

NUTLEY BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Nutley, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the
Nutley Board of Education
Nutley, New Jersey
For The Fiscal Year Ended June 30, 2010**

**Prepared by
Business Office**

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INTRODUCTORY SECTION

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Business Administrator/
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November 29, 2010

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, 2010.

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, 2010, 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, 2010, 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 and account groups of the District are included in this report. The Nutley Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of education services to grade levels K through 12. These include regular, as well as special education for handicapped youngsters. The District completed the 2009-10 fiscal year with an average daily enrollment of 4,036 students, which is 10 students below 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>
2009-10	4,036	(0.25%)
2008-09	4,046	0.80%
2007-08	4,014	(1.25%)
2006-07	4,065	(2.75%)
2005-06	4,180	(1.29%)

2) ECONOMIC CONDITION AND OUTLOOK: 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.

3) MAJOR INITIATIVES: The 2009-10 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 2010 test the percentage of Nutley's pupils demonstrating proficiency was as follows: Math – 87.4%; Language Arts – 75.6%.

The NJ Assessment of Skills & Knowledge – Grade 4 (NJASK 4) is given to all fourth graders. For the 2010 test the percentage of Nutley's pupils demonstrating proficiency was as follows: Math – 82.9%; Language Arts – 62.1%; Science – 98.3%.

The NJ Assessment of Skills & Knowledge – Grade 5 (NJASK 5) is given to all third graders. For the 2010 test the percentage of Nutley's pupils demonstrating proficiency was as follows: Math – 87.5%; Language Arts – 71.5%.

The NJ Assessment of Skills & Knowledge – Grade 6 (NJASK 6) is given to all third graders. For the 2010 test the percentage of Nutley's pupils demonstrating proficiency was as follows: Math – 89.2% Language Arts – 84.3%.

The NJ Assessment of Skills & Knowledge – Grade 7 (NJASK 7) is given to all third graders. For the 2010 test the percentage of Nutley's pupils demonstrating proficiency was as follows: Math – 74.5%; Language Arts – 82.4%.

The NJ Assessment of Skills & Knowledge – Grade 8 (NJASK 8) is given to all fourth graders. For the 2010 test the percentage of Nutley's pupils demonstrating proficiency was as follows: Math – 82%; Language Arts – 90.4%; Science – 89.2%.

The High School Proficiency Assessment (HSPA) was administered in March 2010, with 93.6% of Nutley's students passing the language arts section, and 81.7% of our students passing the math section.

The Standard Achievement Test scores mean averages for the math section was 510, the verbal section was 480 and the essay section was 480.

The graduating class of 2010 had 94.4% of its members going on to post-secondary education. 73.5% will be attending four-year colleges and universities. Scholarships and grants awarded to 2010 graduates were approximately \$1,894,830.00. 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, 2010 AP Scholars.

In extra-curricular activities, Nutley continues to outpace the majority of New Jersey districts as evidenced by a budget of \$195 per pupil compared to a statewide average for K-12 of \$259. 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 a complete revision of the district's curriculum from kindergarten through high school. Additionally, the school district initiated a full-day kindergarten for the 2010-2011 school year. New and continuing initiatives include workshops/in-service for affirmative action, intervention and referral services, instruction theory into practice, and many seminars regarding integration of technology in the classroom. Wilson Reading, website development, harassment, intimidation and bullying awareness, character education, mentoring, training for state assessment, suicide prevention, special education and the autistic program.

The district once again demonstrated its ability to produce high results at a modest cost. As noted in the Department of Education's Comparative Spending Guide 2010, the district spent \$11,777 per pupil compared to a statewide K-12 average of \$13,338. The Guide also reported that the district's budget for 2009-10 was based on \$12,080 per pupil, compared to the New Jersey state average of \$13,860.

The school tax levy was approved by a margin of 2,489 – 2,485.

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, 2010.

6) DEBT ADMINISTRATION: As of June 2010, the District's outstanding debt is \$52,303,000 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 Financial Statements," Note 2. The District's cash management plan has all public funds deposited in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protections Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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.

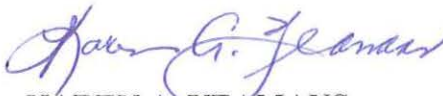
9) OTHER INFORMATION:

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 June 22, 2009. 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.

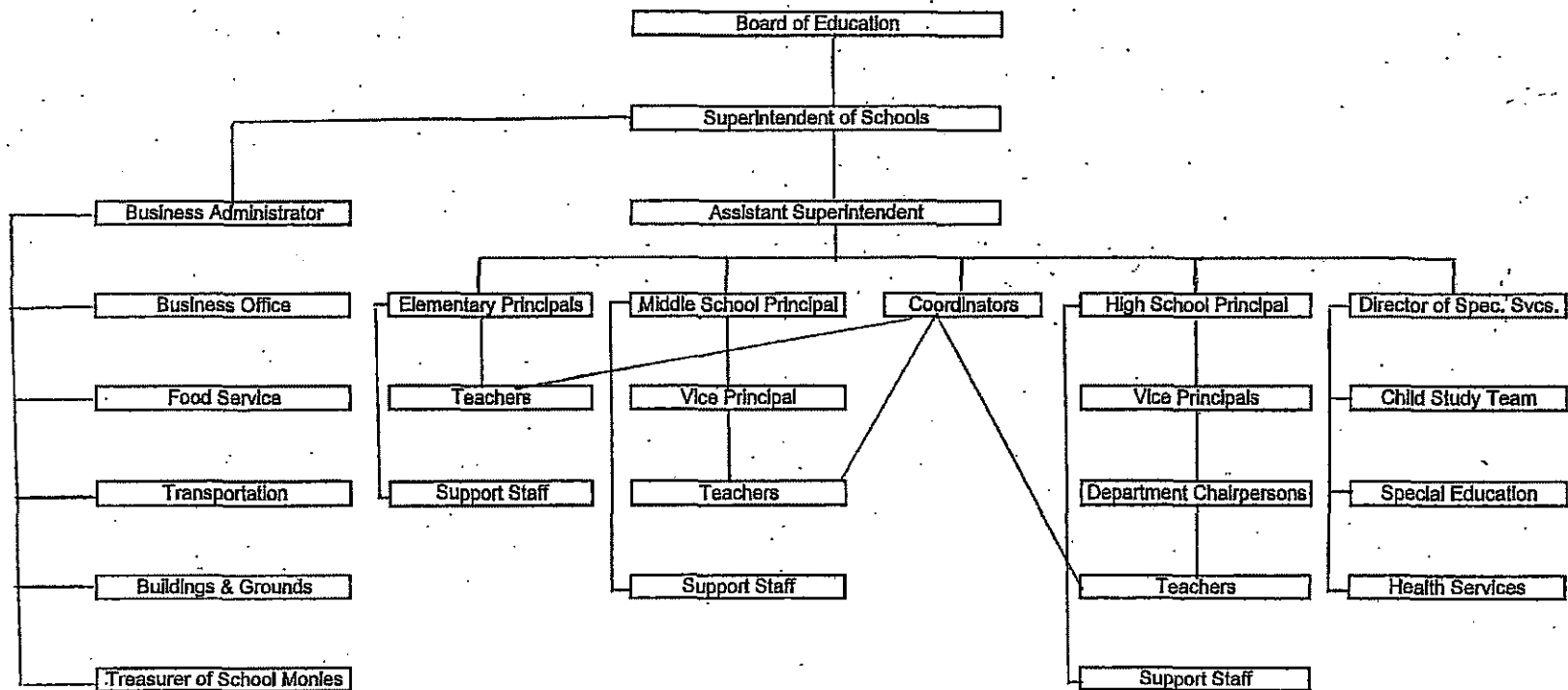
Respectfully submitted,


JOSEPH ZARRA
Superintendent of Schools


KAREN A. YEAMANS
Business Administrator/
Board Secretary

NUTLEY PUBLIC SCHOOLS

NUTLEY, NJ 07110



**NUTLEY BOARD OF EDUCATION
ROSTER OF OFFICIALS
JUNE 30, 2010**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Mr. Charles Kucinski	2013
Dr. Robert Reid	2013
Mr. James Kuchta	2013
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

Karen A. Yeamans, 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

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Roseland, NJ 07068

Independent Auditors

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Fair Lawn, NJ 07410

Medical Inspector

Dr. Barry Prystowski
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Nutley, NJ 07110

Official Depository

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FINANCIAL SECTION

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GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

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ANDREW PARENTE, CPA, RMA, PSA
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, 2010, which collectively comprise the Nutley 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.

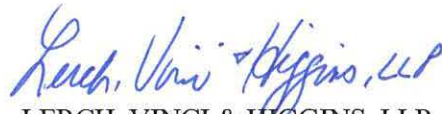
We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by 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, 2010, 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 November 17, 2010 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
November 17, 2010

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, 2010. 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 2009-2010 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 \$13,971,317.
- Overall district revenues were \$65,502,277. General revenues accounted for \$53,373,001 or 81% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$12,129,276 or 19% of total revenues.
- The school district had \$61,719,963 in expenses for governmental activities; only \$10,536,633 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$53,372,494 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$15,313,398.
- The General Fund fund balance at June 30, 2010 was \$1,187,048, an increase of \$1,257,275 from the June 30, 2010 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

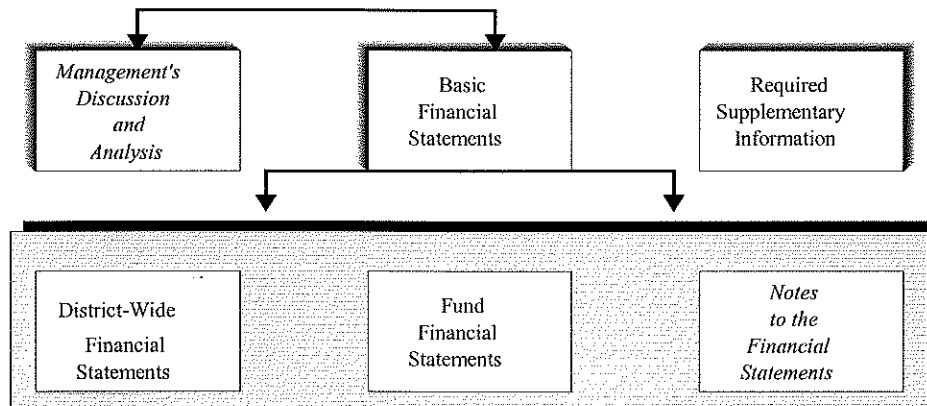
Management's Discussion and Analysis

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 deductions 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 \$13,971,317 as of June 30, 2010. 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, 2010 and 2009

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current Assets	\$ 17,339,730	\$ 26,240,462	\$ 265,940	\$ 204,540	\$ 17,605,670	\$ 26,445,002
Capital Assets, Net	<u>54,526,590</u>	<u>44,421,286</u>	<u>11,337</u>	<u>13,056</u>	<u>54,537,927</u>	<u>44,434,342</u>
Total Assets	<u>71,866,320</u>	<u>70,661,748</u>	<u>277,277</u>	<u>217,596</u>	<u>72,143,597</u>	<u>70,879,344</u>
Long-Term Liabilities	54,961,552	56,471,589			54,961,552	56,471,589
Other Liabilities	<u>3,073,473</u>	<u>2,463,028</u>	<u>137,255</u>	<u>37,831</u>	<u>3,210,728</u>	<u>2,500,859</u>
Total Liabilities	<u>58,035,025</u>	<u>58,934,617</u>	<u>137,255</u>	<u>37,831</u>	<u>58,172,280</u>	<u>58,972,448</u>
Net Assets						
Invested in Capital Assets, net of related debt	16,312,379	15,636,633	11,337	13,056	16,323,716	15,649,689
Restricted	127,084	126,032			127,084	126,032
Unrestricted	<u>(2,608,168)</u>	<u>(4,035,534)</u>	<u>128,685</u>	<u>166,709</u>	<u>(2,479,483)</u>	<u>(3,868,825)</u>
Total Net Assets	<u>\$ 13,831,295</u>	<u>\$ 11,727,131</u>	<u>\$ 140,022</u>	<u>\$ 179,765</u>	<u>\$ 13,971,317</u>	<u>\$ 11,906,896</u>

NUTLEY BOARD OF EDUCATION

Management's Discussion and Analysis

Table A-2
Change in Net Assets
For The Fiscal Years Ended June 30, 2010 and 2009

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenues						
Program Revenues						
Charges for Services	\$ 221,769	\$ 227,043	\$ 1,435,976	\$ 1,603,802	\$ 1,657,745	\$ 1,830,845
Operating Grants and Contributions	10,285,697	8,108,728	156,667	136,231	10,442,364	8,244,959
Capital Grants and Contributions	29,167	13,595			29,167	13,595
General Revenues						
Property Taxes	48,149,095	46,431,396			48,149,095	46,431,396
State Aid	4,948,765	5,526,601			4,948,765	5,526,601
Other	274,634	597,820	507	220	275,141	598,040
Total Revenues	<u>63,909,127</u>	<u>60,905,183</u>	<u>1,593,150</u>	<u>1,740,253</u>	<u>65,502,277</u>	<u>62,645,436</u>
Expenses						
Instruction						
Regular	26,623,533	26,145,394			26,623,533	26,145,394
Special Education	8,850,271	8,975,941			8,850,271	8,975,941
Other Instruction	1,402,851	968,273			1,402,851	968,273
School Sponsored Activities and Athletics	1,148,210	1,400,875			1,148,210	1,400,875
Community Services	5,567	7,627			5,567	7,627
Support Services						
Student and Instruction Related Services	6,990,705	6,143,456			6,990,705	6,143,456
School Administrative Services	3,970,094	3,784,784			3,970,094	3,784,784
General Administrative Services	1,368,301	1,436,551			1,368,301	1,436,551
Plant Operations and Maintenance	5,531,637	6,042,339			5,531,637	6,042,339
Pupil Transportation	2,011,330	2,129,792			2,011,330	2,129,792
Business and Other Support Services	1,480,215	1,400,267			1,480,215	1,400,267
Interest on Long-Term Debt	2,337,249	2,433,786			2,337,249	2,433,786
Increase in Deferred Pension Liability		227,063			-	227,063
Food Services			861,182	946,090	861,182	946,090
Extended Day			841,234	1,013,512	841,234	1,013,512
Athletic Camps	-	-	15,477	14,384	15,477	14,384
Total Expenses	<u>61,719,963</u>	<u>61,096,148</u>	<u>1,717,893</u>	<u>1,973,986</u>	<u>63,437,856</u>	<u>63,070,134</u>
Change in Net Assets Before Transfers	2,189,164	(190,965)	(124,743)	(233,733)	2,064,421	(424,698)
Transfers	(85,000)	(100,000)	85,000	100,000	-	-
Change in Net Assets	2,104,164	(290,965)	(39,743)	(133,733)	2,064,421	(424,698)
Net Assets, Beginning 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>
Net Assets, End of Year	<u>\$ 13,831,295</u>	<u>\$ 11,727,131</u>	<u>\$ 140,022</u>	<u>\$ 179,765</u>	<u>\$ 13,971,317</u>	<u>\$ 11,906,896</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 \$63,909,127 for the year ended June 30, 2010 a 5 percent increase from the previous year. Property taxes of \$48,149,095 represented 75 percent of revenues. Another significant portion of revenues came from State aid; total State, Federal, Local and formula aid was \$15,263,629. 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 \$61,719,963. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$38,030,432 (62%) of total expenditures. Student support services, exclusive of administration, total \$6,990,705 or (11%) of total expenditures (See Table A-4).

Total governmental activities revenues and transfers surpassed expenses, increasing net assets \$2,104,164 from the previous year.

