

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

**TOWNSHIP OF NUTLEY BOARD OF EDUCATION
COUNTY OF ESSEX, NEW JERSEY**

FOR THE FISCAL YEAR ENDED JUNE 30, 1998

Prepared by

**Board of Education
Township of Nutley**

**BOARD OF EDUCATION
TOWNSHIP OF NUTLEY
COUNTY OF ESSEX**

TABLE OF CONTENTS

| | Exhibit | Page |
|--|----------------|-------------|
| INTRODUCTORY SECTION | | |
| Letter of Transmittal | | I |
| Organizational Chart | | II |
| Roster of Officials | | III |
| Consultants and Advisors | | IV |
| FINANCIAL SECTION | | |
| Independent Auditors' Report | | 1-2 |
| GENERAL PURPOSE FINANCIAL STATEMENTS: | | |
| Combined Balance Sheet - All Fund Types and Account Groups | A-1 | 3-4 |
| Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types | A-2 | 5 |
| Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General, Special Revenue and Debt Service Funds | A-3 | 6 |
| Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balances - All Proprietary Fund Types | A-4 | 7 |
| Combined Statement of Cash Flows - All Proprietary Fund Types | A-5 | 8 |
| Notes to Financial Statements | | 9-20 |
| COMBINING AND INDIVIDUAL FUND AND ACCOUNT GROUP STATEMENTS AND SCHEDULES: | | |
| General Fund: | | |
| Balance Sheet | B-1 | 21 |
| Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual | B-2 | 22-30 |
| Special Revenue Fund: | | |
| Combining Balance Sheet | C-1 | 31 |
| Combining Schedule of Revenues and Expenditures - Budgetary Basis | C-2 | 32-33 |
| Demonstrably Effective Program Aid Statement of Expenditures – Budgetary Basis (N/A) | C-3 | |
| Early Childhood Program Aid Statement of Expenditures – Budgetary Basis (N/A) | C-4 | |
| Instructional Supplement Aid Statement of Expenditures – Budgetary Basis (N/A) | C-5 | |
| Distance Network Learning Aid Statement of Expenditures – Budgetary Basis | C-6 | 34 |
| Abbott Parity Remedy Aid Statement of Expenditures – Budgetary Basis (N/A) | C-7 | |

**BOARD OF EDUCATION
TOWNSHIP OF NUTLEY
COUNTY OF ESSEX**

TABLE OF CONTENTS

| FINANCIAL SECTION (Continued) | Exhibit | Page |
|--|----------------|-------------|
| Capital Projects Fund: | | |
| Comparative Balance Sheet (N/A) | D-1 | |
| Statement of Revenues, Expenditures and Changes in Fund Balance (N/A) | D-2 | |
| Debt Service Fund: | | |
| Balance Sheet | E-1 | 35 |
| Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual | E-2 | 36 |
| Enterprise Fund: | | |
| Balance Sheet | F-1 | 37 |
| Statement of Revenues, Expenses and Changes in Retained Earnings | F-2 | 38 |
| Statement of Cash Flows | F-3 | 39 |
| Trust and Agency Funds: | | |
| Combining Balance Sheet | G-1 | 40 |
| Student Activity Agency Fund: | | |
| Schedule of Changes in Assets and Liabilities | G-2 | 41 |
| Schedule of Changes in Activity | G-3 | 42 |
| Payroll Agency Fund: | | |
| Schedule of Changes in Assets and Liabilities | G-4 | 43 |
| General Fixed Assets Account Group: | | |
| Schedule of General Fixed Assets by Source | H-1 | 44 |
| Schedule of Changes in General Fixed Assets by Source | H-2 | 45 |
| General Long-Term Debt Account Group: | | |
| Schedule of General Long-Term Debt | I-1 | 46 |
| Schedule of Serial Bonds | I-2 | 47 |
| STATISTICAL SECTION | | |
| Government Fund Expenditures by Function | J-1 | 48 |
| Governmental Fund Revenues by Source | J-2 | 49 |
| Municipal Property Tax Levies and Collections | J-3 | 50 |
| Assessed and Estimated Actual Value of Taxable Property | J-4 | 51 |
| Property Tax Rates - Direct and Overlapping Governments | J-5 | 52 |
| Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita | J-6 | 53 |
| Computation of Legal Debt Margin | J-7 | 54 |
| Computation of Direct and Overlapping Bonded Debt | J-8 | 55 |
| Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total Governmental Fund Expenditures | J-9 | 56 |
| Demographic Statistics | J-10 | 57 |

**BOARD OF EDUCATION
TOWNSHIP OF NUTLEY
COUNTY OF ESSEX**

TABLE OF CONTENTS

| | | Page |
|--|------|-------------|
| STATISTICAL SECTION (Continued) | | |
| Property Value, Construction and Bank Deposits - Not applicable | J-11 | 58 |
| Schedule of Principal Taxpayers | J-12 | 59 |
| Attendance Data | J-13 | 60 |
| Insurance Schedule | J-14 | 61 |
| Miscellaneous Statistics | J-15 | 62 |
| SINGLE AUDIT SECTION | | |
| Schedule of Expenditures of Federal Awards, Schedule A | | 63 |
| Schedule of Expenditures of State Awards, Schedule B | | 64 |
| Notes to Schedules of Expenditures of Federal and State Awards | | 65 |
| Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards | | 66-67 |
| Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133 | | 68-69 |
| Schedule of Findings and Questioned Costs | | 70 |

* * * * *

Once again the school district demonstrated its ability to run a high quality system at a modest cost. The Department of Education's Comparative Spending Guide (March, 1998) indicated that the average cost per pupil for all K-12 districts in 1996-97 was \$7,611. Nutley's cost was \$122 per pupil below that amount. The Guide further noted that the 1997-98 budgeted cost per pupil was \$8,013, an amount \$395 per pupil higher than Nutley. Nutley had the 4th lowest cost among Essex County K-12 districts, and had the second lowest ratio of administrative staff to pupils.

For the ninth consecutive year, district voters approved the school tax levy. The actual vote was 1,765 in favor, 1,008 opposed.

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 reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 1998.

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, 1998 and the amount and percentage of increases in relation to prior year revenues.

| <u>Revenue</u> | <u>1996-97</u> | <u>1997-98</u> | <u>% of Total</u> | <u>Increase</u> | <u>% of Increase</u> |
|-----------------|---------------------|---------------------|-----------------------|------------------|--------------------------|
| Local Sources | 29,111,313 | \$29,477,425 | 85.77% | \$366,112 | 1.26% |
| State Sources | 4,253,521 | 4,434,677 | 12.90% | 181,156 | 4.26% |
| Federal Sources | <u>429,606</u> | <u>454,874</u> | <u>1.32%</u> | <u>25,268</u> | <u>5.88%</u> |
| Total | <u>\$33,794,440</u> | <u>\$34,366,976</u> | <u>100.00%</u> | <u>\$572,536</u> | <u>1.69%</u> |

The increase in local sources was primarily attributable to the voter-approved tax levy increase of \$296,893. There were increases in tuition and miscellaneous revenues of \$74,259 which amounted to a net increase of \$366,112.

Basic state aid to the school district increased \$141,868. Non-public revenues and the New Distance Learning Network Aid were responsible for the rest of the state aid increase.

The increase in Federal assistance was caused mainly by an increase in funding for the IDEA program. This more than offset the reductions that occurred in the Title I portion of the funding for Improving America's School Act (IASA) and vocational education.

| <u>Expenditures</u> | <u>1996-97</u> | <u>1997-98</u> | <u>% of Total</u> | <u>Increase</u> | <u>% of Increase</u> |
|-------------------------------|---------------------|---------------------|-----------------------|-------------------|--------------------------|
| Current Expense | | | | | |
| Instruction | \$16,013,494 | \$16,153,873 | 47.35% | \$ 140,379 | 0.88% |
| Undistributed Expenditures | 16,436,013 | 16,360,088 | 47.95% | (75,924) | (0.46)% |
| Capital Outlay | 319,312 | 555,489 | 1.63% | 236,177 | 73.96% |
| Special Schools | <u>23,696</u> | <u>19,110</u> | <u>0.06%</u> | <u>(4,586)</u> | <u>(19.35)%</u> |
| General Fund Total | \$32,792,515 | \$33,088,560 | 96.99% | \$ 296,045 | 0.90% |
| Special Revenue | 692,505 | 842,914 | 2.47% | 213,409 | 33.90% |
| Debt Services | <u>189,825</u> | <u>184,305</u> | <u>0.54%</u> | <u>(5,520)</u> | <u>(2.91)%</u> |
| Grand Total | <u>\$33,611,845</u> | <u>\$34,115,779</u> | <u>100.00%</u> | <u>\$ 503,934</u> | <u>1.50%</u> |

Two factors influenced the increase in General Fund expenditures. Planned budgetary appropriations were greater than those in FY '97. Additionally, the Board of Education authorized additional expenditures during the year for the computer network infrastructure project.

The increase in Special Revenue expenditures was primarily due to the impact of the State's Distance Learning Network Aid. Debt Service reduction was due to anticipated lower interest payments.

The district's General fund balance was positively effected by the realization of \$242,230 in unanticipated revenues and an unexpended budgetary balance of \$861,827. This brought the fund balance to \$2,836,484 as of June 30, 1998, an amount that has been reduced by \$750,000 as a result of the appropriation by the Board into the 1998-99 Budget and additional \$132,547 which is reserved for encumbrances.

8) DEBT ADMINISTRATION:

As of June 1998, the District's outstanding debt issues included \$1,125,000 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 (GUPDA). GUPDA 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.

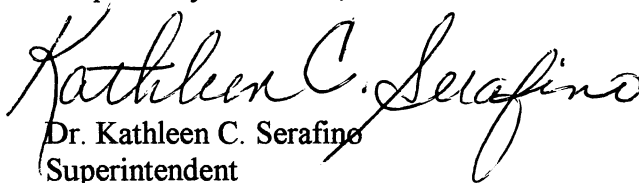
10) RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

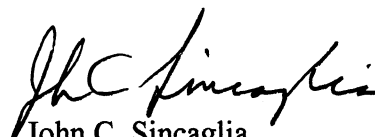
11) OTHER INFORMATION:

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 Deloitte & Touche LLP was selected by the Board at the annual reorganization meeting. 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.

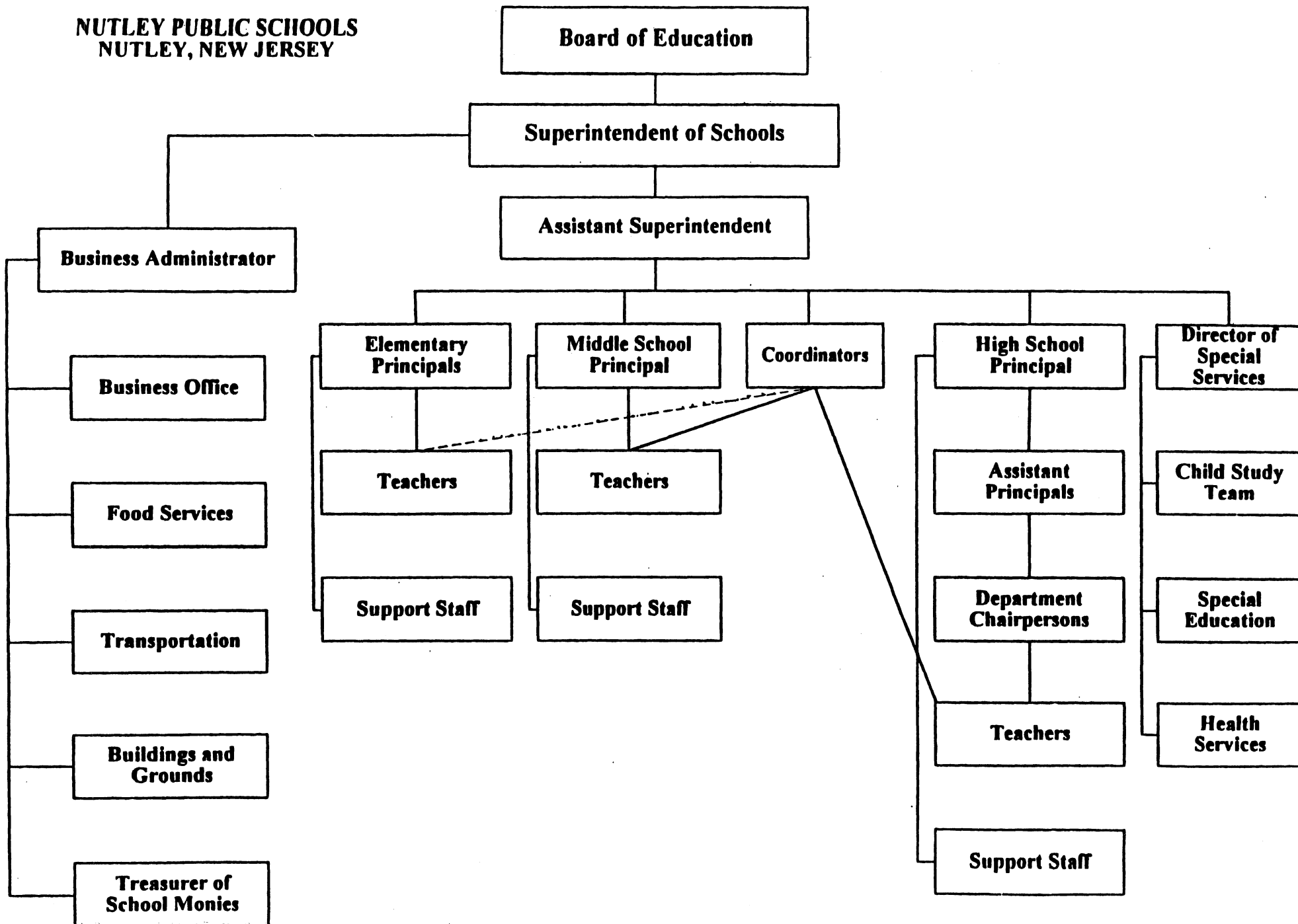
12) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Nutley Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our 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


John C. Sincaglia
Board Secretary/Business
Administrator

**NUTLEY PUBLIC SCHOOLS
NUTLEY, NEW JERSEY**



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

**ROSTER OF OFFICIALS
JUNE 30, 1998**

| <u>Members of the Board of Education</u> | <u>Term Expires</u> |
|---|----------------------------|
| Joseph Pelaia, President | 2000 |
| Vincent Moscaritola, Vice-President | 1999 |
| Phillip T. Casale | 2001 |
| Michele Fleitell | 2001 |
| Steven P. Picciano | 2001 |
| Alfred Restaino, Jr. | 2000 |
| Robert J. Rusignuolo* | 1999 |
| Maria Russo | 2000 |
| Louis Williams | 1999 |

Other Officials

Dr. Frank T. Votto, Superintendent**

John C. Sincaglia, Board Secretary/School Business Administrator

David Wilson, Treasurer of School Monies

Lester Aron, Esq., Solicitor

*Resigned effective July 1, 1998

**Retired effective July 1, 1998

**NUTLEY BOARD OF EDUCATION
Consultants and Advisors**

Attorney

Sills Cummis Zuckerman Radin
Tishman Epstein & Gross
One River Front Plaza
Newark, NJ 07102-5400

Independent Auditors

Deloitte & Touche LLP
Two Hilton Court
P.O. Box 319
Parsippany, NJ 07054-0319

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

**Deloitte &
Touche**



Deloitte & Touche LLP

Two Hilton Court

P.O. Box 319

Parsippany, New Jersey 07054-0319

Telephone: (973) 683-7000

Facsimile: (973) 683-7459

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying general purpose financial statements of the Board of Education of the Township of Nutley School District in the County of Essex, New Jersey as of and for the year ended June 30, 1998, listed in the foregoing table of contents. These general purpose financial statements are the responsibility of Township of Nutley School District management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards; audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey; and, the standards applicable to financial statement audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose 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, such general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of Nutley School District, as of June 30, 1998, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedules of expenditures of federal and state awards, which are the responsibility of management, are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and State Treasury Circular Letter 98-07 OMB, and is not a required part of the general purpose financial statements. The combining and individual fund and account group financial statements and schedules listed in the foregoing table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Township of Nutley School District. These financial statements and schedules are also the responsibility of the management of the Township of Nutley School District. Such additional information has been subjected to the auditing procedures applied in our audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects when considered in relation to the general purpose financial statements taken as a whole.

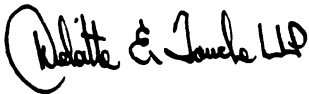
**Deloitte Touche
Tohmatsu**

The statistical data on pages 48-62 are presented for purposes of additional analyses and is not a required part of the general purpose financial statements of the Township of Nutley School District. Such additional information has not been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, accordingly, we express no opinion on it.

In accordance with Government Auditing Standards, we have also issued our report dated September 11, 1998 on our consideration of the Township of Nutley School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

A handwritten signature in black ink, appearing to read "David B. Jones".

David Jones
Public School Accountant No. 02252

A handwritten signature in black ink, appearing to read "Robert E. Jones".

