135,441	142,431	\$ 6,990
Interest on Investments		87,745	87,745	150,000	205,583	55,583
Miscellaneous	308,000	327,121	19,121	140,000	603,341	463,341
Total Revenues - Local Sources	<u>31,465,331</u>	<u>31,591,771</u>	<u>126,440</u>	<u>30,007,916</u>	<u>30,533,830</u>	<u>525,914</u>
State Sources						
Core Curriculum Aid	2,799,975	2,799,975		2,730,725	2,730,725	
Transportation Aid	345,006	345,006		342,848	342,848	
Special Education Aid	2,042,454	2,042,454		1,931,541	1,931,541	
Bilingual Education	65,426	65,426		59,895	59,895	
Academic Achievement Award	44,426	44,426		51,968	51,968	
Other State Aid		884	884			
Quality Teacher Mentor Program	7,500	7,500				
Extraordinary Aid		36,433	36,433		31,859	31,859
On Behalf TPAF Pension Contributions(Non-Budgeted)					561,141	561,141
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	1,546,545	1,546,545	-	1,453,942	1,453,942
Total State Sources	<u>5,304,787</u>	<u>6,888,649</u>	<u>1,583,862</u>	<u>5,116,977</u>	<u>7,163,919</u>	<u>2,046,942</u>
Total Revenues	<u>36,770,118</u>	<u>38,480,420</u>	<u>1,710,302</u>	<u>35,124,893</u>	<u>37,697,749</u>	<u>2,572,856</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, 2002 AND 2001**

	2002			2001		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>CURRENT EXPENDITURES</b>						
Instruction - Regular Programs						
Salaries of Teachers:						
Preschool/Kindergarten	\$ 528,916	\$ 524,758	\$ 4,158	\$ 514,630	\$ 513,928	\$ 702
Grades 1 - 5	5,797,417	5,797,363	54	5,430,543	5,429,893	650
Grades 6 - 8	3,544,273	3,542,743	1,530	3,487,146	3,486,200	946
Grades 9 - 12	4,967,802	4,963,896	3,906	4,846,406	4,823,160	23,246
Home Instruction:						
Salaries of Teachers	64,200	64,194	6	70,000	69,422	578
Purchased Professional Services	8,500	3,765	4,735	5,000	3,132	1,868
Other Objects	100		100	100		100
Regular Programs - Undistributed Instruction:						
Other Salaries for Instruction	40,086	39,719	367	24,278	23,914	364
Purchased Technical Services	5,333	1,773	3,560	5,700	5,346	354
Other Purchased Services	54,271	54,055	216	52,851	35,519	17,332
General Supplies	568,349	558,044	10,305	637,013	591,966	45,047
Textbooks	371,958	331,371	40,587	289,596	248,506	41,090
Other Objects	19,250	17,272	1,978	18,350	17,494	856
Total Instruction Regular Programs	<u>15,970,455</u>	<u>15,898,953</u>	<u>71,502</u>	<u>15,381,613</u>	<u>15,248,480</u>	<u>133,133</u>
			x1			
Special Education						
Cognitive-Mild						
Salaries of Teachers				48,031	47,309	722
Other Salaries for Instruction				16,307	16,241	66
General Supplies				1,471	1,303	168
Textbooks				800	766	34
Other Objects	-	-	-	50	7	43
Total Cognitive-Mild	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,659</u>	<u>65,626</u>	<u>1,033</u>



**NUTLEY BOARD OF EDUCATION  
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COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
FOR THE FISCAL YEARS ENDED JUNE 30, 2002 AND 2001**

	2002			2001		
	<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	\$ 787,299	\$ 782,642	\$ 4,657	\$ 772,784	\$ 771,724	\$ 1,060
Other Salaries for Instruction	115,310	113,873	1,437	86,284	86,056	228
General Supplies	17,538	16,616	922	19,373	18,968	405
Textbooks	7,700	7,585	115	7,000	6,827	173
Other Objects	100	-	100	100	-	100
Total Learning/Language Disabilities	<u>927,947</u>	<u>920,716</u>	<u>7,231</u>	<u>885,541</u>	<u>883,575</u>	<u>1,966</u>
Resource Room/Resource Center						
Salaries of Teachers	636,761	635,825	936	538,159	537,879	280
Other Salaries for Instruction				16,707	14,676	2,031
General Supplies	11,644	11,610	34	12,259	10,799	1,460
Textbooks	3,900	3,884	16	2,320	1,440	880
Other Objects	50	-	50	50	-	50
Total Resource Room/Resource Center	<u>652,355</u>	<u>651,319</u>	<u>1,036</u>	<u>569,495</u>	<u>564,794</u>	<u>4,701</u>
Preschool Disabilities						
Salaries of Teachers	79,079	79,056	23	68,448	64,181	4,267
Other Salaries for Instruction	38,271	38,237	34	24,886	24,347	539
General Supplies	1,159	1,157	2	1,800	1,382	418
Textbooks	70		70	200		200
Other Objects	50	-	50	50	-	50
Total Preschool Disabilities	<u>118,629</u>	<u>118,450</u>	<u>179</u>	<u>95,384</u>	<u>89,910</u>	<u>5,474</u>
Total Special Education	<u>1,698,931</u>	<u>1,690,485</u>	<u>8,446</u>	<u>1,617,079</u>	<u>1,603,905</u>	<u>13,174</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, 2002 AND 2001**

	2002			2001		
	<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	\$ 376,047	\$ 375,332	\$ 715	\$ 378,920	\$ 376,208	\$ 2,712
General Supplies	6,753	6,751	2	8,427	5,856	2,571
Textbooks	200		200	500		500
Other Objects	400	5	395	500	405	95
Total Basic Skills/Remedial	<u>383,400</u>	<u>382,088</u>	<u>1,312</u>	<u>388,347</u>	<u>382,469</u>	<u>5,878</u>
Bilingual Education						
Salaries of Teachers	173,643	173,448	195	165,308	163,345	1,963
General Supplies	4,150	4,128	22	2,689	1,356	1,333
Textbooks	600	277	323	600	383	217
Total Bilingual Education	<u>178,393</u>	<u>177,853</u>	<u>540</u>	<u>168,597</u>	<u>165,084</u>	<u>3,513</u>
Vocational Programs- Local - Instruction						
Salaries of Teachers	2,500	2,500		5,000	5,000	
General Supplies	2,900	2,899	1	1,960	1,632	328
Textbooks				3,000	1,672	1,328
Other Objects	-	-	-	600	-	600
Total Vocational Programs-Local-Instruction	<u>5,400</u>	<u>5,399</u>	<u>1</u>	<u>10,560</u>	<u>8,304</u>	<u>2,256</u>
Co-Curricular Activities						
Salaries of Teachers	165,200	164,829	371	142,171	141,037	1,134
General Supplies	3,700	3,610		3,400	3,380	20
Other Objects	11,200	10,076	1,124			
Total Co-Curricular Activities	<u>180,100</u>	<u>178,515</u>	<u>1,585</u>	<u>145,571</u>	<u>144,417</u>	<u>1,154</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, 2002 AND 2001**

	2002			2001		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>CURRENT EXPENDITURES (Continued)</b>						
Athletics						
Salaries	\$ 474,895	\$ 474,794	\$ 101	\$ 445,658	\$ 445,309	\$ 349
Purchased Services	54,157	51,843	2,314	57,900	51,511	6,389
Supplies and Materials	72,266	68,007	4,259	78,126	74,852	3,274
Other Objects	128,690	125,426	3,264	119,513	106,726	12,787
Total Athletics	730,008	720,070	9,938	701,197	678,398	22,799
Community Services						
Salaries	3,500	1,973	1,527	3,500	3,267	233
Total Community Services	3,500	1,973	1,527	3,500	3,267	233
Total Instruction - Other	1,475,401	1,465,898	9,503	1,407,212	1,373,635	33,577
Total Instruction	19,144,787	19,055,336	89,451	18,405,904	18,226,020	179,884
Tuition						
Tuition to NJ LEA's - Special	333,144	327,191	5,953	295,407	286,913	8,494
Tuition to County Vocational - Regular	8,105	8,100	5	3,150		3,150
Tuition to County Vocational - Special	56,822	48,140	8,682	40,500	32,010	8,490
Tuition to County Sp Service and Regional Day School	190,387	190,063	324	105,010	104,267	743
Tuition to NJ Private Handicapped	1,618,303	1,613,209	5,094	1,390,226	1,369,816	20,410
Total Tuition	2,206,761	2,186,703	20,058	1,834,293	1,793,006	41,287

**NUTLEY BOARD OF EDUCATION  
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COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
FOR THE FISCAL YEARS ENDED JUNE 30, 2002 AND 2001**

	2002			2001		
	<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	\$ 415,674	\$ 415,669	\$ 5	\$ 395,659	\$ 395,258	\$ 401
Purchased Professional Services	36,181	36,157	24	26,000	25,564	436
Other Purchased Services	200	136	64	200	10	190
Supplies and Materials	15,384	14,400	984	15,613	13,879	1,734
Other Objects	250	11	239	250	-	250
Total Health Services	<u>467,689</u>	<u>466,373</u>	<u>1,316</u>	<u>437,722</u>	<u>434,711</u>	<u>3,011</u>
Undistributed Expend.-Other Supp. Svcs.-						
Student Related Services						
Salaries	238,897	238,753	144	177,442	176,295	1,147
Purchased Professional Services	25,944	24,864	1,080	43,206	39,463	3,743
Supplies and Materials	2,060	1,780	280	2,305	1,983	322
Other Objects	50	-	50	50	36	14
Total Other Support/Student Related Services	<u>266,951</u>	<u>265,397</u>	<u>1,554</u>	<u>223,003</u>	<u>217,777</u>	<u>5,226</u>
Undistributed Expend.-Other Supp. Svcs.-Extraord. Serv.						
Salaries	71,616	69,867	1,749	24,295	21,342	2,953
Purchased Professional Services	8,000	2,300	5,700	31,000	30,807	193
Supplies and Materials	993	758	235	1,050	(536)	1,586
Other Objects	200	-	200	200	50	150
Total Other Support/Extraordinary Services	<u>80,809</u>	<u>72,925</u>	<u>7,884</u>	<u>56,545</u>	<u>51,663</u>	<u>4,882</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, 2002 AND 2001**