Table A-3 Revenues by Source- Governmental Activities
For Fiscal Year 2010

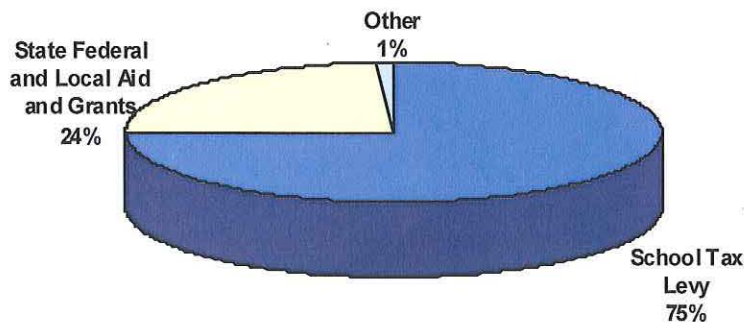
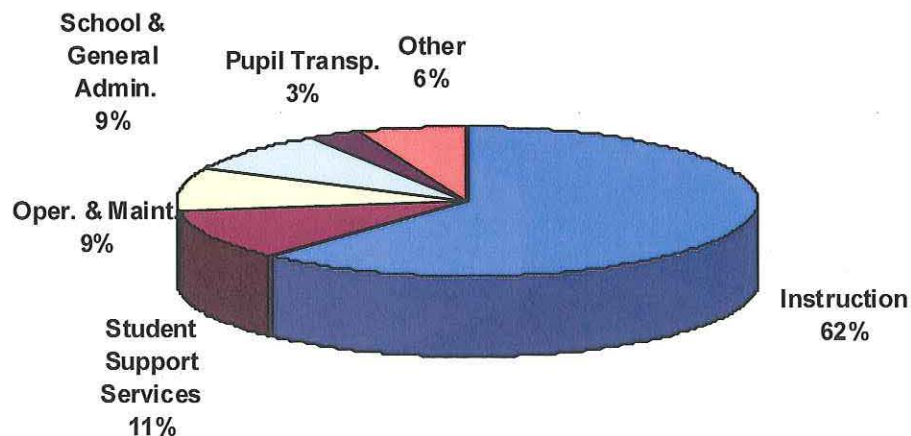


Table A-4 Expenditures by Type- Governmental Activities
For Fiscal Year 2010



NUTLEY BOARD OF EDUCATION

Management's Discussion and Analysis

Net Cost of Governmental Activities. The District's total cost of services was \$61,719,963. After applying program revenues, derived from charges for services of \$221,769; operating grants and contributions of \$10,285,697; and capital grants and contribution of \$29,167, the net cost of services of the District is \$51,183,330. 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>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Instruction				
Regular	26,623,533	\$ 26,145,394	\$ 22,463,123	\$ 22,788,334
Special Education	8,850,271	8,975,941	4,359,150	5,424,307
Other Instruction	1,402,851	968,273	1,347,129	965,254
School Sponsored Activities and Athletics	1,148,210	1,400,875	1,053,343	1,376,503
Community Services	5,567	7,627	5,567	7,627
Support Services				
Student and Instruction Related Services	6,990,705	6,143,456	6,104,290	5,777,866
School Administrative Services	3,970,094	3,784,784	3,795,326	3,506,673
General Administrative Services	1,368,301	1,436,551	1,368,301	1,389,981
Plant Operations and Maintenance	5,531,637	6,042,339	5,234,549	5,775,044
Pupil Transportation	2,011,330	2,129,792	1,635,088	1,708,967
Business and Other Support Services	1,480,215	1,400,267	1,480,215	1,365,377
Increase in Deferred Pension Liability	-	227,063		227,063
Interest on Long-Term Debt	2,337,249	2,433,786	2,337,249	2,433,786
Total	\$ 61,719,963	\$ 61,096,148	\$ 51,183,330	\$ 52,746,782

Business-Type Activities – The District's total business-type activities revenues were \$1,593,150 for the fiscal year ended June 30, 2010. Charges for services accounted for 85% of total revenues. Operating grants and contributions accounted for 15% of total revenue for the year.

The total cost of all business-type activities programs and services was \$1,717,893. 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 \$39,743 over the last year balance.

NUTLEY BOARD OF EDUCATION

Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental Funds

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$15,313,398. At June 30, 2009, the fund balance was \$24,849,972. This significant decrease is predominately attributable to an increase in capital project expenditures.

Revenues for the District's governmental funds were \$63,909,127, while total expenses were \$73,482,568.

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

The following schedule presents a summary of General Fund revenues.

	Year Ended		Increase (Decrease)	Percentage of Total
	June 30, 2010	June 30, 2009		
Local Sources				
Property Tax Levy	\$ 45,383,331	\$ 43,162,248	\$ 2,221,083	5.1%
Tuition	145,554	149,048	(3,494)	-2.3%
Miscellaneous	337,698	417,562	(79,864)	-19.1%
State Sources	10,990,440	10,738,891	251,549	2.3%
Federal Sources	<u>883,640</u>	<u>-</u>	<u>883,640</u>	100.0%
Total General Fund Revenues	<u>\$ 57,740,663</u>	<u>\$ 54,467,749</u>	<u>\$ 3,272,914</u>	6.0%

Total General Fund Revenues increased by \$3,272,914 or less than 6% over the previous year.

Local property taxes remained stable, increasing 5% over the previous year. State aid revenues increased \$251,549 or 2% while Federal aid increased \$883,640 due to ARRA revenue.

NUTLEY BOARD OF EDUCATION

Management's Discussion and Analysis

The following schedule presents a summary of General Fund expenditures.

	Year Ended		Increase	Percentage
	June 30, 2010	June 30, 2009	(Decrease)	of Total
Instruction	\$ 35,921,841	\$ 35,499,110	\$ 422,731	1.2%
Support Services	20,421,924	20,224,686	197,238	1.0%
Capital Outlay	166,894	90,659	76,235	84.1%
Debt Service	<u>22,747</u>	<u>46,172</u>	<u>(23,425)</u>	-51%
Total Expenditures	<u>\$ 56,533,406</u>	<u>\$ 55,860,627</u>	<u>\$ 672,779</u>	1.2%

Total General Fund expenditures increased \$672,779 from the previous year. Most of the increase can be attributed to the increases in the cost of health insurance premiums and additional capital outlay.

In 2009-2010 General Fund revenues and other financing sources were more than expenditures and other financing uses by \$1,257,275. As a result, total fund balance increased to a balance of \$1,187,048 at June 30, 2010. After deducting statutory reserves and designations, the unreserved undesignated fund balance at June 30, 2010 is \$213,705.

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 \$2,413,564, for the year ended June 30, 2010. Federal sources accounted for the majority of Special Revenue Fund's revenue which represented 84% of the total revenue for the year.

Expenditures of the Special Revenue Fund were \$2,413,564. Instructional expenditures were \$1,803,565 and for the support services expenditures were \$580,832. Capital outlay expenditures were \$29,167.

Capital Projects – Revenues and other financing sources were less than expenditures and other financing uses by \$10,793,849 resulting in a fund balance of \$14,126,348 at June 30, 2010.

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, 2010 amounts to \$54,357,927 (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 2009-2010 amounted to \$884,606 for governmental activities and \$1,719 for business-type activities.

Table A-6
Capital Assets at June 30, 2010 and 2009
(Net of Accumulated Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Land	\$ 79,932	\$ 79,932			\$ 79,932	\$ 79,932
Construction in Progress	24,289,344	14,120,707			24,289,344	14,120,707
Buildings	28,328,077	28,437,594			28,328,077	28,437,594
Improvements Other than Buildings	723,037	767,474			723,037	767,474
Machinery and Equipment	1,106,200	1,015,579	\$ 11,337	\$ 13,056	1,117,537	1,028,635
Total Capital Assets (Net)	\$ 54,526,590	\$ 44,421,286	\$ 11,337	\$ 13,056	\$ 54,537,927	\$ 44,434,342

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 \$2,309,622, capital leases payable of \$121,867 deferred pension liability of \$227,063 and bonds payable of \$52,303,000.

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>2010</u>	<u>2009</u>
Serial Bonds Payable	\$ 52,303,000	\$ 53,683,000
Capital Leases	121,867	21,850
Deferred Pension Liability	227,063	227,063
Compensated Absences	<u>2,309,622</u>	<u>2,539,676</u>
Total Expenditures	<u>\$ 54,961,552</u>	<u>\$ 56,471,589</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 2010-2011 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.

**NUTLEY BOARD OF EDUCATION
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 16,083,796	\$ 140,665	\$ 16,224,461
Receivables, net			
Receivables from Other Governments	1,176,271	9,173	1,185,444
Other	77,196	115,921	193,117
Inventory		2,648	2,648
Internal Balances	2,467	(2,467)	-
Capital Assets			
Not Being Depreciated	24,369,276		24,369,276
Being Depreciated, Net	<u>30,157,314</u>	<u>11,337</u>	<u>30,168,651</u>
Total Assets	<u>71,866,320</u>	<u>277,277</u>	<u>72,143,597</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	1,279,341	94,864	1,374,205
Payable to State Government	66,800		66,800
Payable to Federal Government	416		416
Accrued Interest Payable	1,047,141		1,047,141
Unearned Revenue	679,775	42,391	722,166
Noncurrent Liabilities			
Due within one year	1,677,401		1,677,401
Due beyond one year	<u>53,284,151</u>	<u>-</u>	<u>53,284,151</u>
Total Liabilities	<u>58,035,025</u>	<u>137,255</u>	<u>58,172,280</u>
NET ASSETS			
Invested in Capital Assets, net of related debt	16,312,379	11,337	16,323,716
Restricted for			
Capital Projects	127,082		127,082
Debt Service	2		2
Unrestricted	<u>(2,608,168)</u>	<u>128,685</u>	<u>(2,479,483)</u>
Total Net Assets	<u>\$ 13,831,295</u>	<u>\$ 140,022</u>	<u>\$ 13,971,317</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, 2010**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 26,623,533	\$ 145,554	\$ 3,985,689	\$ 29,167	\$ (22,463,123)		\$ (22,463,123)
Special Education	8,850,271		4,491,121		(4,359,150)		(4,359,150)
Other Instruction	1,402,851		55,722		(1,347,129)		(1,347,129)
School Sponsored Activities and Athletics	1,148,210		94,867		(1,053,343)		(1,053,343)
Community Services	5,567				(5,567)		(5,567)
Support Services							
Student and Instruction Related Services	6,990,705		886,415		(6,104,290)		(6,104,290)
School Administrative Services	3,970,094		174,768		(3,795,326)		(3,795,326)
General Administrative Services	1,368,301				(1,368,301)		(1,368,301)
Plant Operations and Maintenance	5,531,637		297,088		(5,234,549)		(5,234,549)
Pupil Transportation	2,011,330	76,215	300,027		(1,635,088)		(1,635,088)
Business Services	1,480,215				(1,480,215)		(1,480,215)
Interest on Long-Term Debt	2,337,249	-	-	-	(2,337,249)	-	(2,337,249)
Total Governmental Activities	61,719,963	221,769	10,285,697	29,167	(51,183,330)	-	(51,183,330)
Business-Type Activities							
Food Service	861,182	630,926	156,667			\$ (73,589)	(73,589)
Extended Day	841,234	789,565				(51,669)	(51,669)
Athletic Camps	15,477	15,485	-	-	-	8	8
Total Business-Type Activities	1,717,893	1,435,976	156,667	-	-	(125,250)	(125,250)
Total Primary Government	<u>\$ 63,437,856</u>	<u>\$ 1,657,745</u>	<u>\$ 10,442,364</u>	<u>\$ 29,167</u>	(51,183,330)	(125,250)	(51,308,580)

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, 2010**

	Net (Expense) Revenue and Changes in Net Assets		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Balance, Carry Forward	\$ (51,183,330)	\$ (125,250)	\$ (51,308,580)
General Revenues and Transfers			
Property Taxes Levied for General Purposes	45,383,331		45,383,331
Property Taxes Levied for Debt Service	2,765,764		2,765,764
State Aid - Unrestricted	3,972,780		3,972,780
State Aid - Restricted for Debt Service	975,985		975,985
Miscellaneous Income	274,634	507	275,141
Transfers	(85,000)	85,000	-
Total General Revenues and Transfers	53,287,494	85,507	53,373,001
Change in Net Assets	2,104,164	(39,743)	2,064,421
Net Assets, Beginning of Year	11,727,131	179,765	11,906,896
Net Assets, End of Year	\$ 13,831,295	\$ 140,022	\$ 13,971,317

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, 2010**

	<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	\$ 965,158		\$ 15,118,638		\$ 16,083,796
Due from Other Funds	244,647			\$ 2	244,649
Receivables, Net					
Receivables from Other Governments	140,255	\$ 467,206	568,810		1,176,271
Other	59,729	17,467	-	-	77,196
Total Assets	<u>\$ 1,409,789</u>	<u>\$ 484,673</u>	<u>\$ 15,687,448</u>	<u>\$ 2</u>	<u>\$ 17,581,912</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 222,741	\$ 159,289	\$ 897,311		\$ 1,279,341
Due to Other Funds		145,925	96,257		242,182
Payable to State Government		66,800			66,800
Payable to Federal Government		416			416
Deferred Revenue	-	112,243	567,532	-	679,775
Total Liabilities	<u>222,741</u>	<u>484,673</u>	<u>1,561,100</u>	<u>-</u>	<u>2,268,514</u>
Fund Balances					
Reserved for					
Encumbrances	310,636		11,156,675		11,467,311
Capital Reserve Account	127,082				127,082
Excess Surplus	535,625				535,625
Unreserved					
Designated for Subsequent Year's Budget				\$ 2	2
Undesignated, Reported in					
General Fund	213,705				213,705
Capital Projects Fund	-	-	2,969,673	-	2,969,673
Total Fund Balances	<u>1,187,048</u>	<u>-</u>	<u>14,126,348</u>	<u>2</u>	<u>15,313,398</u>
Total Liabilities and Fund Balances	<u>\$ 1,409,789</u>	<u>\$ 484,673</u>	<u>\$ 15,687,448</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 \$64,773,010 and the accumulated depreciation is \$10,246,420.

54,526,590

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

(1,047,141)

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	\$ 52,303,000
Capital Leases	121,867
Deferred Pension Liability	227,063
Compensated Absences Payable	2,309,622

(54,961,552)

\$ 13,831,295

NUTLEY BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<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	\$ 45,383,331			\$ 2,765,764	\$ 48,149,095
Tuition	145,554				145,554
Transportation Fees	76,215				76,215
Miscellaneous	261,483	\$ 62,349	\$ 13,151	-	336,983
Total - Local Sources	45,866,583	62,349	13,151	2,765,764	48,707,847
State Sources	10,990,440	319,443		975,985	12,285,868
Federal Sources	883,640	2,031,772	-	-	2,915,412
Total Revenues	57,740,663	2,413,564	13,151	3,741,749	63,909,127
EXPENDITURES					
Current					
Regular Instruction	26,073,727	323,527			26,397,254
Special Education Instruction	7,347,358	1,480,038			8,827,396
Other Instruction	1,402,851				1,402,851
School-Sponsored Activities and Athletics	1,092,413				1,092,413
Community Services	5,492				5,492
Support Services					
Student and Instructional Related Services	6,314,089	580,832			6,894,921
School Administrative Services	3,969,974				3,969,974
General Administrative Services	1,360,877				1,360,877
Plant Operations and Maintenance	5,447,737				5,447,737
Pupil Transportation	1,844,421				1,844,421
Business Services	1,484,826				1,484,826
Debt Service					
Principal	21,850			1,380,000	1,401,850
Interest and Other Charges	897			2,361,749	2,362,646
Capital Outlay	166,894	29,167	10,793,849	-	10,989,910
Total Expenditures	56,533,406	2,413,564	10,793,849	3,741,749	73,482,568
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,207,257	-	(10,780,698)	-	(9,573,441)
OTHER FINANCING SOURCES (USES)					
Capital Leases	121,867				121,867
Transfers In	13,151				13,151
Transfers Out	(85,000)	-	(13,151)	-	(98,151)
Total Other Financing Sources and Uses	50,018	-	(13,151)	-	36,867
Net Change in Fund Balances	1,257,275	-	(10,793,849)	-	(9,536,574)
Fund Balance, Beginning of Year	(70,227)	-	24,920,197	2	24,849,972
Fund Balance, End of Year	\$ 1,187,048	\$ -	\$ 14,126,348	\$ 2	\$ 15,313,398

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, 2010**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ (9,536,574)

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	\$ 10,989,910	
Depreciation Expense	(884,606)	
	10,105,304	

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	230,054
----------------------	---------

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.

1,380,000

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.

