

**NUTLEY BOARD OF EDUCATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**Nutley, New Jersey**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**of the**

**Nutley Board of Education**

**Nutley, New Jersey**

**For The Fiscal Year Ended June 30, 2005**

**Prepared by**

**Business Office**

**NUTLEY BOARD OF EDUCATION  
TABLE OF CONTENTS**

**Page**

**INTRODUCTORY SECTION**

Letter of Transmittal	i-vi
Organizational Chart	vii
Roster of Officials	viii
Consultants and Advisors	ix

**FINANCIAL SECTION**

Independent Auditors' Report	1-2
------------------------------	-----

**REQUIRED SUPPLEMENTARY INFORMATION- PART I**

Management's Discussion and Analysis	3-15
--------------------------------------	------

**Basic Financial Statements**

**A. District-Wide Financial Statements**

A-1 Statement of Net Assets	16
A-2 Statement of Activities	17-18

**B. Fund Financial Statements**

***Governmental Funds***

B-1 Balance Sheet	19
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	20
B-3 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances with the District-Wide Statements	21

***Proprietary Funds***

B-4 Statement of Net Assets	22
B-5 Statement of Revenues, Expenses, and Changes in Net Assets	23
B-6 Statement of Cash Flows	24

***Fiduciary Funds***

B-7 Statement of Fiduciary Net Assets	25
B-8 Statement of Changes in Fiduciary Net Assets	26

Notes to the Basic Financial Statements	27-46
---	-------

**NUTLEY BOARD OF EDUCATION  
TABLE OF CONTENTS**

**Page**

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

**C. Budgetary Comparison Schedules**

C-1	Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – General Fund	47-53
C-2	Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP) and Actual - Special Revenue Fund	54
C-3	Notes to the Required Supplementary Information	55

**OTHER SUPPLEMENTARY INFORMATION**

**D. School Level Schedules (Not Applicable)**

**E. Special Revenue Fund**

E-1	Combining Schedule of Revenues and Expenditures Special Revenue Fund – Budgetary Basis	56-59
E-2	Schedule of Demonstrably Effective Program Aid Expenditures – Budgetary Basis – N/A	60
E-3	Schedule of Early Childhood Program Aid Expenditures – Budgetary Basis – N/A	60
E-4	Schedule of Instructional Supplement Aid Expenditures – Budgetary Basis – N/A	60
E-5	Schedule of Distance Learning Network Aid Expenditures – Budgetary Basis	61

**F. Capital Projects Fund**

F-1	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance	62
F-1a	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Addition & Rehabilitation to Nutley High School	63
F-1b	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Addition & Rehabilitation to Franklin Middle School	64
F-1c	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Addition & Rehabilitation to Franklin Middle School	65
F-2	Summary Schedule of Project Expenditures	66

**G. Proprietary Funds**

*Enterprise Fund*

G-1	Combining Statement of Net Assets – N/A	67
G-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Assets – N/A	67
G-3	Combining Statement of Cash Flows – N/A	67

# NUTLEY BOARD OF EDUCATION TABLE OF CONTENTS

	<u>Page</u>
<b>G. Proprietary Funds (Continued)</b>	
<i>Internal Service Fund – N/A</i>	
<b>H. Fiduciary Funds</b>	
H-1 Combining Statement of Fiduciary Net Assets	68
H-2 Combining Statement of Changes in Net Assets – N/A	69
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	70
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	71
<b>I. Long-Term Debt</b>	
I-1 Schedule of Serial Bonds	72-73
I-2 Schedule of Obligations under Capital Leases	74
I-3 Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	75
<b>J. STATISTICAL SECTION (Unaudited)</b>	
J-1 Governmental Fund Expenditures by Function	76
J-1a Schedule of Required Maintenance for School Facilities	77
J-2 Governmental Fund Revenues by Source	78
J-3 Municipal Property Tax Levies and Collections	79
J-4 Assessed and Estimated Actual Value of Taxable Property	80
J-5 Property Tax Rates – Direct and Overlapping Governments	81
J-6 Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	82
J-7 Computation of Legal Debt Margin	83
J-8 Computation of Direct and Overlapping Debt	84
J-9 Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total Governmental Fund Expenditures	85
J-10 Demographic Statistics	86
J-11 Schedule of Principal Taxpayers	87
J-12 Attendance Data	88
J-13 Schedule of Insurance	89
J-14 Miscellaneous Statistics	90
J-15 General Fund Other Local Revenues by Source	91

**NUTLEY BOARD OF EDUCATION  
TABLE OF CONTENTS**

**Page**

**K. SINGLE AUDIT SECTION**

K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	92-93
K-2	Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 and New Jersey OMB Circular Letter 04-04	94-95
K-3	Schedule of Expenditures of Federal Awards, Schedule A	96
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	97
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	98-99
K-6	Schedule of Findings and Questioned Costs	100-104
K-7	Summary Schedule of Prior Year Audit Findings	105

## **INTRODUCTORY SECTION**

**THE NUTLEY PUBLIC SCHOOLS**  
**Administrative Office**  
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**Nutley, New Jersey 07110**

Dennis M. Oblack, CPA  
Business Administrator/Board Secretary

Phone: 973-661-8797  
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November 1, 2005

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

Dear Trustees:

State Department of Education statutes require that all local governments publish within four months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) of the Nutley Board of Education for the fiscal year ended June 30, 2005

This report consists of management's representations concerning the finances of the Nutley Board of Education. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Nutley Board of Education has established a comprehensive internal control framework that is designed both to protect the school district's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Nutley Board of Education's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Nutley Board of Education's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Nutley Board of Education's financial statements have been audited by Lerch, Vinci & Higgins, LLP, a firm of licensed certified public accountants and public school accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Nutley Board of Education for the fiscal year ended June 30, 2005, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Nutley Board of Education's financial statements for the fiscal year ended June 30, 2005, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.



The independent audit of the financial statements of the Nutley Board of Education was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards and state financial assistance. These reports are available in the Single Audit Section of the Nutley Board of Education's CAFR.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Nutley Board of Education's MD&A can be found immediately following the report of the independent auditors.

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

The District provides a full range of education services to grade levels K through 12. These include regular, as well as special education for handicapped youngsters. The District completed the 2004-05 fiscal year with an average daily enrollment of 4,235 students, which is thirty-five students above the previous year's average. The following details the changes in the average daily enrollment of the District over the last five years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2004-05	4,235	0.8%
2003-04	4,199	(0.1%)
2002-03	4,204	2.2%
2001-02	4,112	2.0%
2000-01	4,032	0.9%

**2) ECONOMIC CONDITION AND OUTLOOK:** The taxable net valuation increased from \$517,753,000 to \$518,003,700, an increase of \$250,700.

The 2000 population showed an increase of 263 from the 1990 Census. The 2000 Census indicated there were 7,276 owner occupied units. There were also 3,608 renter occupied housing units. The 2000 Census indicated that the median home was valued at \$190,500, and the median monthly rental was \$764.

The development of a large tract of land at the town's eastern end, formerly owned by ITT, is complete. The overwhelming majority of these units (569) are two bedroom town homes. The district has anticipated at least 108 additional pupils from Cambridge Heights. This increase, coupled with the steady enrollment increase of the last decade, has caused the district to make plans for the expansion of existing school facilities. The Board developed a plan for school expansion as was noted in the district's Long-Range Facility Plan, which was submitted to the

expansion as was noted in the district's Long-Range Facility Plan, which was submitted to the Department of Education in 2001. In April 2003, voters approved a \$4.9 million referendum providing for renovations to Nutley High School as the first phase of implementation of this plan. The High School renovations were completed in September 2004. Voters then approved, also in September 2004, a \$23.7 million referendum which will provide renovations/additions to the Franklin Middle School. This project is the second phase of implementation in the Long-Range Facility Plan.

Labor force statistics for 2004 noted an unemployment rate of 3.4%, which was below the county average of 5.9%.

**3) MAJOR INITIATIVES:** The 2004-05 school year was a successful one for the Nutley District. Positive pupil performance results and low per pupil costs were once again in evidence.

The High School Proficiency Assessment (HSPA) was administered in March 2005, with 97.6% of Nutley's students passing the language arts section, and 96.0% of our students passing the math section.

SAT verbal scores remained consistent with averages of past performances with Nutley students exceeding state and national averages by seven points and two points, respectively. Results in math exceeded state averages by eight points but fell below national averages by five points.

The Grade Eight Proficiency Assessment (GEPA) was administered in March 2005. Nutley pupils were ranked proficient or advanced proficient as follows: Math – 75.7%, Language Arts – 86.3%, Science – 91.4%.

The NJ Assessment of Skills & Knowledge – Grade 3 (NJASK 3) is given to all third graders. For the 2005 test the percentage of Nutley's pupils demonstrating proficiency was as follows: Math – 95.3%; Language Arts – 95.3%.

The NJ Assessment of Skills & Knowledge – Grade 4 (NJASK 4) is given to all fourth graders. For the 2005 test the percentage of Nutley's pupils demonstrating proficiency was as follows: Math – 93.8%; Language Arts – 95.8%.

The graduating class of 2005 had 90.8% of its members going on to post-secondary education. 67.9% will be attending four-year colleges and universities. Scholarships and grants awarded to 2005 graduates were approximately \$2.1 million. 11 National Merit Scholarships, 22 Edward J. Bloustein Distinguished Scholars, six Advanced Placement Scholars, two Advanced Placement Scholars with Honors, five Advanced Placement Scholars with Distinction and one National Achievement Scholarship Program were awarded to graduates.

In extra-curricular activities, Nutley continues to outpace the majority of New Jersey districts as evidenced by a budget of \$240 per pupil compared to a statewide average for K-12 of \$208. This includes 23 varsity sports. During the year, many student athletes, both male and female, were recognized as all-league, all-county and all-state in their respective sports.

The professional staff undertook curriculum revisions for Library/Media Skills; for Language Arts Literacy – Guided Reading in grades K-3; and for Mathematics and Science Curriculum in grades K-6. Professional Development activities included in-service and out-of-district seminars and workshops in websites for the elementary and secondary levels, electronic grade books for the elementary and secondary levels, differentiated instruction and multiple intelligences.

The district once again demonstrated its ability to produce high results at a modest cost. As noted in the Department of Education's Comparative Spending Guide 2005, the district spent \$9,066 per pupil compared to a statewide K-12 average of \$10,651. The Guide also reported that the district's budget for 2004-05 was based on \$9,049 per pupil, compared to the New Jersey state average of \$11,215.

The school tax levy was approved by a margin of 1,893 – 1,493. This marked the 16<sup>th</sup> consecutive year that this measure has been approved. A second question was approved by a margin of 1,788 – 1,513 for technology upgrades in all seven district schools.

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

**4) INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at the year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2005.

**6) DEBT ADMINISTRATION:** As of June 2005, the District's outstanding debt is \$18,183,000 which including \$330,000 of general obligation bonds and \$17,853,000 of school bonds. The general obligation 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.

Some of the school bonds were issued in August of 2003 in the amount of \$2,923,000, having been approved by the voters in April 2003. Bond proceeds were used to finance a district wide telephone and intercom system as well as renovations at Nutley High School, including acquisition and installation of furnishings and equipment.

The remaining school bonds were issued in February of 2005 in the amount of \$14,930,000, having been approved by the voters in September of 2004. Bond proceeds will be used to finance major renovations/additions to the Franklin Middle School, including a new cafeteria, gymnasium, music rooms, media center, classroom & science lab renovations, resurfacing parking lot, electrical, heating, plumbing upgrades, new bathroom facility upgrades, new windows and a new roof.

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

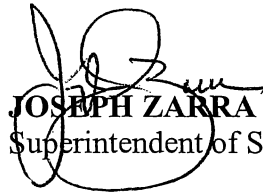
**8) RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

## **9) OTHER INFORMATION:**

**A) Independent Audit** - State statutes require an annual audit by licensed public school accountants who are independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins, L.L.P. was selected by the Board at a public meeting held on May 3, 2004. 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 as amended and related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditors' report on the basic 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.

**10) 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,



**JOSEPH ZARRA**

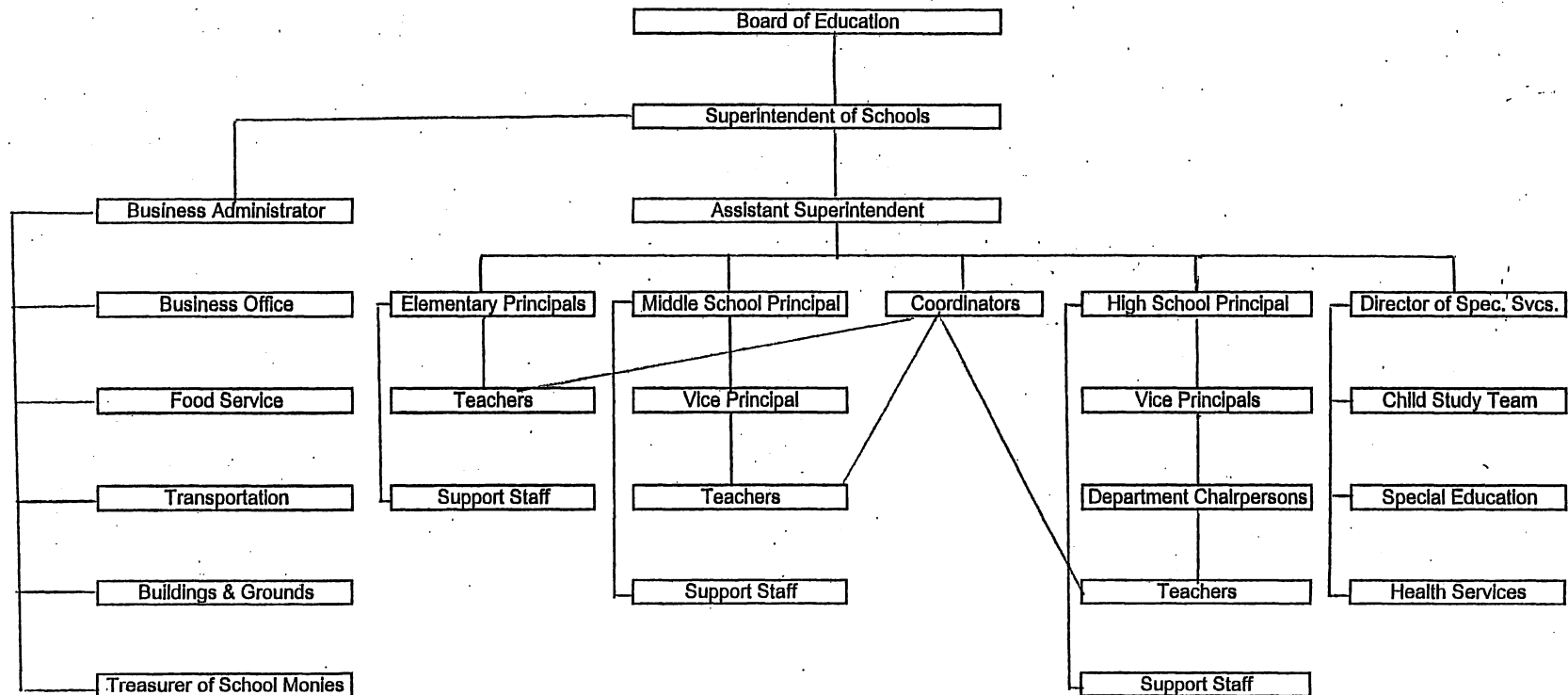
Superintendent of Schools



**DENNIS M. OBLACK**

Business Administrator/  
Board Secretary

**NUTLEY PUBLIC SCHOOLS**  
**375 BLOOMFIELD AVE.**  
**NUTLEY, NJ 07110**



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

## **ROSTER OF OFFICIALS JUNE 30, 2005**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Gerald M. Parisi, President	2007
Sal Olivo, Vice-President	2008
Maria Alamo	2006
Philip T. Casale	2007
Gerard Del Tufo	2008
Vincent Moscaritola	2008
Kenneth J. Reilly	2007
Alfred Restaino, Jr.	2006
James Viola	2006

### **Other Officials**

Joseph Zarra, Superintendent

Dennis M. Oblack, CPA, School Business Administrator/Board Secretary

David Wilson, Treasurer of School Monies

Frank Pomaco, Esq., Solicitor

**NUTLEY BOARD OF EDUCATION**  
Consultants and Advisors

**Attorney**

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

**Independent Auditors**

Lerch, Vinci & Higgins, LLP  
17-17 Route 208  
Fair Lawn, NJ 07410

**Medical Inspector**

Dr. Barry Prystowski  
562 Kingsland Street  
Nutley, NJ 07110

**Official Depository**

Commerce Bank  
575 Kingsland Street  
Nutley, NJ 07110



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## **FINANCIAL SECTION**

# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
JOSEPH F. KELLY, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ANDREW PARENTE, CPA, RMA, PSA  
JULIUS B. CONSONI, CPA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH KOZAK, CPA, PSA

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Nutley Board of Education, as of and for the fiscal year ended June 30, 2005, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

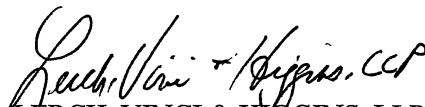
We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by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


In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Nutley Board of Education as of June 30, 2005, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 21, 2005 on our consideration of the Nutley Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison schedules are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Nutley Board of Education's basic financial statements. The accompanying introductory section, combining fund financial statements, financial schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, the accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid", and are not a required part of the basic financial statements. The combining fund financial statements and schedules of expenditures of federal awards and state financial assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in or opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

  
Gary J. Vinci  
Public School Accountant  
PSA Number CS00829

Fair Lawn, New Jersey  
October 21, 2005

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## NUTLEY BOARD OF EDUCATION

### Management's Discussion and Analysis

This section of the Nutley Board of Education's comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2005. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

#### FINANCIAL HIGHLIGHTS

Key financial highlights for the 2004-2005 fiscal year include the following:

- The assets of the Nutley Board of Education exceeded its liabilities at the close of the fiscal year by \$1,904,437.
- Overall district revenues were \$51,565,458. General revenues accounted for \$41,179,483 or 79% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$10,385,975 or 20% of total revenues.
- The school district had \$48,415,470 in expenses for governmental activities; only \$8,824,171 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$40,903,747 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$15,544,796.
- The General Fund fund balance at June 30, 2005 was \$1,462,528, an increase of \$257,100 over the June 30, 2004 balance.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditors' Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual* parts of the District, reporting the District's operations in *more detail* than the district-wide statements.

# NUTLEY BOARD OF EDUCATION

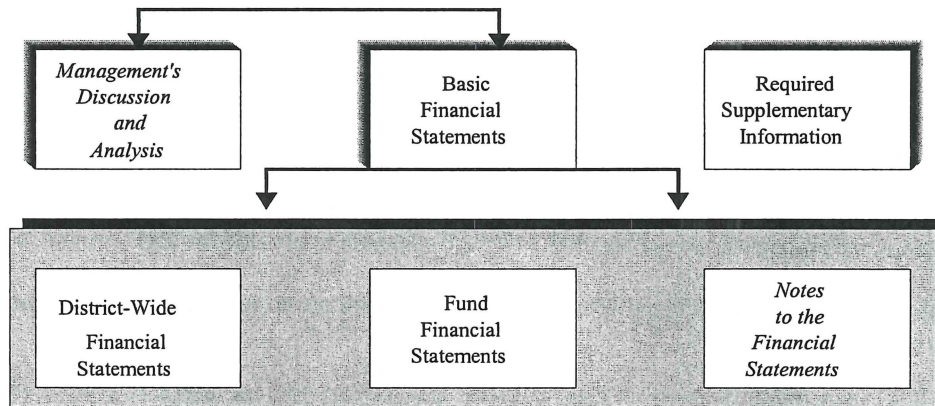
## Management's Discussion and Analysis

### OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

- The *governmental funds statements* tell how basic services were financed in the *short term* as well as what remains for future spending.
- *Proprietary funds* statements offer *short-term* and *long-term* financial information about the activities the district operated like *businesses*.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others to whom the resources belong.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1



# NUTLEY BOARD OF EDUCATION

## Management's Discussion and Analysis

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

**Figure A-2**

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as food service, and the Extended Day Program	Activities the district operates similar to private businesses: and enterprise funds	Instances in which the district administers resources on behalf of someone else, such as unemployment, payroll agency, and student activities
Required financial statements	Statements of net assets Statement of activities	Balance Sheet Statement of revenues, expenditures and changes in fund balances	Statement of net assets Statement of revenues, expenses, and changes in fund net assets Statement of cash flows	Statements of fiduciary net assets Statement of changes in fiduciary net assets
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term funds do not currently contain capital assets.
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or Paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and dedications during the year, regardless of when cash is received or paid.