	2002			2001		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>CURRENT EXPENDITURES (Continued)</b>						
Undistributed Expend.-Other Supp. Svcs.-Students- Reg						
Salaries of Other Professional Staff	\$ 729,836	\$ 725,581	\$ 4,255	\$ 701,179	\$ 695,977	\$ 5,202
Salaries of Secretarial Staff	100,560	99,810	750	94,216	93,387	829
Purchased Professional Services	1,750	475	1,275	2,000	1,007	993
Other Purchased Professional Services	48,623	45,771	2,852	45,174	42,296	2,878
Other Purchased Services	2,079	1,947	132	2,600	2,408	192
Supplies and Materials	29,224	25,114	4,110	34,864	27,530	7,334
Other Objects	3,010	3,008	2	3,900	3,644	256
Total Other Support Services/Regular	<u>915,082</u>	<u>901,706</u>	<u>13,376</u>	<u>883,933</u>	<u>866,249</u>	<u>17,684</u>
Undistributed Expend.-Other Supp. Svcs.-Students- Special						
Salaries of Other Professional Staff	595,864	595,497	367	589,043	577,208	11,835
Miscellaneous Purchased Services	4,468	3,320	1,148	3,500	1,861	1,639
Supplies and Materials	11,756	7,125	4,631	16,784	14,520	2,264
Other Objects	150	-	150	150	-	150
Total Other Support Services/Special	<u>612,238</u>	<u>605,942</u>	<u>6,296</u>	<u>609,477</u>	<u>593,589</u>	<u>15,888</u>
Improvement of Instruction						
Salaries of Supervisors of Instruction	115,491	115,486	5	113,250	113,150	100
Salaries of Other Professional Staff	48,595	44,378	4,217	55,500	50,990	4,510
Salaries of Secretarial Staff	139,285	136,253	3,032	131,395	122,222	9,173
Other Purchased Professional Services	1,000		1,000	900		900
Other Purchased Services	1,672	1,429	243	1,200	901	299
Supplies and Materials	13,459	10,661	2,798	14,180	12,139	2,041
Other Objects	765	764	1	850	635	215
Total Improvement of Instruction	<u>320,267</u>	<u>308,971</u>	<u>11,296</u>	<u>317,275</u>	<u>300,037</u>	<u>17,238</u>

**NUTLEY BOARD OF EDUCATION  
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COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
FOR THE FISCAL YEARS ENDED JUNE 30, 2002 AND 2001**

	2002			2001		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
CURRENT EXPENDITURES (Continued)						
Educational Media Services/ School Library						
Salaries	\$ 579,251	\$ 574,792	\$ 4,459	\$ 507,524	\$ 501,476	\$ 6,048
Purchased Professional Services	2,000	1,350	650	3,000	1,410	1,590
Other Purchased Services	14,931	14,264	667	9,059	5,829	3,230
Supplies and Materials	128,142	105,270	22,872	155,763	105,653	50,110
Total Educational Media Services/ School Library	724,324	695,676	28,648	675,346	614,368	60,978
Instructional Staff Training Services						
Salaries of other Professional Staff	20,450	13,838	6,612	21,000	20,585	415
Purchased Professional Services	6,000	5,658	342	4,000	3,000	1,000
Other Purchased Services	14,300	8,142	6,158	15,640	10,371	5,269
Supplies and Materials	750	676	74	1,000	58	942
Other Objects	950	945	5	1,200	1,116	84
Total Instructional Staff Training Services	42,450	29,259	13,191	42,840	35,130	7,710
Support Services General Administration						
Salaries	424,232	422,156	2,076	408,483	407,543	940
Legal Services	87,570	77,528	10,042	73,000	72,018	982
Other Purchased Professional Services	24,250	23,988	262	23,000	20,000	3,000
Purchased Technical Services	3,500	2,295	1,205	3,500	2,275	1,225
Communications/Telephone	116,620	114,166	2,454	98,575	95,482	3,093
Other Purchased Services	154,029	153,964	65	126,251	124,432	1,819
Supplies and Materials	21,730	21,324	406	15,700	15,527	173
Judgements/Settlements	10,000	10,000	-			
Miscellaneous Expenditures	48,350	48,304	46	43,300	42,955	345
Total Support Services General Administration	890,281	873,725	16,556	791,809	780,232	11,577

**NUTLEY BOARD OF EDUCATION  
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COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
FOR THE FISCAL YEARS ENDED JUNE 30, 2002 AND 2001**

	2002			2001		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>CURRENT EXPENDITURES (Continued)</b>						
Support Services School Administration						
Salaries of Principals and Assistant Principals	\$ 1,028,927	\$ 1,028,910	\$ 17	\$ 967,021	\$ 965,108	\$ 1,913
Salaries of Other Professional Staff	388,729	388,582	147	409,138	405,031	4,107
Salaries of Secretarial Staff	545,091	539,568	5,523	523,991	515,040	8,951
Other Purchased Services	32,070	31,657	413	30,099	29,181	918
Supplies and Materials	59,159	58,431	728	67,726	63,948	3,778
Other Objects	55,483	46,128	9,355	36,950	30,236	6,714
Total Support Services School Administration	<u>2,109,459</u>	<u>2,093,276</u>	<u>16,183</u>	<u>2,034,925</u>	<u>2,008,544</u>	<u>26,381</u>
Required Maintenance for School Facilities						
Salaries	306,222	305,714	508	377,907	376,884	1,023
Cleaning, Repair and Maintenance Services	113,750	108,570	5,180	117,601	95,246	22,355
General Supplies	113,863	108,123	5,740	110,926	105,121	5,805
Other Objects	1,525	675	850	600	-	600
Total Required Maint for School Facilities	<u>535,360</u>	<u>523,082</u>	<u>12,278</u>	<u>607,034</u>	<u>577,251</u>	<u>29,783</u>
Other Operations and Maintenance of Plant						
Salaries	1,833,061	1,773,745	59,316	1,745,445	1,740,830	4,615
Purchased Professional Services	45,200	45,192	8	43,800	43,512	288
Cleaning, Repair and Maintenance Services	186,581	178,150	8,431	222,296	197,481	24,815
Insurance	60,883	60,808	75	44,452	42,556	1,896
Other Purchased Services	32,458	31,747	711	31,200	13,586	17,614
General Supplies	77,895	77,522	373	103,391	85,341	18,050
Energy	470,688	445,690	24,998	432,000	424,517	7,483
Other Objects	151,589	150,192	1,397	269,400	263,056	6,344
Total Other Operations and Maint. of Plant	<u>2,858,355</u>	<u>2,763,046</u>	<u>95,309</u>	<u>2,891,984</u>	<u>2,810,879</u>	<u>81,105</u>

**NUTLEY BOARD OF EDUCATION  
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BUDGET AND ACTUAL  
FOR THE FISCAL YEARS ENDED JUNE 30, 2002 AND 2001**

	2002			2001		
	<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.	\$ 564,736	\$ 564,630	\$ 106	\$ 543,959	\$ 542,386	\$ 1,573
Salaries for Pupil Trans (Other than Bet Home & Sch).	133,425	132,839	586	136,425	136,000	425
Cleaning, Repair and Maintenance Services	55,700	49,060	6,640	49,400	48,901	499
Contr Serv(Oth. Than Bet Home & Sch)-Vend	62,044	60,273	1,771	50,500	46,088	4,412
Contr Serv(Special Education)-Vendors	273,102	273,102		89,000	79,766	9,234
Contr Serv(Special Education)-Joint Agreements	3,114	2,460	654	96,000	87,815	8,185
Miscellaneous Purch. Services- Transportation	16,779	16,150	629	17,500	16,112	1,388
Supplies and Materials	45,415	43,747	1,668	45,200	24,298	20,902
Miscellaneous Expenditures	16,800	16,678	122	14,000	12,726	1,274
Total Student Transportation Services	<u>1,171,115</u>	<u>1,158,939</u>	<u>12,176</u>	<u>1,041,984</u>	<u>994,092</u>	<u>47,892</u>
Business and Other Services						
Salaries	737,359	737,268	91	648,261	638,859	9,402
Other Employee Benefits	150	150				
Purchased Professional Services	113,421	110,552	2,869	103,500	64,016	39,484
Purchased Technical Services	129,089	127,760	1,329	123,500	48,954	74,546
Other Purchased Services	44,677	44,486	191	46,578	46,096	482
Supplies and Materials	60,066	43,757	16,309	27,994	22,743	5,251
Miscellaneous Expenditures	1,820	1,538	282	1,800	1,018	782
Total Business and Other Services	<u>1,086,582</u>	<u>1,065,511</u>	<u>21,071</u>	<u>951,633</u>	<u>821,686</u>	<u>129,947</u>



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COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
FOR THE FISCAL YEARS ENDED JUNE 30, 2002 AND 2001**

	2002			2001		
	<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	\$ 502,277	\$ 502,191	\$ 86	\$ 481,436	\$ 479,012	\$ 2,424
Other Retirement - Regular	19,600	18,498	1,102	20,000	18,077	1,923
Workmens Compensation	123,019	116,478	6,541	124,867	119,074	5,793
Health Benefits	3,263,746	3,262,361	1,385	2,985,338	2,950,846	34,492
Tuition Reimbursements	55,000	48,000	7,000	69,000	68,760	240
Other Employee Benefits	184,500	184,124	376	89,460	82,725	6,735
Total Unallocated Employee Benefits	<u>4,148,142</u>	<u>4,131,652</u>	<u>16,490</u>	<u>3,770,101</u>	<u>3,718,494</u>	<u>51,607</u>
On Behalf TPAF Pension Contributions (Non-Budgeted)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>561,141</u>	<u>(561,141)</u>
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	<u>-</u>	<u>1,546,545</u>	<u>(1,546,545)</u>	<u>-</u>	<u>1,453,942</u>	<u>(1,453,942)</u>
Total Undistributed Expenditures	<u>18,441,265</u>	<u>19,688,728</u>	<u>(1,247,463)</u>	<u>17,180,464</u>	<u>18,641,095</u>	<u>(1,460,631)</u>
Total Current Expenditures	<u>37,586,052</u>	<u>38,744,064</u>	<u>(1,158,012)</u>	<u>35,586,368</u>	<u>36,867,115</u>	<u>(1,280,747)</u>
CAPITAL OUTLAY						
Equipment						
Regular Programs - Instruction						
Grades 9 - 12	4,764	4,722	42	10,158	10,103	55
Special Education - Instruction						
Learning/Language Disabilities				4,047	3,019	

