

NUTLEY BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Nutley, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Nutley Board of Education

Nutley, New Jersey

For The Fiscal Year Ended June 30, 2009

Prepared by

Business Office

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INTRODUCTORY SECTION

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November 2, 2009

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 generally accepted accounting principles (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, 2009.

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, 2009, 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, 2009, are fairly presented in conformity with GAAP. The independent auditor's 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 2008-09 fiscal year with an average daily enrollment of 4,046 students, which is 32 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.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2008-09	4,046	0.80%
2007-08	4,014	(1.25%)
2006-07	4,065	(2.75%)
2005-06	4,180	(1.29%)
2004-05	4,234	0.80%

2) ECONOMIC CONDITION AND OUTLOOK: The taxable net valuation decreased from \$4,176,524,000 to \$4,139,359,100, a decrease of \$37,164,900.

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 Board developed a plan for school expansion as was noted in the district's Long-Range Facility Plan, which was submitted to the Department of Education in 2006. 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 John H. Walker Middle School. That project is in the final stages of completion. Voters then approved a \$38.5 million referendum in December 2006 for renovations to all Elementary Schools and the Nutley High School for health and safety issues. Renovations are currently underway and all projects are scheduled to be complete by September 2011.

Labor force statistics for 2008 noted an unemployment rate of 4.7%, which was below the county average of 6.6%.

3) MAJOR INITIATIVES: The 2008-09 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 NJ Assessment of Skills & Knowledge – Grade 3 (NJASK 3) is given to all third graders. For the 2009 test the percentage of Nutley's pupils demonstrating proficiency was as follows: Math – 89.3%; Language Arts – 68.4%.

The NJ Assessment of Skills & Knowledge – Grade 4 (NJASK 4) is given to all fourth graders. For the 2009 test the percentage of Nutley's pupils demonstrating proficiency was as follows: Math – 80.5%; Language Arts – 73.3%; Science – 95.9%.

The NJ Assessment of Skills & Knowledge – Grade 5 (NJASK 5) is given to all third graders. For the 2009 test the percentage of Nutley's pupils demonstrating proficiency was as follows: Math – 86.3%; Language Arts – 83.2%.

The NJ Assessment of Skills & Knowledge – Grade 6 (NJASK 6) is given to all third graders. For the 2009 test the percentage of Nutley's pupils demonstrating proficiency was as follows: Math – 87.7%; Language Arts – 89%.

The NJ Assessment of Skills & Knowledge – Grade 7 (NJASK 7) is given to all third graders. For the 2009 test the percentage of Nutley's pupils demonstrating proficiency was as follows: Math – 82.7%; Language Arts – 85.1%.

The NJ Assessment of Skills & Knowledge – Grade 8 (NJASK 8) is given to all fourth graders. For the 2009 test the percentage of Nutley’s pupils demonstrating proficiency was as follows: Math – 92.7%; Language Arts – 94%; Science – 95.2%.

The High School Proficiency Assessment (HSPA) was administered in March 2009, with 85.4% of Nutley’s students passing the language arts section, and 74.1% of our students passing the math section.

The Standard Achievement Test scores mean averages for the math section was 504, the verbal section was 498 and the essay section was 493.

The graduating class of 2009 had 87% of its members going on to post-secondary education. 64.9% will be attending four-year colleges and universities. Scholarships and grants awarded to 2009 graduates were approximately \$3.3 million. The District had students that were realized in the Johns Hopkins University Talent Search, Edward J. Bloustein Distinguished Scholars, National Merit Scholarship Program, National Hispanic Recognition Program, 2009 AP Scholars with Distinction, 2009 AP Scholars with Honors, 2009 AP Scholar Awards, Finalist in the Lucerne Dairy Art Competition, State Award – Invitation to CTY Awards Ceremony and the Mathcounts Competition.

In extra-curricular activities, Nutley continues to outpace the majority of New Jersey districts as evidenced by a budget of \$307 per pupil compared to a statewide average for K-12 of \$258. 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 alignment with core standards in Kindergarten, Language Arts Literacy – Grades 1-4, Mathematics – Grades 7&8 and Social Studies – The Modern Middle East Honors Course. Professional development activities included workshops/in-services for affirmative action, I&RS, ITIP, laptops, notebook programs, faculty web, macbook laptop cart, multimedia software, web resources, Wilson reading, language arts literacy, mathematics, science, social studies, technology integration, website development, harassment, intimidation, bullying, character education, mentoring, training for state assessments (NJASK 3,4,5,6,7) GEPA, HSPA and district terra nova tests, suicide prevention – grades 1-12, special education related processes (inclusion, differential instruction, etc.) and autism.

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 2009, the district spent \$11,408 per pupil compared to a statewide K-12 average of \$12,881. The Guide also reported that the district's budget for 2008-09 was based on \$11,916 per pupil, compared to the New Jersey state average of \$13,632.

The school tax levy was approved by a margin of 1,804 – 1,611.

The school district was certified by the New Jersey State Board of Education in January 2006. This certification is in effect until February, 2013.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at the year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2009.

6) DEBT ADMINISTRATION: As of June 2009, the District's outstanding debt is \$53,683,000 of school bonds. 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.

Additional 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 John H. Walker 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.

The remaining school bonds were issued in June of 2007 in the amount of \$38,500,000, having been approved by voters in December of 2006. Bond proceeds will be used on all Elementary Schools and the High School to finance new roofs, exterior skin/brick restoration, new vinyl windows in the Elementary Schools, security systems, new boilers and unit vents, bathroom renovations, hazardous materials abatement, new HVAC and a new elevator and gymnasium at Spring Garden Elementary School.

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 12, 2008. 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 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

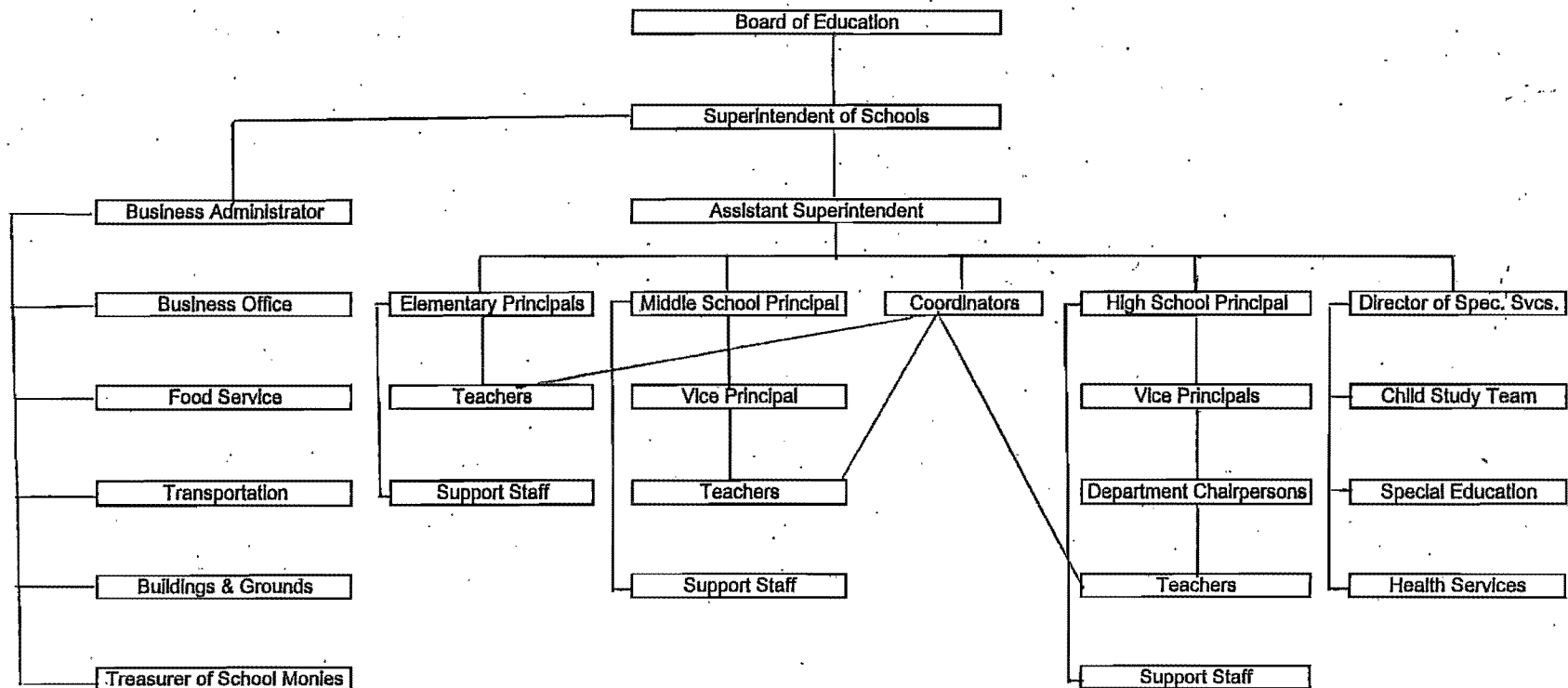


MICHAEL DeVITA
Business Administrator/
Board Secretary

NUTLEY PUBLIC SCHOOLS

NUTLEY, NJ 07110

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**NUTLEY BOARD OF EDUCATION
ROSTER OF OFFICIALS
JUNE 30, 2009**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Dr. Philip Casale	2010
Mr. Angelo Frannicola	2010
Mr. James Kuchta	2010
Mr. Vincent Moscaritola	2011
Mr. Kenneth Reilly	2011
Mr. Walter Sautter	2011
Mrs. Deborah Russo	2012
Mr. Thomas Sposato	2012
Mr. Steven Rogers	2012

Other Officials

Joseph Zarra, Superintendent

Michael DeVita, Business Administrator/Board Secretary

David Wilson, Treasurer of School Monies

Frank Pomaco, Esq. Solicitor

NUTLEY BOARD OF EDUCATION
Consultants and Advisors

Board Attorney

Gaccione, Pomaco & Malanga
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Belleville, NJ 07109

Special Construction Counsel

Connell Foley LLP
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Roseland, NJ 07068

Independent Auditors

Lerch, Vinci & Higgins, LLP
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Fair Lawn, NJ 07410

Medical Inspector

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Official Depository

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ROBERT W. HAAG, CPA, PSA

DEBORAH KOZAK, CPA, PSA

DEBRA GOLLE, CPA

CINDY JANACEK, CPA, RMA

RALPH M. PICONE, CPA, RMA, 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, 2009, 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.

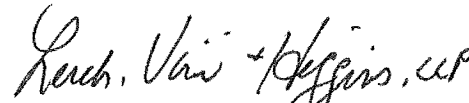
We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Nutley Board of Education's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes 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, 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, 2009, 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 27, 2009 on our consideration of the Nutley Board of Education's internal control over financial reporting and on 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 an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information 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 our 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 27, 2009

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, 2009. 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 2008-2009 fiscal year include the following:

- The net assets of the Nutley Board of Education exceeded its liabilities at the close of the fiscal year by \$11,906,896.
- Overall district revenues were \$62,645,436. General revenues accounted for \$52,556,037 or 84% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$10,089,399 or 16% of total revenues.
- The school district had \$61,096,148 in expenses for governmental activities; only \$8,349,366 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$52,555,817 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 \$24,849,972.
- The General Fund deficit fund balance at June 30, 2009 was \$(70,227), a decrease of \$1,847,898 from the June 30, 2008 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

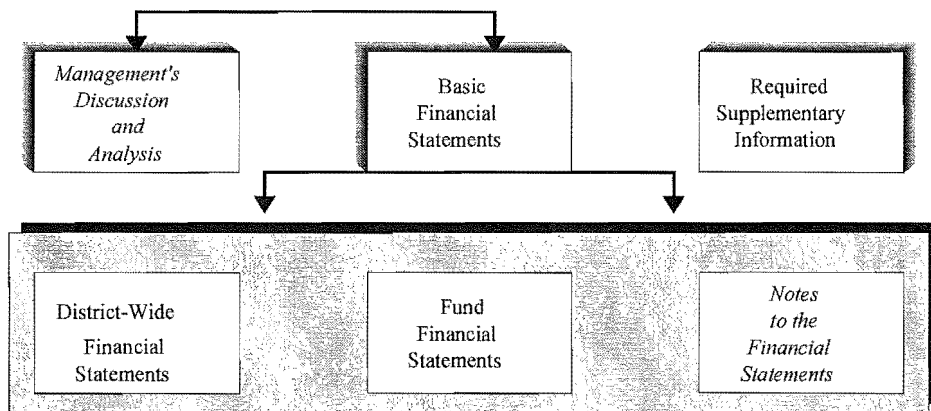
Management's Discussion and Analysis

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 instruction, special education, building maintenance and community education	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 three enterprise funds.

- Food Service (Cafeteria)
- Extended Day
- Athletic Camps

- *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 basic 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 \$11,906,896 as of June 30, 2009. 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, 2009 and 2008

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Current Assets	\$ 26,240,462	\$ 34,396,638	\$ 204,540	\$ 324,414	\$ 26,445,002	\$ 34,721,052
Capital Assets, Net	<u>44,421,286</u>	<u>37,881,717</u>	<u>13,056</u>	<u>14,775</u>	<u>44,434,342</u>	<u>37,896,492</u>
Total Assets	<u>70,661,748</u>	<u>72,278,355</u>	<u>217,596</u>	<u>339,189</u>	<u>70,879,344</u>	<u>72,617,544</u>
Long-Term Liabilities	56,471,589	57,330,671			56,471,589	57,330,671
Other Liabilities	<u>2,463,028</u>	<u>2,929,588</u>	<u>37,831</u>	<u>25,691</u>	<u>2,500,859</u>	<u>2,955,279</u>
Total Liabilities	<u>58,934,617</u>	<u>60,260,259</u>	<u>37,831</u>	<u>25,691</u>	<u>58,972,448</u>	<u>60,285,950</u>
Net Assets						
Invested in Capital Assets, net of related debt	15,636,633	14,475,397	13,056	14,775	15,649,689	14,490,172
Restricted	126,032	736,150			126,032	736,150
Unrestricted	<u>(4,035,534)</u>	<u>(3,193,451)</u>	<u>166,709</u>	<u>298,723</u>	<u>(3,868,825)</u>	<u>(2,894,728)</u>
Total Net Assets	<u>\$ 11,727,131</u>	<u>\$ 12,018,096</u>	<u>\$ 179,765</u>	<u>\$ 313,498</u>	<u>\$ 11,906,896</u>	<u>\$ 12,331,594</u>

NUTLEY BOARD OF EDUCATION

Management's Discussion and Analysis

Table A-2
Change in Net Assets
For The Fiscal Years Ended June 30, 2009 and 2008

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revenues						
Program Revenues						
Charges for Services	\$ 227,043	\$ 261,543	\$ 1,603,802	\$ 1,483,984	\$ 1,830,845	\$ 1,745,527
Operating Grants and Contributions	8,108,728	10,921,349	136,231	119,035	8,244,959	11,040,384
Capital Grants and Contributions	13,595	613,873			13,595	613,873
General Revenues						
Property Taxes	46,431,396	43,339,146			46,431,396	43,339,146
State Aid	5,526,601	3,643,168			5,526,601	3,643,168
Other	597,820	1,501,943	220	1,099	598,040	1,503,042
Total Revenues	<u>60,905,183</u>	<u>60,281,022</u>	<u>1,740,253</u>	<u>1,604,118</u>	<u>62,645,436</u>	<u>61,885,140</u>
Expenses						
Instruction						
Regular	26,145,394	26,888,106			26,145,394	26,888,106
Special Education	8,975,941	8,294,047			8,975,941	8,294,047
Other Instruction	968,273	1,265,638			968,273	1,265,638
School Sponsored Activities and Athletics	1,400,875	1,145,844			1,400,875	1,145,844
Community Services	7,627	16,514			7,627	16,514
Support Services						
Student and Instruction Related Services	6,143,456	6,146,618			6,143,456	6,146,618
School Administrative Services	3,784,784	4,065,977			3,784,784	4,065,977
General Administrative Services	1,436,551	1,231,115			1,436,551	1,231,115
Plant Operations and Maintenance	6,042,339	5,753,722			6,042,339	5,753,722
Pupil Transportation	2,129,792	2,259,307			2,129,792	2,259,307
Business and Other Support Services	1,400,267	1,403,132			1,400,267	1,403,132
Interest on Long-Term Debt	2,433,786	2,378,802			2,433,786	2,378,802
Increase in Deferred Pension Liability	227,063				227,063	
Food Services			946,090	912,017	946,090	912,017
Extended Day			1,013,512	819,850	1,013,512	819,850
Athletic Camps	-	-	14,384	17,143	14,384	17,143
Total Expenses	<u>61,096,148</u>	<u>60,848,822</u>	<u>1,973,986</u>	<u>1,749,010</u>	<u>63,070,134</u>	<u>62,597,832</u>
Change in Net Assets Before Transfers	(190,965)	(567,800)	(233,733)	(144,892)	(424,698)	(712,692)
Transfers	(100,000)	(175,000)	100,000	175,000	-	-
Change in Net Assets	(290,965)	(742,800)	(133,733)	30,108	(424,698)	(712,692)
Net Assets, Beginning of Year	12,018,096	12,760,896	313,498	283,390	12,331,594	13,044,286
Net Assets, End of Year	<u>\$ 11,727,131</u>	<u>\$ 12,018,096</u>	<u>\$ 179,765</u>	<u>\$ 313,498</u>	<u>\$ 11,906,896</u>	<u>\$ 12,331,594</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 \$60,905,183 for the year ended June 30, 2009 a 1 percent increase from the previous year. Property taxes of \$46,431,396 represented 76 percent of revenues. Another significant portion of revenues came from State aid; total State, Federal, Local and formula aid was \$13,648,924. 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 \$61,096,148. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$37,498,110 (61%) of total expenditures. Student support services, exclusive of administration, total \$6,143,456 or (10%) of total expenditures (See Table A-4).

Total governmental activities expenses and transfers surpassed revenues, decreasing net assets \$290,965 from the previous year.

Table A-3 Revenues by Source- Governmental Activities
For Fiscal Year 2009

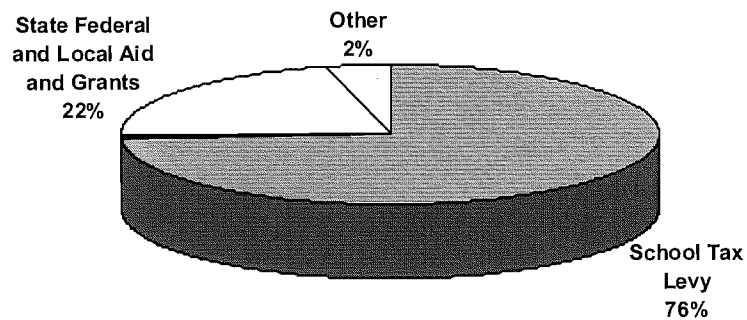
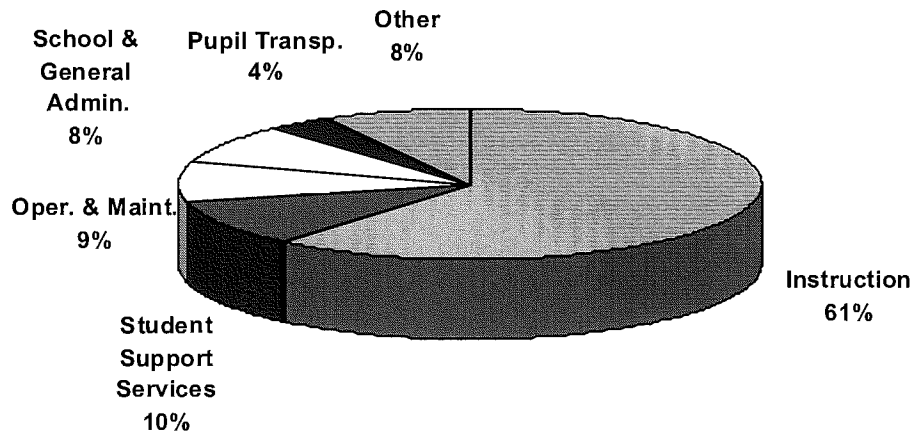


Table A-4 Expenditures by Type- Governmental Activities
For Fiscal Year 2008



NUTLEY BOARD OF EDUCATION

Management's Discussion and Analysis

Net Cost of Governmental Activities. The District's total cost of services was \$61,096,148. After applying program revenues, derived from charges for services of \$227,043; operating grants and contributions of \$8,108,728; and capital grants and contribution of \$13,595, the net cost of services of the District is \$52,746,782 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>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Instruction				
Regular	\$ 26,145,394	\$ 26,888,106	\$ 22,788,334	\$ 22,207,694
Special Education	8,975,941	8,294,047	5,424,307	3,624,401
Other Instruction	968,273	1,265,638	965,254	1,200,118
School Sponsored Activities and Athletics	1,400,875	1,145,844	1,376,503	1,107,659
Community Services	7,627	16,514	7,627	16,514
Support Services				
Student and Instruction Related Services	6,143,456	6,146,618	5,777,866	5,449,109
School Administrative Services	3,784,784	4,065,977	3,506,673	3,630,250
General Administrative Services	1,436,551	1,231,115	1,389,981	1,158,152
Plant Operations and Maintenance	6,042,339	5,753,722	5,775,044	5,139,849
Pupil Transportation	2,129,792	2,259,307	1,708,967	1,791,039
Business and Other Support Services	1,400,267	1,403,132	1,365,377	1,348,470
Increase in Deferred Pension Liability	227,063		227,063	
Interest on Long-Term Debt	2,433,786	2,378,802	2,433,786	2,378,802
Total	\$ 61,096,148	\$ 60,848,822	\$ 52,746,782	\$ 49,052,057

Business-Type Activities – The District's total business-type activities revenues were \$1,740,253 for the year ended June 30, 2009. Charges for services accounted for 92% of total revenues. Operating grants and contributions accounted for 8% of total revenue for the year.