September 11, 1998

GENERAL PURPOSE FINANCIAL STATEMENTS

**BOARD OF EDUCATION
TOWNSHIP OF NUTLEY**

**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1998 (WITH COMPARATIVE TOTALS FOR JUNE 30, 1997)**

| | <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> | |
| ASSETS AND OTHER DEBITS | | Revenue | Service | Enterprise | Trust and Agency | Fixed Assets | Long-Term Debt | June 30, 1998 | June 30, 1997 |
| ASSETS: | | | | | | | | | |
| Cash and Cash Equivalents | \$2,884,433 | \$157,524 | \$ - | \$ - | \$ 542,199 | \$ - | \$ - | \$ 3,584,156 | \$ 3,508,717 |
| Intergovernmental Accounts Receivable: | | | | | | | | | |
| State Aid | 67,460 | - | - | 1,168 | - | - | - | 68,628 | 2,269 |
| Federal Aid | - | - | - | 11,779 | - | - | - | 11,779 | 12,111 |
| Tuition Receivable | 41,222 | - | - | - | - | - | - | 41,222 | 40,893 |
| Transportation Fees Receivable | 17,478 | - | - | - | - | - | - | 17,478 | 20,636 |
| Other Accounts Receivable (net of allowance for uncollectibles): | | | | | | | | | |
| Other | 6,250 | - | - | - | - | - | - | 6,250 | 17,883 |
| Inventory | - | - | - | 8,030 | - | - | - | 8,030 | 9,341 |
| Fixed Assets (Net, where applicable of accumulated depreciation of \$113,470) | - | - | - | 1,681 | - | 9,542,160 | - | 9,543,841 | 8,932,607 |
| Total Assets | 3,016,843 | 157,524 | - | 22,658 | 542,199 | 9,542,160 | - | 13,281,384 | 12,544,457 |
| OTHER DEBITS: | | | | | | | | | |
| Amount Available in Debt Service | - | - | - | - | - | - | - | - | 653 |
| Amount to be Provided for Retirement of General Long-Term | - | - | - | - | - | - | 2,791,884 | 2,791,884 | 2,876,496 |
| Total Other Debits | - | - | - | - | - | - | 2,791,884 | 2,791,884 | 2,877,149 |
| TOTAL ASSETS AND OTHER DEBITS | \$3,016,843 | \$157,524 | \$ - | \$22,658 | \$ 542,199 | \$9,542,160 | \$2,791,884 | \$16,073,268 | \$ 15,421,606 |

See notes to financial statements.

**BOARD OF EDUCATION
TOWNSHIP OF NUTLEY**

**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1998 (WITH COMPARATIVE TOTALS FOR JUNE 30, 1997)**

| | <u>Governmental Fund Types</u> | | | <u>Proprietary Fund Types</u> | <u>Fiduciary Fund Types</u> | <u>Account Groups</u> | | <u>Totals</u> | |
|--|--------------------------------|----------------------------|-------------------------|-----------------------------------|---------------------------------|---------------------------------|---------------------------------------|--------------------------|----------------------|
| | <u>General</u> | <u>Special Revenue</u> | <u>Debt Service</u> | | | <u>General Fixed Assets</u> | <u>General Long-Term Debt</u> | <u>(Memorandum Only)</u> | |
| | | | | <u>Enterprise</u> | <u>Trust and Agency</u> | | | <u>June 30, 1998</u> | <u>June 30, 1997</u> |
| LIABILITIES: | | | | | | | | | |
| Cash Overdraft | \$ - | \$ - | \$ - | \$12,947 | \$ - | \$ - | \$ - | \$ 12,947 | \$ 15,968 |
| Intergovernmental Accounts Payable | | | | | | | | | |
| State | - | 71,081 | - | - | - | - | - | 71,081 | 74,893 |
| Federal | - | 498 | - | - | - | - | - | 498 | 176 |
| Accounts Payable | 180,360 | 9,410 | - | 2,980 | - | - | - | 192,750 | 235,414 |
| Due to Student Groups | - | - | - | - | 119,063 | - | - | 119,063 | 124,783 |
| Deferred Revenue | - | 76,535 | - | - | - | - | - | 76,535 | 37,634 |
| Compensated Absences | - | - | - | - | - | - | 1,666,884 | 1,666,884 | 1,637,149 |
| Serial Bonds Payable | - | - | - | - | - | - | 1,125,000 | 1,125,000 | 1,240,000 |
| Total Liabilities | <u>180,360</u> | <u>157,524</u> | <u>-</u> | <u>15,927</u> | <u>119,063</u> | <u>-</u> | <u>2,791,884</u> | <u>3,264,758</u> | <u>3,366,017</u> |
| EQUITY AND OTHER CREDITS: | | | | | | | | | |
| Investment in General Fixed Assets | - | - | - | - | - | 9,542,160 | - | 9,542,160 | 8,930,215 |
| Contributed Capital | - | - | - | 2,135 | - | - | - | 2,135 | 2,135 |
| Retained Earnings | - | - | - | 4,596 | - | - | - | 4,596 | 6,618 |
| Fund Balances: | | | | | | | | | |
| Reserve for Unemployment Claims | - | - | - | - | 423,136 | - | - | 423,136 | 404,291 |
| Reserve for Encumbrances | 132,547 | - | - | - | - | - | - | 132,547 | 196,797 |
| Reserve for Excess Surplus | 69,152 | - | - | - | - | - | - | 69,152 | - |
| Fund Balance: | | | | | | | | | |
| Designated for Subsequent Year's Expenditures | 750,000 | - | - | - | - | - | - | 750,000 | 750,653 |
| Undesignated | <u>1,884,784</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,884,784</u> | <u>1,764,880</u> |
| Total Equity and Other Credits | <u>2,836,483</u> | <u>-</u> | <u>-</u> | <u>6,731</u> | <u>423,136</u> | <u>9,542,160</u> | <u>-</u> | <u>12,808,510</u> | <u>12,055,589</u> |
| TOTAL LIABILITIES, EQUITY AND OTHER CREDITS | <u>\$3,016,843</u> | <u>\$157,524</u> | <u>\$ -</u> | <u>\$22,658</u> | <u>\$ 542,199</u> | <u>\$9,542,160</u> | <u>\$ 2,791,884</u> | <u>\$16,073,268</u> | <u>\$ 15,421,606</u> |

See notes to financial statements.

**BOARD OF EDUCATION
TOWNSHIP OF NUTLEY**

A-2

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 1998 (WITH COMPARATIVE TOTALS FOR JUNE 30, 1997)**

| | General Fund | Special Revenue Fund | Debt Service Fund | Totals (Memorandum Only) | |
|---|---------------------|----------------------------|-------------------------|-----------------------------|---------------------|
| | | | | 1998 | 1997 |
| REVENUES: | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | \$28,633,379 | \$ - | \$177,397 | \$28,810,776 | \$28,518,923 |
| Tuition | 297,888 | | | 297,888 | 257,353 |
| Interest on Investments | 211,628 | | | 211,628 | 185,193 |
| Miscellaneous | <u>157,133</u> | | | <u>157,133</u> | <u>149,844</u> |
| Total Revenues - Local Sources | 29,300,028 | | 177,397 | 29,477,425 | 29,111,313 |
| State Sources | 4,075,195 | 353,227 | 6,255 | 4,434,677 | 4,253,521 |
| Federal Sources | | <u>454,874</u> | | <u>454,874</u> | <u>415,789</u> |
| Total Revenues | <u>33,375,223</u> | <u>808,101</u> | <u>183,652</u> | <u>34,366,976</u> | <u>33,780,623</u> |
| EXPENDITURES: | | | | | |
| Instruction: | | | | | |
| Regular | 13,814,801 | 518,122 | | 14,332,923 | 14,109,314 |
| Special Education | 1,296,002 | | | 1,296,002 | 1,851,178 |
| Other Instruction | 1,043,069 | 14,359 | | 1,057,428 | 569,925 |
| Tuition Paid to Other Districts | 1,615,882 | | | 1,615,882 | 1,474,291 |
| Support Services | 14,744,207 | 147,596 | | 14,891,803 | 15,013,348 |
| Capital Outlay | 555,489 | 128,024 | | 683,513 | 380,267 |
| Special Schools | 19,110 | | | 19,110 | 23,696 |
| Debt Service | | | <u>184,305</u> | <u>184,305</u> | <u>189,825</u> |
| Total Expenditures | <u>33,088,560</u> | <u>808,101</u> | <u>184,305</u> | <u>34,080,966</u> | <u>33,611,844</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>286,663</u> | | <u>(653)</u> | <u>286,010</u> | <u>168,779</u> |
| OTHER FINANCING SOURCES (USES): | | | | | |
| TRANSFER OUT | <u>(161,857)</u> | | | <u>(161,857)</u> | <u>(223,674)</u> |
| TOTAL OTHER FINANCING USES | <u>(161,857)</u> | | | <u>(161,857)</u> | <u>(223,674)</u> |
| DEFICIENCY OF REVENUES AND OTHER FINANCING SOURCES UNDER EXPENDITURES AND OTHER FINANCING USES | 124,806 | | (653) | 124,153 | (54,895) |
| FUND BALANCES, JULY 1 | <u>2,711,677</u> | | <u>653</u> | <u>2,712,330</u> | <u>2,767,226</u> |
| FUND BALANCE, JUNE 30 | <u>\$ 2,836,483</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,836,483</u> | <u>\$ 2,712,331</u> |

See notes to financial statements.

**BOARD OF EDUCATION
TOWNSHIP OF NUTLEY**

- 6 -
A-3

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL, SPECIAL REVENUE AND DEBT SERVICE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 1998**

| | General Fund | | | Special Revenue Fund (Budgetary Basis) | | | Debt Service Fund | | |
|---|---------------------|---------------------|--|---|----------------|--|-------------------|----------------|--|
| | Final Budget | Actual | Variance Favorable (Unfavorable) | Final Budget | Actual | Variance Favorable (Unfavorable) | Final Budget | Actual | Variance Favorable (Unfavorable) |
| REVENUES: | | | | | | | | | |
| Local Sources: | | | | | | | | | |
| Local Tax Levy | \$28,633,379 | \$28,633,379 | \$ - | \$ - | \$ - | \$ - | \$ 177,397 | 177,397 | |
| Tuition | 204,421 | 297,888 | 93,467 | | | | | | |
| Interest on Investments | 125,000 | 211,628 | 86,628 | | | | | | |
| Miscellaneous | 95,000 | 157,133 | 62,133 | | | | | | |
| Total - Local Sources Revenues | <u>29,057,800</u> | <u>29,300,028</u> | <u>242,228</u> | | | | <u>177,397</u> | <u>177,397</u> | |
| State Sources | 2,363,950 | 4,075,195 | 1,711,245 | 356,441 | 356,441 | | 6,255 | 6,255 | |
| Federal Sources | | | | 486,474 | 486,474 | | | | |
| | <u>2,363,950</u> | <u>4,075,195</u> | <u>1,711,245</u> | <u>842,915</u> | <u>842,915</u> | | <u>6,255</u> | <u>6,255</u> | |
| Total Revenues | <u>31,421,750</u> | <u>33,375,223</u> | <u>1,953,473</u> | <u>842,915</u> | <u>842,915</u> | | <u>183,652</u> | <u>183,652</u> | |
| EXPENDITURES: | | | | | | | | | |
| Current Expense: | | | | | | | | | |
| Instruction | 16,371,715 | 16,153,872 | 217,843 | 543,662 | 543,662 | | | | |
| Undistributed Expenditures | 15,325,397 | 14,684,601 | (1,034,692) | 170,041 | 170,041 | | | | |
| Capital Outlay | 647,828 | 555,489 | 92,339 | 129,212 | 129,212 | | | | |
| Special Schools | 19,365 | 19,110 | 255 | | | | | | |
| Debt Service | | | | | | | 184,305 | 184,305 | |
| Total Expenditures | <u>32,364,305</u> | <u>33,088,560</u> | <u>(724,255)</u> | <u>842,915</u> | <u>842,915</u> | | <u>184,305</u> | <u>184,305</u> | |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(942,555)</u> | <u>286,663</u> | <u>1,229,218</u> | | | | <u>(653)</u> | <u>(653)</u> | |
| OTHER FINANCING (USES): TRANSFER OUT | <u>(205,000)</u> | <u>(161,857)</u> | <u>43,143</u> | | | | | | |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(205,000)</u> | <u>(161,857)</u> | <u>43,143</u> | | | | | | |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES | <u>(1,147,555)</u> | <u>124,806</u> | <u>1,272,361</u> | | | | <u>(653)</u> | <u>(653)</u> | |
| FUND BALANCES, JULY 1 | <u>2,711,677</u> | <u>2,711,677</u> | <u>-</u> | | | | <u>653</u> | <u>653</u> | |
| FUND BALANCE, JUNE 30 | <u>\$ 1,564,122</u> | <u>\$ 2,836,483</u> | <u>\$ 1,272,361</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

See notes to financial statements.

**BOARD OF EDUCATION
TOWNSHIP OF NUTLEY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1998 (WITH COMPARATIVE TOTALS FOR JUNE 30, 1997)**

| | Enterprise Funds | |
|-------------------------------------|-------------------------|-------------------|
| | 1998 | 1997 |
| OPERATING REVENUE: | | |
| Local sources: | | |
| Food Service Sales | <u>\$ 341,036</u> | <u>\$ 293,634</u> |
| Total Operating Revenue | <u>341,036</u> | <u>293,634</u> |
| OPERATING EXPENSES: | | |
| Salaries | 272,315 | 273,651 |
| Benefits | 119,502 | 145,735 |
| Supplies | 227,478 | 208,456 |
| Purchased Services | 7,659 | 6,158 |
| Other | 1,097 | 1,060 |
| Depreciation | <u>711</u> | <u>711</u> |
| Total Operating Expenses | <u>628,762</u> | <u>635,771</u> |
| OPERATING LOSS | <u>(287,726)</u> | <u>(342,137)</u> |
| Non-operating Revenues: | | |
| State Sources: | | |
| State School Lunch Program | 6,304 | 6,318 |
| Federal Sources: | | |
| Federal School Lunch Program | 64,447 | 63,136 |
| Miscellaneous | <u>53,096</u> | <u>46,178</u> |
| Total Non-operating Revenues | <u>123,847</u> | <u>115,631</u> |
| NET LOSS BEFORE OPERATING TRANSFERS | (163,879) | (226,506) |
| OPERATING TRANSFERS IN | <u>161,857</u> | <u>223,674</u> |
| NET LOSS | (2,022) | (2,832) |
| RETAINED EARNINGS, JULY 1 | <u>6,618</u> | <u>9,450</u> |
| RETAINED EARNINGS, JUNE 30 | <u>\$ 4,596</u> | <u>\$ 6,618</u> |

See notes to financial statements.

**BOARD OF EDUCATION
TOWNSHIP OF NUTLEY**

**COMBINED STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1998 (WITH COMPARATIVE TOTALS FOR JUNE 30, 1997)**

| | Enterprise Funds | |
|--|-------------------------|--------------------|
| | 1998 | 1997 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Operating Loss | <u>\$(287,726)</u> | <u>\$(342,137)</u> |
| Adjustments to Reconcile Operating Loss to | | |
| Net Cash Used in Operating Activities: | | |
| Depreciation | 711 | 711 |
| Change in Assets and Liabilities: | | |
| Decrease in Federal Subsidy Receivable | 332 | 823 |
| (Increase) decrease in State Subsidy Receivable | (291) | 475 |
| Increase in Other Accounts Receivable | 2,980 | 8,235 |
| Decrease (increase) in Inventory | 1,311 | (1,259) |
| Decrease in Cash Overdrafts | <u>(3,021)</u> | <u>(6,153)</u> |
| Total Adjustments | <u>2,022</u> | <u>2,832</u> |
| Net Cash Used In Operating Activities | <u>(285,704)</u> | <u>(339,305)</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES: | | |
| Financing Activities | | |
| Cash Receipts From Federal and State Grants | 123,847 | 115,631 |
| Operating Transfers From Other Funds | <u>161,857</u> | <u>223,674</u> |
| Net Cash Provided by Non-Capital Financing Activities | <u>285,704</u> | <u>339,305</u> |
| NET (DECREASE) IN CASH AND CASH EQUIVALENTS | <u>-</u> | <u>-</u> |
| CASH AND CASH EQUIVALENTS, JULY 1 | <u>-</u> | <u>-</u> |
| CASH AND CASH EQUIVALENTS, JUNE 30 | <u>\$ -</u> | <u>\$ -</u> |

See notes to financial statements.

BOARD OF EDUCATION TOWNSHIP OF NUTLEY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (Board) Township of Nutley, County of Essex (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The more significant of the Board's accounting policies 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.

As defined by GASB 14, the Financial Reporting Entity, the District is a primary government. The combined financial statements include all funds and account groups of the District over which the Board exercises operating control. The operations of the District include elementary, junior and senior high schools located in Township of Nutley. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District 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 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".

Governmental Fund Types

General Fund - The general fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund.

Special Revenue Fund - The District accounts for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes in the special revenue funds.

Capital Projects Fund - The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). During the year ended June 30, 1998, the remaining balance of funds in the Capital Projects fund were transferred to the Debt Service fund.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

Proprietary Fund Type

Enterprise (Food Service) Fund - The enterprise fund accounts for all revenues and expenses pertaining to cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Fiduciary Fund Types

Trust and Agency Funds - The trust and agency funds are used to account for assets held by the District on behalf of outside parties, including other governments, or on behalf of other funds within the District.

Agency Funds (Payroll and Student Activities Fund) - Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

Account Groups - In addition to the funds listed above, the District maintains two account groups as follows:

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

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

C. Basis of Accounting

The modified accrual basis of accounting is used for measuring financial position and operating results of all government fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transactions 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. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

Ad Valorem (Property) Taxes are susceptible to accrual since by law a municipality is required to remit to its school District the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue at the start of the fiscal year, since the revenue is both measurable and available.