**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, 2002 AND 2001**

	2002			2001		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
CAPITAL OUTLAY (Continued)						
Equipment (Continued)						
Vocational Programs:						
Vocational Programs-Local-Instruction				\$ 12,750	\$ 12,160	\$ 590
School Sponsored/Other Instruct- Athletics	\$ 29,450	\$ 27,970	\$ 1,480	4,549	4,519	30
Undistributed Expenditures						
Instruction				7,264	6,295	969
Support Services - Regular				3,600	3,363	237
Support Services - Special				3,600	1,121	2,479
Support Services - Instructional Staff				10,076	5,339	4,737
Support Services - General Administration				1,100	1,065	35
Support Services - School Administration				2,253	2,224	29
Operation and Maintenance of Plant	24,750	19,250	5,500	66,595	62,110	4,485
Student Transportation Services	75,652	75,652		145,800	69,784	76,016
Business and Other Services	9,008	7,831	1,177	3,690	2,509	1,181
	<u>143,624</u>	<u>135,425</u>	<u>8,199</u>	<u>275,482</u>	<u>183,611</u>	<u>91,871</u>
Total Equipment						
Facilities Acquisition and Constr. Services						
General Supplies	4,000	2,740	1,260	24,350	19,264	5,086
Construction Services	18,059	16,533	1,526	268,340	260,867	7,473
	<u>22,059</u>	<u>19,273</u>	<u>2,786</u>	<u>292,690</u>	<u>280,131</u>	<u>12,559</u>
Total Facilities Acquisition and Constr. Services						
Total Expenditures - Capital Outlay	<u>165,683</u>	<u>154,698</u>	<u>10,985</u>	<u>568,172</u>	<u>463,742</u>	<u>104,430</u>
SPECIAL SCHOOLS						
Summer School - Instruction						
Salaries of Teachers	23,000	17,962	5,038	18,800	18,676	124
	<u>23,000</u>	<u>17,962</u>	<u>5,038</u>	<u>18,800</u>	<u>18,676</u>	<u>124</u>
Total Summer School - Instruction						

**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, 2002 AND 2001**

	2002			2001		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
SPECIAL SCHOOLS (Continued)						
Summer School - Support Services						
Salaries	\$ 3,650	\$ 3,624	\$ 26	\$ 3,425	\$ 3,360	\$ 65
Total Summer School - Support Services	3,650	3,624	26	3,425	3,360	65
Total Expenditures - Special Schools	26,650	21,586	5,064	22,225	22,036	189
TRANSFER OF FUNDS TO CHARTER SCHOOLS						
Tuition						
Tuition to NJ LEA's - Regular	5,016	5,016	-	-	-	-
Total Expenditures - Transfer of Funds to Charter Schools	5,016	5,016	-	-	-	-
Total Expenditures - General Fund	37,783,401	38,925,364	(1,141,963)	36,176,765	37,352,893	(1,176,128)
Excess (Deficiency) of Revenues						
Over/(Under) Expenditures	(1,013,283)	(444,944)	568,339	(1,051,872)	344,856	1,396,728
Other Financing Sources (Uses)						
Transfers Out	(185,000)	(185,000)	-	(192,000)	(166,783)	25,217
Excess (Deficiency) of Revenues and Other Financing						
Sources Over/(Under) Expenditures and Other						
Financing Uses	(1,198,283)	(629,944)	568,339	(1,243,872)	178,073	1,421,945
Fund Balance, Beginning of Year	2,633,026	2,633,026	-	2,454,953	2,454,953	-
Fund Balance, End of Year	\$ 1,434,743	\$ 2,003,082	\$ 568,339	\$ 1,211,081	\$ 2,633,026	\$ 1,421,945

**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, 2002 AND 2001**

	2002			2001		
	<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	\$ (384,392)	\$ (384,392)		\$ (270,562)	\$ (270,562)	
Increase in Capital Reserve				1,000	1,000	
Budgeted Fund Balance	<u>(813,891)</u>	<u>(245,552)</u>	\$ 568,339	<u>(974,310)</u>	<u>447,635</u>	\$ 1,421,945
Total	<u>\$ (1,198,283)</u>	<u>\$ (629,944)</u>	<u>\$ 568,339</u>	<u>\$ (1,243,872)</u>	<u>\$ 178,073</u>	<u>\$ 1,421,945</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, 2002 AND 2001**

	<u>2002</u>	<u>2001</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 106,205	\$ 130,867
Interfund Receivable		40
Intergovernmental Accounts Receivable		
State Aid	694	1,616
Federal Aid	441	441
Other	<u>1,100</u>	<u>-</u>
 Total Assets	 <u>\$ 108,440</u>	 <u>\$ 132,964</u>
<b>LIABILITIES</b>		
Liabilities		
Intergovernmental Accounts Payable	\$ 29,715	\$ 34,196
Accounts Payable	39,427	
Deferred Revenue	<u>39,298</u>	<u>98,768</u>
 Total Liabilities	 <u>\$ 108,440</u>	 <u>\$ 132,964</u>

**NUTLEY BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(With Comparative Totals for the Fiscal Year Ended June 30, 2001)**

	N.J. Nonpublic Auxiliary				NJ Nonpublic Handicapped			
	Nonpublic Textbooks	Compensatory Education	ESL	Transportation	Supplemental Instruction	Examination/ Classification	Corrective Speech	Nonpublic Nursing
<b>REVENUES</b>								
State Sources	\$ 34,490	\$ 59,612	\$ 3,440	\$ 9,476	\$ 13,359	\$ 31,325	\$ 32,346	\$ 38,584
Federal Sources	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	<u>\$ 34,490</u>	<u>\$ 59,612</u>	<u>\$ 3,440</u>	<u>\$ 9,476</u>	<u>\$ 13,359</u>	<u>\$ 31,325</u>	<u>\$ 32,346</u>	<u>\$ 38,584</u>
<b>EXPENDITURES</b>								
Instruction:								
Salaries of Teachers								
Other Salaries for Instruction								
Purchased Prof. and Technical Services		\$ 59,612	\$ 3,440		\$ 13,359		\$ 32,346	
Other Purchased Services								
General Supplies								
Textbooks	\$ 34,490							
Miscellaneous Expenses	-	-	-	-	-	-	-	-
<b>Total Instruction</b>	<u>34,490</u>	<u>59,612</u>	<u>3,440</u>	<u>-</u>	<u>13,359</u>	<u>-</u>	<u>32,346</u>	<u>-</u>
Support Services								
Salaries of Other Professional Staff								
Salaries of Sec. and Clerical Assistants								
Other Salaries								
Purchased Professional Educational Services						\$ 31,325		\$ 38,584
Travel								
Other Purchased Services				\$ 9,476				
Supplies and Materials								
Tuition								
Miscellaneous Expenses	-	-	-	-	-	-	-	-
<b>Total Support Services</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,476</u>	<u>-</u>	<u>31,325</u>	<u>-</u>	<u>38,584</u>
Personal Services - Employee Benefits								
Social Security Contributions								
Other Retirement								
Other Employee Benefits	-	-	-	-	-	-	-	-
<b>Total Personnel Services - Employee Benefits</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Facilities Acquisition and								
Construction Services								
Instructional Equipment	-	-	-	-	-	-	-	-
Noninstructional Equipment	-	-	-	-	-	-	-	-
<b>Total Facilities Acquisition</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfer to Charter School	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<u>\$ 34,490</u>	<u>\$ 59,612</u>	<u>\$ 3,440</u>	<u>\$ 9,476</u>	<u>\$ 13,359</u>	<u>\$ 31,325</u>	<u>\$ 32,346</u>	<u>\$ 38,584</u>



**NUTLEY BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(With Comparative Totals for the Fiscal Year Ended June 30, 2001)**

	Character Education	Distance Learning Network Aid Current year	Carryover	NJ Technology Initiative	IDEA B Basic	IDEA B Preschool	IDEA Prior Year Carryover	IDEA B Carryover
<b>REVENUES</b>								
State Sources	\$ 12,873	\$ 174,474	\$ 7,300	\$ 25,360	\$ 459,014	\$ 25,600	\$ 1,714	\$ 30,103
Federal Sources	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	<u>\$ 12,873</u>	<u>\$ 174,474</u>	<u>\$ 7,300</u>	<u>\$ 25,360</u>	<u>\$ 459,014</u>	<u>\$ 25,600</u>	<u>\$ 1,714</u>	<u>\$ 30,103</u>
<b>EXPENDITURES</b>								
Instruction:								
Salaries of Teachers	\$ 986				\$ 144,035			\$ 10,040
Other Salaries for Instruction					9,998			3,906
Purchased Prof. and Technical Services				\$ 25,360				
Other Purchased Services								
General Supplies	6,263				2,789	\$ 405		21
Textbooks	-	-	-	-	-	-	-	-
Miscellaneous Expenses	-	-	-	-	-	-	-	-
<b>Total Instruction</b>	<u>7,249</u>	<u>-</u>	<u>-</u>	<u>25,360</u>	<u>156,822</u>	<u>405</u>	<u>-</u>	<u>13,967</u>
Support Services								
Salaries of Other Professional Staff					42,859	23,405		13,313
Salaries of Secr and Clercal Assistants								
Other Salaries					73,937			
Purchased Professional Services	5,624				119,741		\$ 1,714	738
Travel								
Other Purchased Services								
Supplies and Materials		\$ 157,518	\$ 7,300					
Tuition	-	-	-	-	-	-	-	-
Miscellaneous Expenses	-	-	-	-	-	-	-	-
<b>Total Support Services</b>	<u>5,624</u>	<u>157,518</u>	<u>7,300</u>	<u>-</u>	<u>236,537</u>	<u>23,405</u>	<u>1,714</u>	<u>14,051</u>
Personal Services - Employee Benefits								
Social Security Contributions					20,719	1,790		2,085
Other Retirement								
Other Employee Benefits	-	-	-	-	44,936	-	-	-
<b>Total Personnel Services - Employee Benefits</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,655</u>	<u>1,790</u>	<u>-</u>	<u>2,085</u>
Facilities Acquisition and Construction Services								
Instructional Equipment		16,925						
Noninstructional Equipment	-	-	-	-	-	-	-	-
<b>Total Facilities Acquisition</b>	<u>-</u>	<u>16,925</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfer to Charter School	-	31	-	-	-	-	-	-
<b>Total Expenditures</b>	<u>\$ 12,873</u>	<u>\$ 174,474</u>	<u>\$ 7,300</u>	<u>\$ 25,360</u>	<u>\$ 459,014</u>	<u>\$ 25,600</u>	<u>\$ 1,714</u>	<u>\$ 30,103</u>

