

NUTLEY BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Nutley, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Nutley Board of Education

Nutley, New Jersey

For The Fiscal Year Ended June 30, 2011

Prepared by

Business Office

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INTRODUCTORY SECTION

THE NUTLEY PUBLIC SCHOOLS

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November 29, 2011

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, 2011.

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, 2011, 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, 2011, 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 2010-11 fiscal year with an average daily enrollment of 3,903 students, which is 133 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>
2010-11	3,903	(3.30%)
2009-10	4,036	(0.25%)
2008-09	4,046	0.80%
2007-08	4,014	(1.25%)
2006-07	4,065	(2.75%)

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 provided for renovations/additions to the John H. Walker Middle School. That project has been completed. 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. The majority of the renovations have been completed with the remaining phases scheduled to be complete in 2012.

3) MAJOR INITIATIVES: During the 2010-11 school year, student performance on state assessments is outlined as follows:

The New Jersey Assessment of Skills and Knowledge – Grade 3 (NJ ASK 3) was given to third grade students. For the Spring 2011 assessment, the percentage of third grade students who passed the assessment, performing in either the proficient or advanced proficient ranges, are as follows: Language Arts – 77.6%; Mathematics – 88.0%.

The New Jersey Assessment of Skills and Knowledge – Grade 4 (NJ ASK 4) was given to fourth grade students. For the Spring 2011 assessment, the percentage of fourth grade students who passed the assessment, performing in either the proficient or advanced proficient ranges, are as follows: Language Arts: Language Arts – 74.7%; Mathematics – 85.9%; Science – 96.8%.

The New Jersey Assessment of Skills and Knowledge – Grade 5 (NJ ASK 5) was given to fifth grade students. For the Spring 2011 assessment, the percentage of fifth grade students who passed the assessment, performing in either the proficient or advanced proficient ranges, are as follows: Language Arts – 68.3%; Mathematics – 85.5%.

The New Jersey Assessment of Skills and Knowledge – Grade 6 (NJ ASK 6) was given to sixth grade students. For the Spring 2011 assessment, the percentage of sixth grade students who passed the assessment, performing in either the proficient or advanced proficient ranges, are as follows: Language Arts – 82.0%; Mathematics – 90.0%.

The New Jersey Assessment of Skills and Knowledge – Grade 7 (NJ ASK 7) was given to seventh grade students. For the Spring 2011 assessment, the percentage of seventh grade students who passed the assessment, performing in either the proficient or advanced proficient ranges, are as follows: Language Arts – 79.9%; Mathematics – 78.8%.

The New Jersey Assessment of Skills and Knowledge – Grade 8 (NJ ASK 8) was given to eighth grade students. For the Spring 2011 assessment, the percentage of eighth grade students who passed the assessment, performing in either the proficient or advanced proficient ranges, are as follows: Language Arts – 91.5%; Mathematics – 83.0%; Science – 90.2%.

The High School Proficiency Assessment (HSPA) was administered in March 2011, with 92.3% of Nutley's students passing the language arts section, and 75.8% of our students passing the math section.

The Scholastic Aptitude Test (SAT) scores mean average for the math section was 506, the verbal section was 485, and the essay section was 495.

The graduating class of 2011 had 94.3% of its members going on to post-secondary education. Of those students, 73.5% will be attending four-year colleges and universities. Scholarships and grants awarded to 2011 graduates were approximately \$2,405,505.00. The District had students that were realized in the National Merit Scholarship Program, 2011 AP Scholars, the National Kids Philosophy Slam – Most Philosophical Student in America, and the National/International Latin Exam.

In extra-curricular activities, Nutley provides students with access to 22 varsity sports and a wide array of clubs and organizations. During the year, many student athletes, both male and female, were recognized as all-league, all-county and all-state in their respective sports. As well, students from the district were honored with monetary scholarships from local service organizations such as the Nutley Third Half Club, UNICCO, John V Kelly Civic Association, Nutley/Belleville Gridiron Club, Robert Citrino Memorial Foundation, The Essex County Athletic Director's Association, and the New Jersey State Inter Scholastic Association. In addition, Nutley High School presents their scholar athletes with annual awards that include, but are not limited to, the Martin Rizzolo Award, the Dr. Charles Marguiles Memorial Award, the Jon Aires Award, the Dr. Horace Tantum Memorial Award, the Sandy Phillips Memorial Award, the Tom Gallucci Award, the Essex County Chapter National Football Foundation and College Hall of Fame Scholar/Athlete Award, the United States Army Reserve National Scholar Athlete Award, the United States Marine Corps Distinguished Athlete Award, and the Outstanding Male and Female Athletes Award.

The district once again demonstrated its ability to produce high results at a modest cost. As noted in the Department of Education's Taxpayer's Guide to Education Spending 2011, the district's per pupil spending was \$12,017. The district ranking was 29th lowest out of 105 districts in the same category of K-12 districts with populations over 3,500.

The school tax levy was approved by a margin of 2489 - 2485.

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, 2011.

6) DEBT ADMINISTRATION: As of June 2011, the District's outstanding debt is \$50,863,000 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 were 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 were 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 April 28, 2010. In addition to meeting the requirements set forth in State Statutes, the audit was also designed to meet the requirements of the Single Audit Act Amendments of 1996 and related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditors' report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

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,

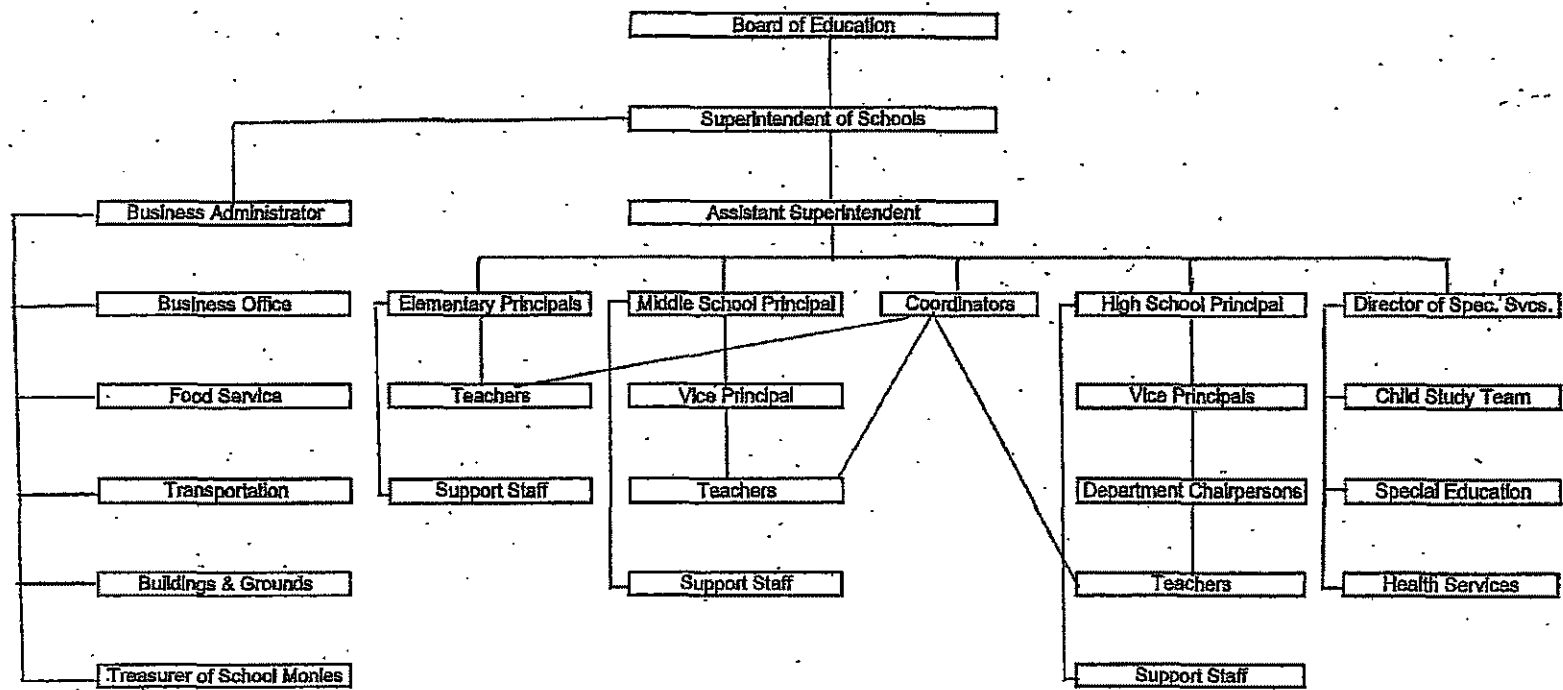


RUSSELL M. LAZOVICK
Superintendent of Schools



KAREN A. YEAMANS
Business Administrator/
Board Secretary

NUTLEY PUBLIC SCHOOLS
NUTLEY, NJ 07110



**NUTLEY BOARD OF EDUCATION
ROSTER OF OFFICIALS
JUNE 30, 2011**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
James Kuchta	2013
Thomas Sposato	2012
Charles Kucinski	2013
Deborah Russo	2012
Robert Reid	2013
Steven Rogers	2012
Frederick Scalera	2014
Victoria Flynn	2014
Lisa Danchak – Martin	2014

Other Officials

Joseph Zarra, Superintendent

Karen A. Yeamans, Business Administrator/Board Secretary

David Wilson, Treasurer of School Monies

Frank Pomaco, Esq.

**NUTLEY BOARD OF EDUCATION
Consultants and Advisors**

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Medical Inspector

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FINANCIAL SECTION

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DEBORAH K. LERCH, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA
EDWARD N. KBRE, CPA

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, 2011, 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 Nutley 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 and Regulatory Compliance, 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 also 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 previously 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, 2011, and the respective changes in financial position and cash flows, where applicable, 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 29, 2011 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 considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 as a whole. The 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. 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 also 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements 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 do not express an opinion or provide any assurance 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 29, 2011

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, 2011. 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 2010-2011 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 \$15,554,423.
- Overall district revenues were \$64,610,822. General revenues accounted for \$54,270,863 or 84% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$10,339,959 or 16% of total revenues.
- The school district had \$62,035,073 in expenses for governmental activities; only \$8,748,834 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$54,270,709 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 \$6,206,804.
- The General Fund fund balance at June 30, 2011 was \$1,459,162, an increase of \$272,114 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.

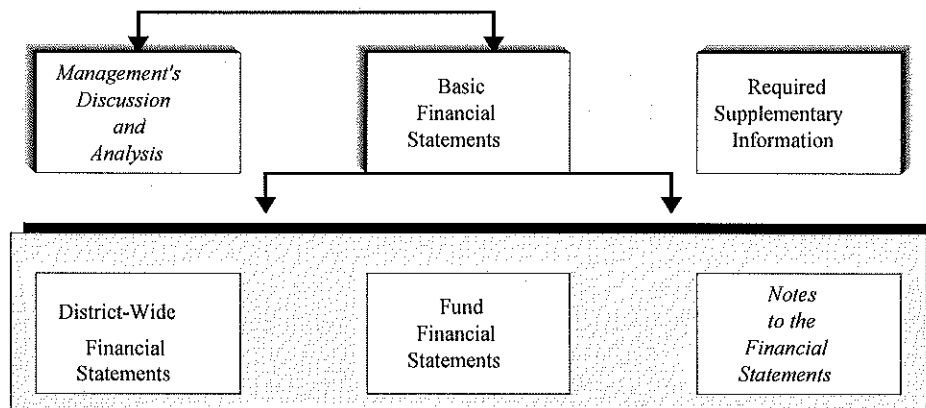
NUTLEY BOARD OF EDUCATION

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. The various parts of this annual report are arranged and related to one another, as noted below.



NUTLEY BOARD OF EDUCATION

Management's Discussion and Analysis

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 are summarized below. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Major Features of the District-Wide and Fund Financial Statements

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

District-wide financial statements

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

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

NUTLEY BOARD OF EDUCATION

Management's Discussion and Analysis

District-wide financial statements (continued)

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

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

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

Fund financial statements

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

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

The District has three kinds of funds:

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

- *Proprietary funds* – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.

NUTLEY BOARD OF EDUCATION

Management's Discussion and Analysis

Fund financial statements (continued)

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

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

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

Notes to the basic financial statements

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

Other Information

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

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

DISTRICT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$15,554,423 as of June 30, 2011.

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.

Net Assets As of June 30, 2011 and 2010

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current Assets	\$ 7,307,958	\$ 17,339,730	\$ 125,604	\$ 265,940	\$ 7,433,562	\$ 17,605,670
Capital Assets, Net	<u>63,735,942</u>	<u>54,526,590</u>	<u>9,844</u>	<u>11,337</u>	<u>63,745,786</u>	<u>54,537,927</u>
Total Assets	<u>71,043,900</u>	<u>71,866,320</u>	<u>135,448</u>	<u>277,277</u>	<u>71,179,348</u>	<u>72,143,597</u>
Long-Term Liabilities	53,457,077	54,961,552			53,457,077	54,961,552
Other Liabilities	<u>2,121,768</u>	<u>3,073,473</u>	<u>46,080</u>	<u>137,255</u>	<u>2,167,848</u>	<u>3,210,728</u>
Total Liabilities	<u>55,578,845</u>	<u>58,035,025</u>	<u>46,080</u>	<u>137,255</u>	<u>55,624,925</u>	<u>58,172,280</u>
Net Assets						
Invested in Capital Assets, net of related debt	17,533,190	16,312,379	9,844	11,337	17,543,034	16,323,716
Restricted	98,770	127,084			98,770	127,084
Unrestricted	<u>(2,166,905)</u>	<u>(2,608,168)</u>	<u>79,524</u>	<u>128,685</u>	<u>(2,087,381)</u>	<u>(2,479,483)</u>
Total Net Assets	<u>\$ 15,465,055</u>	<u>\$ 13,831,295</u>	<u>\$ 89,368</u>	<u>\$ 140,022</u>	<u>\$ 15,554,423</u>	<u>\$ 13,971,317</u>

NUTLEY BOARD OF EDUCATION

Management's Discussion and Analysis

Change in Net Assets

For The Fiscal Years Ended June 30, 2011 and 2010

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues						
Program Revenues						
Charges for Services	\$ 200,371	\$ 221,769	\$ 1,402,672	\$ 1,435,976	\$ 1,603,043	\$ 1,657,745
Operating Grants and Contributions	8,482,649	10,285,697	188,453	156,667	8,671,102	10,442,364
Capital Grants and Contributions	65,814	29,167			65,814	29,167
General Revenues						
Property Taxes	50,112,604	48,149,095			50,112,604	48,149,095
State Aid	3,947,671	4,948,765			3,947,671	4,948,765
Other	210,434	274,634	154	507	210,588	275,141
Total Revenues	<u>63,019,543</u>	<u>63,909,127</u>	<u>1,591,279</u>	<u>1,593,150</u>	<u>64,610,822</u>	<u>65,502,277</u>
Expenses						
Instruction						
Regular	27,081,240	26,623,533			27,081,240	26,623,533
Special Education	8,725,614	8,850,271			8,725,614	8,850,271
Other Instruction	1,233,574	1,402,851			1,233,574	1,402,851
School Sponsored Activities and Athletics	1,168,815	1,148,210			1,168,815	1,148,210
Community Services	7,487	5,567			7,487	5,567
Support Services						
Student and Instruction Related Services	6,565,253	6,990,705			6,565,253	6,990,705
School Administrative Services	4,213,992	3,970,094			4,213,992	3,970,094
General Administrative Services	1,743,098	1,368,301			1,743,098	1,368,301
Plant Operations and Maintenance	5,428,247	5,531,637			5,428,247	5,531,637
Pupil Transportation	2,086,203	2,011,330			2,086,203	2,011,330
Business and Other Support Services	1,500,226	1,480,215			1,500,226	1,480,215
Interest on Long-Term Debt	2,281,324	2,337,249			2,281,324	2,337,249
Food Services			1,110,276	861,182	1,110,276	861,182
Extended Day			613,967	841,234	613,967	841,234
Athletic Camps	-	-	17,690	15,477	17,690	15,477
Total Expenses	<u>62,035,073</u>	<u>61,719,963</u>	<u>1,741,933</u>	<u>1,717,893</u>	<u>63,777,006</u>	<u>63,437,856</u>
Change in Net Assets Before Transfers	984,470	2,189,164	(150,654)	(124,743)	833,816	2,064,421
Transfers	(100,000)	(85,000)	100,000	85,000	-	-
Change in Net Assets	884,470	2,104,164	(50,654)	(39,743)	833,816	2,064,421
Net Assets, Beginning of Year	13,831,295	11,727,131	140,022	179,765	13,971,317	11,906,896
Prior Period Adjustment	749,290	-	-	-	749,290	-
Net Assets, End of Year	<u>\$ 15,465,055</u>	<u>\$ 13,831,295</u>	<u>\$ 89,368</u>	<u>\$ 140,022</u>	<u>\$ 15,554,423</u>	<u>\$ 13,971,317</u>

NUTLEY BOARD OF EDUCATION

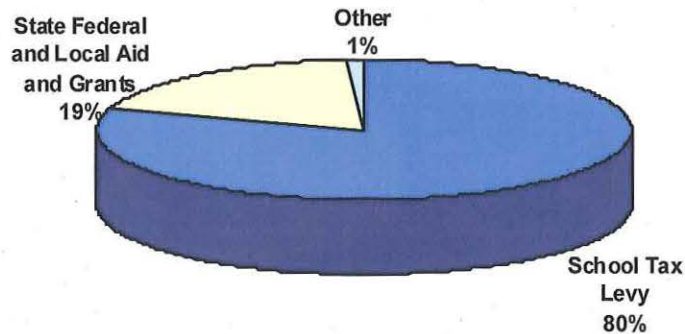
Management's Discussion and Analysis

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$63,019,543 for the fiscal year ended June 30, 2011. Property taxes of \$50,112,604 represented 80 percent of revenues. Another significant portion of revenues came from State aid; total State, Federal, Local and formula aid was \$12,496,134. 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.