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types. Under this method, revenues are recorded in the accounting period in which they are earned and expenses are recorded at the time liabilities are incurred.

D. Budgets/Budgetary Control

An annual appropriated budget is prepared in the spring of each year for the general, special revenue, and debt service funds. The budget is submitted to the County office and the local tax levy portion of the general fund is voted upon at the annual school election on the third Tuesday in April. The budget is prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 1998 were insignificant.

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

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances, Budget and Actual, All Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major difference between the budget basis and the GAAP basis are that outstanding year end encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance for governmental fund types.

Adjustments necessary to convert the results of operations for the Special Revenue Fund at June 30, 1998 on the budget basis to the GAAP basis are as follows:

| | 1998 |
|--------------------------------------|-------------------|
| Total expenditures (budgetary basis) | \$ 842,915 |
| Less encumbrances at June 30, 1998 | <u>(34,814)</u> |
| Total expenditures (GAAP basis) | <u>\$ 808,101</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, such items represent commitments related to unperformed contracts for goods and services and are not included in budgetary expenditures.

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. Short-term Interfund Receivables/Payables

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

G. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in first-out (FIFO) method.

H. Fixed Assets

During the year ended June 30, 1994, the District established a formal system of accounting for its general fixed assets. General fixed assets acquired or constructed subsequent to June 30, 1993 are recorded at original cost. General fixed assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. 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 assets 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 type is computed using the straight-line method, over the estimated useful life of seven years.

I. Accrued Salaries and Wages

Certain District employees, who provide services to the District over the ten-month academic year, have the option to have their salaries evenly disbursed during the entire twelve month year. New Jersey statutes requires that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 1998, the Board had no such employees.

J. Compensated Absences

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. Twelve month employees, which consists of custodial and administrative workers, are permitted to accrue unused vacation. In the event of termination, an employee is reimbursed for accumulated vacation. The maximum number of sick days an employee may accumulate is 125. The liability for vested compensated absences of the governmental fund types is recorded in the general long-term debt account group, since it does not require the use of available spendable resources.

K. Deferred Revenue

Deferred revenue in the special revenue fund represents cash which has been received but not yet earned. See note 1(C) regarding the Special Revenue Fund.

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 in the following year. For other long-term obligations, only that portion expected to be financed from expendable available 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

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represents plans for future use of financial resources.

N. Memorandum Only - Total Columns

Total columns are 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 changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

O. Comparative Data

Comparative total data for the prior year has been presented in order to provide an understanding of changes on the District's financial position and operations. However, comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

Deposits

New Jersey statutes require that School Districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School Districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

As of June 30, 1998, cash and cash equivalents and investments of the District consisted of the following:

| | Cash and Cash Equivalents |
|-------------------|--|
| Checking accounts | <u>\$3,584,156</u> |

The carrying amount of the Board's cash and cash equivalents and investments at June 30, 1998 was \$3,584,156 and the bank balance was \$4,303,548. Of the bank balance \$312,516 was covered by federal depository insurance and \$4,091,032 was covered by a collateral pool maintained by the bank as required by New Jersey statutes.

3. FIXED ASSETS

The following schedule is a summarization of the changes in general fixed assets by source for the fiscal year ended June 30, 1998.

| | Balance as of June 30, 1997 | Expenditure | Less Disposals/ Transfers | Balance as of June 30, 1998 |
|-------------------------------------|--------------------------------------|-------------------|---------------------------------|--------------------------------------|
| Buildings and building improvements | \$ 6,111,695 | \$ 360,602 | \$ | \$ 6,472,297 |
| Machinery and equipment | 2,785,835 | 343,637 | 124,302 | 3,005,170 |
| Construction in progress | <u>32,685</u> | <u>32,008</u> | <u> </u> | <u>64,693</u> |
| Total | <u>\$ 8,930,215</u> | <u>\$ 736,247</u> | <u>\$ 124,302</u> | <u>\$ 9,542,160</u> |

The following is a summary of proprietary fund type fixed assets at June 30, 1998:

| | Balance as of June 30, 1998 |
|-------------------------------|--------------------------------|
| Machinery and equipment | \$ 115,151 |
| Less accumulated depreciation | <u>(113,470)</u> |
| Total | <u>\$ 1,681</u> |

4. OPERATING LEASES

The District has commitments under operating leases which expire between July, 1998 and April 2001. Total operating lease payments made during the year ended June 30, 1998 were \$29,360. Future minimum lease payments are as follows:

| Year Ended June 30, | Amount |
|-------------------------------------|------------------|
| 1999 | \$ 31,955 |
| 2000 | 29,919 |
| 2001 | <u>17,252</u> |
| Total future minimum lease payments | <u>\$ 79,126</u> |

5. GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 1998, the following changes occurred in liabilities reported in the general long-term debt account group:

| | Balance June 30, 1997 | Increased | Retired | Balance June 30, 1998 |
|------------------------------|-----------------------------|-------------------|---------------------|-----------------------------|
| Compensated absences payable | \$1,637,149 | \$ 29,735 | \$ | \$1,666,884 |
| Bonds payable | <u>1,240,000</u> | <u> </u> | <u>(115,000)</u> | <u>1,125,000</u> |
| | <u>\$2,877,149</u> | <u>\$ 29,735</u> | <u>\$ (115,000)</u> | <u>\$2,791,884</u> |

A. Bonds Payable

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

Principal and interest due on serial bonds outstanding is as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|--------------------|------------------|--------------------|
| 1999 | \$ 115,000 | \$ 63,555 | \$ 178,555 |
| 2000 | 115,000 | 57,546 | 172,546 |
| 2001 | 115,000 | 51,308 | 166,308 |
| 2002 | 115,000 | 44,896 | 159,896 |
| 2003 | 110,000 | 35,035 | 145,035 |
| Thereafter | <u>555,000</u> | <u>64,350</u> | <u>619,350</u> |
| | <u>\$1,125,000</u> | <u>\$316,690</u> | <u>\$1,441,690</u> |

6. TRUST AND AGENCY FUNDS

The following schedule is a summarization of the changes in trust and agency funds for the year ended June 30, 1998:

| | Balance as of June 30, 1997 | Increases | Decreases | Balance as of June 30, 1998 |
|-------------------------------------|--------------------------------|---------------------|---------------------|--------------------------------|
| Cash and cash equivalents: | | | | |
| Student Activity | \$124,783 | \$ 241,191 | \$ 246,911 | \$ 119,063 |
| Unemployment Claims | 404,291 | 18,845 | - | 423,136 |
| Payroll Agency | <u>-</u> | <u>23,734,916</u> | <u>23,734,916</u> | <u>-</u> |
| Total cash and cash equivalents | <u>529,074</u> | <u>23,994,952</u> | <u>23,981,827</u> | <u>542,199</u> |
| Total assets | <u>\$529,074</u> | <u>\$23,994,952</u> | <u>\$23,981,827</u> | <u>\$ 542,199</u> |
| Due to Student Groups | \$124,783 | \$ 241,191 | \$ 246,911 | \$ 119,063 |
| Reserve for Unemployment Claims | 404,291 | 18,845 | - | 423,136 |
| Payroll Withholdings and Deductions | <u>-</u> | <u>23,734,916</u> | <u>23,734,916</u> | <u>-</u> |
| Total liabilities | <u>\$529,074</u> | <u>\$23,994,952</u> | <u>\$23,981,827</u> | <u>\$ 542,199</u> |

7. PENSION PLANS

Plan Descriptions

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

Teachers' Pension and Annuity Fund

The Teachers' Pension and Annuity Fund was established in January, 1955 under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full-time public school teachers. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

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 of health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55). The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information for TPAF and PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

Essex County Pension Fund

The Board of Education Employees' Pension Fund of Essex County was established through the passage of Chapter 112, Public Laws of 1929. The program was expanded significantly by amendatory legislation from the Fund's inception through 1972. Service retirement occurs on or after age 60 with a benefit of 1/60 of the final average salary times years of service. An early retirement benefit is available for employees with 25 years of service, with the benefits reduced by 1/4 of 1% for each month under age 55. At June 30, 1998, the Board had 2 employees participate in the Essex County Pension Fund.

Significant Legislation

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

As a result of additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997), the asset valuation method was changed from market-related value to full-market value for the valuation reports dated March 31, 1996. This legislation also contains a provision to reduce the employee contribution rates under TPAF and PERS by $\frac{1}{2}$ of 1% to 4.5% for calendar years 1998 and 1999 and to allow for a similar reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provides for a reduction in the normal contributions of the State to the systems from excess assets for FYs 1997 and 1998 and local employers for FY 1998 and, thereafter, authorizes the State Treasurer to reduce the normal contributions of State and local employers to the systems, to the extent possible, from up to 100% of excess assets through FY 2002 and on a declining maximum percentage of excess thereafter.

Due to the enactment of the legislation described above, the State of New Jersey's portion of the unfunded accrued liability under each retirement system was eliminated.

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5% of employees' annual compensation, as defined. 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 made no contributions to PERS for the year ended June 30, 1998. The Board's contributions to PERS for the years ended June 30, 1997 and 1996 were \$47,651 and \$25,201 respectively, equal to the required contributions for each year.

During the year ended June 30, 1998, the State of New Jersey contributed \$409,721 to the TPAF for post-retirement medical benefits on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66, the State of New Jersey reimbursed the Board \$1,265,767 during the year ended June 30, 1998 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the general purpose financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB 24.

8. DEFERRED COMPENSATION

The Board offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is administered by the Division of Pensions, permits participants to defer a portion of their salary until future years. Amounts deferred under the plan are not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with the amounts, and all income attributable to these amounts are solely the property and rights of the State, subject only to the claims of the State's general creditors. Participants' rights under the plan are equal to those of general creditors of the State in an amount equal to the Fair market value of the deferred account of each participant. The State has no liability for loss under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The State believes it is unlikely that the plan assets will be used to satisfy future claims of general creditors.

9. POSTEMPLOYMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund postretirement medical benefits for those State employees who retire after reaching age 60 and accumulating 25 years of credited service. As of June 30, 1997, there were 37,995 employees State-wide 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 which will increase the medical reserve by one half of 1% of payroll.

The State contributed \$51.0 million to the PERS and \$127.5 million to the TPAF in fiscal year for post-retirement medical benefits.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992 which provides free health benefits to members of PERS, TPAF and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. In fiscal year 1997, the State paid \$14.6 million toward Chapter 126 benefits for 3,980 eligible retired members.

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**COMBINING AND INDIVIDUAL FUND AND ACCOUNT
GROUP STATEMENTS AND SCHEDULES**

GENERAL FUND DETAIL STATEMENTS

**BOARD OF EDUCATION
TOWNSHIP OF NUTLEY**

GENERAL FUND

**COMPARATIVE BALANCE SHEET
AS OF JUNE 30, 1998 AND 1997**

| ASSETS | 1998 | 1997 |
|---|---------------------------|---------------------------|
| Cash and Cash Equivalents | \$2,884,433 | \$2,836,350 |
| Intergovernmental accounts receivable: | | |
| State Aid | 67,460 | - |
| Accounts Receivable: | | |
| Tuition | 41,222 | 40,893 |
| Transportation Fees | 17,478 | 20,636 |
| Other | <u>6,250</u> | <u>17,883</u> |
| TOTAL ASSETS | <u>\$3,016,843</u> | <u>\$2,915,762</u> |
| LIABILITIES AND FUND BALANCE | | |
| LIABILITIES: | | |
| Accounts Payable | <u>\$ 180,360</u> | <u>\$ 204,085</u> |
| FUND BALANCE: | | |
| Designated for Subsequent Year's Expenditures | 750,000 | 750,000 |
| Undesignated | 1,884,784 | 1,764,880 |
| Reserve for Excess Surplus | 69,152 | - |
| Reserve for Encumbrances | <u>132,547</u> | <u>196,797</u> |
| Total Fund Balance | <u>2,836,483</u> | <u>2,711,677</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$3,016,843</u> | <u>\$2,915,762</u> |

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**BOARD OF EDUCATION
TOWNSHIP OF NUTLEY**

GENERAL FUND

**COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997**

| | 1998 | | | 1997 | | |
|---|-------------------|-------------------|--|-------------------|-------------------|--|
| | Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) |
| REVENUES: | | | | | | |
| Local Sources: | | | | | | |
| Local Tax Levy | \$28,633,379 | \$28,633,379 | \$ - | \$28,336,486 | \$28,336,486 | \$ - |
| Tuition | 204,421 | 297,888 | 93,467 | 230,057 | 257,353 | 27,296 |
| Interest on Investments | 125,000 | 211,628 | 86,628 | 100,000 | 185,193 | 85,193 |
| Miscellaneous | 95,000 | 157,133 | 62,133 | 100,000 | 149,844 | 49,844 |
| Total Revenues - Local Sources | <u>29,057,800</u> | <u>29,300,028</u> | <u>242,228</u> | <u>28,766,543</u> | <u>28,928,876</u> | <u>162,333</u> |
| State Sources: | | | | | | |
| Foundation Aid | | | | 564,406 | 564,406 | |
| Core Curriculum Aid | 701,103 | 701,103 | | | | |
| Transportation Aid | 184,842 | 184,842 | | 185,506 | 185,506 | |
| Special Education Aid | 1,345,446 | 1,345,446 | | 1,026,361 | 1,026,361 | |
| Bilingual Education | 72,964 | 72,964 | | 84,614 | 84,614 | |
| Aid for At-Risk Pupils | | | | 148,039 | 148,039 | |
| Transition Aid | | | | 248,913 | 248,913 | |
| Academic Achievement Award | 59,595 | 95,352 | 35,757 | | | |
| On Behalf TPAF Pension Contributions (Non-Budgeted) | | 409,721 | 409,721 | | 537,168 | 537,168 |
| Reimbursed TPAF Social Security Contributions (Non-Budgeted) | | <u>1,265,767</u> | <u>1,265,767</u> | | <u>1,241,810</u> | <u>1,241,810</u> |
| Total - State Sources | <u>2,363,950</u> | <u>4,075,195</u> | <u>1,711,245</u> | <u>2,257,839</u> | <u>4,036,817</u> | <u>1,778,978</u> |
| TOTAL REVENUES | <u>31,421,750</u> | <u>33,375,223</u> | <u>1,953,473</u> | <u>31,024,382</u> | <u>32,965,693</u> | <u>1,941,311</u> |
| EXPENDITURES: | | | | | | |
| CURRENT EXPENSE: | | | | | | |
| Instruction - Regular Programs | | | | | | |
| Salaries of Teachers: | | | | | | |
| Preschool/Kindergarten | 436,695 | 435,504 | 1,191 | 421,987 | 419,760 | 2,227 |
| Grades 1-5 | 4,895,097 | 4,884,553 | 10,544 | 4,764,045 | 4,761,419 | 2,626 |
| Grades 6-8 | 3,236,141 | 3,208,415 | 27,726 | 3,294,861 | 3,287,427 | 7,434 |
| Grades 9-12 | 4,584,613 | 4,570,719 | 13,894 | 4,410,764 | 4,406,464 | 4,300 |
| Home Instruction: | | | | | | |
| Salaries of Teachers | 39,000 | 38,826 | 174 | | | |
| Purchased Professional Services | 15,500 | 15,372 | 128 | | | |
| Other Objects | 100 | | 100 | | | |
| Regular programs - Undistributed Instruction: | | | | | | |
| Purchased Technical Services | 4,955 | 3,177 | 1,778 | 5,895 | 4,420 | 1,475 |
| Other Purchased Services | 43,610 | 38,979 | 4,631 | 38,453 | 33,514 | 4,939 |
| General Supplies | 575,716 | 519,304 | 56,412 | 610,789 | 571,739 | 39,050 |
| Textbooks | 138,524 | 85,440 | 53,084 | 102,741 | 93,905 | 8,836 |
| Other Objects | <u>15,999</u> | <u>14,512</u> | <u>1,487</u> | <u>15,450</u> | <u>13,742</u> | <u>1,708</u> |
| Total Instruction Regular Programs | <u>13,985,950</u> | <u>13,814,801</u> | <u>171,149</u> | <u>13,664,985</u> | <u>13,592,390</u> | <u>72,595</u> |

(Continued)