**NUTLEY BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(With Comparative Totals for the Fiscal Year Ended June 30, 2001)**

	School To Career	IDEA B Preschool Carryover	Title I	Title I Carryover	Title VI	Title II	Title II Carryover	Title IV
<b>REVENUES</b>								
State Sources								
Federal Sources	\$ 2,060	\$ 1,722	\$ 195,715	\$ 1,531	\$ 19,949	\$ 16,672	\$ 1,022	\$ 17,441
<b>Total Revenues</b>	<u>\$ 2,060</u>	<u>\$ 1,722</u>	<u>\$ 195,715</u>	<u>\$ 1,531</u>	<u>\$ 19,949</u>	<u>\$ 16,672</u>	<u>\$ 1,022</u>	<u>\$ 17,441</u>
<b>EXPENDITURES</b>								
Instruction:								
Salaries of Teachers			\$ 163,712					
Other Salaries for Instruction		\$ 1,600						
Purchased Prof. and Technical Services								
Other Purchased Services								
General Supplies			9,657	\$ 585				
Textbooks								
Miscellaneous Expenses	-	-	-	-	-	-	-	-
<b>Total Instruction</b>	<u>-</u>	<u>1,600</u>	<u>173,369</u>	<u>585</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Support Services								
Salaries of Other Professional Staff	\$ 2,060					\$ 5,820		\$ 13,721
Salaries of Secr and Clercal Assistants			6,506					
Other Salaries								
Purchased Professional Services								
Travel								433
Other Purchased Services						8,307		
Supplies and Materials				946	\$ 11,505	2,100	\$ 1,022	2,237
Tuition								
Miscellaneous Expenses	-	-	100	-	-	-	-	-
<b>Total Support Services</b>	<u>2,060</u>	<u>-</u>	<u>6,606</u>	<u>946</u>	<u>11,505</u>	<u>16,227</u>	<u>1,022</u>	<u>16,391</u>
Personal Services - Employee Benefits								
Social Security Contributions		122	13,022			445		1,050
Other Retirement								
Other Employee Benefits	-	-	2,718	-	-	-	-	-
<b>Total Personnel Services - Employee Benefits</b>	<u>-</u>	<u>122</u>	<u>15,740</u>	<u>-</u>	<u>-</u>	<u>445</u>	<u>-</u>	<u>1,050</u>
Facilities Acquisition and Construction Services								
Instructional Equipment					8,444			
Noninstructional Equipment	-	-	-	-	-	-	-	-
<b>Total Facilities Acquisition</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,444</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfer to Charter School	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<u>\$ 2,060</u>	<u>\$ 1,722</u>	<u>\$ 195,715</u>	<u>\$ 1,531</u>	<u>\$ 19,949</u>	<u>\$ 16,672</u>	<u>\$ 1,022</u>	<u>\$ 17,441</u>

NUTLEY BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(With Comparative Totals for the Fiscal Year Ended June 30, 2001)

	I.D.E.A.S.	Title IV Carryover	Perkins Vocational Education	Title VI Carryover	Class Size Reduction Carryover	Class Size Reduction	Total	
							June 30, 2002	June 30, 2001
REVENUES								
State Sources	\$ 4,000						\$ 446,639	\$ 415,528
Federal Sources	-	\$ 1,450	\$ 18,856	\$ 857	\$ 1,499	\$ 54,131	849,336	698,230
Total Revenues	\$ 4,000	\$ 1,450	\$ 18,856	\$ 857	\$ 1,499	\$ 54,131	\$ 1,295,975	\$ 1,113,758
EXPENDITURES								
Instruction:								
Salaries of Teachers						\$ 40,557	\$ 359,330	\$ 273,728
Other Salaries for Instruction							15,504	13,823
Purchased Prof. and Technical Services	\$ 1,500						135,617	131,510
Other Purchased Services							-	350
General Supplies	2,225	\$ 1,069	\$ 16,035				39,049	74,885
Textbooks							34,490	26,051
Miscellaneous Expenses	-	-	-	-	-	-	-	100
Total Instruction	3,725	1,069	16,035	-	-	40,557	583,990	520,447
Support Services								
Salaries of Other Professional Staff							101,178	69,500
Salaries of Secr and Clercal Assistants							6,506	3,365
Other Salaries							73,937	62,116
Purchased Professional Services							197,726	180,516
Travel							433	702
Other Purchased Services	275			\$ 374	\$ 1,499	6,647	26,578	15,568
Supplies and Materials		381		483			183,492	3,477
Tuition							-	-
Miscellaneous Expenses	-	-	-	-	-	-	100	44
Total Support Services	275	381	-	857	1,499	6,647	589,950	335,288
Personal Services - Employee Benefits								
Social Security Contributions						3,103	42,336	18,524
Other Retirement							-	16,317
Other Employee Benefits	-	-	-	-	-	3,824	51,478	39,440
Total Personnel Services - Employee Benefits	-	-	-	-	-	6,927	93,814	74,281
Facilities Acquisition and								
Construction Services								
Instructional Equipment			2,821				28,190	155,449
Noninstructional Equipment	-	-	-	-	-	-	-	28,293
Total Facilities Acquisition	-	-	2,821	-	-	-	28,190	183,742
Transfer to Charter School	-	-	-	-	-	-	31	-
Total Expenditures	\$ 4,000	\$ 1,450	\$ 18,856	\$ 857	\$ 1,499	\$ 54,131	\$ 1,295,975	\$ 1,113,758

**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, 2002**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES</b>			
Support Services			
Supplies and Materials	\$ 172,347	\$ 164,817	\$ 7,530
Total Support	<u>172,347</u>	<u>164,817</u>	<u>7,530</u>
Facilities Acquisition and Construction			
Instructional Equipment	<u>16,926</u>	<u>16,926</u>	<u>-</u>
Total Facilities Acquisition & Construction	<u>16,926</u>	<u>16,926</u>	<u>-</u>
Transfer to Charter Schools	<u>31</u>	<u>31</u>	<u>-</u>
Total	<u>\$ 189,304</u>	<u>\$ 181,774</u>	<u>\$ 7,530</u>
<b>DISTANCE LEARNING CARRYOVER</b>			<u>\$ 7,530</u>
Total Revised 2001-2002 Distance Learning Network Aid Allocation			\$ 182,003
Actual Distance Learning Network Aid Carryover (June 30, 2001)			7,183
Prior Year Encumbrances Cancelled			<u>118</u>
Total Distance Learning Network Aid Available for 2001-2002 Budget			189,304
Less: 2001-2002 Budgeted Distance Learning Network Aid			<u>189,304</u>
Available & Unbudgeted Distance Learning Network Funds as of June 30, 2002			-
Add: 2001-2002 Unexpended Distance Learning Network Aid			<u>7,530</u>
2002-2003 Actual Carryover - Distance Learning Network Aid			<u>\$ 7,530</u>
2001-2002 Distance Learning Network Aid Carryover Budgeted in 2002-2003			<u>\$ -</u>

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## **CAPITAL PROJECTS FUND**

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

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, 2002 AND 2001**

ASSETS	<u>2002</u>	<u>2001</u>
Cash and Cash Equivalents	\$ 1	\$ 1
Intergovernmental Accounts Receivable	<u>-</u>	<u>33</u>
Total Assets	<u>\$ 1</u>	<u>\$ 34</u>
 LIABILITIES AND FUND BALANCES		
Liabilities		
Deferred Revenue		\$ 33
Fund Balances		
Unreserved, Undesignated	<u>\$ 1</u>	<u>1</u>
Total Liabilities and Fund Balances	<u>\$ 1</u>	<u>\$ 34</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, 2002 AND 2001**

	2002			2001		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>REVENUES</b>						
Local Sources						
Local Tax Levy	\$ 144,349	\$ 144,349		\$ 152,210	\$ 152,210	
State Sources						
Debt Service Aid Type II	<u>15,547</u>	<u>15,547</u>	<u>-</u>	<u>14,098</u>	<u>14,098</u>	<u>-</u>
Total Revenues	<u>159,896</u>	<u>159,896</u>	<u>-</u>	<u>166,308</u>	<u>166,308</u>	<u>-</u>
<b>EXPENDITURES</b>						
Regular Debt Service						
Interest	44,896	44,896		51,307	51,307	
Principal	<u>115,000</u>	<u>115,000</u>	<u>-</u>	<u>115,000</u>	<u>115,000</u>	<u>-</u>
Total Expenditures	<u>159,896</u>	<u>159,896</u>	<u>-</u>	<u>166,307</u>	<u>166,307</u>	<u>-</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	1	1	-
Fund Balance, Beginning of Year	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</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.

