

**NUTLEY BOARD OF EDUCATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**Nutley, New Jersey**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**of the**

**Nutley Board of Education**

**Nutley, New Jersey**

**For The Fiscal Year Ended June 30, 2012**

**Prepared by**

**Business Office**

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## **INTRODUCTORY SECTION**

# **THE NUTLEY PUBLIC SCHOOLS**

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November 9, 2012

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 five 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 as of and for the fiscal year ended June 30, 2012.

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 as of and for the fiscal year ended June 30, 2012, 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 as of and for the fiscal year ended June 30, 2012, 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). All funds of the District are included in this report. The Nutley Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of education services to grade levels K through 12. These include regular, as well as special education for handicapped youngsters. The District completed the 2011-12 fiscal year with an average daily enrollment of 3,962 students, which is 59 students more than 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>
2011-12	3,962	(1.51%)
2010-11	3,903	(3.30%)
2009-10	4,036	(0.25%)
2008-09	4,046	0.80%
2007-08	4,014	(1.25%)



**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 2011-12 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 2012 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 – 79.6%; Mathematics – 88.2%.

The New Jersey Assessment of Skills and Knowledge – Grade 4 (NJ ASK 4) was given to fourth grade students. For the Spring 2012 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 – 69.6%; Mathematics – 85.7%; Science – 95.5%.

The New Jersey Assessment of Skills and Knowledge – Grade 5 (NJ ASK 5) was given to fifth grade students. For the Spring 2012 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 – 75.6%; Mathematics – 90.1%.

The New Jersey Assessment of Skills and Knowledge – Grade 6 (NJ ASK 6) was given to sixth grade students. For the Spring 2012 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 – 73.7%; Mathematics – 89.0%.

The New Jersey Assessment of Skills and Knowledge – Grade 7 (NJ ASK 7) was given to seventh grade students. For the Spring 2012 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 – 68.6%; Mathematics – 77.7%.

The New Jersey Assessment of Skills and Knowledge – Grade 8 (NJ ASK 8) was given to eighth grade students. For the Spring 2012 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 – 93.8%; Mathematics – 80.0%; Science – 93.1%.

The High School Proficiency Assessment (HSPA) was administered in March 2012, with 96.4% of Nutley's students passing the language arts section, and 87.5% of the students passing the mathematics section.

The Scholastic Aptitude Test (SAT) scores mean average for the math section was 501, the verbal section was 473, and the writing section was 485.

The graduating class of 2012 had 94.1% of its members going on to post-secondary education. Of those students, 70.5% will be attending four-year colleges and universities. Scholarships and grants awarded to 2012 graduates were approximately \$3,472,154.00. The District had students that were realized in the National Merit Scholarship Program and 2012 AP Scholars.

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 Tantom 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 2012, the district's budgetary per pupil spending was \$12,439. The district ranking was 43<sup>rd</sup> out of 106 districts in the same category of K-12 districts with populations over 3,500.

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, 2012.

**6) DEBT ADMINISTRATION:** As of June 2012, the District's outstanding debt is \$49,363,000 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 May 9, 2011. In addition to meeting the requirements set forth in State Statutes, the audit was also designed to meet the requirements of the Single Audit Act as amended and related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditors' report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

**10) ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the Nutley Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