**BOARD OF EDUCATION
TOWNSHIP OF NUTLEY**

GENERAL FUND

**COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997**

| | 1998 | | | 1997 | | |
|------------------------------------|----------------|----------------|--|----------------|----------------|--|
| | Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) |
| Special Education: | | | | | | |
| Mentally Retarded - Educable | | | | | | |
| Salaries of Teachers | \$ 79,063 | \$ 79,018 | \$ 45 | \$ 72,463 | \$ 72,406 | \$ 57 |
| Other Salaries for Instruction | 16,335 | 16,256 | 79 | 16,689 | 15,172 | 1,517 |
| General Supplies | 1,471 | 1,445 | 26 | 800 | 734 | 66 |
| Textbooks | 750 | 587 | 163 | 450 | 234 | 216 |
| Other objects | 50 | 45 | 5 | 50 | - | 50 |
| Total Mentally Retarded - Educable | <u>97,669</u> | <u>97,351</u> | <u>318</u> | <u>90,452</u> | <u>88,546</u> | <u>1,906</u> |
| Neurologically Impaired: | | | | | | |
| Salaries of Teachers | 215,027 | 215,019 | 8 | 201,246 | 201,225 | 21 |
| Other Salaries for Instruction | 73,384 | 73,354 | 30 | 78,755 | 78,753 | 2 |
| General Supplies | 10,710 | 8,256 | 2,454 | 9,500 | 4,310 | 5,190 |
| Textbooks | 3,200 | 2,806 | 394 | 2,250 | 2,183 | 67 |
| Other | 100 | | 100 | 100 | - | 100 |
| Total Neurologically Impaired | <u>302,421</u> | <u>299,435</u> | <u>2,986</u> | <u>291,851</u> | <u>286,471</u> | <u>5,380</u> |
| Perceptually Impaired: | | | | | | |
| Salaries of Teachers | 414,383 | 413,849 | 534 | 376,919 | 375,472 | 1,447 |
| General Supplies | 6,295 | 5,374 | 921 | 5,521 | 5,201 | 320 |
| Textbooks | 5,500 | 4,510 | 990 | 5,600 | 5,258 | 342 |
| Other | 500 | | 500 | 200 | - | 200 |
| Total Perceptually Impaired | <u>426,678</u> | <u>423,733</u> | <u>2,945</u> | <u>388,240</u> | <u>385,931</u> | <u>2,309</u> |
| Multiple Handicapped: | | | | | | |
| Purchased Professional Services | 1,840 | 1,840 | | 960 | 930 | 30 |
| General Supplies | | | | | | |
| Total Multiple Handicapped | <u>1,840</u> | <u>1,840</u> | | <u>960</u> | <u>930</u> | <u>30</u> |

(Continued)

**BOARD OF EDUCATION
TOWNSHIP OF NUTLEY**

GENERAL FUND

**COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997**

| | 1998 | | | 1997 | | |
|---------------------------------------|------------|------------|--|------------|------------|--|
| | Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) |
| Resource Room: | | | | | | |
| Salaries of Teachers | \$ 322,641 | \$ 322,639 | \$ 2 | \$ 305,846 | \$ 305,790 | \$ 56 |
| General Supplies | 9,000 | 7,008 | 1,992 | 9,716 | 9,571 | 145 |
| Textbooks | 2,400 | 2,261 | 139 | 1,750 | 1,682 | 68 |
| Other | 50 | | 50 | 50 | | 50 |
| Total Resource Room | 334,091 | 331,908 | 2,183 | 317,362 | 317,043 | 319 |
| Preschool Handicapped | | | | | | |
| Salaries of Teachers | 48,722 | 48,475 | 247 | 41,689 | 41,674 | 15 |
| Other Salaries for Instruction | 25,245 | 25,158 | 87 | 24,304 | 23,935 | 369 |
| General Supplies | 950 | 871 | 79 | 950 | 832 | 118 |
| Textbooks | 100 | | 100 | | | |
| Other | 50 | | 50 | 100 | | 100 |
| Total Preschool Handicapped | 75,067 | 74,504 | 563 | 67,043 | 66,441 | 602 |
| Supplemental Instruction | | | | | | |
| Salaries of Teachers | 69,246 | 67,231 | 2,015 | 78,678 | 77,931 | 747 |
| General Supplies | 600 | | 600 | 450 | 346 | 104 |
| Textbooks | 100 | | 100 | | | |
| Total Supplementation Instruction | 69,946 | 67,231 | 2,715 | 79,128 | 78,277 | 851 |
| Speech: | | | | | | |
| Salaries of Teachers | | | | 122,555 | 122,531 | 24 |
| General Supplies | | | | 918 | 626 | 292 |
| Textbooks | | | | 220 | 212 | 8 |
| Other | | | | 50 | | 50 |
| Total Speech | | | | 123,743 | 123,369 | 374 |
| Home Instruction: | | | | | | |
| Salaries of Teachers | | | | 40,700 | 40,644 | 56 |
| Purchased Professional Services | | | | 5,000 | 2,863 | 2,137 |
| Other | | | | 100 | | 100 |
| Total Home Instruction | | | | 45,800 | 43,507 | 2,293 |
| Extraordinary Services: | | | | | | |
| Other Salaries for Instruction | | | | 19,900 | 19,819 | 81 |
| Purchased Professional Services | | | | 23,500 | 23,497 | 3 |
| General Supplies | | | | 325 | 139 | 186 |
| Other Objects | | | | 800 | 718 | 82 |
| Total Extraordinary Services | | | | 44,525 | 44,173 | 352 |
| Total Special Education - Instruction | 1,307,712 | 1,296,002 | 11,710 | 1,403,304 | 1,391,181 | 12,123 |

(Continued)

**BOARD OF EDUCATION
TOWNSHIP OF NUTLEY**

GENERAL FUND

**COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997**

| | 1998 | | | 1997 | | |
|-------------------------------------|------------------|------------------|--|------------------|------------------|--|
| | Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) |
| Basic Skills/Remedial: | | | | | | |
| Salaries of Teachers | \$ 310,911 | \$ 301,485 | \$ 9,426 | \$ 275,738 | \$ 272,291 | \$ 3,447 |
| Other Salaries for Instruction | | | | | | |
| General Supplies | 6,227 | 6,162 | 65 | 5,847 | 5,512 | 335 |
| Textbooks | 900 | 723 | 177 | 400 | | 400 |
| Other Objects | 500 | 46 | 454 | 550 | 340 | 210 |
| Total Basic Skills/Remedial | <u>318,538</u> | <u>308,416</u> | <u>10,122</u> | <u>282,535</u> | <u>278,143</u> | <u>4,392</u> |
| Bilingual Education: | | | | | | |
| Salaries of Teachers | 144,263 | 144,036 | 227 | 136,776 | 136,776 | |
| General Supplies | 2,000 | 711 | 1,289 | 1,850 | 800 | 1,050 |
| Textbooks | 750 | 706 | 44 | 850 | 771 | 79 |
| Total Bilingual Education | <u>147,013</u> | <u>145,453</u> | <u>1,560</u> | <u>139,476</u> | <u>138,347</u> | <u>1,129</u> |
| Co-Curricular Activities: | | | | | | |
| Salaries of Teachers | 118,340 | 118,275 | 65 | 110,207 | 110,180 | 27 |
| Other Objects | 1,750 | 1,693 | 57 | 1,890 | 1,890 | |
| Total Co-Curricular Activities | <u>120,090</u> | <u>119,968</u> | <u>122</u> | <u>112,097</u> | <u>112,070</u> | <u>27</u> |
| Athletics: | | | | | | |
| Other Salaries for Instruction | 291,457 | 282,384 | 9,073 | 283,981 | 276,742 | 7,239 |
| Purchased Professional Services | 45,590 | 42,979 | 2,611 | 44,500 | 43,852 | 648 |
| General Supplies | 53,115 | 45,824 | 7,291 | 55,981 | 48,854 | 7,127 |
| Other Objects | 98,750 | 96,377 | 2,373 | 94,312 | 86,643 | 7,669 |
| Total Athletics | <u>488,912</u> | <u>467,564</u> | <u>21,348</u> | <u>478,774</u> | <u>456,091</u> | <u>22,683</u> |
| Community Services: | | | | | | |
| Salaries | 3,500 | 1,668 | 1,832 | 3,500 | 1,764 | 1,736 |
| Total Community Services | <u>3,500</u> | <u>1,668</u> | <u>1,832</u> | <u>3,500</u> | <u>1,764</u> | <u>1,736</u> |
| Total - Instruction - Other | <u>1,078,053</u> | <u>1,043,069</u> | <u>34,984</u> | <u>1,016,382</u> | <u>986,415</u> | <u>29,967</u> |
| Tuition to NJLEA's - Regular | | | | 5,100 | 5,012 | 88 |
| Tuition to NJLEA's - Special | 178,663 | 171,746 | 6,917 | 132,725 | 130,968 | 1,757 |
| Tuition to County Voc - Regular | 3,600 | 2,025 | 1,575 | 3,600 | 2,690 | 910 |
| Tuition to County Voc - Special | 55,845 | 55,800 | 45 | 43,000 | 26,200 | 16,800 |
| Tuition - County Sp Srv and Reg Day | 75,378 | 67,399 | 7,979 | 93,196 | 91,567 | 1,629 |
| Tuition - NJ Private Handicapped | 1,329,861 | 1,276,663 | 53,198 | 1,189,532 | 1,177,178 | 12,354 |
| Tuition - State Facilities | 42,249 | 42,249 | | 40,676 | 40,676 | |
| Total Tuition | <u>1,685,596</u> | <u>1,615,882</u> | <u>69,714</u> | <u>1,507,829</u> | <u>1,474,291</u> | <u>33,538</u> |

(Continued)

**BOARD OF EDUCATION
TOWNSHIP OF NUTLEY**

GENERAL FUND

**COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997**

| | 1998 | | | 1997 | | |
|--|----------------|----------------|--|----------------|----------------|--|
| | Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) |
| Support Services: | | | | | | |
| Health Service: | | | | | | |
| Salaries | \$ 484,354 | \$ 483,847 | \$ 507 | \$ 432,748 | \$ 432,715 | \$ 33 |
| Purchased Professional Services | 21,562 | 21,353 | 209 | 24,400 | 23,791 | 609 |
| Other Purchased Services | 300 | | 300 | 325 | 2 | 323 |
| Supplies and Materials | 13,963 | 11,526 | 2,437 | 14,068 | 11,010 | 3,058 |
| Other Objects | 300 | | 300 | 350 | 14 | 336 |
| Total Health Service | <u>520,479</u> | <u>516,726</u> | <u>3,753</u> | <u>471,891</u> | <u>467,532</u> | <u>4,359</u> |
| Other Support Services/Student Related Services: | | | | | | |
| Salaries | 126,737 | 125,972 | 765 | | | |
| Purchased Professional Services | 21,500 | 21,097 | 403 | | | |
| Supplies and Materials | 1,705 | 1,686 | 19 | | | |
| Other Objects | 50 | | 50 | | | |
| Total Other Support/Student Related Services | <u>149,992</u> | <u>148,755</u> | <u>1,237</u> | | | |
| Other Support Services/Extraordinary Services: | | | | | | |
| Salaries | 6,000 | 492 | 5,508 | | | |
| Supplies and Materials | 250 | 42 | 208 | | | |
| Other Objects | 100 | 50 | 50 | | | |
| Total Other Support/Extraordinary Services | <u>6,350</u> | <u>584</u> | <u>5,766</u> | | | |
| Other Services Regular: | | | | | | |
| Salaries of Other Professional Staff | 550,858 | 549,396 | 1,462 | 527,583 | 527,520 | 63 |
| Salaries of Secretarial Staff | 79,706 | 79,679 | 27 | 75,539 | 75,103 | 436 |
| Purchased Professional Services | 2,000 | 979 | 1,021 | 2,000 | 1,007 | 993 |
| Other Purchased Professional Services | 49,037 | 39,218 | 9,819 | 47,100 | 43,014 | 4,086 |
| Other Purchased Services | 2,970 | 2,955 | 15 | 900 | 703 | 197 |
| Supplies and Materials | 33,623 | 32,080 | 1,543 | 23,461 | 23,321 | 140 |
| Other | 1,600 | 1,595 | 5 | 1,450 | 1,411 | 39 |
| Total Other Services Regular | <u>719,794</u> | <u>705,902</u> | <u>13,892</u> | <u>678,033</u> | <u>672,079</u> | <u>5,954</u> |
| Other Services Special: | | | | | | |
| Salaries of Other Professional Staff | 596,133 | 580,687 | 15,446 | 575,305 | 569,528 | 5,777 |
| Other Purchased Professional Services | 11,200 | 11,174 | 26 | | | |
| Miscellaneous Purchased Services | 4,100 | 2,530 | 1,570 | 4,100 | 2,645 | 1,455 |
| Supplies and Materials | 10,750 | 7,249 | 3,501 | 11,397 | 8,699 | 2,698 |
| Other | 150 | | 150 | 150 | | 150 |
| Total Other Services Special | <u>622,333</u> | <u>601,640</u> | <u>20,693</u> | <u>590,952</u> | <u>580,872</u> | <u>10,080</u> |

(Continued)

**BOARD OF EDUCATION
TOWNSHIP OF NUTLEY**

GENERAL FUND

**COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997**

| | 1998 | | | 1997 | | |
|---|------------|------------|--|------------|------------|--|
| | Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) |
| Improvement of Instruction: | | | | | | |
| Salaries of Supervisors Instruction | \$ 108,236 | \$ 108,236 | \$ - | \$ 105,945 | \$ 105,932 | \$ 13 |
| Salaries of Other Professional Staff | 48,460 | 47,718 | 742 | 85,800 | 85,775 | 25 |
| Salaries of Secretarial Staff | 114,964 | 114,182 | 782 | 112,455 | 112,360 | 95 |
| Purchased Professional Services | | | | 2,400 | 1,325 | 1,075 |
| Other purchased Professional Services | 900 | 596 | 304 | 600 | 570 | 30 |
| Other Purchased Services | 1,200 | 1,166 | 34 | 13,450 | 13,403 | 47 |
| Supplies and Materials | 11,022 | 10,437 | 585 | 12,603 | 10,262 | 2,341 |
| Other | 850 | 802 | 48 | 1,650 | 1,456 | 194 |
| Total Improvement of Instruction | 285,632 | 283,137 | 2,495 | 334,903 | 331,083 | 3,820 |
| Educational Media Services: | | | | | | |
| Salaries | 555,277 | 552,700 | 2,577 | 552,526 | 551,776 | 750 |
| Purchased Professional Services | | | | 4,317 | 3,128 | 1,189 |
| Other Purchased Services | 4,270 | 3,798 | 472 | 2,800 | 2,757 | 43 |
| Supplies and Materials | 146,810 | 103,826 | 42,984 | 149,050 | 112,266 | 36,784 |
| Total Educational Media Services | 706,357 | 660,324 | 46,033 | 708,693 | 669,927 | 38,766 |
| Professional Development: | | | | | | |
| Salaries of Other Professional Staff | 32,340 | 7,056 | 25,284 | | | |
| Purchased Professional Service | 4,000 | 625 | 3,375 | | | |
| Other Purchased Services | 12,400 | 11,528 | 872 | | | |
| Supplies and Materials | 1,500 | 753 | 747 | | | |
| Other Objects | 1,000 | 552 | 448 | | | |
| Total Professional Development | 51,240 | 20,514 | 30,726 | | | |
| Support Services General Administration: | | | | | | |
| Salaries | 378,120 | 378,108 | 12 | 356,608 | 351,284 | 5,324 |
| Legal Services | 21,500 | 13,176 | 8,324 | 20,500 | 13,709 | 6,791 |
| Other Purchased Professional Services | 28,750 | 25,650 | 3,100 | 28,000 | 24,900 | 3,100 |
| Purchased Technical Services | 15,100 | 15,010 | 90 | 3,200 | 2,200 | 1,000 |
| Other Purchased Services | 400 | 311 | 89 | | | |
| Communications/Telephone | 126,750 | 126,008 | 742 | 110,730 | 110,539 | 191 |
| Other Purchased Services | 193,013 | 143,672 | 49,341 | 191,335 | 156,422 | 34,913 |
| Supplies and Materials | 13,800 | 12,937 | 863 | 13,800 | 13,012 | 788 |
| Miscellaneous Expenditures | 41,296 | 35,833 | 5,463 | 41,998 | 37,148 | 4,850 |
| Total Support Services General Administration | 818,729 | 750,705 | 68,024 | 766,171 | 709,214 | 56,957 |
| Support Services School Administration: | | | | | | |
| Salaries of Principal/Asst. | 889,424 | 879,037 | 10,387 | 868,525 | 868,480 | 45 |
| Salaries of Other Professional Staff | 420,320 | 414,564 | 5,756 | 445,405 | 442,491 | 2,914 |
| Salaries of Secretarial Staff | 472,726 | 471,759 | 967 | 458,427 | 453,508 | 4,919 |
| Other Purchased Services | 18,845 | 17,622 | 1,223 | 20,577 | 20,438 | 139 |
| Supplies and Materials | 66,638 | 50,463 | 16,175 | 61,366 | 54,532 | 6,834 |
| Other | 32,675 | 30,371 | 2,304 | 31,850 | 31,794 | 56 |
| Total Support Services School Administration | 1,900,628 | 1,863,816 | 36,812 | 1,886,150 | 1,871,243 | 14,907 |

(Continued)