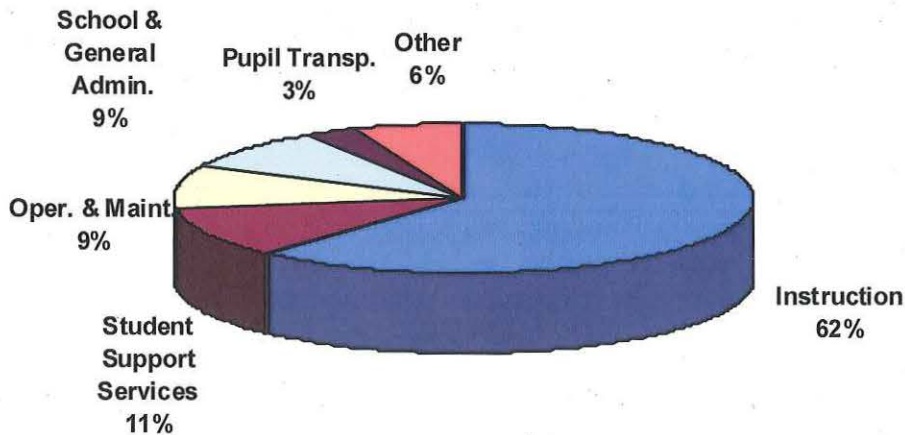
The total cost of all governmental activities programs and services was \$62,035,073. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$38,216,730 (62%) of total expenditures. Student support services, exclusive of administration, total \$6,565,253 or (11%) of total expenditures.

Total governmental activities revenues and transfers surpassed expenses, increasing net assets \$884,470 from the previous year.

Revenues by Source- Governmental Activities
For Fiscal Year 2010/11



Expenditures by Type- Governmental Activities
For Fiscal Year 2010/11



NUTLEY BOARD OF EDUCATION

Management's Discussion and Analysis

Net Cost of Governmental Activities. The District's total cost of services was \$62,035,073. After applying program revenues, derived from charges for services of \$200,371; operating grants and contributions of \$8,482,649; and capital grants and contribution of \$65,814, the net cost of services of the District is \$53,286,239.

Total and Net Cost of Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Instruction				
Regular	\$ 27,081,240	\$ 26,623,533	\$ 23,411,419	\$ 22,463,123
Special Education	8,725,614	8,850,271	4,525,386	4,359,150
Other Instruction	1,233,574	1,402,851	1,184,946	1,347,129
School Sponsored Activities and Athletics	1,168,815	1,148,210	1,066,823	1,053,343
Community Services	7,487	5,567	7,487	5,567
Support Services				
Student and Instruction Related Services	6,565,253	6,990,705	6,127,363	6,104,290
School Administrative Services	4,213,992	3,970,094	4,030,982	3,795,326
General Administrative Services	1,743,098	1,368,301	1,743,098	1,368,301
Plant Operations and Maintenance	5,428,247	5,531,637	5,395,570	5,234,549
Pupil Transportation	2,086,203	2,011,330	2,011,615	1,635,088
Business and Other Support Services	1,500,226	1,480,215	1,500,226	1,480,215
Interest on Long-Term Debt	2,281,324	2,337,249	2,281,324	2,337,249
Total	<u>\$ 62,035,073</u>	<u>\$ 61,719,963</u>	<u>\$ 53,286,239</u>	<u>\$ 51,183,330</u>

Business-Type Activities – The District's total business-type activities revenues were \$1,591,279 for the fiscal year ended June 30, 2011. Charges for services accounted for 88% of total revenues. Operating grants and contributions accounted for 12% of total revenue for the year.

The total cost of all business-type activities programs and services was \$1,741,933. 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 \$50,654 over the prior 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 \$6,206,804. At June 30, 2011, the fund balance was \$15,313,398. This significant decrease is predominately attributable to an increase in capital project expenditures.

Revenues for the District's governmental funds were \$63,019,543, while total expenses were \$72,113,576.

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.

	<u>Fiscal Year Ended</u>		<u>Increase</u>	<u>Percentage</u>
	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>(Decrease)</u>	<u>of Total</u>
Local Sources				
Property Tax Levy	\$ 47,198,664	\$ 45,383,331	\$ 1,815,333	4.0%
Tuition	158,071	145,554	12,517	8.6%
Miscellaneous	235,014	337,698	(102,684)	-30.4%
State Sources	9,674,211	10,990,440	(1,316,229)	-12.0%
Federal Sources	<u>261,742</u>	<u>883,640</u>	<u>(621,898)</u>	100.0%
Total General Fund Revenues	<u>\$ 57,527,702</u>	<u>\$ 57,740,663</u>	<u>\$ (212,961)</u>	-0.4%

Total General Fund Revenues decreased by \$212,961 or less than 1% over the previous year.

Local property taxes remained stable, increasing 4% over the previous year. State aid revenues decreased \$1,316,229 or 12% while Federal aid decreased \$621,898.

NUTLEY BOARD OF EDUCATION

Management's Discussion and Analysis

The following schedule presents a summary of General Fund expenditures.

	<u>Fiscal Year Ended</u>		<u>Increase (Decrease)</u>	<u>Percentage of Total</u>
	<u>June 30, 2011</u>	<u>June 30, 2010</u>		
Instruction	\$ 36,638,525	\$ 35,921,841	\$ 716,684	2.0%
Support Services	20,404,019	20,421,924	(17,905)	-0.1%
Capital Outlay	177,419	166,894	10,525	6.3%
Debt Service	<u>40,784</u>	<u>22,747</u>	<u>18,037</u>	79%
Total Expenditures	<u>\$ 57,260,747</u>	<u>\$ 56,533,406</u>	<u>\$ 727,341</u>	1.3%

Total General Fund expenditures increased \$727,341 from the previous year. Most of the increase can be attributed to the increases in the cost of health insurance premiums.

In 2010-2011 General Fund revenues and other financing sources were more than expenditures and other financing uses by \$272,114. As a result, total fund balance increased to a balance of \$1,459,162 at June 30, 2011. After deducting statutory reserves and designations, the unassigned fund balance at June 30, 2011 is \$440,335.

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

Revenues of the Special Revenue Fund were \$1,731,793, for the fiscal year ended June 30, 2011. 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 \$1,731,793. Instructional expenditures were \$1,547,913 and for the support services expenditures were \$118,066. Capital outlay expenditures were \$65,814.

Capital Projects – Revenues were less than expenditures and other financing uses by \$9,378,706 resulting in a fund balance of \$4,747,642 at June 30, 2011.

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, 2011 amounts to \$63,745,786 (net of accumulated depreciation). The capital assets consist of land, buildings, building improvements, specialized machinery and various other types of equipment. Depreciation charges for fiscal year 2010-2011 amounted to \$1,161,877 for governmental activities and \$1,493 for business-type activities.

Capital Assets at June 30, 2011 and 2010 (Net of Accumulated Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	\$ 79,932	\$ 79,932			\$ 79,932	\$ 79,932
Construction in Progress	33,665,709	24,289,344			33,665,709	24,289,344
Buildings	27,304,534	28,328,077			27,304,534	28,328,077
Improvements Other than Buildings	-	723,037			-	723,037
Machinery and Equipment	<u>2,685,767</u>	<u>1,106,200</u>	<u>\$ 9,844</u>	<u>\$ 11,337</u>	<u>2,695,611</u>	<u>1,117,537</u>
Total Capital Assets (Net)	<u>\$ 63,735,942</u>	<u>\$ 54,526,590</u>	<u>\$ 9,844</u>	<u>\$ 11,337</u>	<u>\$ 63,745,786</u>	<u>\$ 54,537,927</u>

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

NUTLEY BOARD OF EDUCATION

Management's Discussion and Analysis

LONG TERM LIABILITIES

At year end, the District's long-term liabilities consisted of compensated absences payable of \$2,192,971, capital leases payable of \$174,043 deferred pension liability of \$227,063 and bonds payable of \$50,863,000.

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>2011</u>	<u>2010</u>
Serial Bonds Payable	\$ 50,863,000	\$ 52,303,000
Capital Leases	174,043	121,867
Deferred Pension Liability	227,063	227,063
Compensated Absences	<u>2,192,971</u>	<u>2,309,622</u>
Total Expenditures	<u>\$ 53,457,077</u>	<u>\$ 54,961,552</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 2011-2012 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information contact the School Business Administrator, Nutley Board of Education, 315 Franklin Ave., Nutley, NJ 07110.

BASIC FINANCIAL STATEMENTS

**NUTLEY BOARD OF EDUCATION
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 5,762,449	\$ 94,942	\$ 5,857,391
Receivables, net			
Receivables from Other Governments	1,489,574	10,759	1,500,333
Other	53,468	19,738	73,206
Inventory		2,632	2,632
Internal Balances	2,467	(2,467)	-
Capital Assets			
Not Being Depreciated	33,745,641		33,745,641
Being Depreciated, Net	29,990,301	9,844	30,000,145
	<u>71,043,900</u>	<u>135,448</u>	<u>71,179,348</u>
Total Assets			
LIABILITIES			
Accounts Payable and Other Current Liabilities	405,368	23,231	428,599
Payable to State Government	79,149		79,149
Payable to Federal Government	416		416
Accrued Interest Payable	1,020,614		1,020,614
Unearned Revenue	616,221	22,849	639,070
Noncurrent Liabilities			
Due within one year	1,751,442		1,751,442
Due beyond one year	51,705,635	-	51,705,635
	<u>55,578,845</u>	<u>46,080</u>	<u>55,624,925</u>
Total Liabilities			
NET ASSETS			
Invested in Capital Assets, net of related debt	17,533,190	9,844	17,543,034
Restricted for			
Capital Projects	98,770		98,770
Unrestricted	(2,166,905)	79,524	(2,087,381)
	<u>\$ 15,465,055</u>	<u>\$ 89,368</u>	<u>\$ 15,554,423</u>
Total Net Assets			

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, 2011**

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	\$ 27,081,240	\$ 158,071	\$ 3,445,936	\$ 65,814	\$ (23,411,419)		\$ (23,411,419)
Special Education	8,725,614		4,200,228		(4,525,386)		(4,525,386)
Other Instruction	1,233,574		48,628		(1,184,946)		(1,184,946)
School Sponsored Activities and Athletics	1,168,815		101,992		(1,066,823)		(1,066,823)
Community Services	7,487				(7,487)		(7,487)
Support Services							
Student and Instruction Related Services	6,565,253		437,890		(6,127,363)		(6,127,363)
School Administrative Services	4,213,992		183,010		(4,030,982)		(4,030,982)
General Administrative Services	1,743,098				(1,743,098)		(1,743,098)
Plant Operations and Maintenance	5,428,247		32,677		(5,395,570)		(5,395,570)
Pupil Transportation	2,086,203	42,300	32,288		(2,011,615)		(2,011,615)
Business Services	1,500,226				(1,500,226)		(1,500,226)
Interest on Long-Term Debt	2,281,324	-	-	-	(2,281,324)	-	(2,281,324)
Total Governmental Activities	62,035,073	200,371	8,482,649	65,814	(53,286,239)	-	(53,286,239)
Business-Type Activities							
Food Service	1,110,276	736,107	188,453			\$ (185,716)	(185,716)
Extended Day	613,967	647,590				33,623	33,623
Athletic Camps	17,690	18,975	-	-	-	1,285	1,285
Total Business-Type Activities	1,741,933	1,402,672	188,453	-	-	(150,808)	(150,808)
Total Primary Government	\$ 63,777,006	\$ 1,603,043	\$ 8,671,102	\$ 65,814	(53,286,239)	(150,808)	(53,437,047)

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, 2011**

	Net (Expense) Revenue and Changes in Net Assets		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Balance, Carry Forward	\$ (53,286,239)	\$ (150,808)	\$ (53,437,047)
General Revenues and Transfers			
Property Taxes Levied for General Purposes	47,198,664		47,198,664
Property Taxes Levied for Debt Service	2,913,940		2,913,940
State Aid - Unrestricted	3,119,283		3,119,283
State Aid - Restricted for Debt Service	828,388		828,388
Miscellaneous Income	210,434	154	210,588
Transfers	(100,000)	100,000	-
 Total General Revenues and Transfers	 54,170,709	 100,154	 54,270,863
 Change in Net Assets	 884,470	 (50,654)	 833,816
 Net Assets, Beginning of Year	 13,831,295	 140,022	 13,971,317
 Prior Period Adjustments:			
Capital Assets	749,290	-	749,290
 Net Assets, Beginning of Year, as Adjusted	 14,580,585	 140,022	 14,720,607
 Net Assets, End of Year	 \$ 15,465,055	 \$ 89,368	 \$ 15,554,423

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, 2011**

	<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	\$ 972,215		\$ 4,790,234		\$ 5,762,449
Due from Other Funds	368,867		-		368,867
Receivables, Net					
Receivables from Other Governments	361,663	\$ 559,101	568,810		1,489,574
Other	53,468	-	-	-	53,468
Total Assets	<u>\$ 1,756,213</u>	<u>\$ 559,101</u>	<u>\$ 5,359,044</u>	<u>\$ -</u>	<u>\$ 7,674,358</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 297,051	\$ 64,447	\$ 43,870		\$ 405,368
Due to Other Funds		366,400	-		366,400
Payable to State Government		79,149			79,149
Payable to Federal Government		416			416
Deferred Revenue	-	48,689	567,532	-	616,221
Total Liabilities	<u>297,051</u>	<u>559,101</u>	<u>611,402</u>	<u>-</u>	<u>1,467,554</u>
Fund Balances					
Restricted					
Capital Reserve Account	98,770				98,770
Excess Surplus	242,188				242,188
Excess Surplus - Designated for Subsequent Year's Budget	535,625				535,625
Capital Projects			4,747,642		4,747,642
Assigned					
Encumbrances	142,244				142,244
Unassigned	440,335	-	-	-	440,335
Total Fund Balances	<u>1,459,162</u>	<u>-</u>	<u>4,747,642</u>	<u>-</u>	<u>6,206,804</u>
Total Liabilities and Fund Balances	<u>\$ 1,756,213</u>	<u>\$ 559,101</u>	<u>\$ 5,359,044</u>	<u>\$ -</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 \$78,980,282 and the accumulated depreciation is \$15,244,340.