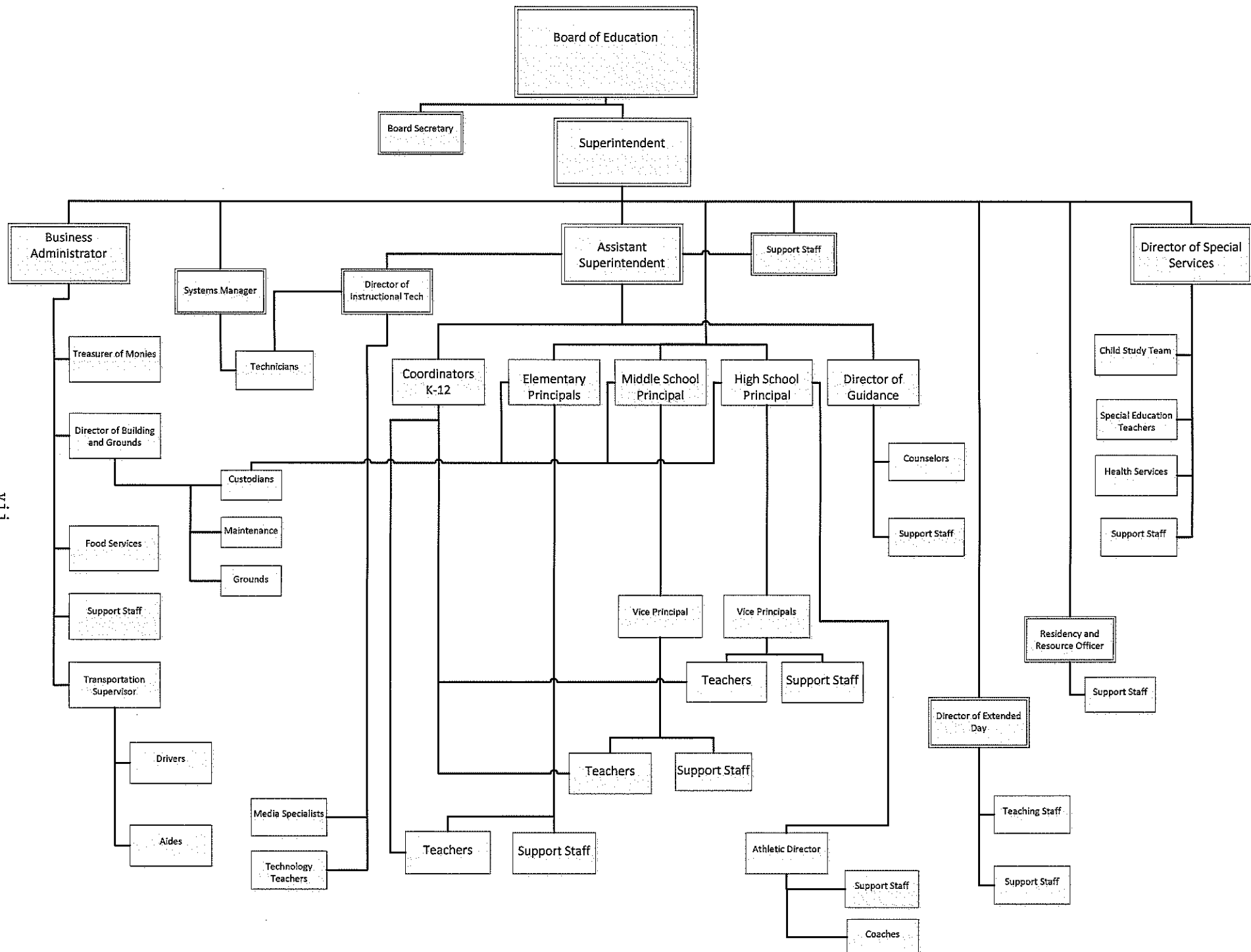
Respectfully submitted,



**RUSSELL M. LAZOVICK**  
Superintendent of Schools



**KAREN A. YEAMANS**  
Business Administrator/  
Board Secretary



**NUTLEY BOARD OF EDUCATION  
ROSTER OF OFFICIALS  
JUNE 30, 2012**

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

**Other Officials**

Russell Lazovick, Superintendent  
Karen A. Yeamans, Business Administrator/Board Secretary  
David Wilson, Treasurer of School Monies  
Frank Pomaco, Esq.

**NUTLEY BOARD OF EDUCATION**  
**Consultants and Advisors**

**Board Attorney**

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**Medical Inspector**

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**Official Depository**

TD Bank  
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Nutley, NJ 07110

## **FINANCIAL SECTION**



# LERCH, VINCI & HIGGINS, LLP

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DEBORAH K. LERCH, CPA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
RALPH M. PICONE, CPA, RMA, PSA  
EDWARD N. KERE, 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, 2012, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.


We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Nutley Board of Education's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to 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, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 9, 2012 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. fund financial statements and schedules of expenditures of federal awards and state financial assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements and 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 combining fund financial statements and schedules of expenditures of federal awards and state financial assistance are 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 9, 2012

## **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, 2012. 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 2011-2012 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 \$18,282,851.
- Overall district revenues were \$66,802,483. General revenues accounted for \$56,223,692 or 84% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$10,578,791 or 16% of total revenues.
- The school district had \$62,473,112 in expenses for governmental activities; only \$8,861,791 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$56,223,593 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 \$5,207,164.
- The General Fund fund balance at June 30, 2012 was \$2,706,661, an increase of \$1,247,499 from the June 30, 2011 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.

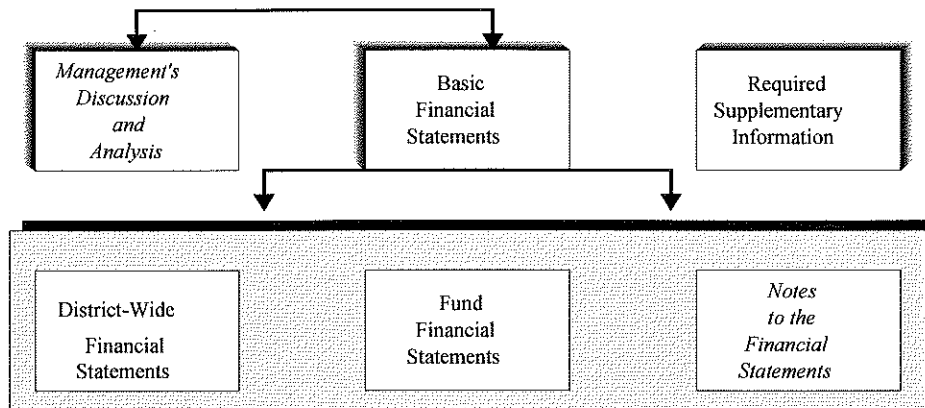
# NUTLEY BOARD OF EDUCATION

## 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 deductions during the year, regardless of when cash is received or paid.

### District-wide financial statements

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

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

# NUTLEY BOARD OF EDUCATION

## Management's Discussion and Analysis

### District-wide financial statements (continued)

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

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

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

### Fund financial statements

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

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

The District has three kinds of funds:

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

# NUTLEY BOARD OF EDUCATION

## Management's Discussion and Analysis

### Fund financial statements (continued)

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

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

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

### Notes to the basic financial statements

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

### Other Information

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

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

### DISTRICT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a Board's financial position. In the case of the District, assets exceeded liabilities by \$18,282,851 as of June 30, 2012.