### District-wide financial statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position.



# NUTLEY BOARD OF EDUCATION

## Management's Discussion and Analysis

### District-wide financial statements (continued)

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements the District's activities are shown in two categories:

- *Governmental activities* – Most of the District's basic services are included here, such as regular and special education, transportation, administration and plant operations and maintenance. Property taxes and state aids finance most of these activities.
- *Business type activities* – These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The District's Food Service Fund and Extended Day Program Fund are included under this category.

### Fund financial statements

The fund financial statements provide more detailed information about the District's funds – focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and bond covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues (federal and state grants).

The District has three kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.
- *Proprietary funds* – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.

# NUTLEY BOARD OF EDUCATION

## Management's Discussion and Analysis

### Fund financial statements (continued)

*Enterprise Funds* – These funds are established to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges. The District currently has two enterprise funds.

- Food Service (Cafeteria)
- Extended Day

- *Fiduciary funds* – The District is the trustee, or *fiduciary*, for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

### Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found following the basic financial statements.

### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the District's budget process. The District adopts an annual expenditure budget for the general, special revenue and debt service funds. A budgetary comparison statement has been provided for these funds as required supplementary information. The required supplementary information can be found following the notes to the financial statements.

Combining statements and schedules are presented immediately following the major budgetary comparisons.

### DISTRICT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$1,904,437 as of June 30, 2005. See Table A-1.

# NUTLEY BOARD OF EDUCATION

## Management's Discussion and Analysis

By far the largest portion of the District's net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Table A-1**  
**Net Assets**  
**As of June 30, 2005 and 2004**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Current Assets	\$ 24,761,069	\$ 3,452,240	\$ 209,540	\$ 229,489	\$ 24,970,609	\$ 3,681,729
Capital Assets	<u>7,149,781</u>	<u>4,233,295</u>	<u>10,489</u>	<u>8,748</u>	<u>7,160,270</u>	<u>4,242,043</u>
<b>Total Assets</b>	<u>31,910,850</u>	<u>7,685,535</u>	<u>220,029</u>	<u>238,237</u>	<u>32,130,879</u>	<u>7,923,772</u>
Long-Term Liabilities	20,703,729	5,908,501			20,703,729	5,908,501
Other Liabilities	<u>9,516,173</u>	<u>1,398,534</u>	<u>6,540</u>	<u>6,042</u>	<u>9,522,713</u>	<u>1,404,576</u>
<b>Total Liabilities</b>	<u>30,219,902</u>	<u>7,307,035</u>	<u>6,540</u>	<u>6,042</u>	<u>30,226,442</u>	<u>7,313,077</u>
Net Assets						
Invested in capital assets, net of related debt	2,845,719	1,670,765	10,489	8,748	2,856,208	1,679,513
Restricted	121,878	123,200			121,878	123,200
Unrestricted	<u>(1,276,649)</u>	<u>(1,415,465)</u>	<u>203,000</u>	<u>223,447</u>	<u>(1,073,649)</u>	<u>(1,192,018)</u>
<b>Total Net Assets</b>	<u>\$ 1,690,948</u>	<u>\$ 378,500</u>	<u>\$ 213,489</u>	<u>\$ 232,195</u>	<u>\$ 1,904,437</u>	<u>\$ 610,695</u>

# NUTLEY BOARD OF EDUCATION

## Management's Discussion and Analysis

**Table A-2**  
**Change in Net Assets**  
**For The Fiscal Years Ended June 30, 2005 and 2004**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 213,033	\$ 157,590	\$ 1,444,600	\$ 1,196,449	\$ 1,657,633	\$ 1,354,039
Operating Grants and Contributions	7,556,423	7,192,163	117,204	98,902	7,673,627	7,291,065
Capital Grants and Contributions	1,054,715	1,374,894			1,054,715	1,374,894
General Revenues						
Property Taxes	37,221,009	35,213,749			37,221,009	35,213,749
State Aid	3,459,426	3,268,854			3,459,426	3,268,854
Other	500,117	113,363	2,336	384	502,453	113,747
Transfers and special items	(276,805)	(180,000)	273,400	180,000	(3,405)	-
<b>Total Revenues and Transfers</b>	<u>49,727,918</u>	<u>47,140,613</u>	<u>1,837,540</u>	<u>1,475,735</u>	<u>51,565,458</u>	<u>48,616,348</u>
<b>Expenses</b>						
Instruction						
Regular	23,414,355	21,433,560			23,414,355	21,433,560
Special Education	5,601,278	5,265,971			5,601,278	5,265,971
Other Instruction	1,376,348	1,309,562			1,376,348	1,309,562
School Sponsored Activities and Athletics	1,022,645	1,017,263			1,022,645	1,017,263
Community Services	6,779	2,272			6,779	2,272
Support Services						
Student and Instruction Related Services	4,112,190	4,771,305			4,112,190	4,771,305
School Administrative Services	1,234,261	1,018,272			1,234,261	1,018,272
General Administrative Services	3,008,732	2,960,253			3,008,732	2,960,253
Plant Operations and Maintenance	5,128,519	4,889,636			5,128,519	4,889,636
Pupil Transportation	1,887,946	1,682,776			1,887,946	1,682,776
Business and Other Support Services	1,207,607	1,223,793			1,207,607	1,223,793
Special Schools						-
Interest on Long-Term Debt	414,810	123,549			414,810	123,549
Food Services			934,786	868,210	934,786	868,210
Child Care	-	-	921,460	578,851	921,460	578,851
<b>Total Expenses</b>	<u>48,415,470</u>	<u>45,698,212</u>	<u>1,856,246</u>	<u>1,447,061</u>	<u>50,271,716</u>	<u>47,145,273</u>
Change in Net Assets	1,312,448	1,442,401	(18,706)	28,674	1,293,742	1,471,075
Net Assets, Beginning of Year	378,500	(1,063,901)	232,195	203,521	610,695	(860,380)
Net Assets, End of Year	<u>\$ 1,690,948</u>	<u>\$ 378,500</u>	<u>\$ 213,489</u>	<u>\$ 232,195</u>	<u>\$ 1,904,437</u>	<u>\$ 610,695</u>

# NUTLEY BOARD OF EDUCATION

## Management's Discussion and Analysis

**Governmental Activities.** The District's total governmental activities' revenues, which includes State and Federal grants, were \$49,727,918 for the year ended June 30, 2005 a 5 percent increase from the previous year. Property taxes of \$37,221,009 represented 75 percent of revenues. Another significant portion of revenues came from State aid; total State, Federal and formula aid was \$12,070,564. Another source of revenues is miscellaneous income which includes items such as rentals, prior year refunds, etc. The smallest component of revenues is charges for services which includes tuition from other LEAs and transportation fees.

The total cost of all governmental activities programs and services was \$48,415,470. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$30,153,666 (62%) of total expenditures. Student support services, exclusive of administration, total \$16,329,664 or (34%) of total expenditures (See Table A-4).

Total governmental activities revenues surpassed expenses and transfers, increasing net assets \$1,312,448 from the previous year.

Table A-3 Revenues by Source- Governmental Activities  
For Fiscal Year 2005

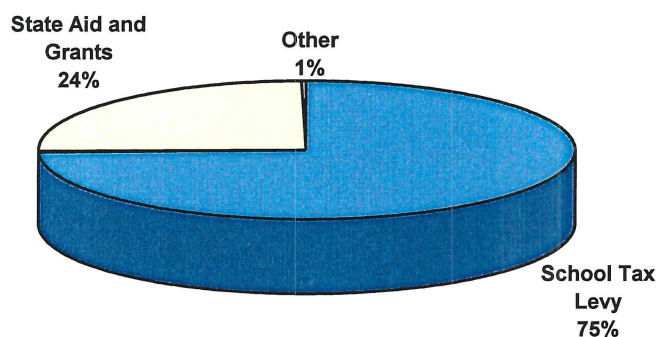
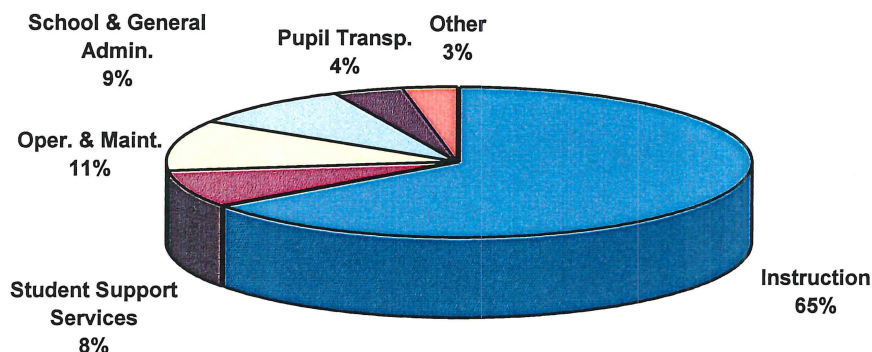


Table A-4 Expenditures by Type- Governmental Activities  
For Fiscal Year 2005



# NUTLEY BOARD OF EDUCATION

## Management's Discussion and Analysis

**Net Cost of Governmental Activities.** The District's total cost of services was \$48,415,470. After applying program revenues, derived from charges for services of \$213,033; operating grants and contributions of \$7,556,423; and capital grants and contribution of \$1,054,715, the net cost of services of the District is \$39,591,299 See Table A-5.

**Table A-5**  
**Total and Net Cost of Governmental Activities**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Instruction				
Regular	\$ 23,414,355	\$ 21,433,560	\$ 19,910,774	\$ 17,893,174
Special Education	5,601,278	5,265,971	2,568,108	1,783,534
Other Instruction	1,376,348	1,309,562	1,111,164	740,660
School Sponsored Activities and Athletics	1,022,645	1,017,263	1,000,830	949,530
Community Services	6,779	2,272	6,779	2,272
Support Services				
Student and Instruction Related Services	4,112,190	4,771,305	3,946,818	4,445,854
School Administrative Services	1,234,261	1,018,272	1,192,576	978,743
General Administrative Services	3,008,732	2,960,253	2,759,795	2,727,112
Plant Operations and Maintenance	5,128,519	4,889,636	4,073,804	4,889,636
Pupil Transportation	1,887,946	1,682,776	1,429,463	1,245,192
Business and Other Support Services	1,207,607	1,223,793	1,176,378	1,194,309
Special Schools				
Interest on Long-Term Debt	<u>414,810</u>	<u>123,549</u>	<u>414,810</u>	<u>123,549</u>
Total	<u>\$ 48,415,470</u>	<u>\$ 45,698,212</u>	<u>\$ 39,591,299</u>	<u>\$ 36,973,565</u>

**Business-Type Activities** – The District's total business-type activities revenues were \$1,561,804 for the year ended June 30, 2005. Charges for services accounted for 95% of total revenues. Operating grants and contributions accounted for 5% of total revenue for the year.

The total cost of all business-type activities programs and services was \$1,856,246. The District's expenses are related to Food Service programs provided to all students, teachers and administrators within the District and the operation of the extended day program.

Total business-type activities expenses and transfers in surpassed revenues, decreasing net assets by \$18,706 over the last year.

# NUTLEY BOARD OF EDUCATION

## Management's Discussion and Analysis

### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund balance of \$15,544,796. At June 30, 2004, the fund balance was \$2,148,356. This significant increase is predominately attributable to the funding of the District's capital project by the Economic Development Authority and the issuance of \$14.9 million of school bonds to fund the voter approved referendum for the Franklin Middle School.

Revenues for the District's governmental funds were \$49,989,468, while total expenses were \$51,344,048.

**General Fund** - The General Fund is the chief operating fund of the District and includes the primary operations in providing educational services to students from pre-kindergarten through grade 12 including pupil transportation activities and capital outlay projects.

The following schedule presents a summary of General Fund revenues.

	Year Ended		Increase (Decrease)	Percentage of Total
	June 30, 2005	June 30, 2004		
Local Sources				
Property Tax Levy	\$ 36,914,550	\$ 35,085,691	\$ 1,828,859	5%
Tuition	99,750	65,034	34,716	53%
Miscellaneous	596,643	197,692	398,951	202%
State Sources	<u>9,585,608</u>	<u>9,140,384</u>	<u>445,224</u>	5%
Total General Fund Revenues	<u>\$ 47,196,551</u>	<u>\$ 44,488,801</u>	<u>\$ 2,707,750</u>	6%

Total General Fund Revenues increased by \$2,707,750 or 6% over the previous year.

Local property taxes remained stable, increasing 5% over the previous year. State aid revenues increased \$445,224 or 5% predominantly attributable to State On-behalf TPAF Pension contributions.

## NUTLEY BOARD OF EDUCATION

### Management's Discussion and Analysis

The following schedule presents a summary of General Fund expenditures.

	Year Ended		Increase	Percentage
	<u>June 30, 2005</u>	<u>June 30, 2004</u>	<u>(Decrease)</u>	<u>of Total</u>
Instruction	\$ 30,153,666	\$ 27,731,003	\$ 2,422,663	8.74%
Support Services	16,329,664	16,297,811	31,853	0.20%
Capital Outlay	185,017	234,681	(49,664)	-21.16%
Debt Service	<u>54,210</u>	<u>-</u>	<u>54,210</u>	
Total Expenditures	<u>\$ 46,722,557</u>	<u>\$ 44,263,495</u>	<u>\$ 2,459,062</u>	5.56%

Total General Fund expenditures increased \$2,459,062 or 6% from the previous year. Most of the increase can be attributed to the double digit increases in the cost of health insurance premiums. The District also experienced significant increases in areas of student related instructional services, pupil transportation and operation and maintenance of plant services.

In 2004-2005 General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$257,100. As a result, total fund balance increased to \$1,462,528 at June 30, 2005. After deducting statutory transfers and reserves, the unreserved undesignated fund balance decreased from \$696,292 at June 30, 2004 to \$584,374 at June 30, 2005.

**Special Revenue Fund** - The Special Revenue Fund includes all restricted Federal and State sources utilized in the operations of the district in providing educational services to students with special needs.

Revenues of the Special Revenue Fund were \$1,418,642, for the year ended June 30, 2005. Federal sources accounted for the majority of Special Revenue Fund's revenue which represented 79% of the total revenue for the year.

Expenditures of the Special Revenue Fund were \$1,418,642. Instructional expenditures were \$1,251,768 and for the support services expenditures were \$166,874.

**Capital Projects** - The District issued serial bonds in the amount of \$14,930,000 to finance its capital projects. Revenues and other financing sources exceeded expenditures by \$13,124,085 resulting in a fund balance of \$14,060,519 at June 30, 2005.



# NUTLEY BOARD OF EDUCATION

## Management's Discussion and Analysis

### Proprietary Funds

The District maintains Enterprise Funds to account for activities that are supported in part through user fees.

**Enterprise Funds** - The District uses Enterprise Funds to report activities related to the Food Services program as well as the Extended Day program. The District's Enterprise Funds provide the same type of information found in the district-wide financial statements, business-type activities, but in more detail. Factors concerning the finances of these Funds have already been addressed in the discussion of the District's business-type activities.

### GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared according to New Jersey Department of Education guidelines, and is based on accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The most significant budgetary fund is the General Fund.

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into two categories

- Implementing budgets for specially funded projects, which include both federal and state grants, reinstating prior year purchase orders being carried over.
- Increases in appropriations for the funding of capital projects approved in the Long-Range Facilities Plan.

### CAPITAL ASSETS

The District's investment in capital assets for its governmental and business type activities as of June 30, 2005 amounts to \$7,160,270 (net of accumulated depreciation). The capital assets consist of land, land improvements, buildings, building improvements, computers, specialized machinery and various other types of equipment. Depreciation charges for fiscal year 2004-05 amounted to \$148,415 for governmental activities and \$1,077 for business-type activities.

Table A-6  
Capital Assets at June 30, 2005 and 2004  
(Net of Accumulated Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Land	\$ 79,932	\$ 79,932			\$ 79,932	\$ 79,932
Buildings	102,424	57,470			102,424	57,470
Machinery and Equipment	773,192	784,949	\$ 10,489	\$ 8,748	783,681	793,697
Construction in Progress	6,194,233	3,310,944	-	-	6,194,233	3,310,944
<b>Total Net Assets</b>	<b>\$ 7,149,781</b>	<b>\$ 4,233,295</b>	<b>\$ 10,489</b>	<b>\$ 8,748</b>	<b>\$ 7,160,270</b>	<b>\$ 4,242,043</b>

Additional information on the District's capital assets are presented in Note 3 of this report.

## **NUTLEY BOARD OF EDUCATION**

### **Management's Discussion and Analysis**

#### **LONG TERM LIABILITIES**

At year end, the District's long-term liabilities consisted of compensated absences payable of \$2,359,810, capital leases payable of \$160,919 and bonds payable of \$18,183,000.

Additional information of the District's long-term liabilities is presented in Note 3 of this report.

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

Currently, the District is in good financial condition. Everyone associated with the Nutley Board of Education is grateful for the community support, as evidenced by the successful passage of the District's annual budget for the past fifteen consecutive years.

Many factors were considered by the District's administration during the process of developing the fiscal year 2005-2006 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs.

#### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information contact the School Business Administrator, Nutley Board of Education, 375 Bloomfield Ave., Nutley, NJ 07110.