The total cost of all business-type activities programs and services was \$1,973,986. 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 and Athletic Camps programs.

Total business-type activities expenses surpassed revenues and transfers decreasing net assets by \$133,733 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 \$24,849,972. At June 30, 2008, the fund balance was \$33,404,518. This significant increase is predominately attributable to an increase in capital project expenditures.

Revenues for the District's governmental funds were \$60,905,183, while total expenses were \$69,359,729.

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	Percentage
	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>(Decrease)</u>	<u>of Total</u>
Local Sources				
Property Tax Levy	\$ 43,162,248	\$ 42,055,862	\$ 1,106,386	2.6%
Tuition	149,048	149,591	(543)	
Miscellaneous	417,562	373,658	43,904	11.7%
State Sources	<u>10,738,891</u>	<u>12,221,795</u>	<u>(1,482,904)</u>	-12.1%
Total General Fund Revenues	<u>\$ 54,467,749</u>	<u>\$ 54,800,906</u>	<u>\$ (333,157)</u>	-0.6%

Total General Fund Revenues decreased by \$333,157 or less than 1% over the previous year.

Local property taxes remained stable, increasing 3% over the previous year. State aid revenues decreased \$1,482,904 or 12% predominantly attributable to State reducing the 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, 2009</u>	<u>June 30, 2008</u>	<u>(Decrease)</u>	<u>of Total</u>
Instruction	\$ 35,499,110	\$ 35,203,226	\$ 295,884	0.8%
Support Services	20,224,686	20,004,105	220,581	1.1%
Capital Outlay	90,659	376,197	(285,538)	
Debt Service	<u>46,172</u>	<u>104,142</u>	<u>(57,970)</u>	-56%
Total Expenditures	<u>\$ 55,860,627</u>	<u>\$ 55,687,670</u>	<u>\$ 172,957</u>	0.3%

Total General Fund expenditures increased \$172,957 from the previous year. Most of the increase can be attributed to the increases in the cost of health insurance premiums.

In 2008-2009 General Fund revenues and other financing sources were less than expenditures and other financing uses by \$1,847,898. As a result, total fund balance decreased to a deficit balance of \$70,227 at June 30, 2009. After deducting statutory reserves and designations, the unreserved undesignated fund balance at June 30, 2008 is \$(251,591) at June 30, 2009.

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 \$1,598,319, for the year ended June 30, 2009. Federal sources accounted for the majority of Special Revenue Fund's revenue which represented 73% of the total revenue for the year.

Expenditures of the Special Revenue Fund were \$1,598,319. Instructional expenditures were \$1,429,041 and for the support services expenditures were \$155,683. Capital outlay expenditures were \$13,595.

Capital Projects – Revenues and other financing sources were less than expenditures and other financing uses \$6,706,648 resulting in a fund balance of \$24,920,197 at June 30, 2009.

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 and Athletic Camps programs. 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 the following category:

- Implementing budgets for specially funded projects, which include both federal and state grants, reinstating prior year purchase orders being carried over.

CAPITAL ASSETS

The District's investment in capital assets for its governmental and business type activities as of June 30, 2009 amounts to \$44,421,286 (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 2008-09 amounted to \$884,606 for governmental activities and \$1,718 for business-type activities.

Table A-6
Capital Assets at June 30, 2009 and 2008
(Net of Accumulated Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Land	\$ 79,932	\$ 79,932			\$ 79,932	\$ 79,932
Construction in Progress	14,120,707	6,800,786			14,120,707	6,800,786
Buildings	28,437,594	29,171,538			28,437,594	29,171,538
Improvements Other than Buildings	767,474	791,911			767,474	791,911
Machinery and Equipment	<u>1,015,579</u>	<u>1,037,550</u>	<u>\$ 13,056</u>	<u>\$ 14,775</u>	<u>1,028,635</u>	<u>1,052,325</u>
Total Capital Assets (Net)	<u>\$ 44,421,286</u>	<u>\$ 37,881,717</u>	<u>\$ 13,056</u>	<u>\$ 14,775</u>	<u>\$ 44,434,342</u>	<u>\$ 37,896,492</u>

NUTLEY BOARD OF EDUCATION

Management's Discussion and Analysis

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

LONG TERM LIABILITIES

At year end, the District's long-term liabilities consisted of compensated absences payable of \$2,539,676, capital leases payable of \$21,850 deferred pension liability of \$227,063 and bonds payable of \$53,683,000.

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

Table A-7
Outstanding Long-Term Liabilities

	<u>2009</u>	<u>2008</u>
Serial Bonds Payable	\$ 53,683,000	\$ 54,968,000
Capital Leases	21,850	65,168
Deferred Pension Liability	227,063	
Compensated Absences	<u>2,539,676</u>	<u>2,297,503</u>
Total Expenditures	<u>\$ 56,471,589</u>	<u>\$ 57,330,671</u>

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.

Many factors were considered by the District's administration during the process of developing the fiscal year 2008-2009 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, 315 Franklin Ave., Nutley, NJ 07110.

BASIC FINANCIAL STATEMENTS

NUTLEY BOARD OF EDUCATION
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2009

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 25,229,930	\$ 111,346	\$ 25,341,276
Receivables, net			
Receivables from Other Governments	1,005,923	22,335	1,028,258
Other	40,979	26,518	67,497
Inventory		7,971	7,971
Internal Balances	(36,370)	36,370	-
Capital Assets			
Not Being Depreciated	14,200,639		14,200,639
Being Depreciated, Net	<u>30,220,647</u>	<u>13,056</u>	<u>30,233,703</u>
Total Assets	<u>70,661,748</u>	<u>217,596</u>	<u>70,879,344</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	725,124	34,972	760,096
Payable to State Government	74,555		74,555
Payable to Federal Government	416		416
Accrued Interest Payable	1,072,538		1,072,538
Unearned Revenue	590,395	2,859	593,254
Noncurrent Liabilities			
Due within one year	1,516,850		1,516,850
Due beyond one year	<u>54,954,739</u>	<u>-</u>	<u>54,954,739</u>
Total Liabilities	<u>58,934,617</u>	<u>37,831</u>	<u>58,972,448</u>
NET ASSETS			
Invested in Capital Assets, net of related debt	15,636,633	13,056	15,649,689
Restricted for			
Capital Projects	126,030		126,030
Debt Service	2		2
Unrestricted	<u>(4,035,534)</u>	<u>166,709</u>	<u>(3,868,825)</u>
Total Net Assets	<u>\$ 11,727,131</u>	<u>\$ 179,765</u>	<u>\$ 11,906,896</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, 2009**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		<u>Total</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	
Governmental Activities							
Instruction							
Regular	\$ 26,145,394	\$ 149,048	\$ 3,194,417	\$ 13,595	\$ (22,788,334)		\$ (22,788,334)
Special Education	8,975,941		3,551,634		(5,424,307)		(5,424,307)
Other Instruction	968,273		3,019		(965,254)		(965,254)
School Sponsored Activities and Athletics	1,400,875		24,372		(1,376,503)		(1,376,503)
Community Services	7,627				(7,627)		(7,627)
Support Services							
Student and Instruction Related Services	6,143,456		365,590		(5,777,866)		(5,777,866)
School Administrative Services	3,784,784		278,111		(3,506,673)		(3,506,673)
General Administrative Services	1,436,551		46,570		(1,389,981)		(1,389,981)
Plant Operations and Maintenance	6,042,339		267,295		(5,775,044)		(5,775,044)
Pupil Transportation	2,129,792	77,995	342,830		(1,708,967)		(1,708,967)
Business Services	1,400,267		34,890		(1,365,377)		(1,365,377)
Increase in Deferred Pension Liability	227,063				(227,063)		(227,063)
Interest on Long-Term Debt	2,433,786	-	-	-	(2,433,786)	-	(2,433,786)
Total Governmental Activities	61,096,148	227,043	8,108,728	13,595	(52,746,782)	-	(52,746,782)
Business-Type Activities							
Food Service	946,090	731,200	136,231			\$ (78,659)	(78,659)
Extended Day	1,013,512	857,797	-	-	-	(155,715)	(155,715)
Athletic Camps	14,384	14,805	-	-	-	421	421
Total Business-Type Activities	1,973,986	1,603,802	136,231	-	-	(233,953)	(233,953)
Total Primary Government	\$ 63,070,134	\$ 1,830,845	\$ 8,244,959	\$ 13,595	(52,746,782)	(233,953)	(52,980,735)

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, 2009**

	Net (Expense) Revenue and Changes in Net Assets		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Balance, Carry Forward	\$ (52,746,782)	\$ (233,953)	\$ (52,980,735)
General Revenues and Transfers			
Property Taxes Levied for General Purposes	43,162,248		43,162,248
Property Taxes Levied for Debt Service	3,269,148		3,269,148
State Aid - Unrestricted	4,214,887		4,214,887
State Aid - Restricted for Debt Service	1,311,714		1,311,714
Investment Earnings	277,389	220	277,609
Miscellaneous Income	320,431		320,431
Transfers	(100,000)	100,000	-
Total General Revenues and Transfers	<u>52,455,817</u>	<u>100,220</u>	<u>52,556,037</u>
Change in Net Assets	(290,965)	(133,733)	(424,698)
Net Assets, Beginning of Year	<u>12,018,096</u>	<u>313,498</u>	<u>12,331,594</u>
Net Assets, End of Year	<u>\$ 11,727,131</u>	<u>\$ 179,765</u>	<u>\$ 11,906,896</u>

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

FUND FINANCIAL STATEMENTS

**NUTLEY BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2009**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 205,671		\$ 25,024,259		\$ 25,229,930
Due from Other Funds	85,573		136,687	\$ 2	222,262
Receivables, Net					
Receivables from Other Governments	100,717	\$ 336,396	568,810		1,005,923
Other	<u>40,219</u>	<u>760</u>	<u>\$ -</u>	<u>-</u>	<u>40,979</u>
Total Assets	<u>\$ 432,180</u>	<u>\$ 337,156</u>	<u>\$ 25,729,756</u>	<u>\$ 2</u>	<u>\$ 26,499,094</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 463,570	\$ 102,635	\$ 158,919		\$ 725,124
Due to Other Funds	38,837	136,687	83,108		258,632
Payable to State Government		74,555			74,555
Payable to Federal Government		416			416
Deferred Revenue	<u>-</u>	<u>22,863</u>	<u>567,532</u>	<u>-</u>	<u>590,395</u>
Total Liabilities	<u>502,407</u>	<u>337,156</u>	<u>809,559</u>	<u>-</u>	<u>1,649,122</u>
Fund Balances					
Reserved for					
Encumbrances	55,334		14,149,281		14,204,615
Capital Reserve Account	126,030				126,030
Unreserved					
Designated in Subsequent Year's Budget					-
Undesignated, Reported in General Fund	(251,591)				(251,591)
Debt Service Fund				2	2
Capital Projects Fund	<u>-</u>	<u>-</u>	<u>10,770,916</u>	<u>-</u>	<u>10,770,916</u>
Total Fund Balances	<u>(70,227)</u>	<u>-</u>	<u>24,920,197</u>	<u>2</u>	<u>24,849,972</u>
Total Liabilities and Fund Balances	<u>\$ 432,180</u>	<u>\$ 337,156</u>	<u>\$ 25,729,756</u>	<u>\$ 2</u>	

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 \$53,783,100 and the accumulated depreciation is \$9,361,814.

44,421,286

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

(1,072,538)

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	\$ 53,683,000
Capital Leases	21,850
Deferred Pension Liability	227,063
Compensated Absences Payable	<u>2,539,676</u>

(56,471,589)

\$ 11,727,131

**NUTLEY BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 43,162,248			\$ 3,269,148	\$ 46,431,396
Tuition	149,048				149,048
Transportation Fees	77,995				77,995
Miscellaneous	339,567	\$ 75,416	\$ 258,253	-	673,236
Total - Local Sources	43,728,858	75,416	258,253	3,269,148	47,331,675
State Sources	10,738,891	360,869		1,311,714	12,411,474
Federal Sources	-	1,162,034	-	-	1,162,034
Total Revenues	54,467,749	1,598,319	258,253	4,580,862	60,905,183
EXPENDITURES					
Current					
Regular Instruction	25,028,627	661,219			25,689,846
Special Education Instruction	8,149,581	767,822			8,917,403
Other Instruction	968,273				968,273
School-Sponsored Activities and Athletics	1,345,077				1,345,077
Community Services	7,552				7,552
Support Services					
Student and Instructional Related Services	5,871,048	155,683			6,026,731
School Administrative Services	3,720,492				3,720,492
General Administrative Services	1,410,723				1,410,723
Plant Operations and Maintenance	5,909,053				5,909,053
Pupil Transportation	1,948,256				1,948,256
Business Services	1,365,114				1,365,114
Debt Service					
Principal	43,318			1,285,000	1,328,318
Interest and Other Charges	2,854			3,295,862	3,298,716
Capital Outlay	90,659	13,595	7,319,921	-	7,424,175
Total Expenditures	55,860,627	1,598,319	7,319,921	4,580,862	69,359,729
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,392,878)	-	(7,061,668)	-	(8,454,546)
OTHER FINANCING SOURCES (USES)					
Transfers In	258,253		613,273		871,526
Transfers Out	(713,273)	-	(258,253)	-	(971,526)
Total Other Financing Sources and Uses	(455,020)	-	355,020	-	(100,000)
Net Change in Fund Balances	(1,847,898)	-	(6,706,648)	-	(8,554,546)
Fund Balance, Beginning of Year	1,777,671	-	31,626,845	2	33,404,518
Fund Balance, End of Year	\$ (70,227)	\$ -	\$ 24,920,197	\$ 2	\$ 24,849,972

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, 2009**

Total net change in fund balances - governmental funds (Exhibit B-2) **\$ (8,554,546)**

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	\$ 7,424,175	
Depreciation Expense	<u>(884,606)</u>	
		6,539,569

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	(242,173)
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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.

1,285,000

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.

43,318

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.

Decrease in Accrued Interest	864,930
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The issuance of long-term debt provides current financial resources to government funds, but has no effect on net assets

Deferred Pension Liability	<u>(227,063)</u>
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Change in net assets of governmental activities (Exhibit A-2) **\$ (290,965)**

**NUTLEY BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2009**

	<u>Food Service</u>	<u>Extended Day</u>	<u>Other Non-Major</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
ASSETS				
Cash and Cash Equivalents	\$ 65,286	\$ 45,167	\$ 893	\$ 111,346
Intergovernmental Accounts Receivable				
State	1,588			1,588
Federal	20,747			20,747
Due from Other Funds		38,837		38,837
Other Accounts Receivable	26,518			26,518
Inventory	7,971	-	-	7,971
	<u>122,110</u>	<u>84,004</u>	<u>893</u>	<u>207,007</u>
Total Current Assets				
	<u>122,110</u>	<u>84,004</u>	<u>893</u>	<u>207,007</u>
Capital Assets				
Machinery and Equipment	137,947			137,947
Less: Accumulated Depreciation	(124,891)	-	-	(124,891)
	<u>13,056</u>	<u>-</u>	<u>-</u>	<u>13,056</u>
Total Capital Assets				
	<u>13,056</u>	<u>-</u>	<u>-</u>	<u>13,056</u>
Total Assets	<u>135,166</u>	<u>84,004</u>	<u>893</u>	<u>220,063</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	33,279	1,693		34,972
Due to Other Funds	2,467			2,467
Deferred Revenue	2,859	-	-	2,859
	<u>38,605</u>	<u>1,693</u>	<u>-</u>	<u>40,298</u>
Total Liabilities				
	<u>38,605</u>	<u>1,693</u>	<u>-</u>	<u>40,298</u>
NET ASSETS				
Invested in Capital Assets	13,056			13,056
Unrestricted	83,505	82,311	893	166,709
	<u>96,561</u>	<u>82,311</u>	<u>893</u>	<u>179,765</u>
Total Net Assets	<u>\$ 96,561</u>	<u>\$ 82,311</u>	<u>\$ 893</u>	<u>\$ 179,765</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, 2009**

	<u>Food Service</u>	<u>Extended Day</u>	<u>Other Non-Major</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
OPERATING REVENUES				
Charges for Services				
Program Fees		\$ 857,429	\$ 14,805	\$ 872,234
School Lunch Program	\$ 569,477			569,477
Special Functions	161,723			161,723
Miscellaneous	-	368	-	368
	<u>731,200</u>	<u>857,797</u>	<u>14,805</u>	<u>1,603,802</u>
OPERATING EXPENSES				
Salaries and Wages	224,054	732,281	6,200	962,535
Employee Benefits	167,219	80,274		247,493
Cost of Sales	341,536			341,536
Supplies	53,929	19,295	8,184	81,408
Purchased Services	135,495	162,365		297,860
Other	22,139	19,297		41,436
Depreciation	1,718	-	-	1,718
	<u>946,090</u>	<u>1,013,512</u>	<u>14,384</u>	<u>1,973,986</u>
Operating Income (Loss)	<u>(214,890)</u>	<u>(155,715)</u>	<u>421</u>	<u>(370,184)</u>
NONOPERATING REVENUES				
State Sources				
State School Lunch Program	8,039			8,039
Federal Sources				
Federal School Lunch Program	128,192			128,192
Interest Income	220	-	-	220
	<u>136,451</u>	<u>-</u>	<u>-</u>	<u>136,451</u>
Net Income (Loss) Before Operating Transfers	(78,439)	(155,715)	421	(233,733)
Transfers In	100,000	-	-	100,000
Change in Net Assets	21,561	(155,715)	421	(133,733)
Net Assets, Beginning of Year	75,000	238,026	472	313,498
Net Assets, End of Year	<u>\$ 96,561</u>	<u>\$ 82,311</u>	<u>\$ 893</u>	<u>\$ 179,765</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, 2009**

	<u>Food Service</u>	<u>Extended Day</u>	<u>Other Non-Major</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	\$ 727,708	\$ 857,797	\$ 14,805	\$ 1,600,310
Payments for Employees	(224,054)	(732,281)	(6,200)	(962,535)
Payments to Suppliers	(655,842)	(280,351)	(8,184)	(944,377)
Net Cash Provided By (Used For) Operating Activities	(152,188)	(154,835)	421	(306,602)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Operating Transfers from Other Funds	100,000			100,000
State and Federal Sources	92,588	-	-	92,588
Net Cash Provided By Non-Capital Financing Activities	192,588	-	-	192,588
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	220	-	-	220
Net Cash Provided By Investing Activities	220	-	-	220
Net Increase (Decrease) in Cash and Cash Equivalents	40,620	(154,835)	421	(113,794)
Cash and Cash Equivalents, Beginning of Year	24,666	200,002	472	225,140
Cash and Cash Equivalents, End of Year	\$ 65,286	\$ 45,167	\$ 893	\$ 111,346
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating Income (Loss)	\$ (214,890)	\$ (155,715)	\$ 421	\$ (370,184)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities				
Depreciation	1,718			1,718
Food Distribution Program (USDA Commodities)-National School Lunch Program	24,419			24,419
(Increase) Decrease in Accounts Receivable	(4,655)			(4,655)
(Increase) Decrease in Inventories	29,960			29,960
Increase (Decrease) in Accounts Payable	10,097	880		10,977
Increase (Decrease) in Deferred Revenue	1,163	-	-	1,163
Total Adjustments	62,702	880	-	63,582
Net Cash Provided By (Used For) Operating Activities	\$ (152,188)	\$ (154,835)	\$ 421	\$ (306,602)
Non-Cash Financing Activities				
Fair Value of Food Distribution Program - National School Lunch	\$ 25,582	\$ -	\$ -	\$ 25,582

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, 2009**

	<u>Private Purpose Trust Funds</u>	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 9,244	\$ 687,080	\$ 174,031
Total Assets	<u>9,244</u>	<u>687,080</u>	<u>\$ 174,031</u>
LIABILITIES			
Intergovernmental Payable		27,076	
Due to Student Groups	<u>-</u>	<u>-</u>	<u>\$ 174,031</u>
Total Liabilities	<u>-</u>	<u>27,076</u>	<u>\$ 174,031</u>
NET ASSETS			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 9,244</u>	<u>\$ 660,004</u>	

**NUTLEY BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Private Purpose Trust Funds</u>	<u>Unemployment Compensation Trust</u>
ADDITIONS		
Contributions		
Employees		\$ 90,123
Investment Earnings		
Interest	\$ 264	11,926
	<u>264</u>	<u>102,049</u>
Total Additions	<u>264</u>	<u>102,049</u>
DEDUCTIONS		
Scholarships	250	
Unemployment Claims and Contributions	<u>-</u>	<u>75,385</u>
	<u>250</u>	<u>75,385</u>
Total Deductions	<u>250</u>	<u>75,385</u>
Change in Net Assets	14	26,664
Net Assets, Beginning of Year	<u>9,230</u>	<u>633,340</u>
Net Assets, End of Year	<u>\$ 9,244</u>	<u>\$ 660,004</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, 2009**

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, before and 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 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. Property 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 the food service and extended day enterprise funds to be major funds.

NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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 with the exception of the Agency Fund which does not have a measurement focus. 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 to be accounted for in another fund.

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal and state 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 and other capital assets.

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 and non-major proprietary funds which are organized to be self-supporting through user charges:

The *food service fund* (major) 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* (major) accounts for the activities of the District's before and after school child care program.

The *athletic camps fund* (non-major) accounts for the activities of the District's summer athletic camps.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Additionally, the government reports the following fund type:

The *fiduciary trust fund* is used to account for resources legally held in trust for the state unemployment insurance claims, for private donations for scholarship awards, payroll related activities and student related activities which are supported and controlled by student organizations and clubs. 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 property 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, extended day enterprise fund and athletic camps enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds and internal service 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

1. *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.

2. *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, 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. *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 and certified by the State Department of Education.

Tuition Expenditures - Tuition charges for the fiscal years 2007-2008 and 2008-2009 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 annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1st 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 municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

3. *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 unearned revenue.

4. *Restricted Assets*

Certain assets are classified as restricted on the balance sheet because they are maintained in separate bank accounts and/or their use is limited by state or county regulations for capital projects and/or Lease-Purchase Agreements for capital projects and/or certificates of participation, principal and interest.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. *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 \$2,000 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, as well as the component units is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20-50
Building Improvements	20
Heavy Equipment	10-20
Office Equipment and Furniture	7-10
Computer Equipment	5

6. *Compensated Absences*

It is the District's policy to permit employees to accumulate earned but unused vacation, personal, and sick leave benefits. A long-term liability of accumulated vacation, personal and 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. Proprietary Funds accrue accumulated vacation, personal and sick leave and salary related payments in the period that they are earned. 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.

7. *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, as well as issuance costs, 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.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. *Long-term Obligations (Continued)*

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.

8. *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 Capital Reserve Account – This reserve was created by the District to fund future capital expenditures (See Note 2.)

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

9. *Reclassifications*

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

In accordance with the requirements of the New Jersey Department of Education ("the Department"), 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.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. 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 2008/2009. During 2008/2009 the Board increased the original budget by \$947,774. The increase was funded by additional surplus appropriated, grant awards and the reappropriation of prior year general fund encumbrances. During the fiscal year authorized and approved the appropriation of \$142,583 of additional general fund surplus were made on June 22, 2009.

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 certain state aid payments 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 which are reappropriated and honored during the subsequent fiscal year.

B. Deficit Fund Equity

The District has an unreserved/undesignated deficit fund balance of \$70,227 in the General Fund as of June 30, 2009 as reported in the fund financial statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record these state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", requires that intergovernmental transactions (revenue, expenditure, asset, liability) should be recognized in symmetry (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State of New Jersey is recording certain 2008/2009 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these state aid payments, the General and Special Revenue Fund balance deficit does not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund balance deficits in the future.

Pursuant to NJSA 18A:22-44.2, any negative unreserved, undesignated general fund balance that is reported as a direct result of a delay in the payment of state aid until the following fiscal year, is not considered as a violation of New Jersey Statute or regulation and is not considered an item in need of corrective action. The District deficit in the GAAP (fund) financial statements of \$70,227 is less than the deferred state aid payments.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Capital Reserve Account

A capital reserve account was established by the District on September 20, 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). 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 or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts or both. 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-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the fiscal year ended June 30, 2009 is as follows:

Balance, July 1, 2008	\$ 736,150
Increased by:	
Interest Earnings	<u>3,153</u>
	739,303
Withdrawals	
Withdrawals Approved by Voters in District Budget	<u>613,273</u>
Balance, June 30, 2009	<u>\$ 126,030</u>

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) 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
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments

Deposits

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$100,000 for each failed brokerage firm. At June 30, 2009, the book value of the Board's deposits was \$26,211,631 and bank balances of the Board's cash and deposits amounted to \$26,889,266. The Board's deposits which are displayed on the balance sheets and statement of net assets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ <u>26,889,266</u>
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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.

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, 2009, the Board had no outstanding investments.

Interest Rate Risk – The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Board places no limit in the amount the District may invest in any one issuer.

The fair value of the above-listed investment was based on quoted market prices.

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

**NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

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

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Total</u>
Receivables:					
Accounts	\$ 40,219	\$ 760		\$ 26,518	\$ 67,497
Intergovernmental	<u>100,717</u>	<u>336,396</u>	<u>\$ 568,810</u>	<u>22,335</u>	<u>1,028,258</u>
Gross Receivables	140,936	337,156	568,810	48,853	1,095,755
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 140,936</u>	<u>\$ 337,156</u>	<u>\$ 568,810</u>	<u>\$ 48,853</u>	<u>\$ 1,095,755</u>

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	\$ 22,863
Capital Projects Fund	
Unrealized School Facility Grants	<u>567,532</u>
Total deferred revenue for governmental funds	<u>\$590,395</u>

**NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets

Capital asset activity for the year ended June 30, 2009 was as follows:

	Balance July 1, 2008	Increases	Decreases	Balance June 30, 2009
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 79,932			\$ 79,932
Construction in Progress	6,800,786	7,319,921	-	14,120,707
Total Capital Assets, Not Being Depreciated	6,880,718	7,319,921	-	14,200,639
Capital Assets, Being Depreciated:				
Buildings	35,639,191			35,639,191
Improvements Other Than Buildings	879,901	20,000		899,901
Machinery and Equipment	2,959,115	84,254	-	3,043,369
Total Capital Assets Being Depreciated	39,478,207	104,254	-	39,582,461
Less Accumulated Depreciation for:				
Buildings	(6,467,653)	(733,944)		(7,201,597)
Improvements Other Than Buildings	(87,990)	(44,437)		(132,427)
Machinery and Equipment	(1,921,565)	(106,225)	-	(2,027,790)
Total Accumulated Depreciation	(8,477,208)	(884,606)	-	(9,361,814)
Total Capital Assets, Being Depreciated, net	31,000,999	(780,352)	-	30,220,647
Governmental Activities Capital Assets, net	\$ 37,881,717	\$ 6,539,569	\$ -	\$ 44,421,286
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 137,947	-	-	\$ 137,947
Total Capital Assets Being Depreciated	137,947	-	-	137,947
Less Accumulated Depreciation for:				
Machinery and Equipment	(123,173)	\$ (1,718)	-	(124,891)
Total Accumulated Depreciation	(123,173)	(1,718)	-	(124,891)
Total Capital Assets, Being Depreciated, net	14,774	(1,718)	-	13,056
Business-Type Activities Capital Assets, net	\$ 14,774	\$ (1,718)	\$ -	\$ 13,056

**NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

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

Governmental Activities:

Instruction

Regular	\$ 337,972
Special	40,249
School-Sponsored/Other Instructional	55,798
Total Instruction	<u>434,019</u>

Community Services	<u>75</u>
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Support Services

Student and Instruction Related Services	105,985
General Administration	12,644
School Administration	35,128
Operations and Maintenance of Plant	107,959
Student Transportation	174,035
Business and Other Support Services	14,761
Total Support Services	<u>450,512</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 884,606</u>
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Business-Type Activities:

Food Service Fund	\$ 1,718
Total Depreciation Expense-Business-Type Activities	<u>\$ 1,718</u>

Construction commitments

The District has the following active construction projects as of June 30, 2009:

<u>Project</u>	<u>Remaining Commitment</u>
Various Renovations and Improvements to Nutley High School and Elementary Schools	<u>\$ 14,149,281</u>
	<u>\$ 14,149,281</u>

**NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2009, is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 83,106
General Fund	Food Service Fund	2,467
Capital Projects Fund	Special Revenue Fund	136,687
Extended Day Fund	General Fund	38,837
Debt Service Fund	Capital Projects Fund	<u>2</u>
		<u>\$ 261,099</u>

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

The District expects all interfund balances to be liquidated within one year.

Interfund Transfers

	<u>Transfer In:</u>			
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Enterprise Food Service</u>	<u>Total</u>
Transfer Out:				
General Fund		\$ 613,273	\$ 100,000	\$ 713,273
Capital Projects Fund	<u>\$ 258,253</u>	<u>-</u>	<u>-</u>	<u>258,253</u>
Total transfers out	<u>\$ 258,253</u>	<u>\$ 613,273</u>	<u>\$ 100,000</u>	<u>\$ 971,526</u>

The above transfers are the result of revenues earned and/or other financing sources received in one fund to finance expenditures in another fund.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

E. Leases

Capital Leases

The District is leasing various vehicles and equipment totaling \$199,349 under capital leases. The lease term was for 5 years.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2009 were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2010	\$ 22,747
Total Minimum Lease Payments	22,747
Less: Amount Representing Interest	(897)
Present Value of Minimum Lease Payments	<u>\$ 21,850</u>

F. Long-Term Debt

General Obligation Bonds

The Board issued 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, 2009 are comprised of the following issues:

\$2,923,000, 2003 Bonds, due in annual installments of \$125,000 to \$208,000 through August 15, 2023, variable interest rate	\$2,473,000
\$14,930,000, 2005 Bonds, due in annual installments of \$525,000 to \$670,000 through February 15, 2030, variable interest rate	13,370,000
\$38,500,000, 2007 Bonds, due in annual installments of \$660,000 to \$3,515,000 through July 15, 2032, variable interest rate	<u>37,840,000</u>
	<u>\$53,683,000</u>

**NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

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

Governmental Activities:

Year Ended June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2010	\$ 1,380,000	\$ 2,361,749	\$ 3,741,749
2011	1,440,000	2,302,330	3,742,330
2012	1,500,000	2,240,236	3,740,236
2013	1,560,000	2,175,511	3,735,511
2014	1,625,000	2,108,124	3,733,124
2015-2019	9,075,000	9,427,823	18,502,823
2020-2024	11,123,000	7,249,615	18,372,615
2025-2029	13,455,000	4,571,445	18,026,445
2030-2033	<u>12,525,000</u>	<u>1,249,936</u>	<u>13,774,936</u>
	<u>\$ 53,683,000</u>	<u>\$ 33,686,769</u>	<u>\$ 87,369,769</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2009 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 172,705,021
Less: Net Debt Issued	<u>53,683,000</u>
Remaining Borrowing Power	<u>\$ 119,022,021</u>

**NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2009, was as follows:

	Balance			Balance	Due
	<u>July 1, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2009</u>	<u>Within</u>
					<u>One Year</u>
Governmental activities:					
Bonds Payable	\$ 54,968,000		\$ 1,285,000	\$ 53,683,000	\$ 1,380,000
Capital Leases	65,168		43,318	21,850	21,850
Deferred Pension Obligation		\$ 227,063		227,063	
Compensated Absences Payable	<u>2,297,503</u>	<u>278,830</u>	<u>36,657</u>	<u>2,539,676</u>	<u>115,000</u>
Governmental Activity Long-Term Liabilities	<u>\$ 57,330,671</u>	<u>\$ 505,893</u>	<u>\$ 1,364,975</u>	<u>\$ 56,471,589</u>	<u>\$ 1,516,850</u>

For the governmental activities, compensated absences are generally liquidated by the general fund.

NOTE 4 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The District is a member of the Suburban Essex Joint Insurance Fund (the "Fund"). The Fund 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 fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the fund. 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 provides 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 respective insurance funds are on file with the School's 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.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2009	\$ 90,123	\$ 75,385	\$ 660,004
2008	74,872	61,723	633,340
2007	67,888	31,813	599,156

B. 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 February 2009, the Board received an examination from the Department of Education, Office of Fiscal Accountability Compliance Investigation Unit regarding building program irregularities. The examination requested that \$326,004 of General Fund State Aid must be refunded to the State. The District has appealed this decision and is awaiting the case to be resolved.

The Board had entered into a mutual release and settlement agreement of \$2,725,000 with an engineering company previously providing professional services to the Board for construction management and related services for the Franklin Middle School referendum. The engineering firm had paid \$750,000 of the settlement, with the balance to be paid in accordance with the payment schedule contained in the settlement agreement.

On February 17, 2009, the Superior Court of New Jersey, Law Division entered a judgment rescinding the settlement agreement on the basis of unilateral mistake and ordering the engineering company to pay the Board \$750,000 representing the return of the money paid pursuant to the settlement agreement. The engineering company appealed that judgment to the Appellate Division. The appeal is pending. In the interim, the Board is pursuing collection of its \$750,000 judgment. The Appellate Division issued a Scheduling Order which provides for the filing of briefs through January 2010. It is not expected that a decision will be rendered on the appeal until the second or third quarter of 2010.

Currently, there is a matter before the American Arbitration Association ("AAA") involving claims presented by a contractor against the Board arising out of the Franklin Middle School referendum project. The contractor originally asserted claims against the Board for \$68,378 in unresolved change order requests. On October 9, 2008, the contractor filed a request for leave to amend its claim to assert addition claims, which total \$891,538.

The Board's counsel has filed a response with the AAA on October 31, 2008 and is awaiting a ruling from the Arbitrator as to whether or not the contractor will be permitted to assert the additional claims. The Board has asserted defenses based upon defective work, is vigorously defending this matter, and disputes the claims. Discovery must still take place and an arbitration date has not been assigned.

The Board has also asserted claims of defective and deficient work of a contractor who performed work on the Lincoln and Washington Elementary Schools. Accordingly, the Board has notified the contractor's performance bond surety of such claims. In turn, the contractor has asserted claims for late payment of invoices submitted to the Board. The parties are engaged in formal mediation proceedings.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 4 OTHER INFORMATION (Continued)

B. Contingent Liabilities (Continued)

The Board's counsel has been engaged in connection with the review and evaluation of claims asserted by its former architectural firm as well as defense as claims by the firm against the Board for unpaid invoices in the approximate amount of \$361,572. The Board disputes these invoices and intends to pursue claims for professional malpractice and has placed the firm on notice of such potential professional liability claims by letter.

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, 2009, except as previously discussed, significant amounts of grant expenditures have not been audited by the various grantor agencies but management 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.

Federal and State Awards – 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, 2009, 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.

C. 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, 2009, the District had no estimated arbitrage earnings due to the IRS.

D. Employee Retirement Systems and Pension Plans

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all eligible Board employees:

Public Employees' Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Teachers' Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

Other Pension Funds

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required State contribution for the system.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems, funds, and trusts. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Significant Legislation

P.L. 2007, c.92, implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform: established a Defined Contribution Retirement Program (DCRP) for elected and certain appointed officials, effective July 1, 2007; closed the Workers' Compensation Judges part of PERS to new members, effective July 1, 2007; eliminated the four percent fixed rate of interest for loans from the defined benefit plans and provided that the rate of interest will be set by the State Treasurer at a commercially reasonable rate as required by the Internal Revenue Code and permitted that an administrative processing fee may be charged for such loans. It also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the system when excess assets are available.

P.L. 2007, c.103, certain parts effective July 1, 2007, provided for the following: changed employee contribution rates of TPAF, PERS (State employees only) and DCRP to 5.5 percent of annual compensation; imposed an annual maximum wage contribution base and a new retirement age to new employees; implemented changes to State Health Benefits Program (SHBP) and established for State employees an employee contribution of 1.5 percent of the employee's base salary.

Public Law 2009, c.19 (S-21) was enacted on March 17, 2009 and allows the Division of Pensions and Benefits to provide non-state government pension system employers the option of paying the full amount, or an amount that reflects a 50 percent reduction of the normal and accrued liability component of the PERS and/or PFRS obligations for payments due in the State fiscal year ending June 30, 2009. These payments were due on April 1, 2009.

Funding Status and Funding Progress

As of June 30, 2007, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 76.0 percent with an unfunded actuarial accrued liability of \$28.4 billion.

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the June 30, 2007 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for the retirement systems and (2) 5.45 percent for projected salary increases for the PERS and 5.74 percent for TPAF.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS and 5.5% for TPAF of the employee's annual compensation. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and TPAF.

Annual Pension Costs (APC)

During the year ended June 30, 2009 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals the annual required contribution. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. However due to the enactment of P.L. 2009, c.19(S-21) the District opted to contribute a PERS amount that reflected a 50 percent reduction of the normal and accrued liability component of the PERS obligations due in the fiscal year ended June 30, 2009. The unpaid or deferred amount of \$227,063 will be repaid with interest starting in the 2011/2012 fiscal year over a 15 year period. The District is allowed to payoff the deferred pension obligation at any time. A long-term liability of the deferred pension obligation has been recorded in the governmental activities in the district-wide financial statements.

During the years ended June 30, 2009, 2008 and 2007 the Board was required to contribute for PERS and the State of New Jersey was required to contribute for TPAF for normal cost pension contributions the following amounts:

<u>Year Ended</u> <u>June 30,</u>	<u>PERS</u>	<u>On-behalf</u> <u>TPAF</u>
2009	\$ 283,512	\$ 83,952
2008	403,550	1,892,580
2007	213,898	1,908,210

During 2008/09 school year, the State of New Jersey did not contribute to the TPAF for normal cost. The State only paid for the NCGI premium.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$1,999,683 during the year ended June 30, 2009 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, 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
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund –Local classified as a cost-sharing multiple-employer plan in the State's CAFR. The health benefit programs had a total of 452 state and local participating employers and contributing entities for Fiscal Year 2008.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Funds. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Basis of Accounting

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

Funded Status and Funding Progress

As of June 30, 2007, the most recent actuarial valuation date, the State had a \$50.6 billion unfunded actuarial accrued liability for other postemployment benefits (OPEB) which is made up to \$18.4 billion for state active and retired members and \$32.2 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events in the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Actuarial Methods and Assumptions

In the June 30, 2007, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2008, there were 80,181 retirees receiving post-retirement medical benefits. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education with 25 years of service. The State paid \$116.0 million toward Chapter 126 benefits for 12,545 eligible retired members in fiscal year 2008.