# 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, 2012 and 2011

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current Assets	\$ 6,620,115	\$ 7,307,958	\$ 297,291	\$ 125,604	\$ 6,917,406	\$ 7,433,562
Capital Assets, Net	<u>64,914,575</u>	<u>63,735,942</u>	<u>8,363</u>	<u>9,844</u>	<u>64,922,938</u>	<u>63,745,786</u>
<b>Total Assets</b>	<u>71,534,690</u>	<u>71,043,900</u>	<u>305,654</u>	<u>135,448</u>	<u>71,840,344</u>	<u>71,179,348</u>
Long-Term Liabilities	51,051,482	53,457,077			51,051,482	53,457,077
Other Liabilities	<u>2,405,881</u>	<u>2,121,768</u>	<u>100,130</u>	<u>46,080</u>	<u>2,506,011</u>	<u>2,167,848</u>
<b>Total Liabilities</b>	<u>53,457,363</u>	<u>55,578,845</u>	<u>100,130</u>	<u>46,080</u>	<u>53,557,493</u>	<u>55,624,925</u>
Net Assets						
Invested in Capital Assets, net of related debt	17,943,222	17,533,190	8,363	9,844	17,951,585	17,543,034
Restricted	124,182	98,770			124,182	98,770
Unrestricted	<u>9,923</u>	<u>(2,166,905)</u>	<u>197,161</u>	<u>79,524</u>	<u>207,084</u>	<u>(2,087,381)</u>
<b>Total Net Assets</b>	<u>\$ 18,077,327</u>	<u>\$ 15,465,055</u>	<u>\$ 205,524</u>	<u>\$ 89,368</u>	<u>\$ 18,282,851</u>	<u>\$ 15,554,423</u>

# NUTLEY BOARD OF EDUCATION

## Management's Discussion and Analysis

### Change in Net Assets

For The Fiscal Years Ended June 30, 2012 and 2011

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 183,987	\$ 200,371	\$ 1,502,137	\$ 1,402,672	\$ 1,686,124	\$ 1,603,043
Operating Grants and Contributions	8,677,804	8,482,649	214,863	188,453	8,892,667	8,671,102
Capital Grants and Contributions		65,814			-	65,814
General Revenues						
Property Taxes	51,056,143	50,112,604			51,056,143	50,112,604
State Aid	4,763,094	3,947,671			4,763,094	3,947,671
Other	404,356	210,434	99	154	404,455	210,588
<b>Total Revenues</b>	<u>65,085,384</u>	<u>63,019,543</u>	<u>1,717,099</u>	<u>1,591,279</u>	<u>66,802,483</u>	<u>64,610,822</u>
<b>Expenses</b>						
Instruction						
Regular	26,758,166	27,081,240			26,758,166	27,081,240
Special Education	9,528,464	8,725,614			9,528,464	8,725,614
Other Instruction	1,389,023	1,233,574			1,389,023	1,233,574
School Sponsored Activities and Athletics	1,235,319	1,168,815			1,235,319	1,168,815
Community Services	11,555	7,487			11,555	7,487
Support Services						
Student and Instruction Related Services	6,865,496	6,565,253			6,865,496	6,565,253
School Administrative Services	4,013,565	4,213,992			4,013,565	4,213,992
General Administrative Services	1,981,393	1,743,098			1,981,393	1,743,098
Plant Operations and Maintenance	5,147,653	5,428,247			5,147,653	5,428,247
Pupil Transportation	2,033,798	2,086,203			2,033,798	2,086,203
Business and Other Support Services	1,267,237	1,500,226			1,267,237	1,500,226
Interest on Long-Term Debt	2,241,443	2,281,324			2,241,443	2,281,324
Food Services			960,177	1,110,276	960,177	1,110,276
Extended Day			623,930	613,967	623,930	613,967
Athletic Camps	-	-	16,836	17,690	16,836	17,690
<b>Total Expenses</b>	<u>62,473,112</u>	<u>62,035,073</u>	<u>1,600,943</u>	<u>1,741,933</u>	<u>64,074,055</u>	<u>63,777,006</u>
Change in Net Assets Before Transfers	2,612,272	984,470	116,156	(150,654)	2,728,428	833,816
Transfers	-	(100,000)	-	100,000	-	-
Change in Net Assets	2,612,272	884,470	116,156	(50,654)	2,728,428	833,816
Net Assets, Beginning of Year	15,465,055	13,831,295	89,368	140,022	15,554,423	13,971,317
Prior Period Adjustment	-	749,290	-	-	-	749,290
Net Assets, End of Year	<u>\$ 18,077,327</u>	<u>\$ 15,465,055</u>	<u>\$ 205,524</u>	<u>\$ 89,368</u>	<u>\$ 18,282,851</u>	<u>\$ 15,554,423</u>

## NUTLEY BOARD OF EDUCATION

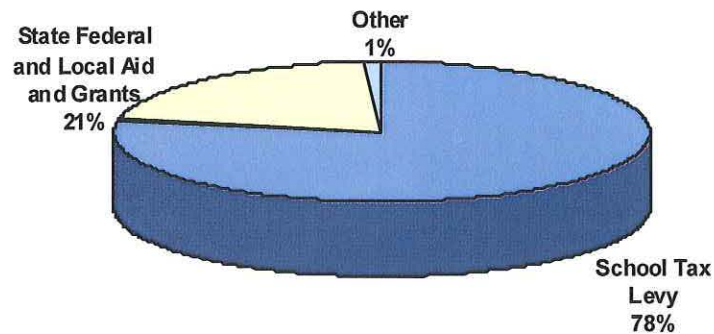
### Management's Discussion and Analysis

**Governmental Activities.** The District's total governmental activities' revenues, which includes State and Federal grants, were \$65,085,384 for the fiscal year ended June 30, 2012. Property taxes of \$51,056,143 represented 78 percent of revenues. Another significant portion of revenues came from State aid; total State, Federal, Local and formula aid was \$13,440,898. 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.