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## **BASIC FINANCIAL STATEMENTS**

**NUTLEY BOARD OF EDUCATION  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2005**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 15,639,186	\$ 147,140	\$ 15,786,326
Receivables, net			
Receivables from Other Governments	9,059,438	5,757	9,065,195
Other	2,155	14,888	17,043
Inventory		5,385	5,385
Internal Balances	(36,370)	36,370	
Restricted Assets			
Capital Reserve Account - Cash	96,660		96,660
Capital Assets, net	<u>7,149,781</u>	<u>10,489</u>	<u>7,160,270</u>
Total Assets	<u>31,910,850</u>	<u>220,029</u>	<u>32,130,879</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	637,656	6,540	644,196
Payable to State Government	40,200		40,200
Accrued Interest Payable	299,900		299,900
Deferred Revenue	8,538,417		8,538,417
Noncurrent Liabilities			
Due within one year	696,648		696,648
Due beyond one year	<u>20,007,081</u>	<u>-</u>	<u>20,007,081</u>
Total Liabilities	<u>30,219,902</u>	<u>6,540</u>	<u>30,226,442</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, net of related debt	2,845,719	10,489	2,856,208
Restricted for			
Debt Service	21,749		21,749
Capital Projects	100,129		100,129
Unrestricted	<u>(1,276,649)</u>	<u>203,000</u>	<u>(1,073,649)</u>
Total Net Assets	<u>\$ 1,690,948</u>	<u>\$ 213,489</u>	<u>\$ 1,904,437</u>

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

**NUTLEY BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Governmental Activities</b>							
Instruction							
Regular	\$ 23,414,355		\$ 3,503,581		\$ (19,910,774)		\$ (19,910,774)
Special Education	5,601,278	\$ 99,750	2,933,420		(2,568,108)		(2,568,108)
Other Instruction	1,376,348		265,184		(1,111,164)		(1,111,164)
School Sponsored Activities and Athletics	1,022,645		21,815		(1,000,830)		(1,000,830)
Community Services	6,779				(6,779)		(6,779)
Support Services							
Student and Instruction Related Services	4,112,190		165,372		(3,946,818)		(3,946,818)
School Administrative Services	1,234,261		41,685		(1,192,576)		(1,192,576)
General Administrative Services	3,008,732		248,937		(2,759,795)		(2,759,795)
Plant Operations and Maintenance	5,128,519			\$ 1,054,715	(4,073,804)		(4,073,804)
Pupil Transportation	1,887,946	113,283	345,200		(1,429,463)		(1,429,463)
Business Services	1,207,607		31,229		(1,176,378)		(1,176,378)
Interest on Long-Term Debt	414,810	-	-	-	(414,810)	-	(414,810)
Total Governmental Activities	48,415,470	213,033	7,556,423	1,054,715	(39,591,299)	-	(39,591,299)
<b>Business-Type Activities</b>							
Food Service	934,786	582,788	117,204			\$ (234,794)	(234,794)
Extended Day	921,460	861,812	-	-	-	(59,648)	(59,648)
Total Business-Type Activities	1,856,246	1,444,600	117,204	-	-	(294,442)	(294,442)
Total Primary Government	\$ 50,271,716	\$ 1,657,633	\$ 7,673,627	\$ 1,054,715	(39,591,299)	(294,442)	(39,885,741)

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

**NUTLEY BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<b>Net (Expense) Revenue and Changes in Net Assets</b>		
	<b><u>Governmental Activities</u></b>	<b><u>Business-type Activities</u></b>	<b><u>Total</u></b>
<b>General Revenues, Transfers and Special Items</b>			
Property Taxes	\$ 37,221,009		\$ 37,221,009
State Aid - Unrestricted	3,446,325		3,446,325
State Aid - Restricted for Debt Service	13,101		13,101
Investment Earnings	231,777	\$ 2,336	234,113
Accrued Interest and Premium on Bonds	15,255		15,255
Miscellaneous Income	253,085		253,085
Transfers and Other Special Items	<u>(276,805)</u>	<u>273,400</u>	<u>(3,405)</u>
 Total General Revenues, Special Items and Transfers	 <u>40,903,747</u>	 <u>275,736</u>	 <u>41,179,483</u>
 Change in Net Assets	 1,312,448	 (18,706)	 1,293,742
Net Assets, Beginning of Year	<u>378,500</u>	<u>232,195</u>	<u>610,695</u>
Net Assets, End of Year	<u><u>\$ 1,690,948</u></u>	<u><u>\$ 213,489</u></u>	<u><u>\$ 1,904,437</u></u>

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

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## **FUND FINANCIAL STATEMENTS**

**NUTLEY BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2005**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 1,676,159	\$ 232,569	\$ 13,730,458		\$ 15,639,186
Receivables, Net					
Due from Other Funds	1,732		22,659	\$ 21,749	46,140
Receivables from Other Governments	116,312	2,338	\$ 8,940,788		9,059,438
Other	2,155				2,155
Restricted Cash and Cash Equivalents	96,660	-	-	-	96,660
<b>Total Assets</b>	<b>\$ 1,893,018</b>	<b>\$ 234,907</b>	<b>22,693,905</b>	<b>\$ 21,749</b>	<b>\$ 24,843,579</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 371,461	\$ 77,655	\$ 188,540		\$ 637,656
Due to Other Funds	59,029		23,481		82,510
Payable to State Government		40,200			40,200
Deferred Revenue	-	117,052	8,421,365	-	8,538,417
<b>Total Liabilities</b>	<b>430,490</b>	<b>234,907</b>	<b>8,633,386</b>	<b>-</b>	<b>9,298,783</b>
<b>Fund Balances</b>					
<b>Reserved for</b>					
Encumbrances	20,519		666,809		687,328
Capital Reserve Account	96,660				96,660
Excess Surplus <del>2005-06</del> 06-07	458,607				458,607
<b>Legally Restricted - Designated in     Subsequent Year's Budget</b>					
<b>Unreserved</b>					
Designated in Subsequent Year's Budget 05-06	295,864			\$ 6,494	302,358
Undesignated, Reported in General Fund	590,878				590,878
Debt Service Fund				15,255	15,255
Capital Projects Fund	-	-	13,393,710	-	13,393,710
<b>Total Fund Balances</b>	<b>1,462,528</b>	<b>-</b>	<b>14,060,519</b>	<b>21,749</b>	<b>15,544,796</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,893,018</b>	<b>\$ 234,907</b>	<b>\$ 22,693,905</b>	<b>\$ 21,749</b>	

Amounts reported for governmental activities in the statement of net assets (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$14,100,792 and the accumulated depreciation is \$6,951,011

7,149,781

The District has financed capital assets through the issuance of serial bonds. The interest accrual at year end is:

(299,900)

Long term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Serial Bonds Payable	18,183,000
Capital Leases	160,919
Compensated Absences Payable	2,359,810

(20,703,729)

\$ 1,690,948

**NUTLEY BOARD OF EDUCATION**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 36,914,550			\$ 306,459	\$ 37,221,009
Tuition	99,750				99,750
Transportation Fees	113,283				113,283
Miscellaneous	483,360	\$ 1,502	-	-	484,862
Total - Local Sources	37,610,943	1,502	-	306,459	37,918,904
State Sources	9,585,608	293,602	\$ 1,020,715	13,101	10,913,026
Federal Sources	-	1,123,538	34,000	-	1,157,538
Total Revenues	47,196,551	1,418,642	1,054,715	319,560	49,989,468
<b>EXPENDITURES</b>					
Current					
Regular Instruction	22,181,347	1,236,112			23,417,459
Special Education Instruction	5,596,080	3,822			5,599,902
Other Instruction	1,364,514	11,834			1,376,348
School-Sponsored Activities and Athletics	1,004,949				1,004,949
Community Services	6,776				6,776
Support Services and Undistributed Costs					
Student and Instructional Related Services	3,942,162	166,874			4,109,036
School Administrative Services	3,003,895				3,003,895
General Administrative Services	1,237,401				1,237,401
Plant Operations and Maintenance	5,111,664				5,111,664
Pupil Transportation	1,828,446				1,828,446
Business Services	1,206,096				1,206,096
Debt Service					
Principal	54,210			110,000	164,210
Interest and Other Charges				209,560	209,560
Capital Outlay	185,017	-	2,883,289	-	3,068,306
Total Expenditures	46,722,557	1,418,642	2,883,289	319,560	51,344,048
Excess (Deficiency) of Revenues Over Expenditures	473,994	-	(1,828,574)	-	(1,354,580)
<b>OTHER FINANCING SOURCES (USES)</b>					
Serial Bonds Issued			14,930,000		14,930,000
Accrued Interest on Bonds			15,255		15,255
Premium on Bonds					
Capital Leases (Non-Budgeted)	79,165				79,165
Transfers In			22,659	15,255	37,914
Transfers Out	(296,059)	-	(15,255)	-	(311,314)
Total Other Financing Sources and Uses	(216,894)	-	14,952,659	15,255	14,751,020
Net Change in Fund Balances	257,100	-	13,124,085	15,255	13,396,440
Fund Balance, Beginning of Year	1,205,428	-	936,434	6,494	2,148,356
Fund Balance, End of Year	\$ 1,462,528	\$ -	\$ 14,060,519	\$ 21,749	\$ 15,544,796

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

**NUTLEY BOARD OF EDUCATION  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
WITH THE DISTRICT-WIDE STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**Total net change in fund balances - governmental funds (Exhibit B-2)** **\$ 13,396,440**

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period.

Capital Outlay	\$ 3,068,306
Depreciation Expense	<u>(148,415)</u>

2,919,891

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals) is to increase net assets. These transactions are not reported in the governmental funds financial statements.

Loss on Disposal of Capital Assets	(3,405)
------------------------------------	---------

In the statement of activities, certain operating expenses - compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):

Compensated Absences	49,727
----------------------	--------

Repayment of general obligation bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.

110,000

Repayment of lease purchase principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.

54,210

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

Increase in accrued interest	(205,250)
------------------------------	-----------

The issuance of long-term debt provides current financial resources to government funds, but has no effect on net assets

Serial bonds issued	(14,930,000)
Capital lease financing	<u>(79,165)</u>

**Change in net assets of governmental activities (Exhibit A-2)** **\$ 1,312,448**

**NUTLEY BOARD OF EDUCATION  
PROPRIETARY FUNDS  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2005**

	<u>Food Service</u>	<u>Extended Day</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
<b>ASSETS</b>			
Cash and Cash Equivalents		\$ 147,140	\$ 147,140
Intergovernmental Accounts Receivable			
State	\$ 469		469
Federal	5,288		5,288
Due from Other Funds	36,370	38,837	75,207
Other Accounts Receivable	14,888		14,888
Inventory	5,385	-	5,385
	<u>62,400</u>	<u>185,977</u>	<u>248,377</u>
Total Current Assets			
	<u>62,400</u>	<u>185,977</u>	<u>248,377</u>
Capital Assets			
Machinery and Equipment	128,615		128,615
Less: Accumulated Depreciation	(118,126)	-	(118,126)
	<u>10,489</u>	<u>-</u>	<u>10,489</u>
Total Capital Assets			
	<u>10,489</u>	<u>-</u>	<u>10,489</u>
Total Assets	<u>72,889</u>	<u>185,977</u>	<u>258,866</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	4,403	2,137	6,540
Due to Other Funds	38,837	-	38,837
	<u>43,240</u>	<u>2,137</u>	<u>45,377</u>
Total Liabilities			
	<u>43,240</u>	<u>2,137</u>	<u>45,377</u>
<b>NET ASSETS</b>			
Invested in Capital Assets Net of Related Debt	10,489		10,489
Unrestricted	19,160	183,840	203,000
	<u>29,649</u>	<u>185,977</u>	<u>213,489</u>
Total Net Assets	<u>\$ 29,649</u>	<u>\$ 185,977</u>	<u>\$ 213,489</u>

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

**NUTLEY BOARD OF EDUCATION  
PROPRIETARY FUND  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>Food Service</u>	<u>Extended Day</u>	<b>Business-Type Activities Enterprise Fund Totals</b>
<b>OPERATING REVENUES</b>			
Charges for Services			
Program Fees		\$ 861,812	\$ 861,812
Daily Sales - Reimbursable	\$ 216,164		216,164
School Lunch Program	279,561		279,561
Special Functions	68,917		68,917
Miscellaneous	18,146	-	18,146
	<u>582,788</u>	<u>861,812</u>	<u>1,444,600</u>
<b>Total Operating Revenues</b>			
	<u>582,788</u>	<u>861,812</u>	<u>1,444,600</u>
<b>OPERATING EXPENSES</b>			
Salaries and Wages	334,549	665,278	999,827
Other Expenses		154,348	154,348
Employee Benefits	199,854	59,721	259,575
Cost of Sales	328,603		328,603
Supplies	62,285	21,294	83,579
Purchased Services	3,968	16,271	20,239
Other	4,450	4,548	8,998
Depreciation	1,077	-	1,077
	<u>934,786</u>	<u>921,460</u>	<u>1,856,246</u>
<b>Total Operating Expenses</b>			
	<u>934,786</u>	<u>921,460</u>	<u>1,856,246</u>
<b>Operating Income (Loss)</b>	<u>(351,998)</u>	<u>(59,648)</u>	<u>(411,646)</u>
<b>NONOPERATING REVENUES</b>			
State Sources			
State School Lunch Program	6,475		6,475
Federal Sources			
Federal School Lunch Program	73,605		73,605
USDA Commodities	37,124		37,124
Interest Income	841	1,495	2,336
	<u>118,045</u>	<u>1,495</u>	<u>119,540</u>
<b>Total Nonoperating Revenues</b>			
	<u>118,045</u>	<u>1,495</u>	<u>119,540</u>
<b>Net Income (Loss) Before Operating Transfers</b>	<u>(233,953)</u>	<u>(58,153)</u>	<u>(292,106)</u>
<b>Transfers In</b>	<u>273,400</u>	<u>-</u>	<u>273,400</u>
<b>Net Income (Loss)</b>	<u>39,447</u>	<u>(58,153)</u>	<u>(18,706)</u>
<b>Net Assets, Beginning of Year</b>	<u>(9,798)</u>	<u>241,993</u>	<u>232,195</u>
<b>Net Assets, End of Year</b>	<u>\$ 29,649</u>	<u>\$ 183,840</u>	<u>\$ 213,489</u>

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

**NUTLEY BOARD OF EDUCATION  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>Food Service</u>	<u>Extended Day</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers	\$ 581,159	\$ 861,812	\$ 1,442,971
Payments for Employees	(334,459)	(665,278)	(999,737)
Payments to Suppliers	<u>(556,507)</u>	<u>(254,195)</u>	<u>(810,702)</u>
Net Cash Provided By (Used For) Operating Activities	<u>(309,807)</u>	<u>(57,661)</u>	<u>(367,468)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Operating Transfers from Other Funds	180,000		180,000
Due to/from Other Funds	57,028		57,028
State and Federal Sources	<u>74,756</u>	<u>-</u>	<u>74,756</u>
Net Cash Provided By (Used For) Non-Capital Financing Activities	<u>311,784</u>	<u>-</u>	<u>311,784</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of Capital Assets	<u>(2,818)</u>	<u>-</u>	<u>(2,818)</u>
Net Cash Used By Capital and Related Financing Activities	<u>(2,818)</u>	<u>-</u>	<u>(2,818)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest Received	<u>841</u>	<u>1,495</u>	<u>2,336</u>
Net Cash Provided By Investing Activities	<u>841</u>	<u>1,495</u>	<u>2,336</u>
Net Increase (Decrease) in Cash and Cash Equivalents	-	(56,166)	(56,166)
Cash and Cash Equivalents, Beginning of Year	<u>-</u>	<u>203,306</u>	<u>203,306</u>
Cash and Cash Equivalents, End of Year	<u>\$ -</u>	<u>\$ 147,140</u>	<u>\$ 147,140</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>			
Operating Income (Loss)	\$ (351,998)	\$ (59,648)	\$ (411,646)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities			
Depreciation	1,077		1,077
Food Distribution Program	37,124		37,124
(Increase) Decrease in Accounts Receivable	(1,629)	2	(1,627)
(Increase) Decrease in Inventories	3,054		3,054
Increase (Decrease) in Accounts Payable	2,565	1,985	4,550
Increase (Decrease) in Other Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total Adjustments	<u>42,191</u>	<u>1,987</u>	<u>44,178</u>
Net Cash Provided By (Used For) Operating Activities	<u>\$ (309,807)</u>	<u>\$ (57,661)</u>	<u>\$ (367,468)</u>

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

**NUTLEY BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET ASSETS  
AS OF JUNE 30, 2005**

	<b><u>Private Purpose Trust Funds</u></b>	<b><u>Unemployment Compensation Trust</u></b>	<b><u>Agency Fund</u></b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 14,522	\$ 507,327	\$ 135,930
Total Assets	<u>14,522</u>	<u>507,327</u>	<u>\$ 135,930</u>
<b>LIABILITIES</b>			
Due to Student Groups			\$ 135,930
Payable to State Government	<u>-</u>	<u>4,756</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>4,756</u>	<u>\$ 135,930</u>
<b>NET ASSETS</b>			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 14,522</u>	<u>\$ 502,571</u>	

The accompanying Notes to the Basic Financial Statements are an integral part of this statement



**NUTLEY BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<b><u>Private Purpose Trust Funds</u></b>	<b><u>Unemployment Compensation Trust</u></b>
<b>ADDITIONS</b>		
Contributions		
Employees		\$ 62,374
Miscellaneous		
Investment Earnings		
Interest	\$ 196	6,886
	<u>196</u>	<u>69,260</u>
Total Additions		
	<u>196</u>	<u>69,260</u>
<b>DEDUCTIONS</b>		
Scholarships	1,750	
Unemployment Claims and Contributions	<u>-</u>	<u>40,054</u>
	<u>1,750</u>	<u>40,054</u>
Total Deductions		
	<u>1,750</u>	<u>40,054</u>
Change in Net Assets	(1,554)	29,206
Net Assets, Beginning of Year	<u>16,076</u>	<u>473,365</u>
Net Assets, End of Year	<u>\$ 14,522</u>	<u>\$ 502,571</u>

The accompanying Notes to the Basic Financial Statements are an integral part of this statement

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Nutley Board of Education this includes general operations, food service, after school child care and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

**B. District-Wide and Fund Financial Statements**

The district-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Board of Education. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, unrestricted state aid and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The District considers all of its governmental and enterprise funds to be major funds.

NUTLEY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The district-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. All assets and all liabilities associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Assets. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available). Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due.

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *special revenue fund* accounts for the proceeds of revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal and state financial programs, with the exception of grants for major capital projects and the school lunch programs.

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of major capital facilities.

The *debt service fund* accounts for the accumulation of resources for and the payment of principal and interest on long-term general obligation debt of governmental funds.

The District reports the following major proprietary funds which are organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students as well as a la carte and catering services for teachers and special events.

The *extended day fund* accounts for the activities of the District's before and after school child care program.

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

Additionally, the government reports the following fund types:

The *fiduciary trust fund* is used to account for resources legally held in trust for the state unemployment insurance claims and for private donations for scholarship awards. All resources of the fund, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

Private-sector standards of accounting and financial reporting issued by the Financial Accounting Standards Board (FASB) prior to December 1, 1989, generally are followed in both the district-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Board has elected not to follow FASB guidance issued subsequent to December 1, 1989.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the Board's proprietary and fiduciary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes, unrestricted state aid, investment earnings and miscellaneous revenues.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service enterprise fund and the extended day enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

**D. Assets, Liabilities and Net Assets or Equity**

***Deposits and Investments***

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

***Receivables and Payables***

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the district-wide financial statements as "internal balances".

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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

**D. Assets, Liabilities and Net Assets or Equity**

***Receivables and Payables (Continued)***

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

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

Tuition Expenditures - Tuition charges for the fiscal years 2003-04 and 2004-05 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenue is recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred revenues. The tax bills are mailed by the municipal tax collector and are due in four quarterly installments on February 1, May 1, August 1 and November 1. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1<sup>st</sup> in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The Township may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

***Inventories***

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

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

***Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both district-wide and fund financial statements.

***Restricted Assets***

Certain assets are classified as restricted on the balance sheet because they are maintained in separate bank accounts and their use is limited by state or county regulations for capital projects.

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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

**D. Assets, Liabilities and Net Assets or Equity**

***Capital Assets***

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$500, if purchased prior to July 1, 2001 or \$2,000, if purchased after July 1, 2001 and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or estimated historical cost if constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40-50
Building Improvements	20-35
Machinery and Equipment	5-20

***Compensated Absences***

It is the District's policy to permit employees to accumulate earned but unused vacation and sick leave benefits. A long-term liability of accumulated vacation, sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

***Long-term obligations***

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Gains and losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and refunding gains or losses. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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

**D. Assets, Liabilities and Net Assets or Equity (Continued)**

***Fund Equity***

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

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

**Reserved for Excess Surplus – Designated for Subsequent Year's Budget** - This reserve was created to represent the June 30, 2004 audited excess surplus that was appropriated in the 2005/06 original budget certified for taxes.

**Reserved for Excess Surplus** – This reserve was created to represent the June 30, 2005 audited excess surplus that will be appropriated in the 2006/07 original budget for property tax relief.

**Reserved for Capital Reserve Account** – This reserve was created by budget appropriation to fund future capital expenditures (See Note 2.)

Designations of fund balance represent tentative management plans that are subject to change.

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

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Information**

In accordance with the requirements of the New Jersey Department of Education, the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them. Capital lease transactions are accounted for on the GAAP basis.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The budget is submitted to the county superintendent and is voted upon at the annual school election on the third Tuesday in April. Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2004/2005. During 2004/2005 the Board increased the original budget by \$1,034,973. The increase was funded by additional surplus appropriated, grant awards and the reappropriation of prior year general fund encumbrances.



**NUTLEY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**Budgetary Information (Continued)**

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Encumbrance accounting is employed in the governmental funds. Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

**Excess Expenditures Over Appropriations**

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in unfavorable variances.

	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Other Support Services			
Student Related Services			
Purchased Professional Services	\$65,202	\$77,551	\$12,349

The above variance was offset with other available resources.

**Capital Reserve Account**

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

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A. 19:60-2*. Pursuant to *N.J.A.C. 6:23A-5.1(d)7*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**Capital Reserve Account (Continued)**

The activity of the capital reserve for the fiscal year ended June 30, 2005 is as follows:

Beginning balance		\$	116,706	
Increased by:				
Interest earnings				
Deposits approved in District				
Budget at election	\$	1,113		
Approved in District Budget at election		<u>1,500</u>		
			2,613	
			<u>119,319</u>	
Withdrawals				
Board resolution March 28, 2005			<u>22,659</u>	
Ending balance		\$	<u>96,660</u>	

The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the district's Long Range Facilities Plan.