21,850

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

Capital Leases	(121,867)
----------------	-----------

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	25,397
------------------------------	--------

Change in net assets of governmental activities (Exhibit A-2) **\$ 2,104,164**

**NUTLEY BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010**

	<u>Food Service</u>	<u>Extended Day</u>	<u>Other Non-Major</u>	<u>Enterprise Fund Totals</u>
ASSETS				
Cash and Cash Equivalents	\$ 65,231	\$ 73,498	\$ 1,936	\$ 140,665
Intergovernmental Accounts Receivable				
State	573			573
Federal	8,600			8,600
Due from Other Funds				-
Other Accounts Receivable	115,921			115,921
Inventory	2,648	-	-	2,648
	<u>192,973</u>	<u>73,498</u>	<u>1,936</u>	<u>268,407</u>
Total Current Assets				
Capital Assets				
Machinery and Equipment	137,947			137,947
Less: Accumulated Depreciation	(126,610)	-	-	(126,610)
	<u>11,337</u>	<u>-</u>	<u>-</u>	<u>11,337</u>
Total Capital Assets				
Total Assets	<u>204,310</u>	<u>73,498</u>	<u>1,936</u>	<u>279,744</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	92,612	1,217	1,035	94,864
Due to Other Funds	2,467			2,467
Deferred Revenue	928	41,463	-	42,391
	<u>96,007</u>	<u>42,680</u>	<u>1,035</u>	<u>139,722</u>
Total Liabilities				
NET ASSETS				
Invested in Capital Assets	11,337			11,337
Unrestricted	96,966	30,818	901	128,685
	<u>108,303</u>	<u>30,818</u>	<u>1,936</u>	<u>140,022</u>
Total Net Assets				

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, 2010**

	<u>Food Service</u>	<u>Extended Day</u>	<u>Other Non-Major</u>	<u>Enterprise Fund Totals</u>
OPERATING REVENUES				
Charges for Services				
Program Fees		\$ 789,565	\$ 15,485	\$ 805,050
School Lunch Program	\$ 484,973			484,973
Special Functions	145,953	-	-	145,953
Total Operating Revenues	630,926	789,565	15,485	1,435,976
OPERATING EXPENSES				
Salaries and Wages	308,716	686,754	10,550	1,006,020
Employee Benefits	232,280	80,000		312,280
Cost of Sales	161,599			161,599
Supplies	34,681	8,031	2,172	44,884
Purchased Services	76,057	54,892		130,949
Other	46,130	11,557	2,755	60,442
Depreciation	1,719	-	-	1,719
Total Operating Expenses	861,182	841,234	15,477	1,717,893
Operating Income (Loss)	(230,256)	(51,669)	8	(281,917)
NONOPERATING REVENUES				
State Sources				
State School Lunch Program	8,210			8,210
Federal Sources				
Federal School Lunch Program	148,457			148,457
Interest Income	331	176	-	507
Total Nonoperating Revenues	156,998	176	-	157,174
Net Income (Loss) Before Operating Transfers	(73,258)	(51,493)	8	(124,743)
Transfers In	85,000	-	-	85,000
Change in Net Assets	11,742	(51,493)	8	(39,743)
Net Assets, Beginning of Year	96,561	82,311	893	179,765
Net Assets, End of Year	\$ 108,303	\$ 30,818	\$ 901	\$ 140,022

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, 2010**

	<u>Food Service</u>	<u>Extended Day</u>	<u>Other Non-Major</u>	<u>Enterprise Fund Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	\$ 541,523	\$ 831,028	\$ 15,485	\$ 1,388,036
Payments for Employees	(540,996)	(686,754)	(10,550)	(1,238,300)
Payments to Suppliers	<u>(255,742)</u>	<u>(154,956)</u>	<u>(3,892)</u>	<u>(414,590)</u>
Net Cash Provided By (Used For) Operating Activities	<u>(255,215)</u>	<u>(10,682)</u>	<u>1,043</u>	<u>(264,854)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Due from Other Funds	85,000	38,837		123,837
State and Federal Sources	<u>169,829</u>	<u>-</u>	<u>-</u>	<u>169,829</u>
Net Cash Provided By Non-Capital Financing Activities	<u>254,829</u>	<u>38,837</u>	<u>-</u>	<u>293,666</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	<u>331</u>	<u>176</u>	<u>-</u>	<u>507</u>
Net Cash Provided By Investing Activities	<u>331</u>	<u>176</u>	<u>-</u>	<u>507</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(55)	28,331	1,043	29,319
Cash and Cash Equivalents, Beginning of Year	<u>65,286</u>	<u>45,167</u>	<u>893</u>	<u>111,346</u>
Cash and Cash Equivalents, End of Year	<u>\$ 65,231</u>	<u>\$ 73,498</u>	<u>\$ 1,936</u>	<u>\$ 140,665</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating Income (Loss)	\$ (230,256)	\$ (51,669)	\$ 8	\$ (281,917)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities				
Depreciation	1,719			1,719
Food Distribution Program (USDA Commodities)-National School Lunch Program				-
(Increase) Decrease in Accounts Receivable	(89,403)			(89,403)
(Increase) Decrease in Inventories	5,323			5,323
Increase (Decrease) in Accounts Payable	59,333	(476)	1,035	59,892
Increase (Decrease) in Deferred Revenue	<u>(1,931)</u>	<u>41,463</u>	<u>-</u>	<u>39,532</u>
Total Adjustments	<u>(24,959)</u>	<u>40,987</u>	<u>1,035</u>	<u>17,063</u>
Net Cash Provided By (Used For) Operating Activities	<u>\$ (255,215)</u>	<u>\$ (10,682)</u>	<u>\$ 1,043</u>	<u>\$ (264,854)</u>
Non-Cash Financing Activities				
Fair Value of Food Distribution Program - National School Lunch	<u>\$ 26,681</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,681</u>

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

NUTLEY BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
AS OF JUNE 30, 2010

	<u>Private Purpose Trust Funds</u>	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 172,209	\$ 653,273	\$ 204,072
Total Assets	<u>172,209</u>	<u>653,273</u>	<u>\$ 204,072</u>
LIABILITIES			
Intergovernmental Payable		25,045	
Due to Student Groups	<u>-</u>	<u>-</u>	\$ 204,072
Total Liabilities	<u>-</u>	<u>25,045</u>	<u>\$ 204,072</u>
NET ASSETS			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 172,209</u>	<u>\$ 628,228</u>	

**NUTLEY BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Private Purpose Trust Funds</u>	<u>Unemployment Compensation Trust</u>
ADDITIONS		
Contributions		
Employees		\$ 97,399
Donations	\$ 163,033	
Investment Earnings		
Interest	<u>182</u>	<u>7,031</u>
 Total Additions	 <u>163,215</u>	 <u>104,430</u>
 DEDUCTIONS		
Scholarships	250	
Unemployment Claims and Contributions	<u>-</u>	<u>136,206</u>
 Total Deductions	 <u>250</u>	 <u>136,206</u>
 Change in Net Assets	 162,965	 (31,776)
 Net Assets, Beginning of Year	 <u>9,244</u>	 <u>660,004</u>
 Net Assets, End of Year	 <u>\$ 172,209</u>	 <u>\$ 628,228</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, 2010**

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, 2010**

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 program.

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, 2010**

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 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.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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".

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 2008-2009 and 2009-2010 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.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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 is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20
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 (with certain restrictions) earned but unused vacation and sick leave benefits. A long-term liability of accumulated vacation 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 do not permit the accrual of unused vacation, personal and sick leave. 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.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 Excess Surplus - This reserve was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2010 audited excess surplus that is required to be appropriated in the 2011/2012 original budget certified for taxes.

Reserved for Capital Reserve Account - This reserve was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 2.)

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.

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 2009/2010. During 2009/2010 the Board increased the original budget by \$1,483,091. The increase was funded by additional grant awards and the reappropriation of prior year general fund encumbrances.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of 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. Excess Expenditures Over Appropriations

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

	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Custodial			
Salaries and Wages	\$262,330	\$262,770	(\$440)

The above variances were offset with other available resources.

C. Capital Reserve Account

A capital reserve account was established by the District on September 20, 2010. 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.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Capital Reserve Account (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2010 is as follows:

Balance, July 1, 2009	\$ 126,030
Increased by:	
Interest Earnings	<u>1,052</u>
Balance, June 30, 2010	<u>\$ 127,082</u>

D. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2010 is \$535,625. This amount will be appropriated in the 2011/2012 original budget certified for taxes.

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 (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge plus collateral equal to 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of 75% of its capital funds 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, 2010**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Deposits (Continued)

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 \$250,000 for each failed brokerage firm. At June 30, 2010, the book value of the Board's deposits was \$17,254,015 and bank balances of the Board's cash and deposits amounted to \$19,529,033. 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>19,529,033</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. As of June 30, 2010 none of the board's bank balances were exposed to custodial credit risk.

Investments

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

As of June 30, 2010, the Board had no outstanding investments.

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

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	\$ 59,729	\$ 17,467		\$ 115,921	\$ 193,117
Intergovernmental	<u>140,255</u>	<u>467,206</u>	<u>\$ 568,810</u>	<u>9,173</u>	<u>1,185,444</u>
Gross Receivables	199,984	484,673	568,810	125,094	1,378,561
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 199,984</u>	<u>\$ 484,673</u>	<u>\$ 568,810</u>	<u>\$ 125,094</u>	<u>\$ 1,378,561</u>

**NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables (Continued)

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

	<u>Unearned</u>
Special Revenue Fund	
Unencumbered grant draw downs	\$ 33,146
Grant draw downs reserved for encumbrances	79,097
Capital Projects Fund	
Unrealized School Facility Grants	<u>567,532</u>
Total deferred revenue for governmental funds	<u>\$679,775</u>

C. Capital Assets

Capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Balance</u> <u>July 1, 2009</u>	<u>Increases</u>	<u>Adjustments</u>	<u>Balance</u> <u>June 30, 2010</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 79,932			\$ 79,932
Construction in Progress	14,120,707	\$ 10,327,064	\$ (158,427)	24,289,344
Total Capital Assets, Not Being Depreciated	<u>14,200,639</u>	<u>10,327,064</u>	<u>(158,427)</u>	<u>24,369,276</u>
Capital Assets, Being Depreciated:				
Buildings	35,639,191	466,000	158,427	36,263,618
Improvements Other Than Buildings	899,901			899,901
Machinery and Equipment	3,043,369	196,846	-	3,240,215
Total Capital Assets Being Depreciated	<u>39,582,461</u>	<u>662,846</u>	<u>158,427</u>	<u>40,403,734</u>
Less Accumulated Depreciation for:				
Buildings	(7,201,597)	(733,944)		(7,935,541)
Improvements Other Than Buildings	(132,427)	(44,437)		(176,864)
Machinery and Equipment	(2,027,790)	(106,225)	-	(2,134,015)
Total Accumulated Depreciation	<u>(9,361,814)</u>	<u>(884,606)</u>	<u>-</u>	<u>(10,246,420)</u>
Total Capital Assets, Being Depreciated, net	<u>30,220,647</u>	<u>(221,760)</u>	<u>158,427</u>	<u>30,157,314</u>
Governmental Activities Capital Assets, net	<u>\$ 44,421,286</u>	<u>\$ 10,105,304</u>	<u>\$ -</u>	<u>\$ 54,526,590</u>

**NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

	Balance <u>July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2010</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 137,947	-	-	\$ 137,947
Total Capital Assets Being Depreciated	<u>137,947</u>	<u>-</u>	<u>-</u>	<u>137,947</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(124,891)	\$ (1,719)	-	(126,610)
Total Accumulated Depreciation	<u>(124,891)</u>	<u>(1,719)</u>	<u>-</u>	<u>(126,610)</u>
Total Capital Assets, Being Depreciated, net	<u>13,056</u>	<u>(1,719)</u>	<u>-</u>	<u>11,337</u>
Business-Type Activities Capital Assets, net	<u>\$ 13,056</u>	<u>\$ (1,719)</u>	<u>\$ -</u>	<u>\$ 11,337</u>

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>
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>

Business-Type Activities:

Food Service Fund	\$ 1,719
Total Depreciation Expense-Business-Type Activities	<u>\$ 1,719</u>

**NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

Construction commitments

The District has the following active construction projects as of June 30, 2010:

<u>Project</u>	<u>Remaining Commitment</u>
Various Renovations and Improvements to Nutley High School and Elementary Schools	\$ 11,156,675
	<u>\$ 11,156,675</u>

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2010, is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 145,925
General Fund	Capital Projects Fund	96,255
General Fund	Food Service Enterprise Fund	2,467
Debt Service Fund	Capital Projects Fund	<u>2</u>
		<u>\$ 244,649</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>Enterprise Food Service</u>	<u>Total</u>
Transfer Out:			
General Fund		\$ 85,000	\$ 85,000
Capital Projects Fund	<u>\$ 13,151</u>	<u>-</u>	<u>13,151</u>
Total transfers out	<u>\$ 13,151</u>	<u>\$ 85,000</u>	<u>\$ 98,151</u>

**NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Interfund Receivables, Payables, and Transfers (Continued)

Interfund transfers (Continued)

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

E. Leases

Capital Leases

The District is leasing school buses totaling \$121,867 under capital leases. The lease is for a term of 5 years.

The capital assets acquired through capital leases are as follows:

	Governmental Activities
Vehicles	\$ 121,867
Total	\$ 121,867

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2010 were as follows:

<u>Year Ending June 30</u>	Governmental Activities
2011	\$ 27,784
2012	27,784
2013	27,784
2014	27,783
2015	27,783
	<hr/>
Total Minimum Lease Payments	138,918
Less: Amount Representing Interest	(17,051)
Present Value of Minimum Lease Payments	\$ 121,867

**NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

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, 2010 are comprised of the following issues:

\$2,923,000, 2003 Bonds, due in annual installments of \$130,000 to \$208,000 through August 15, 2023, variable interest rate	\$ 2,348,000
\$14,930,000, 2005 Bonds, due in annual installments of \$550,000 to \$670,000 through February 15, 2030, variable interest rate	12,845,000
\$38,500,000, 2007 Bonds, due in annual installments of \$760,000 to \$3,515,000 through July 15, 2032, variable interest rate	<u>37,110,000</u>
	<u>\$52,303,000</u>

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

Governmental Activities:

Year Ended <u>June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
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	1,690,000	2,037,961	3,727,961
2016-2020	9,430,000	9,029,715	18,459,715
2021-2025	11,378,000	6,757,524	18,135,524
2026-2030	14,245,000	3,955,775	18,200,775
2031-2033	<u>9,435,000</u>	<u>717,844</u>	<u>10,152,844</u>
	<u>\$ 52,303,000</u>	<u>\$ 31,325,020</u>	<u>\$ 83,628,020</u>

**NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2010 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 173,514,287
Less: Net Debt Issued	<u>52,303,987</u>
Remaining Borrowing Power	<u>\$ 121,210,300</u>

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2010, was as follows:

	Balance <u>July 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2010</u>	Due Within <u>One Year</u>
Governmental activities:					
Bonds Payable	\$ 53,683,000		\$ 1,380,000	\$ 52,303,000	\$ 1,440,000
Capital Leases	21,850	\$ 121,867	21,850	121,867	22,263
Deferred Pension Obligation	227,063			227,063	15,138
Compensated Absences Payable	<u>2,539,676</u>	<u>-</u>	<u>230,054</u>	<u>2,309,622</u>	<u>200,000</u>
Governmental Activity Long-Term Liabilities	<u>\$ 56,471,589</u>	<u>\$ 121,867</u>	<u>\$ 1,631,904</u>	<u>\$ 54,961,552</u>	<u>\$ 1,677,401</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 funds. Members have a contractual obligation to fund any deficit of the fund attributable to a membership year during which they were a member.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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 insurance fund is 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.

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</u> <u>June 30,</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2010	\$ 97,399	\$ 136,206	\$ 628,228
2009	90,123	75,385	660,004
2008	74,872	61,723	633,340

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 Board of Education appealed this finding and on September 30, 2009, were advised their second level appeal had been denied and the \$326,004 in state aid had to be refunded. The Board has appealed this determination to the Commissioner of Education and is in the process of preparing for a hearing before the Administrative Law Judge assigned to hear the Appeal. There is a statute potentially applicable that would limit the refund to \$25,000, if deemed applicable by the Court. The Board intends to pursue every avenue of appeal available to it in order to overturn this Order of Refund.