**BOARD OF EDUCATION
TOWNSHIP OF NUTLEY**

GENERAL FUND

**COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEARS ENDED JUNE 30, 1998 AND 1997**

| | 1998 | | | 1997 | | |
|---|--------------|--------------|--|--------------|--------------|--|
| | Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) |
| Operations of Maintenance of Plant: | | | | | | |
| Salaries | \$ 1,905,360 | \$ 1,862,110 | \$ 43,250 | \$ 1,824,576 | \$ 1,814,454 | \$ 10,122 |
| Purchased Professional Services | 42,000 | 38,063 | 3,937 | 41,500 | 39,580 | 1,920 |
| Cleaning, Repair, Maintenance Services | 325,125 | 275,017 | 50,108 | 324,320 | 286,445 | 37,875 |
| Insurance | 82,650 | 71,065 | 11,585 | 82,000 | 73,604 | 8,396 |
| Other Purchased Services | 25,450 | 25,426 | 24 | 29,000 | 28,940 | 60 |
| General Supplies | 198,634 | 184,905 | 13,729 | 199,636 | 197,374 | 2,262 |
| Energy | 452,300 | 426,245 | 26,055 | 446,710 | 396,512 | 50,198 |
| Other | 244,800 | 235,926 | 8,874 | 220,777 | 195,626 | 25,151 |
| Total Operation of Maintenance of Plant | 3,276,319 | 3,118,757 | 157,562 | 3,168,519 | 3,032,535 | 135,984 |
| Student Transportation Services: | | | | | | |
| Other Transport Salaries | 483,927 | 483,919 | 8 | 491,854 | 491,799 | 55 |
| Other Salaries | 122,651 | 122,588 | 63 | 115,068 | 114,970 | 98 |
| Cleaning, Repair, Maintenance Services | 39,000 | 38,321 | 679 | 15,600 | 15,590 | 10 |
| Contracted Services - Other | 31,000 | 30,922 | 78 | 38,600 | 38,553 | 47 |
| Contracted Services Special Education Vendors | 74,000 | 60,818 | 13,182 | 71,350 | 51,705 | 19,645 |
| Contracted Services Special Education Joint Agreement | 21,000 | 4,000 | 17,000 | 54,728 | 29,003 | 25,725 |
| Miscellaneous Transport Services | 25,500 | 17,468 | 8,032 | 7,500 | 3,656 | 3,844 |
| Supplies and Materials | 44,000 | 37,535 | 6,465 | 11,600 | 8,181 | 3,419 |
| Other Costs - Special Education | | | | 84,700 | 77,663 | 7,037 |
| Miscellaneous Expenditures | 12,400 | 12,319 | 81 | 7,400 | 7,326 | 74 |
| Total Student Transportation Services | 853,478 | 807,890 | 45,588 | 898,400 | 838,446 | 59,954 |
| Business and Other Services: | | | | | | |
| Salaries | 502,717 | 494,766 | 7,951 | 518,193 | 515,821 | 2,372 |
| Purchased Professional Services | 20,033 | 6,081 | 13,952 | 17,500 | 8,322 | 9,178 |
| Purchased Technical Services | 57,600 | 19,477 | 38,123 | 68,000 | 36,716 | 31,284 |
| Other Purchased Services | 18,400 | 18,366 | 34 | 13,000 | 12,010 | 990 |
| Supplies and Materials | 26,705 | 25,899 | 806 | 26,318 | 19,761 | 6,557 |
| Miscellaneous Expenditures | 1,800 | 1,094 | 706 | 1,800 | 1,065 | 735 |
| Total Business and Other Support Services | 627,255 | 565,683 | 61,572 | 644,811 | 593,695 | 51,116 |
| Personnel Services - Employee Benefits: | | | | | | |
| Social Security Cont. Other | 427,368 | 427,365 | 3 | 417,188 | 417,176 | 12 |
| Other Retirement - Regular | 24,053 | 22,708 | 1,345 | 76,112 | 71,888 | 4,224 |
| Workers' Compensation | 208,224 | 185,311 | 22,913 | | | |
| Health Benefits | 2,248,570 | 2,200,491 | 48,079 | | | |
| Tuition Reimbursements | 46,600 | 46,515 | 85 | | | |
| Other Employee Benefits | 146,400 | 141,896 | 4,504 | 3,042,349 | 2,927,054 | 115,295 |
| Total Personnel Services - Employee Benefits | 3,101,215 | 3,024,286 | 76,929 | 3,535,649 | 3,416,118 | 119,531 |
| On-Behalf TPAF Pension Contributions (Non-Budgeted) | | 409,721 | (409,721) | | 537,168 | (537,168) |
| Reimbursed TPAF Social Security Contributions (Non-Budgeted) | | 1,265,767 | (1,265,767) | | 1,241,810 | (1,241,810) |
| Total Undistributed Expenditures | | 1,675,488 | (1,675,488) | | 1,778,978 | (1,778,978) |
| Total Support Services | 13,639,801 | 14,774,207 | (1,104,406) | 13,684,172 | 14,961,722 | (1,277,550) |
| Total Expenditures - Current Expense | 31,697,112 | 32,513,961 | (816,949) | 31,322,472 | 32,449,507 | (1,127,035) |

(Continued)

**BOARD OF EDUCATION
TOWNSHIP OF NUTLEY**

GENERAL FUND

**COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997**

| | 1998 | | | 1997 | | |
|--|------------|------------|--|------------|------------|--|
| | Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) |
| Capital Outlay: | | | | | | |
| Equipment: | | | | | | |
| Regular Programs - Instruction: | | | | | | |
| Grades 6-8 | \$ 11,247 | \$ 7,863 | \$ 3,384 | \$ 4,936 | \$ 4,922 | \$ 14 |
| Grades 9-12 | 24,231 | 23,164 | 1,067 | 103,279 | 102,907 | 372 |
| Special Education - Instruction: | | | | | | |
| Resource Room | | | | 3,398 | 3,398 | |
| Neurologically Impaired | 1,999 | 1,899 | 100 | | | |
| Other Instructional Athletic Equipment | 8,132 | 1,489 | 6,643 | 5,403 | 3,480 | 1,923 |
| Undistributed Expenditures: | | | | | | |
| Instruction | 46,828 | 46,815 | 13 | 59,452 | 54,447 | 5,005 |
| Support Services - Regular | 3,500 | 3,350 | 150 | 1,855 | 1,855 | |
| Support Services - Instructional | 5,181 | 5,112 | 69 | 18,541 | 16,748 | 1,793 |
| Support Services - General Administration | 3,450 | 3,450 | | | | |
| Support Services School Administration | 9,585 | 9,538 | 47 | 8,850 | 8,826 | 24 |
| Operation and Maintenance of Plant | 2,418 | 2,035 | 383 | 2,231 | 1,961 | 270 |
| Student Transportation | 86,157 | 86,157 | | 112,050 | 25,850 | 86,200 |
| Business and Other Services | 32,960 | 22,798 | 10,162 | 1,795 | 1,795 | |
| Total Equipment | 235,688 | 213,670 | 22,018 | 321,790 | 226,189 | 95,601 |
| Facilities/Construction Services | 412,140 | 341,819 | 70,321 | 128,733 | 93,123 | 35,610 |
| Total Capital Outlay | 647,828 | 555,489 | 92,339 | 450,523 | 319,312 | 131,211 |
| Special Schools: | | | | | | |
| Summer School - Instruction | | | | | | |
| Salaries of Teachers | 15,777 | 15,750 | 27 | 20,350 | 20,336 | 14 |
| Total Summer School - Instruction | 15,777 | 15,750 | 27 | 20,350 | 20,336 | 14 |
| Summer School - Support Services: | | | | | | |
| Salaries | 3,588 | 3,360 | 228 | 3,450 | 3,360 | 90 |
| Total Summer School - Support Services | 3,588 | 3,360 | 228 | 3,450 | 3,360 | 90 |
| Total Special Schools | 19,365 | 19,110 | 255 | 23,800 | 23,696 | 104 |
| TOTAL EXPENDITURES | 32,364,305 | 33,088,560 | (724,255) | 31,796,795 | 32,792,515 | (995,720) |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (942,555) | 286,663 | 1,229,218 | (772,413) | 173,178 | 945,591 |
| OTHER FINANCING SOURCES (USES): TRANSFER (OUT) | (205,000) | (161,857) | 43,143 | (223,674) | (223,674) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | (205,000) | (161,857) | 43,143 | (223,674) | (223,674) | - |

(Continued)

**BOARD OF EDUCATION
TOWNSHIP OF NUTLEY**

GENERAL FUND

**COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997**

| | <u>1998</u> | | | <u>1997</u> | | |
|--|-----------------------|---------------------|---|---------------------|---------------------|---|
| | Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES | <u>\$ (1,147,555)</u> | <u>\$ 124,806</u> | <u>\$ 1,272,361</u> | <u>\$ (996,087)</u> | <u>\$ (50,496)</u> | <u>\$ 945,591</u> |
| FUND BALANCE, JULY 1 | <u>2,711,677</u> | <u>2,711,677</u> | <u>-</u> | <u>1,994,638</u> | <u>2,762,173</u> | <u>767,535</u> |
| FUND BALANCE, JUNE 30 | <u>\$ 1,564,122</u> | <u>\$ 2,836,483</u> | <u>\$ 1,272,361</u> | <u>\$ 998,551</u> | <u>\$ 2,711,677</u> | <u>\$1,713,126</u> |

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SPECIAL REVENUE FUND DETAIL STATEMENTS

**SCHOOL DISTRICT
TOWNSHIP OF NUTLEY**

SPECIAL REVENUE FUND

**COMBINING BALANCE SHEET
JUNE 30, 1998 (WITH COMPARATIVE TOTALS FOR JUNE 30, 1997)**

| ASSETS | Nonpublic Textbooks | Nonpublic Auxiliary | Nonpublic Handicapped | IASA Title I | IASA Title II | IASA Title IV | IASA Title VI | IDEA Part B | Vocational Education | Other State | 1998 | 1997 |
|---|------------------------|------------------------|--------------------------|-----------------|------------------|------------------|------------------|-----------------|-------------------------|----------------|------------------|------------------|
| Cash | \$10,593 | \$28,978 | \$33,536 | \$12,224 | \$126 | \$3,302 | \$13,690 | \$52,463 | \$498 | \$2,114 | \$157,524 | \$142,640 |
| Intergovernmental Accounts Receivable: | | | | | | | | | | | | |
| Federal Aid | - | - | - | - | - | - | - | - | - | - | - | 1,392 |
| Total Assets | <u>\$10,593</u> | <u>\$28,978</u> | <u>\$33,536</u> | <u>\$12,224</u> | <u>\$126</u> | <u>\$3,302</u> | <u>\$13,690</u> | <u>\$52,463</u> | <u>\$498</u> | <u>\$2,114</u> | <u>\$157,524</u> | <u>\$144,032</u> |
| LIABILITIES AND FUND BALANCE | | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | | |
| Intergovernmental Accounts Payable: | | | | | | | | | | | | |
| State | \$ 8,567 | \$28,978 | \$33,536 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 71,081 | \$ 74,774 |
| Federal | - | - | - | - | - | - | - | - | 498 | - | 498 | 176 |
| Accounts Payable | - | - | - | - | - | - | 4,390 | 4,250 | - | 770 | 9,410 | 31,329 |
| Deferred Revenue | <u>2,026</u> | - | - | <u>12,224</u> | <u>126</u> | <u>3,302</u> | <u>9,300</u> | <u>48,213</u> | - | <u>1,344</u> | <u>76,535</u> | <u>37,753</u> |
| Total Liabilities | <u>\$10,593</u> | <u>\$28,978</u> | <u>\$33,536</u> | <u>\$12,224</u> | <u>\$126</u> | <u>\$3,302</u> | <u>\$13,690</u> | <u>\$52,463</u> | <u>\$498</u> | <u>\$2,114</u> | <u>\$157,524</u> | <u>\$144,032</u> |

**SCHOOL DISTRICT
TOWNSHIP OF NUTLEY**

- 32 -

C-2

SPECIAL REVENUE FUND

**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS - INCLUDES ENCUMBRANCES
YEAR ENDED JUNE 30, 1998 (WITH COMPARATIVE TOTALS FOR JUNE 30, 1997)**

| | N.J. Nonpublic Auxiliary | | | N.J. Nonpublic Handicapped | | | | | | | | | | Idea B | Idea B |
|--|--------------------------|---------------------------|---------|----------------------------|-----------------------------|--------------------------------|----------------------|----------------------|------------------------------|-----------------|---------------------|---------------------|----------------------------------|-----------------|-------------------------|
| | Nonpublic Textbooks | Compensatory Education | ESL | Trans- portation | Supplemental Instruction | Examination/ Classification | Corrective Speech | Nonpublic Nursing | DLNA/ Technology Grant | Idea B Basic | Idea B Carryover | Idea B Preschool | Idea B Preschool Carryover | Summer Prior | Preschool Summ/Prior |
| REVENUES: | | | | | | | | | | | | | | | |
| State Sources | \$20,416 | \$60,236 | \$8,536 | \$3,788 | \$14,747 | \$22,493 | \$28,321 | \$37,925 | \$159,979 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Federal Sources | | | | | | | | | 227,105 | 1,081 | 23,856 | 386 | 24,582 | 7,767 | |
| Total Revenues | \$20,416 | \$60,236 | \$8,536 | \$3,788 | \$14,747 | \$22,493 | \$28,321 | \$37,925 | \$159,979 | \$227,105 | \$1,081 | \$23,856 | \$ 386 | \$24,582 | \$ 7,767 |
| EXPENDITURES: | | | | | | | | | | | | | | | |
| Instruction: | | | | | | | | | | | | | | | |
| Salaries of Teachers | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 84,248 | \$ - | \$21,349 | \$ - | \$ 4,841 | \$ 3,758 |
| Other Salaries for Instruction | | | | | | | | | | 53,692 | | | | 3,540 | 1,000 |
| Purchased Prof. and Technical Services | | 60,236 | 8,536 | 3,788 | 14,747 | 22,493 | 28,321 | 37,925 | | 44,092 | 1,081 | | | | |
| Instructional Supplies | | | | | | | | | 119 | 445 | | 303 | | | 620 |
| Textbooks | 20,416 | | | | | | | | | | | | | | |
| Total Instruction | 20,416 | 60,236 | 8,536 | 3,788 | 14,747 | 22,493 | 28,321 | 37,925 | 119 | 182,477 | 1,081 | 21,652 | - | 8,381 | 5,378 |
| Improvement of Instruction: | | | | | | | | | | | | | | | |
| Salaries of Other Professional Staff | | | | | | | | | | | | | | 7,196 | |
| Salary - Secretary/Clerical | | | | | | | | | | | | | | | |
| Purchased Prof. and Technical Services | | | | | | | | | | | | | 386 | | |
| Total Improvement of Instruction | | | | | | | | | | | | | 386 | 7,196 | |
| Support Services | | | | | | | | | | | | | | | |
| Salaries for Professional Development | | | | | | | | | | | | | | | |
| Purchased Professional Services | | | | | | | | | 4,292 | 4,000 | | | | | |
| General Supplies | | | | | | | | | 49,092 | | | | | | |
| Miscellaneous Expenses | | | | | | | | | | | | | | | |
| Total Support Services | | | | | | | | | 53,384 | 4,000 | | | | | |
| Business Services: | | | | | | | | | | | | | | | |
| Social Security | | | | | | | | | | 10,582 | | 1,633 | | 7,266 | 1,935 |
| Pension | | | | | | | | | | 1,727 | | 438 | | 1,659 | 429 |
| Other Benefits | | | | | | | | | | 28,319 | | 133 | | 80 | 25 |
| Total Business Services | | | | | | | | | | 40,628 | | 2,204 | | 9,005 | 2,389 |
| Facilities Acquisition and Construction Services: | | | | | | | | | | | | | | | |
| Equipment | | | | | | | | | 106,476 | | | | | | |
| Total Facilities Acquisition | | | | | | | | | 106,476 | | | | | | |
| Total Expenditures | \$20,416 | \$60,236 | \$8,536 | \$3,788 | \$14,747 | \$22,493 | \$28,321 | \$37,925 | \$159,979 | \$227,105 | \$1,081 | \$23,856 | \$ 386 | \$24,582 | \$ 7,767 |

(Continued)