63,735,942

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

(1,020,614)

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	\$ 50,863,000
Capital Leases	174,043
Deferred Pension Liability	227,063
Compensated Absences Payable	2,192,971

(53,457,077)

\$ 15,465,055

**NUTLEY BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<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	\$ 47,198,664			\$ 2,913,940	\$ 50,112,604
Tuition	158,071				158,071
Transportation Fees	42,300				42,300
Miscellaneous	192,714	\$ 9,797	\$ 17,720	-	220,231
Total - Local Sources	47,591,749	9,797	17,720	2,913,940	50,533,206
State Sources	9,674,211	268,310		828,388	10,770,909
Federal Sources	261,742	1,453,686	-	-	1,715,428
Total Revenues	57,527,702	1,731,793	17,720	3,742,328	63,019,543
EXPENDITURES					
Current					
Regular Instruction	26,599,850	442,289			27,042,139
Special Education Instruction	7,628,799	1,105,624			8,734,423
Other Instruction	1,233,574				1,233,574
School-Sponsored Activities and Athletics	1,168,815				1,168,815
Community Services	7,487				7,487
Support Services					
Student and Instructional Related Services	6,132,168	118,066			6,250,234
School Administrative Services	4,218,808				4,218,808
General Administrative Services	1,258,021				1,258,021
Plant Operations and Maintenance	5,371,825				5,371,825
Pupil Transportation	1,913,148				1,913,148
Business Services	1,510,049				1,510,049
Debt Service					
Principal	35,263			1,440,000	1,475,263
Interest and Other Charges	5,521			2,302,330	2,307,851
Capital Outlay	177,419	65,814	9,378,706	-	9,621,939
Total Expenditures	57,260,747	1,731,793	9,378,706	3,742,330	72,113,576
Excess (Deficiency) of Revenues Over (Under) Expenditures	266,955	-	(9,360,986)	(2)	(9,094,033)
OTHER FINANCING SOURCES (USES)					
Capital Leases	87,439				87,439
Transfers In	17,720				17,720
Transfers Out	(100,000)	-	(17,720)	-	(117,720)
Total Other Financing Sources and Uses	5,159	-	(17,720)	-	(12,561)
Net Change in Fund Balances	272,114	-	(9,378,706)	(2)	(9,106,594)
Fund Balance, Beginning of Year	1,187,048	-	14,126,348	2	15,313,398
Fund Balance, End of Year	\$ 1,459,162	\$ -	\$ 4,747,642	\$ -	\$ 6,206,804

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, 2011**

Total net change in fund balances - governmental funds (Exhibit B-2) **\$ (9,106,594)**

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	\$ 9,621,939	
Depreciation Expense	<u>(1,161,877)</u>	8,460,062

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	116,651
----------------------	---------

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.

1,440,000

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.

35,263

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

Capital Leases	(87,439)
----------------	----------

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	<u>26,527</u>
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Change in net assets of governmental activities (Exhibit A-2) **\$ 884,470**

**NUTLEY BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011**

	<u>Food Service</u>	<u>Extended Day</u>	<u>Other Non-Major</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
ASSETS				
Cash and Cash Equivalents	\$ 5,334	\$ 87,422	\$ 2,186	\$ 94,942
Intergovernmental Accounts Receivable				
State	571			571
Federal	10,188			10,188
Other Accounts Receivable	19,738			19,738
Inventory	2,632	-	-	2,632
Total Current Assets	<u>38,463</u>	<u>87,422</u>	<u>2,186</u>	<u>128,071</u>
Capital Assets				
Machinery and Equipment	137,947			137,947
Less: Accumulated Depreciation	<u>(128,103)</u>	<u>-</u>	<u>-</u>	<u>(128,103)</u>
Total Capital Assets	<u>9,844</u>	<u>-</u>	<u>-</u>	<u>9,844</u>
Total Assets	<u>48,307</u>	<u>87,422</u>	<u>2,186</u>	<u>137,915</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	22,568	663	-	23,231
Due to Other Funds	2,467	-		2,467
Deferred Revenue	616	22,233	-	22,849
Total Liabilities	<u>25,651</u>	<u>22,896</u>	<u>-</u>	<u>48,547</u>
NET ASSETS				
Invested in Capital Assets	9,844			9,844
Unrestricted	12,812	64,526	2,186	79,524
Total Net Assets	<u>\$ 22,656</u>	<u>\$ 64,526</u>	<u>\$ 2,186</u>	<u>\$ 89,368</u>

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

**NUTLEY BOARD OF EDUCATION
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Food Service</u>	<u>Extended Day</u>	<u>Other Non-Major</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
OPERATING REVENUES				
Charges for Services				
Program Fees		\$ 647,590	\$ 18,975	\$ 666,565
School Lunch Program	\$ 552,601			552,601
Special Functions	183,506	-	-	183,506
	<u>736,107</u>	<u>647,590</u>	<u>18,975</u>	<u>1,402,672</u>
Total Operating Revenues				
OPERATING EXPENSES				
Salaries and Wages	233,894	430,376	12,650	676,920
Employee Benefits	212,182	55,858		268,040
Cost of Sales	316,850			316,850
Supplies	62,049	5,694	4,915	72,658
Purchased Services	213,995	108,470		322,465
Other	69,813	13,569	125	83,507
Depreciation	1,493	-	-	1,493
	<u>1,110,276</u>	<u>613,967</u>	<u>17,690</u>	<u>1,741,933</u>
Total Operating Expenses				
Operating Income (Loss)	<u>(374,169)</u>	<u>33,623</u>	<u>1,285</u>	<u>(339,261)</u>
NONOPERATING REVENUES				
State Sources				
State School Lunch Program	7,664			7,664
Federal Sources				
Federal School Lunch Program	180,789			180,789
Interest Income	69	85	-	154
	<u>188,522</u>	<u>85</u>	<u>-</u>	<u>188,607</u>
Total Nonoperating Revenues				
Net Income (Loss) Before Operating Transfers	(185,647)	33,708	1,285	(150,654)
Transfers In	100,000	-	-	100,000
Change in Net Assets	(85,647)	33,708	1,285	(50,654)
Net Assets, Beginning of Year	108,303	30,818	901	140,022
Net Assets, End of Year	<u>\$ 22,656</u>	<u>\$ 64,526</u>	<u>\$ 2,186</u>	<u>\$ 89,368</u>

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

**NUTLEY BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Food Service</u>	<u>Extended Day</u>	<u>Other Non-Major</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	\$ 832,290	\$ 628,360	\$ 18,975	\$ 1,479,625
Payments for Employees	(446,076)	(430,376)	(12,650)	(889,102)
Payments to Suppliers	(733,047)	(184,145)	(6,075)	(923,267)
Net Cash Provided By (Used For) Operating Activities	(346,833)	13,839	250	(332,744)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Operating Transfers from Other Funds	100,000			100,000
State and Federal Sources	186,867	-	-	186,867
Net Cash Provided By Non-Capital Financing Activities	286,867	-	-	286,867
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	69	85	-	154
Net Cash Provided By Investing Activities	69	85	-	154
Net Increase (Decrease) in Cash and Cash Equivalents	(59,897)	13,924	250	(45,723)
Cash and Cash Equivalents, Beginning of Year	65,231	73,498	1,936	140,665
Cash and Cash Equivalents, End of Year	<u>\$ 5,334</u>	<u>\$ 87,422</u>	<u>\$ 2,186</u>	<u>\$ 94,942</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating Income (Loss)	\$ (374,169)	\$ 33,623	\$ 1,285	\$ (339,261)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities				
Depreciation	1,493			1,493
(Increase) Decrease in Accounts Receivable	96,183			96,183
(Increase) Decrease in Inventories	16			16
Increase (Decrease) in Accounts Payable	(70,044)	(554)	(1,035)	(71,633)
Increase (Decrease) in Deferred Revenue	(312)	(19,230)	-	(19,542)
Total Adjustments	27,336	(19,784)	(1,035)	6,517
Net Cash Provided By (Used For) Operating Activities	<u>\$ (346,833)</u>	<u>\$ 13,839</u>	<u>\$ 250</u>	<u>\$ (332,744)</u>
Non-Cash Financing Activities				
Fair Value of Food Distribution Program - National School Lunch	<u>\$ 28,887</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, 2011**

	<u>Private Purpose Trust Funds</u>	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 171,014	\$ 591,803	\$ 197,662
Total Assets	<u>171,014</u>	<u>591,803</u>	<u>\$ 197,662</u>
LIABILITIES			
Intergovernmental Payable		30,554	
Due to Student Groups	<u>-</u>	<u>-</u>	<u>\$ 197,662</u>
Total Liabilities	<u>-</u>	<u>30,554</u>	<u>\$ 197,662</u>
NET ASSETS			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 171,014</u>	<u>\$ 561,249</u>	

**NUTLEY BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Private Purpose Trust Funds</u>	<u>Unemployment Compensation Trust</u>
ADDITIONS		
Contributions		
Employees		\$ 88,716
Investment Earnings		
Interest	\$ 805	3,720
Total Additions	805	92,436
DEDUCTIONS		
Scholarships	2,000	
Unemployment Claims and Contributions	-	159,415
Total Deductions	2,000	159,415
Change in Net Assets	(1,195)	(66,979)
Net Assets, Beginning of Year	172,209	628,228
Net Assets, End of Year	\$ 171,014	\$ 561,249

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, 2011**

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, extended day 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. Basic Financial Statements

The basic financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements. Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities.

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 property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basic Financial Statements (Continued)

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.

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 child nutrition programs.

NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

The District reports the following non-major proprietary fund which is organized to be self-supporting through user charges:

The *athletic camp fund* accounts for the activities of the District's summer athletic camps.

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 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 private-sector 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.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Assets or Equity

1. *Deposits and Investments*

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

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

2. *Receivables and Payables*

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

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 2009-2010 and 2010-2011 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.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 regulations for capital projects.

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. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. 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 its useful life 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

**NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 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.

8. *Fund Equity*

Beginning with 2010/11 fiscal year, the District implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Restricted Fund Balance – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Excess Surplus – Designated for Subsequent Year's Budget - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2010 audited excess surplus that was appropriated in the 2011/2012 original budget certified for taxes.

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2011 audited excess surplus that is required to be appropriated in the 2012/2013 original budget certified for taxes.

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

Capital Projects – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. Fund Equity (Continued)

Assigned Fund Balance – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Encumbrances – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

Unassigned Fund Balance – Represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund.

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 notes to 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 2010/2011. During 2010/2011 the Board increased the original budget by \$1,218,269. The increase was funded by federal aid awarded, the appropriation of capital reserve, 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, 2011**

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 committed and/or assigned 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>
Autism:			
Other Salaries for Instruction	\$218,232	\$223,168	\$(4,936)
Other Instructional Programs- Gifted and Talented			
Supplies and Materials	790	974	(184)
Other Operations and Maintenance of Plant			
Salaries of Non-Instructional Aides	326,015	331,780	(5,765)
Energy (Electricity)	557,583	579,845	(22,262)

The above variances were offset with other available resources.

C. Capital Reserve

A capital reserve account was established by the District on September 20, 2000. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve 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 reserve 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, 2011**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Capital Reserve (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2011 is as follows:

Balance, July 1, 2010	\$ 127,082
Increased by:	
Interest Earnings	<u>688</u>
	127,770
Decreased by:	
Withdrawal by Board Resolution	<u>29,000</u>
Balance, June 30, 2011	<u>\$ 98,770</u>

D. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for 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, 2011 is \$777,813. Of this amount, \$535,625 was designated and appropriated in the 2011/2012 original budget certified for taxes and the remaining amount of \$242,188 will be appropriated in the 2012/2013 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 collateral equal to at least 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 or \$200 million 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, 2011**

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, 2011, the book value of the Board's deposits was \$6,817,870 and bank balances of the Board's cash and deposits amounted to \$7,813,940. 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>7,813,940</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, 2011 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, 2011, 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 June 30, 2011 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	\$ 53,468			\$ 19,738	\$ 73,206
Intergovernmental	<u>361,663</u>	<u>\$ 559,101</u>	<u>\$ 568,810</u>	<u>10,759</u>	<u>1,500,333</u>
Gross Receivables	415,131	559,101	568,810	30,497	1,573,539
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 415,131</u>	<u>\$ 559,101</u>	<u>\$ 568,810</u>	<u>\$ 30,497</u>	<u>\$ 1,573,539</u>

**NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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	\$ 20,512
Grant Drawdowns Reserved for Encumbrances	28,177
Capital Projects Fund	
Unrealized School Facility and Energy Grants	<u>567,532</u>
Total Deferred Revenue for Governmental Funds	<u>\$616,221</u>

C. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2011 was as follows:

	Balance <u>July 1, 2010</u>	<u>Adjustment</u>	<u>Increases</u>	Balance <u>June 30, 2011</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 79,932			\$ 79,932
Construction in Progress	24,289,344	-	\$ 9,376,365	33,665,709
Total Capital Assets, Not Being Depreciated	<u>24,369,276</u>	<u>-</u>	<u>9,376,365</u>	<u>33,745,641</u>
Capital Assets, Being Depreciated:				
Buildings	36,263,618	\$ 4,065,310		40,328,928
Improvements Other Than Buildings	899,901	(899,901)		-
Machinery and Equipment	3,240,215	1,419,924	245,574	4,905,713
Total Capital Assets Being Depreciated	<u>40,403,734</u>	<u>4,585,333</u>	<u>245,574</u>	<u>45,234,641</u>
Less Accumulated Depreciation for:				
Buildings	(7,935,541)	(4,349,319)	(739,534)	(13,024,394)
Improvements Other Than Buildings	(176,864)	176,864	-	-
Machinery and Equipment	(2,134,015)	336,412	(422,343)	(2,219,946)
Total Accumulated Depreciation	<u>(10,246,420)</u>	<u>(3,836,043)</u>	<u>(1,161,877)</u>	<u>(15,244,340)</u>
Total Capital Assets, Being Depreciated, net	<u>30,157,314</u>	<u>749,290</u>	<u>(916,303)</u>	<u>29,990,301</u>
Governmental Activities Capital Assets, net	<u>\$ 54,526,590</u>	<u>\$ 749,290</u>	<u>\$ 8,460,062</u>	<u>\$ 63,735,942</u>

**NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 137,947	-	-	\$ 137,947
Total Capital Assets Being Depreciated	137,947	-	-	137,947
Less Accumulated Depreciation for:				
Machinery and Equipment	(126,610)	\$ (1,493)	-	(128,103)
Total Accumulated Depreciation	(126,610)	(1,493)	-	(128,103)
Total Capital Assets, Being Depreciated, net	11,337	(1,493)	-	9,844
Business-Type Activities Capital Assets, net	\$ 11,337	\$ (1,493)	\$ -	\$ 9,844

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

Governmental Activities:

Instruction	
Regular	\$ 95,736
Total Instruction	95,736

Support Services

Student and Instruction Related Services	320,192
General Administration	491,427
School Administration	9,232
Operations and Maintenance of Plant	68,622
Student Transportation	176,668
Total Support Services	1,066,141

Total Depreciation Expense - Governmental Activities	\$ 1,161,877
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Business-Type Activities:

Food Service Fund	\$ 1,493
Total Depreciation Expense-Business-Type Activities	\$ 1,493

**NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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, 2011:

<u>Project</u>	<u>Remaining Commitment</u>
Various Renovations and Improvements to Nutley High School and Elementary Schools	\$ 3,152,511
	<u>\$ 3,152,511</u>

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2011, is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 366,400
General Fund	Food Service Enterprise Fund	<u>2,467</u>
		<u>\$ 368,867</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		\$ 100,000	\$ 100,000
Capital Projects Fund	<u>\$ 17,720</u>	<u>-</u>	<u>17,720</u>
Total transfers out	<u>\$ 17,720</u>	<u>\$ 100,000</u>	<u>\$ 117,720</u>

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

**NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Leases

Capital Leases

The District is leasing school buses totaling \$209,306 under capital leases. The leases are for terms of 5 years.