In March, 2010, the Board received an examination from the Department of Education, Office of Fiscal Accountability Compliance Investigation Unit regarding bidding violations. The examination requested that \$70,829 of General Fund State Aid must be refunded to the State. The District is appealing the State Aid recovery and is awaiting the case to be resolved.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 4 OTHER INFORMATION (Continued)

B. Contingent Liabilities (Continued)

Pending Litigation (Continued)

An engineering firm (the “firm”) has filed a lawsuit in the Superior Court of New Jersey, Law Division, Essex County, seeking judgment of approximately \$1,975,000 enforcing a May, 2008 written settlement agreement. The Board counterclaimed for rescission of the settlement agreement and return of \$750,000 paid to this firm pursuant to the settlement. On February 17, 2009, the Law Division entered a judgment rescinding the settlement agreement on the basis of unilateral mistake and ordering the firm to pay the Board \$750,000 representing the return of the money paid to the firm pursuant to the settlement agreement. The firm appealed that judgment to the Appellate Division, and on August 30, 2010 the Appellate Division reversed the Law Division’s judgment and remanded the matter for a plenary hearing. The Law Division has entered a Scheduling Order providing for initial written discovery to be exchanged between the parties, as well as an Answer to the Board’s Counterclaim against the firm to be filed by the firm. The Board intends to defend against the firm’s claims and pursue the return of its \$750,000 payment previously made to the firm. On November 18, 2010, the Board received a letter from the attorney for the firm sent to the Superintendent of Schools of Essex County, supplementing a January 29, 2007 letter, both entitled “NJ Tort Claims Act—Notice of Claim” asserting unliquidated claims of “negligence and/or intentional acts” for the purpose of “injuring the firm and thereby avoiding liabilities to the firm, conspiracy to damage the firm’s business reputation and its ability to conduct business.”

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.

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, 2010, 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, 2010, 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, 2010**

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.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

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. The financial reports may be accessed via the New Jersey, 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, 2010**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Significant Legislation

P.L. 2009, c. 19, effective March 17, 2009 provided an option for local employers to contribute 50 percent of the normal and accrued liability contribution amounts certified by the PERS for payments due in State fiscal year 2009. This law also provided that a local employer may pay 100 percent of the required contribution. Such an employer was credited with the full payment and any such amounts were not to be included in their unfunded liability. The actuaries for PERS will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the State fiscal year ending June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

P.L. 2008, c. 89, effective November 1, 2008, increased the TPAF and PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; changed the early retirement provisions; increased the minimum annual compensation required for membership eligibility for new members on or after the effective date of this law.

P.L. 2007, c. 103, certain parts effective July 1, 2007, provided for the following: changed contribution rates of TPAF, PERS, and Defined Contribution Retirement Program (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) which included the creation of the School Employees' Health Benefit Program (SEHBP) and established an employee contribution of 1.5 percent of the employee's base salary.

Funding Status and Funding Progress

As of June 30, 2008, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 72.6 percent with an unfunded actuarial accrued liability of \$34.4 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 69.6 percent and \$23.0 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 77.2 percent and \$11.4 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, 2008 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, 2010**

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 with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 5.5% for PERS, 5.5% for TPAF and 5.5% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2010 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 contributions made. 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. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended June 30, 2010, 2009 and 2008 the Board was required to contribute for PERS and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

<u>Year Ended</u> <u>June 30,</u>	<u>PERS</u>	<u>On-behalf</u> <u>TPAF</u>
2010	\$ 598,493	\$ 91,174
2009	283,512	83,952
2008	403,550	1,892,580

During 2009/2010 and 2008/2009 school years, the State of New Jersey did not contribute to the TPAF for normal cost and accrued liability. The State contributed \$91,174 and \$83,952 during 2009/2010 and 2008/2009, respectively, for the NCGI premium. During 2008/2009 school year, the Board contributed only 50% of its normal and accrued liability components of the PERS obligation and deferred the remaining 50%. The deferred amount will be paid back with interest over 15 years beginning in the 2011/2012 fiscal year. The District is permitted to payoff the deferred PERS pension obligation at any time. A long-term liability of the deferred pension obligation for PERS has been recorded in the governmental activities in the district-wide financial statements.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$2,031,484 during the year ended June 30, 2010 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.

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are cost sharing multiple employer defined benefit plans.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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 Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 484 state and local participating employers and contributing entities for Fiscal Year 2009.

The State of New Jersey sponsors and administers the following health benefit programs covering certain state and local government employees, including those Board employees and retirees eligible for coverage.

Health Benefits Program Fund (HBPF) – Local Education (including Prescription Drug Program Fund) – The State of New Jersey provides free coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides free coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare parts A and B by paying the cost of the insurance for themselves and their covered dependents. Also, education employees are eligible for the PDP coverage after 60 days of employment.

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 Fund. 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, 2008, the most recent actuarial valuation date, the State had a \$55.9 billion unfunded actuarial accrued liability for other postemployment benefits (OPEB) which is made up to \$19.8 billion for state active and retired members and \$36.1 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Funded Status and Funding Progress (Continued)

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.

Actuarial Methods and Assumptions

In the June 30, 2008, 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. As of June 30, 2009, there were 84,590 retirees receiving post-retirement medical benefits and the State contributed \$837.7 million on their behalf. 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 \$116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in fiscal year 2009.

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, 2010, 2009 and 2008 were \$1,712,374, \$1,601,597 and \$1,927,014, 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.

BASIC FINANCIAL STATEMENTS

BUDGETARY COMPARISON SCHEDULES

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<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	\$ 45,383,331		\$ 45,383,331	\$ 45,383,331	
Tuition	131,730		131,730	145,554	\$ 13,824
Transportation Fees	60,000		60,000	76,215	16,215
Interest on Capital Reserve	-		-	1,052	1,052
Other Restricted Miscellaneous	200,000		200,000	69,501	(130,499)
Unrestricted Miscellaneous	152,615	-	152,615	190,930	38,315
Total Revenues - Local Sources	45,927,676	-	45,927,676	45,866,583	(61,093)
State Sources					
Equalization Aid	4,869,990	\$ (883,640)	3,986,350	3,986,350	
Transportation Aid	459,373		459,373	298,592	(160,781)
Categorical Special Education Aid	2,251,799		2,251,799	2,251,799	
Security Aid	316,709		316,709	302,191	(14,518)
Extraordinary Aid	100,000		100,000	361,125	261,125
TPAF Pension System Contributions-NCGI				91,174	91,174
TPAF Pension System Contribution - Post Retirement (Non Budgeted)				1,712,374	1,712,374
TPAF Social Security Contributions (Non Budgeted)	-	-	-	2,031,484	2,031,484
Total State Sources	7,997,871	(883,640)	7,114,231	11,035,089	3,920,858
Federal Sources					
ARRA - Education Stabilization Fund		850,708	850,708	850,708	
ARRA - Government Service Fund		32,932	32,932	32,932	
Medicaid Reimbursement	12,548	-	12,548	-	(12,548)
Total Federal Sources	12,548	883,640	896,188	883,640	(12,548)
Total Revenues	53,938,095	-	53,938,095	57,785,312	3,847,217
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers:					
Preschool/Kindergarten	560,417	61,893	622,310	622,310	
Grades 1 - 5	6,940,817	246,381	7,187,198	7,187,198	
Grades 6 - 8	4,248,317	1,798	4,250,115	4,250,115	
Grades 9 - 12	5,710,814	13,050	5,723,864	5,723,863	1
Home Instruction:					
Salaries of Teachers	70,000	(38,282)	31,718	31,718	
Purchased Professional-Educational Services	28,000	(12,901)	15,099	14,573	526
Regular Programs - Undistributed Instruction:					
Purchased Technical Services	50,000	545	50,545	50,545	
Other Purchased Services	68,943	(28,458)	40,485	40,484	1
General Supplies	573,298	193,011	766,309	560,846	205,463
Textbooks	177,487	(114,664)	62,823	60,239	2,584
Other Objects	38,500	(10,261)	28,239	27,131	1,108
Total Instruction Regular Programs	18,466,593	312,112	18,778,705	18,569,022	209,683
Special Education					
Learning/Language Disabilities					
Salaries of Teachers	1,175,484	(6,629)	1,168,855	1,168,855	
Other Salaries for Instruction	361,726	(82,074)	279,652	279,652	
General Supplies	12,800	(8,437)	4,363	3,851	512
Textbooks	5,250	(2,311)	2,939	2,899	40
Other Objects	100	-	100	-	100
Total Learning/Language Disabilities	1,555,360	(99,451)	1,455,909	1,455,257	652

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
Resource Room/Resource Center					
Salaries of Teachers	\$ 828,782	\$ 51,900	\$ 880,682	\$ 869,926	\$ 10,756
General Supplies	14,000	(4,000)	10,000	9,847	153
Textbooks	1,000	4,000	5,000	3,250	1,750
Other Objects	100	-	100	-	100
Total Resource Room/Resource Center	843,882	51,900	895,782	883,023	12,759
Autism					
Salaries of Teachers	578,491	(55,875)	522,616	518,759	3,857
Other Salaries for Instruction	329,275	(43,927)	285,348	280,680	4,668
Purchased Professional-Educational Services	15,000	(15,000)	-	-	-
General Supplies	10,000	(10,000)	-	-	-
Other Objects	2,000	(2,000)	-	-	-
Total Autism	934,766	(126,802)	807,964	799,439	8,525
Preschool Disabilities - Part-Time					
Salaries of Teachers	223,907	(51,900)	172,007	171,109	898
Other Salaries for Instruction	93,656	7,622	101,278	101,237	41
Purchased Professional-Educational Services	2,900	(2,900)	-	-	-
General Supplies	-	2,900	2,900	2,637	263
Other Objects	100	(83)	17	-	17
Total Preschool Disabilities	320,563	(44,361)	276,202	274,983	1,219
Total Special Education	3,654,571	(218,714)	3,435,857	3,412,702	23,155
Basic Skills/Remedial					
Salaries of Teachers	534,101	96,321	630,422	629,964	458
General Supplies	2,450	-	2,450	2,187	263
Other Objects	300	-	300	300	-
Total Basic Skills/Remedial	536,851	96,321	633,172	632,451	721
Bilingual Education					
Salaries of Teachers	234,306	(24,719)	209,587	208,977	610
General Supplies	5,926	-	5,926	5,592	334
Total Bilingual Education	240,232	(24,719)	215,513	214,569	944
Vocational Programs- Local - Instruction					
Salaries of Teachers	2,500	-	2,500	2,500	-
Total Vocational Programs-Local-Instruction	2,500	-	2,500	2,500	-
School Sponsored Co-Curricular Activities					
Salaries of Teachers	98,000	2,140	100,140	100,140	-
Other Objects	10,000	(9,999)	1	-	1
Total Co-Curricular Activities	108,000	(7,859)	100,141	100,140	1
School Sponsored Athletics					
Salaries	397,684	110,439	508,123	508,122	1
Purchased Services	25,297	14,333	39,630	39,536	94
Supplies and Materials	49,601	(4,761)	44,840	44,380	460
Other Objects	63,945	83,892	147,837	146,188	1,649
Total Athletics	536,527	203,903	740,430	738,226	2,204

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Other Instruction Programs					
Salaries	\$ 183,376	\$ (42,598)	\$ 140,778	\$ 140,305	\$ 473
Purchased Services	60,271	(39,621)	20,650	18,741	1,909
Supplies and Materials	22,000	(22,000)	-	-	-
Other Objects	1,500	(1,500)	-	-	-
Total Other Instruction Programs	267,147	(105,719)	161,428	159,046	2,382
Community Services					
Salaries	13,000	-	13,000	5,492	7,508
Total Community Services	13,000	-	13,000	5,492	7,508
Total Instruction	23,825,421	255,325	24,080,746	23,834,148	246,598
Tuition					
Tuition to NJ LEA's - Special	111,499		111,499	90,747	20,752
Tuition to County Vocational - Regular	17,385	(4,819)	12,566	11,822	744
Tuition to County Vocational - Special	26,775	35,045	61,820	34,819	27,001
Tuition to County Sp Service and Regional Day School		81,578	81,578	81,578	
Tuition to NJ Private Handicapped	3,067,988	(587,374)	2,480,614	2,295,254	185,360
Tuition to State Facilities	-	35,250	35,250	35,250	-
Total Tuition	3,223,647	(440,320)	2,783,327	2,549,470	233,857
Undistributed Expenditures					
Health Services					
Salaries	576,171		576,171	570,554	5,617
Purchased Professional Services	75,000	(30,000)	45,000	34,256	10,744
Supplies and Materials	14,700		14,700	13,740	960
Other Objects	250	-	250	20	230
Total Health Services	666,121	(30,000)	636,121	618,570	17,551
Undistributed Expend.-Other Supp. Svcs.-					
Speech, OT, PT and Related Services					
Salaries	487,925	(246)	487,679	485,735	1,944
Purchased Professional Educational Services	115,000	88,500	203,500	181,033	22,467
Supplies and Materials	4,500	-	4,500	3,697	803
Total Speech, OT, PT and Related Services	607,425	88,254	695,679	670,465	25,214
Undistributed Expend.-Other Supp. Svcs.-Extraord. Serv.					
Salaries	356,092	(92,096)	263,996	263,996	-
Total Other Support/Extraordinary Services	356,092	(92,096)	263,996	263,996	-
Guidance					
Salaries of Other Professional Staff	985,676		985,676	979,768	5,908
Salaries of Secretarial and Clerical Assistants	165,128	6,483	171,611	171,611	
Other Purchased Professional and Technical Services	30,000	(1,756)	28,244	14,636	13,608
Other Purchased Services	7,200	48	7,248	6,117	1,131
Supplies and Materials	39,000	473	39,473	15,046	24,427
Other Objects	2,000	(848)	1,152	753	399
Total Guidance	1,229,004	4,400	1,233,404	1,187,931	45,473
Child Study Teams					
Salaries of Other Professional Staff	1,032,620	(49,942)	982,678	934,780	47,898
Miscellaneous Purchased Services	3,000		3,000	1,312	1,688
Supplies and Materials	12,000		12,000	11,111	889
Other Objects	100	-	100	59	41
Total Child Study Teams	1,047,720	(49,942)	997,778	947,262	50,516

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Improvement of Instruction					
Salaries of Other Professional Staff	\$ 24,000	\$ (10,019)	\$ 13,981	\$ 12,757	\$ 1,224
Salaries of Secretarial and Clerical Assist.	151,277		151,277	149,761	1,516
Purchased Professional Educational Services	7,000		7,000	7,000	
Other Purchased Professional and Technical Services	8,000	(1,210)	6,790	4,350	2,440
Other Purchased Services	6,500		6,500	4,857	1,643
Supplies and Materials	7,000		7,000	6,301	699
Other Objects	1,000	-	1,000	379	621
Total Improvement of Instruction	204,777	(11,229)	193,548	185,405	8,143
Educational Media Services/ School Library					
Salaries	628,072	10,967	639,039	639,039	
Purchased Professional and Technical Services	20,300	(4,405)	15,895	12,216	3,679
Other Purchased Services	30,500		30,500	24,207	6,293
Supplies and Materials	153,621	(54,476)	99,145	65,314	33,831
Total Educational Media Services/ School Library	832,493	(47,914)	784,579	740,776	43,803
Instructional Staff Training Services					
Salaries of Other Professional Staff	3,000	(3,000)			
Purchased Professional Educational Services	4,200		4,200	4,000	200
Other Purchased Services	16,000	(8,743)	7,257	5,479	1,778
Supplies and Materials	550		550	336	214
Other Objects	1,200	-	1,200	657	543
Total Instructional Staff Training Services	24,950	(11,743)	13,207	10,472	2,735
Support Services General Administration					
Salaries	571,812	(30,141)	541,671	541,671	
Legal Services	81,000	174,603	255,603	255,603	
Audit Fees	42,000	1,344	43,344	43,344	
Purchased Technical Services	6,000	(3,510)	2,490	2,490	
Communications/Telephone	157,702	(24,723)	132,979	132,979	
BOE Other Purchased Services	9,750	(8,800)	950	929	21
Other Purchased Services	34,500	(2,014)	32,486	32,465	21
Supplies and Materials	12,000	(624)	11,376	11,376	
BOE In-House Training/Meeting Supplies	5,000	(1,302)	3,698	3,641	57
Judgements	95,000	21,413	116,413	95,000	21,413
Miscellaneous Expenditures	18,500	(13,630)	4,870	4,869	1
BOE Membership Dues and Fees	27,000	(1,209)	25,791	25,791	-
Total Support Services General Administration	1,060,264	111,407	1,171,671	1,150,158	21,513
Support Services School Administration					
Salaries of Principals and Assistant Principals	1,478,000	(357,432)	1,120,568	1,120,568	
Salaries of Other Professional Staff	688,329	205,244	893,573	893,573	
Salaries of Secretarial and Clerical Assistants	569,074	122,778	691,852	691,852	
Other Purchased Services	78,018	(1,965)	76,053	76,030	23
Supplies and Materials	51,100	5,861	56,961	53,901	3,060
Other Objects	60,251	(5,332)	54,919	49,278	5,641
Total Support Services School Administration	2,924,772	(30,846)	2,893,926	2,885,202	8,724
Undistributed Expenditures - Central Services					
Salaries	652,585	36,390	688,975	688,974	1
Purchased Professional Services	98,200	(12,247)	85,953	80,553	5,400
Purchased Technical Services	500		500	239	261
Miscellaneous Purchased Services	60,000	(38,663)	21,337	19,477	1,860
Supplies and Materials	20,000	(5,400)	14,600	12,335	2,265
Miscellaneous Expenditures	2,000	(948)	1,052	1,052	-
Total Undistributed Expenditures - Central Services	833,285	(20,868)	812,417	802,630	9,787