**SCHOOL DISTRICT
TOWNSHIP OF NUTLEY**

- 33 -
C-2

SPECIAL REVENUE FUND

**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS - INCLUDES ENCUMBRANCES
YEAR ENDED JUNE 30, 1998 (WITH COMPARATIVE TOTALS FOR JUNE 30, 1997)**

| | Title I | Title I Prior | Title I Carryover | Title VI | Title VI Carryover | Title II | Title II Carryover | Title IV | Title IV Prior | Title IV Carryover | Perkins Vocational Education | J.T.P.A/ S.Y.E.T.P. | Total June 30, 1998 | Total June 30, 1997 |
|--|------------------|------------------|----------------------|-----------------|-----------------------|-----------------|-----------------------|-----------------|-------------------|-----------------------|------------------------------------|------------------------|---------------------------|---------------------------|
| REVENUES: | | | | | | | | | | | | | | |
| State Sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ | \$ | \$ 356,441 | \$ 218,560 |
| Federal Sources | <u>112,596</u> | <u>12,116</u> | <u>3,625</u> | <u>15,303</u> | <u>32</u> | <u>11,764</u> | <u>665</u> | <u>17,989</u> | <u>2,429</u> | <u>7,359</u> | <u>10,561</u> | <u>7,258</u> | <u>486,474</u> | <u>438,279</u> |
| Total Revenues | <u>\$112,596</u> | <u>\$ 12,116</u> | <u>\$ 3,625</u> | <u>\$15,303</u> | <u>\$ 32</u> | <u>\$11,764</u> | <u>\$ 665</u> | <u>\$17,989</u> | <u>\$2,429</u> | <u>\$7,359</u> | <u>\$10,561</u> | <u>\$7,258</u> | <u>\$ 842,915</u> | <u>\$ 656,839</u> |
| EXPENDITURES: | | | | | | | | | | | | | | |
| Instruction: | | | | | | | | | | | | | | |
| Salaries of Teachers | \$101,360 | \$ - | \$ 3,625 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$3,372 | \$ 222,553 | \$ 234,230 |
| Other Salaries for Instruction | | | | | | | | | | | | | 58,232 | 33,870 |
| Purchased Prof. and Technical Services | | | | | | | | | | | | | 221,219 | 211,757 |
| Instructional Supplies | | | | 1,919 | 32 | 1,571 | 665 | | | | 1,209 | | 6,883 | 3,758 |
| Textbooks | | | | | | | | | | | | | <u>20,416</u> | <u>19,557</u> |
| Total Instruction | <u>101,360</u> | | <u>3,625</u> | <u>1,919</u> | <u>32</u> | <u>1,571</u> | <u>665</u> | | | | <u>1,209</u> | <u>3,372</u> | <u>529,303</u> | <u>503,172</u> |
| Improvement of Instruction: | | | | | | | | | | | | | | |
| Salaries of Other Professional Staff | 868 | | | | | | | | | | | 3,337 | 11,401 | 13,251 |
| Salary - Secretary/Clerical | | | | | | | | | | | | | 386 | |
| Purchased Prof. and Technical Services | | | | | | | | 2,572 | | | | | <u>2,572</u> | <u>5,345</u> |
| General Supplies | | | | | | | | | | | | | | |
| Total Improvement of Instruction | <u>868</u> | | | | | | | <u>2,572</u> | | | | <u>3,337</u> | <u>14,359</u> | <u>18,596</u> |
| Support Services | | | | | | | | | | | | | | |
| Salaries for Professional Development | | | | | | 9,793 | | 14,054 | 1,858 | 6,570 | | | 32,275 | 16,832 |
| Purchased Professional Services | | | | | | 400 | | | | | | | 8,692 | 1,000 |
| General Supplies | | | | | | | | | 19 | 152 | | | 49,263 | 5,949 |
| Miscellaneous Expenses | | | | | | | | | | | | | | <u>1,409</u> |
| Total Support Services | | | | | | <u>10,193</u> | | <u>14,054</u> | <u>1,877</u> | <u>6,722</u> | | | <u>90,230</u> | <u>25,190</u> |
| Business Services: | | | | | | | | | | | | | | |
| Social Security | 8,097 | 9,516 | | | | | | 1,075 | 433 | 503 | | 514 | 41,554 | 30,074 |
| Pension | 2,171 | 2,600 | | | | | | 288 | 119 | 134 | | | 9,565 | 7,068 |
| Other Benefits | <u>100</u> | | | | | | | | | | | <u>35</u> | <u>28,692</u> | <u>11,783</u> |
| Total Business Services | <u>10,368</u> | <u>12,116</u> | | | | | | <u>1,363</u> | <u>552</u> | <u>637</u> | | <u>549</u> | <u>79,811</u> | <u>48,925</u> |
| Facilities Acquisition and Construction Services: | | | | | | | | | | | | | | |
| Equipment | | | | 13,384 | | | | | | | 9,352 | | 129,212 | 60,956 |
| Total Facilities Acquisition | | | | <u>13,384</u> | | | | | | | <u>9,352</u> | | <u>129,212</u> | <u>60,956</u> |
| Total Expenditures | <u>\$112,596</u> | <u>\$ 12,116</u> | <u>\$ 3,625</u> | <u>\$15,303</u> | <u>\$ 32</u> | <u>\$11,764</u> | <u>\$ 665</u> | <u>\$17,989</u> | <u>\$2,429</u> | <u>\$7,359</u> | <u>\$10,561</u> | <u>\$7,258</u> | <u>\$ 842,915</u> | <u>\$ 656,839</u> |

(Concluded)

**SCHOOL DISTRICT
TOWNSHIP OF NUTLEY**

SPECIAL REVENUE FUND

**STATEMENT OF DISTANCE LEARNING NETWORK AID – BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 1998**

| | Budget | Actual | Variance |
|---|------------------|------------------|-----------------|
| EXPENDITURES: | | | |
| Support Services: | | | |
| Purchased Technical Services | \$ 5,833 | \$ 4,292 | \$ 1,541 |
| Supplies and Materials | <u>45,261</u> | <u>49,082</u> | <u>(3,831)</u> |
| TOTAL SUPPORT: | <u>51,094</u> | <u>53,384</u> | <u>(2,290)</u> |
| Facilities Acquisition and Contr.: | | | |
| Instructional Equip. | <u>108,922</u> | <u>106,476</u> | <u>2,446</u> |
| Total Facilities Acquisition and Contr. | <u>108,922</u> | <u>106,476</u> | <u>2,446</u> |
| TOTAL | <u>\$160,016</u> | <u>\$159,860</u> | <u>\$ 156</u> |
| DISTANCE LEARNING CARRYOVER | | | <u>\$ 156</u> |
| BUDGETED DISTANCE LEARNING CARRYOVER | | | <u>\$ -</u> |

DEBT SERVICE FUND DETAIL STATEMENTS

**SCHOOL DISTRICT
TOWNSHIP OF NUTLEY**

DEBT SERVICE FUND

**COMPARATIVE BALANCE SHEET
JUNE 30, 1998 AND 1997**

| ASSETS | 1998 | 1997 |
|---|---------------------------|--------------------------|
| Cash and cash equivalents | \$ <u> </u> - | \$ <u> 653 </u> |
| TOTAL ASSETS | \$ <u> </u> - | \$ <u> 653 </u> |
| FUND BALANCES | | |
| Designated for Subsequent Year's Expenditures | \$ <u> </u> - | \$ <u> 653 </u> |
| TOTAL FUND BALANCES | \$ <u> </u> - | \$ <u> 653 </u> |

**SCHOOL DISTRICT
TOWNSHIP OF NUTLEY**

DEBT SERVICE FUND

**COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
YEARS ENDED JUNE 30, 1998 AND 1997**

| | 1998 | 1997 |
|--|----------------|----------------|
| REVENUES: | | |
| Local Sources: | | |
| Local Tax Levy | \$177,397 | \$182,437 |
| State Sources: | | |
| Debt Service Aid Type II | <u>6,255</u> | <u>2,988</u> |
| Total Revenue | <u>183,652</u> | <u>185,425</u> |
| EXPENDITURES: | | |
| Regular Debt Service: | | |
| Interest | 69,305 | 74,825 |
| Principal | <u>115,000</u> | <u>115,000</u> |
| Total Expenditures | <u>184,305</u> | <u>189,825</u> |
| DEFICIENCY OF REVENUES (UNDER) EXPENDITURES | <u>(653)</u> | <u>(4,400)</u> |
| OTHER FINANCING SOURCES: | | |
| Operating Transfers In: | | |
| Fund Balance | - | - |
| Capital Projects Fund | <u>-</u> | <u>-</u> |
| Total Other Financing Sources | <u>-</u> | <u>-</u> |
| REVENUES AND OTHER FINANCING SOURCES (UNDER) EXPENDITURES AND OTHER FINANCING USES | (653) | (4,400) |
| FUND BALANCE, JULY 1 | <u>653</u> | <u>5,053</u> |
| FUND BALANCE, JUNE 30 | <u>\$ -</u> | <u>\$ 653</u> |

ENTERPRISE FUND DETAIL STATEMENTS

**SCHOOL DISTRICT
TOWNSHIP OF NUTLEY**

FOOD SERVICE ENTERPRISE FUND

**COMPARATIVE BALANCE SHEET
JUNE 30, 1998 AND 1997**

| ASSETS | 1998 | 1997 |
|--|------------------------|------------------------|
| Cash and Cash Equivalents | \$ - | \$ - |
| Intergovernmental Accounts Receivable: | | |
| State | 1,168 | 877 |
| Federal | 11,779 | 12,111 |
| Inventory | 8,030 | 9,341 |
| Fixed Assets (Net of Accumulated Depreciation of \$113,470) | <u>1,681</u> | <u>2,392</u> |
| TOTAL ASSETS | <u>\$22,658</u> | <u>\$24,721</u> |
| LIABILITIES AND FUND EQUITY | | |
| Cash Overdraft | \$12,947 | \$15,968 |
| Intergovernmental Accounts Payable: | | |
| Other | 2,980 | - |
| Contributed Capital | 2,135 | 2,135 |
| Retained Earnings | <u>4,596</u> | <u>6,618</u> |
| TOTAL LIABILITIES AND FUND EQUITY | <u>\$22,658</u> | <u>\$24,721</u> |

**SCHOOL DISTRICT
TOWNSHIP OF NUTLEY**

FOOD SERVICE FUND

**COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED
EARNINGS
YEARS ENDED JUNE 30, 1998 AND 1997**

| | 1998 | 1997 |
|-------------------------------------|------------------|------------------|
| OPERATING REVENUES: | | |
| Local Sources: | | |
| Daily Sales - Reimbursable | | |
| School Lunch Program | <u>\$341,036</u> | <u>\$293,634</u> |
| Total Operating Revenues | <u>341,036</u> | <u>293,634</u> |
| OPERATING EXPENSES: | | |
| Salaries | 272,315 | 273,651 |
| Benefits | 119,502 | 145,735 |
| Supplies | 227,478 | 208,456 |
| Purchased Services | 7,659 | 6,158 |
| Other | 1,097 | 1,060 |
| Depreciation | <u>711</u> | <u>711</u> |
| Total Operating Expenses | <u>628,762</u> | <u>635,771</u> |
| Operating Loss | <u>(287,726)</u> | <u>(342,137)</u> |
| Nonoperating Revenues: | | |
| State Sources: | | |
| State School Lunch Program | 6,304 | 6,318 |
| Federal Sources: | | |
| Federal School Lunch Program | 64,447 | 63,136 |
| Special Functions | <u>53,096</u> | <u>46,178</u> |
| Total Nonoperating Revenues | <u>123,847</u> | <u>115,631</u> |
| NET LOSS BEFORE OPERATING TRANSFERS | (163,879) | (226,506) |
| OPERATING TRANSFER IN | <u>161,857</u> | <u>223,674</u> |
| NET LOSS | (2,022) | (2,832) |
| RETAINED EARNINGS, JULY 1 | <u>6,618</u> | <u>9,450</u> |
| RETAINED EARNINGS, JUNE 30 | <u>\$ 4,596</u> | <u>\$ 6,618</u> |

**SCHOOL DISTRICT
TOWNSHIP OF NUTLEY**

FOOD SERVICE ENTERPRISE FUND

**STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 1998 AND 1997**

| | Enterprise Funds | |
|--|-------------------------|--------------------|
| | 1998 | 1997 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Operating Loss | <u>\$(287,726)</u> | <u>\$(342,137)</u> |
| Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities: | | |
| Depreciation | 711 | 711 |
| Change in Assets and Liabilities: | | |
| Decrease in Federal Subsidy Receivable | 332 | 823 |
| (Increase) decrease in State Subsidy Receivable | (291) | 475 |
| Decrease in Other Accounts Receivable | 2,980 | 8,235 |
| Decrease (increase) in Inventory | 1,311 | (1,259) |
| Decrease in Cash Overdrafts | <u>(3,021)</u> | <u>(6,153)</u> |
| Total Adjustments | <u>2,022</u> | <u>2,832</u> |
| Net Cash Used In Operating Activities | <u>(285,704)</u> | <u>(339,305)</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES: | | |
| Financing Activities | | |
| Cash Receipts From Federal and State Grants | 123,847 | 115,631 |
| Operating Transfers From Other Funds | <u>161,857</u> | <u>223,674</u> |
| Net Cash Provided by Non-Capital Financing Activities | <u>285,704</u> | <u>339,305</u> |
| NET (DECREASE) IN CASH AND CASH EQUIVALENTS | <u>-</u> | <u>-</u> |
| CASH AND CASH EQUIVALENTS, JULY 1 | <u>-</u> | <u>-</u> |
| CASH AND CASH EQUIVALENTS, JUNE 30 | <u>\$ -</u> | <u>\$ -</u> |

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**SCHOOL DISTRICT
TOWNSHIP OF NUTLEY**

TRUST AND AGENCY FUND

**COMBINING BALANCE SHEET
JUNE 30, 1998 (WITH COMPARATIVE TOTALS FOR JUNE 30, 1997)**

| | Unemploy- ment Claims | Student Activity | Payroll | Total 1998 | 1997 |
|---------------------------------|--------------------------------------|-----------------------------|----------------|-----------------------|------------------|
| ASSETS | | | | | |
| Cash and Cash Equivalents | <u>\$423,136</u> | <u>\$119,063</u> | <u>\$ -</u> | <u>\$542,199</u> | <u>\$529,074</u> |
| Total Assets | <u>\$423,136</u> | <u>\$119,063</u> | <u>\$ -</u> | <u>\$542,199</u> | <u>\$529,074</u> |
| LIABILITIES | | | | | |
| Reserve for Unemployment Claims | \$423,136 | \$ - | \$ - | \$423,136 | \$404,291 |
| Due to Student Groups | <u>-</u> | <u>119,063</u> | <u>-</u> | <u>119,063</u> | <u>124,783</u> |
| Total Liabilities | <u>\$423,136</u> | <u>\$119,063</u> | <u>\$ -</u> | <u>\$542,199</u> | <u>\$529,074</u> |

**SCHOOL DISTRICT
TOWNSHIP OF NUTLEY**

STUDENT ACTIVITY FUND

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED JUNE 30, 1998**

| | Balance June 30, 1997 | Additions | Deletions | Balance June 30, 1998 |
|---------------------------|--------------------------------------|------------------|------------------|--------------------------------------|
| ASSETS | | | | |
| Cash and Cash Equivalents | <u>\$124,783</u> | <u>\$241,191</u> | <u>\$246,911</u> | <u>\$119,063</u> |
| TOTAL ASSETS | <u>\$124,783</u> | <u>\$241,191</u> | <u>\$246,911</u> | <u>\$119,063</u> |
| LIABILITIES | | | | |
| Due to Student Groups | <u>\$124,783</u> | <u>\$241,191</u> | <u>\$246,911</u> | <u>\$119,063</u> |
| TOTAL LIABILITIES | <u>\$124,783</u> | <u>\$241,191</u> | <u>\$246,911</u> | <u>\$119,063</u> |

**SCHOOL DISTRICT
TOWNSHIP OF NUTLEY**

STUDENT ACTIVITY AGENCY FUND

**STATEMENT OF ACTIVITY
YEAR ENDED JUNE 30, 1998**

| | Balance June 30, 1997 | Cash Receipts | Cash Disburse- ments | Balance June 30, 1998 |
|------------------------------|--------------------------------------|--------------------------|-------------------------------------|--------------------------------------|
| ELEMENTARY SCHOOLS: | | | | |
| Lincoln | \$ 7,260 | \$ 14,689 | \$ 17,734 | \$ 4,215 |
| Radcliffe | 4,401 | 5,512 | 6,197 | 3,716 |
| Spring Garden | 8,297 | 12,688 | 10,747 | 10,238 |
| Washington | 4,756 | 5,289 | 5,318 | 4,727 |
| Yantacaw | <u>975</u> | <u>3,713</u> | <u>3,989</u> | <u>699</u> |
| | <u>25,689</u> | <u>41,891</u> | <u>43,985</u> | <u>23,595</u> |
| MIDDLE SCHOOL: | | | | |
| Franklin | <u>4,795</u> | <u>29,299</u> | <u>31,463</u> | <u>2,631</u> |
| HIGH SCHOOL: | | | | |
| Nutley High | <u>94,299</u> | <u>170,001</u> | <u>171,463</u> | <u>92,837</u> |
| TOTAL ALL SCHOOLS | <u>\$124,783</u> | <u>\$241,191</u> | <u>\$246,911</u> | <u>\$119,063</u> |

**SCHOOL DISTRICT
TOWNSHIP OF NUTLEY**

G- 4

PAYROLL AGENCY FUND

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED JUNE 30, 1998**

| | Balance June 30, 1997 | Additions | Deletions | Balance June 30, 1998 |
|-------------------------------------|--------------------------------------|---------------------|---------------------|--------------------------------------|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ - | \$23,743,916 | \$23,743,916 | \$ - |
| TOTAL ASSETS | <u>\$ -</u> | <u>\$23,743,916</u> | <u>\$23,743,916</u> | <u>\$ -</u> |
| LIABILITIES | | | | |
| Payroll Deductions and Withholdings | \$ - | \$23,743,916 | \$23,743,916 | \$ - |
| TOTAL LIABILITIES | <u>\$ -</u> | <u>\$23,743,916</u> | <u>\$23,743,916</u> | <u>\$ -</u> |

GENERAL FIXED ASSETS ACCOUNT GROUP

**SCHOOL DISTRICT
TOWNSHIP OF NUTLEY**

**COMPARATIVE SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE
AS OF JUNE 30, 1998 AND 1997**

| | 1998 | 1997 |
|---|--------------------|--------------------|
| GENERAL FIXED ASSETS: | | |
| Buildings and Building Improvements | \$6,472,297 | \$6,111,695 |
| Machinery and Equipment | 3,005,170 | 2,785,835 |
| Construction-in-Progress | <u>64,693</u> | <u>32,685</u> |
| TOTAL | <u>\$9,542,160</u> | <u>\$8,930,215</u> |
| INVESTMENT IN GENERAL FIXED ASSETS BY SOURCE: | | |
| General Fund | \$9,426,094 | \$8,930,215 |
| Special Revenue Fund | <u>116,066</u> | <u>-</u> |
| TOTAL | <u>\$9,542,160</u> | <u>\$8,930,215</u> |