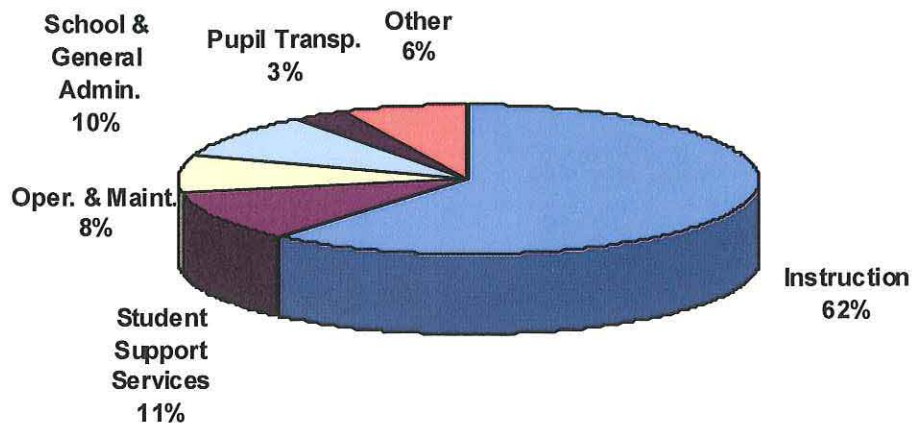
The total cost of all governmental activities programs and services was \$62,473,112. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$38,922,527 (62%) of total expenditures. Student support services, exclusive of administration, total \$6,865,496 or (11%) of total expenditures.

Total governmental activities revenues and transfers surpassed expenses, increasing net assets \$2,612,272 from the previous year.

Revenues by Source- Governmental Activities  
For Fiscal Year 2011/12



Expenditures by Type- Governmental Activities  
For Fiscal Year 2011/12



# NUTLEY BOARD OF EDUCATION

## Management's Discussion and Analysis

**Net Cost of Governmental Activities.** The District's total cost of services was \$62,473,112. After applying program revenues, derived from charges for services of \$183,987; operating grants and contributions of \$8,677,804; the net cost of services of the District is \$53,285,317.

### Total and Net Cost of Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Instruction				
Regular	26,758,166	\$ 27,081,240	\$ 22,821,475	\$ 23,411,419
Special Education	9,528,464	8,725,614	5,566,002	4,525,386
Other Instruction	1,389,023	1,233,574	1,330,986	1,184,946
School Sponsored Activities and Athletics	1,235,319	1,168,815	1,113,594	1,066,823
Community Services	11,555	7,487	11,555	7,487
Support Services				
Student and Instruction Related Services	6,865,496	6,565,253	6,354,531	6,127,363
School Administrative Services	4,013,565	4,213,992	3,795,147	4,030,982
General Administrative Services	1,981,393	1,743,098	1,981,393	1,743,098
Plant Operations and Maintenance	5,147,653	5,428,247	5,147,653	5,395,570
Pupil Transportation	2,033,798	2,086,203	1,980,305	2,011,615
Business and Other Support Services	1,267,237	1,500,226	1,267,237	1,500,226
Interest on Long-Term Debt	2,241,443	2,281,324	2,241,443	2,281,324
 Total	 <u>\$ 62,473,112</u>	 <u>\$ 62,035,073</u>	 <u>\$ 53,611,321</u>	 <u>\$ 53,286,239</u>

**Business-Type Activities** – The District's total business-type activities revenues were \$1,717,099 for the fiscal year ended June 30, 2012. Charges for services accounted for 87% of total revenues. Operating grants and contributions accounted for 13% of total revenue for the year.

The total cost of all business-type activities programs and services was \$1,600,943. 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 revenues surpassed expenses and transfers increasing net assets by \$116,156 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 \$5,207,164. At June 30, 2011, the fund balance was \$6,206,804. This significant decrease is predominately attributable to an increase in capital project expenditures.

Revenues for the District's governmental funds were \$65,142,532, while total expenses were \$66,240,194.

**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, 2012</u>	<u>June 30, 2011</u>	<u>(Decrease)</u>	<u>of Total</u>
Local Sources				
Property Tax Levy	\$ 48,142,637	\$ 47,198,664	\$ 943,973	2.0%
Tuition	130,494	158,071	(27,577)	-17.4%
Miscellaneous	512,160	235,014	277,146	117.9%
State Sources	11,132,356	9,674,211	1,458,145	15.1%
Federal Sources	<u>8,200</u>	<u>261,742</u>	<u>(253,542)</u>	-96.9%
Total General Fund Revenues	<u>\$ 59,925,847</u>	<u>\$ 57,527,702</u>	<u>\$ 2,398,145</u>	4.2%

Total General Fund Revenues increased by \$2,398,145 or more than 4.2% over the previous year.

Local property taxes remained stable, increasing 2.0% over the previous year. State aid revenues increased \$1,458,145 due to the State of New Jersey funding the TPAF Pension Contribution. The State did not provide this funding in the last two fiscal years. Federal Aid decreased because the ARRA program funding expired in 2010/11.