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<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 - Admin. Info. Tech.					
Salaries	\$ 261,740	\$ 7,968	\$ 269,708	\$ 269,708	
Other Purchased Services	6,600	(5,000)	1,600		\$ 1,600
Supplies and Materials	20,000	20,000	40,000	39,546	454
Other Objects	1,000	-	1,000	-	1,000
Total Undistributed Expenditures - Admin. Info. Technology	289,340	22,968	312,308	309,254	3,054
Required Maintenance for School Facilities					
Salaries	510,540	(2,565)	507,975	496,599	11,376
Cleaning, Repair and Maintenance Services	170,000	(9,425)	160,575	145,034	15,541
General Supplies	201,000	(9,201)	191,799	113,864	77,935
Other Objects	10,000	(2,250)	7,750	354	7,396
Total Required Maint for School Facilities	891,540	(23,441)	868,099	755,851	112,248
Custodial Services					
Salaries	1,745,935	279,893	2,025,828	2,025,828	
Purchased Professional and Technical Services	64,000	(15,097)	48,903	48,837	66
Cleaning, Repair and Maintenance Services	210,000	(10,000)	200,000	179,673	20,327
Rental of Land & Bldg. Oth. Than Lease Purch. Agreement	1,500		1,500	1,305	195
Insurance	86,636		86,636	83,851	2,785
Miscellaneous Purchased Services	37,000	(27,000)	10,000	6,961	3,039
General Supplies	149,000	(60,000)	89,000	78,451	10,549
Other Objects	1,500		1,500		1,500
Energy	1,120,193	(68,374)	1,051,819	786,134	265,685
Total Custodial Services	3,415,764	99,422	3,515,186	3,211,040	304,146
Care and Upkeep of Grounds					
Salaries	322,183	(59,853)	262,330	262,770	(440)
Cleaning, Repair, and Maintenance Services	46,000	2,847	48,847	23,126	25,721
General Supplies	20,000	(3,546)	16,454	12,372	4,082
Total Care and Upkeep of Grounds	388,183	(60,552)	327,631	298,268	29,363
Security					
Salaries	71,400		71,400	70,534	866
Other Objects	-	13,000	13,000	6,927	6,073
Total Security	71,400	13,000	84,400	77,461	6,939
Student Transportation Services					
Salaries for Pupil Trans (Bet Home & Sch)-Regular	29,500	(2,200)	27,300	25,892	1,408
Salaries for Pupil Trans (Bet Home & Sch)-Sp Ed.	796,397	50,101	846,498	846,498	
Salaries for Pupil Trans (Other than Bet Home & Sch).	160,000	(48,387)	111,613	111,613	
Cleaning, Repair and Maintenance Services	117,000	8,598	125,598	125,598	
Other Purchased Professional and Technical Services	1,200		1,200	882	318
Lease Purchase Payments - School Buses	51,940		51,940	44,723	7,217
Rental Payments - School Buses	21,735		21,735	20,700	1,035
Contr Serv(Bet Home &Sch)-Vend	17,590	(2,760)	14,830	12,100	2,730
Contr Serv(Oth. Than Bet Home &Sch)-Vend	39,000	(4,162)	34,838	26,680	8,158
Contr Serv(Special Education)-Vendors	350,000	(140,000)	210,000	146,865	63,135
Contr Serv(Special Education)-Joint Agreements	1,000		1,000		1,000
Miscellaneous Purch. Services- Transportation	31,493	50	31,543	30,596	947
Transportation Supplies	98,000	280	98,280	72,177	26,103
Other Objects	15,000	(330)	14,670	14,244	426
Total Student Transportation Services	1,729,855	(138,810)	1,591,045	1,478,568	112,477

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<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					
Group Insurance	\$ 189,386	\$ (8,685)	\$ 180,701	\$ 180,701	
Social Security Contributions	692,000	36,999	728,999	707,941	\$ 21,058
Other Retirement Contributions - Regular	651,317	(28,039)	623,278	623,277	1
Workmens Compensation	137,176	(5,000)	132,176	132,169	7
Health Benefits	8,251,763	308,023	8,559,786	8,559,027	759
Tuition Reimbursements	70,000	(17,355)	52,645	52,190	455
Other Employee Benefits	179,400	119,849	299,249	299,248	1
Total Unallocated Employee Benefits	10,171,042	405,792	10,576,834	10,554,553	22,281
TPAF Pension System Contributions-Normal (Non-Budgeted)				91,174	(91,174)
TPAF Pension System Contributions-Post Retirement (Non-Budgeted)				1,712,374	(1,712,374)
TPAF Social Security Contributions (Non-Budgeted)	-	-	-	2,031,484	(2,031,484)
Total TPAF Pension and Social Security Contributions	-	-	-	3,835,032	(3,835,032)
Total Undistributed Expenditures	29,967,674	(212,518)	29,755,156	32,532,364	(2,777,208)
Total Current Expenditures	53,793,095	42,807	53,835,902	56,366,512	(2,530,610)
CAPITAL OUTLAY					
Interest Deposit to Capital Reserve					
Equipment					
Grades 6 - 8		2,900	2,900	2,900	
Undistributed Expenditures					
Support Services		18,484	18,484	18,484	
Undistributed Expenditures - School Administration	20,000		20,000	20,000	
Operations and Maintenance of Plant	-	3,643	3,643	3,643	-
Total Equipment	20,000	25,027	45,027	45,027	-
Assets Acquired Under Capital Lease (Non-Budget)	-	-	-	121,867	(121,867)
Total Expenditures - Capital Outlay	20,000	25,027	45,027	166,894	(121,867)
Total Expenditures - General Fund	53,813,095	67,834	53,880,929	56,533,406	(2,652,477)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	125,000	(67,834)	57,166	1,251,906	1,194,740
Other Financing Sources (Uses)					
Transfers In				13,151	13,151
Transfers Out	(125,000)	12,500	(112,500)	(85,000)	27,500
Capital Lease Proceeds	-	-	-	121,867	121,867
Total Other Financing Sources (Uses)	(125,000)	12,500	(112,500)	50,018	162,518
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	-	(55,334)	(55,334)	1,301,924	1,357,258
Fund Balance, Beginning of Year	985,774	-	985,774	985,774	-
Fund Balance, End of Year	\$ 985,774	\$ (55,334)	\$ 930,440	\$ 2,287,698	\$ 1,357,258
Recapitulation of Fund Balance					
Reserve for Encumbrances				\$ 310,636	
Capital Reserve				127,082	
Excess Surplus				535,625	
Unrestricted Fund Balance				1,314,355	
Fund Balance (Budgetary Basis)				2,287,698	
Reconciliation to Governmental Fund Statements (GAAP)					
Delayed State Aid Payments				(739,525)	
2009/2010 Extraordinary Aid Not Recognized on a GAAP Basis				(361,125)	
Fund Balance per Governmental Funds (GAAP Basis)				\$ 1,187,048	

NUTLEY BOARD OF EDUCATION
GENERAL FUND
AMERICAN RECOVERY AND REINVESTMENT ACT
EDUCATION STABILIZATION FUND (ESF)
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES					
Federal Sources					
ARRA-ESF	\$ -	\$ 850,708	\$ 850,708	\$ 850,708	\$ -
Total Revenues	-	850,708	850,708	850,708	-
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Grades 1 - 5		565,896	565,896	565,896	-
Grades 6 - 8	-	284,812	284,812	284,812	-
Total Regular Programs	-	850,708	850,708	850,708	-
Total Current Expenditures	-	850,708	850,708	850,708	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

NUTLEY BOARD OF EDUCATION
GENERAL FUND
AMERICAN RECOVERY AND REINVESTMENT ACT
GOVERNMENT SERVICES FUND (GSF)
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES					
Federal Sources					
ARRA-GSF	-	\$ 32,932	\$ 32,932	\$ 32,932	-
Total Revenues	-	32,932	32,932	32,932	-
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Grades 6 - 8	-	32,932	32,932	32,932	-
Total Regular Programs	-	32,932	32,932	32,932	-
Total Current Expenditures	-	32,932	32,932	32,932	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

**NUTLEY BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 359,267	\$ 30,504	\$ 389,771	\$ 320,932	\$ (68,839)
Federal	1,142,256	1,322,193	2,464,449	2,108,940	(355,509)
Local Sources					
Miscellaneous	-	75,060	75,060	62,789	(12,271)
Total Revenues	<u>1,501,523</u>	<u>1,427,757</u>	<u>2,929,280</u>	<u>2,492,661</u>	<u>(436,619)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	395,978	(1,620)	394,358	394,358	
Other Salaries for Instruction		247,307	247,307	247,307	
Purchased Professional/Educational Services		230,376	230,376	187,371	43,005
Tuition	746,278	41,202	787,480	722,461	65,019
General Supplies		228,799	228,799	180,015	48,784
Textbooks	28,244	61,136	89,380	88,962	418
Other Objects	-	24,481	24,481	17,591	6,890
Total Instruction	<u>1,170,500</u>	<u>831,681</u>	<u>2,002,181</u>	<u>1,838,065</u>	<u>164,116</u>
Support Services					
Salaries of Program Directors		120,895	120,895	120,787	108
Employee Benefits		287,057	287,057	135,586	151,471
Purchased Prof. and Technical Services		22,972	22,972	9,219	13,753
Purchased Professional/Educational Services	331,023	2,256	333,279	256,683	76,596
Travel		900	900	600	300
Other Purchased Services		40,085	40,085	30,615	9,470
Supplies and Materials	-	47,749	47,749	27,361	20,388
Total Support Services	<u>331,023</u>	<u>521,914</u>	<u>852,937</u>	<u>580,851</u>	<u>272,086</u>
Facilities Acquisition and Instructional Equipment	<u>-</u>	<u>74,162</u>	<u>74,162</u>	<u>73,745</u>	<u>417</u>
Total Facilities Acquisition	<u>-</u>	<u>74,162</u>	<u>74,162</u>	<u>73,745</u>	<u>417</u>
Total Expenditures	<u>1,501,523</u>	<u>1,427,757</u>	<u>2,929,280</u>	<u>2,492,661</u>	<u>436,619</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, 2010**

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 \$ 57,785,312	C-2 \$ 2,492,661
Difference - Budget to GAAP: Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Less: June 30, 2010 encumbrances		(79,097)
State Aid payments recognized for GAAP Statements, not recognized for budgetary purposes.	1,056,001	
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements.	<u>(1,100,650)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	B-2 \$ <u>57,740,663</u>	B-2 \$ <u>2,413,564</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	C-1 \$ 56,533,406	C-2 \$ 2,492,661
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.		
Less: June 30, 2010 encumbrances	<u>-</u>	<u>(79,097)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	B-2 \$ <u>56,533,406</u>	B-2 \$ <u>2,413,564</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, 2010

	Nonpublic	Nonpublic	N.J. Nonpublic Auxiliary			NJ Nonpublic Handicapped			Nonpublic
	Textbooks	Home Instruction	Compensatory Education	ESL	Transportation	Supplemental Instruction	Examination/Classification	Corrective Speech	Nursing
REVENUES									
State Sources	\$ 38,447	\$ 1,180	\$ 124,857	\$ 10,766	\$ 25,802	\$ 21,025	\$ 26,688	\$ 26,542	\$ 45,625
Federal Sources	-	-	-	-	-	-	-	-	-
Total Revenues	<u>\$ 38,447</u>	<u>\$ 1,180</u>	<u>\$ 124,857</u>	<u>\$ 10,766</u>	<u>\$ 25,802</u>	<u>\$ 21,025</u>	<u>\$ 26,688</u>	<u>\$ 26,542</u>	<u>\$ 45,625</u>
EXPENDITURES									
Instruction:									
Salaries of Teachers									
Purchased Prof. and Technical Services									
General Supplies									
Textbooks	\$ 38,447								
Miscellaneous Expenses	-	-	-	-	-	-	-	-	-
Total Instruction	<u>38,447</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Support Services									
Salaries of Program Directors									
Purchased Professional Educational Services		\$ 1,180	\$ 124,857	\$ 10,766		\$ 21,025	\$ 26,688	\$ 26,542	\$ 45,625
Other Purchased Services					\$ 25,802				
Supplies and Materials	-	-	-	-	-	-	-	-	-
Total Support Services	<u>-</u>	<u>1,180</u>	<u>124,857</u>	<u>10,766</u>	<u>25,802</u>	<u>21,025</u>	<u>26,688</u>	<u>26,542</u>	<u>45,625</u>
Total Expenditures	<u>\$ 38,447</u>	<u>\$ 1,180</u>	<u>\$ 124,857</u>	<u>\$ 10,766</u>	<u>\$ 25,802</u>	<u>\$ 21,025</u>	<u>\$ 26,688</u>	<u>\$ 26,542</u>	<u>\$ 45,625</u>

NUTLEY BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Title III Carryover	Title III	Title IV Carryover	Title IV	Title I	Title I Carryover	Title I Carryover	IDEA B Basic	IDEA B Preschool	IDEA B Carryover
REVENUES										
State Sources										
Federal Sources	\$ 13,555	\$ 45,419	\$ 1,597	\$ 5,534	\$ 142,712	\$ 78,071	\$ 4,788	\$ 769,054	\$ 9,705	\$ 75,296
Total Revenues	<u>\$ 13,555</u>	<u>\$ 45,419</u>	<u>\$ 1,597</u>	<u>\$ 5,534</u>	<u>\$ 142,712</u>	<u>\$ 78,071</u>	<u>\$ 4,788</u>	<u>\$ 769,054</u>	<u>\$ 9,705</u>	<u>\$ 75,296</u>
EXPENDITURES										
Instruction:										
Salaries of Teachers					\$ 124,519					
Purchased Professional Educational Services								\$ 178,090		\$ 4,664
Tuition								556,465	\$ 9,705	70,632
General Supplies	\$ 1,304	\$ 4,227				\$ 27,876	\$ 4,105	34,499		
Textbooks	11,476	39,039								
Miscellaneous Expenses	-	-	-	-	-	-	-	-	-	-
Total Instruction	<u>12,780</u>	<u>43,266</u>	<u>-</u>	<u>-</u>	<u>124,519</u>	<u>27,876</u>	<u>4,105</u>	<u>769,054</u>	<u>9,705</u>	<u>75,296</u>
Support Services										
Salaries of Program Directors		2,000		\$ 1,000.0		9,000				
Employee Benefits		153		76	18,193	689				
Purchased Prof. and Technical Services			\$ 1,597	4,458			683			
Purchased Professional Educational Services										
Travel	600									
Other Purchased Services	175									
Supplies and Materials	-	-	-	-	-	-	-	-	-	-
Total Support Services	<u>775</u>	<u>2,153</u>	<u>1,597</u>	<u>5,534</u>	<u>18,193</u>	<u>9,689</u>	<u>683</u>	<u>-</u>	<u>-</u>	<u>-</u>
Facilities Acquisition and										
Construction Services										
Instructional Equipment	-	-	-	-	-	40,506	-	-	-	-
Total Facilities Acquisition	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,506</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 13,555</u>	<u>\$ 45,419</u>	<u>\$ 1,597</u>	<u>\$ 5,534</u>	<u>\$ 142,712</u>	<u>\$ 78,071</u>	<u>\$ 4,788</u>	<u>\$ 769,054</u>	<u>\$ 9,705</u>	<u>\$ 75,296</u>