**Extended Day Fund** – This fund provides for the operation of the before and after school child care program.

**NUTLEY BOARD OF EDUCATION  
ENTERPRISE FUNDS  
COMBINING BALANCE SHEETS  
AS OF JUNE 30, 2002 AND 2001**

	<u>Food Service</u>	<u>Extended Day</u>	<u>Total</u>	
			<u>2002</u>	<u>2001</u>
<b>ASSETS</b>				
Cash		\$ 103,184	\$ 103,184	
Intergovernmental Accounts Receivable				
State	\$ 1,149		1,149	\$ 425
Federal	11,211		11,211	4,201
Other	4,410		4,410	4,667
Inventory	9,679	-	9,679	10,201
Total Current Assets	<u>26,449</u>	<u>103,184</u>	<u>129,633</u>	<u>19,494</u>
Fixed Assets				
Machinery and Equipment	118,005		118,005	118,005
Less: Accumulated Depreciation	<u>116,091</u>	<u>-</u>	<u>116,091</u>	<u>116,305</u>
Total Fixed Assets	<u>1,914</u>	<u>-</u>	<u>1,914</u>	<u>1,700</u>
Total Assets	<u>\$ 28,363</u>	<u>\$ 103,184</u>	<u>\$ 131,547</u>	<u>\$ 21,194</u>
<b>LIABILITIES AND FUND EQUITY</b>				
Liabilities				
Interfunds Payable	\$ 4,447		\$ 4,447	\$ 9,293
Deferred Revenue	<u>4,647</u>	<u>-</u>	<u>4,647</u>	<u>6,914</u>
Total Liabilities	<u>9,094</u>	<u>-</u>	<u>9,094</u>	<u>16,207</u>
Fund Equity				
Contributed Capital	2,135		2,135	2,135
Retained Earnings, Unreserved	<u>17,134</u>	<u>\$ 103,184</u>	<u>120,318</u>	<u>2,852</u>
Total Fund Equity	<u>19,269</u>	<u>103,184</u>	<u>122,453</u>	<u>4,987</u>
Total Liabilities and Fund Equity	<u>\$ 28,363</u>	<u>\$ 103,184</u>	<u>\$ 131,547</u>	<u>\$ 21,194</u>

**NUTLEY BOARD OF EDUCATION  
ENTERPRISE FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2002 AND 2001**

	<u>Food Service</u>	<u>Extended Day</u>	<u>2002</u>	<u>Total</u> <u>2001</u>
<b>OPERATING REVENUES</b>				
Local Sources				
Tuition		\$ 342,343	\$ 342,343	
Daily Sales - Reimbursable				
School Lunch Program	\$ 449,487		449,487	\$ 419,350
Special Functions	61,607	-	61,607	58,334
	<u>511,094</u>	<u>342,343</u>	<u>853,437</u>	<u>477,684</u>
<b>OPERATING EXPENSES</b>				
Salaries and Wages	325,657	211,855	537,512	285,861
Benefits	119,252	18,690	137,942	137,585
Supplies	322,420	4,546	326,966	303,286
Purchased Services	4,094	2,445	6,539	5,659
Other	938	1,623	2,561	848
Depreciation	(214)	-	(214)	949
	<u>772,147</u>	<u>239,159</u>	<u>1,011,306</u>	<u>734,188</u>
Operating Income (Loss)	<u>(261,053)</u>	<u>103,184</u>	<u>(157,869)</u>	<u>(256,504)</u>
<b>Nonoperating Revenues</b>				
State Sources				
State School Lunch Program	6,695		6,695	6,586
Federal Sources				
Federal School Lunch Program	64,223		64,223	64,348
USDA Commodities	19,417	-	19,417	15,614
	<u>90,335</u>	<u>-</u>	<u>90,335</u>	<u>86,548</u>
Net Income (Loss) Before Operating Transfers	(170,718)	103,184	(67,534)	(169,956)
Operating Transfers In	185,000	-	185,000	166,783
Net Income (Loss)	14,282	103,184	117,466	(3,173)
Retained Earnings, Beginning of Year	2,852	-	2,852	6,025
Retained Earnings, End of Year	<u>\$ 17,134</u>	<u>\$ 103,184</u>	<u>\$ 120,318</u>	<u>\$ 2,852</u>

**NUTLEY BOARD OF EDUCATION**  
**ENTERPRISE FUNDS**  
**COMBINING STATEMENTS OF CASH FLOWS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2002 AND 2001**

	<u>Food Service</u>	<u>Extended Day</u>	<u>Total</u>	
			<u>2002</u>	<u>2001</u>
Cash Flows from Operating Activities				
Operating Income (Loss)	\$ (261,053)	\$ 103,184	\$ (157,869)	\$ (256,504)
Adjustments to Reconcile Operating Income				
(Loss) to Net Cash Used in Operating Activities:				
Depreciation	(214)		(214)	949
USDA Commodities	19,417		19,417	15,614
Change in Assets and Liabilities:				
Decrease (Increase) in Federal Subsidy Receivable				181
Decrease (Increase) in State Subsidy Receivable				4
Decrease (Increase) in Other Accounts Receivable	257		257	3,968
(Increase) Decrease in Inventory	522		522	(457)
Increase (Decrease) in Deferred Revenue	(4,846)		(4,846)	2,734
(Decrease) Increase in Other Liabilities	(2,267)	-	(2,267)	(4,206)
Total Adjustments	12,869	-	12,869	18,787
Net Cash Provided (Used) in Operating Activities	(248,184)	103,184	(145,000)	(237,717)
Cash Flows from Non-Capital Financing Activities				
Financing Activities:				
Federal and State School Lunch Aid	63,184		63,184	70,934
Operating Transfers From Other Funds	185,000	-	185,000	166,783
Net Cash Provided by Non-Capital Financing Activities	248,184	-	248,184	237,717
Net Increase (Decrease) in Cash and Cash Equivalents	-	103,184	103,184	-
Cash and Cash Equivalents, Beginning of Year	-	-	-	-
Cash and Cash Equivalents, End of Year	\$ -	\$ 103,184	\$ 103,184	\$ -

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

ASSETS	<u>2002</u>	<u>2001</u>
Intergovernmental Accounts Receivable		
State	\$ 1,149	\$ 425
Federal	11,211	4,201
Other	4,410	4,667
Inventory	<u>9,679</u>	<u>10,201</u>
Total Current Assets	<u>26,449</u>	<u>19,494</u>
Fixed Assets		
Machinery and Equipment	118,005	118,005
Less: Accumulated Depreciation	<u>116,091</u>	<u>116,305</u>
Total Fixed Assets	<u>1,914</u>	<u>1,700</u>
Total Assets	<u>\$ 28,363</u>	<u>\$ 21,194</u>
LIABILITIES AND FUND EQUITY		
Liabilities		
Interfunds Payable	\$ 4,447	\$ 9,293
Deferred Revenue	<u>4,647</u>	<u>6,914</u>
Total Liabilities	<u>9,094</u>	<u>16,207</u>
Fund Equity		
Contributed Capital	2,135	2,135
Retained Earnings, Unreserved	<u>17,134</u>	<u>2,852</u>
Total Fund Equity	<u>19,269</u>	<u>4,987</u>
Total Liabilities and Fund Equity	<u>\$ 28,363</u>	<u>\$ 21,194</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, 2002 AND 2001**

	<u>2002</u>	<u>2001</u>
<b>OPERATING REVENUES</b>		
Local Sources		
Daily Sales - Reimbursable		
School Lunch Program	\$ 449,487	\$ 419,350
Special Functions	<u>61,607</u>	<u>58,334</u>
Total Operating Revenues	<u>511,094</u>	<u>477,684</u>
<b>OPERATING EXPENSES</b>		
Salaries and Wages	325,657	285,861
Benefits	119,252	137,585
Supplies	322,420	303,286
Purchased Services	4,094	5,659
Other	938	848
Depreciation	<u>(214)</u>	<u>949</u>
Total Operating Expenses	<u>772,147</u>	<u>734,188</u>
Operating (Loss)	<u>(261,053)</u>	<u>(256,504)</u>
<b>Nonoperating Revenues</b>		
State Sources		
State School Lunch Program	6,695	6,586
Federal Sources		
Federal School Lunch Program	64,223	64,348
USDA Commodities	<u>19,417</u>	<u>15,614</u>
Total Nonoperating Revenues	<u>90,335</u>	<u>86,548</u>
Net Loss Before Operating Transfers	(170,718)	(169,956)
Operating Transfers In	<u>185,000</u>	<u>166,783</u>
Net Income (Loss)	14,282	(3,173)
Retained Earnings, Beginning of Year	<u>2,852</u>	<u>6,025</u>
Retained Earnings, End of Year	<u>\$ 17,134</u>	<u>\$ 2,852</u>

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

	<u>2002</u>	<u>2001</u>
Cash Flows from Operating Activities		
Operating (Loss)	\$ (261,053)	\$ (256,504)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used in Operating Activities:		
Depreciation	(214)	949
USDA Commodities	19,417	15,614
Change in Assets and Liabilities:		
Decrease (Increase) in Federal Subsidy Receivable		181
Decrease (Increase) in State Subsidy Receivable		4
Decrease (Increase) in Other Accounts Receivable	257	3,968
(Increase) Decrease in Inventory	522	(457)
Increase (Decrease) in Deferred Revenue	(4,846)	2,734
(Decrease) Increase in Other Liabilities	<u>(2,267)</u>	<u>(4,206)</u>
Total Adjustments	<u>12,869</u>	<u>18,787</u>
Net Cash (Used) in Operating Activities	<u>(248,184)</u>	<u>(237,717)</u>
Cash Flows from Non-Capital Financing Activities		
Financing Activities:		
Federal and State School Lunch Aid	63,184	70,934
Operating Transfers From Other Funds	<u>185,000</u>	<u>166,783</u>
Net Cash Provided by Non-Capital Financing Activities	<u>248,184</u>	<u>237,717</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>

**NUTLEY BOARD OF EDUCATION  
EXTENDED DAY ENTERPRISE FUND  
BALANCE SHEET  
AS OF JUNE 30, 2002**

<b>ASSETS</b>	<u>2002</u>
Cash	\$ <u>103,184</u>
Total Assets	<u>\$ 103,184</u>
 <b>LIABILITIES AND FUND EQUITY</b>	
Fund Equity	
Retained Earnings, Unreserved	\$ <u>103,184</u>
Total Fund Equity	<u>103,184</u>
Total Liabilities and Fund Equity	<u>\$ 103,184</u>

**NUTLEY BOARD OF EDUCATION**  
**EXTENDED DAY ENTERPRISE FUND**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN RETAINED EARNINGS**  
**FROM INCEPTION (JANUARY 1, 2002) THROUGH THE PERIOD**  
**ENDED JUNE 30, 2002**