## 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, 2012</u>	<u>June 30, 2011</u>		
Instruction	\$ 38,006,341	\$ 36,638,525	\$ 1,367,816	3.7%
Support Services	20,493,793	20,404,019	89,774	0.4%
Debt Service	115,333	40,784	74,549	183%
Capital Outlay	<u>163,740</u>	<u>177,419</u>	<u>(13,679)</u>	-7.7%
Total Expenditures	<u>\$ 58,779,207</u>	<u>\$ 57,260,747</u>	<u>\$ 1,518,460</u>	2.7%

Total General Fund expenditures increased \$1,518,460 from the previous year. Most of the increase can be attributed to the increases in the cost of health insurance premiums.

In 2011-2012 General Fund revenues and other financing sources were more than expenditures and other financing uses by \$1,247,499. As a result, total fund balance increased to a balance of \$2,706,661 at June 30, 2012. After deducting statutory reserves and designations, the unassigned fund balance at June 30, 2012 is \$349,037.

**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 \$1,473,612, for the fiscal year ended June 30, 2012. Federal sources accounted for the majority of Special Revenue Fund's revenue which represented 80% of the total revenue for the year.

Expenditures of the Special Revenue Fund were \$1,473,612. Instructional expenditures were \$1,339,034, support services expenditures were \$129,262 and capital outlay expenditures were \$5,316.

**Capital Projects** – Revenues were less than expenditures and other financing uses by \$2,244,302 resulting in a fund balance of \$2,500,503 at June 30, 2012. The expenses related to capital improvements previously authorized in 2007, by voter referendum.

## 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, 2012 amounts to \$64,922,938 (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 2011-2012 amounted to \$1,180,414 for governmental activities and \$1,481 for business-type activities.

##### Capital Assets at June 30, 2012 and 2011 (Net of Accumulated Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	\$ 79,932	\$ 79,932			\$ 79,932	\$ 79,932
Construction in Progress	10,819,947	33,665,709			10,819,947	33,665,709
Buildings	51,662,457	27,304,534			51,662,457	27,304,534
Machinery and Equipment	2,352,239	2,685,767	\$ 8,363	\$ 9,844	2,360,602	2,695,611
<b>Total Capital Assets (Net)</b>	<b>\$ 64,914,575</b>	<b>\$ 63,735,942</b>	<b>\$ 8,363</b>	<b>\$ 9,844</b>	<b>\$ 64,922,938</b>	<b>\$ 63,745,786</b>

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

## NUTLEY BOARD OF EDUCATION

### Management's Discussion and Analysis

#### LONG TERM LIABILITIES

At year end, the District's long-term liabilities consisted of compensated absences payable of \$1,275,796, capital leases payable of \$195,505 deferred pension liability of \$217,181 and bonds payable of \$49,363,000.

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>2012</u>	<u>2011</u>
Serial Bonds Payable	\$ 49,363,000	\$ 50,863,000
Capital Leases	195,505	174,043
Deferred Pension Liability	217,181	227,063
Compensated Absences	<u>1,275,796</u>	<u>2,192,971</u>
Total Expenditures	<u>\$ 51,051,482</u>	<u>\$ 53,457,077</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 2012-2013 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, 2012**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 5,716,449	\$ 272,611	\$ 5,989,060
Receivables, net			
Receivables from Other Governments	850,927	10,277	861,204
Other	50,272	14,016	64,288
Inventory		2,854	2,854
Internal Balances	2,467	(2,467)	-
Capital Assets			
Not Being Depreciated	10,899,879		10,899,879
Being Depreciated, Net	54,014,696	8,363	54,023,059
Total Assets	<u>71,534,690</u>	<u>305,654</u>	<u>71,840,344</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	320,799	57,880	378,679
Payable to State Government	397,414		397,414
Payable to Federal Government			-
Accrued Interest Payable	992,930		992,930
Unearned Revenue	694,738	42,250	736,988
Noncurrent Liabilities			
Due within one year	1,756,132		1,756,132
Due beyond one year	49,295,350	-	49,295,350
Total Liabilities	<u>53,457,363</u>	<u>100,130</u>	<u>53,557,493</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, net of related debt	17,943,222	8,363	17,951,585
Restricted for			
Capital Projects	124,182		124,182
Unrestricted	9,923	197,161	207,084
Total Net Assets	<u>\$ 18,077,327</u>	<u>\$ 205,524</u>	<u>\$ 18,282,851</u>

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

**NUTLEY BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Assets</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Governmental Activities</b>							
Instruction							
Regular	\$ 26,758,166	\$ 130,494	\$ 3,806,197		\$ (22,821,475)		\$ (22,821,475)
Special Education	9,528,464		3,962,462		(5,566,002)		(5,566,002)
Other Instruction	1,389,023		58,037		(1,330,986)		(1,330,986)
School Sponsored Activities and Athletics	1,235,319		121,725		(1,113,594)		(1,113,594)
Community Services	11,555				(11,555)		(11,555)
Support Services							
Student and Instruction Related Services	6,865,496		510,965		(6,354,531)		(6,354,531)
School Administrative Services	4,013,565		218,418		(3,795,147)		(3,795,147)
General Administrative Services	1,981,393				(1,981,393)		(1,981,393)
Plant Operations and Maintenance	5,147,653				(5,147,653)		(5,147,653)
Pupil Transportation	2,033,798	53,493			(1,980,305)		(1,980,305)
Business Services	1,267,237				(1,267,237)		(1,267,237)
Interest on Long-Term Debt	2,241,443	-	-	-	(2,241,443)	-	(2,241,443)
Total Governmental Activities	62,473,112	183,987	8,677,804	-	(53,611,321)	-	(53,611,321)
<b>Business-Type Activities</b>							
Food Service	960,177	768,611	214,863			\$ 23,297	23,297
Extended Day	623,930	714,196				90,266	90,266
Athletic Camps	16,836	19,330	-	-	-	2,494	2,494
Total Business-Type Activities	1,600,943	1,502,137	214,863	-	-	116,057	116,057
<b>Total Primary Government</b>	<b>\$ 64,074,055</b>	<b>\$ 1,686,124</b>	<b>\$ 8,892,667</b>	<b>\$ -</b>	<b>(53,611,321)</b>	<b>116,057</b>	<b>(53,495,264)</b>