The State sets the contribution rate based on a pay as you go basis and not on the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2009, 2008 and 2007 were \$1,601,597, \$1,927,014 and \$1,816,684, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

BUDGETARY COMPARISON SCHEDULES

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 43,162,248		\$ 43,162,248	\$ 43,162,248	
Tuition	124,552		124,552	149,048	\$ 24,496
Transportation Fees	70,000		70,000	77,995	7,995
Interest on Capital Reserve	12,000		12,000	3,153	(8,847)
Other Restricted Miscellaneous	40,000		40,000	15,983	(24,017)
Unrestricted Miscellaneous	745,000	-	745,000	320,431	(424,569)
Total Revenues - Local Sources	44,153,800	-	44,153,800	43,728,858	(424,942)
State Sources					
Equalization Aid	4,682,151		4,682,151	4,464,611	(217,540)
Transportation Aid	360,632		360,632	360,632	
Categorical Special Education Aid	2,184,130		2,184,130	2,184,130	
Security Aid	294,869		294,869	294,869	
Extraordinary Aid	253,871		253,871	372,969	119,098
TPAF Pension System Contributions-Normal				83,952	83,952
TPAF Pension System Contribution - Post Retirement (Non Budgeted)				1,601,597	1,601,597
TPAF Social Security Contributions (Non Budgeted)	-	-	-	1,999,683	1,999,683
Total State Sources	7,775,653	-	7,775,653	11,362,443	3,586,790
Total Revenues	51,929,453	-	51,929,453	55,091,301	3,161,848
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers:					
Preschool/Kindergarten	702,400	\$ (98,880)	603,520	597,661	5,859
Grades 1 - 5	7,033,689	(237,756)	6,795,933	6,765,017	30,916
Grades 6 - 8	4,349,195	(203,993)	4,145,202	4,107,962	37,240
Grades 9 - 12	5,805,429	(11,693)	5,793,736	5,782,576	11,160
Home Instruction:					
Salaries of Teachers	70,720	(10,000)	60,720	43,697	17,023
Purchased Professional-Educational Services	26,000	250	26,250	23,421	2,829
Regular Programs - Undistributed Instruction:					
Purchased Technical Services	37,890	(3)	37,887	29,842	8,045
Other Purchased Services	56,000	12,723	68,723	54,204	14,519
General Supplies	710,677	388,898	1,099,575	992,042	107,533
Textbooks	224,657	(34,742)	189,915	162,587	27,328
Other Objects	42,714	(2,851)	39,863	28,334	11,529
Total Instruction Regular Programs	19,059,371	(198,047)	18,861,324	18,587,343	273,981
Special Education					
Learning/Language Disabilities					
Salaries of Teachers	1,276,990	(40,000)	1,236,990	1,225,330	11,660
Other Salaries for Instruction	202,385	76,065	278,450	266,248	12,202
General Supplies	12,800	-	12,800	12,537	263
Textbooks	4,550	700	5,250	5,229	21
Other Objects	-	53	53	53	-
Total Learning/Language Disabilities	1,496,725	36,818	1,533,543	1,509,397	24,146

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
Resource Room/Resource Center					
Salaries of Teachers	\$ 965,670	\$ (51,293)	\$ 914,377	\$ 884,136	\$ 30,241
General Supplies	14,100	-	14,100	11,143	2,957
Textbooks	1,050	-	1,050	-	1,050
Other Objects	-	49	49	49	-
Total Resource Room/Resource Center	<u>980,820</u>	<u>(51,244)</u>	<u>929,576</u>	<u>895,328</u>	<u>34,248</u>
Autism					
Salaries of Teachers	<u>631,945</u>	<u>226,345</u>	<u>858,290</u>	<u>848,659</u>	<u>9,631</u>
Total Autism	<u>631,945</u>	<u>226,345</u>	<u>858,290</u>	<u>848,659</u>	<u>9,631</u>
Preschool Disabilities					
Salaries of Teachers	186,928	25,900	212,828	212,240	588
Other Salaries for Instruction	89,310	1,018	90,328	89,773	555
General Supplies	2,300	628	2,928	2,857	71
Other Objects	-	37	37	37	-
Total Preschool Disabilities	<u>278,538</u>	<u>27,583</u>	<u>306,121</u>	<u>304,907</u>	<u>1,214</u>
Total Special Education	<u>3,388,028</u>	<u>239,502</u>	<u>3,627,530</u>	<u>3,558,291</u>	<u>69,239</u>
Basic Skills/Remedial					
Salaries of Teachers	740,288	26,432	766,720	762,984	3,736
Other Salaries for Instruction	2,300	-	2,300	-	2,300
General Supplies	2,600	(150)	2,450	1,569	881
Textbooks	1,000	-	1,000	-	1,000
Other Objects	150	150	300	300	-
Total Basic Skills/Remedial	<u>746,338</u>	<u>26,432</u>	<u>772,770</u>	<u>764,853</u>	<u>7,917</u>
Bilingual Education					
Salaries of Teachers	196,768	782	197,550	195,063	2,487
General Supplies	5,502	-	5,502	3,261	2,241
Textbooks	1,670	1,292	2,962	2,596	366
Total Bilingual Education	<u>203,940</u>	<u>2,074</u>	<u>206,014</u>	<u>200,920</u>	<u>5,094</u>
Vocational Programs- Local - Instruction					
Salaries of Teachers	<u>2,500</u>	<u>-</u>	<u>2,500</u>	<u>2,500</u>	<u>-</u>
Total Vocational Programs-Local-Instruction	<u>2,500</u>	<u>-</u>	<u>2,500</u>	<u>2,500</u>	<u>-</u>
School Sponsored Co-Curricular Activities					
Salaries of Teachers	167,240	11,046	178,286	167,750	10,536
Purchased Services	2,000	(2,000)	-	-	-
General Supplies	250	3,508	3,758	3,758	-
Other Objects	850	(850)	-	-	-
Total Co-Curricular Activities	<u>170,340</u>	<u>11,704</u>	<u>182,044</u>	<u>171,508</u>	<u>10,536</u>
School Sponsored Athletics					
Salaries	578,146	(104,052)	474,094	474,094	-
Purchased Services	45,297	3,980	49,277	49,197	80
Supplies and Materials	87,560	11,063	98,623	98,345	278
Other Objects	159,350	5,860	165,210	163,682	1,528
Total Athletics	<u>870,353</u>	<u>(83,149)</u>	<u>787,204</u>	<u>785,318</u>	<u>1,886</u>

(Continued)

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CURRENT EXPENDITURES (Continued)					
Other Instruction Programs					
Salaries	\$ 200,254	\$ (343)	\$ 199,911	\$ 197,095	\$ 2,816
Purchased Services	69,228	1,669	70,897	69,456	1,441
Total Other Instruction Programs	269,482	1,326	270,808	266,551	4,257
Community Services					
Salaries	13,400	-	13,400	6,620	6,780
Total Community Services	13,400	-	13,400	6,620	6,780
Total Instruction	24,723,752	(158)	24,723,594	24,343,904	379,690
Tuition					
Tuition to NJ LEA's - Special	107,211	57,937	165,148	165,148	-
Tuition to County Vocational - Regular	17,385	(17,385)			-
Tuition to County Vocational - Special	26,775	(13,387)	13,388	13,388	-
Tuition to County Sp Service and Regional Day School	59,962	43,879	103,841	103,841	-
Tuition to NJ Private Handicapped	2,858,491	(49,489)	2,809,002	2,632,793	176,209
Tuition to State Facilities	-	4,500	4,500	4,500	-
Total Tuition	3,069,824	26,055	3,095,879	2,919,670	176,209
Undistributed Expenditures					
Health Services					
Salaries	542,167	14,369	556,536	555,610	926
Purchased Professional Services	67,000	64,161	131,161	115,970	15,191
Other Purchased Services	100	-	100	5	95
Supplies and Materials	14,700	-	14,700	13,716	984
Other Objects	250	-	250	112	138
Total Health Services	624,217	78,530	702,747	685,413	17,334
Undistributed Expend.-Other Supp. Svcs.-					
Student Related Services					
Salaries	392,863	76,280	469,143	469,143	-
Purchased Professional Educational Services	101,300	84,071	185,371	175,556	9,815
Supplies and Materials	4,200	48	4,248	3,687	561
Total Other Support/Student Related Services	498,363	160,399	658,762	648,386	10,376
Undistributed Expend.-Other Supp. Svcs.-Extraord. Serv.					
Salaries	247,325	-	247,325	227,973	19,352
Total Other Support/Extraordinary Services	247,325	-	247,325	227,973	19,352
Undistributed Expend.-Other Supp. Svcs.-Students- Reg					
Salaries of Other Professional Staff	1,075,165	(127,069)	948,096	948,096	-
Salaries of Secretarial and Clerical Assistants	158,210	(48)	158,162	158,034	128
Other Purchased Professional and Technical Services	46,200	16,722	62,922	42,657	20,265
Other Purchased Services	6,761	30	6,791	6,389	402
Supplies and Materials	23,300	14,318	37,618	34,973	2,645
Other Objects	2,200	-	2,200	2,196	4
Total Other Support Services/Regular	1,311,836	(96,047)	1,215,789	1,192,345	23,444

(Continued)

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CURRENT EXPENDITURES (Continued)					
Undistributed Expend.-Other Supp. Svcs.-Students- Special					
Salaries of Other Professional Staff	\$ 852,678	\$ 261,016	\$ 1,113,694	\$ 1,113,694	
Miscellaneous Purchased Services	2,200	(8)	2,192	2,192	
Supplies and Materials	12,300	(673)	11,627	10,888	\$ 739
Total Other Support Services/Special	867,178	260,335	1,127,513	1,126,774	739
Improvement of Instruction					
Salaries of Supervisors of Instruction	128,564	(128,502)	62		62
Salaries of Other Professional Staff	24,680	6,274	30,954	30,332	622
Salaries of Secretarial and Clerical Assist.	154,239	(512)	153,727	144,440	9,287
Purchased Professional Educational Services	7,000	-	7,000	7,000	-
Other Purchased Professional and Technical Services	8,500	(417)	8,083	4,335	3,748
Other Purchased Services	730	5,712	6,442	6,442	-
Supplies and Materials	11,000	(4,872)	6,128	3,264	2,864
Other Objects	1,250	(289)	961	315	646
Total Improvement of Instruction	335,963	(122,606)	213,357	196,128	17,229
Educational Media Services/ School Library					
Salaries	661,563	-	661,563	608,672	52,891
Purchased Professional and Technical Services	20,675	-	20,675	16,915	3,760
Other Purchased Services	30,500	17,265	47,765	42,693	5,072
Supplies and Materials	125,933	(1,277)	124,656	82,527	42,129
Total Educational Media Services/ School Library	838,671	15,988	854,659	750,807	103,852
Instructional Staff Training Services					
Salaries of Other Professional Staff	3,300	-	3,300	676	2,624
Purchased Professional Educational Services	4,200	-	4,200		4,200
Other Purchased Services	16,100	-	16,100	2,917	13,183
Supplies and Materials	550	-	550	538	12
Other Objects	1,200	-	1,200	505	695
Total Instructional Staff Training Services	25,350	-	25,350	4,636	20,714
Support Services General Administration					
Salaries	414,099	157,865	571,964	571,964	-
Legal Services	81,000	102,223	183,223	183,223	-
Audit Fees	30,100	21,370	51,470	50,444	1,026
Other Purchased Professional Services		6,219	6,219	6,219	-
Purchased Technical Services	6,850	(4,360)	2,490	2,490	-
Communications/Telephone	161,894	(22,594)	139,300	124,561	14,739
Other Purchased Services	33,360	4,052	37,412	35,773	1,639
BOE Other Purchased Services	10,250	(8,219)	2,031	1,807	224
Supplies and Materials	16,000	3,591	19,591	18,643	948
Judgements		200,000	200,000	200,000	-
Miscellaneous Expenditures	20,950	(5,256)	15,694	11,192	4,502
BOE Membership Dues and Fees	27,000	(1,713)	25,287	25,287	-
Total Support Services General Administration	801,503	453,178	1,254,681	1,231,603	23,078
Support Services School Administration					
Salaries of Principals and Assistant Principals	1,110,545	66,918	1,177,463	1,177,463	-
Salaries of Other Professional Staff	544,014	283,873	827,887	827,887	-
Salaries of Secretarial and Clerical Assistants	553,055	111,560	664,615	658,635	5,980
Other Purchased Services	63,465	12,270	75,735	72,377	3,358
Supplies and Materials	57,396	(6,119)	51,277	42,484	8,793
Other Objects	52,289	4,869	57,158	52,694	4,464
Total Support Services School Administration	2,380,764	473,371	2,854,135	2,831,540	22,595

(Continued)

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures - Central Services					
Salaries	\$ 644,845	\$ (521)	\$ 644,324	\$ 636,678	\$ 7,646
Purchased Professional Services	111,200	(21,256)	89,944	63,160	26,784
Purchased Technical Services	-	500	500	266	234
Miscellaneous Purchased Services	71,693	(10,518)	61,175	28,485	32,690
Supplies and Materials	21,493	6,953	28,446	21,538	6,908
Other Objects	2,100	-	2,100	620	1,480
Total Undistributed Expenditures - Central Services	<u>851,331</u>	<u>(24,842)</u>	<u>826,489</u>	<u>750,747</u>	<u>75,742</u>
Undistributed Expenditures - Admin. Info. Tech.					
Salaries	238,363	14,665	253,028	253,028	-
Other Purchased Services	7,600	(5,186)	2,414	1,055	1,359
Supplies and Materials	23,500	32,613	56,113	28,145	27,968
Total Undistributed Expenditures - Admin. Info. Technology	<u>269,463</u>	<u>42,092</u>	<u>311,555</u>	<u>282,228</u>	<u>29,327</u>
Required Maintenance for School Facilities					
Salaries	475,245	30,734	505,979	503,197	2,782
Cleaning, Repair and Maintenance Services	99,600	109,581	209,181	205,993	3,188
General Supplies	185,400	15,294	200,694	168,892	31,802
Other Objects	12,360	(5,573)	6,787	2,454	4,333
Total Required Maint for School Facilities	<u>772,605</u>	<u>150,036</u>	<u>922,641</u>	<u>880,536</u>	<u>42,105</u>
Other Operations and Maintenance of Plant					
Salaries	2,463,506	(33,197)	2,430,309	2,423,185	7,124
Purchased Professional and Technical Services	63,860	7,750	71,610	71,610	-
Cleaning, Repair and Maintenance Services	271,330	(38,853)	232,477	229,639	2,838
Rental of Land & Bldg. Oth. Than Lease Purch. Agreement	1,900	-	1,900	1,305	595
Insurance	83,564	-	83,564	81,660	1,904
Miscellaneous Purchased Services	35,000	-	35,000	26,701	8,299
General Supplies	148,750	(18,347)	130,403	98,918	31,485
Energy (Heat and Electricity)	1,083,858	(28,538)	1,055,320	1,047,488	7,832
Other Objects	1,800	-	1,800	605	1,195
Total Other Operations and Maint. of Plant	<u>4,153,568</u>	<u>(111,185)</u>	<u>4,042,383</u>	<u>3,981,111</u>	<u>61,272</u>
Student Transportation Services					
Salaries for Pupil Trans (Bet Home & Sch)-Regular	27,000	10,385	37,385	35,994	1,391
Salaries for Pupil Trans (Bet Home & Sch)-Sp Ed.	782,853	(2,250)	780,603	780,603	-
Salaries for Pupil Trans (Other than Bet Home & Sch).	163,100	(35,206)	127,894	126,137	1,757
Cleaning, Repair and Maintenance Services	109,000	41,819	150,819	138,600	12,219
Other Purchased Professional and Technical Services	35,594	349	35,943	35,592	351
Lease Purchase Payments - School Buses - Lease of Space for Buses	21,528	(349)	21,179	20,700	479
Contr Serv(Bet Home & Sch)-Vend	15,000	(4,516)	10,484	6,296	4,188
Contr Serv(Oth. Than Bet Home & Sch)-Vend	42,620	595	43,215	25,127	18,088
Contr Serv(Special Education)-Vendors	420,189	(278,878)	141,311	129,802	11,509
Contr Serv(Special Education)-Joint Agreements	3,600	(750)	2,850		2,850
Miscellaneous Purch. Services- Transportation	30,254	-	30,254	28,830	1,424
Supplies and Materials	104,300	(24,978)	79,322	74,004	5,318
Miscellaneous Expenditures	15,000	(2,456)	12,544	12,544	-
Total Student Transportation Services	<u>1,770,038</u>	<u>(296,235)</u>	<u>1,473,803</u>	<u>1,414,229</u>	<u>59,574</u>

(Continued)

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CURRENT EXPENDITURES (Continued)					
Unallocated Employee Benefits					
Social Security Contributions - Other	\$ 816,184	\$ 67,388	\$ 883,572	\$ 862,771	\$ 20,801
Other Retirement Contributions - Regular	683,808	(390,359)	293,449	293,370	79
Workmens Compensation	175,832	(46,534)	129,298	129,298	-
Health Benefits	7,360,620	(142,439)	7,218,181	7,218,181	-
Tuition Reimbursements	77,060	(26,070)	50,990	50,990	-
Other Employee Benefits	182,000	(113,280)	68,720	62,096	6,624
Total Unallocated Employee Benefits	<u>9,295,504</u>	<u>(651,294)</u>	<u>8,644,210</u>	<u>8,616,706</u>	<u>27,504</u>
TPAF Pension System Contributions-Normal (Non-Budgeted)				83,952	(83,952)
TPAF Pension System Contributions-Post Retirement (Non-Budgeted)				1,601,597	(1,601,597)
TPAF Social Security Contributions (Non-Budgeted)	-	-	-	1,999,683	(1,999,683)
Total TPAF Pension and Social Security Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,685,232</u>	<u>(3,685,232)</u>
Total Undistributed Expenditures	<u>28,113,503</u>	<u>357,775</u>	<u>28,471,278</u>	<u>31,426,064</u>	<u>(2,954,786)</u>
Total Current Expenditures	<u>52,837,255</u>	<u>357,617</u>	<u>53,194,872</u>	<u>55,769,968</u>	<u>(2,575,096)</u>
CAPITAL OUTLAY					
Interest Deposit to Capital Reserve					
Equipment					
Grades 1 - 5	63,000	(3,873)	59,127	54,706	4,421
Grades 6 - 8		12,381	12,381		12,381
Grades 9 - 12		9,013	9,013	5,140	3,873
Undistributed Expenditures					-
Support Services - Noninstructional	20,000	-	20,000	20,000	-
Operations and Maintenance of Plant		10,813	10,813	10,813	-
Total Equipment	<u>83,000</u>	<u>28,334</u>	<u>111,334</u>	<u>90,659</u>	<u>20,675</u>
Total Expenditures - Capital Outlay	<u>83,000</u>	<u>28,334</u>	<u>111,334</u>	<u>90,659</u>	<u>20,675</u>
Total Expenditures - General Fund	<u>52,920,255</u>	<u>385,951</u>	<u>53,306,206</u>	<u>55,860,627</u>	<u>(2,554,421)</u>
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	<u>(990,802)</u>	<u>(385,951)</u>	<u>(1,376,753)</u>	<u>(769,326)</u>	<u>607,427</u>

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
Other Financing Sources (Uses)					
Transfers In				\$ 258,253	\$ 258,253
Transfers Out	\$ (160,000)		\$ (160,000)	(100,000)	(60,000)
Transfers Out	(613,273)	-	(613,273)	(613,273)	-
Total Other Financing Sources (Uses)	(773,273)	-	(773,273)	(455,020)	198,253
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(1,764,075)	\$ (385,951)	(2,150,026)	(1,224,346)	805,680
Fund Balance, Beginning of Year	2,210,120	-	2,210,120	2,210,120	-
Fund Balance, End of Year	\$ 446,045	\$ (385,951)	\$ 60,094	\$ 985,774	\$ 925,680

Recapitulation of Fund Balance

Reserve for Encumbrances	\$ 55,334
Capital Reserve	126,030
Designated for Subsequent Year's Budget	
Unrestricted Fund Balance	<u>804,410</u>
Fund Balance (Budgetary Basis)	985,774

Reconciliation to Governmental Fund Statements (GAAP)

2008/2009 Final State Aid Payment Not Recognized on a GAAP Basis	(683,032)
2008/2009 Extraordinary Aid Not Recognized on a GAAP Basis	<u>(372,969)</u>
Fund Balance per Governmental Funds (GAAP Basis)	<u>\$ (70,227)</u>