**Calculation of Excess Surplus**

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701) the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2005 is \$458,607. None of this amount was designated and appropriated in the 2005/06 original budget certified for taxes.

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**Deposits and Investments**

**Deposits**

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

**NUTLEY BOARD OF EDUCATION**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**Deposits and Investments (Continued)**

**Deposits (Continued)**

Bank balances are insured up to \$100,000 in the aggregate by the FDIC for each bank. At June 30, 2005, the book value of the Board's deposits was \$16,540,765 and bank balances of the Board's cash and deposits amounted to \$18,067,787. Of the bank balances \$642,698 was covered by FDIC and \$17,425,089 was covered by the New Jersey Governmental Unit Deposit Protection Act. The Board's deposits which are displayed on the combined balance sheet as "cash and cash equivalents" are categorized as:

<b><u>Depository Account</u></b>	<b><u>Bank Balance</u></b>
Insured	\$ <u>18,067,787</u>

**Custodial Credit Risk – Deposits** – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. However, as of June 30, 2005 the Board's bank balances were not exposed to custodial credit risk.

**Investments**

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2005, the Board had no outstanding investments.

Investment and interest earnings in the Capital Projects Fund are assigned to the General Fund in accordance with Board policy.

**Receivables**

Receivables as of year-end for the district's individual major funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<b><u>General</u></b>	<b><u>Special Revenue</u></b>	<b><u>Capital Projects</u></b>	<b><u>Food Service</u></b>	<b><u>Total</u></b>
Receivables:					
Accounts	\$ 2,155			\$ 14,888	\$ 17,043
Intergovernmental	<u>116,312</u>	<u>\$ 2,338</u>	<u>\$ 8,940,788</u>	<u>5,757</u>	<u>9,065,195</u>
Gross Receivables	118,467	2,338	8,940,788	20,645	9,082,238
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 118,467</u>	<u>\$ 2,338</u>	<u>\$ 8,940,788</u>	<u>\$ 20,645</u>	<u>\$ 9,082,238</u>

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**Receivables (Continued)**

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* reported in the governmental funds were as follows:

	<u>Unearned</u>
Special Revenue Fund	
Unencumbered grant draw downs	\$ 117,052
Capital Projects Fund	
Economic Development Authority School Facility Grants	<u>8,421,365</u>
Total deferred revenue for governmental funds	<u>\$8,538,417</u>

**Capital Assets**

Capital asset activity for the year ended June 30, 2005 was as follows:

**Primary Government**

	Balance <u>July 1, 2004</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2005</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 79,932			\$ 79,932
Construction in progress	3,310,944	\$ 2,883,289	-	6,194,233
Total capital assets, not being depreciated	<u>3,390,876</u>	<u>2,883,289</u>	<u>-</u>	<u>6,274,165</u>
Capital assets, being depreciated:				
Buildings	5,437,191	64,282		5,501,473
Machinery and equipment	2,213,952	120,735	\$ (9,533)	2,325,154
Total capital assets being depreciated	<u>7,651,143</u>	<u>185,017</u>	<u>(9,533)</u>	<u>7,826,627</u>
Less accumulated depreciation for:				
Buildings	(5,379,721)	(19,328)		(5,399,049)
Machinery and equipment	(1,429,003)	(129,087)	6,128	(1,551,962)
Total accumulated depreciation	<u>(6,808,724)</u>	<u>(148,415)</u>	<u>6,128</u>	<u>(6,951,011)</u>
Total capital assets, being depreciated, net	<u>842,419</u>	<u>36,602</u>	<u>(3,405)</u>	<u>875,616</u>
Government activities capital assets, net	<u>\$ 4,233,295</u>	<u>\$ 2,919,891</u>	<u>\$ (3,405)</u>	<u>\$ 7,149,781</u>

**NUTLEY BOARD OF EDUCATION**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**Capital Assets (Continued)**

	Balance July 1, 2004	Increases	Decreases	Balance June 30, 2005
<b>Business-type activities:</b>				
Capital assets, being depreciated:				
Machinery and Equipment	\$ 125,797	\$ 2,818	-	\$ 128,615
Total capital assets being depreciated	<u>125,797</u>	<u>2,818</u>	<u>-</u>	<u>128,615</u>
Less accumulated depreciation for:				
Machinery and Equipment	<u>(117,049)</u>	<u>(1,077)</u>	<u>-</u>	<u>(118,126)</u>
Total accumulated depreciation	<u>(117,049)</u>	<u>(1,077)</u>	<u>-</u>	<u>(118,126)</u>
Total capital assets, being depreciated, net	<u>8,748</u>	<u>1,741</u>	<u>-</u>	<u>10,489</u>
Business-type activities capital assets, net	<u>\$ 8,748</u>	<u>\$ 1,741</u>	<u>\$ -</u>	<u>\$ 10,489</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

**Governmental activities:**

Instruction	
Regular	\$ 24,267
Special	1,376
School-Sponsored/Other Instructional	<u>17,696</u>
Total Instruction	<u>43,339</u>
Community Services	<u>3</u>
Support Services	
Student and Instruction Related Services	7,485
General administration	3,850
School administration	9,192
Operations and maintenance of plant	22,055
Student transportation	60,980
Business and other support services	<u>1,511</u>
Total Support Services	<u>105,073</u>
Total depreciation expense - governmental activities	<u>\$ 148,415</u>

**Business-type activities:**

Food Service Fund	\$ 1,077
Total depreciation expense-business-type activities	<u>\$ 1,077</u>

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**Capital Assets (Continued)**

*Construction commitments*

The District has the following active construction projects as of June 30, 2005:

<u>Project</u>	<u>Remaining Commitment</u>
Franklin Middle School	\$623,334
Nutley High School	34,085
Radcliffe School – Vertical Lift	<u>9,390</u>
Total	<u>\$666,809</u>

**Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2005, is as follows:

**Due to/from other funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 1,732
Capital Projects Fund	General Fund	22,659
Debt Service Fund	Capital Projects Fund	21,749
Food Service Enterprise Fund	General Fund	36,370
Extended Day Enterprise Fund	Food Service Enterprise Fund	<u>38,837</u>
Total		<u>\$121,347</u>

The above balances are the result of expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in an overdraft position.

**Interfund transfers**

	<u>Transfer In:</u>			<u>Total</u>
	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Enterprise Service</u>	
Transfer Out:				
General Fund	\$ 22,659		\$ 273,400	\$ 296,059
Capital Projects Fund	-	\$ 15,255	-	15,255
Total transfers out	<u>\$ 22,659</u>	<u>\$ 15,255</u>	<u>\$ 273,400</u>	<u>\$ 311,314</u>

The above transfers are the result of funds being raised in one fund to finance expenditures in another fund.

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**Leases**

**Capital Leases**

The District is leasing various vehicles totaling \$260,251 under capital leases. The leases are for terms of 5 years.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2005 were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2006	\$ 54,471
2007	54,470
2008	54,471
2009	<u>17,454</u>
Total minimum lease payments	180,866
Less: amount representing interest	<u>19,947</u>
Present value of minimum lease payments	<u>\$ 160,919</u>

**Long-Term Debt**

**General Obligation Bonds**

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

Bonds payable at June 30, 2005 are comprised of the following issues:

\$1,700,000, 1992 Bonds, due in annual installments of \$110,000 through September 1, 2007, variable interest rate	\$ 330,000
\$2,923,000, 2003 Bonds, due in annual installments of \$105,000 to \$208,000 through August 15, 2023, variable interest rate	2,923,000
\$14,930,000, 2005 Bonds, due in annual installments of \$335,000 to \$670,000 through February 15, 2030, variable interest rate	<u>14,930,000</u>
	<u>\$18,183,000</u>

**NUTLEY BOARD OF EDUCATION**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**Long-Term Debt (Continued)**

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

Year Ended June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2006	\$ 550,000	\$ 772,873	\$ 1,322,873
2007	570,000	724,617	1,294,617
2008	595,000	699,304	1,294,304
2009	625,000	676,581	1,301,581
2010	650,000	651,786	1,301,786
2011-2015	3,700,000	2,844,786	6,544,786
2016-2020	4,100,000	2,056,028	6,156,028
2021-2025	4,048,000	1,199,086	5,247,086
2026-2030	<u>3,345,000</u>	<u>436,963</u>	<u>3,781,963</u>
	<u>\$ 18,183,000</u>	<u>\$ 10,062,024</u>	<u>\$ 28,245,024</u>

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2005 was as follows:

4% of Equalized Valuation Basis (Municipal)		\$ 116,085,384
Less: Net Debt Issued	\$ 18,183,000	
Authorized But Not Issued	<u>987</u>	
		<u>18,183,987</u>
Remaining Borrowing Power		<u>\$ 97,901,397</u>

**Changes in long-term liabilities**

Long-term liability activity for the year ended June 30, 2005, was as follows:

	Balance July 1, 2004	Additions	Reductions	Balance June 30, 2005	Due Within One Year
<b>Governmental activities:</b>					
Bonds Payable	\$ 3,363,000	\$ 14,930,000	\$ 110,000	\$ 18,183,000	\$ 550,000
Capital Leases	135,964	79,165	54,210	160,919	46,648
Compensated Absences Payable	<u>2,409,537</u>	<u>-</u>	<u>49,727</u>	<u>2,359,810</u>	<u>100,000</u>
Governmental Activity Long-Term Liabilities	<u>\$ 5,908,501</u>	<u>\$ 15,009,165</u>	<u>\$ 213,937</u>	<u>\$ 20,703,729</u>	<u>\$ 696,648</u>



**NUTLEY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

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

The District is a member of the Suburban Municipal Essex Joint Insurance Fund (the "Fund"). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

The relationship between the Board and the insurance fund is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the fund, to report claims on a timely basis, cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the fund attributable to a membership year during which they were a member.

The Fund provide its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the insurance fund is on file with the School Business Administrator.

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

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

<u>Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2005	\$ -	\$ 62,374	\$ 40,054	\$ 502,571
2004		59,451	57,714	473,365
2003		81,978	103,505	465,328

**B. Subsequent events**

In July 2005, the Board entered into two (2) capital leases for the acquisition of a trailer and two school buses. The terms of the leases are as follows:

<u>Purpose</u>	<u>Term</u>	<u>Interest Rate</u>	<u>Total Payments Due</u>
Trailer	8/1/05-8/1/07	3.81%	\$62,861
Buses	8/1/05-8/1/09	4.15%	84,700

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**NOTE 4 OTHER INFORMATION (Continued)**

**C. Contingent Liabilities**

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

The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2005, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**D. Federal Arbitrage Regulations**

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2005, the District had no estimated arbitrage earnings due to the IRS.

**E. Employee Retirement Systems and Pension Plans**

**Plan Descriptions**

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

**Teachers' Pension and Annuity Fund**

The Teachers' Pension and Annuity Fund (TPAF) was established January 1, 1955, under the provisions of N.J.S.A. 18A:66. The Fund's designated purpose is to provide retirement benefits, death, disability and medical benefits to certain qualified members. Membership in the Fund is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified. The Fund's Board of Trustees is primarily responsible for the administration of the Fund.

According to the State of New Jersey Administrative Code, all obligations of the Fund will be assumed by the State of New Jersey should the Fund terminate.

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Employee Retirement Systems and Pension Plans**

**Plan Descriptions**

**Public Employees' Retirement System**

The Public Employees Retirement System (PERS) was established January 1, 1955, under the provisions of N.J.S.A. 43:15A. The System's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the System is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund. The System's Board of Trustees is primarily responsible for the administration of the System.

According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the System terminate.

**Vesting and Benefit Provisions**

**Teachers' Pension and Annuity Fund**

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

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

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

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Employee Retirement Systems and Pension Plans (Continued)**

**Vesting and Benefit Provisions (Continued)**

**Public Employees Retirement System**

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

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

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

**Contributions**

**Teachers' Pension and Annuity Fund**

The contribution policy is set by N.J.S.A. 18A:66 requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Members' contribute at a uniform rate. In accordance with legislation passed in 2001 (Chapter 133, P.L. 2001), the employee contribution rate was lowered to 3% effective January 1, 2002. Prior to this date, employees had been contributing at a rate of 4.5%. The rate returned to the normal rate of 5% effective January 1, 2004 per statute since there are no longer surplus assets available in the Fund. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits.

The State was not required to make a normal contribution to the System in between the years 1997 and 2004. The normal contribution for basic pension benefits, noncontributory death benefits, and cost-of-living adjustments was funded by excess valuation assets in accordance with Chapter 115, P.L. 1997. This legislation provides for actuarially determined excess valuation assets to offset required normal contributions to the State of New Jersey and the local participating employers. For Fiscal Year 2004, 68% of available excess valuation assets could be utilized to offset normal contributions. Thereafter, a certain percentage of available excess valuation assets may be used as specified in the legislation.

During the years ended June 30, 2005, 2004 and 2003, the State of New Jersey was required to contribute \$1,749,630, \$1,419,403 and \$994,850, respectively to the TPAF for normal cost pension contribution or post-retirement medical benefits on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$1,549,024 during the year ended June 30, 2005 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Employee Retirement Systems and Pension Plans (Continued)**

**Contributions (Continued)**

**Public Employees' Retirement System**

The contribution policy is set by statute and requires contributions by active members and contributing employers. Plan members and employer contribution rates may be amended by State of New Jersey legislation. Members contribute at a uniform rate. The full normal employee contribution rate is 5% of base salary; however, as a result of special legislation (Ch. 415, P.L. 1999), the employee rate was reduced to 3% of base salary effective January 1, 2000 and the rate for state employees returned to the normal rate of 5% effective July 1, 2004 per statute since there are no longer surplus assets available in the system. The rate for local employees returned to the normal rate of 5% effective January 1, 2005. The annual employer contribution is based upon an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributing death benefits. For fiscal year 2004, the 68% of available excess valuation assets could be utilized to offset normal contributions. Thereafter, a certain percentage of available excess valuation assets may be used as specified in the legislation. The State and local employers were not required to make a normal contribution to the System between the years 1997 and 2004. The normal contribution for basic pension benefits, noncontributory death benefits, and cost-of-living adjustments was funded by excess valuation assets in accordance with Chapter 115, P.L. 1997. This legislation provides for actuarially determined excess valuation assets to offset required normal contributions of the State of New Jersey and the local participating employers.

Ch. 108, P.L. 2003 provides that the State Treasurer will require the local employer PERS normal and accrued liability contributions to be a percentage of the amount certified annually by PERS as follows: 20% for payments due in State fiscal year 2005; not more than 40% for payments due in State fiscal year 2006; not more than 60% for payments due in State fiscal year 2007; and not more than 80% for payments due in State fiscal year 2008.

During the year ended June 30, 2005, the District was required to contribute \$49,296, to the PERS for normal cost pension contributions or post-retirement medical benefits. There was no employer contribution required for the years ended June 30, 2004 and 2003.

**F. Post Retirement Benefits**

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2004, there were 64,628 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums is on a pay-as-you-go basis beginning in fiscal year 1994 with an additional contribution beginning in fiscal year 1996 to maintain a medical reserve of one half of one percent of the active State payroll.

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**NOTE 4 OTHER INFORMATION (Continued)**

**F. Post Retirement Benefits (Continued)**

The State made post-retirement (PRM) contributions of \$424.8 million for TPAF and \$168.7 million for PERS in fiscal year 2004. In accordance with P.L. 2002, c.11 which allowed the State to use available reserves in the post-retirement medical reserve funds to cover required pay-as-you-go medical premiums, the State did not make a contribution to the PERS and TPAF in fiscal years 2003 and 2002 toward the cost of post-retirement medical benefits. The legislation also suspended in fiscal years 2003 and 2002 the additional post retirement medical contribution to increase the fund balance by one half of one percent of active member salaries for the valuation period. Under State law post retirement medical contributions resumed in fiscal year 2004 and are computed to provide an increase in the reserve fund of three fifths of one percent of active member salaries for the valuation period.

The State is also responsible for the cost attributable to Ch. 126, P.L. 1992, which provides for health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$74.0 million toward Chapter 126 benefits for 9,138 eligible retired members in fiscal year 2004.

**Financial Statements**

The TPAF and PERS are included along with other state-administered, pension trust and agency funds in the basic financial statements of the State of New Jersey.

Complete financial statements of the TPAF and PERS may be obtained from the State of New Jersey, Department of Treasury, Division of Pensions, P.O. Box 295, Trenton, NJ 08625.

## **BUDGETARY COMPARISON SCHEDULES**

**NUTLEY BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 36,914,550		\$ 36,914,550	\$ 36,914,550	
Tuition	65,014		65,014	99,750	\$ 34,736
Transportation Fees	86,559		86,559	113,283	26,724
Other Restricted Miscellaneous	30,000		30,000	169,667	139,667
Unrestricted Miscellaneous	199,500	-	199,500	313,693	114,193
Total Revenues - Local Sources	37,295,623	-	37,295,623	37,610,943	315,320
State Sources					
Core Curriculum Aid	2,799,975		2,799,975	2,799,975	
Transportation Aid	345,006		345,006	345,006	
Special Education Aid	2,235,481		2,235,481	2,235,481	
Bilingual Education	65,426		65,426	65,426	
Consolidated Aid Academic Achievement Award	475,088		475,088	475,088	
Additional Formula Aid	177,629		177,629	177,629	
Extraordinary Aid				208,138	208,138
On Behalf TPAF Pension System Contributions(Non-Budgeted)				1,749,630	1,749,630
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	1,549,024	1,549,024
Total State Sources	6,098,605	-	6,098,605	9,605,397	3,506,792
Total Revenues	43,394,228	-	43,394,228	47,216,340	3,822,112
<b>CURRENT EXPENDITURES</b>					
Instruction - Regular Programs					
Salaries of Teachers:					
Preschool/Kindergarten	541,172	\$ 54,274	595,446	595,446	
Grades 1 - 5	6,240,019	(103,202)	6,136,817	6,136,817	
Grades 6 - 8	4,021,292	(32,408)	3,988,884	3,988,884	
Grades 9 - 12	5,497,672	(11,851)	5,485,821	5,485,821	
Home Instruction:					
Salaries of Teachers	60,000	13,476	73,476	73,476	
Purchased Professional-Educational Services	8,000	10,879	18,879	18,879	
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	29,882	(29,882)			
Purchased Technical Services	6,000	(1,725)	4,275	878	3,397
Other Purchased Services	53,800	4,137	57,937	55,473	2,464
General Supplies	555,687	23,720	579,407	574,020	5,387
Textbooks	140,731	(62,334)	78,397	78,219	178
Other Objects	19,000	(1,380)	17,620	17,619	1
Total Instruction Regular Programs	17,173,255	(136,296)	17,036,959	17,025,532	11,427
Special Education					
Learning/Language Disabilities					
Salaries of Teachers	996,161	(2,964)	993,197	993,196	1
Other Salaries for Instruction	190,154	70,712	260,866	260,865	1
General Supplies	18,070	(1,072)	16,998	16,858	140
Textbooks	6,000	(14)	5,986	5,964	22
Other Objects	-	-	-	-	-
Total Learning/Language Disabilities	1,210,385	66,662	1,277,047	1,276,883	164