The capital assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Vehicles	\$ 209,306
Total	<u>\$ 209,306</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011 were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2012	\$ 47,879
2013	47,879
2014	47,879
2015	<u>47,879</u>
Total Minimum Lease Payments	191,516
Less: Amount Representing Interest	<u>(17,473)</u>
Present Value of Minimum Lease Payments	<u>\$ 174,043</u>

F. Long-Term Debt

General Obligation Bonds

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

**NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Leases (Continued)

Bonds payable at June 30, 2011 are comprised of the following issues:

\$2,923,000, 2003 Bonds, due in annual installments of \$135,000 to \$208,000 through August 15, 2023, variable interest rate	\$ 2,218,000
\$14,930,000, 2005 Bonds, due in annual installments of \$575,000 to \$630,000 through February 15, 2030, variable interest rate	12,295,000
\$38,500,000, 2007 Bonds, due in annual installments of \$790,000 to \$3,515,000 through July 15, 2032, variable interest rate	<u>36,350,000</u>
	<u>\$50,863,000</u>

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

Governmental Activities:

Year Ended June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
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	1,735,000	1,964,834	3,699,834
2017-2021	9,825,000	8,613,953	18,438,953
2022-2026	11,873,000	6,247,690	18,120,690
2027-2031	14,175,000	3,304,019	17,479,019
2032-2033	<u>6,880,000</u>	<u>330,363</u>	<u>7,210,363</u>
	<u>\$ 50,863,000</u>	<u>\$ 29,022,691</u>	<u>\$ 79,885,691</u>

**NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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, 2011 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 169,927,836
Less: Net Debt Issued	<u>50,863,987</u>
Remaining Borrowing Power	<u>\$ 119,063,849</u>

Changes in long-term liabilities

Long-term liability activity for the fiscal year ended June 30, 2011, was as follows:

	Balance <u>July 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2011</u>	Due Within <u>One Year</u>
Governmental activities:					
Bonds Payable	\$ 52,303,000		\$ 1,440,000	\$ 50,863,000	\$ 1,500,000
Capital Leases	121,867	\$ 87,439	35,263	174,043	41,560
Deferred Pension Obligation	227,063			227,063	9,882
Compensated Absences Payable	<u>2,309,622</u>	<u>-</u>	<u>116,651</u>	<u>2,192,971</u>	<u>200,000</u>
Governmental Activity					
Long-Term Liabilities	<u>\$ 54,961,552</u>	<u>\$ 87,439</u>	<u>\$ 1,591,914</u>	<u>\$ 53,457,077</u>	<u>\$ 1,751,442</u>

For the governmental activities, compensated absences are 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.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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

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

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

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>
2011	\$ 88,716	\$ 159,415	\$ 561,249
2010	97,399	136,206	628,228
2009	90,123	75,385	660,004

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 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. 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.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

B. Contingent Liabilities (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. On February 22, 2011 the firm filed a second amended complaint asserting additional causes of action. On May 18, 2011, the District filed a motion to dismiss certain claims as being subject to arbitration between the District and the firm. The District's motion was granted on August 19, 2011. The firm has filed a motion for reconsideration, which was argued on October 28, 2011. The District is awaiting the Court's ruling on this motion. As it has done so far, the District intends to defend against the firm's claims and pursue the return of its \$750,000 payment.

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, 2011, 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, 2011, the District has not estimated its arbitrage earnings due to the IRS, if any.

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, 2011**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Other Pension Funds

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

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

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

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. 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.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Investment Valuation (Continued)

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.

Significant Legislation

P.L. 2010, c. 1, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, and employer contributions to the retirement system.

This new legislation changed the membership eligibility criteria for new members of TPAF and PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of TPAF and PERS to 1/60 from 1/55, and it provided that new members of TPAF and PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of TPAF and PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the prosecutor's part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time five years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in Fiscal Year 2012.

P.L. 2010, c.3, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the TPAF and PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Funding Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 66.0 percent with an unfunded actuarial accrued liability of \$45.8 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 62.0 percent and \$30.7 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 72.1 percent and \$15.1 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.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress (Continued)

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, 2009 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.

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 and for TPAF of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2011 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, 2011, 2010 and 2009 the Board was required to contribute for PERS and DCRP 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:

Year Ended June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>
2011	\$ 783,294	\$ 83,115
2010	598,493	91,174
2009	283,512	83,952

**NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC) (Continued)

During the last three fiscal years, the State of New Jersey did not contribute to the TPAF for normal cost and accrued liability. The State contributed \$83,115, \$91,174 and \$83,952 during 2010/2011, 2009/2010 and 2008/2009, respectively, for the NCGI premium only. During 2009/2010 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 2012/2013 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 \$1,999,070 during the year ended June 30, 2011 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.

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 514 state and local participating employers and contributing entities for Fiscal Year 2010.

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.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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.

Significant Legislation

P.L. 2010, c.2 effective May 21, 2010, makes changes to the SHBP-State/Local Government/Local Education concerning eligibility, cost sharing, choice of a plan, the application of benefit changes, the waiver of coverage, and multiple coverage under such plans. It also requires contributions toward the cost of health care benefits coverage by public employees and certain retirees.

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, 2009, the most recent actuarial valuation date, the State had a \$56.8 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$20.5 billion for state active and retired members and \$36.3 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

Actuarial Methods and Assumptions

In the June 30, 2009, 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.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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, 2010, there were 87,288 retirees receiving post-retirement medical benefits and the State contributed \$883.8 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 \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in fiscal year 2010.

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, 2011, 2010 and 2009 were \$1,765,373, \$1,712,374 and \$1,601,597, 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.

NOTE 5 PRIOR PERIOD ADJUSTMENTS

The District conducted an update and appraisal of its capital assets during the 2010/2011 school year. The update and appraisal was completed by an independent appraisal company hired by the Board. The capital asset report valued all capital assets and their estimated historical cost through back trending and other acceptable methods. The District recorded a prior period adjustment to its July 1, 2010 capital assets values, including accumulated depreciation amounts, to reflect the amounts reported in the capital asset appraisal report.

BUDGETARY COMPARISON SCHEDULES

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
REVENUES					
Local Sources					
Local Tax Levy	\$ 47,198,664		\$ 47,198,664	\$ 47,198,664	
Tuition	57,072		57,072	158,071	\$ 100,999
Transportation Fees	60,000		60,000	42,300	(17,700)
Interest on Capital Reserve	400		400	688	288
Other Restricted Miscellaneous	100,000		100,000	66,580	(33,420)
Unrestricted Miscellaneous	139,451	-	139,451	125,446	(14,005)
Total Revenues - Local Sources	47,555,587	-	47,555,587	47,591,749	36,162
State Sources					
Equalization Aid	4,869,108		4,869,108	2,960,216	(1,908,892)
Categorical Special Education Aid	335,075		335,075	2,243,967	1,908,892
Extraordinary Aid	150,000		150,000	360,555	210,555
TPAF Pension System Contributions-Normal				83,115	83,115
TPAF Pension System Contribution - Post Retirement (Non Budgeted)				1,765,373	1,765,373
TPAF Social Security Contributions (Non Budgeted)	-	-	-	1,999,070	1,999,070
Total State Sources	5,354,183	-	5,354,183	9,412,296	4,058,113
Federal Sources					
Education Jobs Fund		\$ 261,742	261,742	261,742	
Medicaid Reimbursement	25,712	-	25,712	-	(25,712)
Total Federal Sources	25,712	261,742	287,454	261,742	(25,712)
Total Revenues	52,935,482	261,742	53,197,224	57,265,787	4,068,563
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers:					
Preschool/Kindergarten	668,284	189,418	857,702	857,701	1
Grades 1 - 5	7,382,119	(472,411)	6,909,708	6,909,708	
Grades 6 - 8	4,285,387	(60,626)	4,224,761	4,224,761	
Grades 9 - 12	5,485,613	232,508	5,718,121	5,718,120	1
Home Instruction:					
Salaries of Teachers		54,182	54,182	54,181	1
Purchased Professional-Educational Services	98,000	107,882	205,882	205,799	83
Regular Programs - Undistributed Instruction:					
Purchased Technical Services	50,550	(4,859)	45,691	45,690	1
Other Purchased Services	45,000	(5,901)	39,099	37,109	1,990
General Supplies	676,852	187,867	864,719	819,249	45,470
Textbooks	110,997	(54,949)	56,048	53,974	2,074
Other Objects	27,245	(13,455)	13,790	12,584	1,206
Total Instruction Regular Programs	18,830,047	159,656	18,989,703	18,938,876	50,827
Special Education					
Learning/Language Disabilities					
Salaries of Teachers	1,203,743	142,171	1,345,914	1,345,914	
Other Salaries for Instruction	286,017	(5,400)	280,617	280,607	10
General Supplies	8,000	(48)	7,952	7,923	29
Textbooks	7,500	(4,227)	3,273	3,273	
Other Objects	100	(100)	-	-	
Total Learning/Language Disabilities	1,505,360	132,396	1,637,756	1,637,717	39
Resource Room/Resource Center					
Salaries of Teachers	944,217	(34,425)	909,792	909,791	1
General Supplies	9,000	1,901	10,901	10,870	31
Textbooks	4,000	(2,352)	1,648	1,648	
Other Objects	100	(100)	-	-	
Total Resource Room/Resource Center	957,317	(34,976)	922,341	922,309	32

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
Autism					
Salaries of Teachers	\$ 536,083	\$ (62,924)	\$ 473,159	\$ 469,232	\$ 3,927
Other Salaries for Instruction	271,854	(53,622)	218,232	223,168	(4,936)
General Supplies	9,200	(7,955)	1,245	1,237	8
Other Objects	1,000	-	1,000	-	1,000
Total Autism	818,137	(124,501)	693,636	693,637	(1)
Preschool Disabilities - Part-Time					
Salaries of Teachers	177,386	27,422	204,808	204,808	
Other Salaries for Instruction	103,534	3,024	106,558	106,558	
General Supplies	2,500	(1,889)	611	610	1
Other Objects	100	(100)	-	-	-
Total Preschool Disabilities	283,520	28,457	311,977	311,976	1
Total Special Education	3,564,334	1,376	3,565,710	3,565,639	71
Basic Skills/Remedial					
Salaries of Teachers	285,352	251,642	536,994	536,993	1
General Supplies	2,000	(217)	1,783	1,770	13
Other Objects	300	-	300	300	-
Total Basic Skills/Remedial	287,652	251,425	539,077	539,063	14
Bilingual Education					
Salaries of Teachers	209,315	5,581	214,896	214,896	
General Supplies	4,600	(2,005)	2,595	2,571	24
Textbooks	810	(810)	-	-	-
Total Bilingual Education	214,725	2,766	217,491	217,467	24
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	39,171	137,171	137,171	
Other Objects	10,000	-	10,000	10,000	-
Total Co-Curricular Activities	108,000	39,171	147,171	147,171	-
School Sponsored Athletics					
Salaries	461,292	62,332	523,624	523,624	
Purchased Services	38,205	6,735	44,940	44,758	182
Supplies and Materials	45,750	(7,672)	38,078	36,574	1,504
Other Objects	94,700	42,901	137,601	134,084	3,517
Total Athletics	639,947	104,296	744,243	739,040	5,203
Other Instruction Programs - Gifted and Talented					
Salaries	54,833	35,340	90,173	90,173	
Purchased Professional Education Services		128	128	-	128
Purchased Services	41,646	(41,001)	645	600	45
Supplies and Materials	19,800	(19,010)	790	974	(184)
Other Objects	1,500	(1,200)	300	250	50
Total Other Instruction Programs	117,779	(25,743)	92,036	91,997	39
Other Instruction Programs - Music					
Purchased Technical Services		1,979	1,979	1,979	
Supplies and Materials	-	33,742	33,742	16,116	17,626
Total Other Instruction Programs	-	35,721	35,721	18,095	17,626
Community Services					
Salaries	13,000	(1,200)	11,800	7,487	4,313
Total Community Services	13,000	(1,200)	11,800	7,487	4,313
Total Instruction	23,777,984	567,468	24,345,452	24,267,335	78,117

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CURRENT EXPENDITURES (Continued)					
Tuition					
Tuition to NJ LEA's - Special	\$ 82,500	\$ (6,666)	\$ 75,834	\$ 75,834	
Tuition to County Vocational - Regular	12,500	(678)	11,822	11,822	
Tuition to County Vocational - Special	32,820	8,148	40,968	40,968	
Tuition to County Sp Service and Regional Day School	48,000	5,000	53,000	52,311	\$ 689
Tuition to NJ Private Handicapped	2,616,634	(228,884)	2,387,750	2,379,989	7,761
Tuition to State Facilities	-	35,250	35,250	-	35,250
Total Tuition	<u>2,792,454</u>	<u>(187,830)</u>	<u>2,604,624</u>	<u>2,560,924</u>	<u>43,700</u>
Undistributed Expenditures					
Health Services					
Salaries	602,176	(43,200)	558,976	558,975	1
Purchased Professional Services	55,000	(25,345)	29,655	28,985	670
Supplies and Materials	14,700	4,733	19,433	18,336	1,097
Other Objects	250	-	250	180	70
Total Health Services	<u>672,126</u>	<u>(63,812)</u>	<u>608,314</u>	<u>606,476</u>	<u>1,838</u>
Undistributed Expend.-Other Supp. Svcs.-					
Speech, OT, PT and Related Services					
Salaries	495,156	83,135	578,291	578,290	1
Purchased Professional Educational Services	225,000	(34,266)	190,734	190,284	450
Supplies and Materials	4,000	(1,173)	2,827	2,826	1
Total Speech, OT, PT and Related Services	<u>724,156</u>	<u>47,696</u>	<u>771,852</u>	<u>771,400</u>	<u>452</u>
Undistributed Expend.-Other Supp. Svcs.-Extraord. Serv.					
Salaries	<u>273,497</u>	<u>(6,858)</u>	<u>266,639</u>	<u>266,555</u>	<u>84</u>
Total Other Support/Extraordinary Services	<u>273,497</u>	<u>(6,858)</u>	<u>266,639</u>	<u>266,555</u>	<u>84</u>
Undistributed Expend.-Other Supp. Svcs.-Guidance					
Salaries of Other Professional Staff	1,010,530	(122,960)	887,570	887,569	1
Salaries of Secretarial and Clerical Assistants	173,620	(2,667)	170,953	170,952	1
Other Purchased Professional and Technical Services	30,000	3,637	33,637	21,141	12,496
Other Purchased Services	7,248	2,736	9,984	9,231	753
Supplies and Materials	52,952	(34,811)	18,141	15,779	2,362
Other Objects	1,500	-	1,500	1,500	-
Total Other Support Services-Guidance	<u>1,275,850</u>	<u>(154,065)</u>	<u>1,121,785</u>	<u>1,106,172</u>	<u>15,613</u>
Undistributed Expend.-Other Supp. Svcs.-Child Study Teams					
Salaries of Other Professional Staff	649,544	96,262	745,806	745,772	34
Miscellaneous Purchased Services	2,500	(1,106)	1,394	1,394	
Supplies and Materials	8,500	1,189	9,689	9,688	1
Other Objects	100	-	100	-	100
Total Other Support Services-Child Study Teams	<u>660,644</u>	<u>96,345</u>	<u>756,989</u>	<u>756,854</u>	<u>135</u>
Improvement of Instruction					
Salaries of Other Professional Staff	24,000	(15,390)	8,610	8,609	1
Salaries of Secretarial and Clerical Assist.	153,479	3,753	157,232	106,600	50,632
Purchased Professional Educational Services	7,000	500	7,500	7,500	
Other Purchased Professional and Technical Services	4,500	295	4,795	4,795	
Other Purchased Services	6,400	(134)	6,266	4,639	1,627
Supplies and Materials	7,000	2,264	9,264	9,255	9
Other Objects	500	-	500	416	84
Total Improvement of Instruction	<u>202,879</u>	<u>(8,712)</u>	<u>194,167</u>	<u>141,814</u>	<u>52,353</u>
Educational Media Services/ School Library					
Salaries	650,337	18,805	669,142	668,280	862
Purchased Professional and Technical Services	17,450	(3,926)	13,524	13,523	1
Other Purchased Services	27,500	(5,378)	22,122	22,122	
Supplies and Materials	92,776	(25,507)	67,269	61,168	6,101
Total Educational Media Services/ School Library	<u>788,063</u>	<u>(16,006)</u>	<u>772,057</u>	<u>765,093</u>	<u>6,964</u>