NUTLEY BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	IDEA B ARRA	Other	Preschool ARRA	Title II A	Title IIA Carryover	Title IIA Carryover	Title II D	Title IID Carryover	Perkins Vocational Education	Title IV Carryover	Total
REVENUES											
Other		\$ 62,789									\$ 62,789
State Sources											320,932
Federal Sources	\$ 808,437	-	\$ 35,295	\$ 92,170	\$ 1,648	\$ 1,995	\$ 107	\$ 135	\$ 20,941	\$ 2,481	2,108,940
Total Revenues	<u>\$ 808,437</u>	<u>\$ -</u>	<u>\$ 35,295</u>	<u>\$ 92,170</u>	<u>\$ 1,648</u>	<u>\$ 1,995</u>	<u>\$ 107</u>	<u>\$ 135</u>	<u>\$ 20,941</u>	<u>\$ 2,481</u>	<u>\$ 2,492,661</u>
EXPENDITURES											
Instruction:											
Salaries of Teachers	\$ 188,736			\$ 81,103							\$ 394,358
Other Salaries for Instruction	247,307										247,307
Purchased Professional Educational Services	4,617										187,371
Tuition	50,364		\$ 35,295								722,461
General Supplies	99,883						\$ 107	\$ 135	\$ 7,879		180,015
Textbooks											88,962
Miscellaneous Expenses	-	\$ 17,591	-	-	-	-	-	-	-	-	17,591
Total Instruction	<u>590,907</u>	<u>17,591</u>	<u>35,295</u>	<u>81,103</u>	<u>-</u>	<u>-</u>	<u>107</u>	<u>135</u>	<u>7,879</u>	<u>-</u>	<u>1,838,065</u>
Support Services											
Salaries of Program Directors	108,787										120,787
Employee Benefits	105,408			11,067							135,586
Purchased Prof. and Technical Services										\$ 2,481	9,219
Purchased Professional Educational Services											256,683
Travel											600
Other Purchased Services					\$ 1,648	\$ 1,995			995		30,615
Supplies and Materials	-	27,361	-	-	-	-	-	-	-	-	27,361
Total Support Services	<u>214,195</u>	<u>27,361</u>	<u>-</u>	<u>11,067</u>	<u>1,648</u>	<u>1,995</u>	<u>-</u>	<u>-</u>	<u>995</u>	<u>2,481</u>	<u>580,851</u>
Facilities Acquisition and Construction Services											-
Instructional Equipment	3,335	17,837	-	-	-	-	-	-	12,067	-	73,745
Total Facilities Acquisition	<u>3,335</u>	<u>17,837</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,067</u>	<u>-</u>	<u>73,745</u>
Total Expenditures	<u>\$ 808,437</u>	<u>\$ 62,789</u>	<u>\$ 35,295</u>	<u>\$ 92,170</u>	<u>\$ 1,648</u>	<u>\$ 1,995</u>	<u>\$ 107</u>	<u>\$ 135</u>	<u>\$ 20,941</u>	<u>\$ 2,481</u>	<u>\$ 2,492,661</u>

**NUTLEY BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**NUTLEY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<u>Project Description</u>	<u>Appropriation</u>	<u>Expenditures to Date</u>		<u>Balance June 30, 2010</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	\$ 4,871,296	\$ 785	\$ 592
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	24,098,475	466,000	2,341
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>13,962,280</u>	<u>10,327,064</u>	<u>14,210,656</u>
	<u>\$ 68,043,920</u>	<u>\$ 43,034,204</u>	<u>\$ 10,793,849</u>	<u>\$ 14,215,867</u>
Reconciliation of Fund Balance				
Project Balances, June 30, 2010				\$ 14,215,867
Less:				
Debt Authorized But Not Issued				<u>987</u>
Fund Balance, June 30, 2010 (Budgetary Basis)				14,214,880
Unrealized Revenue - State Aid				
Middle School			\$ 87,697	
Radcliffe School			<u>835</u>	
				<u>88,532</u>
Fund Balance, June 30, 2010 (GAAP Basis)				<u>\$ 14,126,348</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, 2010**

Revenues and Other Financing Sources

Interest on Investments	\$ <u>13,151</u>
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Total Revenues	<u>13,151</u>
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Expenditures and Other Financing Uses

Purchased Professional And Technical Services	715,939
-----------------------------------------------	---------

Construction Services	10,051,002
-----------------------	------------

Supplies	785
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Equipment Purchases	26,123
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Transfers Out	<u>13,151</u>
---------------	---------------

Total Expenditures	<u>10,807,000</u>
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Excess (Deficiency) Of Revenues Over (Under) Expenditures	(10,793,849)
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Fund Balance, Beginning of Year	<u>25,008,729</u>
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Fund Balance, End of Year	<u><u>\$ 14,214,880</u></u>
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**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, 2010**

	<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	8,873	\$ 785	9,658	
Equipment Purchases	<u>409,823</u>	<u>-</u>	<u>409,823</u>	<u>407,000</u>
Total Expenditures	<u>4,871,296</u>	<u>785</u>	<u>4,872,081</u>	<u>4,872,673</u>
 Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ 773</u>	<u>\$ (785)</u>	<u>\$ (12)</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, 2010

	<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	642,757		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>24,566,433</u>	<u>-</u>	<u>24,566,433</u>	<u>24,566,816</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	2,543,714		2,543,714	2,750,000
Land and Improvements				620,000
Construction Services	21,381,876	\$ 466,000	21,847,876	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>24,098,475</u>	<u>466,000</u>	<u>24,564,475</u>	<u>24,566,816</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ 467,958</u>	<u>\$ (466,000)</u>	<u>\$ 1,958</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, 2010

	<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, 2010

	<u>Prior Periods</u>	<u>Adjustment</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources					
Bond Proceeds	\$ 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	691,536	\$ 256,707	\$ 124,613	1,072,856	1,225,854
Legal Fees	12,086	9,619		21,705	
Land and Improvements				-	
Construction Services	2,010,996	(269,229)	407,166	2,148,933	7,468,638
Other Purchased Services	4,630	(1,713)		2,917	45,508
Supplies	1,505			1,505	
Equipment Purchases	129,093	49,055	26,123	204,271	-
 Total Expenditures	 2,849,846	 44,439	 557,902	 \$ 3,452,187	 8,740,000
 Excess (Deficiency) of Revenues over (under) Expenditures	 \$ 5,890,154	 \$ (44,439)	 \$ (557,902)	 \$ 5,287,813	 \$ -

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	39%
Original Target Completion Date	September 1, 2009
Revised Target Completion Date	September 1, 2011

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, 2010

	<u>Prior Periods</u>	<u>Adjustment</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources					
Bond Proceeds	\$ 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	691,536	\$ (109,577)	\$ 75,851	657,810	765,610
Legal Fees	12,086	(4,050)		8,036	
Land and Improvements				-	
Construction Services	397,077	22,934	1,010,480	1,430,491	4,724,708
Other Purchased Services	2,797	(3,418)		(621)	39,682
Supplies	1,505			1,505	
Equipment Purchases	129,093	(20,655)	-	108,438	-
Total Expenditures	1,234,094	(114,766)	1,086,331	\$ 2,205,659	5,530,000
Excess (Deficiency) of Revenues over (under) Expenditures	\$ 4,295,906	\$ 114,766	\$ (1,086,331)	\$ 3,324,341	\$ -

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	40%
Original Target Completion Date	September 1, 2009
Revised Target Completion Date	September 1, 2011

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, 2010

	<u>Prior Periods</u>	<u>Adjustment</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources					
Bond Proceeds	\$ 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	691,536	\$ 138,313	\$ 192,745	1,022,594	1,031,369
Legal Fees	12,086	5,063		17,149	
Land and Improvements				-	
Construction Services	3,627,153	22,934	2,270,955	5,921,042	6,534,068
Other Purchased Services	4,630	3,593		8,223	34,563
Supplies	1,505			1,505	
Equipment Purchases	129,093	25,819	-	154,912	-
Total Expenditures	4,466,003	195,722	2,463,700	\$ 7,125,425	7,600,000
Excess (Deficiency) of Revenues over (under) Expenditures	\$ 3,133,997	\$ (195,722)	\$ (2,463,700)	\$ 474,575	\$ -

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	94%
Original Target Completion Date	September 1, 2009
Revised Target Completion Date	September 1, 2011

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, 2010

	<u>Prior Periods</u>	<u>Adjustment</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources					
Bond Proceeds	\$ 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	691,536	\$ (105,876)	\$ 157,457	743,117	765,610
Legal Fees	12,086	(4,050)		8,036	
Land and Improvements				-	
Construction Services	2,321,642	177,493	1,247,518	3,746,653	4,724,708
Other Purchased Services	2,798	4,837		7,635	39,682
Supplies	1,505			1,505	
Equipment Purchases	129,093	(20,655)	-	108,438	-
Total Expenditures	3,158,660	51,749	1,404,975	\$ 4,615,384	5,530,000
Excess (Deficiency) of Revenues over (under) Expenditures	\$ 2,371,340	\$ (51,749)	\$ (1,404,975)	\$ 914,616	\$ -

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	83%
Original Target Completion Date	September 1, 2009
Revised Target Completion Date	September 1, 2011

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, 2010

	<u>Prior Periods</u>	<u>Adjustment</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources					
Bond Proceeds	\$ 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	691,535	\$ (314,179)	\$ 48,761	426,117	471,333
Legal Fees	12,086	(11,645)		441	
Land and Improvements				-	
Construction Services	289,259	22,934	744,252	1,056,445	2,905,210
Other Purchased Services	2,798	(3,713)		(915)	23,457
Supplies	1,505			1,505	
Equipment Purchases	129,093	(59,383)	-	69,710	-
 Total Expenditures	 1,126,276	 (365,986)	 793,013	 \$ 1,553,303	 3,400,000
 Excess (Deficiency) of Revenues over (under) Expenditures	 \$ 2,273,724	 \$ 365,986	 \$ (793,013)	 \$ 1,846,697	 \$ -

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	46%
Original Target Completion Date	September 1, 2009
Revised Target Completion Date	September 1, 2011

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, 2010

	<u>Prior Periods</u>	<u>Adjustment</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources					
Bond Proceeds	\$ 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	692,659	\$ 134,612	\$ 116,512	943,783	1,062,087
Legal Fees	12,086	5,063		17,149	
Land and Improvements				-	
Construction Services	289,260	22,934	3,904,631	4,216,825	6,596,117
Other Purchased Services	2,798	414		3,212	41,796
Supplies	1,505			1,505	
Equipment Purchases	129,093	25,819	-	154,912	-
 Total Expenditures	 1,127,401	 188,842	 4,021,143	 \$ 5,337,386	 7,700,000
 Excess (Deficiency) of Revenues over (under) Expenditures	 \$ 6,572,599	 \$ (188,842)	 \$ (4,021,143)	 \$ 2,362,614	 \$ -

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	69%
Original Target Completion Date	September 1, 2009
Revised Target Completion Date	September 1, 2011

PROPRIETARY FUND

EXHIBIT G-1

**NUTLEY BOARD OF EDUCATION
PROPRIETARY FUND
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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, 2010**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 204,072	-	\$ 204,072
Total Assets	<u>\$ 204,072</u>	<u>\$ -</u>	<u>\$ 204,072</u>
LIABILITIES			
Due to Student Groups	\$ 204,072	-	\$ 204,072
Total Liabilities	<u>\$ 204,072</u>	<u>\$ -</u>	<u>\$ 204,072</u>

**NUTLEY BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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, 2010**

	<u>Balance</u> <u>July 1, 2009</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disburse-</u> <u>ments</u>	<u>Balance</u> <u>June 30, 2010</u>
ELEMENTARY SCHOOLS				
Lincoln	\$ 1,890	\$ 17,665	\$ 17,390	\$ 2,165
Radcliffe	3,984	5,681	4,807	4,858
Spring Garden	3,557	10,658	8,761	5,454
Washington	1,159	6,322	5,781	1,700
Yantacaw	<u>8,214</u>	<u>7,457</u>	<u>7,170</u>	<u>8,501</u>
	<u>18,804</u>	<u>47,783</u>	<u>43,909</u>	<u>22,678</u>
MIDDLE SCHOOL				
Franklin	<u>13,007</u>	<u>44,458</u>	<u>45,264</u>	<u>12,201</u>
HIGH SCHOOL				
Nutley High School	<u>142,220</u>	<u>349,573</u>	<u>322,600</u>	<u>169,193</u>
TOTAL ALL SCHOOLS	<u>\$ 174,031</u>	<u>\$ 441,814</u>	<u>\$ 411,773</u>	<u>\$ 204,072</u>

NUTLEY BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Balance, July 1, <u>2009</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2010</u>
Payroll Deductions and Withholdings and Accrued Salaries and Wages		\$ 37,041,468	\$ 37,041,468	-
Due To Other Funds	-	1,127	1,127	-
	-	1,127	1,127	-
Total	\$ -	\$ 37,042,595	\$ 37,042,595	\$ -

LONG-TERM DEBT

**NUTLEY BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<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, 2009</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2010</u>
Renovations at Nutley High School, furnishings, equipment and district wide telephone intercom system and site work	8/15/2003	\$ 2,923,000	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				
						\$ 2,473,000		\$ 125,000	\$ 2,348,000
Construction of an addition and renovation of the Franklin Middle School acquisition and installation of furnishings and equipment and site work	2/1/2005	14,930,000	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				
						13,370,000		525,000	12,845,000

**NUTLEY BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<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, 2009</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2010</u>
Construction of an addition and renovation to the Nutley High School and Various Elementary Schools	7/15/07	\$ 38,500,000	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				
						\$ 37,840,000	-	\$ 730,000	\$ 37,110,000
						\$ 53,683,000	\$ -	\$ 1,380,000	\$ 52,303,000

NUTLEY BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

<u>Purpose</u>	<u>Original Issue</u>	<u>Balance, July 1, 2009</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2010</u>
School Buses (2)	78,214	\$ 16,265		\$ 16,265	
Table Top Router	16,765	5,585		5,585	
School Buses (2)	121,867	-	\$ 121,867	-	\$ 121,867
		<u>\$ 21,850</u>	<u>\$ 121,867</u>	<u>\$ 21,850</u>	<u>\$ 121,867</u>

**NUTLEY BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<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	\$ 2,765,764		\$ 2,765,764	\$ 2,765,764	
State Sources					
Debt Service Aid Type II	<u>975,985</u>	<u>-</u>	<u>975,985</u>	<u>975,985</u>	<u>-</u>
Total Revenues	<u>3,741,749</u>	<u>-</u>	<u>3,741,749</u>	<u>3,741,749</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	1,380,000		1,380,000	1,380,000	
Interest	<u>2,361,749</u>	<u>-</u>	<u>2,361,749</u>	<u>2,361,749</u>	<u>-</u>
Total Expenditures	<u>3,741,749</u>	<u>-</u>	<u>3,741,749</u>	<u>3,741,749</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 eight 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 EIGHT FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
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	\$ 16,312,379
Restricted	116,001	123,200	121,878	174,518	489,609	736,150	126,032	127,084
Unrestricted	<u>(1,513,720)</u>	<u>(1,415,465)</u>	<u>(1,276,649)</u>	<u>(356,159)</u>	<u>(1,337,831)</u>	<u>(3,193,451)</u>	<u>(4,035,534)</u>	<u>(2,608,168)</u>
Total Governmental Activities Net Assets	<u>\$ (1,063,901)</u>	<u>\$ 378,500</u>	<u>\$ 1,690,948</u>	<u>\$ 6,448,131</u>	<u>\$ 12,760,896</u>	<u>\$ 12,018,096</u>	<u>\$ 11,727,131</u>	<u>\$ 13,831,295</u>
Business-Type Activities								
Invested In Capital Assets	\$ 1,677	\$ 8,748	\$ 10,489	\$ 16,034	\$ 16,493	\$ 14,775	\$ 13,056	\$ 11,337
Restricted								
Unrestricted	<u>201,844</u>	<u>223,447</u>	<u>203,000</u>	<u>283,278</u>	<u>266,897</u>	<u>298,723</u>	<u>166,709</u>	<u>128,685</u>
Total Business-Type Activities Net Assets	<u>\$ 203,521</u>	<u>\$ 232,195</u>	<u>\$ 213,489</u>	<u>\$ 299,312</u>	<u>\$ 283,390</u>	<u>\$ 313,498</u>	<u>\$ 179,765</u>	<u>\$ 140,022</u>
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	\$ 16,323,716
Restricted	116,001	123,200	121,878	174,518	489,609	736,150	126,032	127,084
Unrestricted	<u>(1,311,876)</u>	<u>(1,192,018)</u>	<u>(1,073,649)</u>	<u>(72,881)</u>	<u>(1,070,934)</u>	<u>(2,894,728)</u>	<u>(3,868,825)</u>	<u>(2,479,483)</u>
Total District Net Assets	<u>\$ (860,380)</u>	<u>\$ 610,695</u>	<u>\$ 1,904,437</u>	<u>\$ 6,747,443</u>	<u>\$ 13,044,286</u>	<u>\$ 12,331,594</u>	<u>\$ 11,906,896</u>	<u>\$ 13,971,317</u>

