

# Nutley Board of Education April 17, 2024

Community Update



# What is the amount of the deficit?

## Approximately \$7 Million

The deficit was investigated and verified by multiple independent groups:

- New Jersey Department of Education (NJDOE)
- District Auditor (Lerch, Vinci & Bliss)
- District Administration & Nutley Board of Trustees



# What gave rise to the current structural deficit?

Several factors account for the deficit for the fiscal year 2023-2024:

- Rising cost attributed to several fixed and variable line items
- Multiple misstated projections for revenues and expenses
- Unbudgeted expenses



# When did the District know the full extent of the financial problem?

The district verified the current deficit on March 13th but investigation into the procedures of the business office began in Q2 of 2023:

- Backlog of work to close 2022-2023 fiscal year
- Identification of a (\$686,291) deficit for 2022-2023
- Independent audit completed on February 7, 2024
- Reduction in Fund Balance identified (\$9m to \$2.4m)
- Mid year status report requested & \$7m deficit verified



# What actions have been taken to-date?

Since verifying the deficit on March 13th the district has done the following:

- Notified the NJDOE & Nutley Board of Commissioners
- Collaborated with County Field Office regarding cash flow
- Securing relief funding (\$7 million)
- Developed a Corrective Action Plan (CAP)
- Submitted a preliminary budget for 2024-2025
- Interim Business Administrator interviews underway



# What is a Corrective Action Plan (CAP)?

The corrective action plan is generated in conjunction with the NJDOE and Board of Trustee documents the framework to be followed by the District to address issues identified through our investigation. This living document will address the following areas:

- Budget Creation
- Oversight
- Internal Controls
- Use of External Resources
- Monitoring & Reporting



# What are next steps for the district?

Over the next 30 days the district will focus on several deadlines crucial for establishing a long-term, sustainable budget on a go-forward basis:

- Adoption of the CAP and submission to the NJDOE
- Receipt of relief funding and closure of outstanding bills
- Finalizing a needs based budget for 2024-25
- Presentation (5/7) and submission (5/15) of 2024-2025 budget to NJDOE for approval.



# Additional Frequently Asked Questions

- Will the New Jersey Department of Education require a monitor in Nutley?
- Do you anticipate significant changes in the operations of the school district?
- Will the deficit significantly affect the academic and extracurricular programs of our students?
- Will there be any criminal and civil action taken against any parties?
- What is the impact on the Preschool Expansion program?





# Community Questions?