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CURRENT EXPENDITURES (Continued)					
Instructional Staff Training Services					
Salaries of Other Professional Staff	\$ 2,500		\$ 2,500		\$ 2,500
Purchased Professional Educational Services	4,200		4,200	\$ 4,000	200
Other Purchased Services	11,000		11,000	6,331	4,669
Supplies and Materials	500		500		500
Other Objects	1,000	\$ (762)	238	50	188
Total Instructional Staff Training Services	19,200	(762)	18,438	10,381	8,057
Support Services General Administration					
Salaries	532,123	(89,899)	442,224	431,187	11,037
Legal Services	170,000	12,735	182,735	182,735	
Audit Fees	45,000	(11,196)	33,804	33,804	
Purchased Technical Services	5,000	21,988	26,988	26,988	
Communications/Telephone	157,750	34,436	192,186	184,963	7,223
BOE Other Purchased Services	8,400	(8,351)	49	28	21
Other Purchased Services	34,400	1,000	35,400	27,704	7,696
Supplies and Materials	15,000	(1,017)	13,983	11,640	2,343
BOE In-House Training/Meeting Supplies	7,000	(7,000)			
Judgements		33,413	33,413	33,413	
Miscellaneous Expenditures	5,000		5,000	4,924	76
BOE Membership Dues and Fees	26,304	(1,100)	25,204	25,114	90
Total Support Services General Administration	1,005,977	(14,991)	990,986	962,500	28,486
Support Services School Administration					
Salaries of Principals and Assistant Principals	1,118,361	67,342	1,185,703	1,185,703	
Salaries of Other Professional Staff	911,113	80,916	992,029	992,029	
Salaries of Secretarial and Clerical Assistants	538,500	86,109	624,609	624,609	
Other Purchased Services	78,475	9,637	88,112	88,112	
Supplies and Materials	63,233	1,742	64,975	63,980	995
Other Objects	50,550	15,838	66,388	65,726	662
Total Support Services School Administration	2,760,232	261,584	3,021,816	3,020,159	1,657
Undistributed Expenditures - Central Services					
Salaries	700,748	27,479	728,227	728,226	1
Purchased Professional Services	93,200	(32,007)	61,193	54,612	6,581
Purchased Technical Services	500	(500)			
Miscellaneous Purchased Services	54,500	(29,340)	25,160	24,527	633
Supplies and Materials	18,000	(6,558)	11,442	11,442	
Miscellaneous Expenditures	1,000	(633)	367	365	2
Total Undistributed Expenditures - Central Services	867,948	(41,559)	826,389	819,172	7,217
Undistributed Expenditures - Admin. Info. Tech.					
Salaries	274,802	(13,179)	261,623	261,621	2
Other Purchased Services	6,100	(5,412)	688		688
Supplies and Materials	47,968	(21,876)	26,092	5,826	20,266
Other Objects	1,000	(1,000)			
Total Undistributed Expenditures - Admin. Info. Technology	329,870	(41,467)	288,403	267,447	20,956
Required Maintenance for School Facilities					
Salaries	523,990	(63,002)	460,988	458,400	2,588
Cleaning, Repair and Maintenance Services	163,400	75,543	238,943	222,389	16,554
General Supplies	208,744	(36,591)	172,153	132,328	39,825
Other Objects	3,000	(856)	2,144	2,144	
Total Required Maint for School Facilities	899,134	(24,906)	874,228	815,261	58,967

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Other Operations and Maintenance of Plant					
Salaries	\$ 1,375,399	\$ 145,895	\$ 1,521,294	\$ 1,515,529	\$ 5,765
Salaries of Non-Instructional Aides	180,130	145,885	326,015	331,780	(5,765)
Purchased Professional and Technical Services	64,000	(24,640)	39,360	37,710	1,650
Cleaning, Repair and Maintenance Services	205,000	(67,526)	137,474	137,474	
Rental of Land & Bldg. Oth. Than Lease Purch. Agreement	1,500	(111)	1,389	1,305	84
Insurance	86,367		86,367	84,041	2,326
Miscellaneous Purchased Services	12,500	(3,000)	9,500	6,512	2,988
General Supplies	119,000	(37,202)	81,798	81,388	410
Other Objects	1,100		1,100	433	667
Energy (Natural Gas)	485,000	(206,079)	278,921	253,926	24,995
Energy (Electricity)	590,000	(32,417)	557,583	579,845	(22,262)
Energy (Gasoline)	25,000	(5,000)	20,000	18,495	1,505
Total Other Operations and Maint. of Plant	3,144,996	(84,195)	3,060,801	3,048,438	12,363
Undistributed Expenditures - Care & Upkeep of Grounds					
Salaries	237,887	(6,613)	231,274	231,273	1
Cleaning, Repair, and Maintenance Services	44,000	3,985	47,985	42,370	5,615
General Supplies	30,000	(6,867)	23,133	22,330	803
Total Care & Upkeep of Grounds	311,887	(9,495)	302,392	295,973	6,419
Undistributed Expenditures - Security					
Salaries	64,210	4,130	68,340	68,340	-
Other Objects	22,000	(9,158)	12,842	-	12,842
Total Security	86,210	(5,028)	81,182	68,340	12,842
Student Transportation Services					
Salaries		24,339	24,339	24,132	207
Salaries for Pupil Trans (Bet Home & Sch)-Sp Ed.	732,512	153,730	886,242	886,241	1
Salaries for Pupil Trans (Other than Bet Home & Sch).	156,000	(60,704)	95,296	95,296	
Cleaning, Repair and Maintenance Services	117,000	15,118	132,118	127,764	4,354
Other Purchased Professional and Technical Services	1,200	318	1,518	1,518	
Lease Purchase Payments - School Buses	40,784		40,784	40,784	
Rental Payments - School Buses	20,700		20,700	20,700	
Other Purchased Services		5,739	5,739	5,564	175
Contr Serv(Oth. Than Bet Home & Sch)-Vend	57,800	(32,638)	25,162	25,161	1
Contr Serv(Special Education)-Vendors	350,000	(191,877)	158,123	158,122	1
Contr Serv(Special Education)-Joint Agreements	1,000		1,000		1,000
Miscellaneous Purch. Services- Transportation	32,414	(693)	31,721	30,946	775
Transportation Supplies	98,000	(2,735)	95,265	95,265	
Other Objects	12,500	(61)	12,439	12,240	199
Total Student Transportation Services	1,619,910	(89,464)	1,530,446	1,523,733	6,713
Unallocated Employee Benefits					
Group Insurance	186,122	(5,231)	180,891	180,891	
Social Security Contributions	668,000	49,290	717,290	717,290	
Other Retirement Contributions - Regular	659,552	123,742	783,294	783,294	
Workmens Compensation	136,134	(3,775)	132,359	132,359	
Health Benefits	8,604,385	143,561	8,747,946	8,747,945	1
Tuition Reimbursements	70,000	(18,239)	51,761	51,761	
Other Employee Benefits	174,801	233,006	407,807	407,807	-
Total Unallocated Employee Benefits	10,498,994	522,354	11,021,348	11,021,347	1
TPAF Pension System Contributions-Normal (Non-Budgeted)				83,115	(83,115)
TPAF Pension System Contributions-Post Retirement (Non-Budgeted)				1,765,373	(1,765,373)
TPAF Social Security Contributions (Non-Budgeted)	-	-	-	1,999,070	(1,999,070)
Total TPAF Pension and Social Security Contributions	-	-	-	3,847,558	(3,847,558)
Total Undistributed Expenditures	28,934,027	178,829	29,112,856	32,675,597	(3,562,741)
Total Current Expenditures	52,712,011	746,297	53,458,308	56,942,932	(3,484,624)

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CAPITAL OUTLAY					
Interest Deposit to Capital Reserve					
Equipment					
Grades 1 - 5	\$ 12,000	\$ (3,742)	\$ 8,258		\$ 8,258
Grades 6 - 8		26,012	26,012	\$ 25,367	645
Special Education - Autism		7,955	7,955	7,955	
Undistributed Expenditures					
Support Services		31,418	31,418	31,418	
Undistributed Expenditures - School Administration	-	25,240	25,240	25,240	-
Total Equipment	<u>12,000</u>	<u>86,883</u>	<u>98,883</u>	<u>89,980</u>	<u>8,903</u>
Facilities Acquisition and Construction Services					
Purchased Technical Services		29,325	29,325	29,325	
Other Objects	<u>111,071</u>	<u>-</u>	<u>111,071</u>	<u>111,071</u>	<u>-</u>
Total Facilities Acq. And Construction Services	<u>111,071</u>	<u>29,325</u>	<u>140,396</u>	<u>140,396</u>	<u>-</u>
Assets Acquired Under Capital Leases (Non-Budget)	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,439</u>	<u>(87,439)</u>
Total Expenditures - Capital Outlay	<u>123,071</u>	<u>116,208</u>	<u>239,279</u>	<u>317,815</u>	<u>(78,536)</u>
Total Expenditures - General Fund	<u>52,835,082</u>	<u>862,505</u>	<u>53,697,587</u>	<u>57,260,747</u>	<u>(3,563,160)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>100,400</u>	<u>(600,763)</u>	<u>(500,363)</u>	<u>5,040</u>	<u>505,403</u>
Other Financing Sources (Uses)					
Transfers In				\$ 17,720	\$ 17,720
Transfers Out	\$ (100,000)		\$ (100,000)	(100,000)	
Capital Lease Proceeds	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,439</u>	<u>(87,439)</u>
Total Other Financing Sources (Uses)	<u>(100,000)</u>	<u>-</u>	<u>(100,000)</u>	<u>5,159</u>	<u>(69,719)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>400</u>	<u>\$ (600,763)</u>	<u>(600,363)</u>	<u>10,199</u>	<u>435,684</u>
Fund Balance, Beginning of Year	<u>2,287,698</u>	<u>-</u>	<u>2,287,698</u>	<u>2,287,698</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 2,288,098</u>	<u>\$ (600,763)</u>	<u>\$ 1,687,335</u>	<u>\$ 2,297,897</u>	<u>\$ 610,562</u>
Recapitulation of Fund Balance					
Restricted:					
Capital Reserve				\$ 98,770	
Excess Surplus				242,188	
Excess Surplus - Designated for Subsequent Year's Budget				535,625	
Assigned:					
Reserve for Encumbrances				142,244	
Unassigned:					
				<u>1,279,070</u>	
Fund Balance (Budgetary Basis)				2,297,897	
Reconciliation to Governmental Fund Statements (GAAP)					
2010/2011 State Aid Payments Not Recognized on a GAAP Basis				(478,180)	
2010/2011 Extraordinary Aid Not Recognized on a GAAP Basis				<u>(360,555)</u>	
Fund Balance per Governmental Funds (GAAP Basis)				<u>\$ 1,459,162</u>	

NUTLEY BOARD OF EDUCATION
GENERAL FUND
EDUCATION JOBS FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES					
Federal Sources					
Education Jobs Fund	-	\$ 261,742	\$ 261,742	\$ 261,742	-
Total Federal Sources	-	261,742	261,742	261,742	-
Total Revenues	-	261,742	261,742	261,742	-
EXPENDITURES					
Instruction - Regular Programs					
Other Salaries for Instruction	-	199,882	199,882	199,882	-
Total Regular Programs	-	199,882	199,882	199,882	-
Total Instruction	-	199,882	199,882	199,882	-
Unallocated Benefits- Employee Benefits					
Social Security Contributions	-	15,291	15,291	15,291	-
Health Benefits	-	46,569	46,569	46,569	-
Total Unallocated Benefits	-	61,860	61,860	61,860	-
Total Undistributed Expenditures	-	61,860	61,860	61,860	-
Total Current Expenditures	-	261,742	261,742	261,742	-
Total Expenditures	-	261,742	261,742	261,742	-
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NUTLEY BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 315,426	\$ 22,524	\$ 337,950	\$ 266,821	\$ (71,129)
Federal	1,215,755	298,411	1,514,166	1,396,381	(117,785)
Local Sources					
Miscellaneous	-	34,829	34,829	17,671	(17,158)
Total Revenues	<u>1,531,181</u>	<u>355,764</u>	<u>1,886,945</u>	<u>1,680,873</u>	<u>(206,072)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	205,200	(32,175)	173,025	172,844	181
Other Salaries for Instruction		155,346	155,346	155,346	
Purchased Prof. and Technical Services		170,497	170,497	170,497	-
Purchased Professional/Educational Services	496,701	(180,613)	316,088	234,772	81,316
Tuition	637,848	88,230	726,078	705,648	20,430
General Supplies	41,716	84,316	126,032	54,579	71,453
Textbooks	36,635	(3,777)	32,858	30,949	1,909
Other Objects	-	29,330	29,330	16,955	12,375
Total Instruction	<u>1,418,100</u>	<u>311,154</u>	<u>1,729,254</u>	<u>1,541,590</u>	<u>187,664</u>
Support Services					
Salaries of Program Directors	2,000	1,707	3,707	3,707	
Employee Benefits	39,858	5,802	45,660	36,868	8,792
Purchased Prof. and Technical Services		8,606	8,606	8,004	602
Purchased Professional/Educational Services	40,244	10,775	51,019	42,133	8,886
Travel	500	(300)	200	72	128
Other Purchased Services	13,995	12,586	26,581	26,581	
Supplies and Materials	-	682	682	682	-
Total Support Services	<u>96,597</u>	<u>39,858</u>	<u>136,455</u>	<u>118,047</u>	<u>18,408</u>
Facilities Acquisition and Construction					
Instructional Equipment	<u>16,484</u>	<u>4,752</u>	<u>21,236</u>	<u>21,236</u>	<u>-</u>
Total Facilities Acquisition	<u>16,484</u>	<u>4,752</u>	<u>21,236</u>	<u>21,236</u>	<u>-</u>
Total Expenditures	<u>1,531,181</u>	<u>355,764</u>	<u>1,886,945</u>	<u>1,680,873</u>	<u>206,072</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, 2011**