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

	Fiscal Year Ended June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
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	\$ 26,623,533
Special Education	5,084,142	5,265,971	5,601,278	6,022,468	7,275,548	8,294,047	8,975,941	8,850,271
Other Instruction	896,684	1,309,562	1,376,348	719,701	926,241	1,265,638	968,273	1,402,851
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	1,148,210
Community Services	5,472	2,272	6,779	7,376	7,109	16,514	7,627	5,567
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	6,990,705
General Administration	990,620	1,018,272	1,234,261	1,050,539	1,176,740	4,065,977	3,784,784	3,970,094
School Administrative Services	2,691,135	2,960,253	3,008,732	3,212,514	3,568,411	1,231,115	1,436,551	1,368,301
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	5,531,637
Pupil Transportation	1,453,598	1,682,776	1,887,946	1,942,437	1,980,529	2,259,307	2,129,792	2,011,330
Business Services	1,044,051	1,223,793	1,207,607	1,189,966	1,349,793	1,403,132	1,400,267	1,480,215
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	2,337,249
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	61,719,963
Business-Type Activities:								
Food Service	808,696	868,210	934,786	964,209	915,379	912,017	946,090	861,182
Extended Day	529,727	578,851	921,460	774,368	804,495	819,850	1,013,512	841,234
Athletic Camps						17,143	14,384	15,477
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	1,717,893
Total District Expenses	\$ 44,451,030	\$ 47,145,273	\$ 50,271,716	\$ 52,601,215	\$ 56,173,411	\$ 62,597,832	\$ 63,070,134	\$ 63,437,856
Program Revenues								
Governmental Activities:								
Charges For Services:								
Instruction (Tuition)	\$ 30,356	\$ 65,034	\$ 99,750	\$ 90,842	\$ 73,703	\$ 149,591	\$ 149,048	\$ 145,554
Pupil Transportation	75,146	92,556	113,283	112,160	98,884	111,952	77,995	76,215
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	10,285,697
Capital Grants And Contributions	31,018	1,374,894	1,054,715	3,351,456	4,472,504	613,873	13,595	29,167
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	10,536,633
Business-Type Activities:								
Charges For Services								
Food Service	540,488	559,363	582,788	596,965	640,493	650,501	731,200	630,926
Extended Day	610,301	637,086	861,812	839,583	794,541	815,868	857,797	789,565
Athletic Camps						17,615	14,805	15,485
Operating Grants And Contributions	83,702	98,902	117,204	121,372	107,500	119,035	136,231	156,667
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	1,592,643
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	\$ 12,129,276
Net (Expense)/Revenue								
Governmental Activities	<u>\$ (36,463,477)</u>	<u>\$ (36,973,565)</u>	<u>\$ (39,591,299)</u>	<u>\$ (39,360,146)</u>	<u>\$ (39,768,834)</u>	<u>\$ (49,052,057)</u>	<u>\$ (52,746,782)</u>	<u>\$ (51,183,330)</u>
Business-Type Activities	<u>(103,932)</u>	<u>(151,710)</u>	<u>(294,442)</u>	<u>(180,657)</u>	<u>(177,340)</u>	<u>(145,991)</u>	<u>(233,953)</u>	<u>(125,250)</u>
Total District-Wide Net Expense	<u>\$ (36,567,409)</u>	<u>\$ (37,125,275)</u>	<u>\$ (39,885,741)</u>	<u>\$ (39,540,803)</u>	<u>\$ (39,946,174)</u>	<u>\$ (49,198,048)</u>	<u>\$ (52,980,735)</u>	<u>\$ (51,308,580)</u>
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	\$ 48,149,095
State Aid Unrestricted	14,878	13,760	13,101	12,407	11,714	11,020	1,311,714	3,972,780
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	975,985
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	10,250
Miscellaneous Income	69,992	51,775	253,085	76,045	292,070	164,224	320,431	264,384
Donated Capital Assets					765,718	-	-	-
Transfers	(185,000)	(180,000)	(276,805)	(265,000)	(156,766)	(175,000)	(100,000)	(85,000)
Total Governmental Activities	35,545,705	38,415,966	40,903,747	44,117,329	46,081,599	48,309,257	52,455,817	53,287,494

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

	Fiscal Year Ended June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
Business-Type Activities:								
Investment Earnings		\$ 384	\$ 2,336	\$ 1,480	\$ 4,652	\$ 1,099	\$ 220	\$ 507
Transfers	\$ 185,000	180,000	273,400	265,000	156,766	175,000	100,000	85,000
Total Business-Type Activities	185,000	180,384	275,736	266,480	161,418	176,099	100,220	85,507
Total District-Wide	\$ 35,730,705	\$ 38,596,350	\$ 41,179,483	\$ 44,383,809	\$ 46,243,017	\$ 48,485,356	\$ 52,556,037	\$ 53,373,001
Change in Net Assets								
Governmental Activities	\$ (917,772)	\$ 1,442,401	\$ 1,312,448	\$ 4,757,183	\$ 6,312,765	\$ (742,800)	\$ (290,965)	\$ 2,104,164
Business-Type Activities	81,068	28,674	(18,706)	85,823	(15,922)	30,108	(133,733)	(39,743)
Total District	\$ (836,704)	\$ 1,471,075	\$ 1,293,742	\$ 4,843,006	\$ 6,296,843	\$ (712,692)	\$ (424,698)	\$ 2,064,421

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

	Fiscal Year Ended June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
General Fund								
Reserved	\$ 217,488	\$ 509,136	\$ 575,786	\$ 1,508,438	\$ 1,459,108	\$ 979,517	\$ 181,364	\$ 973,343
Unreserved	767,919	696,292	886,742	782,259	197,126	798,154	(251,591)	213,705
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>	<u>\$ 1,187,048</u>
All Other Governmental Funds								
Reserved		\$ 1,300,519	\$ 666,809	\$ 13,568,681	\$ 6,399,493	\$ 10,187,357	\$ 14,149,281	\$ 11,156,675
Unreserved	\$ (117,919)	(357,591)	13,415,459	(4,634,894)	(6,054,402)	21,439,490	10,770,918	2,969,675
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>	<u>\$ 14,126,350</u>

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

	Fiscal Year Ended June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
Revenues								
Tax Levy	\$32,938,598	\$ 35,213,749	\$ 37,221,009	\$ 40,168,989	\$ 41,346,944	\$ 43,339,146	\$ 46,431,396	\$ 48,149,095
Tuition Charges	30,356	65,034	99,750	90,842	73,703	149,591	149,048	145,554
Transportation Fees	75,146	92,556	113,283	112,160	98,884	111,952	77,995	76,215
Miscellaneous	109,953	109,610	484,862	742,044	688,559	1,519,187	673,236	336,983
State Sources	8,337,946	10,753,639	10,913,026	13,686,119	16,663,301	13,883,304	12,411,474	12,285,868
Federal Sources	872,074	1,031,124	1,157,538	979,667	1,285,959	1,277,842	1,162,034	2,915,412
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	63,909,127
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	26,397,254
Special Education Instruction	5,068,683	5,248,930	5,599,902	6,027,973	7,261,192	8,250,847	8,917,403	8,827,396
Other Instruction	896,684	1,309,562	1,376,348	719,701	926,241	1,265,638	968,273	1,402,851
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	1,092,413
Community Services	5,469	2,269	6,776	7,371	7,085	16,442	7,552	5,492
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	6,894,921
General Administration	2,666,740	2,939,464	3,003,895	3,212,463	3,552,671	4,021,619	3,720,492	3,969,974
School Administrative Services	921,792	991,275	1,237,401	1,062,993	1,168,098	1,215,791	1,410,723	1,360,877
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	5,447,737
Pupil Transportation	1,376,794	1,654,566	1,828,446	1,885,159	1,916,150	2,063,100	1,948,256	1,844,421
Other Support Services	1,076,199	1,196,096	1,206,096	1,199,898	1,342,790	1,384,060	1,365,114	1,484,826
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	10,989,910
Debt Service:								
Principal	115,000	110,000	164,210	635,671	659,469	693,032	1,328,318	1,401,850
Interest And Other Charges	38,341	31,818	209,560	779,567	733,483	705,413	3,298,716	2,362,646
Total Expenditures	43,314,668	48,907,326	51,344,048	60,078,929	69,240,843	67,219,594	69,359,729	73,482,568
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)	(9,573,441)
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		121,867
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	13,151
Transfers Out	\$ (185,000)	(188,227)	(311,314)	(265,000)	(336,508)	(1,489,038)	(971,526)	(98,151)
Total Other Financing Sources (Uses)	(185,000)	2,922,482	14,751,020	(126,204)	(139,666)	38,341,765	(100,000)	36,867
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)	\$ (9,536,574)
Debt Service As A Percentage Of								
Noncapital Expenditures	0.36%	0.31%	0.77%	2.75%	2.54%	2.37%	7.47%	6.02%

* Noncapital expenditures are total expenditures less capital outlay.

**NUTLEY BOARD OF EDUCATION
GENERAL FUND OTHER LOCAL REVENUES BY SOURCE
LAST NINE 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
2010	10,250	145,554	76,215	12,965	14,765	223,503	483,252

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
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
2010	N/A									

Source: County Abstract of Ratables

^a Tax rates are per \$100

N/A Information Not Available

**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>
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	.66	.40	.01	2.05
2007	1.02	.75	.40	.01	2.18
2008	1.075	.795	.398	.016	2.284
2009	1.142	.830	.395	.016	2.383
2010	N/A				

N/A - Information Not Available

Source: Township of Nutley, Tax Assessor

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

Taxpayer	2010		2001	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Hoffman-LaRoche, Inc.	\$ 303,318,696	7.33%	NOT AVAILABLE	
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>	<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	
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
2010	48,149,095	48,149,095	100.00%	N/A

**NUTLEY BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST EIGHT 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	27,864	\$ 20
2004	3,363,000	\$ 135,964	3,498,964	27,469	127
2005	18,183,000	160,919	18,343,919	27,022	679
2006	17,633,000	218,804	17,851,804	26,519	673
2007	17,063,000	146,435	17,209,435	26,188	657
2008	54,968,000	65,168	55,033,168	26,064	2,111
2009	53,683,000	21,850	53,704,850	26,111	2,057
2010	52,303,000	121,867	52,424,867	26,111	2,008

Source: District records

NUTLEY BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST EIGHT 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%	673
2006	17,633,000		17,633,000	0.4%	665
2007	17,063,000		17,063,000	0.4%	652
2008	54,968,000		54,968,000	1.3%	2,109
2009	53,683,000		53,683,000	1.3%	2,056
2010	52,303,000		53,683,000	N/A	2,056

Source: District records

N/A - Information Not Available

**NUTLEY BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2010
(Unaudited)**

Net Direct Debt of School District as of June 30, 2010		\$ 52,303,987
Net Overlapping Debt of School District		
Township of Nutley	\$ 10,830,711	
Essex County	14,478,825	
Essex County Utilities Authority (A)	3,969,751	
Passaic Valley Sewerage Commission (B)	8,239,492	
North Jersey District Water Supply Commission (B)	<u>3,645,480</u>	
		<u>41,164,259</u>
Total Direct and Overlapping Debt as of June 30, 2010		<u>\$ 93,468,246</u>

- (A) The debt for this entity was apportioned by dividing the Municipality's 2010 equalized value by the total 2010 equalized value for Essex County.
- (B) Overlapping debt was computed based upon usage

Sources:

- (1) Township of Nutley 2009 Annual Debt Statement
- (2) Essex County 2009 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**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt Limit	\$ 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	\$ 173,514,287
Total Net Debt Applicable To Limit	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	52,303,987
Legal Debt Margin	<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>	<u>\$ 121,210,300</u>
Total net debt applicable to the limit as a percentage of debt limit	1.04%	0.84%	6.32%	5.46%	15.66%	14.87%	35.83%	32.92%	31.08%	30.14%

Legal Debt Margin Calculation for Fiscal Year 2010

Equalized Valuation Basis

2009	\$ 4,297,818,976
2008	4,337,068,851
2007	<u>4,378,683,728</u>
	<u>\$ 13,013,571,555</u>

Average Equalized Valuation of Taxable Property \$ 4,337,857,185

Debt Limit (4 % of Average Equalization Value)	173,514,287
Total Net Debt Applicable to Limit	<u>52,303,987</u>
Legal Debt Margin	<u>\$ 121,210,300</u>

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>
2001	27,879	\$ 38,139	3.1%
2002	27,962	37,988	4.2%
2003	27,864	38,980	4.2%
2004	27,469	41,737	3.4%
2005	27,022	43,649	3.6%
2006	26,519	47,837	3.9%
2007	26,188	50,146	3.6%
2008	26,064	51,617	4.7%
2009	26,111	N/A	8.1%
2010	26,111	N/A	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)

2010			2001	
Employer	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment

INFORMATION NOT AVAILABLE

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

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Instruction					
Regular	231	251	303	303	271
Special Education	31	35	40	40	43
Support Services					
Student and Instruction Related Services	47	51	62	62	85
General Administration		3	3	3	3
School Administrative Services	10	10	10	11	10
Other Administrative Services	12	9	11	11	7
Central Services	19	19	19	19	13
Administrative Information Technology	3	3	4	4	4
Plant Operations and Maintenance	42	42	42	42	42
Pupil Transportation	31	31	31	32	32
Other Support Services	65	71	69	69	66
Food Service	16	14	12	12	11
Total	<u>507</u>	<u>539</u>	<u>606</u>	<u>606</u>	<u>587</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment	Operating Expenditures (A)	Cost Per Pupil	Percentage Change	Teacher/Pupil Ratio				Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff ^b	Elementary	Middle School	Senior High School				
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%
2010	4,080	58,728,162	14,394	2.48%	396.0	10	12	12	4,036	3,841	-0.25%	95.17%

Sources: District records

(A) Includes General and Special Revenue Funds

N/A - Not Available

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

	2005	2006	2007	2008	2009	2010
<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	192,260.00
Capacity (students)	909.62	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	1,296.00
<u>Franklin Middle School</u>						
Square Feet	92,010.00	92,010.00	128,036.00	128,036.00	128,036.00	128,036.00
Capacity (students)	412.99	412.99	412.99	412.99	412.99	412.99
Enrollment ^a	683.00	665.00	581.00	638.00	674.00	642.00
<u>Radcliffe Elementary School</u>						
Square Feet	45,305.00	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	412.69
Enrollment	363.00	366.00	349.00	346.00	345.00	372.00
<u>Yantacaw Elementary School</u>						
Square Feet	49,512.00	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	439.76
Enrollment	504.00	507.00	492.00	476.00	487.00	469.00
<u>Washington Elementary School</u>						
Square Feet	49,097.00	49,097.00	49,097.00	49,067.00	49,067.00	49,067.00
Capacity (students)	351.65	351.65	351.65	351.65	351.65	351.65
Enrollment	399.00	387.00	396.00	363.00	377.00	394.00
<u>Spring Garden Elementary School</u>						
Square Feet	43,955.00	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	378.62
Enrollment	421.00	394.00	391.00	380.00	397.00	381.00
<u>Lincoln Elementary School</u>						
Square Feet	56,342.00	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	462.62
Enrollment	510.00	503.00	492.00	497.00	473.00	495.00
<u>Other</u>						
Maintenance Warehouse						
Square Feet	5,386.00	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	4,848.00
Oval Refreshment Stand						
Square Feet	1,309.00	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	912.00

Number of Schools at June 30, 2010

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 TEN YEARS
(Unaudited)

	<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>	<u>2010</u>
School Facilities										
Nutley High School	\$ 208,586	\$ 189,012	\$ 205,791	\$ 196,304	\$ 290,851	\$ 349,696	\$ 301,115	\$ 267,526	\$ 321,106	\$ 250,152
Franklin Middle School	99,823	90,455	95,956	101,344	109,741	83,399	95,214	196,710	190,734	202,379
Lincoln Elementary School	61,092	55,359	61,793	34,291	32,516	119,064	50,957	62,993	80,561	67,766
Radcliffe Elementary School	49,152	44,540	40,903	61,179	100,198	46,072	106,810	63,389	70,247	58,309
Spring Garden Elementary School	50,074	45,375	37,953	85,534	70,098	71,788	56,796	52,385	65,985	54,025
Washington Elementary School	54,479	49,367	52,187	117,257	116,780	81,374	64,067	65,176	77,750	64,824
Yantacaw Elementary School	<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>	<u>58,396</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>	<u>\$ 755,851</u>

**NUTLEY BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2010
(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
Michael Devita (Thru 12/09)	RLI Insurance Company	3,000	N/A
Karen A. Yeamans (From 12/09)	RLI Insurance Company	3,000	N/A

Source: School District's records

SINGLE AUDIT SECTION

LERCH, VINCI & HIGGINS, LLP

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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, 2010, which collectively comprise the Nutley Board of Education's basic financial statements and have issued our report thereon dated November 17, 2010. 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.