**NUTLEY BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>CURRENT EXPENDITURES (Continued)</b>					
Special Education (Continued)					
Resource Room/Resource Center					
Salaries of Teachers	\$ 777,438	\$ 15,596	\$ 793,034	\$ 792,811	\$ 223
Other Salaries for Instruction	500	(500)			
General Supplies	12,943	(219)	12,724	12,663	61
Textbooks	3,000	58	3,058	3,058	
Other Objects	50	(36)	14	-	14
Total Resource Room/Resource Center	793,931	14,899	808,830	808,532	298
Preschool Disabilities					
Salaries of Teachers	107,816	7,897	115,713	115,583	130
Other Salaries for Instruction	68,498	(15,596)	52,902	52,801	101
General Supplies	3,262	(132)	3,130	3,130	
Other Objects	50	(5)	45	-	45
Total Preschool Disabilities	179,626	(7,836)	171,790	171,514	276
Total Special Education	2,183,942	73,725	2,257,667	2,256,929	738
Basic Skills/Remedial					
Salaries of Teachers	437,065	4,964	442,029	442,029	
Other Salaries for Instruction	200	(68)	132		132
General Supplies	5,000	(2,678)	2,322	2,321	1
Textbooks	1,392	(1,036)	356	355	1
Total Basic Skills/Remedial	443,657	1,182	444,839	444,705	134
Bilingual Education					
Salaries of Teachers	190,628	(10,281)	180,347	180,330	17
General Supplies	3,700	(1,686)	2,014	2,002	12
Textbooks	-	751	751	750	1
Total Bilingual Education	194,328	(11,216)	183,112	183,082	30
Vocational Programs- Local - Instruction					
Salaries of Teachers	2,500	-	2,500	2,500	-
Total Vocational Programs-Local-Instruction	2,500	-	2,500	2,500	-
School Sponsored Co-Curricular Activities					
Salaries of Teachers	143,041	3,973	147,014	146,634	380
Purchased Professional Services	8,900	(8,883)	17		17
General Supplies	2,000	(1,598)	402	402	
Other Objects	3,400	(1,980)	1,420	1,420	-
Total Co-Curricular Activities	157,341	(8,488)	148,853	148,456	397
School Sponsored Athletics					
Salaries	498,806	17,171	515,977	515,976	1
Purchased Services	62,550	(6,620)	55,930	55,930	
Supplies and Materials	63,273	(315)	62,958	62,880	78
Other Objects	136,050	(332)	135,718	135,717	1
Total Athletics	760,679	9,904	770,583	770,503	80

**NUTLEY BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>CURRENT EXPENDITURES (Continued)</b>					
Community Services					
Salaries	\$ 3,900	\$ 2,356	\$ 6,256	\$ 6,256	-
Total Community Services	3,900	2,356	6,256	6,256	-
Total Instruction	20,919,602	(68,833)	20,850,769	20,837,963	\$ 12,806
Tuition					
Tuition to NJ LEA's - Special	544,113	13,338	557,451	549,994	7,457
Tuition to County Vocational - Regular	6,000	(4,434)	1,566		1,566
Tuition to County Vocational - Special	20,691		20,691	14,460	6,231
Tuition to County Sp Service and Regional Day School	252,228	(12,248)	239,980	233,964	6,016
Tuition to NJ Private Handicapped	1,856,454	(373,365)	1,483,089	1,399,455	83,634
Tuition - State Facilities	-	-	-	-	-
Total Tuition	2,679,486	(376,709)	2,302,777	2,197,873	104,904
Undistributed Expenditures					
Health Services					
Salaries	410,871	16,591	427,462	427,100	362
Purchased Professional Services	37,100	7,569	44,669	44,669	
Other Purchased Services	200	(144)	56	51	5
Supplies and Materials	14,289	(394)	13,895	13,575	320
Other Objects	250	94	344	344	-
Total Health Services	462,710	23,716	486,426	485,739	687
Undistributed Expend.-Other Supp. Svcs.-					
Student Related Services					
Salaries	337,513	(3,603)	333,910	333,873	37
Purchased Professional Services	7,092	58,110	65,202	77,551	(12,349)
Supplies and Materials	1,800	1,272	3,072	2,758	314
Other Objects	50	-	50	-	50
Total Other Support/Student Related Services	346,455	55,779	402,234	414,182	(11,948)
Undistributed Expend.-Other Supp. Svcs.-Extraord. Serv.					
Salaries	126,956	65,196	192,152	192,151	1
Purchased Professional Services	100	(66)	34	-	34
Total Other Support/Extraordinary Services	127,056	65,130	192,186	192,151	35
Undistributed Expend.-Other Supp. Svcs.-Students- Reg					
Salaries of Other Professional Staff	863,686	(73,058)	790,628	790,627	1
Salaries of Secretarial Staff	87,179	39,141	126,320	126,320	
Purchased Professional Services	100	(100)			
Other Purchased Professional Services	46,500	5,290	51,790	50,668	1,122
Other Purchased Services	3,000	2,790	5,790	5,790	
Supplies and Materials	29,850	(18,904)	10,946	10,246	700
Other Objects	3,000	165	3,165	3,164	1
Total Other Support Services/Regular	1,033,315	(44,676)	988,639	986,815	1,824

**NUTLEY BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expend.-Other Supp. Svcs.-Students- Special					
Salaries of Other Professional Staff	\$ 784,582	\$ 78,166	\$ 862,748	\$ 861,944	\$ 804
Purchased Professional Educational Services	720	(720)			
Miscellaneous Purchased Services	3,900	(186)	3,714	3,708	6
Supplies and Materials	11,225	(763)	10,462	10,392	70
Other Objects	100	(100)	-	-	-
Total Other Support Services/Special	800,527	76,397	876,924	876,044	880
Improvement of Instruction					
Salaries of Supervisors of Instruction	125,795		125,795	125,795	
Salaries of Other Professional Staff	41,500	(5,160)	36,340	36,338	2
Salaries of Secretarial Staff	163,758	8,181	171,939	171,658	281
Purchased Professional Educational Services	350	(350)			
Other Purchased Professional Services	2,200	200	2,400	2,400	
Other Purchased Services	1,150	259	1,409	1,409	
Supplies and Materials	12,150	(2,182)	9,968	9,815	153
Other Objects	400	909	1,309	1,308	1
Total Improvement of Instruction	347,303	1,857	349,160	348,723	437
Educational Media Services/ School Library					
Salaries	627,191	(99,212)	527,979	527,977	2
Purchased Professional Services	600	7,014	7,614	7,614	
Other Purchased Services	18,300	(1,084)	17,216	15,984	1,232
Supplies and Materials	116,667	(48,814)	67,853	66,851	1,002
Other Objects	-	150	150	150	-
Total Educational Media Services/ School Library	762,758	(141,946)	620,812	618,576	2,236
Instructional Staff Training Services					
Salaries of Other Professional Staff	10,000	52	10,052	2,813	7,239
Purchased Professional Services	5,500	(400)	5,100	4,040	1,060
Other Purchased Services	15,100	2,239	17,339	11,780	5,559
Supplies and Materials	400	251	651	80	571
Other Objects	1,000	440	1,440	1,219	221
Total Instructional Staff Training Services	32,000	2,582	34,582	19,932	14,650
Support Services General Administration					
Salaries	476,179	(12,683)	463,496	463,496	
Legal Services	84,000	(39,681)	44,319	44,318	1
Other Purchased Professional Services	35,000	26,422	61,422	59,942	1,480
Purchased Technical Services	2,500	1,035	3,535	3,535	
Communications/Telephone	144,600	(24,399)	120,201	117,495	2,706
Other Purchased Services	151,800	46,706	198,506	198,506	
Supplies and Materials	19,900	(1,163)	18,737	17,854	883
Judgements Against the School District		14,679	14,679	14,679	
Miscellaneous Expenditures	8,900	57,515	66,415	66,296	119
BOE Membership Dues and Fees	39,000	(39,000)	-	-	-
Total Support Services General Administration	961,879	29,431	991,310	986,121	5,189
Support Services School Administration					
Salaries of Principals and Assistant Principals	1,103,522	(41,136)	1,062,386	1,062,385	1
Salaries of Other Professional Staff	508,847	(46,972)	461,875	461,875	
Salaries of Secretarial Staff	570,312	46,896	617,208	617,115	93
Other Purchased Services	43,100	(3,275)	39,825	39,175	650
Supplies and Materials	58,506	4,251	62,757	61,933	824
Other Objects	33,650	19,853	53,503	53,489	14
Total Support Services School Administration	2,317,937	(20,383)	2,297,554	2,295,972	1,582

(Continued)

**NUTLEY BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures - Central Services					
Salaries	\$ 556,055	\$ (62,664)	\$ 493,391	\$ 493,390	\$ 1
Purchased Professional Services	38,000	(8,907)	29,093	23,193	5,900
Purchased Technical Services	19,000	(2,904)	16,096	16,096	
Miscellaneous Purchased Services	46,950	(10,055)	36,895	36,437	458
Supplies and Materials	13,925	232	14,157	13,904	253
Miscellaneous Expenditures	1,850	677	2,527	2,526	1
Total Undistributed Expenditures - Central Services	675,780	(83,621)	592,159	585,546	6,613
Undistributed Expenditures - Admin. Info. Tech.					
Salaries	286,688	16,462	303,150	303,149	1
Purchased Technical Services	48,072	(33,395)	14,677	14,676	1
Other Purchased Services	2,100	(1,504)	596	595	1
Supplies and Materials	7,000	(5,727)	1,273	1,273	
Other Objects	1,200	(1,200)	-	-	-
Total Undistributed Expenditures - Admin. Info. Technology	345,060	(25,364)	319,696	319,693	3
Required Maintenance for School Facilities					
Salaries	460,002	(32,032)	427,970	427,970	
Cleaning, Repair and Maintenance Services	126,196	115,433	241,629	236,958	4,671
General Supplies	97,427	39,190	136,617	135,227	1,390
Other Objects	1,500	3,081	4,581	4,581	-
Total Required Maint for School Facilities	685,125	125,672	810,797	804,736	6,061
Other Operations and Maintenance of Plant					
Salaries	2,052,408	49,460	2,101,868	2,101,821	47
Purchased Professional Services	48,000	5,354	53,354	53,354	
Cleaning, Repair and Maintenance Services	223,100	5,311	228,411	226,263	2,148
Insurance	89,000	(7,711)	81,289	81,288	1
Other Purchased Services	29,000	(9,336)	19,664	19,201	463
General Supplies	92,300	14,384	106,684	101,491	5,193
Energy	583,430	126,058	709,488	709,488	
Other Objects	311,200	(26,789)	284,411	284,311	100
Total Other Operations and Maint. of Plant	3,428,438	156,731	3,585,169	3,577,217	7,952
Student Transportation Services					
Salaries for Pupil Trans (Bet Home & Sch)-Sp Ed.	662,000	30,406	692,406	692,405	1
Salaries for Pupil Trans (Other than Bet Home & Sch).	131,000	28,012	159,012	159,011	1
Cleaning, Repair and Maintenance Services	49,000	27,725	76,725	76,725	
Other Purchased Professional and Technical Services		2,509	2,509	2,469	40
Lease Purchase Payments - School Buses - Lease of Space for Buses	21,400	(1,000)	20,400	20,400	
Contr Serv(Oth. Than Bet Home & Sch)-Vend	64,500	(29,256)	35,244	35,243	1
Contr Serv(Special Education)-Vendors	256,850	49,603	306,453	297,113	9,340
Contr Serv(Special Education)-Joint Agreements	8,000	(3,406)	4,594	4,594	
Miscellaneous Purch. Services- Transportation	14,100	9,152	23,252	23,251	1
Supplies and Materials	37,200	35,145	72,345	72,344	1
Miscellaneous Expenditures	14,400	(3,173)	11,227	11,227	-
Total Student Transportation Services	1,258,450	145,717	1,404,167	1,394,782	9,385

(Continued)

**NUTLEY BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>CURRENT EXPENDITURES (Continued)</b>					
Other Support Services					
Purchased Professional Services		\$ 68,400	\$ 68,400	\$ 63,778	\$ 4,622
Miscellaneous Purchased Services		1,480	1,480	1,480	-
Supplies and Materials	-	174	174	-	174
Total Other Support Services	-	70,054	70,054	65,258	4,796
Unallocated Employee Benefits					
Social Security Contributions - Other	\$ 573,752	(15,583)	558,169	558,168	1
Other Retirement Contributions - Regular	56,500	(6,543)	49,957	49,296	661
Workmens Compensation	122,000	6,543	128,543	128,542	1
Health Benefits	5,163,768	(20,458)	5,143,310	5,143,309	1
Tuition Reimbursements	66,725	3,227	69,952	68,602	1,350
Other Employee Benefits	107,500	121,936	229,436	229,436	-
Total Unallocated Employee Benefits	6,090,245	89,122	6,179,367	6,177,353	2,014
On Behalf TPAF Pension System Contributions (Non-Budgeted)				1,749,630	(1,749,630)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	1,549,024	(1,549,024)
Total TPAF Pension and Social Security Contributions	-	-	-	3,298,654	(3,298,654)
Total Undistributed Expenditures	22,354,524	149,489	22,504,013	25,645,367	(3,141,354)
Total Current Expenditures	43,274,126	80,656	43,354,782	46,483,330	(3,128,548)
<b>CAPITAL OUTLAY</b>					
Interest Deposit to Capital Reserve	1,500	(1,500)			
Equipment					
Regular Programs - Instruction					
Grades 9 - 12	7,800	(7,800)			
School Sponsored/Other Instruct- Athletics					
Undistributed Expenditures					
Support Services - Non-Instruction	5,360	36,231	41,591	41,309	
School Buses Special	36,732	(19,278)	17,454	17,454	
School Buses - Regular		37,017	37,017	37,017	
Operation and Maintenance of Plant	30,285	(30,285)	-	-	-
Total Equipment	81,677	14,385	96,062	95,780	-
Facilities Acquisition and Constr. Services					
Construction Services	-	64,282	64,282	64,282	-
Total Facilities Acquisition and Constr. Services	-	64,282	64,282	64,282	-

**NUTLEY BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>CAPITAL OUTLAY</b>					
Assets Acquired Under Capital Leases (Non-Budgeted)					
Undistributed Expenditures					
Operations and Maintenance of Plant					
School Buses - Regular	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 79,165</u>	<u>\$ (79,165)</u>
Total Assets Acquired Under Capital Leases	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,165</u>	<u>(79,165)</u>
 Total Expenditures - Capital Outlay	<u>\$ 81,677</u>	<u>\$ 78,667</u>	<u>\$ 160,344</u>	<u>239,227</u>	<u>(79,165)</u>
Total Expenditures - General Fund	<u>43,355,803</u>	<u>159,323</u>	<u>43,515,126</u>	<u>46,722,557</u>	<u>(3,207,713)</u>
 Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>38,425</u>	<u>(159,323)</u>	<u>(120,898)</u>	<u>493,783</u>	<u>614,681</u>
 Other Financing Sources (Uses)					
Capital Leases (Non-Budgeted)				79,165	79,165
Transfers In					
Transfers Out	<u>(180,000)</u>	<u>(90,000)</u>	<u>(270,000)</u>	<u>(296,059)</u>	<u>26,059</u>
Total Other Financing Sources (Uses)	<u>(180,000)</u>	<u>(90,000)</u>	<u>(270,000)</u>	<u>(216,894)</u>	<u>105,224</u>
 Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>(141,575)</u>	<u>(249,323)</u>	<u>(390,898)</u>	<u>276,889</u>	<u>719,905</u>
 Fund Balance, Beginning of Year	<u>1,675,715</u>	<u>-</u>	<u>1,675,715</u>	<u>1,675,715</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1,534,140</u>	<u>\$ (249,323)</u>	<u>\$ 1,284,817</u>	<u>\$ 1,952,604</u>	<u>\$ (667,787)</u>
 <b>Recapitulation of Fund Balance</b>					
Reserve for Encumbrances				\$ 20,519	
Capital Reserve				96,660	
Excess Surplus				458,607	
Designated for Subsequent Year's Budget				295,864	
Unrestricted Fund Balance				<u>1,080,954</u>	
Fund Balance (Budgetary Basis)				1,952,604	
 <b>Reconciliation to Governmental Fund Statements (GAAP)</b>					
2004/05 State Aid Payment Not Recognized on a GAAP Basis				(281,938)	
2004/05 Extraordinary Aid Not Recognized on a GAAP Basis				<u>(208,138)</u>	
Fund Balance per Governmental Funds (GAAP Basis)				<u>\$ 1,462,528</u>	

**NUTLEY BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Intergovernmental					
State	\$ 145,100	\$ 187,656	\$ 332,756	\$ 293,474	\$ (39,282)
Federal	627,000	596,492	1,223,492	1,106,102	(117,390)
Local Sources					
Miscellaneous	-	1,502	1,502	1,502	-
Total Revenues	772,100	785,650	1,557,750	1,401,078	(156,672)
<b>EXPENDITURES</b>					
Instruction					
Salaries of Teachers	152,200	236,635	388,835	368,427	20,408
Other Salaries for Instruction		48,311	48,311	42,069	6,242
Purchased Professional/Educational Services	103,700	157,604	261,304	222,361	38,943
Other Purchased Services	455,800	63,092	518,892	518,892	-
General Supplies	10,000	78,318	88,318	48,278	40,040
Textbooks	19,800	15,717	35,517	35,517	-
Other Objects	-	440	440	440	-
Total Instruction	741,500	600,117	1,341,617	1,235,984	105,633
Support Services					
Salaries of Program Directors		2,500	2,500	2,500	
Salaries of Other Professional Staff		41,278	41,278	11,474	29,804
Salaries of Secretarial and Clerical Asst.		4,784	4,784	2,772	2,012
Purchased Professional/Educational Services	21,600	48,789	70,389	63,833	6,556
Other Purchased Professional Services		-			-
Travel	9,000	(7,246)	1,754	1,648	106
Contracted Svcs. - Trans.		11,192	11,192	11,192	-
Other Purchased Services		9,561	9,561	8,067	1,494
Supplies and Materials		13,628	13,628	10,135	3,493
Tuition				-	-
Miscellaneous Expenditures	-	125	125	125	-
Total Support Services	30,600	124,611	155,211	111,746	43,465
Allocated Benefits					
Social Security		38,093	38,093	34,137	3,956
Personal Services - Employee Benefits	-	22,829	22,829	19,211	3,618
Total Allocated Benefits	-	60,922	60,922	53,348	7,574
Total Expenditures	772,100	785,650	1,557,750	1,401,078	156,672
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

**NUTLEY BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<b>General Fund</b>	<b>Special Revenue Fund</b>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules	C-1 \$ 47,216,340	C-2 \$ 1,401,078
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Add: June 30, 2004 encumbrances (net of cancellations)		17,564
State Aid payment not recognized for budgetary purposes, recognized for GAAP statements.	470,287	
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements.	(281,938)	
Extraordinary aid payment recognized for budgetary purposes not recognized for GAAP statements.	<u>(208,138)</u>	<u>-</u>
 Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	 B-2 \$ <u>47,196,551</u>	 B-2 \$ <u>1,418,642</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	C-1 \$ 46,722,557	C-2 \$ 1,401,078
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes.		
Add: June 30, 2004 encumbrances (net of cancellations)	<u>-</u>	<u>17,564</u>
 Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	 B-2 \$ <u>46,722,557</u>	 B-2 \$ <u>1,418,642</u>



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**SCHOOL LEVEL SCHEDULES**

**(General Fund)**

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**SPECIAL REVENUE FUND**

NUTLEY BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Nonpublic Textbooks	N.J. Nonpublic Auxiliary			NJ Nonpublic Handicapped			Nonpublic Nursing
		Compensatory Education	ESL	Transportation	Supplemental Instruction	Examination/ Classification	Corrective Speech	
<b>REVENUES</b>								
State Sources	\$ 35,517	\$ 96,665	\$ 1,019	\$ 11,192	\$ 16,685	\$ 25,385	\$ 20,367	\$ 41,209
Federal Sources	-	-	-	-	-	-	-	-
Total Revenues	<u>\$ 35,517</u>	<u>\$ 96,665</u>	<u>\$ 1,019</u>	<u>\$ 11,192</u>	<u>\$ 16,685</u>	<u>\$ 25,385</u>	<u>\$ 20,367</u>	<u>\$ 41,209</u>
<b>EXPENDITURES</b>								
Instruction:								
Salaries of Teachers								
Other Salaries for Instruction								
Purchased Prof. and Technical Services								
Purchased Prof. Educational Services		\$ 96,665	\$ 1,019		\$ 16,685	\$ 25,385	\$ 20,367	
General Supplies								
Textbooks	\$ 35,517							
Miscellaneous Expenses	-	-	-	-	-	-	-	-
Total Instruction	<u>35,517</u>	<u>96,665</u>	<u>1,019</u>	<u>-</u>	<u>16,685</u>	<u>25,385</u>	<u>20,367</u>	<u>-</u>
Support Services								
Salaries of Program Directors								
Salaries of Other Professional Staff								
Salaries of Secr and Clerical Assistants								
Purchased Professional Educational Services								\$ 41,209
Contracted Services - Transportation				\$ 11,192				
Other Purchased Services								
Supplies and Materials								
Tuition								
Miscellaneous Expenses	-	-	-	-	-	-	-	-
Total Support Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,192</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,209</u>
Personal Services - Employee Benefits								
Social Security Contributions								
Other Retirement	-	-	-	-	-	-	-	-
Total Personnel Services - Employee Benefits	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 35,517</u>	<u>\$ 96,665</u>	<u>\$ 1,019</u>	<u>\$ 11,192</u>	<u>\$ 16,685</u>	<u>\$ 25,385</u>	<u>\$ 20,367</u>	<u>\$ 41,209</u>