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 \$ 57,265,787	C-2 \$ 1,680,873
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Add: June 30, 2010 encumbrances		79,097
Less: June 30, 2011 encumbrances		(28,177)
State Aid payments recognized for GAAP Statements, not recognized for budgetary purposes.	1,100,650	
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements.	<u>(838,735)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	B-2 \$ <u>57,527,702</u>	B-2 \$ <u>1,731,793</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	C-1 \$ 57,260,747	C-2 \$ 1,680,873
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Add: June 30, 2010 encumbrances		79,097
Less: June 30, 2011 encumbrances	<u>-</u>	<u>(28,177)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	B-2 \$ <u>57,260,747</u>	B-2 \$ <u>1,731,793</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, 2011

	Nonpublic Textbooks	Nonpublic Home Instruction	N.J. Nonpublic Auxiliary			NJ Nonpublic Handicapped			Nonpublic Nursing
			Compensatory Education	ESL	Transportation	Supplemental Instruction	Examination/ Classification	Corrective Speech	
REVENUES									
State Sources	\$ 30,949	\$ 4,477	\$ 104,156	\$ 6,062	\$ 26,581	\$ 13,549	\$ 21,209	\$ 21,044	\$ 38,794
Federal Sources	-	-	-	-	-	-	-	-	-
Total Revenues	<u>\$ 30,949</u>	<u>\$ 4,477</u>	<u>\$ 104,156</u>	<u>\$ 6,062</u>	<u>\$ 26,581</u>	<u>\$ 13,549</u>	<u>\$ 21,209</u>	<u>\$ 21,044</u>	<u>\$ 38,794</u>
EXPENDITURES									
Instruction:									
Salaries of Teachers									
Purchased Prof. and Technical Services		\$ 4,477	\$ 104,156	\$ 6,062		\$ 13,549	\$ 21,209	\$ 21,044	
General Supplies									
Textbooks	\$ 30,949								
Miscellaneous Expenses	-	-	-	-	-	-	-	-	-
Total Instruction	<u>30,949</u>	<u>4,477</u>	<u>104,156</u>	<u>6,062</u>	<u>-</u>	<u>13,549</u>	<u>21,209</u>	<u>21,044</u>	<u>-</u>
Support Services									
Salaries of Program Directors									
Purchased Professional Educational Services									\$ 38,794
Other Purchased Services					\$ 26,581				
Supplies and Materials	-	-	-	-	-	-	-	-	-
Total Support Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,581</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,794</u>
Total Expenditures	<u>\$ 30,949</u>	<u>\$ 4,477</u>	<u>\$ 104,156</u>	<u>\$ 6,062</u>	<u>\$ 26,581</u>	<u>\$ 13,549</u>	<u>\$ 21,209</u>	<u>\$ 21,044</u>	<u>\$ 38,794</u>

NUTLEY BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Title II A</u>	<u>Title II A</u>	<u>Title II D</u>	<u>Title II D</u>	<u>Title I</u>	<u>Title I</u>	<u>IDEA B Basic</u>	<u>IDEA B Basic</u>	<u>IDEA B Preschool</u>
REVENUES									
State Sources									
Federal Sources	\$ 90,401	\$ 4,665	\$ 99	\$ 100	\$ 113,718	\$ 6,112	\$ 793,847	\$ 90,794	\$ 70,132
Total Revenues	<u>\$ 90,401</u>	<u>\$ 4,665</u>	<u>\$ 99</u>	<u>\$ 100</u>	<u>\$ 113,718</u>	<u>\$ 6,112</u>	<u>\$ 793,847</u>	<u>\$ 90,794</u>	<u>\$ 70,132</u>
EXPENDITURES									
Instruction:									
Salaries of Teachers	\$ 74,243				\$ 98,601				
Purchased Prof. and Technical Services									
Purchased Professional Educational Services							\$ 192,952	\$ 41,820	
Tuition		\$ 4,665					595,450	35,401	\$ 70,132
General Supplies	2,652			\$ 100			5,445	13,573	
Textbooks	-								
Miscellaneous Expenses	-	-	-	-	-	-	-	-	-
Total Instruction	<u>76,895</u>	<u>4,665</u>	<u>-</u>	<u>100</u>	<u>98,601</u>	<u>-</u>	<u>793,847</u>	<u>90,794</u>	<u>70,132</u>
Support Services									
Salaries of Teachers									
Salaries of Program Directors						\$ 1,707			
Employee Benefits	10,266				14,435	130			
Purchased Prof. and Technical Services						4,275			
Purchased Professional Educational Services	3,240		\$ 99						
Travel									
Other Purchased Services									
Supplies and Materials	-	-	-	-	682	-	-	-	-
Total Support Services	<u>13,506</u>	<u>-</u>	<u>99</u>	<u>-</u>	<u>15,117</u>	<u>6,112</u>	<u>-</u>	<u>-</u>	<u>-</u>
Facilities Acquisition and Construction Services									
Instructional Equipment	-	-	-	-	-	-	-	-	-
Total Facilities Acquisition	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 90,401</u>	<u>\$ 4,665</u>	<u>\$ 99</u>	<u>\$ 100</u>	<u>\$ 113,718</u>	<u>\$ 6,112</u>	<u>\$ 793,847</u>	<u>\$ 90,794</u>	<u>\$ 70,132</u>

NUTLEY BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Other	Title III	Title III	IDEA B ARRA	Perkins Vocational Education	Title IV	Total
REVENUES							
State Sources							\$ 266,821
Federal Sources	-	\$ 34,732	\$ 72	\$ 167,491	\$ 21,209	\$ 3,009	1,396,381
Other	\$ 17,671	-	-	-	-	-	17,671
Total Revenues	<u>\$ 17,671</u>	<u>\$ 34,732</u>	<u>\$ 72</u>	<u>\$ 167,491</u>	<u>\$ 21,209</u>	<u>\$ 3,009</u>	<u>\$ 1,680,873</u>
EXPENDITURES							
Instruction:							
Salaries of Teachers							172,844
Other Salaries for Instruction				\$ 155,346			155,346
Purchased Prof. and Technical Services							170,497
Purchased Professional Educational Services							234,772
Tuition							705,648
General Supplies	\$ 716	\$ 28,023	-	261	\$ 3,809		54,579
Textbooks							30,949
Miscellaneous Expenses	16,955	-	-	-	-	-	16,955
Total Instruction	<u>17,671</u>	<u>28,023</u>	<u>-</u>	<u>155,607</u>	<u>3,809</u>	<u>-</u>	<u>1,541,590</u>
Support Services							
Salaries of Program Directors		2,000					3,707
Employee Benefits		153		11,884			36,868
Purchased Prof. and Technical Services		720				\$ 3,009	8,004
Purchased Professional Educational Services							42,133
Travel			\$ 72				72
Other Purchased Services	-	-			-		26,581
Supplies and Materials	-	-	-	-	-	-	682
Total Support Services	<u>-</u>	<u>2,873</u>	<u>72</u>	<u>11,884</u>	<u>-</u>	<u>3,009</u>	<u>118,047</u>
Facilities Acquisition and Construction Services							
Instructional Equipment	-	3,836	-	-	17,400	-	21,236
Total Facilities Acquisition	<u>-</u>	<u>3,836</u>	<u>-</u>	<u>-</u>	<u>17,400</u>	<u>-</u>	<u>21,236</u>
Total Expenditures	<u>\$ 17,671</u>	<u>\$ 34,732</u>	<u>\$ 72</u>	<u>\$ 167,491</u>	<u>\$ 21,209</u>	<u>\$ 3,009</u>	<u>\$ 1,680,873</u>

**NUTLEY BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**NUTLEY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<u>Project Description</u>	<u>Appropriation</u>	<u>Expenditures to Date</u>		<u>Balance June 30, 2011</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	\$ 4,872,081		\$ 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	24,564,475	\$ 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.	38,500,000	24,289,344	9,376,365	4,834,291
	<u>\$ 68,043,920</u>	<u>\$ 53,828,053</u>	<u>\$ 9,378,706</u>	<u>\$ 4,837,161</u>
Reconciliation of Fund Balance				
Project Balances, June 30, 2011				\$ 4,837,161
Less:				
Debt Authorized But Not Issued				987
Fund Balance, June 30, 2011 (Budgetary Basis)				4,836,174
Unrealized Revenue - State Aid				
Middle School			\$ 87,697	
Radcliffe School			835	
				<u>88,532</u>
Fund Balance, June 30, 2011 (GAAP Basis)				<u>\$ 4,747,642</u>
Recapitulation of Fund Balance				
Restricted for Capital Projects				
Year End Encumbrances				\$ 3,152,511
Available for Capital Projects				<u>1,595,131</u>
Total Fund Balance - Restricted for Capital Projects				<u>\$ 4,747,642</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, 2011**

Revenues and Other Financing Sources

Interest on Investments	\$ 17,720
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Total Revenues	<u>17,720</u>
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Expenditures and Other Financing Uses

Purchased Professional And Technical Services	455,808
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Construction Services	8,922,898
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Transfers Out	<u>17,720</u>
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Total Expenditures	<u>9,396,426</u>
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Excess (Deficiency) Of Revenues Over (Under) Expenditures	(9,378,706)
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Fund Balance, Beginning of Year	<u>14,214,880</u>
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Fund Balance, End of Year	<u>\$ 4,836,174</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, 2011**

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

Additional Project Information:

Project Number	3750-050-03-1027
Grant Date	Not Available
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, 2011**

	<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	15,154,059	-	15,154,059	15,154,442
 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	21,847,876	\$ 2,341	21,850,217	21,196,816
Other Purchased Services	24,010		24,010	
Supplies	123,740		123,740	
Equipment Purchases	25,135	-	25,135	-
 Total Expenditures	<u>24,564,475</u>	<u>2,341</u>	<u>24,566,816</u>	<u>24,566,816</u>
 Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ 1,958</u>	<u>\$ (2,341)</u>	<u>\$ (383)</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, 2011

	<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	<u>22,659</u>	<u>-</u>	<u>22,659</u>	<u>22,659</u>
Total Revenues	<u>104,431</u>	<u>-</u>	<u>104,431</u>	<u>104,431</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	4,186		4,186	10,211
Construction Services	<u>97,967</u>	<u>-</u>	<u>97,967</u>	<u>94,220</u>
Total Expenditures	<u>102,153</u>	<u>-</u>	<u>102,153</u>	<u>104,431</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ 2,278</u>	<u>\$ -</u>	<u>\$ 2,278</u>	<u>\$ -</u>

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, 2011

	<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 and Transfers	\$ 8,740,000	-	-	\$ 8,740,000	\$ 8,740,000
Total Revenues	<u>8,740,000</u>	<u>-</u>	<u>-</u>	<u>8,740,000</u>	<u>8,740,000</u>
Expenditures and Other Financing Uses					
Purchased Professional and Technical Services	816,149	\$ 256,707	\$ 113,623	1,186,479	1,225,854
Legal Fees	12,086	9,619		21,705	
Land and Improvements				-	
Construction Services	2,418,162	(269,229)	2,769,119	4,918,052	7,468,638
Other Purchased Services	4,630	(1,713)		2,917	45,508
Supplies	1,505			1,505	
Equipment Purchases	155,216	49,055	-	204,271	-
Total Expenditures	<u>3,407,748</u>	<u>44,439</u>	<u>2,882,742</u>	<u>\$ 6,334,929</u>	<u>8,740,000</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ 5,332,252</u>	<u>\$ (44,439)</u>	<u>\$ (2,882,742)</u>	<u>\$ 2,405,071</u>	<u>\$ -</u>

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	72%
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, 2011

	<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 and Transfers	\$ 5,530,000	-	-	\$ 5,530,000	\$ 5,530,000
Total Revenues	5,530,000	-	-	5,530,000	5,530,000
Expenditures and Other Financing Uses					
Purchased Professional and Technical Services	767,387	\$ (109,577)	\$ 75,241	733,051	765,610
Legal Fees	12,086	(4,050)		8,036	
Land and Improvements				-	
Construction Services	1,407,557	22,934	2,177,603	3,608,094	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	2,320,425	(114,766)	2,252,844	\$ 4,458,503	5,530,000
Excess (Deficiency) of Revenues over (under) Expenditures	\$ 3,209,575	\$ 114,766	\$ (2,252,844)	\$ 1,071,497	\$ -

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	81%
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, 2011

	<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 and Transfers	\$ 7,600,000	-	-	\$ 7,600,000	\$ 7,600,000
Total Revenues	7,600,000	-	-	7,600,000	7,600,000
Expenditures and Other Financing Uses					
Purchased Professional and Technical Services	884,281	\$ 138,313	\$ 69,089	1,091,683	1,031,369
Legal Fees	12,086	5,063		17,149	
Land and Improvements				-	
Construction Services	5,898,108	22,934	144,549	6,065,591	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	6,929,703	195,722	213,638	\$ 7,339,063	7,600,000
Excess (Deficiency) of Revenues over (under) Expenditures	\$ 670,297	\$ (195,722)	\$ (213,638)	\$ 260,937	\$ -

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	97%
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, 2011**

	<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 and Transfers	\$ 5,530,000	-	-	\$ 5,530,000	\$ 5,530,000
Total Revenues	5,530,000	-	-	5,530,000	5,530,000
Expenditures and Other Financing Uses					
Purchased Professional and Technical Services	848,993	\$ (105,876)	\$ 58,512	801,629	765,610
Legal Fees	12,086	(4,050)		8,036	
Land and Improvements				-	
Construction Services	3,569,160	177,493	1,007,802	4,754,455	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	4,563,635	51,749	1,066,314	\$ 5,681,698	5,530,000
Excess (Deficiency) of Revenues over (under) Expenditures	\$ 966,365	\$ (51,749)	\$ (1,066,314)	\$ (151,698)	\$ -

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	103%
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, 2011

	<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 and Transfers	\$ 3,400,000	-	-	\$ 3,400,000	\$ 3,400,000
Total Revenues	3,400,000	-	-	3,400,000	3,400,000
Expenditures and Other Financing Uses					
Purchased Professional and Technical Services	740,296	\$ (314,179)	\$ 40,591	466,708	471,333
Legal Fees	12,086	(11,645)		441	
Land and Improvements				-	
Construction Services	1,033,511	22,934	1,132,488	2,188,933	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	1,919,289	(365,986)	1,173,079	\$ 2,726,382	3,400,000
Excess (Deficiency) of Revenues over (under) Expenditures	\$ 1,480,711	\$ 365,986	\$ (1,173,079)	\$ 673,618	\$ -

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	80%
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, 2011

	<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 and Transfers	\$ 7,700,000	-	-	\$ 7,700,000	\$ 7,700,000
Total Revenues	7,700,000	-	-	7,700,000	7,700,000
Expenditures and Other Financing Uses					
Purchased Professional and Technical Services	809,171	\$ 134,612	\$ 98,752	1,042,535	1,062,087
Legal Fees	12,086	5,063		17,149	
Land and Improvements				-	
Construction Services	4,193,891	22,934	1,688,996	5,905,821	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	5,148,544	188,842	1,787,748	\$ 7,125,134	7,700,000
Excess (Deficiency) of Revenues over (under) Expenditures	\$ 2,551,456	\$ (188,842)	\$ (1,787,748)	\$ 574,866	\$ -

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	93%
Original Target Completion Date	September 1, 2009
Revised Target Completion Date	September 1, 2011

PROPRIETARY FUND

**NUTLEY BOARD OF EDUCATION
PROPRIETARY FUND
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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, 2011

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 197,662	-	\$ 197,662
Total Assets	<u>\$ 197,662</u>	<u>\$ -</u>	<u>\$ 197,662</u>
LIABILITIES			
Due to Student Groups	\$ 197,662	-	\$ 197,662
Total Liabilities	<u>\$ 197,662</u>	<u>\$ -</u>	<u>\$ 197,662</u>

**NUTLEY BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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, 2011**