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, 2012**

	<b>Net (Expense) Revenue and Changes in Net Assets</b>		
	<b><u>Governmental Activities</u></b>	<b><u>Business-Type Activities</u></b>	<b><u>Total</u></b>
Balance, Carry Forward	\$ (53,611,321)	\$ 116,057	\$ (53,495,264)
<b>General Revenues and Transfers</b>			
Property Taxes Levied for General Purposes	48,142,637		48,142,637
Property Taxes Levied for Debt Service	2,913,506		2,913,506
State Aid - Unrestricted	3,936,364		3,936,364
State Aid - Restricted for Debt Service	826,730		826,730
Miscellaneous Income	461,504	99	461,603
Loss on Disposal of Capital Assets	(57,148)	-	(57,148)
 Total General Revenues and Transfers	 <u>56,223,593</u>	 <u>99</u>	 <u>56,223,692</u>
 Change in Net Assets	 2,612,272	 116,156	 2,728,428
 Net Assets, Beginning of Year	 <u>15,465,055</u>	 <u>89,368</u>	 <u>15,554,423</u>
 Net Assets, End of Year	 <u>\$ 18,077,327</u>	 <u>\$ 205,524</u>	 <u>\$ 18,282,851</u>

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

## **FUND FINANCIAL STATEMENTS**

**NUTLEY BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2012**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 3,056,788	\$ 124,249	\$ 2,535,412		\$ 5,716,449
Due from Other Funds	2,467				2,467
Receivables, Net					
Receivables from Other Governments	110,437	171,680	568,810		850,927
Other	<u>50,272</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,272</u>
Total Assets	<u>\$ 3,219,964</u>	<u>\$ 295,929</u>	<u>\$ 3,104,222</u>	<u>\$ -</u>	<u>\$ 6,620,115</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 187,299	\$ 97,313	\$ 36,187		\$ 320,799
Intergovernmental Payable	326,004	71,410			397,414
Deferred Revenue	<u>-</u>	<u>127,206</u>	<u>567,532</u>	<u>-</u>	<u>694,738</u>
Total Liabilities	<u>513,303</u>	<u>295,929</u>	<u>603,719</u>	<u>-</u>	<u>1,412,951</u>
<b>Fund Balances</b>					
<b>Restricted</b>					
Capital Reserve	124,182				124,182
Excess Surplus	1,644,392				1,644,392
Excess Surplus - Designated for Subsequent Year's Budget	242,188				242,188
Capital Projects			2,500,503		2,500,503
<b>Assigned</b>					
Encumbrances	346,862				346,862
Unassigned	<u>349,037</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>349,037</u>
Total Fund Balances	<u>2,706,661</u>	<u>-</u>	<u>2,500,503</u>	<u>-</u>	<u>5,207,164</u>
Total Liabilities and Fund Balances	<u>\$ 3,219,964</u>	<u>\$ 295,929</u>	<u>\$ 3,104,222</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 \$81,333,868 and the accumulated depreciation is \$16,419,293.

64,914,575

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

(992,930)

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	\$ 49,363,000
Capital Leases	195,505
Deferred Pension Liability	217,181
Compensated Absences Payable	<u>1,275,796</u>

(51,051,482)

\$ 18,077,327

**NUTLEY BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 48,142,637			\$ 2,913,506	\$ 51,056,143
Tuition	130,494				130,494
Transportation Fees	53,493				53,493
Miscellaneous	458,667	\$ 54,314	\$ 2,837	-	515,818
Total - Local Sources	48,785,291	54,314	2,837	2,913,506	51,755,948
State Sources	11,132,356	239,306		826,730	12,198,392
Federal Sources	8,200	1,179,992	-	-	1,188,192
Total Revenues	59,925,847	1,473,612	2,837	3,740,236	65,142,532
<b>EXPENDITURES</b>					
Current					
Regular Instruction	26,592,909	518,839			27,111,748
Special Education Instruction	8,777,535	820,195			9,597,730
Other Instruction	1,389,023				1,389,023
School-Sponsored Activities and Athletics	1,235,319				1,235,319
Community Services	11,555				11,555
Support Services					
Student and Instructional Related Services	6,444,334	129,262			6,573,596
School Administrative Services	4,115,123				4,115,123
General Administrative Services	1,526,592				1,526,592
Plant Operations and Maintenance	5,182,274				5,182,274
Pupil Transportation	1,881,001				1,881,001
Business Services	1,344,469				1,344,469
Debt Service					
Principal	86,442			1,500,000	1,586,442
Interest and Other Charges	28,891			2,240,236	2,269,127
Capital Outlay	163,740	5,316	2,247,139	-	2,416,195
Total Expenditures	58,779,207	1,473,612	2,247,139	3,740,236	66,240,194
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,146,640	-	(2,244,302)	-	(1,097,662)
<b>OTHER FINANCING SOURCES (USES)</b>					
Capital Leases	98,022				98,022
Transfers In	2,837				2,837
Transfers Out	-	-	(2,837)	-	(2,837)
Total Other Financing Sources and Uses	100,859	-	(2,837)	-	98,022
Net Change in Fund Balances	1,247,499	-	(2,247,139)	-	(999,640)
Fund Balance, Beginning of Year	1,459,162	-	4,747,642	-	6,206,804
Fund Balance, End of Year	\$ 2,706,661	\$ -	\$ 2,500,503	\$ -	\$ 5,207,164