**NUTLEY BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 262,631	\$ 160,094	\$ 422,725	\$ 360,869	\$ (61,856)
Federal	1,011,497	380,009	1,391,506	1,160,651	(230,855)
Local Sources					
Miscellaneous	-	21,720	21,720	12,221	(9,499)
Total Revenues	<u>1,274,128</u>	<u>561,823</u>	<u>1,835,951</u>	<u>1,533,741</u>	<u>(302,210)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	281,232	235,340	516,572	516,572	-
Purchased Prof. and Technical Services	243,314	342,752	586,066	445,595	140,471
Tuition	699,870	(301,702)	398,168	327,294	70,874
General Supplies	20,305	30,624	50,929	32,948	17,981
Textbooks	29,407	11,821	41,228	35,959	5,269
Other Objects	-	13,227	13,227	6,095	7,132
Total Instruction	<u>1,274,128</u>	<u>332,062</u>	<u>1,606,190</u>	<u>1,364,463</u>	<u>241,727</u>
Support Services					
Salaries of Teachers		7,058	7,058	7,000	58
Employee Benefits		81,212	81,212	58,227	22,985
Purchased Prof. and Technical Services		32,673	32,673	3,982	28,691
Purchased Professional/Educational Services		53,294	53,294	53,294	-
Travel		843	843	1,029	(186)
Other Purchased Services		39,489	39,489	32,151	7,338
Supplies and Materials	-	1,597	1,597	-	1,597
Total Support Services	<u>-</u>	<u>216,166</u>	<u>216,166</u>	<u>155,683</u>	<u>60,483</u>
Facilities Acquisition and Instructional Equipment	<u>-</u>	<u>13,595</u>	<u>13,595</u>	<u>13,595</u>	<u>-</u>
Total Facilities Acquisition	<u>-</u>	<u>13,595</u>	<u>13,595</u>	<u>13,595</u>	<u>-</u>
Total Expenditures	<u>1,274,128</u>	<u>561,823</u>	<u>1,835,951</u>	<u>1,533,741</u>	<u>302,210</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NUTLEY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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 certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration of the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

The following presents a reconciliation of the General and Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules	C-1 \$ 55,091,301	C-2 \$ 1,533,741
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, 2008 encumbrances (net of cancellations)		64,578
Less: June 30, 2009 encumbrances		
State Aid payments recognized for GAAP Statements, not recognized for budgetary purposes.	432,449	
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements.	<u>(1,056,001)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	B-2 \$ <u>54,467,749</u>	B-2 \$ <u>1,598,319</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	C-1 \$ 55,860,627	C-2 \$ 1,533,741
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, 2008 encumbrances (net of cancellations)		64,578
Less: June 30, 2009 encumbrances	<u>-</u>	<u>-</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	B-2 \$ <u>55,860,627</u>	B-2 \$ <u>1,598,319</u>

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, 2009

	Nonpublic Textbooks	N.J. Nonpublic Auxiliary			NJ Nonpublic Handicapped			Nonpublic Nursing
		Compensatory Education	ESL	Transportation	Supplemental Instruction	Examination/ Classification	Corrective Speech	
REVENUES								
State Sources	\$ 32,680	\$ 137,256	\$ 11,571	\$ 23,816	\$ 27,506	\$ 32,045	\$ 23,343	\$ 44,236
Federal Sources	-	-	-	-	-	-	-	-
Total Revenues	<u>\$ 32,680</u>	<u>\$ 137,256</u>	<u>\$ 11,571</u>	<u>\$ 23,816</u>	<u>\$ 27,506</u>	<u>\$ 32,045</u>	<u>\$ 23,343</u>	<u>\$ 44,236</u>
EXPENDITURES								
Instruction:								
Salaries of Teachers								
Purchased Prof. and Technical Services		\$ 137,256	\$ 11,571		\$ 27,506	\$ 32,045	\$ 23,343	
General Supplies								
Textbooks	\$ 32,680							
Miscellaneous Expenses	-	-	-	-	-	-	-	-
Total Instruction	<u>32,680</u>	<u>137,256</u>	<u>11,571</u>	<u>-</u>	<u>27,506</u>	<u>32,045</u>	<u>23,343</u>	<u>-</u>
Support Services								
Salaries of Program Directors								
Purchased Professional Educational Services								\$ 44,236
Other Purchased Services				\$ 23,816				
Supplies and Materials	-	-	-	-	-	-	-	-
Total Support Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,816</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,236</u>
Total Expenditures	<u>\$ 32,680</u>	<u>\$ 137,256</u>	<u>\$ 11,571</u>	<u>\$ 23,816</u>	<u>\$ 27,506</u>	<u>\$ 32,045</u>	<u>\$ 23,343</u>	<u>\$ 44,236</u>

NUTLEY BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Title III Carryover</u>	<u>Title III</u>	<u>Title 1</u>	<u>Title I Carryover</u>	<u>Nonpublic Home Instruction</u>	<u>IDEIA B Basic</u>	<u>IDEIA B Preschool</u>	<u>IDEA B Carryover</u>
REVENUES								
State Sources					\$ 5,176			
Federal Sources	\$ 1,363	\$ 19,085	\$ 206,683	\$ 23,649	-	\$ 739,954	\$ 39,218	\$ 8,089
Total Revenues	<u>\$ 1,363</u>	<u>\$ 19,085</u>	<u>\$ 206,683</u>	<u>\$ 23,649</u>	<u>\$ 5,176</u>	<u>\$ 739,954</u>	<u>\$ 39,218</u>	<u>\$ 8,089</u>
EXPENDITURES								
Instruction:								
Salaries of Teachers		\$ 7,420	\$ 164,330	\$ 14,212		\$ 254,100		
Purchased Prof. and Technical Services			9,014		\$ 5,176	168,355		\$ 8,089
Other Purchased Services								
Tuition						288,076	\$ 39,218	
General Supplies	1,351	4,622	3,858	-		9,984		
Textbooks		3,279						
Miscellaneous Expenses	-	-	-	-	-	-	-	-
Total Instruction	<u>1,351</u>	<u>15,321</u>	<u>177,202</u>	<u>14,212</u>	<u>5,176</u>	<u>720,515</u>	<u>39,218</u>	<u>8,089</u>
Support Services								
Salaries of Teachers		2,000	4,000					
Employee Benefits		1,290	25,481	1,049		19,439		
Purchased Prof. and Technical Services								
Purchased Professional Educational Services				8,388				
Travel	12	474						
Other Purchased Services								
Supplies and Materials	-	-	-	-	-	-	-	-
Total Support Services	<u>12</u>	<u>3,764</u>	<u>29,481</u>	<u>9,437</u>	<u>-</u>	<u>19,439</u>	<u>-</u>	<u>-</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>\$ 1,363</u>	<u>\$ 19,085</u>	<u>\$ 206,683</u>	<u>\$ 23,649</u>	<u>\$ 5,176</u>	<u>\$ 739,954</u>	<u>\$ 39,218</u>	<u>\$ 8,089</u>

NUTLEY BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Title I Carryover</u>	<u>Title II A</u>	<u>Title IIA Carryover</u>	<u>Other</u>	<u>Title IV</u>	<u>Perkins Vocational Education</u>	<u>Nonpublic Technology</u>	<u>Total</u>
REVENUES								
Other				\$ 12,221				\$ 12,221
State Sources							\$ 23,240	360,869
Federal Sources	\$ 294	\$ 94,288	\$ 1,449	-	\$ 5,058	\$ 21,521	-	1,160,651
Total Revenues	<u>\$ 294</u>	<u>\$ 94,288</u>	<u>\$ 1,449</u>	<u>\$ 12,221</u>	<u>\$ 5,058</u>	<u>\$ 21,521</u>	<u>\$ 23,240</u>	<u>\$ 1,533,741</u>
EXPENDITURES								
Instruction:								
Salaries of Teachers		\$ 76,510						516,572
Purchased Prof. and Technical Services							\$ 23,240	445,595
Tuition								327,294
General Supplies				\$ 6,126		\$ 7,007		32,948
Textbooks								35,959
Miscellaneous Expenses	-	-	-	6,095	-	-	-	6,095
Total Instruction	<u>-</u>	<u>76,510</u>	<u>-</u>	<u>12,221</u>	<u>-</u>	<u>7,007</u>	<u>23,240</u>	<u>1,364,463</u>
Support Services								
Salaries of Teachers					\$ 1,000			7,000
Employee Benefits		10,892			76			58,227
Purchased Prof. and Technical Services					3,982			3,982
Purchased Professional Educational Services	\$ 294					376		53,294
Travel						543		1,029
Other Purchased Services		6,886	\$ 1,449					32,151
Supplies and Materials	-	-	-	-	-	-	-	-
Total Support Services	<u>294</u>	<u>17,778</u>	<u>1,449</u>	<u>-</u>	<u>5,058</u>	<u>919</u>	<u>-</u>	<u>155,683</u>
Facilities Acquisition and								
Construction Services								-
Instructional Equipment	-	-	-	-	-	13,595	-	13,595
Total Facilities Acquisition	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,595</u>	<u>-</u>	<u>13,595</u>
Total Expenditures	<u>\$ 294</u>	<u>\$ 94,288</u>	<u>\$ 1,449</u>	<u>\$ 12,221</u>	<u>\$ 5,058</u>	<u>\$ 21,521</u>	<u>\$ 23,240</u>	<u>\$ 1,533,741</u>

**NUTLEY BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**NUTLEY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

<u>Project Description</u>	<u>Appropriation</u>	<u>Expenditures to Date</u>		<u>Balance June 30, 2009</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	\$ 4,868,496	\$ 2,800	\$ 1,377
Construction of an addition and renovation of the Franklin Middle School, including acquisition and installation of furnishings and equipment and site work	24,566,816	\$ 23,942,848	155,627	468,341
Radcliffe - Vertical Lift	104,431	102,153		2,278
Various renovations and improvements to the Nutley High School, Lincoln Elementary School, Radcliffe Elementary School, Washington Elementary School and Yantacaw Elementary School and to undertake the construction of an addition and renovations to the Spring Garden School and to acquire the necessary furnishings and equipment and undertake any associated site work.	<u>38,500,000</u>	<u>6,800,786</u>	<u>7,161,494</u>	<u>24,537,720</u>
	<u>\$ 68,043,920</u>	<u>\$ 35,714,283</u>	<u>\$ 7,319,921</u>	<u>\$ 25,009,716</u>
Reconciliation of Fund Balance				
Project Balances, June 30, 2009				\$ 25,009,716
Less:				
Debt Authorized But Not Issued				<u>987</u>
Fund Balance, June 30, 2009 (Budgetary Basis)				25,008,729
Unrealized Revenue - State Aid				
Middle School			\$ 87,697	
Radcliffe School			<u>835</u>	
				<u>88,532</u>
Fund Balance, June 30, 2009 (GAAP Basis)				<u>\$ 24,920,197</u>

**NUTLEY BOARD OF EDUCATION
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGETARY BASIS
CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Revenues and Other Financing Sources

Transfers from Capital Reserve	\$ 613,273
Interest on Investments	<u>258,253</u>
 Total Revenues	 <u>871,526</u>

Expenditures and Other Financing Uses

Purchased Professional And Technical Services	1,336,494
Legal Fees	72,516
Construction Services	5,114,059
Other Purchased Services	10,464
Supplies	11,830
Equipment Purchases	774,558
Transfers Out	<u>258,253</u>
 Total Expenditures	 <u>7,578,174</u>
 Excess (Deficiency) Of Revenues Over (Under) Expenditures	 (6,706,648)
 Fund Balance, Beginning of Year	 <u>31,715,377</u>
 Fund Balance, End of Year	 <u>\$ 25,008,729</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 FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$ 1,949,069		\$ 1,949,069	\$ 1,949,069
Bond Proceeds and Transfers	<u>2,923,000</u>	<u>-</u>	<u>2,923,000</u>	<u>2,923,604</u>
Total Revenues	<u>4,872,069</u>	<u>-</u>	<u>4,872,069</u>	<u>4,872,673</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	537,444		537,444	351,963
Land and Improvements	197,900		197,900	594,080
Construction Services	3,717,256		3,717,256	3,519,630
Supplies	6,073	\$ 2,800	8,873	
Equipment Purchases	<u>409,823</u>	<u>-</u>	<u>409,823</u>	<u>407,000</u>
Total Expenditures	<u>4,868,496</u>	<u>2,800</u>	<u>4,871,296</u>	<u>4,872,673</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ 3,573</u>	<u>\$ (2,800)</u>	<u>\$ 773</u>	<u>\$ -</u>

Additional Project Information:

Project Number	3750-050-03-1027
Grant Date	
Bonds Authorization Date	August 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	4,872,673
Change Order Percentage	0.59%
Percentage Completion	99%
Original Target Completion Date	September 1, 2004
Revised Target Completion Date	December 1, 2006

**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 FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$ 8,769,617		\$ 8,769,617	\$ 8,769,617
Capital Reserve	29,484	\$ 613,273	642,757	642,757
Bond Proceeds and Transfers	<u>15,154,059</u>	<u>-</u>	<u>15,154,059</u>	<u>15,154,442</u>
 Total Revenues	<u>23,953,160</u>	<u>613,273</u>	<u>24,566,433</u>	<u>24,566,816</u>
 Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	2,526,964	16,750	2,543,714	2,750,000
Land and Improvements				620,000
Construction Services	21,242,999	138,877	21,381,876	21,196,816
Other Purchased Services	24,010		24,010	
Supplies	123,740		123,740	
Equipment Purchases	<u>25,135</u>	<u>-</u>	<u>25,135</u>	<u>-</u>
 Total Expenditures	<u>23,942,848</u>	<u>155,627</u>	<u>24,098,475</u>	<u>24,566,816</u>
 Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ 10,312</u>	<u>\$ 457,646</u>	<u>\$ 467,958</u>	<u>\$ -</u>

Additional Project Information:

Project Number	3750-060-04-1000
Grant Date	June 2, 2004
Bonds Authorization Date	February 1, 2005
Bonds Authorized	14,930,000
Bonds Issued	14,930,000
Original Authorized Cost	23,700,000
Transferred from Capital Outlay/Capital Reserve	866,816
Change Orders	34,551
Revised Authorized Cost	24,566,816
 Change Order Percentage	.15%
Percentage Completion	99%
Original Target Completion Date	September 1, 2007
Revised Target Completion Date	September 1, 2007

NUTLEY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
RADCLIFFE ELEMENTARY SCHOOL VERTICAL LIFT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$ 41,772		\$ 41,772	\$ 41,772
Federal Sources - CDBG	40,000		40,000	40,000
Transfer From Capital Reserve	22,659	-	22,659	22,659
 Total Revenues	 104,431	 -	 104,431	 104,431
 Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	4,186		4,186	10,211
Construction Services	97,967	-	97,967	94,220
 Total Expenditures	 102,153	 -	 102,153	 104,431
 Excess (Deficiency) of Revenues over (under) Expenditures	 \$ 2,278	 \$ -	 \$ 2,278	 \$ -

Additional Project Information:

Project Number	3750-080-04-1000
Grant Date	October 19, 2004
Bonds Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	104,431
Change Orders	-
Revised Authorized Cost	104,431
 Change Order Percentage	 0%
Percentage Completion	100%
Original Target Completion Date	November 30, 2004
Revised Target Completion Date	December 1, 2005

**NUTLEY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
VARIOUS RENOVATIONS AND IMPROVEMENTS - HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources				
Bond Proceeds and Transfers	\$ 8,740,000	-	\$ 8,740,000	\$ 8,740,000
Total Revenues	8,740,000	-	8,740,000	8,740,000
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	471,766	\$ 219,770	691,536	1,225,854
Legal Fees		12,086	12,086	
Land and Improvements			-	
Construction Services	1,920,465	90,531	2,010,996	7,468,638
Other Purchased Services	2,886	1,744	4,630	45,508
Supplies		1,505	1,505	
Equipment Purchases	-	129,093	129,093	-
Total Expenditures	2,395,117	454,729	\$ 2,849,846	8,740,000
Excess (Deficiency) of Revenues over (under) Expenditures	\$ 6,344,883	\$ (454,729)	\$ 5,890,154	\$ -

Additional Project Information:

Project Number	3310-050-07-1000
Grant Date	N/A
Bonds Authorization Date	July 15, 2007
Bonds Authorized	8,740,000
Bonds Issued	8,740,000
Original Authorized Cost	8,740,000
Change Orders	-
Revised Authorized Cost	8,740,000
Change Order Percentage	
Percentage Completion	33%
Original Target Completion Date	September 1, 2009
Revised Target Completion Date	September 1, 2010

**NUTLEY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
VARIOUS RENOVATIONS AND IMPROVEMENTS - YANTACAW ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources				
Bond Proceeds and Transfers	\$ 5,530,000	-	\$ 5,530,000	\$ 5,530,000
Total Revenues	<u>5,530,000</u>	<u>-</u>	<u>5,530,000</u>	<u>5,530,000</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	471,766	\$ 219,770	691,536	765,610
Legal Fees		12,086	12,086	
Land and Improvements			-	
Construction Services	286,176	110,901	397,077	4,724,708
Other Purchased Services	1,053	1,744	2,797	39,682
Supplies		1,505	1,505	
Equipment Purchases	<u>-</u>	<u>129,093</u>	<u>129,093</u>	<u>-</u>
Total Expenditures	<u>758,995</u>	<u>475,099</u>	<u>\$ 1,234,094</u>	<u>5,530,000</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ 4,771,005</u>	<u>\$ (475,099)</u>	<u>\$ 4,295,906</u>	<u>\$ -</u>

Additional Project Information:

Project Number	3750-050-07-1000
Grant Date	N/A
Bonds Authorization Date	July 15, 2007
Bonds Authorized	5,530,000
Bonds Issued	5,530,000
Original Authorized Cost	5,530,000
Change Orders	-
Revised Authorized Cost	5,530,000
Change Order Percentage	
Percentage Completion	22%
Original Target Completion Date	September 1, 2009
Revised Target Completion Date	September 1, 2010

**NUTLEY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
VARIOUS RENOVATIONS AND IMPROVEMENTS - WASHINGTON ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources				
Bond Proceeds and Transfers	\$ 7,600,000	-	\$ 7,600,000	\$ 7,600,000
Total Revenues	7,600,000	-	7,600,000	7,600,000
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	471,766	\$ 219,770	691,536	1,031,369
Legal Fees		12,086	12,086	
Land and Improvements			-	
Construction Services	686,233	2,940,920	3,627,153	6,534,068
Other Purchased Services	2,886	1,744	4,630	34,563
Supplies		1,505	1,505	
Equipment Purchases	-	129,093	129,093	-
Total Expenditures	1,160,885	3,305,118	\$ 4,466,003	7,600,000
Excess (Deficiency) of Revenues over (under) Expenditures	\$ 6,439,115	\$ (3,305,118)	\$ 3,133,997	\$ -

Additional Project Information:

Project Number	3750-100-07-1000
Grant Date	N/A
Bonds Authorization Date	July 15, 2007
Bonds Authorized	7,600,000
Bonds Issued	7,600,000
Original Authorized Cost	7,600,000
Change Orders	-
Revised Authorized Cost	7,600,000
Change Order Percentage	
Percentage Completion	59%
Original Target Completion Date	September 1, 2009
Revised Target Completion Date	September 1, 2010

**NUTLEY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
VARIOUS RENOVATIONS AND IMPROVEMENTS - LINCOLN ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources				
Bond Proceeds and Transfers	\$ 5,530,000	-	\$ 5,530,000	\$ 5,530,000
 Total Revenues	 5,530,000	 -	 5,530,000	 5,530,000
 Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	471,766	\$ 219,770	691,536	765,610
Legal Fees		12,086	12,086	
Land and Improvements			-	
Construction Services	494,978	1,826,664	2,321,642	4,724,708
Other Purchased Services	1,054	1,744	2,798	39,682
Supplies		1,505	1,505	
Equipment Purchases	-	129,093	129,093	-
 Total Expenditures	 967,798	 2,190,862	 \$ 3,158,660	 5,530,000
 Excess (Deficiency) of Revenues over (under) Expenditures	 \$ 4,562,202	 \$ (2,190,862)	 \$ 2,371,340	 \$ -

Additional Project Information:

Project Number	3750-070-07-1000
Grant Date	N/A
Bonds Authorization Date	July 15, 2007
Bonds Authorized	5,530,000
Bonds Issued	5,530,000
Original Authorized Cost	5,530,000
Change Orders	-
Revised Authorized Cost	5,530,000
 Change Order Percentage	
Percentage Completion	57%
Original Target Completion Date	September 1, 2009
Revised Target Completion Date	September 1, 2010

**NUTLEY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
VARIOUS RENOVATIONS AND IMPROVEMENTS - RADCLIFFE ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources				
Bond Proceeds and Transfers	\$ 3,400,000	-	\$ 3,400,000	\$ 3,400,000
 Total Revenues	 3,400,000	 -	 3,400,000	 3,400,000
 Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	\$ 471,765	\$ 219,770	691,535	471,333
Legal Fees		12,086	12,086	
Land and Improvements			-	
Construction Services	286,176	3,083	289,259	2,905,210
Other Purchased Services	1,054	1,744	2,798	23,457
Supplies		1,505	1,505	
Equipment Purchases	-	129,093	129,093	-
 Total Expenditures	 758,995	 367,281	 \$ 1,126,276	 3,400,000
 Excess (Deficiency) of Revenues over (under) Expenditures	 \$ 2,641,005	 \$ (367,281)	 \$ 2,273,724	 \$ -