	<u>Balance</u> <u>July 1, 2010</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disburse-</u> <u>ments</u>	<u>Balance</u> <u>June 30, 2011</u>
ELEMENTARY SCHOOLS				
Lincoln	\$ 2,165	\$ 17,869	\$ 17,857	\$ 2,177
Radcliffe	4,858	5,093	5,087	4,864
Spring Garden	5,454	7,529	7,551	5,432
Washington	1,700	6,864	8,114	450
Yantacaw	8,501	7,226	7,971	7,756
	<u>22,678</u>	<u>44,581</u>	<u>46,580</u>	<u>20,679</u>
MIDDLE SCHOOL				
Franklin	<u>12,201</u>	<u>39,159</u>	<u>39,543</u>	<u>11,817</u>
HIGH SCHOOL				
Nutley High School	<u>169,193</u>	<u>285,199</u>	<u>289,226</u>	<u>165,166</u>
TOTAL ALL SCHOOLS	<u>\$ 204,072</u>	<u>\$ 368,939</u>	<u>\$ 375,349</u>	<u>\$ 197,662</u>

**NUTLEY BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Balance, July 1, <u>2010</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2011</u>
Payroll Deductions and Withholdings and Accrued Salaries and Wages		\$ 36,594,743	\$ 36,594,743	
Due To Other Funds	-	703	703	-
Total	<u>\$ -</u>	<u>\$ 36,595,446</u>	<u>\$ 36,595,446</u>	<u>\$ -</u>

LONG-TERM DEBT

**NUTLEY BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<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, 2010</u>	<u>Issued</u>	<u>Paid</u>	<u>Balance June 30, 2011</u>
Renovations at Nutley High School, telephone intercom system and site work	8/15/2003	\$ 2,923,000	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				
						\$ 2,348,000		\$ 130,000	\$ 2,218,000
Construction of an addition and renovation and equipment and site work	2/1/2005	\$ 14,930,000	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		12,845,000	550,000	12,295,000

**NUTLEY BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<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, 2010</u>	<u>Issued</u>	<u>Paid</u>	<u>Balance June 30, 2011</u>
Construction of an addition and renovation	7/15/07	\$ 38,500,000	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				
						\$ 37,110,000	-	\$ 760,000	\$ 36,350,000
						\$ 52,303,000	\$ -	\$ 1,440,000	\$ 50,863,000

NUTLEY BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<u>Purpose</u>	<u>Original Issue</u>	<u>Balance, July 1, 2010</u>	<u>Issued</u>	<u>Paid</u>	<u>Balance, June 30, 2011</u>
School Buses (2)	121,867	\$ 121,867		\$ 22,263	\$ 99,604
School Buses (2)	87,439	-	\$ 87,439	13,000	74,439
		<u>\$ 121,867</u>	<u>\$ 87,439</u>	<u>\$ 35,263</u>	<u>\$ 174,043</u>

**NUTLEY BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<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	\$ 2,913,940		\$ 2,913,940	\$ 2,913,940	
State Sources					
Debt Service Aid	<u>828,388</u>	<u>-</u>	<u>828,388</u>	<u>828,388</u>	<u>-</u>
Total Revenues	<u>3,742,328</u>	<u>-</u>	<u>3,742,328</u>	<u>3,742,328</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	1,440,000		1,440,000	1,440,000	
Interest	<u>2,302,330</u>	<u>-</u>	<u>2,302,330</u>	<u>2,302,330</u>	<u>-</u>
Total Expenditures	<u>3,742,330</u>	<u>-</u>	<u>3,742,330</u>	<u>3,742,330</u>	<u>-</u>
Excess of Revenues					
Over/(Under) Expenditures	(2)	-	(2)	(2)	-
Fund Balance, Beginning of Year	<u>2</u>	<u>-</u>	<u>2</u>	<u>2</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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 NINE FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	\$ 17,533,190
Restricted	116,001	123,200	121,878	174,518	489,609	736,150	126,032	127,084	98,770
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>	<u>(2,166,905)</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>	<u>\$ 15,465,055</u>
Business-Type Activities									
Invested In Capital Assets	\$ 1,677	\$ 8,748	\$ 10,489	\$ 16,034	\$ 16,493	\$ 14,775	\$ 13,056	\$ 11,337	\$ 9,844
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>	<u>79,524</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>	<u>\$ 89,368</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	\$ 17,543,034
Restricted	116,001	123,200	121,878	174,518	489,609	736,150	126,032	127,084	98,770
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>	<u>(2,087,381)</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>	<u>\$ 15,554,423</u>

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

Fiscal Year Ended June 30,

	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	\$ 27,081,240
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	8,725,614
Other Instruction	896,684	1,309,562	1,376,348	719,701	926,241	1,265,638	968,273	1,402,851	1,233,574
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	1,168,815
Community Services	5,472	2,272	6,779	7,376	7,109	16,514	7,627	5,567	7,487
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	6,565,253
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	4,213,992
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	1,743,098
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	5,428,247
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	2,086,203
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	1,500,226
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	2,281,324
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	62,035,073
Business-Type Activities:									
Food Service	808,696	868,210	934,786	964,209	915,379	912,017	946,090	861,182	1,110,276
Extended Day	529,727	578,851	921,460	774,368	804,495	819,850	1,013,512	841,234	613,967
Athletic Camps						17,143	14,384	15,477	17,699
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	1,741,933
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	\$ 63,777,006
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	\$ 158,071
Pupil Transportation	75,146	92,556	113,283	112,160	98,884	111,952	77,995	76,215	42,300
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	8,482,649
Capital Grants And Contributions	31,018	1,374,894	1,054,715	3,351,456	4,472,504	613,873	13,595	29,167	65,814
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	8,748,834
Business-Type Activities:									
Charges For Services									
Food Service	540,488	559,363	582,788	596,965	640,493	650,501	731,200	630,926	736,107
Extended Day	610,301	637,086	861,812	839,583	794,541	815,868	857,797	789,565	647,590
Athletic Camps						17,615	14,805	15,485	18,975
Operating Grants And Contributions	83,702	98,902	117,204	121,372	107,500	119,035	136,231	156,667	188,453
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	1,591,125
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	\$ 10,339,959
Net (Expense)/Revenue									
Governmental Activities	\$ (36,463,477)	\$ (36,973,565)	\$ (39,591,299)	\$ (39,360,146)	\$ (39,768,834)	\$ (49,052,057)	\$ (52,746,782)	\$ (51,183,330)	\$ (53,286,239)
Business-Type Activities	(103,932)	(151,710)	(294,442)	(180,657)	(177,340)	(145,991)	(233,953)	(125,250)	(150,808)
Total District-Wide Net Expense	\$ (36,567,409)	\$ (37,125,275)	\$ (39,885,741)	\$ (39,540,803)	\$ (39,946,174)	\$ (49,198,048)	\$ (52,980,735)	\$ (51,308,580)	\$ (53,437,047)
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	\$ 50,112,604
State Aid Unrestricted	14,878	13,760	13,101	12,407	11,714	11,020	1,311,714	3,972,780	3,119,283
Restricted 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	828,388
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	210,434
Donated Capital Assets					765,718				
Transfers	(185,000)	(180,000)	(276,805)	(265,000)	(156,766)	(175,000)	(100,000)	(85,000)	(100,000)
Total Governmental Activities	35,545,705	38,415,966	40,903,747	44,117,329	46,081,599	48,309,257	52,455,817	53,287,494	54,170,709
Business-Type Activities:									
Investment Earnings		\$ 384	\$ 2,336	\$ 1,480	\$ 4,652	\$ 1,099	\$ 220	\$ 507	\$ 154
Transfers	\$ 185,000	180,000	273,400	265,000	156,766	175,000	100,000	85,000	100,000
Total Business-Type Activities	185,000	180,384	275,736	266,480	161,418	176,099	100,220	85,507	100,154
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	\$ 54,270,863
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	\$ 884,470
Business-Type Activities	81,068	28,674	(18,706)	85,823	(15,922)	30,108	(133,733)	(39,743)	(50,654)
Total District	\$ (836,704)	\$ 1,471,075	\$ 1,293,742	\$ 4,843,006	\$ 6,296,843	\$ (712,692)	\$ (424,698)	\$ 2,064,421	\$ 833,816

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

	Fiscal Year Ended June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	
Restricted									\$ 876,583
Assigned									142,244
Unassigned									440,335
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>	<u>\$ 1,459,162</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	
Restricted									\$ 4,747,642
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>	<u>\$ 4,747,642</u>

Beginning with 2010/11 Fiscal Year, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Type Definitions." The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

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

	Fiscal Year Ended June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	\$50,112,604
Tuition Charges	30,356	65,034	99,750	90,842	73,703	149,591	149,048	145,554	158,071
Transportation Fees	75,146	92,556	113,283	112,160	98,884	111,952	77,995	76,215	42,300
Miscellaneous	109,953	109,610	484,862	742,044	688,559	1,519,187	673,236	336,983	220,231
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	10,770,909
Federal Sources	872,074	1,031,124	1,157,538	979,667	1,285,959	1,277,842	1,162,034	2,915,412	1,715,428
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	63,019,543
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	27,042,139
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	8,734,423
Other Instruction	896,684	1,309,562	1,376,348	719,701	926,241	1,265,638	968,273	1,402,851	1,233,574
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	1,168,815
Community Services	5,469	2,269	6,776	7,371	7,085	16,442	7,552	5,492	7,487
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	6,250,234
School 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	4,218,808
General Administration	921,792	991,275	1,237,401	1,062,993	1,168,098	1,215,791	1,410,723	1,360,877	1,258,021
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	5,371,825
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	1,913,148
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	1,510,049
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	9,621,939
Debt Service:									
Principal	115,000	110,000	164,210	635,671	659,469	693,032	1,328,318	1,401,850	1,475,263
Interest And Other Charges	38,341	31,818	209,560	779,567	733,483	703,413	3,298,716	2,362,646	2,307,851
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	72,113,576
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)	(9,094,033)
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	87,439
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	17,720
Transfers Out	\$ (185,000)	(188,227)	(311,314)	(265,000)	(336,508)	(1,489,038)	(971,526)	(98,151)	(117,720)
Total Other Financing Sources (Uses)	(185,000)	2,922,482	14,751,020	(126,204)	(139,666)	38,341,765	(100,000)	36,867	(12,561)
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)	\$ (9,106,594)
Debt Service As A Percentage Of									
Noncapital Expenditures	0.36%	0.31%	0.77%	2.75%	2.54%	2.37%	7.47%	6.02%	6.05%

* Noncapital expenditures are total expenditures less capital outlay.

**NUTLEY BOARD OF EDUCATION
GENERAL FUND OTHER LOCAL REVENUES BY SOURCE
LAST TEN 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
2011	4,742	158,071	42,300	66,581	8,724	112,667	393,085

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
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	26,073,300	2,900,930,800	629,682,000	19,997,000	154,924,400	3,731,607,500	6,781,700	3,738,389,200	4,348,470,726	1.314
2011	25,612,700	2,825,485,200	628,463,200	19,955,100	156,726,800	3,656,243,000	5,941,300	3,662,184,300	4,026,699,339	1.381

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>
2002	6.310	4.010	2.590	.040	12.950
2003	6.670	4.300	2.730	.050	13.750
2004	6.980	4.280	2.850	.060	14.170
2005	7.460	4.950	3.180	.070	15.660
2006	0.980	.660	.400	.010	2.050
2007	1.020	.750	.400	.010	2.180
2008	1.075	0.795	0.398	.016	2.284
2009	1.142	.830	.395	.016	2.383
2010	1.314	0.987	0.458	0.018	2.777
2011	1.381	1.040	0.471	0.017	2.909

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	2011		2002	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Hoffman-LaRoche, Inc.	\$ 306,597,196	8.39%	NOT AVAILABLE	
432 Owners Inc.	28,028,700	0.77%		
492 River Road LLC-Reckson Assoc.	22,532,000	0.62%		
Public Service Electric & Gas	18,678,600	0.51%		
Nutley Properties	18,616,000	0.51%		
Village Manor Associates	17,324,300	0.47%		
East Coast Apartments	14,912,300	0.41%		
Nutley Shop-Rite	11,293,600	0.31%		
Jerc Partners III	8,006,800	0.22%		
NSP Management Co.	7,777,500	0.21%		
Total	<u>\$ 453,766,996</u>	<u>12.41%</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	
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
2011	50,112,604	50,112,604	100.00%	N/A

NUTLEY BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST NINE 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	28,370	1,848
2011	50,863,000	174,043	51,037,043	28,370	1,799

Source: District records

NUTLEY BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST NINE 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		52,303,000	1.4%	1,844
2011	50,863,000		50,863,000	1.4%	1,793

Source: District records

N/A - Information Not Available

**NUTLEY BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2011
(Unaudited)**

Net Direct Debt of School District as of June 30, 2011		\$ 50,863,987
Net Overlapping Debt of School District		
Township of Nutley	\$ 10,723,837	
Essex County	14,770,502	
Essex County Utilities Authority (A)	3,619,709	
Passaic Valley Sewerage Commission (B)	7,800,244	
North Jersey District Water Supply Commission (B)	<u>3,056,448</u>	
		<u>39,970,740</u>
Total Direct and Overlapping Debt as of June 30, 2011		<u>\$ 90,834,727</u>

- (A) The debt for this entity was apportioned by dividing the Municipality's 2011 equalized value by the total 2011 equalized value for Essex County.
- (B) Overlapping debt was computed based upon usage

Sources:

- (1) Township of Nutley 2010 Annual Debt Statement
- (2) Essex County 2010 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**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt Limit	\$ 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	\$ 169,927,836
Total Net Debt Applicable To Limit	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	50,863,987
Legal Debt Margin	<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>	<u>\$ 119,063,849</u>
Total net debt applicable to the limit as a percentage of debt limit	0.84%	6.32%	5.46%	15.66%	14.87%	35.83%	32.92%	31.08%	30.14%	29.93%

Legal Debt Margin Calculation for Fiscal Year 2011

Equalized Valuation Basis

2010	\$ 4,109,699,890
2009	4,297,818,976
2008	4,337,068,851
	<u>\$ 12,744,587,717</u>

Average Equalized Valuation of Taxable Property \$ 4,248,195,906

Debt Limit (4 % of Average Equalization Value)	169,927,836
Total Net Debt Applicable to Limit	50,863,987
Legal Debt Margin	<u>\$ 119,063,849</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>
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	51,924	4.7%
2009	26,111	50,349	8.1%
2010	28,370	N/A	9.0%
2011	28,370	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)**

<u>2011</u>			<u>2002</u>	
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

INFORMATION NOT AVAILABLE

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

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Instruction						
Regular	231	251	303	303	271	271
Special Education	31	35	40	40	43	43
Support Services						
Student and Instruction Related Services	47	51	62	62	85	86
General Administration		3	3	3	3	3
School Administrative Services	10	10	10	11	10	10
Other Administrative Services	12	9	11	11	7	7
Central Services	19	19	19	19	13	13
Administrative Information Technology	3	3	4	4	4	4
Plant Operations and Maintenance	42	42	42	42	42	40
Pupil Transportation	31	31	31	32	32	31
Other Support Services	65	71	69	69	66	58
Food Service	16	14	12	12	11	11
Total	<u>507</u>	<u>539</u>	<u>606</u>	<u>606</u>	<u>587</u>	<u>577</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				
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%
2011	3,946	58,708,523	14,878	3.36%	358.0	11	12	14	3,903	3,710	-3.30%	95.06%

Sources: District records

(A) Includes General and Special Revenue Funds

N/A - Not Available

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

	2005	2006	2007	2008	2009	2010	2011
<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	192,260.00
Capacity (students)	909.62	909.62	909.62	909.62	909.62	909.62	906.62
Enrollment	1,366.50	1,357.50	1,355.00	1,338.50	1,276.00	1,296.00	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	128,036.00
Capacity (students)	412.99	412.99	412.99	412.99	412.99	412.99	412.99
Enrollment *	683.00	665.00	581.00	638.00	674.00	642.00	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	45,305.00
Capacity (students)	412.69	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	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	49,512.00
Capacity (students)	439.76	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	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	49,067.00
Capacity (students)	351.65	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	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	43,955.00
Capacity (students)	378.62	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	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	56,342.00
Capacity (students)	462.62	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	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	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	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	1,309.00
Storage Shed							
Square Feet	912.00	912.00	912.00	912.00	912.00	912.00	912.00

Number of Schools at June 30, 2011

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>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>	<u>2011</u>
School Facilities										
Nutley High School	\$ 189,012	\$ 205,791	\$ 196,304	\$ 290,851	\$ 349,696	\$ 301,115	\$ 267,526	\$ 321,106	\$ 250,152	\$ 261,637
Franklin Middle School	90,455	95,956	101,344	109,741	83,399	95,214	196,710	190,734	202,379	165,035
Lincoln Elementary School	55,359	61,793	34,291	32,516	119,064	50,957	62,993	80,561	67,766	83,263
Radcliffe Elementary School	44,540	40,903	61,179	100,198	46,072	106,810	63,389	70,247	58,309	74,111
Spring Garden Elementary School	45,375	37,953	85,534	70,098	71,788	56,796	52,385	65,985	54,025	69,175
Washington Elementary School	49,367	52,187	117,257	116,780	81,374	64,067	65,176	77,750	64,824	98,554
Yantacaw Elementary School	48,974	44,765	90,101	84,551	74,337	123,260	57,382	74,153	58,396	63,486
Grand Total	<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>	<u>\$ 815,261</u>

**NUTLEY BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2011
(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
Karen A. Yeamans	RLI Insurance Company	3,000	N/A

Source: School District's records

SINGLE AUDIT SECTION

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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EDWARD N. KERE, CPA

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, 2011, which collectively comprise the Nutley Board of Education's basic financial statements and have issued our report thereon dated November 29, 2011. 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 and Regulatory Compliance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management of the Nutley Board of Education is responsible for establishing and maintaining effective 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 and Regulatory Compliance, Department of Education, State of New Jersey.