**NUTLEY BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>Teacher Quality Mentoring</u>	<u>Character Education</u>	<u>Distance Learning</u>	<u>Character Education Carryover</u>	<u>IDEA B Basic</u>	<u>IDEA B Preschool</u>	<u>Title II D</u>	<u>IDEA B Carryover</u>
<b>REVENUES</b>								
State Sources	\$ 6,994	\$ 503	\$ 244	\$ 5,351				
Federal Sources	-	-	-	-	\$ 652,447	\$ 29,643	\$ 4,150	\$ 18,521
Total Revenues	<u>\$ 6,994</u>	<u>\$ 503</u>	<u>\$ 244</u>	<u>\$ 5,351</u>	<u>\$ 652,447</u>	<u>\$ 29,643</u>	<u>\$ 4,150</u>	<u>\$ 18,521</u>
<b>EXPENDITURES</b>								
Instruction:								
Salaries of Teachers		\$ 503		\$ 252	\$ 40,000	\$ 19,600		\$ 15,420
Other Salaries for Instruction					32,960	6,660		1,361
Purchased Prof. Educational Services					39,600			
Other Purchased Services					515,374	121	\$ 3,397	
General Supplies				958	10,662		5	
Textbooks								
Miscellaneous Expenses	-	-	-	440	-	-	-	-
Total Instruction	<u>-</u>	<u>503</u>	<u>-</u>	<u>1,650</u>	<u>638,596</u>	<u>26,381</u>	<u>3,402</u>	<u>16,781</u>
Support Services								
Salaries of Program Directors								
Salaries of Other Professional Staff	\$ 6,994							
Salaries of Secr and Clerical Assistants								
Purchased Professional Educational Services				3,701	5,000			
Travel							50	
Other Purchased Services					710		690	456
Supplies and Materials			\$ 244				8	
Tuition								
Miscellaneous Expenses	-	-	-	-	-	-	-	-
Total Support Services	<u>6,994</u>	<u>-</u>	<u>244</u>	<u>3,701</u>	<u>5,710</u>	<u>-</u>	<u>748</u>	<u>456</u>
Personal Services - Employee Benefits								
Social Security Contributions					5,581	2,008		1,284
Other Retirement	-	-	-	-	2,560	1,254	-	-
Total Personnel Services - Employee Benefits	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,141</u>	<u>3,262</u>	<u>-</u>	<u>1,284</u>
Facilities Acquisition and Construction Services								
Instructional Equipment	-	-	-	-	-	-	-	-
Total Facilities Acquisition	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 6,994</u>	<u>\$ 503</u>	<u>\$ 244</u>	<u>\$ 5,351</u>	<u>\$ 652,447</u>	<u>\$ 29,643</u>	<u>\$ 4,150</u>	<u>\$ 18,521</u>

NUTLEY BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Title III Carryover</u>	<u>Title III</u>	<u>Title I</u>	<u>Title I Carryover</u>	<u>Title V</u>	<u>Title II</u>	<u>Title V Carryover</u>	<u>Title II Carryover</u>
<b>REVENUES</b>								
State Sources								
Federal Sources	\$ 7,819	\$ 15,618	\$ 193,899	\$ 15,783	\$ 49,156	\$ 62,857	\$ 13,711	\$ 11,254
Total Revenues	<u>\$ 7,819</u>	<u>\$ 15,618</u>	<u>\$ 193,899</u>	<u>\$ 15,783</u>	<u>\$ 49,156</u>	<u>\$ 62,857</u>	<u>\$ 13,711</u>	<u>\$ 11,254</u>
<b>EXPENDITURES</b>								
Instruction:								
Salaries of Teachers		\$ 12,926	\$ 154,364	\$ 9,455	\$ 41,862	\$ 52,657	\$ 12,022	\$ 9,366
Other Salaries for Instruction								1,088
Purchased Prof. and Technical Services								
Purchased Prof. Educational Services								
General Supplies	\$ 7,351	206	4,485	5,000	220			
Textbooks								
Miscellaneous Expenses	-	-	-	-	-	-	-	-
Total Instruction	<u>7,351</u>	<u>13,132</u>	<u>158,849</u>	<u>14,455</u>	<u>42,082</u>	<u>52,657</u>	<u>12,022</u>	<u>10,454</u>
Support Services								
Salaries of Program Directors			2,500					
Salaries of Other Professional Staff								
Salaries of Secr and Clerical Assistants		298	2,474					
Purchased Professional Educational Services			600		500	500		
Travel			500			1,098		
Other Purchased Services		349	2,653		995	1,199		
Supplies and Materials	468		4,124		390	4		
Tuition								
Miscellaneous Expenses	-	-	125	-	-	-	-	-
Total Support Services	<u>468</u>	<u>647</u>	<u>12,976</u>	<u>-</u>	<u>1,885</u>	<u>2,801</u>	<u>-</u>	<u>-</u>
Personal Services - Employee Benefits								
Social Security Contributions		1,839	12,034	1,328	3,202	4,029	1,689	800
Other Retirement	-	-	10,040	-	1,987	3,370	-	-
Total Personnel Services - Employee Benefits	<u>-</u>	<u>1,839</u>	<u>22,074</u>	<u>1,328</u>	<u>5,189</u>	<u>7,399</u>	<u>1,689</u>	<u>800</u>
Total Expenditures	<u>\$ 7,819</u>	<u>\$ 15,618</u>	<u>\$ 193,899</u>	<u>\$ 15,783</u>	<u>\$ 49,156</u>	<u>\$ 62,857</u>	<u>\$ 13,711</u>	<u>\$ 11,254</u>

NUTLEY BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>TQE Mentor Training</u>	<u>Title IID Carryover</u>	<u>Title IIA</u>	<u>Dodge</u>	<u>Statewide Systemic</u>	<u>Title IV</u>	<u>Perkins Vocational Education</u>	<u>Nonpublic Technology</u>	<u>Total June 30, 2005</u>
<b>REVENUES</b>									
Other				\$ 1,502					\$ 1,502
State Sources					\$ 9,703			\$ 22,640	293,474
Federal Sources	\$ 4,260	\$ 835	\$ 577	-	-	\$ 7,672	\$ 17,900	-	1,106,102
<b>Total Revenues</b>	<u>\$ 4,260</u>	<u>\$ 835</u>	<u>\$ 577</u>	<u>\$ 1,502</u>	<u>\$ 9,703</u>	<u>\$ 7,672</u>	<u>\$ 17,900</u>	<u>\$ 22,640</u>	<u>\$ 1,401,078</u>
<b>EXPENDITURES</b>									
Instruction:									
Salaries of Teachers									\$ 368,427
Other Salaries for Instruction									42,069
Purchased Prof. and Educational Svcs								\$ 22,640	222,361
Other Purchased Services									518,892
General Supplies		\$ 800	\$ 577			\$ 1,869	\$ 16,145		48,278
Textbooks									35,517
Miscellaneous Expenses	-	-	-	-	-	-	-	-	440
<b>Total Instruction</b>	<u>-</u>	<u>800</u>	<u>577</u>	<u>-</u>	<u>-</u>	<u>1,869</u>	<u>16,145</u>	<u>22,640</u>	<u>1,235,984</u>
Support Services									
Salaries of Program Directors									2,500
Salaries of Other Professional Staff						4,480			11,474
Salaries of Secr and Clerical Assistants									2,772
Purchased Professional Educational Services	\$ 4,260				\$ 7,000		1,063		63,833
Contracted Services - Transportation									11,192
Travel									1,648
Other Purchased Services		35				980			8,067
Supplies and Materials				\$ 1,502	2,703		692		10,135
Tuition									-
Miscellaneous Expenses	-	-	-	-	-	-	-	-	125
<b>Total Support Services</b>	<u>4,260</u>	<u>35</u>	<u>-</u>	<u>1,502</u>	<u>9,703</u>	<u>5,460</u>	<u>1,755</u>	<u>-</u>	<u>111,746</u>
Personal Services - Employee Benefits									
Social Security Contributions						343			34,137
Other Retirement	-	-	-	-	-	-	-	-	19,211
<b>Total Personnel Services - Employee Benefits</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>343</u>	<u>-</u>	<u>-</u>	<u>53,348</u>
<b>Total Expenditures</b>	<u>\$ 4,260</u>	<u>\$ 835</u>	<u>\$ 577</u>	<u>\$ 1,502</u>	<u>\$ 9,703</u>	<u>\$ 7,672</u>	<u>\$ 17,900</u>	<u>\$ 22,640</u>	<u>\$ 1,401,078</u>



**NUTLEY BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF DEMONSTRABLY EFFECTIVE PROGRAM AID EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

NOT APPLICABLE

**SCHEDULE OF EARLY CHILDHOOD PROGRAM AID EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

NOT APPLICABLE

**SCHEDULE OF INSTRUCTIONAL SUPPLEMENT AID EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

NOT APPLICABLE

**NUTLEY BOARD OF EDUCATION**  
**SPECIAL REVENUE FUND**  
**SCHEDULE OF DISTANCE LEARNING NETWORK AID EXPENDITURES**  
**BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES</b>			
Support Services			
Supplies and Materials	\$ 244	\$ 244	-
Total Support	<u>244</u>	<u>244</u>	<u>-</u>
Facilities Acquisition and Construction			
Instructional Equipment	<u>-</u>	<u>-</u>	<u>-</u>
Total Facilities Acquisition & Construction	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 244</u>	<u>\$ 244</u>	<u>\$ -</u>

Add: Actual Distance Learning Network Aid Carryover (June 30, 2004)	\$ 244
Total Distance Learning Network Aid Available for 2004-2005 Budget	244
Less: 2004-2005 Budgeted Distance Learning Network Aid (Including Prior Year Budgeted Carryover)	<u>244</u>
Available & Unbudgeted Distance Learning Network Aid Funds as of June 30, 2005	
Add: June 30, 2005 Unexpended Distance Learning Network Aid	<u>-</u>
2005-2006 Actual Carryover - Distance Learning Network Aid	<u>\$ -</u>
2004-2005 Distance Learning Network Aid Carryover Budgeted in 2005-2006	<u>\$ -</u>

**CAPITAL PROJECTS FUND**

**NUTLEY BOARD OF EDUCATION**  
**SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGETARY BASIS**  
**CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**Revenues and Other Financing Sources**

State Sources - SCC Grant	\$ 1,020,715
Federal Sources - CDBG	34,000
Bond proceeds and transfers	14,945,255
Contribution from private source	
Transfer from capital reserve	22,659
Transfer from capital outlay	<u>-</u>
 Total Revenues	 <u>16,022,629</u>

**Expenditures and Other Financing Uses**

Purchased professional and technical services	1,381,602
Land and Improvements	107,638
Construction Services	1,390,423
Equipment Purchases	3,625
Transfers	<u>15,255</u>
 Total Expenditures	 <u>2,898,543</u>

Excess (deficiency) of revenues over (under) expenditures	13,124,085
 Fund Balance, Beginning of Year	 <u>936,434</u>
 Fund Balance, End of Year	 <u>\$ 14,060,519</u>

**NUTLEY BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND  
PROJECT STATUS - BUDGETARY BASIS  
ADDITION & REHABILITATION TO NUTLEY HIGH SCHOOL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SCC Grant	\$ 1,324,378	\$ 546,728	\$ 1,871,106	\$ 1,949,069
Federal Sources - CDBG				
Bond proceeds and transfers	<u>2,929,494</u>	<u>-</u>	<u>2,929,494</u>	<u>2,923,604</u>
<b>Total Revenues</b>	<u>4,253,872</u>	<u>546,728</u>	<u>4,800,600</u>	<u>4,872,673</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services	455,295	68,838	524,133	351,963
Land and Improvements	90,262	107,638	197,901	594,080
Construction Services	2,411,343	1,305,913	3,717,256	3,519,630
Equipment Purchases	354,044	3,625	357,669	407,000
Transfers	<u>6,494</u>	<u>-</u>	<u>6,494</u>	<u>-</u>
<b>Total Expenditures</b>	<u>3,317,438</u>	<u>1,486,014</u>	<u>4,803,452</u>	<u>4,872,673</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>\$ 936,434</u>	 <u>\$ (939,286)</u>	 <u>\$ (2,852)</u>	 <u>\$ -</u>

**Additional Project Information:**

Project Number	3750-050-03-1027
Grant Date	
Bonds Authorization Date	8/15/2003
Bonds Authorized	2,923,000
Bonds Issued	2,923,000
Original Authorized Cost	4,872,673
Change Orders	28,956
Revised Authorized Cost	4,901,629
 Change Order Percentage	 0.59%
Percentage Completion	99%
Original Target Completion Date	9/1/2004
Revised Target Completion Date	12/1/2005

**NUTLEY BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND  
PROJECT STATUS - BUDGETARY BASIS  
ADDITION & REHABILITATION TO FRANKLIN MIDDLE SCHOOL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SCC Grant		\$ 438,481	\$ 438,481	\$ 8,769,617
Bond proceeds and transfers	-	14,945,255	14,945,255	14,930,383
<b>Total Revenues</b>	-	15,383,736	15,383,736	23,700,000
<b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services		1,308,579	1,308,579	2,750,000
Land and Improvements				620,000
Construction Services				20,330,000
Equipment Purchases				
Transfers	-	15,255	15,255	-
<b>Total Expenditures</b>	-	1,323,834	1,323,834	23,700,000
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 14,059,902	\$ 14,059,902	\$ -

**Additional Project Information:**

Project Number	3750-060-04-1000
Grant Date	6/2/2004
Bonds Authorization Date	2/1/2005
Bonds Authorized	14,930,000
Bonds Issued	14,930,000
Original Authorized Cost	23,700,000
Change Orders	-
Revised Authorized Cost	-
Change Order Percentage	-
Percentage Completion	-
Original Target Completion Date	9/1/2007
Revised Target Completion Date	

**NUTLEY BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND  
PROJECT STATUS - BUDGETARY BASIS  
ADDITION & REHABILITATION TO FRANKLIN MIDDLE SCHOOL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SCC Grant		\$ 35,506	\$ 35,506	\$ 41,772
Federal Sources - CDBG		34,000	34,000	40,000
Transfer from capital reserve	-	22,659	22,659	22,659
<b>Total Revenues</b>	-	92,165	92,165	104,431
<b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services		4,186	4,186	10,211
Construction Services	-	84,510	84,510	94,220
<b>Total Expenditures</b>	-	88,696	88,696	104,431
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 3,469	\$ 3,469	\$ -

**Additional Project Information:**

Project Number	3750-080-04-1000
Grant Date	10/19/2004
Bonds Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	104,431.00
Change Orders	-
Revised Authorized Cost	104,431.00
Change Order Percentage	
Percentage Completion	85%
Original Target Completion Date	11/30/2004
Revised Target Completion Date	12/1/2005

**NUTLEY BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

<u>Project Description</u>	<u>Appropriation</u>	<u>Expenditures to Date</u>		<u>Balance June 30, 2005</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Renovations at Nutley High School , including acquisition and installation of furnishings, equipment, and a district wide telephone intercom system and site work	\$ 4,872,673	\$ 3,310,944	\$ 1,486,014	\$ 75,715
Construction of an addition and renovation of the Franklin Middle School, including acquisition and installation of furnishings and equipment and site work	23,700,000		1,308,579	22,391,421
Radcliffe - vertical lift	<u>104,431</u>	<u>-</u>	<u>88,696</u>	<u>15,735</u>
	<u>\$ 28,677,104</u>	<u>\$ 3,310,944</u>	<u>\$ 2,883,289</u>	<u>\$ 22,482,871</u>
Project Balances, June 30, 2005				\$ 22,482,871
Less:				
Debt Authorized But Not Issued			\$ 987	
Unrealized Revenue - State Aid				
High School			77,963	
Middle School			8,331,136	
Radcliffe School			<u>12,266</u>	
				<u>8,422,352</u>
Fund Balance, June 30, 2005				<u>\$ 14,060,519</u>



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**PROPRIETARY FUND**

**NUTLEY BOARD OF EDUCATION  
PROPRIETARY FUND  
COMBINING STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2005**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

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## **FIDUCIARY FUNDS**

**NUTLEY BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2005**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash	\$ 135,930	-	\$ 135,930
Total Assets	<u>\$ 135,930</u>	<u>\$ -</u>	<u>\$ 135,930</u>
<b>LIABILITIES</b>			
Due to Student Groups	\$ 135,930	-	\$ 135,930
Total Liabilities	<u>\$ 135,930</u>	<u>\$ -</u>	<u>\$ 135,930</u>

**NUTLEY BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-8**

**NUTLEY BOARD OF EDUCATION  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<b><u>Balance</u> <u>July 1, 2004</u></b>	<b><u>Cash</u> <u>Receipts</u></b>	<b><u>Cash</u> <u>Disburse-</u> <u>ments</u></b>	<b><u>Balance</u> <u>June 30, 2005</u></b>
<b>ELEMENTARY SCHOOLS</b>				
Lincoln	\$ 3,217	\$ 30,112	\$ 30,628	\$ 2,701
Radcliffe	2,010	5,701	6,737	974
Spring Garden	4,997	18,382	18,391	4,988
Washington	1,158	8,399	9,103	454
Yantacaw	<u>5,825</u>	<u>9,868</u>	<u>7,869</u>	<u>7,824</u>
	<u>17,207</u>	<u>72,462</u>	<u>72,728</u>	<u>16,941</u>
<b>MIDDLE SCHOOL</b>				
Franklin	<u>9,830</u>	<u>51,773</u>	<u>53,349</u>	<u>8,254</u>
<b>HIGH SCHOOL</b>				
Nutley High School	<u>98,925</u>	<u>279,010</u>	<u>267,200</u>	<u>110,735</u>
<b>TOTAL ALL SCHOOLS</b>	<u>\$ 125,962</u>	<u>\$ 403,245</u>	<u>\$ 393,277</u>	<u>\$ 135,930</u>



**NUTLEY BOARD OF EDUCATION**  
**PAYROLL AGENCY FUND**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	Balance, July 1, <u>2004</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2005</u>
Accrued Salaries and Wages, Payroll Deductions and Withholdings	-	\$ 34,259,442	\$ 34,259,442	-
Total	\$ -	\$ 34,259,442	\$ 34,259,442	\$ -

## **LONG-TERM DEBT**

**NUTLEY BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Annual Date</u>	<u>Maturities Amount</u>	<u>Interest Rate</u>	<u>Balance July 1, 2004</u>	<u>Issued</u>	<u>Paid</u>	<u>Balance June 30, 2005</u>
Asbestos Abatement Activities at Various Schools; Removal of Fuel Oil Storage Tanks at Various Schools; Modifications to Heating Plants at Various Schools; Re- placement of Roof Above the Auditorium and Main Gymnasium of the High School.	9/1/1992	\$ 1,700,000	9/1/04-07	\$ 110,000	Various	\$ 440,000		\$ 110,000	\$ 330,000
Renovations at Nutley High School, including acquisition and installation of furnishings, equipment and district wide telephone intercom system and site work	8/15/2003	2,923,000	8/15/05	105,000	3.700%				
			8/15/06	110,000	3.700%				
			8/15/07	115,000	3.700%				
			8/15/08	120,000	3.700%				
			8/15/09	125,000	3.800%				
			8/15/10	130,000	3.875%				
			8/15/11	135,000	4.000%				
			8/15/12	140,000	4.000%				
			8/15/13	145,000	4.000%				
			8/15/14	150,000	4.000%				
			8/15/15	155,000	4.100%				
			8/15/16	165,000	4.200%				
			8/15/17	170,000	4.300%				
			8/15/18	175,000	4.400%				
			8/15/19	185,000	4.500%				
			8/15/20	190,000	4.600%				
			8/15/21	200,000	4.625%				
			8/15/22	200,000	4.700%				
			8/15/23	208,000	4.700%	2,923,000			2,923,000