Additional Project Information:

Project Number	3750-080-07-1000
Grant Date	N/A
Bonds Authorization Date	July 15, 2007
Bonds Authorized	3,400,000
Bonds Issued	3,400,000
Original Authorized Cost	3,400,000
Change Orders	-
Revised Authorized Cost	3,400,000
 Change Order Percentage	
Percentage Completion	33%
Original Target Completion Date	September 1, 2009
Revised Target Completion Date	September 1, 2010

**NUTLEY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
ADDITION AND RENOVATIONS - SPRING GARDEN ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources				
Bond Proceeds and Transfers	\$ 7,700,000	-	\$ 7,700,000	\$ 7,700,000
Total Revenues	7,700,000	-	7,700,000	7,700,000
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	\$ 471,765	\$ 220,894	692,659	1,062,087
Legal Fees		12,086	12,086	
Land and Improvements			-	
Construction Services	286,177	3,083	289,260	6,596,117
Other Purchased Services	1,054	1,744	2,798	41,796
Supplies		1,505	1,505	
Equipment Purchases	-	129,093	129,093	-
Total Expenditures	758,996	368,405	\$ 1,127,401	7,700,000
Excess (Deficiency) of Revenues over (under) Expenditures	\$ 6,941,004	\$ (368,405)	\$ 6,572,599	\$ -

Additional Project Information:

Project Number	3750-090-07-1000
Grant Date	N/A
Bonds Authorization Date	July 15, 2007
Bonds Authorized	7,700,000
Bonds Issued	7,700,000
Original Authorized Cost	7,700,000
Change Orders	-
Revised Authorized Cost	7,700,000
Change Order Percentage	
Percentage Completion	15%
Original Target Completion Date	September 1, 2009
Revised Target Completion Date	September 1, 2010

PROPRIETARY FUND

**NUTLEY BOARD OF EDUCATION
PROPRIETARY FUND
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2009**

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, 2009**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

NUTLEY BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2009

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 174,031	-	\$ 174,031
Total Assets	<u>\$ 174,031</u>	<u>\$ -</u>	<u>\$ 174,031</u>
LIABILITIES			
Due to Student Groups	\$ 174,031	-	\$ 174,031
Total Liabilities	<u>\$ 174,031</u>	<u>\$ -</u>	<u>\$ 174,031</u>

**NUTLEY BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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, 2009**

	<u>Balance July 1, 2008</u>	<u>Cash Receipts</u>	<u>Cash Disburse- ments</u>	<u>Balance June 30, 2009</u>
ELEMENTARY SCHOOLS				
Lincoln	\$ 2,079	\$ 22,105	\$ 22,294	\$ 1,890
Radcliffe	3,046	5,026	4,088	3,984
Spring Garden	5,991	6,847	9,281	3,557
Washington	832	8,558	8,231	1,159
Yantacaw	<u>8,279</u>	<u>11,847</u>	<u>11,912</u>	<u>8,214</u>
	<u>20,227</u>	<u>54,383</u>	<u>55,806</u>	<u>18,804</u>
MIDDLE SCHOOL				
Franklin	<u>17,919</u>	<u>43,581</u>	<u>48,493</u>	<u>13,007</u>
HIGH SCHOOL				
Nutley High School	<u>122,741</u>	<u>277,411</u>	<u>257,932</u>	<u>142,220</u>
TOTAL ALL SCHOOLS	<u>\$ 160,887</u>	<u>\$ 375,375</u>	<u>\$ 362,231</u>	<u>\$ 174,031</u>

NUTLEY BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Balance, July 1, <u>2008</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2009</u>
Payroll Deductions and Withholdings and Accrued Salaries and Wages		\$ 36,562,377	\$ 36,562,377	-
Due To Other Funds	-	3,165	3,165	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total	\$ -	\$ 36,565,542	\$ 36,565,542	\$ -
	<hr/>	<hr/>	<hr/>	<hr/>

LONG-TERM DEBT

**NUTLEY BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

<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, 2008</u>	<u>Issued</u>	<u>Paid</u>	<u>Balance June 30, 2009</u>
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	8/15/09	\$ 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		\$ 2,593,000		\$ 120,000	\$ 2,473,000
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	2/15/10	\$ 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		13,875,000	-	505,000	13,370,000

**NUTLEY BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

<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, 2008</u>	<u>Issued</u>	<u>Paid</u>	<u>Balance June 30, 2009</u>
Construction of an addition and renovation to Elementary Schools and Nutley High School	7/15/07	\$ 38,500,000	7/15/08	\$ 660,000	4.500	%				
			7/15/09	730,000	4.500					
			7/15/10	760,000	4.500					
			7/15/11	790,000	4.500					
			7/15/12	820,000	4.500					
			7/15/13	855,000	4.500					
			7/15/14	890,000	4.500					
			7/15/15	930,000	4.500					
			7/15/16	995,000	4.500					
			7/15/17	1,060,000	4.500					
			7/15/18	1,135,000	4.500					
			7/15/19	1,210,000	4.500					
			7/15/20	1,290,000	4.500					
			7/15/21	1,375,000	4.500					
			7/15/22	1,460,000	4.500					
			7/15/23	1,555,000	4.500					
			7/15/24	1,650,000	4.500					
			7/15/25	1,960,000	4.500					
			7/15/26	2,060,000	4.500					
			7/15/27	2,170,000	4.500					
			7/15/28	2,290,000	4.500					
			7/15/29	2,420,000	4.500					
			7/15/30	2,555,000	4.750					
			7/15/31	3,365,000	4.750					
			7/15/32	3,515,000	4.750					
							<u>\$ 38,500,000</u>	<u>-</u>	<u>\$ 660,000</u>	<u>\$ 37,840,000</u>
							<u>\$ 54,968,000</u>	<u>\$ -</u>	<u>\$ 1,285,000</u>	<u>\$ 53,683,000</u>

**NUTLEY BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

<u>Purpose</u>	<u>Original Issue</u>	<u>Balance, July 1, 2008</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2009</u>
School Buses (2)	\$ 87,270	\$ 16,632		\$ 16,632	
School Buses (2)	78,214	31,882		15,617	\$ 16,265
Lath and Mill Machine	17,100	5,696		5,696	-
Table Top Router	16,765	10,958	-	5,373	5,585
		<u>\$ 65,168</u>	<u>\$ -</u>	<u>\$ 43,318</u>	<u>\$ 21,850</u>

**NUTLEY BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 3,269,148		\$ 3,269,148	\$ 3,269,148	
State Sources					
Debt Service Aid Type II	<u>1,311,714</u>	<u>-</u>	<u>1,311,714</u>	<u>1,311,714</u>	<u>-</u>
Total Revenues	<u>4,580,862</u>	<u>-</u>	<u>4,580,862</u>	<u>4,580,862</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	1,285,000		1,285,000	1,285,000	
Interest	<u>3,295,862</u>	<u>-</u>	<u>3,295,862</u>	<u>3,295,862</u>	<u>-</u>
Total Expenditures	<u>4,580,862</u>	<u>-</u>	<u>4,580,862</u>	<u>4,580,862</u>	<u>-</u>
Excess of Revenues					
Over/(Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	<u>2</u>	<u>-</u>	<u>2</u>	<u>2</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ -</u>

STATISTICAL SECTION

This part of the Nutley Board of Education's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

Exhibits

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

J-1 to J-5

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

J-6 to J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

J-10 to J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

J-14 and J-15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Note: With respect to certain exhibits, GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2003 only seven years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

NUTLEY BOARD OF EDUCATION
NET ASSETS BY COMPONENT,
LAST SEVEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,						
	2003	2004	2005	2006	2007	2008	2009
Governmental Activities							
Invested In Capital Assets, Net Of Related Debt	\$ 333,818	\$ 1,670,765	\$ 2,845,719	\$ 6,629,772	\$ 13,609,118	\$ 14,475,397	\$ 15,636,633
Restricted	116,001	123,200	121,878	174,518	489,609	736,150	126,032
Unrestricted	(1,513,720)	(1,415,465)	(1,276,649)	(356,159)	(1,337,831)	(3,193,451)	(4,035,534)
Total Governmental Activities Net Assets	\$ (1,063,901)	\$ 378,500	\$ 1,690,948	\$ 6,448,131	\$ 12,760,896	\$ 12,018,096	\$ 11,727,131
Business-Type Activities							
Invested In Capital Assets	\$ 1,677	\$ 8,748	\$ 10,489	\$ 16,034	\$ 16,493	\$ 14,775	\$ 13,056
Restricted							
Unrestricted	201,844	223,447	203,000	283,278	266,897	298,723	166,709
Total Business-Type Activities Net Assets	\$ 203,521	\$ 232,195	\$ 213,489	\$ 299,312	\$ 283,390	\$ 313,498	\$ 179,765
District-Wide							
Invested In Capital Assets, Net Of Related Debt	\$ 335,495	\$ 1,679,513	\$ 2,856,208	\$ 6,645,806	\$ 13,625,611	\$ 14,490,172	\$ 15,649,689
Restricted	116,001	123,200	121,878	174,518	489,609	736,150	126,032
Unrestricted	(1,311,876)	(1,192,018)	(1,073,649)	(72,881)	(1,070,934)	(2,894,728)	(3,868,825)
Total District Net Assets	\$ (860,380)	\$ 610,695	\$ 1,904,437	\$ 6,747,443	\$ 13,044,286	\$ 12,331,594	\$ 11,906,896

NUTLEY BOARD OF EDUCATION
CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,						
	2003	2004	2005	2006	2007	2008	2009
Expenses							
Governmental Activities							
Instruction							
Regular	\$ 20,673,488	\$ 21,433,560	\$ 23,414,355	\$ 23,959,344	\$ 25,354,876	\$ 26,888,106	\$ 26,145,394
Special Education	5,084,142	5,265,971	5,601,278	6,022,468	7,275,548	8,294,047	8,975,941
Other Instruction	896,684	1,309,562	1,376,348	719,701	926,241	1,265,638	968,273
School Sponsored Activities And Athletics	1,091,990	1,017,263	1,022,645	1,008,341	1,059,524	1,145,844	1,400,875
Community Services	5,472	2,272	6,779	7,376	7,109	16,514	7,627
Support Services:							
Student And Instruction Related Services	4,629,760	4,771,305	4,112,190	5,610,289	5,455,907	6,146,618	6,143,456
General Administration	990,620	1,018,272	1,234,261	1,050,539	1,176,740	4,065,977	3,784,784
School Administrative Services	2,691,135	2,960,253	3,008,732	3,212,514	3,568,411	1,231,115	1,436,551
Plant Operations And Maintenance	4,490,099	4,889,636	5,128,519	5,386,167	5,570,366	5,753,722	6,042,339
Pupil Transportation	1,453,598	1,682,776	1,887,946	1,942,437	1,980,529	2,259,307	2,129,792
Business Services	1,044,051	1,223,793	1,207,607	1,189,966	1,349,793	1,403,132	1,400,267
Special Schools	23,778						
Increase in Deferred Pension Liability							227,063
Interest On Long-Term Debt	37,790	123,549	414,810	753,496	728,493	2,378,802	2,433,786
Total Governmental Activities Expenses	43,112,607	45,698,212	48,415,470	50,862,638	54,453,537	60,848,822	61,096,148
Business-Type Activities:							
Food Service	808,696	868,210	934,786	964,209	915,379	912,017	946,090
Extended Day	529,727	578,851	921,460	774,368	804,495	819,850	1,013,512
Athletic Camps						17,143	14,384
Total Business-Type Activities Expense	1,338,423	1,447,061	1,856,246	1,738,577	1,719,874	1,749,010	1,973,986
Total District Expenses	\$ 44,451,030	\$ 47,145,273	\$ 50,271,716	\$ 52,601,215	\$ 56,173,411	\$ 62,597,832	\$ 63,070,134
Program Revenues							
Governmental Activities:							
Charges For Services:							
Instruction (Tuition)	\$ 30,356	\$ 65,034	\$ 99,750	\$ 90,842	\$ 73,703	\$ 149,591	\$ 149,048
Pupil Transportation	75,146	92,556	113,283	112,160	98,884	111,952	77,995
Operating Grants And Contributions	6,512,610	7,192,163	7,556,423	7,948,034	10,039,612	10,921,349	8,108,728
Capital Grants And Contributions	31,018	1,374,894	1,054,715	3,351,456	4,472,504	613,873	13,595
Total Governmental Activities Program Revenues	6,649,130	8,724,647	8,824,171	11,502,492	14,684,703	11,796,765	8,349,366
Business-Type Activities:							
Charges For Services							
Food Service	540,488	559,363	582,788	596,965	640,493	650,501	731,200
Extended Day	610,301	637,086	861,812	839,583	794,541	815,868	857,797
Athletic Camps						17,615	14,805
Operating Grants And Contributions	83,702	98,902	117,204	121,372	107,500	119,035	136,231
Total Business Type Activities Program Revenues	1,234,491	1,295,351	1,561,804	1,557,920	1,542,534	1,603,019	1,740,033
Total District Program Revenues	\$ 7,883,621	\$ 10,019,998	\$ 10,385,975	\$ 13,060,412	\$ 16,227,237	\$ 13,399,784	\$ 10,089,399
Net (Expense)/Revenue							
Governmental Activities	\$ (36,463,477)	\$ (36,973,565)	\$ (39,591,299)	\$ (39,360,146)	\$ (39,768,834)	\$ (49,052,057)	\$ (52,746,782)
Business-Type Activities	(103,932)	(151,710)	(294,442)	(180,657)	(177,340)	(145,991)	(233,953)
Total District-Wide Net Expense	\$ (36,567,409)	\$ (37,125,275)	\$ (39,885,741)	\$ (39,540,803)	\$ (39,946,174)	\$ (49,198,048)	\$ (52,980,735)
General Revenues and Other Changes in Net Assets							
Governmental Activities:							
Property Taxes	\$ 32,938,598	\$ 35,213,749	\$ 37,221,009	\$ 40,168,989	\$ 41,346,944	\$ 43,339,146	\$ 46,431,396
State Aid Unrestricted	14,878	13,760	13,101	12,407	11,714	11,020	1,311,714
Unrestricted Grants And Contributions	2,668,776	3,255,094	3,446,325	3,461,681	3,439,053	3,632,148	4,214,887
Accrued Interest And Premium On Bonds		6,501	15,255	-	-	-	-
Investment Earnings	38,461	55,087	231,777	663,207	382,866	1,337,719	277,389
Miscellaneous Income	69,992	51,775	253,085	76,045	292,070	164,224	320,431
Donated Capital Assets					765,718	-	-
Transfers	(185,000)	(180,000)	(276,805)	(265,000)	(156,766)	(175,000)	(100,000)
Total Governmental Activities	35,545,705	38,415,966	40,903,747	44,117,329	46,081,599	48,309,257	52,455,817

NUTLEY BOARD OF EDUCATION
CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,						
	2003	2004	2005	2006	2007	2008	2009
Business-Type Activities:							
Investment Earnings		\$ 384	\$ 2,336	\$ 1,480	\$ 4,652	\$ 1,099	\$ 220
Transfers	\$ 185,000	180,000	273,400	265,000	156,766	175,000	100,000
Total Business-Type Activities	185,000	180,384	275,736	266,480	161,418	176,099	100,220
Total District-Wide	\$ 35,730,705	\$ 38,596,350	\$ 41,179,483	\$ 44,383,809	\$ 46,243,017	\$ 48,485,356	\$ 52,556,037
Change in Net Assets							
Governmental Activities	\$ (917,772)	\$ 1,442,401	\$ 1,312,448	\$ 4,757,183	\$ 6,312,765	\$ (742,800)	\$ (290,965)
Business-Type Activities	81,068	28,674	(18,706)	85,823	(15,922)	30,108	(133,733)
Total District	\$ (836,704)	\$ 1,471,075	\$ 1,293,742	\$ 4,843,006	\$ 6,296,843	\$ (712,692)	\$ (424,698)

NUTLEY BOARD OF EDUCATION
 FUND BALANCES - GOVERNMENTAL FUNDS
 LAST SEVEN FISCAL YEARS
 (Unaudited)
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,						
	2003	2004	2005	2006	2007	2008	2009
General Fund							
Reserved	\$ 217,488	\$ 509,136	\$ 575,786	\$ 1,508,438	\$ 1,459,108	\$ 979,517	\$ 181,364
Unreserved	767,919	696,292	886,742	782,259	197,126	798,154	(251,591)
Total General Fund	<u>\$ 985,407</u>	<u>\$ 1,205,428</u>	<u>\$ 1,462,528</u>	<u>\$ 2,290,697</u>	<u>\$ 1,656,234</u>	<u>\$ 1,777,671</u>	<u>\$ (70,227)</u>
All Other Governmental Funds							
Reserved		\$ 1,300,519	\$ 666,809	\$ 13,568,681	\$ 6,399,493	\$ 10,187,357	\$ 14,149,281
Unreserved	\$ (117,919)	(357,591)	13,415,459	(4,634,894)	(6,054,402)	21,439,490	10,770,918
Total All Other Governmental Funds	<u>\$ (117,919)</u>	<u>\$ 942,928</u>	<u>\$ 14,082,268</u>	<u>\$ 8,933,787</u>	<u>\$ 345,091</u>	<u>\$ 31,626,847</u>	<u>\$ 24,920,199</u>

NUTLEY BOARD OF EDUCATION
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST SEVEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,						
	2003	2004	2005	2006	2007	2008	2009
Revenues							
Tax Levy	\$32,938,598	\$ 35,213,749	\$ 37,221,009	\$ 40,168,989	\$ 41,346,944	\$ 43,339,146	\$ 46,431,396
Tuition Charges	30,356	65,034	99,750	90,842	73,703	149,591	149,048
Transportation Fees	75,146	92,556	113,283	112,160	98,884	111,952	77,995
Miscellaneous	109,953	109,610	484,862	742,044	688,559	1,519,187	673,236
State Sources	8,337,946	10,753,639	10,913,026	13,686,119	16,663,301	13,883,304	12,411,474
Federal Sources	872,074	1,031,124	1,157,538	979,667	1,285,959	1,277,842	1,162,034
County Sources				105,000	-	-	-
Total Revenues	42,364,073	47,265,712	49,989,468	55,884,821	60,157,350	60,281,022	60,905,183
Expenditures							
Instruction							
Regular Instruction	20,668,232	21,322,336	23,417,459	23,875,216	25,240,736	26,535,273	25,689,846
Special Education Instruction	5,068,683	5,248,930	5,599,902	6,027,973	7,261,192	8,250,847	8,917,403
Other Instruction	896,684	1,309,562	1,376,348	719,701	926,241	1,265,638	968,273
School Sponsored Activities And Athletics	1,086,124	1,008,977	1,004,949	996,633	1,044,070	1,087,272	1,345,077
Community Services	5,469	2,269	6,776	7,371	7,085	16,442	7,552
Support Services:							
Student & Inst. Related Services	4,629,961	4,758,589	4,109,036	5,600,901	5,420,690	6,040,444	6,026,731
General Administration	2,666,740	2,939,464	3,003,895	3,212,463	3,552,671	4,021,619	3,720,492
School Administrative Services	921,792	991,275	1,237,401	1,062,993	1,168,098	1,215,791	1,410,723
Plant Operations And Maintenance	4,460,888	4,903,623	5,111,664	5,375,082	5,483,907	5,632,810	5,909,053
Pupil Transportation	1,376,794	1,654,566	1,828,446	1,885,159	1,916,150	2,063,100	1,948,256
Other Support Services	1,076,199	1,196,096	1,206,096	1,199,898	1,342,790	1,384,060	1,365,114
Special Schools	23,778						
Capital Outlay	279,983	3,429,821	3,068,306	8,700,301	14,484,261	8,307,853	7,424,175
Debt Service:							
Principal	115,000	110,000	164,210	635,671	659,469	693,032	1,328,318
Interest And Other Charges	38,341	31,818	209,560	779,567	733,483	705,413	3,298,716
Total Expenditures	43,314,668	48,907,326	51,344,048	60,078,929	69,240,843	67,219,594	69,359,729
Excess (Deficiency) Of Revenues							
Over (Under) Expenditures	(950,595)	(1,641,614)	(1,354,580)	(4,194,108)	(9,083,493)	(6,938,572)	(8,454,546)
Other Financing Sources (Uses)							
Serial Bonds Issued		2,923,000	14,930,000			38,500,000	
Capital Leases (Non-Budgeted)		172,981	79,165	138,796	17,100	16,765	
Premium On Bonds		8	15,255				
Accrued Interest On Bonds		6,493					
Transfers In		8,227	37,914		179,742	1,314,038	871,526
Transfers Out	\$ (185,000)	(188,227)	(311,314)	(265,000)	(336,508)	(1,489,038)	(971,526)
Total Other Financing Sources (Uses)	(185,000)	2,922,482	14,751,020	(126,204)	(139,666)	38,341,765	(100,000)
Net Change In Fund Balances	\$ (1,135,595)	\$ 1,280,868	\$ 13,396,440	\$ (4,320,312)	\$ (9,223,159)	\$ 31,403,193	\$ (8,554,546)
Debt Service As A Percentage Of							
Noncapital Expenditures	0.36%	0.31%	0.77%	2.75%	2.54%	2.37%	7.47%

* Noncapital expenditures are total expenditures less capital outlay.