	<u>2002</u>
OPERATING REVENUES	
Local Sources	
Tuition	\$ 342,343
Total Operating Revenues	<u>342,343</u>
OPERATING EXPENSES	
Salaries and Wages	211,855
Benefits	18,690
Purchased Services	4,546
Supplies	2,445
Other	1,623
Depreciation	<u>-</u>
Total Operating Expenses	<u>239,159</u>
Net Income	103,184
Retained Earnings, Beginning of Year	<u>-</u>
Retained Earnings, End of Year	<u>\$ 103,184</u>

**NUTLEY BOARD OF EDUCATION**  
**EXTENDED DAY ENTERPRISE FUND**  
**STATEMENT OF CASH FLOWS**  
**FROM INCEPTION (JANUARY 1, 2002) THROUGH THE PERIOD**  
**ENDED JUNE 30, 2002**

	<u>2002</u>
Cash Flows from Operating Activities	
Operating Income	\$ 103,184
Adjustments to Reconcile Operating Income (Loss) to	
Net Cash Used in Operating Activities:	
Change in Assets and Liabilities:	
(Decrease) in Accounts Payable	-
	-
Total Adjustments	-
Net Cash Provided by (Used in) Operating Activities	103,184
Net Increase (Decrease) in Cash and Cash Equivalents	103,184
Cash and Cash Equivalents, Beginning of Year	-
Cash and Cash Equivalents, End of Year	\$ 103,184

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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 FUNDS  
COMBINING BALANCE SHEET  
AS OF JUNE 30, 2002  
(With Comparative Totals as of June 30, 2001)**

	Expendable <u>Trust</u> Unemployment <u>Insurance</u>	<u>Agency</u> Student <u>Activity</u>	<u>Payroll</u>	<u>Total</u> <u>2002</u>	<u>2001</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 477,810	\$ 159,991	-	\$ 637,801	\$ 616,719
Total Assets	<u>\$ 477,810</u>	<u>\$ 159,991</u>	<u>\$ -</u>	<u>\$ 637,801</u>	<u>\$ 616,719</u>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities</b>					
Intergovernmental Payable	\$ 378			\$ 378	\$ 9,030
Due to Student Groups	<u>-</u>	\$ 159,991	<u>-</u>	<u>159,991</u>	<u>137,994</u>
Total Liabilities	<u>378</u>	<u>159,991</u>	<u>-</u>	<u>160,369</u>	<u>147,024</u>
<b>Fund Balances</b>					
Unreserved, Undesignated	<u>477,432</u>	<u>-</u>	<u>-</u>	<u>477,432</u>	<u>469,695</u>
Total Liabilities and Fund Balance	<u>\$ 477,810</u>	<u>\$ 159,991</u>	<u>\$ -</u>	<u>\$ 637,801</u>	<u>\$ 616,719</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, 2002 AND 2001**

**NOT APPLICABLE**

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

	<u>Balance July 1, 2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2002</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 137,994	\$ 383,442	\$ 361,445	\$ 159,991
Total Assets	<u>\$ 137,994</u>	<u>\$ 383,442</u>	<u>\$ 361,445</u>	<u>\$ 159,991</u>
<b>LIABILITIES</b>				
Due to Student Groups	\$ 137,994	\$ 383,442	\$ 361,445	\$ 159,991
Total Liabilities	<u>\$ 137,994</u>	<u>\$ 383,442</u>	<u>\$ 361,445</u>	<u>\$ 159,991</u>

**STUDENT ACTIVITY FUND  
STATEMENT OF ACTIVITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	<u>Balance July 1, 2001</u>	<u>Cash Receipts</u>	<u>Cash Disburse- ments</u>	<u>Balance June 30, 2002</u>
<b>ELEMENTARY SCHOOLS</b>				
Lincoln	\$ 2,827	\$ 20,337	\$ 21,437	\$ 1,727
Radcliffe	4,401	9,871	10,905	3,367
Spring Garden	8,606	11,632	14,212	6,026
Washington	2,922	4,991	6,292	1,621
Yantacaw	<u>3,924</u>	<u>7,366</u>	<u>8,490</u>	<u>2,800</u>
	<u>22,680</u>	<u>54,197</u>	<u>61,336</u>	<u>15,541</u>
<b>MIDDLE SCHOOL</b>				
Franklin	<u>6,466</u>	<u>67,193</u>	<u>65,975</u>	<u>7,684</u>
<b>HIGH SCHOOL</b>				
Nutley High School	<u>108,848</u>	<u>262,052</u>	<u>234,134</u>	<u>136,766</u>
<b>TOTAL ALL SCHOOLS</b>	<u>\$ 137,994</u>	<u>\$ 383,442</u>	<u>\$ 361,445</u>	<u>\$ 159,991</u>

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

	<u>Balance July 1, 2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2002</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	<u>-</u>	<u>\$ 28,012,143</u>	<u>\$ 28,012,143</u>	<u>-</u>
Total Assets	<u>\$ -</u>	<u>\$ 28,012,143</u>	<u>\$ 28,012,143</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Accrued Salaries, Payroll Deductions and Withholdings	<u>-</u>	<u>\$ 28,012,143</u>	<u>\$ 28,012,143</u>	<u>-</u>
Total Liabilities	<u>\$ -</u>	<u>\$ 28,012,143</u>	<u>\$ 28,012,143</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, 2002 AND 2001**

	<u>2002</u>	<u>2001</u>
<b>REVENUES</b>		
Miscellaneous - Employee Contributions	\$ 53,479	\$ 48,685
Interest	<u>18,673</u>	<u>25,577</u>
Total Revenues	<u>72,152</u>	<u>74,262</u>
<b>EXPENDITURES</b>		
Current		
Undistributed Expenditures	<u>64,415</u>	<u>47,470</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	7,737	26,792
Fund Balances, Beginning of Year	<u>469,695</u>	<u>442,903</u>
Fund Balances, End of Year	<u>\$ 477,432</u>	<u>\$ 469,695</u>

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#### **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, 2002 AND 2001**

	<u>2002</u>	<u>2001</u>
<b>GENERAL FIXED ASSETS</b>		
Buildings & Building Improvements	\$ 7,380,951	\$ 7,364,418
Machinery and Equipment	<u>4,190,716</u>	<u>4,022,335</u>
Total General Fixed Assets	<u>\$ 11,571,667</u>	<u>\$ 11,386,753</u>
<b>INVESTMENT IN GENERAL FIXED ASSETS BY SOURCE</b>		
General Fund	\$ 10,968,328	\$ 10,811,605
Special Revenue Fund	<u>603,339</u>	<u>575,148</u>
Total Investment in General Fixed Assets	<u>\$ 11,571,667</u>	<u>\$ 11,386,753</u>

**NUTLEY BOARD OF EDUCATION  
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY SOURCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	<u>Balance July 1, 2001</u>	<u>Additions</u>	<u>Transfers/ Disposals</u>	<u>Balance June 30, 2002</u>
General Fund	\$ 10,811,605	\$ 156,723		\$ 10,968,328
Special Revenue Fund	<u>575,148</u>	<u>28,191</u>	<u>-</u>	<u>603,339</u>
	<u>\$ 11,386,753</u>	<u>\$ 184,914</u>	<u>\$ -</u>	<u>\$ 11,571,667</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, 2002 AND 2001**

	<u>2002</u>	<u>2001</u>
<b>OTHER DEBITS</b>		
Amount Available in Debt Service Fund	\$ 1	\$ 1
Amount to be Provided for Retirement of Long-Term Debt	<u>2,861,772</u>	<u>2,738,303</u>
 Total Amount Available and to be Provided for General Long-Term Debt	 <u>\$ 2,861,773</u>	 <u>\$ 2,738,304</u>
 <b>LONG-TERM LIABILITIES</b>		
Serial Bonds Payable	\$ 665,000	\$ 780,000
Compensated Absences Payable	<u>2,196,773</u>	<u>1,958,304</u>
 Total General Long-Term Liabilities	 <u>\$ 2,861,773</u>	 <u>\$ 2,738,304</u>

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

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, 2001</u>	<u>Paid</u>	Balance <u>June 30, 2002</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	9/1/02 9/1/03-07	\$ 115,000 110,000	Various	<u>\$ 780,000</u>	<u>\$ 115,000</u>	<u>\$ 665,000</u>
						<u>\$ 780,000</u>	<u>\$ 115,000</u>	<u>\$ 665,000</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 EIGHT FISCAL YEARS**  
**(Unaudited)**

	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>
<b>GENERAL FUND</b>								
Instruction								
Regular	\$ 15,898,953	\$ 15,248,480	\$ 14,772,041	\$ 14,230,398	\$ 13,814,801	\$ 13,592,391	\$ 12,963,067	\$ 12,125,961
Special	1,690,485	1,603,905	1,430,104	1,277,811	1,296,002	1,851,178	1,802,120	1,697,318
Other	559,941	547,553	486,379	493,012	453,869	112,070	54,633	51,289
School-Sponsored/Other Instructional	903,984	831,119	772,882	639,175	587,532	456,091	453,782	455,269
Total Instruction	<u>19,053,363</u>	<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>1,973</u>	<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	2,186,703	1,793,006	1,711,466	1,663,639	1,615,882	1,474,291	1,327,378	1,402,885
Support Services-Students	2,312,343	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	1,033,906	949,535	1,041,273	1,023,532	963,975	1,001,010	969,716	915,498
General Administration	873,725	780,232	784,542	708,391	750,705	709,214	718,448	808,834
School Administration	2,093,276	2,008,544	2,020,055	1,963,728	1,863,816	1,871,243	1,995,671	1,909,687
Operations and Maintenance	3,286,128	3,388,130	3,268,968	3,142,134	3,118,757	3,032,535	2,962,513	2,728,687
School Transportation	1,158,939	994,092	980,350	990,996	807,890	838,446	772,703	713,220
Business and Other Support Services								
Salaries and Employee Benefits	4,869,070	4,357,353	4,009,716	3,792,480	3,519,052	3,860,057	3,795,224	3,605,136
Other	328,093	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	1,546,545	1,453,942	1,397,601	1,332,455	1,265,767	1,241,810	1,201,391	N/A
Total Undistributed	<u>19,688,728</u>	<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	135,425	183,611	158,865	266,716	213,670	226,189	231,131	179,172
Facilities	19,273	280,131	246,771	250,868	341,819	93,123	146,667	148,207
Total Capital Outlay	<u>154,698</u>	<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>21,586</u>	<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>5,016</u>	<u>-</u>	<u>6,594</u>	<u>11,560</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total General Fund Expenditures	<u>38,925,364</u>	<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>
<b>SPECIAL REVENUE FUND</b>								
State	451,164	413,686	364,349	338,080	353,227	218,560	203,393	172,464
Federal	880,080	698,858	650,934	535,880	454,874	438,279	489,842	430,125
Total Special Revenue Expenditures	<u>1,331,244</u>	<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>
<b>DEBT SERVICE FUND</b>	<u>159,896</u>	<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>\$ 40,416,504</u>	<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  
GENERAL FUND  
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