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, 2012**

**Total net change in fund balances - governmental funds (Exhibit B-2)** **\$ (999,640)**

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	\$ 2,416,195	
Depreciation Expense	<u>(1,180,414)</u>	
		1,235,781

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

Loss on Disposal of Capital Assets	(57,148)
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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	917,175
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Repayment of general obligation bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.	1,500,000
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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.	76,560
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Repayment of deferred pension liability 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.	9,882
---	-------

The issuance of long-term debt provides current financial resources to government funds, but has no effect on net assets	
Capital Leases	(98,022)

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>27,684</u>
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<b>Change in net assets of governmental activities (Exhibit A-2)</b>	<b><u>\$ 2,612,272</u></b>
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**NUTLEY BOARD OF EDUCATION  
PROPRIETARY FUNDS  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2012**

	<u>Food Service</u>	<u>Extended Day</u>	<u>Other Non-Major</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 71,391	\$ 196,540	\$ 4,680	\$ 272,611
Intergovernmental Accounts Receivable				
State	439			439
Federal	9,838			9,838
Other Accounts Receivable	14,016			14,016
Inventory	2,854	-	-	2,854
	<u>98,538</u>	<u>196,540</u>	<u>4,680</u>	<u>299,758</u>
Total Current Assets				
Capital Assets				
Machinery and Equipment	137,947			137,947
Less: Accumulated Depreciation	(129,584)	-	-	(129,584)
	<u>8,363</u>	<u>-</u>	<u>-</u>	<u>8,363</u>
Total Capital Assets				
Total Assets	<u>106,901</u>	<u>196,540</u>	<u>4,680</u>	<u>308,121</u>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts Payable	57,161	719		57,880
Due to Other Funds	2,467			2,467
Deferred Revenue	1,280	40,970	-	42,250
	<u>60,908</u>	<u>41,689</u>	<u>-</u>	<u>102,597</u>
Total Liabilities				
<b>NET ASSETS</b>				
Invested in Capital Assets	8,363			8,363
Unrestricted	37,630	154,851	4,680	197,161
	<u>45,993</u>	<u>154,851</u>	<u>4,680</u>	<u>205,524</u>
Total Net Assets				

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

**NUTLEY BOARD OF EDUCATION  
PROPRIETARY FUND  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Food Service</u>	<u>Extended Day</u>	<u>Other Non-Major</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
<b>OPERATING REVENUES</b>				
Charges for Services				
Program Fees	\$ 404,283	\$ 714,196	\$ 19,330	\$ 1,137,809
School Lunch Program	173,396			173,396
Special Functions	190,932	-	-	190,932
Total Operating Revenues	<u>768,611</u>	<u>714,196</u>	<u>19,330</u>	<u>1,502,137</u>
<b>OPERATING EXPENSES</b>				
Salaries and Wages	274,682	491,694	11,825	778,201
Employee Benefits	52,705	66,358		119,063
Cost of Sales	473,526			473,526
Supplies	11,506	3,872	5,011	20,389
Purchased Services	85,074	58,905		143,979
Other	61,203	3,101		64,304
Depreciation	1,481	-	-	1,481
Total Operating Expenses	<u>960,177</u>	<u>623,930</u>	<u>16,836</u>	<u>1,600,943</u>
Operating Income (Loss)	<u>(191,566)</u>	<u>90,266</u>	<u>2,494</u>	<u>(98,806)</u>
<b>NONOPERATING REVENUES</b>				
State Sources				
State School Lunch Program	7,971			7,971
Federal Sources				
Federal School Lunch Program	206,892			206,892
Interest Income	40	59	-	99
Total Nonoperating Revenues	<u>214,903</u>	<u>59</u>	<u>-</u>	<u>214,962</u>
Net Income Before Operating Transfers	23,337	90,325	2,494	116,156
Transfers In	-	-	-	-
Change in Net Assets	23,337	90,325	2,494	116,156
Net Assets, Beginning of Year	<u>22,656</u>	<u>64,526</u>	<u>2,186</u>	<u>89,368</u>
Net Assets, End of Year	<u>\$ 45,993</u>	<u>\$ 154,851</u>	<u>\$ 4,680</u>	<u>\$ 205,524</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, 2012**