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

Fiscal Year Ended June 30	<u>Interest</u>	<u>Tuition</u>	<u>Transportation</u>	<u>Rentals</u>	<u>Admissions</u>	<u>Miscellaneous</u>	<u>Total</u>
2002	\$ 87,745	\$ 95,572	\$ 63,571	\$ 43,430	\$ 15,082	\$ 205,038	\$ 510,438
2003	38,461	30,356	75,146	13,229	13,410	43,353	213,955
2004	53,361	65,034	92,556	13,283	17,713	20,779	262,726
2005	231,777	99,750	113,283	169,667	16,938	64,978	696,393
2006	663,207	90,842	112,160	10,698	13,029	52,318	942,254
2007	382,866	73,703	98,884	15,803	11,995	264,272	847,523
2008	97,482	149,591	111,952	19,337	14,224	130,663	523,249
2009	19,136	149,048	77,995	11,776	10,284	298,371	566,610

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2000	\$ 4,255,600	\$ 352,291,500	\$ 41,455,300	\$ 72,706,400	\$ 19,575,700	\$ 490,284,500	\$ 1,142,700	\$ 491,427,200	\$1,933,991,342	5.96
2001	2,999,500	361,603,800	40,899,800	70,640,600	19,807,400	495,951,100	1,247,400	497,198,500	2,019,155,469	6.13
2002	1,389,500	375,228,200	40,699,400	70,640,600	19,807,400	507,765,100	-	507,765,100	2,118,335,836	6.31
2003	1,413,600	379,295,500	40,500,500	70,514,100	19,757,400	511,481,100	-	511,481,100	2,411,509,194	6.67
2004	1,647,600	385,167,800	40,873,300	70,412,200	19,652,100	517,753,000	-	517,753,000	2,860,513,812	6.98
2005	1,674,300	386,726,300	40,693,900	68,394,900	19,652,100	517,141,500	862,200	518,003,700	3,506,748,212	7.46
2006	29,733,900	3,313,319,200	622,048,000	21,881,600	162,432,800	4,149,415,500	5,526,600	4,154,942,100	3,877,304,526	0.98
2007	27,407,900	3,320,422,800	624,338,700	22,841,600	162,549,200	4,157,560,200	5,503,300	4,163,063,500	4,278,081,024	1.02
2008	29,946,400	3,336,628,400	625,622,300	22,841,600	156,053,000	4,171,091,700	6,432,300	4,177,524,000	4,426,428,051	1.075
2009	28,640,900	3,297,532,600	627,915,900	22,718,200	154,256,000	4,131,063,600	8,295,500	4,139,359,100	4,332,449,559	1.142

Source: County Abstract of Ratables

^a Tax rates are per \$100

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

<u>Assessment Year</u>	<u>School District</u>	<u>Township</u>	<u>County</u>	<u>County Open Space</u>	<u>Total</u>
2000	\$5.96	\$3.66	\$2.83	\$.04	\$12.49
2001	6.13	3.76	2.61	.04	12.54
2002	6.31	4.01	2.59	.04	12.95
2003	6.67	4.30	2.73	.05	13.75
2004	6.98	4.28	2.85	.06	14.17
2005	7.46	4.95	3.18	.07	15.66
2006	0.98	0.66	.40	.01	2.05
2007	1.02	0.75	0.40	.01	2.18
2008	1.075	.795	.398	.016	2.284
2009	1.142	.830	.395	.016	2.383

Source: Township of Nutley, Tax Assessor

**NUTLEY BOARD OF EDUCATION
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

Taxpayer	2009	
	Taxable Assessed Value	% of Total District Net Assessed Value
Hoffman-LaRoche, Inc.	\$ 303,318,696	7.33%
432 Owners Inc.	33,000,000	0.80%
492 River Road LLC-Reckson Assoc.	26,035,600	0.63%
Nutley Properties	18,624,500	0.45%
Public Service Electric & Gas	18,574,600	0.45%
Village Manor Apts.	17,324,300	0.42%
East Coast Apartments	14,637,800	0.35%
Nutley Shop-Rite	12,458,700	0.30%
NSP Management Co.	7,947,500	0.19%
River Road Assoc.	7,000,000	0.17%
Total	<u>\$ 458,921,696</u>	<u>\$ 11.09</u>

2000	
Taxable Assessed Value	% of Total District Net Assessed Value

Hoffman-LaRoche, Inc.
N.J. Bell
I.T.T. Corp.
432 Owners Inc.
Village Manor Apts.
Nutley Shop-Rite
Nutley Properties
First Union Bank
Willow River Partnership
Arla/Landra

NOT AVAILABLE

-	0.00%
<u>\$ -</u>	<u>0.00%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2000	\$ 28,757,853	\$ 28,757,853	100.00%	N/A
2001	29,734,685	29,734,685	100.00%	N/A
2002	31,225,682	31,225,682	100.00%	N/A
2003	32,938,598	32,938,598	100.00%	N/A
2004	35,213,749	35,213,749	100.00%	N/A
2005	37,221,009	37,221,009	100.00%	N/A
2006	40,168,989	40,168,989	100.00%	N/A
2007	41,346,944	41,346,944	100.00%	N/A
2008	43,339,146	43,339,146	100.00%	N/A
2009	46,431,396	46,431,396	100.00%	N/A

**NUTLEY BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST SEVEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Governmental Activities		Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases			
2003	\$ 550,000		\$ 550,000	27,888	\$ 20
2004	3,363,000	\$ 135,964	3,498,964	27,503	127
2005	18,183,000	160,919	18,343,919	27,068	678
2006	17,633,000	218,804	17,851,804	26,615	671
2007	17,063,000	146,435	17,209,435	26,282	655
2008	54,968,000	65,168	55,033,168	26,171	2,103
2009	53,683,000	21,850	53,704,850	26,171	2,052

Source: District records

NUTLEY BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST SEVEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions			
2003	\$ 550,000		\$ 550,000	0.1%	\$ 20
2004	3,363,000		3,363,000	0.6%	122
2005	18,183,000		18,183,000	3.5%	672
2006	17,633,000		17,633,000	0.4%	663
2007	17,063,000		17,063,000	0.4%	649
2008	54,968,000		54,968,000	1.3%	2,100
2009	53,683,000		53,683,000	1.3%	2,051

Source: District records

**NUTLEY BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2009
(Unaudited)**

Net Direct Debt of School District as of June 30, 2009		\$ 53,683,000
Net Overlapping Debt of School District		
Township of Nutley	\$ 11,438,336	
Essex County	15,545,697	
Essex County Utilities Authority (A)	4,468,075	
Passaic Valley Sewerage Commission (B)	7,924,996	
North Jersey District Water Supply Commission (B)	<u>3,941,159</u>	
		<u>43,318,263</u>
Total Direct and Overlapping Debt as of June 30, 2009		<u>\$ 97,001,263</u>

- (A) The debt for this entity was apportioned by dividing the Municipality's 2009 equalized value by the total 2009 equalized value for Essex County.
- (B) Overlapping debt was computed based upon usage

Sources:

- (1) Township of Nutley 2008 Annual Debt Statement
- (2) Essex County 2008 Annual Debt Statement
- (3) Essex County Utilities Authority
- (4) North Jersey District Water Supply Commission
- (5) Passaic Valley Sewerage Commission

**NUTLEY BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt Limit	\$ 71,190,773	\$ 74,882,827	\$ 79,588,532	\$ 85,855,936	\$ 97,185,344	\$ 116,085,384	\$ 118,610,242	\$ 155,061,050	\$ 166,956,137	\$ 172,705,021
Total Net Debt Applicable To Limit	895,000	780,000	665,000	5,422,673	5,302,928	18,183,987	17,633,987	55,563,987	54,968,987	53,683,987
Legal Debt Margin	<u>\$ 70,295,773</u>	<u>\$ 74,102,827</u>	<u>\$ 78,923,532</u>	<u>\$ 80,433,263</u>	<u>\$ 91,882,416</u>	<u>\$ 97,901,397</u>	<u>\$ 100,976,255</u>	<u>\$ 99,497,063</u>	<u>\$ 111,987,150</u>	<u>\$ 119,021,034</u>
Total net debt applicable to the limit as a percentage of debt limit	1.26%	1.04%	0.84%	6.32%	5.46%	15.66%	14.87%	35.83%	32.92%	31.08%

Legal Debt Margin Calculation for Fiscal Year 2009

Equalized Valuation Basis

2008	\$ 4,337,068,851
2007	4,378,683,728
2006	4,237,123,966
	<u>\$ 12,952,876,545</u>

Average Equalized Valuation of Taxable Property

\$ 4,317,625,515

Debt Limit (4 % of Average Equalization Value)

172,705,021

Total Net Debt Applicable to Limit

53,683,987

Legal Debt Margin

\$ 119,021,034

Source: Equalized valuation basis were obtained from the Annual Report of the State of New Jersey,
Department of Treasury, Division of Taxation

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

<u>Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2000	27,461	\$ 37,050	2.70%
2001	27,887	38,148	3.10%
2002	27,975	37,876	4.20%
2003	27,888	38,897	4.20%
2004	27,503	41,829	3.40%
2005	27,068	43,866	3.60%
2006	26,615	47,427	3.90%
2007	26,282	50,156	3.60%
2008	26,171	N/A	4.70%
2009	26,171	N/A	

Source: New Jersey State Department of Education

N/A - Information Not Available

**NUTLEY BOARD OF EDUCATION
PRINCIPAL EMPLOYERS,
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

<u>2009</u>			<u>2000</u>	
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

INFORMATION NOT AVAILABLE

NUTLEY BOARD OF EDUCATION
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST FOUR FISCAL YEARS
(Unaudited)

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Instruction				
Regular	231	251	303	303
Special Education	31	35	40	40
Support Services				
Student and Instruction Related Services	47	51	62	62
General Administration		3	3	3
School Administrative Services	10	10	10	11
Other Administrative Services	12	9	11	11
Central Services	19	19	19	19
Administrative Information Technology	3	3	4	4
Plant Operations and Maintenance	42	42	42	42
Pupil Transportation	31	31	31	32
Other Support Services	65	71	69	69
Food Service	16	14	12	12
Total	<u>507</u>	<u>539</u>	<u>606</u>	<u>606</u>

Source: District Personnel Records

NUTLEY BOARD OF EDUCATION
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Enrollment	Teacher/Pupil Ratio											Student Attendance Percentage
		Operating Expenditures (A)	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Elementary	Middle School	Senior High School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment		
2000	3,996	\$ 37,036,457	\$ 9,268	0.58%	N/A	N/A	N/A	N/A	3,996	3,797	1.52%	95.02%	
2001	4,032	38,631,744	9,581	3.38%	N/A	N/A	N/A	N/A	4,032	3,826	0.90%	94.89%	
2002	4,112	40,416,504	9,829	2.58%	N/A	N/A	N/A	N/A	4,112	3,908	1.98%	95.04%	
2003	4,204	43,196,748	10,275	4.54%	N/A	N/A	N/A	N/A	4,204	3,981	2.24%	94.70%	
2004	4,199	45,714,302	10,887	5.95%	N/A	N/A	N/A	N/A	4,199	3,984	-0.12%	94.88%	
2005	4,235	48,460,759	11,443	5.11%	N/A	N/A	N/A	N/A	4,235	4,022	0.86%	94.97%	
2006	4,180	51,585,485	12,341	7.85%	308.3	11	22	14	4,180	3,978	-1.30%	95.17%	
2007	4,104	53,363,630	13,003	5.36%	336.0	11	13	14	4,065	3,854	-2.75%	94.81%	
2008	4,082	57,513,296	14,089	8.36%	406.0	8	10	11	4,015	3,814	-1.23%	94.99%	
2009	4,091	57,458,946	14,045	-0.31%	407.0	8	10	10	4,046	3,846	0.77%	95.06%	

Sources: District records

(A) Includes General and Special Revenue Funds

N/A - Not Available

**NUTLEY BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
LAST FIVE FISCAL YEARS
(Unaudited)**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>District Building</u>					
<u>Nutley High School</u>					
Square Feet	192,260.00	192,260.00	192,260.00	192,260.00	192,260.00
Capacity (students)	909.62	909.62	909.62	909.62	909.62
Enrollment	1,366.50	1,357.50	1,355.00	1,338.50	1,276.00
<u>Franklin Middle School</u>					
Square Feet	92,010.00	92,010.00	128,036.00	128,036.00	128,036.00
Capacity (students)	412.99	412.99	412.99	412.99	412.99
Enrollment ^a	683.00	665.00	581.00	638.00	674.00
<u>Radcliffe Elementary School</u>					
Square Feet	45,305.00	45,305.00	45,305.00	45,305.00	45,305.00
Capacity (students)	412.69	412.69	412.69	412.69	412.69
Enrollment	363.00	366.00	349.00	346.00	345.00
<u>Yantacaw Elementary School</u>					
Square Feet	49,512.00	49,512.00	49,512.00	49,512.00	49,512.00
Capacity (students)	439.76	439.76	439.76	439.76	439.76
Enrollment	504.00	507.00	492.00	476.00	487.00
<u>Washington Elementary School</u>					
Square Feet	49,097.00	49,097.00	49,097.00	49,067.00	49,067.00
Capacity (students)	351.65	351.65	351.65	351.65	351.65
Enrollment	399.00	387.00	396.00	363.00	377.00
<u>Spring Garden Elementary School</u>					
Square Feet	43,955.00	43,955.00	43,955.00	43,955.00	43,955.00
Capacity (students)	378.62	378.62	378.62	378.62	378.62
Enrollment	421.00	394.00	391.00	380.00	397.00
<u>Lincoln Elementary School</u>					
Square Feet	56,342.00	56,342.00	56,342.00	56,342.00	56,342.00
Capacity (students)	462.62	462.62	462.62	462.62	462.62
Enrollment	510.00	503.00	492.00	497.00	473.00

**NUTLEY BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
LAST FIVE FISCAL YEARS
(Unaudited)**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>Other</u>					
Maintenance Warehouse					
Square Feet	5,386.00	5,386.00	5,386.00	5,386.00	5,386.00
Demuro Park Field House					
Square Feet	4,848.00	4,848.00	4,848.00	4,848.00	4,848.00
Oval Refreshment Stand					
Square Feet	1,309.00	1,309.00	1,309.00	1,309.00	1,309.00
Storage Shed					
Square Feet	912.00	912.00	912.00	912.00	912.00

Number of Schools at June 30, 2009

 Elementary = 5

 Middle School = 1

 High School = 1

 Other = 4

Source: District Records

NUTLEY BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST NINE YEARS
(Unaudited)

	Project #(s)	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
School Facilities										
Nutley High School	N/A	\$ 208,586	\$ 189,012	\$ 205,791	\$ 196,304	\$ 290,851	\$ 349,696	\$ 301,115	\$ 267,526	\$ 321,106
Franklin Middle School	N/A	99,823	90,455	95,956	101,344	109,741	83,399	95,214	196,710	190,734
Lincoln Elementary School	N/A	61,092	55,359	61,793	34,291	32,516	119,064	50,957	62,993	80,561
Radcliffe Elementary School	N/A	49,152	44,540	40,903	61,179	100,198	46,072	106,810	63,389	70,247
Spring Garden Elementary School	N/A	50,074	45,375	37,953	85,534	70,098	71,788	56,796	52,385	65,985
Washington Elementary School	N/A	54,479	49,367	52,187	117,257	116,780	81,374	64,067	65,176	77,750
Yantacaw Elementary School	N/A	<u>54,045</u>	<u>48,974</u>	<u>44,765</u>	<u>90,101</u>	<u>84,551</u>	<u>74,337</u>	<u>123,260</u>	<u>57,382</u>	<u>74,153</u>
Grand Total		<u>\$ 577,251</u>	<u>\$ 523,082</u>	<u>\$ 539,348</u>	<u>\$ 686,010</u>	<u>\$ 804,735</u>	<u>\$ 825,730</u>	<u>\$ 798,219</u>	<u>\$ 765,561</u>	<u>\$ 880,536</u>

**NUTLEY BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2009
(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	\$ 100,000 149,799,500	\$ 500 200,500
Money and Security Loss	Suburban Essex JIF Selective Insurance	100,000 299,500	500 200,500
General Liability (BI and PD)	Suburban Essex JIF Selective Insurance Co.	150,000 9,850,000	N/A 150,000
Automobile Liability	Suburban Essex JIF Selective Insurance Co.	150,000 9,850,000	N/A 150,000
Excess School Liability (GL and AL)	Suburban Essex JIF Selective Insurance Co.	150,000 9,750,000	500 250,000
School Board Legal Liability	Suburban Essex JIF ACE American Service Company	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 Selective Reinsurance Corp	250,000 Statutory Cov A 9,750,000 Cov B	N/A 250,000 250,000
Public Official Bonds			
Dave Wilson	Selective	325,000	N/A
Robert Green (Thru 5/08)	RLI Insurance Company	3,000	N/A
Michael Devita	RLI Insurance Company	3,000	N/A

Source: School District's records

SINGLE AUDIT SECTION

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS
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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, 2009, which collectively comprise the Nutley Board of Education's basic financial statements and have issued our report thereon dated October 27, 2009. 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 the Nutley Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Nutley Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Nutley Board of Education's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Nutley Board of Education's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Nutley Board of Education's financial statements that is more than inconsequential will not be prevented or detected by the Nutley Board of Education's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses as 2009-1 and 2009-2 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Nutley Board of Education's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we considered items 2009-1 and 2009-2 to be material weaknesses.

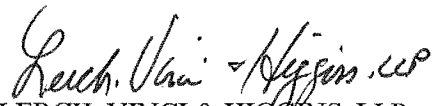
Compliance and Other Matters

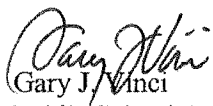
As part of obtaining reasonable assurance about whether the Nutley Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by Division of Finance, Department of Education, State of New Jersey and which are described in the accompanying schedule of findings and questioned costs as items 2009-1 and 2009-2.

We also noted certain matters that we reported to management of the Nutley Board of Education in a separate report entitled, Auditors' Management Report on Administrative Findings – Financial, Compliance and Performance" dated October 27, 2009.

Nutley Board of Education's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Nutley Board of Education's response and, accordingly, we express no opinion on it.

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


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


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
October 27, 2009

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 ON 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 Aid/Grant Compliance Supplement" that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2009. 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 or state program occurred. An audit includes examining, on a test basis, evidence about Nutley Board of Education's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Nutley Board of Education's compliance with those requirements.

In our opinion, Nutley Board of Education complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04 and which are described in the accompanying schedule of findings and questioned costs as items 2009-3 and 2009-4.

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 but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.


Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the Board's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.


A control deficiency in the Board's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Board's ability to administer a federal or state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the Board's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2009-3 and 2009-4 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected by the Board's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider items 2009-3 and 2009-4 to be material weaknesses.

The Board of Education's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Board of Education's response and, accordingly, we express no opinion on it.