**UNDISTRIBUTED EXPENDITURES - REQUIRED  
MAINTENANCE FOR SCHOOL FACILITIES  
11-000-261-XXX**

		<u>2002</u>	<u>2001</u>
<b>School Facilities</b>	<b>Project #(s)</b>		
Nutley High School	N/A	\$ 189,012	\$ 208,586
Franklin Middle School	N/A	90,455	99,823
Lincoln Elementary School	N/A	55,359	61,092
Radcliffe Elementary School	N/A	44,540	49,152
Spring Garden Elementary School	N/A	45,375	50,074
Washington Elementary School	N/A	49,367	54,479
Yantacaw Elementary School	N/A	<u>48,974</u>	<u>54,045</u>
 Total School Facilities		 523,082	 577,251
 <b>Other Facilities</b>		 <u>-</u>	 <u>-</u>
 Grand Total		 <u>\$ 523,082</u>	 <u>\$ 577,251</u>

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

<u>Fiscal Year Ended June 30,</u>	<u>Local Tax Levy</u>	<u>Other Local Revenue</u>	<u>State Revenue</u>	<u>Federal Revenue</u>	<u>Total</u>
2002	\$31,225,682	\$ 510,438	\$7,355,360 *	\$ 880,080	\$ 39,971,560
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>	
2001	\$ 63,126,686	\$ 61,585,785	97.55	%
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	

Source: Municipality's Financial Statements



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

<u>Year Ended June 30,</u>	<u>Net Assessed Valuations</u>	<u>Estimated Full Cash Valuations</u>	<u>Percentage of Net Assessed to Estimated Full Cash Valuations</u>
2002	\$ 507,765,100	\$ 2,118,335,836	23.97%
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

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>
2002	\$6.31	\$4.01	\$2.59	\$.04	\$12.95
2001	6.13	3.76	2.61	.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

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>
2002	27,362	\$ 507,765,100	\$ 665,000	0.13%	24.30%
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%

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, 2002  
(Unaudited)**

<u>Year</u>	<u>Equalized Valuation Basis</u>
2001	\$2,069,049,228
2000	1,976,156,792
1999	1,923,933,884
Average equalized valuation of taxable property	<u>\$1,989,713,301</u>
School borrowing margin (4% of \$1,989,713,301)	\$ 79,588,532
Net bonded school debt as of June 30, 2002	<u>665,000</u>
School Borrowing Margin Available	<u>\$ 78,923,532</u>

Source: Township's 2001 Annual Debt Statement

**NUTLEY BOARD OF EDUCATION  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
FOR THE YEAR ENDED JUNE 30, 2002  
(Unaudited)**

Net Direct Debt of School District as of June 30, 2002		\$ 665,000
Net Overlapping Debt of School District		
Township of Nutley	\$ 12,461,387	
Essex County	19,974,757	
Essex County Utilities Authority (A)	5,262,886	
North Jersey District Water Supply Commission (B)	<u>5,851,760</u>	
		<u>43,550,790</u>
Total Direct and Overlapping Bond Debt as of June 30, 2002		<u>\$ 44,215,790</u>

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

(B) Overlapping debt was computed based upon usage

Sources:

- (1) Township of Nutley 2001 Annual Debt Statement
- (2) Essex County 2001 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 GOVERNMENTAL 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>	
2002	\$ 115,000	\$ 44,896	\$ 159,896	\$ 40,416,504	.40	%
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	

\*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>
2001	3.1	*	27,362
2000	2.7	34,519	27,362
1999	3.3	32,683	25,764
1998	3.2	32,172	25,867
1997	6.5	30,464	25,800
1996	4.5	29,572	25,970
1995	4.4	28,474	26,093
1994	4.7	27,180	26,370
1993	5.2	26,487	26,626
1992	6.0	26,535	26,626

\* Accurate information not available.

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

\*\*\* Estimates as per U.S. Bureau fo the Census , Census 2001

**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	\$ 68,002,600	13.36	%
432 Owners Inc.	4,048,200	.79	
Village Manor Apts.	2,430,000	.48	
Nutley Properties	2,395,000	.47	
Nutley Shop-Rite	2,391,000	.47	
Bell Atlantic	1,973,800	.39	
Town and Country	1,077,700	.21	
Atela Assoc.	973,700	.19	
Reckson Operating	870,000	.17	
River Road Association	851,000	.17	
	<u>\$ 85,013,000</u>	<u>16.70</u>	<u>%</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>
2002	4,112	3,908	2.0	95.03
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

Source: School District records

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

	<u>Insurance Company</u>	<u>Coverage</u>	<u>Deductible</u>
All Real and Personal Property and Theft of Contents	Suburban Essex JIF Selective Insurance	\$ 24,000 149,900,000	\$ 1,000 100,000
Money and Security Loss	Suburban Essex JIF	24,000	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)	Selective Insurance Co.	9,850,000 per occ 22,001,000 aggreg	150,000
School Board Legal Liability	Suburban Essex JIF Selective Insurance Co.	100,000 per occ 10,000,000 per occ 10,000,000 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 Selective Reinsurance Corp	100,000 Statutory Cov A 9,750,000 Cov B	N/A 250,000 250,000
Public Official Bonds			
Dave Wilson	Selective	255,000	N/A
John Sincaglia	Cigna	3,000	N/A

Source: School District's records

**NUTLEY BOARD OF EDUCATION  
MISCELLANEOUS STATISTICS  
AS OF JUNE 30, 2002  
(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	328
Other	<u>224</u>
Total employees	<u>552</u>
Teacher/Student Ratio	
Kindergarten	1:18
1-5	1:20
6-8	1:18
9-12	1:14
Special Education	1:05
Student Count	4,141

Source: School District's records

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**SINGLE AUDIT SECTION**

# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1  
Page 1

17 - 17 ROUTE 208  
FAIR LAWN, NJ 07410  
TELEPHONE (201) 791-7100  
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JENNIFER TORPEY, CPA, PSA  
ROBERT W. HAAG, CPA, PSA

## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF 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 financial statements of the Nutley Board of Education as of and for the year ended June 30, 2002, and have issued our report thereon dated September 6, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

### Compliance

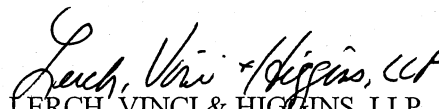
As part of obtaining reasonable assurance about whether the Nutley Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material 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 6, 2002.

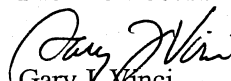
### Internal Control Over Financial Reporting

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 6, 2002.

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 6, 2002

# LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2  
Page 1

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REGISTERED MUNICIPAL 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, 2002. 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 auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB Circular 98-07, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Those standards and circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major 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, 2002. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and New Jersey OMB Circular 98-07 and which is described in the accompanying schedule of findings and questioned costs as item 2002-1.

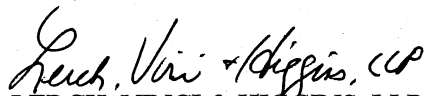
### **Internal Control Over Compliance**

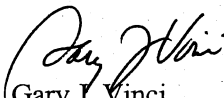
The management of Nutley Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered Nutley 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. A reportable condition is described in the accompanying schedule of findings and questioned costs as item 2002-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that 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 6, 2002