**NUTLEY BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Annual Date</u>	<u>Maturities Amount</u>	<u>Interest Rate</u>	<u>Balance July 1, 2004</u>	<u>Issued</u>	<u>Paid</u>	<u>Balance June 30, 2005</u>
Construction of an addition and renovation of the Franklin Middle School, including acquisition and installation of furnishings and equipment and site work	2/1/2005	\$ 14,930,000	2/15/06	\$ 335,000	4.000				
			2/15/07	350,000	4.000				
			2/15/08	370,000	4.000				
			2/15/09	505,000	4.000				
			2/15/10	525,000	4.000				
			2/15/11	550,000	4.000				
			2/15/12	575,000	4.000				
			2/15/13	600,000	4.000				
			2/15/14	625,000	4.000				
			2/15/15-23	650,000	4.000				
			2/15/24	650,000	4.125				
			2/15/25	650,000	4.200				
			2/15/26	665,000	4.250				
			2/15/27-28	670,000	4.300				
			2/15/29	670,000	4.375				
			2/15/30	670,000	4.400				
						-	\$ 14,930,000	-	\$ 14,930,000
						<u>\$ 3,363,000</u>	<u>\$ 14,930,000</u>	<u>\$ 110,000</u>	<u>\$ 18,183,000</u>

NUTLEY BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

<u>Purpose</u>	<u>Original Issue</u>	<u>Balance, July 1, 2004</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2005</u>
School Buses (2)	\$ 78,216	\$ 61,478		\$ 16,738	\$ 44,740
Tractor/Frontloader	54,763	43,044		11,719	31,325
Dump Truck with Plow	40,002	31,442		8,560	22,882
School Buses (2)	87,270	-	\$ 79,165	17,193	61,972
		<u>\$ 135,964</u>	<u>\$ 79,165</u>	<u>\$ 54,210</u>	<u>\$ 160,919</u>

**NUTLEY BOARD OF EDUCATION  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 306,459		\$ 306,459	\$ 306,459	-
State Sources					
Debt Service Aid Type II	<u>13,101</u>	<u>-</u>	<u>13,101</u>	<u>13,101</u>	<u>-</u>
Total Revenues	<u>319,560</u>	<u>-</u>	<u>319,560</u>	<u>319,560</u>	<u>-</u>
<b>EXPENDITURES</b>					
Regular Debt Service					
Interest	209,560		209,560	209,560	
Principal	<u>110,000</u>	<u>-</u>	<u>110,000</u>	<u>110,000</u>	<u>-</u>
Total Expenditures	<u>319,560</u>	<u>-</u>	<u>319,560</u>	<u>319,560</u>	<u>-</u>
Excess of Revenues					
Over/(Under) Expenditures	-	-	-	-	-
Other Financing Sources					
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,255</u>	<u>\$ 15,255</u>
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,255</u>	<u>15,255</u>
Excess of Revenues and Other					
Financing Sources Over Expenditures	-	-	-	15,255	15,255
Fund Balance, Beginning of Year	<u>6,494</u>	<u>-</u>	<u>6,494</u>	<u>6,494</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 6,494</u>	<u>\$ -</u>	<u>\$ 6,494</u>	<u>\$ 21,749</u>	<u>\$ 15,255</u>

**STATISTICAL SECTION**

(UNAUDITED)

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

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
<b>GENERAL FUND</b>										
Instruction										
Regular	\$ 17,025,532	\$ 16,489,298	\$ 16,310,889	\$ 15,898,953	\$ 15,248,480	\$ 14,772,041	\$ 14,230,398	\$ 13,814,801	\$ 13,592,391	\$ 12,963,067
Special Education	2,256,929	2,110,167	1,946,093	1,690,485	1,603,905	1,430,104	1,277,811	1,296,002	1,851,178	1,802,120
Other	630,287	621,594	532,749	559,941	547,553	486,379	493,012	453,869	112,070	54,633
School-Sponsored/Other Instructional	918,959	926,005	935,177	903,984	831,119	772,882	639,175	587,532	456,091	453,782
Total Instruction	<u>20,831,707</u>	<u>20,147,064</u>	<u>19,724,908</u>	<u>19,053,363</u>	<u>18,231,057</u>	<u>17,461,406</u>	<u>16,640,396</u>	<u>16,152,204</u>	<u>16,011,730</u>	<u>15,273,602</u>
Community Services	<u>6,256</u>	<u>2,089</u>	<u>5,029</u>	<u>1,973</u>	<u>3,267</u>	<u>2,976</u>	<u>2,327</u>	<u>1,668</u>	<u>1,764</u>	<u>1,333</u>
Undistributed										
Instruction - Tuition	2,197,873	1,772,517	1,970,390	2,186,703	1,793,006	1,711,466	1,663,639	1,615,882	1,474,291	1,327,378
Support Services-Students	2,954,931	2,838,976	2,583,485	2,312,343	2,163,989	2,197,279	2,119,607	1,973,607	1,720,483	1,570,030
Support Services-Instructional Staff	987,231	1,063,675	1,044,790	1,033,906	949,535	1,041,273	1,023,532	963,975	1,001,010	969,716
General Administration	986,121	851,607	849,517	873,725	780,232	784,542	708,391	750,705	709,214	718,448
School Administration	2,295,972	2,262,072	2,144,543	2,093,276	2,008,544	2,020,055	1,963,728	1,863,816	1,871,243	1,995,671
Operations and Maintenance	4,381,953	4,181,729	3,830,721	3,286,128	3,388,130	3,268,968	3,142,134	3,118,757	3,032,535	2,962,513
School Transportation	1,394,782	1,258,340	1,132,205	1,158,939	994,092	980,350	990,996	807,890	838,446	772,703
Business and Other Support Services										
Salaries and Employee Benefits	6,762,899	6,343,587	5,565,197	4,869,070	4,357,353	4,009,716	3,792,480	3,519,052	3,860,057	3,795,224
Other	384,951	172,509	115,835	328,093	182,827	113,252	94,874	70,917	149,756	62,528
On-Behalf TPAF Pension Contributions	1,749,630	1,419,403	994,850		561,141	423,528	1,188,398	409,721	537,168	154,463
On-Behalf TPAF Social Security Contributions	1,549,024	1,678,229	1,628,761	1,546,545	1,453,942	1,397,601	1,332,455	1,265,767	1,241,810	1,201,391
Total Undistributed	<u>25,645,367</u>	<u>23,842,644</u>	<u>21,860,294</u>	<u>19,688,728</u>	<u>18,632,791</u>	<u>17,948,030</u>	<u>18,020,234</u>	<u>16,360,089</u>	<u>16,436,013</u>	<u>15,530,065</u>
Capital Outlay										
Equipment	95,780	98,717	114,018	135,425	183,611	158,865	266,716	213,670	226,189	231,131
Assets Acquired Under Capital Leases	79,165	172,981								
Facilities	64,282	-	32,788	19,273	280,131	246,771	250,868	341,819	93,123	146,667
Total Capital Outlay	<u>239,227</u>	<u>271,698</u>	<u>146,806</u>	<u>154,698</u>	<u>463,742</u>	<u>405,636</u>	<u>517,584</u>	<u>555,489</u>	<u>319,312</u>	<u>377,798</u>
Special Schools	-	-	23,778	21,586	22,036	23,986	23,776	19,110	23,696	24,643
Transfer of Funds to Charter School	-	-	-	5,016	-	6,594	11,560	-	-	-
Total General Fund Expenditures	<u>46,722,557</u>	<u>44,263,495</u>	<u>41,760,815</u>	<u>38,925,364</u>	<u>37,352,893</u>	<u>35,848,628</u>	<u>35,215,877</u>	<u>33,088,560</u>	<u>32,792,515</u>	<u>31,207,441</u>
<b>SPECIAL REVENUE FUND</b>										
Local	1,502	2,748	1,500							
State	293,602	275,117	409,018	451,164	413,686	364,349	338,080	353,227	218,560	203,393
Federal	1,123,538	1,031,124	872,074	880,080	698,858	650,934	535,880	454,874	438,279	489,842
Total Special Revenue Expenditures	<u>1,418,642</u>	<u>1,308,989</u>	<u>1,282,592</u>	<u>1,331,244</u>	<u>1,112,544</u>	<u>1,015,283</u>	<u>873,960</u>	<u>808,101</u>	<u>656,839</u>	<u>693,235</u>
<b>DEBT SERVICE FUND</b>	<u>319,560</u>	<u>141,818</u>	<u>153,341</u>	<u>159,896</u>	<u>166,307</u>	<u>172,546</u>	<u>178,555</u>	<u>184,305</u>	<u>189,825</u>	<u>208,403</u>
Total Governmental Fund Expenditures	<u>\$ 48,460,759</u>	<u>\$ 45,714,302</u>	<u>\$ 43,196,748</u>	<u>\$ 40,416,504</u>	<u>\$ 38,631,744</u>	<u>\$ 37,036,457</u>	<u>\$ 36,268,392</u>	<u>\$ 34,080,966</u>	<u>\$ 33,639,179</u>	<u>\$ 32,109,079</u>

Source: School District's Financial Statements

\* Includes General, Special Revenue and Debt Service Funds



**NUTLEY BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
LAST FIVE FISCAL YEARS**

		<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
<b>School Facilities</b>	<b>Project #(s)</b>					
Nutley High School	N/A	\$ 290,851	\$ 196,304	\$ 205,791	\$ 189,012	\$ 208,586
Franklin Middle School	N/A	109,741	101,344	95,956	90,455	99,823
Lincoln Elementary School	N/A	32,516	34,291	61,793	55,359	61,092
Radcliffe Elementary School	N/A	100,198	61,179	40,903	44,540	49,152
Spring Garden Elementary School	N/A	70,098	85,534	37,953	45,375	50,074
Washington Elementary School	N/A	116,780	117,257	52,187	49,367	54,479
Yantacaw Elementary School	N/A	<u>84,551</u>	<u>90,101</u>	<u>44,765</u>	<u>48,974</u>	<u>54,045</u>
Total School Facilities		804,735	686,010	539,348	523,082	577,251
<b>Other Facilities</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Grand Total		<u>\$ 804,736</u>	<u>\$ 686,010</u>	<u>\$ 539,348</u>	<u>\$ 523,082</u>	<u>\$ 577,251</u>

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

<b><u>Fiscal Year Ended June 30,</u></b>	<b><u>Local Tax Levy</u></b>	<b><u>Other Local Revenue</u></b>	<b><u>State Revenue</u></b>	<b><u>Federal Revenue</u></b>	<b><u>Total</u></b>
2005	\$37,221,009	\$ 697,895	\$ 9,892,311	\$ 1,123,538	\$ 48,934,753
2004	35,213,749	265,474	9,429,261	1,031,124	45,939,608
2003	32,938,598	215,455	8,337,946	872,074	42,364,073
2002	31,225,682	510,438	7,355,360	880,080	39,971,560
2001	29,734,685	951,355	7,591,703	698,858	38,976,601
2000	28,757,853	729,287	6,762,774	650,934	36,900,848
1999	29,674,739	641,584	5,501,303	535,880	36,353,506
1998	28,810,776	666,649	4,437,891	486,474	34,366,976
1997	28,518,923	592,390	4,253,521	415,789	33,780,623
1996	27,085,852	655,089	4,072,236	477,961	32,291,138

Source: School District's Financial Statements

\* Includes General, Special Revenue and Debt Service Funds

**NUTLEY BOARD OF EDUCATION  
MUNICIPAL PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN YEARS  
(Unaudited)**

<b><u>Year Ended December 31,</u></b>	<b><u>Total Tax Levy</u></b>	<b><u>Current Year Collections</u></b>	<b><u>Percent of Tax Levy Collected</u></b>	
2004	\$ 73,747,733	\$ 72,628,354	98.48	%
2003	71,113,803	69,886,700	98.27	
2002	66,212,625	64,955,637	98.10	
2001	63,126,686	61,585,785	97.55	
2000	62,018,501	59,357,454	95.70	
1999	60,368,412	58,704,526	97.24	
1998	59,884,383	57,952,295	96.77	
1997	57,978,726	56,385,078	97.25	
1996	55,795,710	54,252,100	97.23	
1995	54,811,414	53,332,177	97.30	

Source: Municipality's Financial Statements

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

<b>Year Ended June 30,</b>	<b>Net Assessed Valuations</b>	<b>Estimated Full Cash Valuations</b>	<b>Percentage of Net Assessed to Estimated Full Cash Valuations</b>
2005	\$ 518,003,700	\$ 3,506,748,212	14.85 %
2004	517,753,000	2,860,513,812	18.10
2003	511,481,100	2,411,509,194	21.21
2002	507,765,100	2,118,335,836	23.97
2001	497,198,500	2,019,155,469	24.62
2000	491,427,200	1,933,991,342	25.41
1999	490,889,000	1,728,645,229	28.39
1998	493,042,100	1,723,923,427	28.60
1997	488,108,600	1,787,943,590	27.30
1996	490,409,200	1,747,093,694	28.07

Source: Tax Assessor

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

<b><u>Assessment Year</u></b>	<b><u>School District</u></b>	<b><u>Township</u></b>	<b><u>County</u></b>	<b><u>County Open Space</u></b>	<b><u>Total</u></b>
2005	7.46	4.95	3.18	0.07	15.66
2004	6.98	4.28	2.85	0.06	14.17
2003	6.67	4.30	2.73	.05	13.75
2002	6.31	4.01	2.59	.04	12.95
2001	6.13	3.76	2.61	.04	12.54
2000	5.96	3.66	2.83	.04	12.49
1999	5.95	3.66	2.62	.04	12.27
1998	5.93	3.58	2.63		12.14
1997	5.87	3.21	2.69		11.77
1996	5.67	3.02	2.67		11.36

Source: Township of Nutley, Tax Collector

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

<b><u>Fiscal Year Ended June 30,</u></b>	<b><u>Population</u></b>	<b><u>Assessed Valuation</u></b>	<b><u>Net Bonded Debt</u></b>	<b><u>Ratio of Bonded Debt to Assessed Value</u></b>	<b><u>Net Bonded Debt per Capita</u></b>
2005	27,875	\$ 518,003,700	\$ 18,183,000	3.51%	\$ 652.30
2004	27,875	517,753,000	3,363,000	0.65%	120.65
2003	28,114	511,481,100	550,000	0.11%	19.56
2002	28,090	507,765,100	665,000	0.13%	23.67
2001	27,945	497,198,500	780,000	0.16%	27.91
2000	27,362	491,427,200	895,000	0.18%	32.71
1999	25,764	490,889,000	1,010,000	0.21%	39.20
1998	25,867	493,042,100	1,125,000	0.23%	43.49
1997	25,800	488,108,600	1,240,000	0.23%	48.06
1996	25,970	490,409,200	1,355,000	0.28%	52.18

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

**NUTLEY BOARD OF EDUCATION  
COMPUTATION OF LEGAL DEBT MARGIN  
AS OF JUNE 30, 2005  
(Unaudited)**

<u>Year</u>	<u>Equalized Valuation Basis</u>
2004	\$3,486,552,189
2003	2,825,862,431
2002	<u>2,393,989,156</u>
Average equalized valuation of taxable property	<u>\$2,902,134,592</u>
School borrowing margin (4% of \$ 2,902,134,575 )	\$ 116,085,384
Net school debt as of June 30, 2005	<u>18,183,987</u>
School Borrowing Margin Available	<u>\$ 97,901,397</u>

Source: Township's 2004 Annual Debt Statement

**NUTLEY BOARD OF EDUCATION  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
AS OF JUNE 30, 2005  
(Unaudited)**

Net Direct Debt of School District as of June 30, 2005		\$ 18,183,987
Net Overlapping Debt of School District		
Township of Nutley	\$ 17,948,355	
Essex County	17,296,520	
Essex County Utilities Authority (A)	5,150,794	
North Jersey District Water Supply Commission (B)	<u>5,070,297</u>	
		<u>45,465,966</u>
Total Direct and Overlapping Debt as of June 30, 2005		<u>\$ 63,649,953</u>

(A) The debt for this entity was apportioned by dividing the Municipality's 2005 equalized value by the total 2005 equalized value for Essex County.

(B) Overlapping debt was computed based upon usage

Sources:

- (1) Township of Nutley 2004 Annual Debt Statement
- (2) Essex County 2004 Annual Debt Statement
- (3) Essex County Utilities Authority
- (4) North Jersey District Water Supply Commission



**NUTLEY BOARD OF EDUCATION  
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES  
FOR GENERAL BONDED DEBT TO TOTAL GOVERNMENTAL FUND EXPENDITURES  
LAST TEN FISCAL YEARS  
(Unaudited)**

<b><u>Fiscal Year Ended June 30,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total Debt Service</u></b>	<b><u>Total Governmental Fund Expenditures*</u></b>	<b><u>Ratio of Debt Service to Governmental Expenditures</u></b>
2005	\$ 110,000	\$ 209,560	\$ 319,560	\$ 48,460,759	0.66%
2004	110,000	31,818	141,818	45,714,302	0.31%
2003	115,000	38,341	153,341	43,196,748	0.35%
2002	115,000	44,896	159,896	40,416,504	0.40%
2001	115,000	51,307	166,307	38,631,744	0.43%
2000	115,000	57,546	172,546	37,036,457	0.47%
1999	115,000	63,555	178,555	36,268,392	0.49%
1998	115,000	69,305	184,305	34,080,666	0.54%
1997	115,000	74,825	189,825	33,703,212	0.56%
1996	128,000	80,403	208,403	32,109,079	0.65%

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

Source: School District Financial Statements

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

<b><u>Year Ended December 31,</u></b>	<b><u>Unemployment Rate</u></b>	<b><u>Per Capita Income**</u></b>	<b><u>Population***</u></b>
2004	3.4	*	27,875
2003	4.2	37,963	28,114
2002	4.2	37,478	28,090
2001	3.1	38,072	27,945
2000	2.7	37,034	27,362
1999	3.3	33,626	25,764
1998	3.2	32,565	25,867
1997	6.5	30,583	25,800
1996	4.5	29,580	25,970
1995	4.4	28,331	26,093

\* Accurate information not available.