A deficiency in internal control 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 and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Nutley Board of Education's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

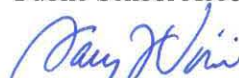
As part of obtaining reasonable assurance about whether the Nutley Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

However, we noted certain matters that we have 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 November 17, 2010.

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
November 17, 2010

LERCH, VINCI & HIGGINS, LLP

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**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A
DIRECT AND MATERIAL EFFECT ON 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 Nutley Board of Education's compliance 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 OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of Nutley Board of Education's major federal and state programs for the fiscal year ended June 30, 2010. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2010.

Internal Control Over Compliance

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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, 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.

A deficiency in 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 and correct noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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
 November 17, 2010

**NUTLEY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Grant Period	Award Amount	Balance July 1, 2009	Carryover Amount	Cash Received	Budgetary Expenditures	Balance June 30, 2010		
								(Accounts Receivable)	Deferred Revenue	Due to Grantor
U.S. Department of Education										
Passed Through State Department of Education										
General Fund										
ARRA - ESF	84.394	7/1/09-6/30/10	850,708			\$ 850,708	\$ 850,708			
ARRA - GSF	84.397	7/1/09-6/30/10	32,932	-	-	32,932	32,932	-	-	-
				-	-	883,640	883,640	-	-	-
Special Revenue Fund:										
Title I	84.010	9/1/09-8/31/10	\$ 157,655			112,067	142,712	\$ (30,645)		
Title I	84.010	9/1/08-8/31/09	293,774	\$ (45,178)		32,002	78,071	(91,247)		
Title I	84.010	9/1/07-8/31/08	149,785	4,788			4,788			
Title III Part A	84.365	9/1/09-8/31/10	45,615			41,071	45,419	(4,348)		
Title III Part A	84.365	9/1/08-8/31/09	32,921	(3,879)		2,907	13,555	(14,527)		
Title V Part A	84.298	9/1/07-8/31/08	5,390	417					\$ 417	
IDEA Part B	84.027	9/1/09-8/31/10	846,033			668,990	769,054	(100,064)		
IDEA Part B	84.027	9/1/08-8/31/09	838,757	(193,893)		186,270	75,296	(82,919)		
IDEA Part B - ARRA	84.391	9/1/09-8/31/10	975,928			717,295	808,437	(91,142)		
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	9/1/09-8/31/10	39,323			9,705	9,705	-		
IDEA Part B Preschool	84.027	9/1/08-8/31/09	39,218	(39,218)	\$ 1,551	37,667		-		
IDEA Part B Preschool	84.027	9/1/07-8/31/08	41,098	1,551	(1,551)			-		
IDEA Part B Preschool - ARRA	84.392	9/1/03-8/31/04	35,295			35,295	35,295	-		
Carl D. Perkins- Secondary	84.048	7/1/09-6/30/10	23,154				20,941	(20,941)		
Carl D. Perkins- Secondary	84.048	7/1/07-6/30/08	21,521	(21,521)		21,521				
Title IV (Drug Education)	84.188	9/1/09-8/31/10	7,966			5,358	5,534	(176)		
Title IV (Drug Education)	84.188	9/1/08-8/31/09	10,330	(1,760)		1,050	2,481	(3,191)		
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	9/1/09-8/31/10	102,383			74,115	92,170	(18,055)		
Title II Part A	84.367	9/1/08-8/31/09	104,868	(22,779)		18,921	1,648	(5,506)		
Title II Part A	84.367	9/1/07-8/31/08	98,927	1,995			1,995			
Title II Part A, Carryover	84.367	9/1/06-8/31/07	100,013	414					414	
Title II Part A, Carryover	84.367	9/1/04-8/31/05	65,644	20						20
Title II Part D	84.367	9/1/09-8/31/10	1,592				107	(107)		
Title II Part D	84.367	9/1/07-8/31/08	1,027	77			135	(58)		
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				(316,844)	-	1,964,234	2,108,940	(463,367)	1,401	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)		9/1/09-6/30/10	26,680			26,680	25,752		928	
Non-Cash Assistance (Food Distribution)		9/1/08-6/30/09	25,582	2,859			2,859			
Cash Assistance		9/1/09-6/30/10	119,846			111,246	119,846	(8,600)		
Cash Assistance		9/1/08-6/30/09	103,773	(20,747)	-	20,747	-	-	-	-
Total Enterprise Fund				(17,888)	-	158,673	148,457	(8,600)	928	-
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				\$ 104,268	\$ -	\$ 3,006,547	\$ 3,141,037	\$ (511,967)	\$ 481,329	\$ 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, 2010

State Department of Education	Grant or State Project Number	Grant	Award Amount	Balance June 30, 2009	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year Balances	Balance June 30, 2010			Memorandum	
									(Accts. Receivable)	Deferred Revenue	Due to Grantor	GAAP Receivable	Budgetary Expenditures
General Fund:													
Equalization Aid	10-495-034-5120-078	7/1/09-6/30/10	\$ 3,986,350			\$ 3,555,287	\$ 3,986,350		\$ (431,063)		*		\$ 3,986,350
Equalization Aid	09-495-034-5120-078	7/1/08-6/30/09	4,682,151	\$ (417,493)		417,493					*		-
Transportation Aid	10-495-034-5120-014	7/1/09-6/30/10	298,592			266,304	298,592		(32,288)		*		298,592
Transportation Aid	09-495-034-5120-014	7/1/08-6/30/09	360,632	(33,723)		33,723					*		-
Special Education Categorical Aid	10-495-034-5120-089	7/1/09-6/30/10	2,251,799			2,008,302	2,251,799		(243,497)		*		2,251,799
Special Education Categorical Aid	09-495-034-5120-089	7/1/08-6/30/09	2,184,130	(204,242)		204,242					*		-
Security Aid	10-495-034-5120-084	7/1/09-6/30/10	302,191			269,514	302,191		(32,677)		*		302,191
Security Aid	09-495-034-5120-084	7/1/08-6/30/09	294,869	(27,574)		27,574					*		-
Extraordinary Aid	10-495-034-5120-044	7/1/09-6/30/10	361,125				361,125		(361,125)		*		361,125
Extraordinary Aid	09-495-034-5120-044	7/1/08-6/30/09	372,969	(372,969)		372,969					*		-
TPAF Social Security Contribution	10-495-034-5095-002	7/1/09-6/30/10	2,031,484			1,929,111	2,031,484		(102,373)		\$	(102,373)	2,031,484
TPAF Social Security Contribution	09-495-034-5095-002	7/1/08-6/30/09	1,999,683	(100,717)		100,717					*		-
TPAF Pension Contribution-Normal	10-495-034-5095-116	7/1/09-6/30/10	91,174			91,174	91,174				*		91,174
TPAF Pension Contribution-Post Retirement	10-100-034-5095-001	7/1/09-6/30/10	1,712,374	-	-	1,712,374	1,712,374	-	-	-	*	-	1,712,374
Total General Fund				(1,156,718)	-	10,988,784	11,035,089	-	(1,203,023)	-	*	(102,373)	11,035,089
Special Revenue Fund:													
New Jersey Nonpublic Aid:													
Textbooks	10-100-034-5120-064	7/1/09-6/30/10	38,865			38,865	38,447			\$ 418	*		38,447
Textbooks	09-100-034-5120-064	7/1/08-6/30/09	33,228	548				\$ 548		-	*		-
Auxiliary Services													
Compensatory Education	10-100-034-5120-067	7/1/09-6/30/10	154,991			154,991	124,857			30,134	*		124,857
Compensatory Education	09-100-034-5120-067	7/1/08-6/30/09	167,216	29,960				29,960		-	*		-
Compensatory Education	00-100-034-5120-067	7/1/99-6/30/00	90,611	(340)					(340)		*	(340)	-
English as a Second Language	10-100-034-5120-067	7/1/09-6/30/10	17,616			17,616	10,766			6,850	*		10,766
English as a Second Language	09-100-034-5120-067	7/1/08-6/30/09	14,210	2,639				2,639		-	*		-
Transportation	10-100-034-5120-067	7/1/09-6/30/10	25,802			25,802	25,802				*		25,802
Home Instruction	08-100-034-5120-067	7/1/07-6/30/08	1,858	(1,858)					(1,858)		*	(1,858)	-
Home Instruction	09-100-034-5120-067	7/1/08-6/30/09	5,176	(5,176)		5,069			(107)		*	(107)	-
Home Instruction	10-100-034-5120-067	7/1/09-6/30/10	1,180				1,180		(1,180)		*	(1,180)	1,180
Handicapped Services													
Supplemental Instruction	10-100-034-5120-066	7/1/09-6/30/10	29,468			29,468	21,025			8,443	*		21,025
Supplemental Instruction	09-100-034-5120-066	7/1/08-6/30/09	44,604	17,098				17,098		-	*		-
Examination and Classification	10-100-034-5120-066	7/1/09-6/30/10	38,749			38,749	26,688			12,061	*		26,688
Examination and Classification	09-100-034-5120-066	7/1/08-6/30/09	40,755	8,710				8,710		-	*		-
Corrective Speech	10-100-034-5120-066	7/1/09-6/30/10	31,833			31,833	26,542			5,291	*		26,542
Corrective Speech	09-100-034-5120-066	7/1/08-6/30/09	34,340	11,997				11,997		-	*		-
Nonpublic Nursing	10-100-034-5120-070	7/1/09-6/30/10	45,625			45,625	45,625				*		45,625
Nonpublic Technology Initiative	00-100-034-5120-373	7/1/99-6/30/00	27,000	(354)					(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		50			\$ 108		*		-
Governor's Initiative on Autism	07-FB01-H03	4/1/07-6/30/08	700,000	-	-	-	-	-	-	-	*	-	-
Total Special Revenue Fund				66,885	-	388,068	320,932	70,952	(3,839)	108	66,800	(3,839)	320,932

NUTLEY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

State Department of Education	Grant or State Project Number	Grant	Award Amount	Balance June 30, 2009	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year Balances	Balance June 30, 2010			Memorandum	
									(Accts. Receivable)	Deferred Revenue	Due to Grantor	GAAP Receivable	Budgetary Expenditures
<u>Capital Projects Fund</u>													
Educational Facilities													
Construction and Financing Act	3750-050-03-1027	7/1/03-6/30/07	\$ 10,718,686	\$ (528,810)	-	-	-	-	\$ (528,810)	-	-	\$ (528,810)	\$ -
<u>Debt Service Fund:</u>													
Debt Service Aid Type II	10-495-034-5120-017	7/1/09-6/30/10	975,985	-	-	\$ 975,985	\$ 975,985	-	-	-	-	-	975,985
<u>State Department of Agriculture</u>													
<u>Enterprise Fund:</u>													
National School Lunch Program	10-100-034-5120-122	7/1/09-6/30/10	8,210			7,637	8,210		(573)				8,210
National School Lunch Program	09-100-034-5120-122	7/1/08-6/30/09	8,039	(1,588)	-	1,588	-	-	-	-	-	-	-
				(1,588)	-	9,225	8,210	-	(573)	-	-	-	8,210
Total State Financial Assistance				\$ (1,620,231)	\$ -	\$ 12,362,062	\$ 12,340,216	\$ 70,952	\$ (1,736,245)	\$ 108	\$ 66,800	\$ (635,022)	\$ 12,340,216
<u>Less On-Behalf TPAF Pension and Annuity Aid</u>													
T.P.A.F. - Pension- Post Ret. Medical	10-495-034-5095-001	7/1/09-6/30/10	\$ 1,712,374			1,712,374	1,712,374						
T.P.A.F. Pension & Annuity Fund	10-495-034-5095-006	7/1/09-6/30/10	91,174	-	-	91,174	91,174	-	-	-	-	-	-
Subject to Single Audit				-	-	1,803,548	1,803,548	-	-	-	-	-	-
Total for State Financial Assistance Determination				\$ (1,620,231)	\$ -	\$ 10,558,514	\$ 10,536,668	\$ 70,952	\$ (1,736,245)	\$ 108	\$ 66,800	\$ (635,022)	\$ 12,340,216
(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, 2010**

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 delayed 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 delayed state aid payments, whereas the GAAP basis does not. The special revenue fund also recognizes the delayed 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 a decrease of \$44,649 and \$79,097 for the general and special revenue funds. 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	\$ 883,640	\$ 10,990,440	\$ 11,874,080
Special Revenue Fund	2,031,772	319,443	2,351,215
Debt Service Fund		975,985	975,985
Food Service Fund	<u>148,457</u>	<u>8,210</u>	<u>156,667</u>
Total Financial Assistance	<u>\$ 3,063,869</u>	<u>\$ 12,294,078</u>	<u>\$ 15,357,947</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, 2010**

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 \$2,031,484 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, 2010. The amount reported as TPAF Pension System NCGI Contributions in the amount of \$91,174 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,712,374 represents the amount paid by the State on behalf of the District for the year ended June 30, 2010.

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.

**NUTLEY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Part I – Summary of Auditor's Results

Financial Statement Section

Type of auditors' report issued on financial statements Unqualified

Internal control over financial reporting:

1) Material weakness(es) identified: yes X no

2) Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

Noncompliance material to the basic financial statements noted? yes X no

Federal Awards Section

Internal Control over major programs:

1) Material weakness(es) identified: yes X no

2) Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? yes X no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027</u>	<u>IDEIA Basic and Preschool</u>
<u>84.391</u>	<u>IDEIA Basic, ARRA</u>
<u>84.392</u>	<u>IDEIA Preschool, ARRA</u>
<u>84.394</u>	<u>ARRA - ESF</u>
<u>84.397</u>	<u>ARRA - GSF</u>

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, 2010**

Part I – Summary of Auditor's Results

State Awards Section

Internal Control over major programs:

(1) Material weakness(es) identified

_____ yes X 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?

_____ yes X no

Identification of major state programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>10-495-034-5120-044</u>	<u>Extraordinary Aid</u>
<u>10-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>10-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>10-495-034-5095-002</u>	<u>TPAF Social Security Contributions</u>
<u>10-495-034-5120-017</u>	<u>Debt Service Aid</u>
<u>10-495-034-5120-084</u>	<u>Security Aid</u>
_____	_____

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

\$316,100

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, 2010**

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*.

There are none.

**NUTLEY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

CURRENT YEAR STATE AWARDS

THERE ARE NONE.

**NUTLEY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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 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.

Status

Corrective action has been taken.

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.

Status

Corrective action has been taken; also see Auditor’s Management Report.

**NUTLEY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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 2009-3

See Finding 2009-1.

Status

Corrective action has been taken.

Finding 2009-4

See Finding 2009-2.

Status

Corrective action has been taken.