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


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


Gary J. Vinci
Public School Accountant
PSA Number CS00829

**NUTLEY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Grant Period	Award Amount	Balance July 1, 2008	Carryover Amount	Cash Received	Budgetary Expenditures	Balance June 30, 2009		
								(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	9/1/08-8/31/09	\$ 293,774			\$ 161,505	\$ 206,683	\$ (45,178)		
Title I	84.010	9/1/07-8/31/08	149,785	\$ 28,437	\$ (23,649)				\$ 4,788	
Title I, Carryover	84.010	9/1/06-8/31/07	159,676	294	23,649		23,943			
Title I SIA	84.010	9/1/08-8/31/09	1,840							
Title I SIA	84.010	9/1/07-8/31/08	2,232	(2,232)		2,232				
Title III Part A	84.365	9/1/08-8/31/09	32,921			15,206	19,085	(3,879)		
Title III Part A	84.365	9/1/07-8/31/08	32,960	1,363	(1,363)					
Title III, Carryover Part A	84.298	9/1/08-8/31/09	-		1,363		1,363			
Title V Part A	84.298	9/1/07-8/31/08	5,390	417					417	
IDEA Part B	84.027	9/1/08-8/31/09	838,757			546,061	739,954	(193,893)		
IDEA Part B	84.027	9/1/07-8/31/08	823,377	8,089	(8,089)					
IDEA Part B Carryover	84.027	9/1/07-8/31/08	823,377		8,089		8,089			
IDEA Part B Carryover	84.027	9/1/03-8/31/04	630,732	5						\$ 5
IDEA Part B, Carryover	84.027	9/1/02-8/31/03	519,276	125						125
IDEA Part B Preschool	84.027	9/1/08-8/31/09	39,218			-	39,218	(39,218)		
IDEA Part B Preschool	84.027	9/1/07-8/31/08	41,098	1,551					1,551	
Carl D. Perkins- Secondary	84.048	7/1/08-6/30/09	21,521			-	21,521	(21,521)		
Carl D. Perkins- Secondary	84.048	7/1/07-6/30/08	22,861	(22,861)		22,861				
Title IV (Drug Education)	84.188	9/1/08-8/31/09	10,330			3,298	5,058	(1,760)		
Title IV (Drug Education)	84.188	9/1/07-8/31/08	11,871	1,597					1,597	
Title IV (Drug Education), Carryover	84.188	9/1/06-8/31/07	11,218	570					570	
Title IV (Drug Education), Carryover	84.188	9/1/04-8/31/05	13,963	8						8
Title II Part A	84.367	9/1/08-8/31/09	104,868			71,509	94,288	(22,779)		
Title II Part A	84.367	9/1/07-8/31/08	98,927	3,444	(1,449)				1,995	
Title II Part A, Carryover	84.367	9/1/06-8/31/07	100,013	414	1,449		1,449		414	
Title II Part A, Carryover	84.367	9/1/04-8/31/05	65,644	20						20
Title II Part D	84.367	9/1/08-8/31/09	2,441							
Title II Part D	84.367	9/1/07-8/31/08	1,027	77					77	
School To Career	N/A	N/A	805	258						258
Technology Literacy Challenge	84.318	4/1/99-3/31/00	95,000	(441)	-	-	-	(441)	-	-
Total Special Revenue Fund				21,135	-	822,672	1,160,651	(328,669)	11,409	416
U.S.D.A. Department of Agriculture										
Passed Through State Department of Education										
Enterprise Fund:										
National School Lunch Program	10.555									
Non-Cash Assistance (Food Distribution)		9/1/07-6/30/08	29,076	1,696			1,696		-	
Non-Cash Assistance (Food Distribution)		9/1/08-6/30/09	25,582			25,582	22,723		2,859	
Cash Assistance		9/1/07-6/30/08	81,550	(2,873)		2,873		-		
Cash Assistance		9/1/08-6/30/09	103,773	-	-	83,026	103,773	(20,747)	-	-
Total Enterprise Fund				(1,177)	-	111,481	128,192	(20,747)	2,859	-
U.S.D.A. Department of Housing and Urban Development Passed Through State Department of Education										
Capital Projects Fund										
Community Development Block Grant		7/1/05-6/30/06	40,000	(40,000)	-	-	-	(40,000)	-	-
U.S. Department of Energy		09/30/08-9/29/09	479,000	-	-	479,000	-	-	479,000	-
Total Federal Financial Awards				\$ (20,042)	\$ -	\$ 1,413,153	\$ 1,288,843	\$ (389,416)	\$ 493,268	\$ 416

(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, 2009

State Department of Education	Grant or State Project Number	Grant	Award Amount	Balance June 30, 2008	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year Balances	Balance June 30, 2009			Memorandum	
									(Accts. Receivable)	Deferred Revenue	Due to Grantor	GAAP Receivable	Budgetary Expenditures
General Fund:													
Core Curriculum Aid	08-495-034-5120-022	7/1/07-6/30/08	\$ 2,799,975	\$ (129,206)		\$ 129,206						*	
Transportation Aid	08-495-034-5120-014	7/1/07-6/30/08	345,006	(15,921)		15,921						*	
Special Education Aid	08-495-034-5120-011	7/1/07-6/30/08	2,235,481	(103,157)		103,157						*	
Bilingual Education	08-495-034-5120-008	7/1/07-6/30/08	65,426	(3,019)		3,019						*	
Consolidated Aid	08-495-034-5120-057	7/1/07-6/30/08	475,088	(21,923)		21,923						*	
Extraordinary Aid	08-495-034-5120-044	7/1/07-6/30/08	142,583	(142,583)		142,583						*	
Extraordinary Aid	09-495-034-5120-044	7/1/08-6/30/09	372,969				\$ 372,969		\$ (372,969)			*	\$ 372,969
Additional Formula Aid	08-495-034-5120-058	7/1/07-6/30/08	360,587	(16,640)		16,640			-			*	-
Equalization Aid	09-495-034-5120-078	7/1/08-6/30/09	4,682,151			4,047,118	4,464,611		(417,493)			*	4,464,611
Transportation Aid	09-495-034-5120-014	7/1/08-6/30/09	360,632			326,909	360,632		(33,723)			*	360,632
Special Education Categorical Aid	09-495-034-5120-089	7/1/08-6/30/09	2,184,130			1,979,888	2,184,130		(204,242)			*	2,184,130
Security Aid	09-495-034-5120-084	7/1/08-6/30/09	294,869			267,295	294,869		(27,574)			*	294,869
TPAF Social Security Contribution	08-495-034-5095-002	7/1/07-6/30/08	1,954,199	(97,374)		97,374			-			*	-
TPAF Social Security Contribution	09-495-034-5095-002	7/1/08-6/30/09	1,999,683			1,898,966	1,999,683		(100,717)			*	\$ (100,717)
TPAF Pension Contribution-Normal	09-495-034-5095-116	7/1/08-6/30/09	83,952			83,952						*	83,952
TPAF Pension Contribution-Post Retirement	09-100-034-5095-001	7/1/08-6/30/09	1,601,597	-	-	1,601,597	1,601,597	-	-	-	-	*	-
Total General Fund				(529,823)	-	10,735,548	11,362,443	-	(1,156,718)	-	-	*	(100,717)
Special Revenue Fund:													
New Jersey Nonpublic Aid:													
Textbooks	08-100-034-5120-064	7/1/07-6/30/08	34,596	8				\$ 8		\$ -		*	-
Textbooks	09-100-034-5120-064	7/1/08-6/30/09	33,228			33,228	32,680			548		*	32,680
Auxiliary Services													
Compensatory Education	08-100-034-5120-067	7/1/07-6/30/08	124,914	1,161				1,161		-		*	-
Compensatory Education	09-100-034-5120-067	7/1/08-6/30/09	167,216			167,216	137,256			29,960		*	137,256
Compensatory Education	00-100-034-5120-067	7/1/99-6/30/00	90,611	(340)					(340)			*	-
English as a Second Language	08-100-034-5120-067	7/1/07-6/30/08	14,819	5,379				5,379		-		*	-
English as a Second Language	09-100-034-5120-067	7/1/08-6/30/09	14,210			14,210	11,571			2,639		*	11,571
Transportation	08-100-034-5120-067	7/1/07-6/30/08	10,817									*	-
Transportation	09-100-034-5120-067	7/1/08-6/30/09	23,816			23,816	23,816					*	23,816
Home Instruction	08-100-034-5120-067	7/1/07-6/30/08	1,858	(1,858)					(1,858)			*	-
Home Instruction	09-100-034-5120-067	7/1/08-6/30/09	5,176				5,176		(5,176)			*	5,176
Handicapped Services													
Supplemental Instruction	08-100-034-5120-066	7/1/07-6/30/08	39,813	14,950				14,950		-		*	-
Supplemental Instruction	09-100-034-5120-066	7/1/08-6/30/09	44,604			44,604	27,506			17,098		*	27,506
Examination and Classification	08-100-034-5120-066	7/1/07-6/30/08	37,909	7,487				7,487		-		*	-
Examination and Classification	09-100-034-5120-066	7/1/08-6/30/09	40,755			40,755	32,045			8,710		*	32,045
Corrective Speech	08-100-034-5120-066	7/1/07-6/30/08	35,247	7,626				7,626		-		*	-
Corrective Speech	09-100-034-5120-066	7/1/08-6/30/09	34,340			35,340	23,343			11,997		*	23,343
Nonpublic Nursing	09-100-034-5120-070	7/1/08-6/30/09	44,236			44,236	44,236			-		*	44,236
Nonpublic Technology Initiative	09-100-034-5120-373	7/1/08-6/30/09	23,240			23,240	23,240			-		*	23,240
Nonpublic Technology Initiative	00-100-034-5120-373	7/1/99-6/30/00	27,000	(354)					(354)			*	-
Character Education	02-100-034-5120-053	7/1/01-6/30/02	11,346	3,488						3,488		*	-
I.D.E.A.	N/A	7/1/01-6/30/02	4,000	115						115		*	-
Teacher Mentoring	N/A	7/1/06-6/30/07	6,384	58					\$ 58			*	-
Governor's Initiative on Autism	07-FB01-H03	4/1/07-6/30/08	700,000	(70,719)	-	70,719	-	-	-	-	-	*	-
Total Special Revenue Fund				(32,999)	-	497,364	360,869	36,611	(7,728)	58	74,555	*	-

NUTLEY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Grant or State Project Number	Grant	Award Amount	Balance June 30, 2008	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year Balances	Balance June 30, 2009			Memorandum	
									(Accts. Receivable)	Deferred Revenue	Due to Grantor	GAAP Receivable	Budgetary Expenditures
<u>State Department of Education</u>													
Capital Projects Fund												*	
Educational Facilities												*	
Construction and Financing Act	3750-050-03-1027	7/1/03-6/30/07	\$ 10,718,686	\$ (1,885,104)	-	\$ 1,356,294	-	-	\$ (528,810)	-	-	* \$ (528,810)	\$ 10,718,686
Debt Service Fund:												*	
Debt Service Aid Type II	09-495-034-5120-017	7/1/08-6/30/09	1,311,714	-	-	\$ 1,311,714	\$ 1,311,714	-	-	-	-	* -	1,311,714
State Department of Agriculture												*	
Enterprise Fund:												*	
National School Lunch Program	08-100-034-5120-122	7/1/07-6/30/08	6,870	(238)		238						*	-
National School Lunch Program	09-100-034-5120-122	7/1/08-6/30/09	8,039	-	-	6,451	8,039	-	(1,588)	-	-	* -	8,039
				(238)	-	6,689	8,039	-	(1,588)	-	-	* -	8,039
Total State Financial Assistance				\$ (2,448,164)	\$ -	\$ 13,907,609	\$ 13,043,065	\$ 36,611	\$ (1,694,844)	\$ 58	\$ 74,555	* \$ (629,527)	\$ 23,761,751
Less On-Behalf TPAF Pension and Annuity Aid												*	
T.P.A.F. - Pension- Post Ret. Medical	09-495-034-5095-001	7/1/08-6/30/09	\$ 1,601,597			1,601,597	1,601,597					*	
T.P.A.F. Pension & Annuity Fund	09-495-034-5095-006	7/1/08-6/30/09	83,952	-	-	83,952	83,952	-	-	-	-	* -	-
Subject to Single Audit				-	-	1,685,549	1,685,549	-	-	-	-	* -	-
Total for State Financial Assistance Determination				\$ (2,448,164)	\$ -	\$ 12,222,060	\$ 11,357,516	\$ 36,611	\$ (1,694,844)	\$ 58	\$ 74,555	\$ (629,527)	\$ 23,761,751
(A) Encumbrances Cancelled													

**NUTLEY BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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 the deferred state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2.. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of certain state aid payments 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 payments, whereas the GAAP basis does not. The special revenue fund also recognizes the deferred state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(623,552) for the general fund and \$64,578 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 as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 10,738,891	\$ 10,738,891
Special Revenue Fund	\$ 1,162,034	360,869	1,522,903
Capital Projects Fund			-
Debt Service Fund		1,311,714	1,311,714
Food Service Fund	<u>128,192</u>	<u>8,039</u>	<u>136,231</u>
Total Financial Assistance	<u>\$ 1,290,226</u>	<u>\$ 12,419,513</u>	<u>\$ 13,709,739</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, 2009**

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 INFORMATION

Revenues and expenditures reported under the National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$1,999,683 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2009. The amount reported as TPAF Pension System Contributions in the amount of \$83,952 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,601,597 represents the amount paid by the State on behalf of the District for the year ended June 30, 2009.

NOTE 6 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's basic financial statements and the amount subject to State single audit and major program determination.

Financial Statement Section

Internal control over financial reporting:

Noncompliance material to the basic financial statements noted?	X	yes	no
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Internal Control over major programs:

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:

Name of Federal Program or Cluster

IDEIA Basic and Preschool

Auditee qualified as low-risk auditee?	yes	X	no
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**NUTLEY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Part I – Summary of Auditor's Results

State Awards Section

Internal Control over major programs:

(1) Material weakness(es) identified

 X yes no

(2) Significant deficiencies 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?

 X yes no

Identification of major state programs:

GMIS Number(s)	Name of State Program
09-495-034-5120-044	Extraordinary Aid
09-495-034-5120-078	Equalization Aid
09-495-034-5120-089	Special Education Categorical Aid
09-495-034-5095-002	TPAF Social Security Contributions
09-495-034-5120-014	Transportation Aid

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

\$300,000

Auditee qualified as low-risk auditee?

 yes X no

**NUTLEY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, 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*.

Finding 2009-1

Our audit revealed that:

- The General Fund balances for various balance sheet accounts in the general ledger were not in agreement with supporting documentation.
- The Special Revenue Fund balances for Intergovernmental Accounts Receivable – State, Intergovernmental Accounts Receivable – Federal, Intergovernmental Accounts Payable – State and Deferred revenues were not in agreement with supporting documentation.
- Amounts included in the 08-09 adopted capital outlay budget as “budgeted capital outlay – transfer to capital projects” and “budgeted withdrawal to capital projects from capital reserve” were not included in the district’s budget report.
- Interest earnings in the Capital Projects Fund of \$258,253 was not recorded as an interfund between the Capital Projects Fund and the General Fund.

Criteria or specific requirement

State Department of Education’s GAAP Technical Systems Manual, Generally Accepted Accounting Principals.

Condition

Various financial statement balances were over (under) stated at June 30, 2009.

Questioned Costs

None. Adjustments have been made to the basic financial statements.

Context

All balance sheet accounts should be reviewed prior to month end for accuracy.

Effect

Receivable balances were understated, cash and fund equity balances were overstated in the General Fund and understated in the Food Service Enterprise Fund and the Capital Projects Fund.

Recommendation

Internal controls over financial reporting be reviewed and enhanced.

View of Responsible Officials and Planned Corrective Action

Management has reviewed this finding and has indicated it will review and revise its procedures to ensure corrective action is taken.

**NUTLEY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, 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*.

Finding 2009-2

Our audit of the Capital Projects Fund noted the following:

- Our audit revealed that certain change orders for capital projects contracts were reflected in the District's accounting records, software but not always reflected in the architect's certificate.
- Purchase orders included in the balance of reserve for encumbrances which were determined to be accounts payable. These outstanding purchase orders totaled \$57,775.
- The District is required to account for the cost of each project individually. The District's internal accounting records do not allocate certain professional fees, equipment and certain construction costs of each of the projects.
- The projects approved by the State of New Jersey included HVAC work. As per the architect, the HVAC work has been deleted from the scope of the projects and bathroom renovations have been added. These bathroom renovations were not included in the original submissions to the State of New Jersey. Revised cost estimates were not submitted to the State.

Criteria or specific requirement

State Department of Education's GAAP Technical Systems Manual pursuant to N.J.S.A. 18A:4-14 and N.J.A.C. 6:20-2A.

Condition

Reserve for encumbrances were overstated in the District's financial reports at year end. Accounts payable were understated during the end at year end.

Questioned Costs

None. Adjustments have been made to the basic financial statements.

Context

All contracts and change orders awarded by the Board be encumbered. In addition, open purchase orders should be reviewed at year end for proper financial statement classifications. Accounts payable were understated by \$57,775 at June 30, 2009 in the District's financial statements.

Effect

Accounts payable were understated, reserve for encumbrances were overstated.

**NUTLEY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, 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*.

Finding 2009-2 (Continued)

Recommendation

With respect to the Capital Projects Fund, it is recommended that:

- All contracts and change orders awarded by the Board be properly reflected in the architect's certification.
- Outstanding capital project purchase orders be reviewed at year end to determine their proper financial statement classification.
- All approved capital projects be reported by individual school in the District's financial accounting records.
- Any project or scope modifications along with the revised budget estimates be submitted to the State of New Jersey for their approval.

View of Responsible Officials and Planned Corrective Action

Management has reviewed this finding and has indicated it will review and revise its procedures to ensure corrective action is taken.

**NUTLEY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

NOT APPLICABLE

**NUTLEY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

Finding 2009-3

See Finding 2009-1.

State Program Information

Equalization Aid
Special Education Categorical Aid

Criteria or specific requirement

State Grant Compliance Supplement

Condition

See Finding 2009-1.

Questioned Costs

None.

Context

See Finding 2009-1.

Effect

See Finding 2009-1.

Recommendation

See Finding 2009-1.

View of Responsible Officials and Planned Corrective Action

Management has reviewed this finding and has indicated it will review and revise its procedures to ensure corrective action is taken.

**NUTLEY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

Finding 2009-4

See Finding 2009-2.

State Program Information

Equalization Aid
Special Education Categorical Aid

Criteria or specific requirement

State Grant Compliance Supplement

Condition

See Finding 2009-2.

Questioned Costs

None.

Context

See Finding 2009-2.

Effect

See Finding 2009-2.

Recommendation

See Finding 2009-2

View of Responsible Officials and Planned Corrective Action

Management has reviewed this finding and has indicated it will review and revise its procedures to ensure corrective action is taken.

**NUTLEY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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 2008-1

Our audit of the Capital Projects Fund noted the following:

- Our audit revealed that change orders for capital projects contracts were not encumbered when approved by the Board. In addition, a contract awarded in June 2008 for a capital project was not encumbered.
- Purchase orders included in the balance of reserve for encumbrances which were determined to be accounts payable. These outstanding purchase orders totaled \$120,222.

Middle School Referendum:

- Certain change orders did not contain the signature of the School Business Administrator and were not approved by the Board.
- Open purchase orders in the financial records of the District were not adjusted to accurately reflect change orders.
- It appears that change orders were approved by the architect and the work was performed, however insufficient funds were available in the referendum project. The lack of funding required the Board to appropriate capital reserve funds in the 2008/09 budget.

High School and Elementary Schools Referendum:

- The District is required to account for the cost of each project individually. The District's internal accounting records do not separate the costs of each of the projects.
- Open purchase orders in the financial records of the District were not adjusted to accurately reflect change orders.
- The projects approved by the State of New Jersey included HVAC work. As per the architect, the HVAC work has been deleted from the scope of the projects and bathroom renovations have been added. These bathroom renovations were not included in the original submissions to the State of New Jersey. Revised cost estimates were not submitted to the State.
- Certain contracts which have been awarded, exceed the amounts included in the original budget. A determination whether sufficient funds exist to complete the various projects as originally planned has not been made.

Status

See Finding 2009-2.

**NUTLEY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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 (Continued)

Finding 2008-2

- The General Fund balances for Intergovernmental Accounts Receivable – State and Other Accounts Receivable in the general ledger were not in agreement with supporting documentation.
- The Special Revenue Fund balances for Intergovernmental Accounts Receivable – State, Intergovernmental Accounts Receivable – Federal, Intergovernmental Accounts Payable – State and Deferred revenues were not in agreement with supporting documentation.
- The Board records were not in agreement with the audited amounts at June 30, 2007.
- Amounts included in the 07-08 adopted capital outlay budget as “budgeted capital outlay – transfer to capital projects” and “budgeted withdrawal to capital projects from capital reserve” were not transferred to capital projects. Expenditures were charged directly to the budgeted capital outlay line item. The budgeted withdrawal line item was not included in the district’s budget report.
- Interest earnings in the Capital Projects Fund of \$108,519 on an outstanding certificate of deposit was not recorded as a revenue. In addition, interest earnings in the Capital Projects Fund of \$1,240,237 was not recorded as an interfund between the Capital Projects Fund and the General Fund.

Status

See Finding 2009-1.