**SCHOOL DISTRICT
TOWNSHIP OF NUTLEY**

**SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY SOURCE
YEAR ENDED JUNE 30, 1998**

| | Balance July 1, 1997 | Additions | Transfers/ Disposals | Balance June 30, 1998 |
|----------------------|---------------------------------|------------------|---------------------------------|----------------------------------|
| General Fund | \$8,930,215 | \$620,181 | \$124,302 | \$9,426,094 |
| Special Revenue Fund | <u>-</u> | <u>116,066</u> | <u>-</u> | <u>116,066</u> |
| | <u>\$8,930,215</u> | <u>\$736,247</u> | <u>\$124,302</u> | <u>\$9,542,160</u> |

GENERAL LONG-TERM DEBT ACCOUNT GROUP

**SCHOOL DISTRICT
TOWNSHIP OF NUTLEY**

GENERAL LONG-TERM DEBT ACCOUNT GROUP

**COMPARATIVE STATEMENT OF GENERAL LONG-TERM DEBT
JUNE 30, 1998 AND 1997**

| | 1998 | 1997 |
|--|--------------------|--------------------|
| OTHER DEBITS: | | |
| Amount available in debt service fund | \$ - | \$ 653 |
| Amount to be provided for retirement of long-term debt | <u>2,791,884</u> | <u>2,876,496</u> |
| TOTAL AMOUNT AVAILABLE AND TO BE PROVIDED FOR GENERAL LONG-TERM DEBT | <u>\$2,791,884</u> | <u>\$2,877,149</u> |
| LONG-TERM LIABILITIES: | | |
| Bonds payable | \$1,125,000 | \$1,240,000 |
| Compensated absences payable | <u>1,666,884</u> | <u>1,637,149</u> |
| TOTAL GENERAL LONG-TERM LIABILITIES | <u>\$2,791,884</u> | <u>\$2,877,149</u> |

**SCHOOL DISTRICT
TOWNSHIP OF NUTLEY**

GENERAL LONG-TERM DEBT ACCOUNT GROUP

**SCHEDULE OF SERIAL BONDS
YEAR ENDED JUNE 30, 1998**

| Purpose | Date of Issue | Amount of Original Issue | Annual Date | Maturities Amount | Interest Rate | Balance, June 30, 1997 | Paid | Balance, June 30, 1998 |
|--|------------------|--------------------------------|----------------------------|----------------------|--------------------|------------------------------|------------------|------------------------------|
| Asbestos Abatement Activities at Various Schools; Removal of Fuel Oil Storage Tanks at Various Schools; Modifications to Heating Plants at Various Schools; Replacement of Roof Above the Auditorium and Main Gymnasium of the High School | 09/01/92 | \$1,700,000 | 09/01/98-02 09/01/03-07 | \$115,000 110,000 | Various Various | <u>\$1,240,000</u> | <u>\$115,000</u> | <u>\$1,125,000</u> |
| | | | | | | <u>\$1,240,000</u> | <u>\$115,000</u> | <u>\$1,125,000</u> |

STATISTICAL SECTION

SCHOOL DISTRICT TOWNSHIP OF NUTLEY

GOVERNMENTAL FUND EXPENDITURES BY FUNCTION*

LAST FOUR FISCAL YEARS (UNAUDITED)

| | June 30, | | | |
|---|----------------------|---------------------|---------------------|---------------------|
| | 1998 | 1997 | 1996 | 1995 |
| Function | | | | |
| Instruction: | | | | |
| Regular | \$ 13,814,801 | \$13,592,391 | \$12,963,067 | \$12,125,961 |
| Special | 1,296,002 | 1,851,178 | 1,802,120 | 1,697,318 |
| Other | 453,869 | 112,070 | 54,633 | 51,289 |
| School - Sponsored/Other Instructional | <u>587,532</u> | <u>456,091</u> | <u>453,782</u> | <u>455,269</u> |
| Total Instruction | <u>16,152,204</u> | <u>16,011,730</u> | <u>15,273,602</u> | <u>14,329,837</u> |
| Community Services | <u>1,668</u> | <u>1,764</u> | <u>1,333</u> | <u>2,170</u> |
| Undistributed: | | | | |
| Instruction - Tuition | 1,615,882 | 1,474,291 | 1,327,378 | 1,402,885 |
| Support Services - Student | 1,973,607 | 1,720,483 | 1,570,030 | 1,479,401 |
| Support Services - Instructional Staff | 963,975 | 1,001,010 | 969,716 | 915,498 |
| General Administration | 750,705 | 709,214 | 718,448 | 808,834 |
| School Administration | 1,863,816 | 1,871,243 | 1,995,671 | 1,909,687 |
| Operating and Maintenance | 3,118,757 | 3,032,535 | 2,962,513 | 2,728,687 |
| School Transportation | 807,890 | 838,446 | 772,703 | 713,220 |
| Business and Other Support Services: | | | | |
| Salaries and Employee Benefits | 3,519,052 | 3,860,057 | 3,795,224 | 3,605,136 |
| Other | 70,917 | 149,756 | 62,528 | 240,183 |
| On Behalf TPAF Pension Contributions | 409,721 | 537,168 | 154,463 | N/A |
| Reimbursed TPAF Social Security Contributions | <u>1,265,767</u> | <u>1,241,810</u> | <u>1,201,391</u> | <u>N/A</u> |
| Total Undistributed | <u>16,360,089</u> | <u>16,436,013</u> | <u>15,530,065</u> | <u>13,803,531</u> |
| Capital Outlay: | | | | |
| Equipment | 213,670 | 226,189 | 231,131 | 179,172 |
| Facilities | <u>341,819</u> | <u>93,123</u> | <u>146,667</u> | <u>148,207</u> |
| Total Capital Outlay | <u>555,489</u> | <u>319,312</u> | <u>377,798</u> | <u>327,379</u> |
| Special Schools | <u>19,110</u> | <u>23,696</u> | <u>24,643</u> | <u>25,184</u> |
| Total General Fund Expenditures | <u>33,088,560</u> | <u>32,792,515</u> | <u>31,207,441</u> | <u>28,488,101</u> |
| Special Revenue: | | | | |
| State | 353,227 | 218,560 | 203,393 | 172,464 |
| Federal | <u>454,874</u> | <u>438,279</u> | <u>489,842</u> | <u>430,125</u> |
| Total Special Revenue Expenditures | <u>808,101</u> | <u>656,839</u> | <u>693,235</u> | <u>602,589</u> |
| Debt Service Expenditures | <u>184,305</u> | <u>189,825</u> | <u>208,403</u> | <u>277,676</u> |
| TOTAL GOVERNMENTAL FUND EXPENDITURES | <u>\$ 34,080,966</u> | <u>\$33,639,179</u> | <u>\$32,109,079</u> | <u>\$29,368,366</u> |

* 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.

**SCHOOL DISTRICT
TOWNSHIP OF NUTLEY**

GOVERNMENTAL FUND REVENUES BY SOURCE

LAST EIGHT FISCAL YEARS (UNAUDITED)

| Fiscal Year Ended June 30, | Local Tax Levy | Other Local Revenue | State Revenue | Federal Revenue | Total |
|---------------------------------------|---------------------------|--------------------------------|--------------------------|----------------------------|--------------|
| 1991 | \$19,767,475 | \$ 255,282 | \$2,873,060 | \$ 345,313 | \$23,241,130 |
| 1992 | 21,746,725 | 452,389 | 6,055,635 | 436,556 | 28,691,305 |
| 1993 | 22,918,531 | 463,123 | 5,469,193 | 507,646 | 29,358,493 |
| 1994 | 24,349,117 | 502,288 | 3,251,627 | 508,611 | 28,611,643 |
| 1995 | 26,298,483 | 1,159,178 | 2,233,235 | 408,424 | 30,099,320 |
| 1996 | 27,085,852 | 655,089 | 4,072,236* | 477,961 | 32,291,138 |
| 1997 | 28,518,923 | 592,390 | 4,253,521* | 415,789 | 33,780,623 |
| 1998 | 28,810,776 | 666,649 | 4,437,891* | 486,474 | 34,366,976 |

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

**SCHOOL DISTRICT
TOWNSHIP OF NUTLEY**

MUNICIPAL PROPERTY TAX LEVIES AND COLLECTIONS

LAST SEVEN YEARS (UNAUDITED)

| Year Ended December 31, | Total Tax Levy | Current Tax Collections | Percent of Tax Levy Collected |
|------------------------------------|---------------------------|------------------------------------|--|
| 1991 | \$44,832,916 | \$43,932,153 | 97.99% |
| 1992 | 46,297,333 | 45,216,917 | 97.67 |
| 1993 | 48,705,762 | 47,355,718 | 97.23 |
| 1994 | 52,120,586 | 50,667,611 | 97.21 |
| 1995 | 54,811,414 | 53,332,177 | 97.30 |
| 1996 | 55,795,710 | 54,252,100 | 97.23 |
| 1997 | 57,978,726 | 56,385,078 | 97.25 |

**SCHOOL DISTRICT
TOWNSHIP OF NUTLEY**

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST EIGHT FISCAL YEARS (UNAUDITED)

| Year Ended June 30, | Net Assessed Valuations | Estimated Full Cash Valuations | Percentage of Net Assessed to Estimated Full Cash Valuations |
|--------------------------------|------------------------------------|---|---|
| 1991 | \$ 499,423,000 | \$1,906,901,137 | 26.19% |
| 1992 | 493,718,400 | 1,802,076,429 | 27.40 |
| 1993 | 489,395,000 | 1,789,650,722 | 27.35 |
| 1994 | 495,441,140 | 1,769,247,947 | 28.00 |
| 1995 | 494,788,200 | 1,761,438,946 | 28.09 |
| 1996 | 490,409,200 | 1,747,093,694 | 28.07 |
| 1997 | 488,108,600 | 1,787,943,590 | 27.30 |
| 1998 | 493,042,100 | 1,723,923,427 | 28.60 |

**SCHOOL DISTRICT
TOWNSHIP OF NUTLEY**

**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
PER \$100 OF ASSESSED VALUATION**

LAST EIGHT FISCAL YEARS (UNAUDITED)

| Assessment Year | Nutley School District | Township Of Nutley | Essex County | Total |
|----------------------------|-----------------------------------|-------------------------------|-------------------------|--------------|
| 1991 | 4.16 | 2.58 | 2.23 | 8.97 |
| 1992 | 4.52 | 2.53 | 2.32 | 9.37 |
| 1993 | 4.83 | 2.66 | 2.45 | 9.94 |
| 1994 | 5.11 | 2.93 | 2.53 | 10.57 |
| 1995 | 5.40 | 3.05 | 2.62 | 11.07 |
| 1996 | 5.67 | 3.02 | 2.67 | 11.36 |
| 1997 | 5.87 | 3.21 | 2.69 | 11.77 |
| 1998 | 5.93 | 3.58 | 2.63 | 12.14 |

**SCHOOL DISTRICT
TOWNSHIP OF NUTLEY**

**RATIO OF NET GENERAL BONDED DEBT
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA**

LAST EIGHT FISCAL YEARS (UNAUDITED)

| Fiscal Year Ended June 30, | School District Population | Assessed Value | Net Bonded Debt | Ratio of Bonded Debt To Assessed Value | Net Bonded Debt Per Capita |
|---------------------------------------|---------------------------------------|---------------------------|----------------------------|---|---|
| 1991 | 27,099 | \$499,423,000 | \$ 313,000 | 0.06% | 11.55 |
| 1992 | 27,466 | 493,718,400 | 238,000 | 0.05 | 8.67 |
| 1993 | 27,466 | 489,395,000 | 1,863,000 | 0.38 | 67.83 |
| 1994 | 27,466 | 495,441,140 | 1,673,000 | 0.34 | 60.91 |
| 1995 | 27,466 | 494,788,200 | 1,558,000 | 0.31 | 56.72 |
| 1996 | 27,550 | 490,409,200 | 1,355,000 | 0.28 | 49.18 |
| 1997 | 27,550 | 488,108,600 | 1,240,000 | 0.23 | 45.01 |
| 1998 | 25,915 | 493,042,100 | 1,125,000 | 0.23 | 43.41 |

**SCHOOL DISTRICT
TOWNSHIP OF NUTLEY**

**COMPUTATION OF LEGAL DEBT MARGIN
AS OF JUNE 30, 1998 (UNAUDITED)**

| | Year | Equalized Valuation Basis |
|---|-------------|--------------------------------------|
| | 1995 | 1,754,075,169 |
| | 1996 | 1,787,852,015 |
| | 1997 | 1,699,252,797 |
| | | |
| Average Equalized Valuation of Taxable Property | | <u>\$1,747,059,994</u> |
| School Borrowing Margin (4% of \$1,747,059,994) | | \$ 69,882,400 |
| Net bonded school debt as of June 30, 1998 | | <u>1,125,000</u> |
| SCHOOL BORROWING MARGIN AVAILABLE | | <u>\$ 68,757,400</u> |

**SCHOOL DISTRICT
TOWNSHIP OF NUTLEY**

**COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
YEAR ENDED JUNE 30, 1998 (UNAUDITED)**

| | | |
|---|-------------------|---------------------|
| Net Direct Debt of School District as of June 30, 1998 | | \$ 1,125,000 |
| Net Overlapping Debt of School District: | | |
| Town of Nutley (100%) | \$ 3,015,000 | |
| Essex County (4.98%) | <u>23,163,660</u> | <u>26,178,660</u> |
| TOTAL DIRECT AND OVERLAPPING BONDED DEBT AS OF JUNE 30, 1998 | | <u>\$27,303,660</u> |

**SCHOOL DISTRICT
TOWNSHIP OF NUTLEY**

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GOVERNMENTAL FUND EXPENDITURES
LAST EIGHT FISCAL YEARS (UNAUDITED)**

| Fiscal Year Ended June 30, | Principal | Interest | Total Debt Service | Total Governmental Fund Expenditures* | Ratio of Debt Service to Governmental Expenditures |
|---------------------------------------|------------------|-----------------|-------------------------------|--|---|
| 1991 | \$ 75,000 | \$ 20,154 | \$ 95,154 | \$22,772,849 | .42% |
| 1992 | 75,000 | 120,842 | 195,842 | 27,780,090 | .70 |
| 1993 | 75,000 | 181,152 | 256,152 | 29,370,523 | .87 |
| 1994 | 190,000 | 95,985 | 285,985 | 28,466,966 | 1.00 |
| 1995 | 190,000 | 87,676 | 277,676 | 29,368,366 | .95 |
| 1996 | 128,000 | 80,403 | 208,403 | 32,109,079 | .65 |
| 1997 | 115,000 | 74,825 | 189,825 | 33,703,212 | .56 |
| 1998 | 115,000 | 69,305 | 184,305 | 34,080,666 | .54 |

*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.

**SCHOOL DISTRICT
TOWNSHIP OF NUTLEY**

**DEMOGRAPHIC STATISTICS
LAST EIGHT YEARS (UNAUDITED)**

| Year Ended December 31, | Unemployment Rate | Per Capita Income** | School District Population*** |
|------------------------------------|------------------------------|--------------------------------|--|
| 1990 | * | \$23,421 | 27,098 |
| 1991 | * | 24,438 | 27,093 |
| 1992 | 6.0% | 26,412 | 27,331 |
| 1993 | 5.2% | 26,887 | 27,497 |
| 1994 | 4.7% | 27,816 | 27,550 |
| 1995 | 4.4% | 30,457 | 27,550 |
| 1996 | 4.5% | 31,900 | 27,550 |
| 1997 | 6.5% | * | 25,915 |

* Accurate information not available.