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 29, 2011.

This report is intended solely for the information and use of management, the Board of Trustees, others within the District, 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 29, 2011

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

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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

Independent Auditor's Report

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, 2011. 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 and Regulatory Compliance, 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, 2011.


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 management, the Board of Trustees, others within the District, 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 29, 2011

NUTLEY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Grant Period	Award Amount	Balance July 1, 2010			Adjustment	Cash Received	Budgetary Expenditures	Balance June 30, 2011			Memo GAAP Receivable
				(Accounts Receivable)	Deferred Revenue	Due to Grantor				(Accounts Receivable)	Deferred Revenue	Due to Grantor	
U.S. Department of Education Passed Through State Department of Education General Fund Education Jobs Fund	84.410	7/1/10-6/30/11	\$ 261,742	-	-	-	-	-	\$ 261,742	\$ (261,742)	-	-	\$ (261,742)
				-	-	-	-	-	261,742	(261,742)	-	-	(261,742)
<u>Special Revenue Fund:</u>													
Title I	84.010	9/1/10-8/31/11	124,017				\$ (86,192)	\$ 78,881	113,718	(152,701)	\$ 31,672		(121,029)
Title I	84.010	9/1/09-8/31/10	157,655	\$ (45,588)	\$ 14,943		(5,055)	41,812	6,112				
Title I	84.010	9/1/08-8/31/09	293,774	(146,336)	55,089		91,247	-	-				
Title III Part A	84.365	9/1/10-8/31/11	22,785				(61,806)	16,804	34,732	(43,596)	12,600		(30,996)
Title III Part A	84.365	9/1/09-8/31/10	20,976	(4,544)	196		46,980	6,178	72				
Title III Part A	84.365	9/1/08-8/31/09	32,921	(14,808)	281		14,527	-	-				
Title III Immigrant	84.365	9/1/10-8/31/11	15,468				299	-	-	(15,468)	15,767		
Title III Immigrant	84.365	9/1/09-8/31/10	24,639				-	-	-				
Title V Part A	84.298	9/1/07-8/31/08	5,390		417		-	-	-		417		
IDEA Part B	84.027	9/1/10-8/31/11	838,333				(76,487)	624,828	793,847	(376,171)	130,665		(245,506)
IDEA Part B	84.027	9/1/09-8/31/10	845,033	(177,043)	76,979		(6,432)	197,290	90,794				
IDEA Part B	84.027	9/1/08-8/31/09	838,757	(106,426)	23,507		82,919	-	-				
IDEA Part B - ARRA	84.391	9/1/09-8/31/10	975,928	(258,633)	167,491		-	197,588	167,491	(61,045)			(61,045)
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	84.173	9/1/10-8/31/11	40,514				-	40,514	70,132	(29,618)	-		(29,618)
IDEA Part B Preschool	84.173	9/1/09-8/31/10	39,323	(29,618)	29,618		-	-	-				
Carl D. Perkins- Secondary	84.048	9/1/10-8/31/11	21,209				-	-	21,209	(21,209)			(21,209)
Carl D. Perkins- Secondary	84.048	7/1/09-6/30/10	23,154	(23,154)	2,213		-	20,941	-				
Title IV (Drug Education)	84.188	9/1/10-8/31/11	-				(3,191)	-	3,009	(7,836)	1,636		(6,200)
Title IV (Drug Education)	84.188	9/1/09-8/31/10	7,966	(2,608)	2,432		-	176	-				
Title IV (Drug Education)	84.188	9/1/08-8/31/09	10,330	(5,982)	2,791		3,191	-	-				
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	9/1/10-8/31/11	97,952				33,462	21,176	90,401	(62,873)	27,110		(35,763)
Title II Part A	84.367	9/1/09-8/31/10	102,383	(28,268)	10,213		(38,554)	61,274	4,665				
Title II Part A	84.367	9/1/08-8/31/09	104,868	(14,458)	8,932		5,506	-	-				
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	9/1/10-8/31/11	281				(158)	99	99	(1,825)	1,667		(158)
Title II Part D	84.367	9/1/09-8/31/10	1,592	(1,592)	1,485		100	107	100				
Title II Part D	84.367	9/1/08-8/31/09	2,441	(2,441)	2,441		-	-	-				
Title II Part D	84.367	9/1/07-8/31/08	1,027	(58)			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)	-	-	(441)
Total Special Revenue Fund				(861,978)	400,012	416	-	1,307,668	1,396,381	(772,783)	222,104	416	(551,965)
<u>U.S.D.A. Department of Agriculture</u> Passed Through State Department of Education <u>Enterprise Fund:</u> National School Lunch Program	10.555												
Non-Cash Assistance (Food Distribution)		9/1/09-6/30/10	26,681	982					982				
Non-Cash Assistance (Food Distribution)		9/1/10-6/30/11	28,405	-				28,405	27,789		616		
Cash Assistance		9/1/10-6/30/11	151,902					141,714	151,902	(10,188)			
Cash Assistance		9/1/09-6/30/10	119,846	(8,600)	-	-	-	8,600	-	-	-	-	
Total Enterprise Fund				(7,618)	-	-	-	178,719	180,673	(10,188)	616	-	
<u>U.S.D.A. Department of Housing and Urban Development Passed Through State Department of Education</u> <u>Capital Projects Fund</u> Community Development Block Grant		7/1/05-6/30/06	40,000	(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				\$ (430,596)	\$ 400,012	\$ 416	\$ -	\$ 1,486,387	\$ 1,838,796	\$ (1,084,713)	\$ 701,720	\$ 416	\$ (853,707)

NUTLEY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

State Department of Education	Grant or State Project Number	Grant	Award Amount	Balance June 30, 2010	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year Balances	Balance June 30, 2011			Memorandum	
									(Accts. Receivable)	Deferred Revenue	Due to Grantor	GAAP Receivable	Budgetary Expenditures
<u>General Fund:</u>													
Equalization Aid	11-495-034-5120-078	7/1/10-6/30/11	2,960,216			\$ 2,688,220	\$ 2,960,216		\$ (271,996)		*	\$ 2,960,216	
Equalization Aid	10-495-034-5120-078	7/1/09-6/30/10	3,986,350	(431,063)		431,063					*	-	
Transportation Aid	10-495-034-5120-014	7/1/09-6/30/10	298,592	(32,288)		32,288					*	-	
Special Education Categorical Aid	11-495-034-5120-089	7/1/10-6/30/11	2,243,967			2,037,783	2,243,967		(206,184)		*	2,243,967	
Special Education Categorical Aid	10-495-034-5120-089	7/1/09-6/30/10	2,251,799	(243,497)		243,497					*	-	
Security Aid	10-495-034-5120-084	7/1/09-6/30/10	302,191	(32,677)		32,677					*	-	
Extraordinary Aid	11-495-034-5120-044	7/1/10-6/30/11	360,555				360,555		(360,555)		*	360,555	
Extraordinary Aid	10-495-034-5120-044	7/1/09-6/30/10	361,125	(361,125)		361,125					*	-	
TPAF Social Security Contribution	11-495-034-5095-002	7/1/10-6/30/11	1,999,070			1,899,149	1,999,070		(99,921)		*	\$ (99,921)	1,999,070
TPAF Social Security Contribution	10-495-034-5095-002	7/1/09-6/30/10	2,031,484	(102,373)		102,373					*	-	
TPAF Pension Contribution-NCGI	11-495-034-5095-007	7/1/10-6/30/11	83,115			83,115	83,115				*	-	83,115
TPAF Pension Contribution-Post Retirement	11-100-034-5095-001	7/1/10-6/30/11	1,765,373	-	-	1,765,373	1,765,373	-	-	-	*	-	1,765,373
Total General Fund				(1,203,023)	-	9,676,663	9,412,296	-	(938,656)	-	*	(99,921)	9,412,296
<u>Special Revenue Fund:</u>													
<u>New Jersey Nonpublic Aid:</u>													
Textbooks	11-100-034-5120-064	7/1/10-6/30/11	32,797			32,797	30,949			\$ 1,848	*	-	30,949
Textbooks	10-100-034-5120-064	7/1/09-6/30/10	38,865	418				\$ 418		-	*	-	
<u>Auxiliary Services</u>													
Compensatory Education	11-100-034-5120-067	7/1/10-6/30/11	147,359			147,359	104,156			43,203	*	-	104,156
Compensatory Education	10-100-034-5120-067	7/1/09-6/30/10	154,991	30,134				30,134		-	*	-	
Compensatory Education	00-100-034-5120-067	7/1/99-6/30/00	90,611	(340)					(340)		*	(340)	
English as a Second Language	11-100-034-5120-067	7/1/10-6/30/11	11,100			11,100	6,062			5,038	*	-	6,062
English as a Second Language	10-100-034-5120-067	7/1/09-6/30/10	17,616	6,850				6,850		-	*	-	
Transportation	11-100-034-5120-067	7/1/10-6/30/11	26,581			26,581	26,581				*	-	26,581
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	(107)					(107)		*	(107)	
Home Instruction	10-100-034-5120-067	7/1/09-6/30/10	1,180	(1,180)		1,180			-		*	-	
Home Instruction	11-100-034-5120-067	7/1/10-6/30/11	4,477				4,477		(4,477)		*	(4,477)	4,477
<u>Handicapped Services</u>													
Supplemental Instruction	11-100-034-5120-066	7/1/10-6/30/11	26,404			26,404	13,549			12,855	*	-	13,549
Supplemental Instruction	10-100-034-5120-066	7/1/09-6/30/10	29,468	8,443				8,443		-	*	-	
Examination and Classification	11-100-034-5120-066	7/1/10-6/30/11	29,351			29,351	21,209			8,142	*	-	21,209
Examination and Classification	10-100-034-5120-066	7/1/09-6/30/10	38,749	12,061				12,061		-	*	-	
Corrective Speech	11-100-034-5120-066	7/1/10-6/30/11	25,504			25,504	21,044			4,460	*	-	21,044
Corrective Speech	10-100-034-5120-066	7/1/09-6/30/10	31,833	5,291				5,291		-	*	-	
Nonpublic Nursing	11-100-034-5120-070	7/1/10-6/30/11	38,794			38,794	38,794			-	*	-	38,794
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	*	-	
Other	N/A	7/1/01-6/30/02	4,000	115						115	*	-	
Teacher Mentoring	N/A	7/1/06-6/30/07	6,384	108					\$ 108		*	-	
Total Special Revenue Fund				63,069	-	339,070	266,821	63,197	(7,136)	108	*	(7,136)	266,821

NUTLEY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

State Department of Education	Grant or State Project Number	Grant	Award Amount	Balance June 30, 2010	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year Balances	Balance June 30, 2011			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	11-495-034-5120-075	7/1/10-6/30/11	828,388	-	-	\$ 828,388	\$ 828,388	-	-	-	-	-	\$ 828,388
<u>State Department of Agriculture</u>													
<u>Enterprise Fund:</u>													
National School Lunch Program	11-100-034-5120-122	7/1/10-6/30/11	7,664			7,093	7,664		(571)			(571)	7,664
National School Lunch Program	10-100-034-5120-122	7/1/09-6/30/10	8,210	(573)	-	573	-	-	-	-	-	-	-
				(573)	-	7,666	7,664	-	(571)	-	-	(571)	7,664
Total State Financial Assistance				(1,669,337)	-	10,851,787	10,515,169	63,197	(1,475,173)	108	79,149	(636,438)	10,515,169
<u>Less On-Behalf TPAF Pension and Annuity Aid</u>													
T.P.A.F. - Pension- Post Ret. Medical	11-495-034-5095-001	7/1/10-6/30/11	83,115			83,115	83,115						
T.P.A.F. Pension & Annuity Fund	11-495-034-5095-006	7/1/10-6/30/11	1,765,373	-	-	1,765,373	1,765,373	-	-	-	-	-	-
Subject to Single Audit				-	-	1,848,488	1,848,488	-	-	-	-	-	-
Total for State Financial Assistance Determination				\$ (1,669,337)	\$ -	\$ 9,003,299	\$ 8,666,681	\$ 63,197	\$ (1,475,173)	\$ 108	\$ 79,149	\$ (636,438)	\$ 10,515,169
(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, 2011**

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 an increase of \$261,915 for the general fund and an increase of \$50,920 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 261,742	\$ 9,674,211	\$ 9,935,953
Special Revenue Fund	1,453,686	268,310	1,721,996
Debt Service Fund		828,388	828,388
Food Service Fund	180,789	7,664	188,453
Total Financial Assistance	<u>\$ 1,896,217</u>	<u>\$ 10,778,573</u>	<u>\$ 12,674,790</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, 2011**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$1,999,070 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, 2011. The amount reported as TPAF Pension System Contributions in the amount of \$83,115 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,765,373 represents the amount paid by the State on behalf of the District for the year ended June 30, 2011.

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, 2011**

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:

CFDA Number(s)

Name of Federal Program or Cluster

84.027

IDEIA Basic

84.391

IDEIA Basic, ARRA

84.173

IDEIA Preschool

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, 2011**

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:

GMIS Number(s)	Name of State Program
11-495-034-5120-044	Extraordinary Aid
11-495-034-5120-078	Equalization Aid
11-495-034-5120-089	Special Education Categorical Aid
11-495-034-5095-002	TPAF Social Security Contributions
11-495-034-5120-075	Debt Service Aid

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

\$300,000

Auditee qualified as low-risk auditee?

_____ yes X no

**NUTLEY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with 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, 2011**

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

This section identifies the significant deficiencies, 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.

CURRENT YEAR FEDERAL AWARDS

THERE ARE NONE.

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, 2011**

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

NOT APPLICABLE