**NUTLEY BOARD OF EDUCATION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Grant Period	Award Amount	Balance July 1, 2001	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year Balances	Adjustment	Balance June 30, 2002 (Accounts Receivable)	Deferred Revenue	Due to Grantor
<b>U.S. Department of Education</b>												
<b>Passed Through State Department of Education</b>												
<u>Special Revenue Fund:</u>												
Title I	84.010	9/1/01-8/31/02	\$ 195,833			\$ 195,833	\$ 195,715			\$ 118	✓	
Title I	84.010	9/1/00-8/31/01	176,613	\$ 2,733	\$ (2,733)							
Title I, Carryover	84.010	9/1/00-8/31/01	176,613		2,733		1,531					
Title I, Carryover	84.010	9/1/99-8/31/01	171,326	88				\$ 157	(A) \$ 69	1,202	✓	
Title VI	84.151	9/1/01-8/31/02	20,074			20,074	19,949			125	✓	
Title VI	84.151	9/1/00-8/31/01	18,740	374	(374)							
Title VI, Carryover	84.151	9/1/00-8/31/01	18,740		374		374					
Title VI, Carryover	84.151	9/1/99-8/31/01	18,554	483			483					
Title VI - Class Size Reduction	84.340	9/1/01-8/31/02	59,552			59,552	54,131			5,421	✓	
Title VI - Class Size Reduction	84.340	9/1/00-8/31/01	52,082	2,607	(2,607)							
Title VI - Class Size Reduction, Carryover	84.340	9/1/00-8/31/01	52,082		2,607		1,499			1,108	✓	
Title VI - Class Size Reduction, Carryover	84.340	9/1/99-8/31/01	46,729	4				4				
IDEA Part B	84.027	9/1/01-8/31/02	470,504			470,504	459,014			11,490	✓	
IDEA Part B	84.027	9/1/00-8/31/01	321,260	31,817	(31,817)							
IDEA Part B, Carryover	84.027	9/1/00-8/31/01	321,260		31,817		31,817					
IDEA Part B, Carryover	84.027	9/1/99-8/31/01	314,000	681				904	(A) 223			
IDEA Part B Preschool	84.027	9/1/01-8/31/02	27,657			27,657	25,600			2,057	✓	
IDEA Part B Preschool	84.027	9/1/00-8/31/01	26,471	1,745	(1,745)							
IDEA Part B Preschool, Carryover	84.027	9/1/00-8/31/01	26,471		1,745		1,722	23				
Carl D. Perkins - Secondary	84.048	7/1/01-6/30/02	18,891			18,891	18,856			35	✓	
Title IV (Drug Education)	84.188	9/1/01-8/31/02	17,463			17,463	17,441			22	✓	
Title IV (Drug Education)	84.188	9/1/00-8/31/01	16,973	402	(402)							
Title IV (Drug Education), Carryover	84.188	9/1/00-8/31/01	16,973		402		381			21	✓	
Title IV (Drug Education), Carryover	84.188	9/1/99-8/31/01	15,964	1,069			1,069					
Title II (Ike/Math)	84.168	9/1/01-8/31/02	16,742			16,742	16,672			70	✓	
Title II (Ike/Math)	84.168	9/1/00-8/31/01	12,889	1,030	(1,030)							
Title II Carryover	84.168	9/1/00-8/31/01	12,889		1,030		1,022			8	✓	
School To Career	N/A	N/A	805			805	547			258		
School To Career	N/A	N/A	16,028	1,513	(1,513)							
School To Career, Carryover	N/A	N/A	16,028		1,513		1,513					
Technology Literacy Challenge	84.318	4/1/99-3/31/00	95,000	(441)	-	-	-	-	-	\$ (441)	✓	-
Total Special Revenue Fund				44,105	-	827,521	849,336	1,088	292	(441)	21,935	-
<b>U.S.D.A. Department of Agriculture</b>												
<b>Passed Through State Department of Education</b>												
<u>Enterprise Fund:</u>												
Food Distribution Program	10.550	7/1/00-6/30/01	18,348	6,914			6,914					
Food Distribution Program	10.550	7/1/01-6/30/02	19,417			19,417	14,770			4,647		
National School Lunch Program	10.555	7/1/00-6/30/01	64,348	(4,201)		4,201						
National School Lunch Program	10.555	7/1/01-6/30/02	64,423	-	-	53,212	64,423	-	-	\$ (11,211)	-	-
Total Enterprise Fund				2,713	-	76,830	86,107	-	-	(11,211)	4,647	-
Total Federal Financial Awards				\$ 46,818	-	\$ 904,351	\$ 935,443	\$ 1,088	\$ 292	\$ (11,652)	\$ 26,582	-

(A)- Encumbrances Cancelled

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

											Balance June 30, 2002	
	Grant or State Project Number	Grant	Award Amount	Balance June 30, 2001	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year Balances	Adjustments	(Accts. Receivable)	Deferred Revenue	Due to Grantor
State Department of Education												
General Fund:												
Core Curriculum Aid	02-495-034-5120-022	7/1/01-6/30/02	\$2,799,975			\$ 2,799,975	\$ 2,799,975					
Transportation Aid	02-495-034-5120-024	7/1/01-6/30/02	345,006			345,006	345,006					
Special Education Aid	01-495-034-5120-011	7/1/00-6/30/01	1,931,541	\$ (193,027)		193,027						
Special Education Aid	02-495-034-5120-011	7/1/01-6/30/02	2,042,454			2,042,454	2,042,454					
Bilingual Education	02-495-034-5120-008	7/1/01-6/30/02	65,426			65,426	65,426					
Academic Achievement Award	02-100-034-5120-344	7/1/01-6/30/02	44,426			44,426	44,426					
Extraordinary Aid	01-495-034-5120-044	7/1/00-6/30/01	31,859	(31,859)		31,859						
Extraordinary Aid	02-495-034-5120-044	7/1/01-6/30/02	36,433				36,433		\$ (36,433)			
Quality Teacher Mentor Program	02-495-034-5120-052	7/1/01-6/30/02	7,500			7,500	7,500					
Other State Aid	N/A	7/1/01-6/30/02	884			884	884					
TPAF Social Security Contribution	01-495-034-5095-002	7/1/00-6/30/01	1,453,942	(74,251)		74,251						
TPAF Social Security Contribution	00-495-034-5095-002	7/1/01-6/30/02	1,546,545	-	-	1,467,570	1,546,545	-	-	(78,975)	-	-
Total General Fund				(299,137)	-	7,072,378	6,888,649	-	-	(115,408)	-	-
Special Revenue Fund:												
New Jersey Nonpublic Aid:												
Textbooks	01-100-034-5120-064	7/1/00-6/30/01	32,402	6,351				\$ 6,351				
Textbooks	02-100-034-5120-064	7/1/01-6/30/02	35,149			35,149	34,490				\$	659
Auxiliary Services												
Compensatory Education	02-100-034-5120-067	7/1/01-6/30/02	64,345			64,345	59,612					4,733
Compensatory Education	01-100-034-5120-067	7/1/00-6/30/01	72,332	7,247				7,247				
Compensatory Education	00-100-034-5120-067	7/1/99-6/30/00	90,611	(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	02-100-034-5120-067	7/1/01-6/30/02	6,370			6,370	3,440					2,930
Transportation	01-100-034-5120-067	7/1/00-6/30/01	9,476			9,476	9,476					
Home Instruction	01-100-034-5120-067	7/1/00-6/30/01	922	(922)		922						
Handicapped Services												
Supplemental Instruction	01-100-034-5120-066	7/1/00-6/30/01	20,903	11,159				11,159				
Supplemental Instruction	02-100-034-5120-066	7/1/01-6/30/02	13,359			13,359	13,359					
Examination and Classification	01-100-034-5120-066	7/1/00-6/30/01	26,555	234				234				
Examination and Classification	02-100-034-5120-066	7/1/01-6/30/02	40,192			40,192	31,325					8,867
Corrective Speech	01-100-034-5120-066	7/1/00-6/30/01	35,141	2,795				2,795				
Corrective Speech	02-100-034-5120-066	7/1/01-6/30/02	44,872			44,872	32,346					12,526
Nonpublic Nursing	02-100-034-5120-070	7/1/01-6/30/02	38,584			38,584	38,584					
Nonpublic Technology Initiative	02-100-034-5120-373	7/1/01-6/30/02	25,360			25,360	25,360					
Nonpublic Technology Initiative	01-100-034-5120-373	7/1/00-6/30/01	23,453	40				40				
Nonpublic Technology Initiative	00-100-034-5120-373	7/1/99-6/30/00	27,000	(354)						(354)		
Character Education	02-100-034-5120-053	7/1/01-6/30/02	11,346			11,346	10,426			\$ 920		
Character Education	01-100-034-5120-053	7/1/00-6/30/01	11,761	2,447			2,447					
I.D.E.A.S.	N/A	7/1/01-6/30/02	4,000			4,000	4,000					
Distance Learning Network	01-100-034-5120-348	7/1/00-6/30/01	175,828	7,183	(7,183)							
Distance Learning Network	02-100-034-5120-348	7/1/01-6/30/02	182,003	-	7,183	182,003	181,774	-	(A) \$ 117	-	7529 229	-
Total Special Revenue Fund				42,210	-	475,978	446,639	34,196	117	(694)	1,149	29,715
Debt Service Fund:												
Debt Service Aid Type II	02-495-034-5120-017	7/1/01-6/30/02	15,547	-	-	15,547	15,547	-	-	-	-	-
State Department of Agriculture												
Enterprise Fund:												
National School Lunch Program	01-100-034-5120-122	7/1/00-6/30/01	6,586	(425)		425						
National School Lunch Program	02-100-034-5120-122	7/1/01-6/30/02	6,695	-	-	5,546	6,695	-	-	(1,149)	-	-
				(425)	-	5,971	6,695	-	-	(1,149)	-	-
Total State Financial Assistance				\$ (257,352)	\$ -	\$ 7,569,874	\$ 7,357,530	\$ 34,196	\$ 117	\$ (117,251)	\$ 1,149	\$ 29,715

(A) Encumbrances Cancelled

The Notes to the Schedules of Expenditures of Federal and State Awards are an Integral Part of this Statement

**NOTES TO THE SCHEDULES OF FEDERAL AWARDS AND  
STATE FINANCIAL ASSISTANCE**

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

**NOTE 1 GENERAL**

The accompanying schedules present the activity of all federal and state financial assistance programs of the 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 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 \$35,269. 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		\$6,888,649	\$6,888,649
Special Revenue Fund	\$880,080	451,164	1,331,244
Debt Service Fund		15,547	15,547
Food Service Fund	<u>83,640</u>	<u>6,695</u>	<u>90,335</u>
Total Financial Assistance	<u>\$963,720</u>	<u>\$7,362,055</u>	<u>\$8,325,775</u>

**NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

**NOTE 5 OTHER**

Revenues and expenditures reported under the U.S.D.A. Commodities Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2002.

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

*Part I – Summary of Auditor's Results*

**Financial Statement Section**

Type of auditors' report issued on financial statements

Unqualified

Internal control over financial reporting:

1) Material weakness(es) identified:

           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?

  X   yes            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, 2002**

*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?

\_\_\_\_\_ yes        X   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?

\_\_\_\_\_ yes        X   no

Identification of major state programs:

GMIS Number(s)
01-495-034-5120-022
01-495-034-5120-011
01-495-5095-002

Name of State Program
Core Curriculum Stds. Aid
Special Education Aid
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, 2002**

***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**

**Finding 2002-1**

Certain budget accounts in the IDEA Basic and IDEA Pre-School grant were overexpended during the school year. Budget transfers were authorized by the Board, subsequent to August 1, 2002.

**Federal Program Information**

IDEA Part B - Basic CFDA      84.027

**Criteria or Specific Requirements**

Grant Requirements

**Condition**

Amounts expended were in excess of budgeted amounts. A transfer was authorized by the Board, subsequent to August 1, 2002.

**Questioned Costs**

None

**Context**

Grant line item balances should be continually reviewed to ensure that amounts expended do not exceed the available budget amounts.

**Effect**

Grant expenditures may be disallowed by grantor agencies.

**Recommendation**

Grant account budget transfers be approved on a timely basis.



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

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

**STATUS OF PRIOR YEAR FINDINGS**

**Finding 2001-1**

**Conditions**

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.

Corrective action was taken.