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

\*\*\* Estimates as per U.S. Bureau of the Census

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

<b><u>Taxpayer</u></b>	<b><u>Assessed Valuation</u></b>	<b><u>As a % of District's Net Assessed Valuation</u></b>
Hoffman - LaRoche, Inc	\$ 65,846,300	12.72%
432 Owners Inc.	3,048,200	0.59%
Village Manor Apts.	2,430,000	0.47%
Nutley Properties	2,395,000	0.46%
Nutley Shop-Rite	2,082,400	0.40%
Public Service Electric and Gas	1,951,800	0.38%
Proponent Federal Credit Union	1,073,000	0.21%
NSP Management Co.	1,069,400	0.21%
Arla Associates	973,700	0.19%
Verizon Communications	<u>912,200</u>	<u>0.18%</u>
	<u>\$ 81,782,000</u>	<u>15.80%</u>

Source: Tax Collector

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

<b><u>Fiscal Year Ended June 30.</u></b>	<b><u>Average Daily Enrollment</u></b>	<b><u>Average Daily Attendance</u></b>	<b><u>% Change in Average Daily Enrollment</u></b>	<b><u>Attendance %</u></b>	
2005	4,235	4,022	.84%	95.0	%
2004	4,199	3,984	-0.14%	94.90	
2003	4,204	3,981	1.0	94.70	
2002	4,112	3,908	2.0	95.03	
2001	4,032	3,826	0.9	94.89	
2000	3,996	3,797	1.5	95.00	
1999	3,936	3,741	0.5	95.05	
1998	3,914	3,713	3.1	95.00	
1997	3,811	3,603	1.3	94.89	
1996	3,748	3,554	2.2	94.80	

Source: School District records

**NUTLEY BOARD OF EDUCATION  
SCHEDULE OF INSURANCE  
JUNE 30, 2005  
(Unaudited)**

	<u>Insurance Company</u>	<u>Coverage</u>	<u>Deductible</u>
All Real and Personal Property and Theft of Contents	Suburban Essex JIF Selective Insurance	\$ 100,000 149,899,500	\$ 500 100,500
Money and Security Loss	Suburban Essex JIF Selective Insurance	100,000 149,500	500 100,500
General Liability (BI and PD)	Suburban Essex JIF School Pool for Excess Liability Limits JIF	150,000 9,850,000	N/A 150,000
Automobile Liability	Suburban Essex JIF School Pool for Excess Liability Limits JIF	150,000 9,850,000	N/A 150,000
Excess School Liability (GL and AL)	Selective Insurance Co.	9,850,000	150,000
School Board Legal Liability	Suburban Essex JIF Selective Insurance Co.	100,000 10,000,000	N/A 100,000
Athletic Accident Insurance	People's Benefit Life	5,000,000	N/A
Interscholastic Sports Disability	People's Benefit Life	550,000	N/A
Voluntary Student Coverage - Excluding Athletes	People's Benefit Life	500,000	N/A
Worker's Compensation	Suburban Essex JIF School Pool for Excess Liability Limits JIF Selective Reinsurance Corp	250,000 150,000 Statutory Cov A 9,750,000 Cov B	N/A 100,000 250,000 250,000
Public Official Bonds Dave Wilson Dennis Oblack	Selective RLI Insurance Company	275,000 3,000	N/A N/A

Source: School District's records

**NUTLEY BOARD OF EDUCATION  
MISCELLANEOUS STATISTICS  
AS OF JUNE 30, 2005  
(Unaudited)**

Area	3 square miles
Number of Schools	
Elementary	5
Middle School	1
Senior High School	1
Total schools	<u>7</u>
Employees	
Certified	388
Other	<u>210</u>
Total employees	<u>569</u>
Teacher/Student Ratio	
Kindergarten	1:25
1-5	1:16
6-8	1:16
9-12	1:15
Special Education	1:07
Student Count	4,230

Source: School District's records

**NUTLEY BOARD OF EDUCATION  
GENERAL FUND OTHER LOCAL REVENUES BY SOURCE  
LAST FOUR FISCAL YEARS  
(Unaudited)**

<b>Fiscal Year Ended June 30</b>	<b><u>Interest</u></b>	<b><u>Tuition</u></b>	<b><u>Transportation</u></b>	<b><u>Rentals</u></b>	<b><u>Admissions</u></b>	<b><u>Miscellaneous</u></b>	<b><u>Total</u></b>
2005	\$ 231,777	\$ 99,750	\$ 113,283	\$ 169,667	\$ 16,938	\$ 64,978	\$ 696,393
2004	53,361	65,034	92,556	13,283	17,713	20,779	262,726
2003	38,461	30,356	75,146	13,229	13,410	43,353	213,955
2002	87,745	95,572	63,571	43,430	15,082	205,038	510,438

Source: School District's records

**SINGLE AUDIT SECTION**



# LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208  
FAIR LAWN, NJ 07410  
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DEBORAH KOZAK, CPA, PSA

## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Nutley Board of Education as of and for the fiscal year ended June 30, 2005, which collectively comprise the Nutley Board of Education's basic financial statements and have issued our report thereon dated October 21 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.


### **Internal Control Over Financial Reporting**


In planning and performing our audit, we considered Nutley Board of Education's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Nutley Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

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

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

  
 Gary A. Vinci  
 Public School Accountant  
 PSA Number CS00829

Fair Lawn, New Jersey  
 October 21 2005

# LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

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

### Compliance

We have audited the compliance of the Nutley Board of Education with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" and the "New Jersey State Grant Compliance Supplement" that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2005. Nutley Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirement of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Nutley Board of Education's management. Our responsibility is to express an opinion on Nutley Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Those standards and circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about Nutley Board of Education's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Nutley Board of Education's compliance with those requirements.


In our opinion, Nutley Board of Education complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2005.

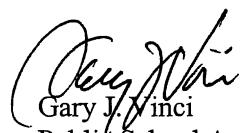
### Internal Control Over Compliance

The management of Nutley Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered Nutley Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB 04-04.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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 operation that we consider to be material weaknesses.

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

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

  
 Gary J. Vinci  
 Public School Accountant  
 PSA Number CS00829

Fair Lawn, New Jersey  
 October 21 2005

**NUTLEY BOARD OF EDUCATION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Grant Period	Award Amount	Balance July 1, 2004	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year Balances	Adjustment	Balance June 30, 2005		
										(Accounts Receivable)	Deferred Revenue	Due to Grantor
U.S. Department of Education Passed Through State Department of Education												
Special Revenue Fund:												
Title I	84.010	9/1/03-8/31/04	\$ 227,535	\$ 15,873	\$ (15,873)							
Title I, Carryover	84.010	9/1/03-8/31/04			15,873		\$ 15,783				\$ 90	
Title I	84.010	9/1/04-8/31/05	201,529			\$ 201,529	193,899				7,630	
Title I, Carryover	84.010	9/1/02-8/31/03	230,160	198				\$ 198				
Title III Part A	84.365	9/1/03-8/31/04	12,429	8,740	(8,740)							
Title III Part A, carryover	84.365	9/1/03-8/31/04			8,740		7,566				1,174	
Title III	84.365	9/1/04-8/31/05	16,065			16,065	15,618				447	
Title III, Carryover	84.365	9/1/02-8/31/03	12,176	1,390			254	1,136				
Title V Part A	84.298	9/1/03-8/31/04	19,239	14,803	(14,803)							
Title V Part A, Carryover	84.298	9/1/03-8/31/04			14,803		13,711	978			114	
Title V	84.298	9/1/04-8/31/05	51,294			51,294	49,156				2,138	
Title V, Carryover	84.298	9/1/02-8/31/03	19,515	1,324				1,324				
Title VI - Class Size Reduction, Carryover	84.340	9/1/01-8/31/02	59,552									
IDEA Part B	84.027	9/1/03-8/31/04	630,732	29,674	(18,521)			11,153	\$ 5		\$ 5	
IDEA Part B, Carryover	84.027	9/1/03-8/31/04			18,521							
IDEA Part B	84.027	9/1/04-8/31/05	723,478			723,478	652,447				71,031	
IDEA Part B, Carryover	84.027	9/1/02-8/31/03	519,276	3,697				3,697	125			125
IDEA Part B Preschool	84.027	9/1/03-8/31/04	26,756									
IDEA Part B Preschool	84.027	9/1/04-8/31/05	29,830			29,830	29,643				187	
IDEA Part B Preschool, Carryover	84.027	9/1/02-8/31/03	26,085	607				607				
IDEA Part B Preschool, Carryover	84.027	9/1/01-8/31/02	27,657									
Carl D. Perkins- Secondary	84.048	7/1/03-6/30/04	21,215	94				94				
Carl D. Perkins- Secondary	84.048	7/1/04-6/30/05	17,900			17,900	17,900					
Title IV Part A	84.188	9/1/03-8/31/04	15,055	9,672				1,913			7,759	
Title IV (Drug Education)	84.188	9/1/04-8/31/05	13,963			13,963	7,672				6,291	
Title IV (Drug Education), Carryover	84.188	9/1/02-8/31/03	16,092	655				655				
Title II Part A	84.367	9/1/03-8/31/04	102,243	8,815	(8,815)							
Title II Part A, Carryover	84.367	9/1/03-8/31/04			8,815		577	3,335			4,903	
Title II Part A	84.367	9/1/04-8/31/05	65,644			65,644	62,857				2,787	
Title II Part A, Carryover	84.367	9/1/02-8/31/03	100,826	17,845			11,253	6,592				
Title II Part D	84.168	9/1/03-8/31/04	5,780	1,533	(1,533)							
Title II Part D, Carryover	84.168	9/1/03-8/31/04			1,533		800	733				
Title II Part D	84.168	9/1/04-8/31/05	5,149			5,149	4,150				999	
Title II Part D, Carryover	84.168	9/1/02-8/31/03	6,561	1,716			35	1,681				
TQE Menior Training	N/A	N/A	805	258			4,260					258
School To Career	84.318	4/1/99-3/31/00	95,000	(441)	-	-	-	-	-	\$ (441)	-	-
Technology Literacy Challenge												
Total Special Revenue Fund				116,453	-	1,129,112	1,106,102	34,096	130	(441)	105,550	388
U.S.D.A. Department of Agriculture Passed Through State Department of Education												
Enterprise Fund:												
Food Distribution Program	10.550	7/1/04-6/30/05	15,157			\$ 33,072	33,072					
Food Distribution Program	10.550	7/1/03-6/30/04	24,857	4,052			4,052					
National School Lunch Program	10.555	7/1/04-6/30/05	62,361			68,317	73,605			(5,288)		
National School Lunch Program	10.555	7/1/03-6/30/04	67,845	(3,514)	-	3,514	-	-	-	-	-	-
Total Enterprise Fund				538	-	104,903	110,729	-	-	(5,288)	-	-
U.S.D.A. Department of Housing and Urban Development Passed Through State Department of Education												
Capital Projects Fund												
Community Development Block Grant		7/1/04-6/30/05	40,000	-	-	-	34,000	-	-	(34,000)	-	-
Total Federal Financial Awards				\$ 116,991	\$ -	\$ 1,234,015	\$ 1,250,831	\$ 34,096	\$ 130	\$ (39,729)	\$ 105,550	\$ 388

(A)- Encumbrances Cancelled

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

**NUTLEY BOARD OF EDUCATION**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

State Department of Education	Grant or State Project Number	Grant	Award Amount	Balance June 30, 2004	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year Balances	Adjustments	Balance June 30, 2005			Memorandum	
										(Accts. Receivable)	Deferred Revenue	Due to Grantor	GAAP Receivable	Budgetary Expenditures
General Fund:														
Core Curriculum Aid	04-495-034-5120-022	7/1/03-6/30/04	\$ 2,799,975	\$ (131,019)		\$ 131,019								
Core Curriculum Aid	05-495-034-5120-022	7/1/04-6/30/05	2,799,975			2,670,532	2,799,975			\$ (129,443)				\$ 2,799,975
Transportation Aid	04-495-034-5120-014	7/1/03-6/30/04	345,006	(16,144)		16,144								
Transportation Aid	05-495-034-5120-014	7/1/04-6/30/05	345,006			329,056	345,006			(15,950)				345,006
Special Education Aid	04-495-034-5120-011	7/1/03-6/30/04	2,235,481	(104,605)		104,605								
Special Education Aid	05-495-034-5120-011	7/1/04-6/30/05	2,235,481			2,132,135	2,235,481			(103,346)				2,235,481
Bilingual Education	04-495-034-5120-008	7/1/03-6/30/04	65,426	(3,061)		3,061								
Bilingual Education	05-495-034-5120-008	7/1/04-6/30/05	65,426			62,401	65,426			(3,025)				65,426
Consolidated Aid	04-495-034-5120-057	7/1/03-6/30/04	475,088	(22,231)		22,231								
Consolidated Aid	05-495-034-5120-053	7/1/04-6/30/05	475,088			453,125	475,088			(21,963)				475,088
Extraordinary Aid	04-495-034-5120-044	7/1/03-6/30/04	193,227	(193,227)		193,227								
Extraordinary Aid	05-495-034-5120-044	7/1/04-6/30/05	208,138				208,138			(208,138)				208,138
Additional Formula Aid		7/1/04-6/30/05	177,629			169,417	177,629			(8,212)				177,629
TPAF Pension Contribution	04-495-034-5095-056	7/1/04-6/30/05	1,749,630			1,749,630	1,749,630							1,749,630
TPAF Social Security Contribution	04-495-034-5095-002	7/1/03-6/30/04	1,628,761	(84,360)		84,360								
TPAF Social Security Contribution	04-495-034-5095-002	7/1/04-6/30/05	1,549,024	-	-	1,460,234	1,549,024	-	-	(88,790)	-	-	\$ 88,790	1,549,024
Total General Fund				(554,647)	-	9,581,177	9,605,397	-	-	(578,867)	-	-	88,790	9,605,397
Special Revenue Fund:														
New Jersey Nonpublic Aid:														
Textbooks	04-100-034-5120-064	7/1/03-6/30/04	35,075	1,248				\$ 1,248	\$ 128			\$ 128		
Textbooks	05-100-034-5120-064	7/1/04-6/30/05	35,517			35,517	35,517							35,517
Auxiliary Services														
Compensatory Education	04-100-034-5120-067	7/1/03-6/30/04	84,314	15,753				15,753						
Compensatory Education	05-100-034-5120-067	7/1/04-6/30/05	99,668			99,668	96,665					3,003		96,665
Compensatory Education	00-100-034-5120-067	7/1/99-6/30/00	90,611	(340)						(340)			340	
English as a Second Language	04-100-034-5120-067	7/1/03-6/30/04	3,822	3,567				3,567						
English as a Second Language	05-100-034-5120-067	7/1/04-6/30/05	2,548			2,548	1,019					1,529		1,019
Transportation	05-100-034-5120-067	7/1/04-6/30/05	11,192			11,192	11,192							11,192
Home Instruction	03-100-034-5120-067	7/1/02-6/30/03	406											
Handicapped Services														
Supplemental Instruction	04-100-034-5120-066	7/1/03-6/30/04	22,867	6,837				6,837						
Supplemental Instruction	05-100-034-5120-066	7/1/04-6/30/05	21,476			21,476	16,685					4,791		16,685
Examination and Classification	04-100-034-5120-066	7/1/03-6/30/04	36,160	11,949				11,949						
Examination and Classification	05-100-034-5120-066	7/1/04-6/30/05	35,310			35,310	25,385					9,925		25,385
Corrective Speech	04-100-034-5120-066	7/1/03-6/30/04	45,954	20,366				20,366						
Corrective Speech	05-100-034-5120-066	7/1/04-6/30/05	37,200			37,200	20,367					16,833		20,367
Nonpublic Nursing	05-100-034-5120-070	7/1/04-6/30/05	41,209			41,209	41,209							41,209
Nonpublic Technology Initiative	05-100-034-5120-373	7/1/04-6/30/05	22,640			22,640	22,640							22,640
Nonpublic Technology Initiative	00-100-034-5120-373	7/1/99-6/30/00	27,000	(354)						(354)			354	
Character Education	04-100-034-5120-053	7/1/03-6/30/04	11,609	8,839	\$ (8,839)									
Character Education	05-100-034-5120-053	7/1/04-6/30/05	11,386			11,386	503			\$ 10,883				503
Character Education	02-100-034-5120-053	7/1/01-6/30/02	11,346		8,839		5,351					3,488		5,351
I.D.E.A.	N/A	7/1/01-6/30/02	4,000	115								115		
Distance Learning Network, Carryover	03-100-034-5120-348	7/1/02-6/30/03	182,003	244			244							244
Teacher Mentoring	N/A	7/1/04-6/30/05	7,610			7,610	6,994				616			6,994
Statewide Systematic	05-100-034-5120-348	7/1/04-6/30/05	10,000	-	-	8,500	9,703	-	-	(1,203)	-	-	1,203	9,703
Total Special Revenue Fund				68,224	-	334,256	293,474	59,720	128	(1,897)	11,499	39,812	1,897	293,474
Capital Projects Fund														
Educational Facilities														
Construction and Financing Act	3750-050-03-1027	7/1/03-6/30/05	10,718,686	(1,314,633)	-	1,849,925	1,020,715	-	-	(8,906,788)	8,421,365	-	8,906,788	1,020,715
Debt Service Fund:														
Debt Service Aid Type II	05-495-034-5120-017	7/1/04-6/30/05	13,101	-	-	13,101	13,101	-	-	-	-	-	-	13,101
State Department of Agriculture														
Enterprise Fund:														
National School Lunch Program	04-100-034-5120-122	7/1/03-6/30/04	6,200	(971)		971								
National School Lunch Program	05-100-034-5120-122	7/1/04-6/30/05	6,475	-	-	6,006	6,475	-	-	(469)	-	-	469	6,475
				(971)	-	6,977	6,475	-	-	(469)	-	-	469	6,475
Total State Financial Assistance				\$ (1,802,027)	\$ -	\$ 11,785,436	\$ 10,939,162	\$ 59,720	\$ 128	\$ (9,488,021)	\$ 8,432,864	\$ 39,812	\$ 8,997,944	\$ 10,939,162

(A) Encumbrances Cancelled

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

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**NOTE 1 GENERAL**

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

**NOTE 2 BASIS OF ACCOUNTING**

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

**NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on a modified accrual basis with the exception of the revenue recognition of certain state aid payments in the current budget year, which is mandated pursuant to P.L. 2003 c.97.(A3521). For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of the state aid payment in the subsequent year. 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, which may include the deferred state aid payment, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$19,789 for the general fund and \$17,564 for the special revenue fund. See *the Notes to Required Supplementary Information* for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's *basic* financial statements on a GAAP basis as presented on the following page:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 9,585,608	\$ 9,585,608
Special Revenue Fund	\$ 1,123,538	293,602	1,417,140
Capital Projects Fund	34,000	1,020,715	1,054,715
Debt Service Fund		13,101	13,101
Food Service Fund	<u>110,729</u>	<u>6,475</u>	<u>117,204</u>
Total Financial Assistance	<u>\$ 1,268,267</u>	<u>\$ 10,919,501</u>	<u>\$ 12,187,768</u>

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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

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

**NOTE 5 OTHER**

Revenues and expenditures reported under the U.S.D.A. Commodities Program represent current year value received and current year distributions, respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2005. The amount reported as TPAF Pension Contributions represent the amount paid by the State on behalf of the District for the year ended June 30, 2005.



**NUTLEY BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

*Part I – Summary of Auditor's Results*

**Financial Statement Section**

Type of auditors' report issued on financial statements

Unqualified

Internal control over financial reporting:

1) Material weakness(es) identified:

\_\_\_\_\_ yes      X no

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

\_\_\_\_\_ yes      X none reported

Noncompliance material to the basic financial statements noted?

\_\_\_\_\_ yes      X no

**Federal Awards Section**

Internal Control over major programs:

1) Material weakness(es) identified:

\_\_\_\_\_ yes      X no

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

\_\_\_\_\_ yes      X none reported

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

Unqualified

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

\_\_\_\_\_ yes      X no

Identification of major federal programs:

CFDA Number(s)

84.027

Name of Federal Program or Cluster

IDEA Part B

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

\$300,000

Auditee qualified as low-risk auditee?

X yes      \_\_\_\_\_ no

**NUTLEY BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

*Part I – Summary of Auditor's Results*

**State Awards Section**

Internal Control over major programs:

(1) Material weakness(es) identified

\_\_\_\_\_ yes        X   no

(2) Reportable condition(s) identified that are  
not considered to be material weakness(es)

\_\_\_\_\_ yes        X   none reported

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

Unqualified

Any audit findings disclosed that are required to be reported  
in accordance with N.J. Circular Letter 04-04?

\_\_\_\_\_ yes        X   no

Identification of major state programs:

GMIS Number(s)
05-495-034-5120-053
05-495-034-5120-044
05-495-034-5120-014
3750-050-03-1027

Name of State Program
Consolidated Aid
Extraordinary Aid
Transportation Aid
Educational Facilities
Construction and Financing Act

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

\$300,000

Auditee qualified as low-risk auditee?

  X   yes      \_\_\_\_\_ no

**NUTLEY BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

***Part 2 – Schedule of Financial Statement Findings***

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

There are none.

**NUTLEY BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

***Part 3 – Schedule of Federal and State Award Findings and Questioned Costs***

This section identifies the reportable condition, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04, as amended.

**CURRENT YEAR FEDERAL AWARDS**

There are none.

**NUTLEY BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

***Part 3 – Schedule of Federal and State Award Findings and Questioned Costs***

This section identifies the reportable condition, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04, as amended.

**CURRENT YEAR STATE AWARDS**

There are none.

**NUTLEY BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-135 (section .315(a)(b)) and New Jersey OMB's Circular 04-04.

**STATUS OF PRIOR YEAR FINDINGS**

**Finding 2004-1**

Our audit of transported students revealed that students were reported as a special needs student if there was an aide on the school bus. State directives indicate that a student can only be included as a special need if the need is specified in the student's Individualized Education Plan (I.E.P.).

**Status**

Corrective action was taken.