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

*** Information is as of July 1.

**SCHOOL DISTRICT
TOWNSHIP OF NUTLEY**

**PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
LAST SEVEN FISCAL YEARS (UNAUDITED)**

This Schedule is Not Applicable to Fiscal Year 1997-1998

**SCHOOL DISTRICT
TOWNSHIP OF NUTLEY**

**SCHEDULE OF PRINCIPAL TAXPAYERS
YEAR ENDED JUNE 30, 1998 (UNAUDITED)**

| Taxpayer | Assessed Valuation 1997-1998 | As % of District's Net Assessed Valuation |
|------------------------|---|--|
| Hoffman - LaRoche, Inc | \$63,828,000 | 12.94% |
| I.T.T. Corp. | 3,173,800 | .64 |
| 432 Owners Inc. | 3,148,200 | .64 |
| Village Manor Apts. | 2,975,900 | .60 |
| Bell Atlantic | 2,842,300 | .58 |
| Nutley Shop-Rite | 2,247,500 | .46 |
| Reckson Operating | 2,132,200 | .43 |
| Nutley Properties | 1,960,000 | .40 |
| First Union Bank | 1,053,700 | .21 |
| Enthone-Omni | <u>1,037,200</u> | <u>.21</u> |
| | <u>\$84,398,800</u> | <u>17.11%</u> |

**SCHOOL DISTRICT
TOWNSHIP OF NUTLEY**

**ATTENDANCE DATA
LAST EIGHT FISCAL YEARS (UNAUDITED)**

| Fiscal Year Ended June 30, | Average Daily Enrollment | Average Daily Attendance | % Change In Average Daily Enrollment | Attendance % |
|---------------------------------------|---|---|---|-------------------------|
| 1991 | 3,304 | 3,125 | (0.9)% | 94.58% |
| 1992 | 3,353 | 3,195 | 1.5 | 95.29 |
| 1993 | 3,469 | 3,292 | 3.5 | 94.90 |
| 1994 | 3,559 | 3,372 | 2.5 | 94.85 |
| 1995 | 3,663 | 3,478 | 3.1 | 94.90 |
| 1996 | 3,748 | 3,554 | 2.2 | 94.80 |
| 1997 | 3,811 | 3,603 | 1.3 | 94.89 |
| 1998 | 3,914 | 3,713 | 3.1 | 95.00 |

SCHOOL DISTRICT TOWNSHIP OF NUTLEY

INSURANCE SCHEDULE JUNE 30, 1998 (UNAUDITED)

| Policy | Insurance Company | Coverage | Deductible |
|---|--|-----------------|-------------------|
| All Real and Personal Property and Theft of Contents | Selective | \$ 54,252,669 | \$ 1,000 |
| Money and Security Loss | Selective | 2,000 | 250 |
| Software | Selective | 52,500 | 250 |
| Musical Instruments | Selective | 577,215 | 250 |
| EDP | Selective | 1,187,718 | 250 |
| Bodily Injury Liability | Selective | 2,000,000 | N/A |
| Property Damage Liability | Selective | 2,000,000 | N/A |
| Depositor's Forgery Coverage | Selective | 10,000 | N/A |
| Honesty Blanket Position Bond | Selective | 5,000 | N/A |
| Automobile Liability | N.J. School Board's Assoc. Ins. Group | 1,000,000 | N/A |
| School District Legal Liability | N.J. School Board's Assoc. Ins. Group | 5,000,000 | 2,500 |
| Excess Blanket Catastrophe Liability | Selective | 10,000,000 | N/A |
| Athletic Accident Insurance | Providian | 10,000,000 | N/A |
| Interscholastic Sports Disability | AIG Life | 550,000 | N/A |
| Worker's Compensation: | NJ School Board's | | |
| Bodily Injury/Accident | Assoc. Ins. Group | 100,000 | N/A |
| Bodily Injury/Disease | | 100,000 | N/A |
| Bodily Injury/Disease Limit | | 500,000 | N/A |
| Public Official Bonds: | | | |
| Dave Wilson | Selective | 120,000 | N/A |
| John Sincaglia | Cigna | 3,000 | N/A |

**SCHOOL DISTRICT
TOWNSHIP OF NUTLEY**

**MISCELLANEOUS STATISTICS
YEAR ENDED JUNE 30, 1998 (UNAUDITED)**

| | |
|------------------------|----------------|
| Area | 3 square miles |
| Number of Schools: | |
| Elementary | 5 |
| Junior High School | 1 |
| Senior High School | <u>1</u> |
| Total Schools | <u>7</u> |
| Employees: | |
| Certified | 307 |
| Other | <u>158</u> |
| Total Employees | <u>465</u> |
| Teacher/Student Ratio: | |
| Kindergarten | 1:17 |
| 1-5 | 1:19 |
| 6-8 | 1:15 |
| 9-12 | 1:15 |
| Special Education | 1:9 |
| Student Count | 3,914 |

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SINGLE AUDIT SECTION

**SCHOOL DISTRICT
TOWNSHIP OF NUTLEY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 1998**

| Federal Grantor/Pass - Through Grantor/ Program Title | Federal CFDA Number | Grant Period | Award Amount | Due to Grantor at June 30, 1997 | Balance at June 30, 1997 | Cash Received | Budgetary Expenditures | Repayment of Prior Year Balances | Deferred Revenue (Accounts Receivable) at June 30, 1998 | Due to Grantor at June 30, 1998 |
|---|---------------------------|-----------------|-----------------|---------------------------------------|--------------------------------|------------------|---------------------------|--|---|---------------------------------------|
| United States Department of Agriculture Passed-Through State Department of Education: | | | | | | | | | | |
| National School Lunch Program 1996-97 | 10.555 | 7/1/96-6/30/97 | \$ - | \$ - | \$(12,111) | \$ 12,111 | \$ - | \$ - | \$ - | \$ - |
| National School Lunch Program 1997-98 | 10.555 | 7/1/97-6/30/98 | 76,558 | | | 52,668 | (64,447) | | (11,779) | |
| Total U.S. Department of Agriculture | | | | | (12,111) | 64,779 | (64,447) | | (11,779) | |
| U.S. Department of Education Passed-Through State Department of Education: | | | | | | | | | | |
| Title I, Part A | 84.010 | 7/1/97-6/30/98 | 114,618 | | | 114,618 | (112,596) | | 2,022 | |
| Title I, Part A Carryover | 84.010 | 9/1/97-6/30/98 | | 126 | 3,625 | | (3,625) | 126 | | |
| Title I, Prior | 84.010 | 7/1/97-6/30/98 | | | 12,116 | | (12,116) | | | |
| Title VI | 84.151 | 7/1/97-6/30/98 | 15,610 | | | 15,610 | (15,303) | | 306 | |
| Title VI, Carryover | 84.151 | 9/1/97-6/30/98 | | | 32 | | (32) | | | |
| I.D.E.A. Part B | 84.027 | 7/1/97-6/30/98 | 262,730 | | | 262,730 | (227,105) | | 35,625 | |
| I.D.E.A. Part B Carryover | 84.027 | 9/1/97-6/30/98 | | | 1,081 | | (1,081) | | | |
| I.D.E.A. Part B Preschool | 84.027 | 7/1/97-6/30/98 | 26,040 | | | 26,040 | (23,856) | | 2,184 | |
| I.D.E.A. Part B Preschool Carryover | 84.027 | 7/1/97-6/30/98 | | | 386 | | (386) | | | |
| I.D.E.A. Part B Summer Prior | 84.027 | 7/1/97-6/30/98 | | | 24,582 | | (24,582) | | | |
| I.D.E.A. Part B Preschool Prior | 84.027 | 7/1/97-6/30/98 | | | 7,767 | | (7,767) | | | |
| Vocational Education | 84.048 | 7/1/97-6/30/98 | 11,059 | 50 | | 11,059 | (10,561) | 50 | | 498 |
| S.Y.E.T.P. | N/A | 7/1/97-6/30/98 | 7,258 | | | 7,258 | (7,258) | | | |
| Drug Education (Title IV) | 84.188 | 7/1/97-6/30/98 | 19,291 | | | 19,291 | (17,989) | | 1,302 | |
| Drug Education Carryover (Title IV) | 84.188 | 9/1/97-6/30/98 | | | 7,359 | | (7,359) | | | |
| Drug Education, Prior | 84.188 | 7/1/97-6/30/98 | | | 2,429 | | (2,429) | | | |
| IKE/Math Science (Title II) | N/A | 7/1/97-6/30/98 | 11,890 | | | 11,890 | (11,764) | | 126 | |
| IKE/Math Science Carryover (Title II) | N/A | 7/1/97-6/30/98 | | | 665 | | (665) | | | |
| Total United States Department of Education | | | | 176 | 60,042 | 468,496 | (486,474) | 176 | 41,565 | 498 |
| Total Federal Financial Assistance | | | | \$ 176 | \$ 47,931 | \$ 533,275 | \$ (550,921) | \$ 176 | \$ 29,786 | \$ 498 |

See notes to schedules of expenditures of federal and state awards.

**SCHOOL DISTRICT
TOWNSHIP OF NUTLEY**

**SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED JUNE 30, 1998**

| Grant | Award Amount | Due to Grantor at June 30, 1997 | Balance at June 30, 1997 | Cash Received | Budgetary Expenditures | Repayment of Prior Year Balances | Deferred Revenue (Accounts Receivable) at June 30, 1998 | Due to Grantor at June 30, 1998 |
|---|-----------------|---------------------------------------|--------------------------------|------------------|---------------------------|--|---|------------------------------------|
| State Department of Education | | | | | | | | |
| Core Curriculum Aid | 7/1/97-6/30/98 | \$ 701,103 | \$ - | \$ - | \$ 701,103 | \$ (701,103) | \$ - | \$ - |
| Transportation Aid | 7/1/97-6/30/98 | 184,842 | | | 184,842 | (184,842) | | |
| Special Education Aid | 7/1/97-6/30/98 | 1,345,446 | | | 1,345,446 | (1,345,446) | | |
| Bilingual Education | 7/1/97-6/30/98 | 72,964 | | | 72,964 | (72,964) | | |
| Academic Achievement Award | 7/1/97-6/30/98 | 95,352 | | | 95,352 | (95,352) | | |
| On-Behalf TPAF Pension Contribution | 7/1/97-6/30/98 | | | | 409,721 | (409,721) | | |
| Reimbursed TPAF Social Security Contribution | 7/1/97-6/30/98 | | | | <u>1,198,307</u> | <u>(1,265,767)</u> | <u>(67,460)</u> | |
| | | | | | <u>4,007,735</u> | <u>(4,075,195)</u> | <u>(67,460)</u> | |
| New Jersey Nonpublic Aid: | | | | | | | | |
| Nonpublic Textbooks | 7/1/97-6/30/98 | 28,983 | 4,195 | | 28,983 | (20,416) | 4,195 | 8,567 |
| Auxiliary Services | | | | | | | | |
| Compensatory Education | 7/1/97-6/30/98 | 82,462 | 43,948 | | 82,462 | (60,236) | 43,948 | 22,226 |
| English as a Second Language | 7/1/97-6/30/98 | 15,288 | 10,192 | | 15,288 | (8,536) | 10,192 | 6,752 |
| Transportation | 7/1/97-6/30/98 | 3,788 | | | 3,788 | (3,788) | | |
| Handicapped Services: | | | | | | | | |
| Supplemental Instruction | 7/1/97-6/30/98 | 18,810 | 1,881 | | 18,810 | (14,747) | 1,881 | 4,063 |
| Examination/Classification | 7/1/97-6/30/98 | 28,234 | 10,087 | 4,064 | 28,234 | (22,493) | 10,087 | 9,805 |
| Corrective Speech | 7/1/97-6/30/98 | 47,989 | 4,471 | | 47,989 | (28,321) | 4,471 | 19,668 |
| Nonpublic Nursing | 7/1/97-6/30/98 | 37,925 | | | 37,925 | (37,925) | | |
| Distance Learning Grant | 7/1/97-6/30/98 | 160,016 | | | 160,016 | (159,860) | 156 | |
| Technology Grant | 7/1/97-6/30/98 | | <u>119</u> | | <u>(119)</u> | | | |
| | | | <u>74,774</u> | <u>4,183</u> | <u>423,495</u> | <u>(356,441)</u> | <u>74,774</u> | <u>71,081</u> |
| Debt Service Aid Type II | | | | | | | | |
| National School Lunch Program (State Share) | 7/1/97-6/30/98 | 6,255 | | | <u>6,255</u> | <u>(6,255)</u> | | |
| National School Lunch Program (State Share) | 7/1/96-6/30/97 | | (877) | 877 | | | | |
| National School Lunch Program (State Share) | 7/1/97-6/30/98 | 7,182 | | | <u>5,137</u> | <u>(6,304)</u> | <u>(1,167)</u> | |
| | | | <u>(877)</u> | <u>6,014</u> | <u>(6,304)</u> | | <u>(1,167)</u> | |
| Total State Financial Assistance | | | <u>\$74,774</u> | <u>\$ 3,306</u> | <u>\$4,443,499</u> | <u>\$(4,444,195)</u> | <u>\$74,774</u> | <u>\$71,081</u> |

See notes to schedules of expenditures of federal and state awards.

SCHOOL DISTRICT TOWNSHIP OF NUTLEY

NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS JUNE 30, 1998

1. GENERAL

The accompanying schedules of expenditures of federal and state awards present the activity of all federal and state financial assistance programs of the Township of Nutley School District. The Township of Nutley School District is defined in Note 1(A) to the School District'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 expenditures of federal awards.

2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal and state awards 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) and 1(D) to the School District's general purpose financial statements.

3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the School District'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 (\$34,814). See Note (D) of Notes to Financial Statements for a reconciliation of the budgetary to the GAAP basis of accounting for the Special Revenue Fund. Financial assistance revenues are reported in the School District's general purpose financial statements on a GAAP basis as follows:

| | Federal | State | Total |
|----------------------------|------------------|--------------------|--------------------|
| General Fund | \$ - | \$4,075,195 | \$4,075,195 |
| Special Revenue Fund | 454,874 | 353,227 | 808,101 |
| Debt Service Fund | | 6,255 | 6,255 |
| Food Service Fund | <u>64,447</u> | <u>6,304</u> | <u>70,751</u> |
| Total Financial Assistance | <u>\$519,321</u> | <u>\$4,440,981</u> | <u>\$4,960,302</u> |

4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

5. OTHER

Revenues and Expenditures reported under the U.S.D.A. Commodities Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the district for the year ended June 30, 1998. 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, 1998.

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**Deloitte &
Touche**



Deloitte & Touche LLP

Two Hilton Court

P.O. Box 319

Parsippany, New Jersey 07054-0319

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Facsimile: (973) 683-7459

**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 School District
Township of Nutley, School District
County of Essex
Nutley, New Jersey

We have audited the general purpose financial statements of the School District of the Township of Nutley in the County of Essex as of and for the year ended June 30, 1998, and have issued our report thereon dated September 11, 1998. We conducted our audit in accordance with generally accepted auditing standards; audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

COMPLIANCE

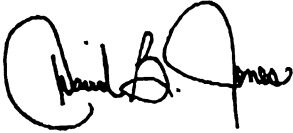
As part of obtaining reasonable assurance about whether the Township of Nutley School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct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

INTERNAL CONTROL OVER FINANCIAL REPORTING

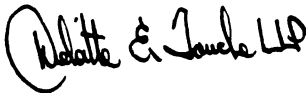
In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control structure 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 general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Township of Nutley School District.

**Deloitte Touche
Tohmatsu**

This report is intended for the information of the Township of Nutley School District's management, the New Jersey State Department of Education, and Federal audit agencies. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "David B. Jones".

David Jones
Public School Accountant
No. 02252

A handwritten signature in black ink, appearing to read "Robert E. Jones".

September 11, 1998

**Deloitte &
Touche**



Deloitte & Touche LLP

Two Hilton Court

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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**

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

COMPLIANCE

We have audited the compliance of the School District of the Township of Nutley with the types of compliance requirements described in the *U.S. Office of Management and Budget ("OMB") Circular A-133 Compliance Supplement and New Jersey State Office of Management and Budget's (OMB) State Grant Compliance Supplement* that are applicable to each of its major federal and state programs for the year ended June 30, 1998. The Township of Nutley School District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of Nutley School District's management. Our responsibility is to express an opinion on Nutley School District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; Government Auditing Standards, issued by the Comptroller General of the United States; Office of Management and Budget (OMB) Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and, the provisions of State Treasury Circular Letter 98-07 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payment". Those standards, State Treasury Circular Letter 98-07 OMB and OMB Circular A-133 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 and state program occurred. An audit includes examining, on a test basis, evidence about Nutley School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School District of the Township of Nutley's compliance with those requirements.

**Deloitte Touche
Tohmatsu**

In our opinion, the School District of the Township of Nutley 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, 1998.

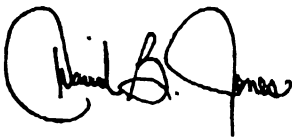
INTERNAL CONTROL OVER COMPLIANCE

The management of Nutley School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Nutley School District's internal control over compliance with requirements that could have a direct and material effect on a major federal and 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 State Treasury Circular Letter 98-07 OMB.

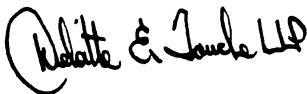
Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control components that might constitute material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does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

We noted certain matters involving the internal control structure and its operation based on our audit of the general purpose financial statements that we reported to the management of the Nutley School District.

This report is intended for the information of the Nutley School District's management, the New Jersey State Department of Education, and Federal audit agencies. However, this report is a matter of public record and its distribution is not limited.



David Jones
Public School Accountant
No. 02252



September 11, 1998

**SCHOOL DISTRICT
TOWNSHIP OF NUTLEY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 1998**

I. SUMMARY OF AUDITORS' RESULTS

We have audited the financial statements of The Township of Nutley School District as of and for the year ended June 30, 1998 and have issued our reports thereon dated September 11, 1998. We conducted our audit in accordance with generally accepted auditing standards; audit requirements as prescribed by the Division of Administration, Department of Education, State of New Jersey, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and with the requirements of the *U.S. Office of Management and Budget (OMB) Circular A-133* and *New Jersey State Office of Management and Budget (OMB) State Grant Compliance Supplement*. The results of our audit are as follows:

Type of Report Issued on the Financial Statements: Unqualified opinion

Reportable Conditions in Internal Control Disclosed by Audit of the Financial Statements:
No findings have been reported

Material Noncompliance Disclosed by Audit of the Financial Statements: None

Reportable Conditions in Internal Control Over Major Programs: No findings have been reported

Type of Report Issued on Compliance for Major Programs: Unqualified opinion

Audit Findings Required to be Reported Under Sec. 510(a) of OMB Circular A-133: None

Major Programs:

| Funding Source | Program | CFDA No. |
|-----------------------|--|---------------------|
| Federal | IDEA, Part B | 84.027 |
| | National School Lunch Program | 10.555 |
| State | Core Curriculum Aid | 98-495-034-5120-022 |
| | Transportation Aid | 98-495-034-5120-014 |
| | Special Education Aid | 98-495-034-5120-011 |
| | Academic Achievement Award | 98-100-034-5120-344 |
| | Bilingual Aid | 98-495-034-5120-008 |
| | Distance Learning Network Aid | 100-034-5120-348 |
| | TPAF Social Security Reimbursement On Behalf TPAF Pension | N/A N/A |

Dollar Threshold Used to Distinguish Type A and Type B Programs: \$300,000

Qualification of Auditee as a Low-Risk Auditee: No

II. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AND STATE AWARDS

None noted

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