	<u>Food Service</u>	<u>Extended Day</u>	<u>Other Non-Major</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers	\$ 774,333	\$ 732,933	\$ 19,330	\$ 1,526,596
Payments for Employees	(327,387)	(491,694)	(11,825)	(830,906)
Payments to Suppliers	(596,274)	(132,180)	(5,011)	(733,465)
Net Cash Provided By (Used For) Operating Activities	(149,328)	109,059	2,494	(37,775)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
State and Federal Sources	215,345	-	-	215,345
Net Cash Provided By Non-Capital Financing Activities	215,345	-	-	215,345
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest Received	40	59	-	99
Net Cash Provided By Investing Activities	40	59	-	99
Net Increase in Cash and Cash Equivalents	66,057	109,118	2,494	177,669
Cash and Cash Equivalents, Beginning of Year	5,334	87,422	2,186	94,942
Cash and Cash Equivalents, End of Year	<u>\$ 71,391</u>	<u>\$ 196,540</u>	<u>\$ 4,680</u>	<u>\$ 272,611</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>				
Operating Income (Loss)	\$ (191,566)	\$ 90,266	\$ 2,494	\$ (98,806)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities				
Depreciation	1,481			1,481
(Increase) Decrease in Accounts Receivable	5,722			5,722
(Increase) Decrease in Inventories	(222)			(222)
Increase (Decrease) in Accounts Payable	34,593	56		34,649
Increase (Decrease) in Deferred Revenue	664	18,737	-	19,401
Total Adjustments	42,238	18,793	-	61,031
Net Cash Provided By (Used For) Operating Activities	<u>\$ (149,328)</u>	<u>\$ 109,059</u>	<u>\$ 2,494</u>	<u>\$ (37,775)</u>
<b>Non-Cash Financing Activities</b>				
Fair Value of Food Distribution Program - National School Lunch	<u>\$ 48,223</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2012**

	<u>Private Purpose Trust Funds</u>	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 169,312	\$ 491,258	\$ 187,160
Total Assets	<u>169,312</u>	<u>491,258</u>	<u>\$ 187,160</u>
<b>LIABILITIES</b>			
Intergovernmental Payable		19,704	
Cash Overdraft			821
Accrued Salaries and Wages			(821)
Due to Student Groups	<u>-</u>	<u>-</u>	<u>187,160</u>
Total Liabilities	<u>-</u>	<u>19,704</u>	<u>\$ 187,160</u>
<b>NET ASSETS</b>			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 169,312</u>	<u>\$ 471,554</u>	

**NUTLEY BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b><u>Private Purpose Trust Funds</u></b>	<b><u>Unemployment Compensation Trust</u></b>
<b>ADDITIONS</b>		
Contributions		
Employees		\$ 89,674
Investment Earnings		
Interest	\$ 548	2,475
Total Additions	548	92,149
<b>DEDUCTIONS</b>		
Scholarships	2,250	
Unemployment Claims and Contributions	-	181,844
Total Deductions	2,250	181,844
Change in Net Assets	(1,702)	(89,695)
Net Assets, Beginning of Year	171,014	561,249
Net Assets, End of Year	\$ 169,312	\$ 471,554

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, 2012**

**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 (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the District's enterprise funds.

The district-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. All fiduciary activities are reported only in the fund financial statements. 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, 2012**

**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 fund financial statements are provided for governmental, proprietary, and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. All remaining enterprise funds are aggregated and reported as nonmajor funds. The District considers all of its governmental funds and the food service and extended day enterprise funds to be major funds.

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.



NUTLEY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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 capital facilities and other capital assets, other than those financed by the proprietary funds.

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.

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

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

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

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

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 2010-2011 and 2011-2012 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.

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

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

**2. *Receivables and Payables* (Continued)**

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 1<sup>st</sup> in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

**3. *Inventories***

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

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

**4. *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.

The other property, plant, and equipment of the District 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, 2012**

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

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

**5. *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.

**6. *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.

**7. *Fund Equity***

With the implementation of GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during 2010/11 fiscal year, fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District 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, 2011 audited excess surplus that was appropriated in the 2012/2013 original budget certified for taxes.

*Excess Surplus* – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2012 audited excess surplus that is required to be appropriated in the 2013/2014 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.

**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.

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

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

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

**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 2011/2012. During 2011/2012 the Board increased the original budget by \$963,549. The increase was funded by federal aid awarded, grant awards and the reappropriation of prior year general fund encumbrances.

On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On February 13, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law.

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.

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Judgments Against the School District	\$-0-	\$326,004	\$(326,004)

The above overexpenditure was a result of an audit adjustment at year end.

**B. Capital Reserve Account**

A capital reserve account was established by the District on September 20, 2000. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve 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.

The activity of the capital reserve for the fiscal year ended June 30, 2012 is as follows:

Balance, July 1, 2011	\$	98,770
Increased by:		
Interest Earnings	\$	412
Deposits Approved by Board Resolution		<u>25,000</u>
Total Increases		<u>25,412</u>
Balance, June 30, 2012	\$	<u>124,182</u>

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

**C. 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, 2012 is \$1,886,580. Of this amount, \$242,188 was designated and appropriated in the 2012/2013 original budget certified for taxes and the remaining amount of \$1,644,392 will be appropriated in the 2013/2014 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 the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

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, 2012, the book value of the Board's deposits was \$6,835,969 and bank balances of the Board's cash and deposits amounted to \$7,339,907. 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>7,339,907</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, 2012 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, 2012, 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.

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

**B. Receivables**

Receivables as of June 30, 2012 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	\$ 50,272			\$ 10,277	\$ 60,549
Intergovernmental	<u>110,437</u>	<u>\$ 171,680</u>	<u>\$ 568,810</u>	<u>14,016</u>	<u>864,943</u>
Gross Receivables	160,709	171,680	568,810	24,293	925,492
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 160,709</u>	<u>\$ 171,680</u>	<u>\$ 568,810</u>	<u>\$ 24,293</u>	<u>\$ 925,492</u>

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

	<u>Unearned</u>
Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 38,677
Grant Drawdowns Reserved for Encumbrances	88,529
Capital Projects Fund	
Unrealized School Facility and Energy Grants	<u>567,532</u>
Total Deferred Revenue for Governmental Funds	<u>\$694,738</u>



**NUTLEY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

**C. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2012 was as follows:

	Balance July 1, 2011	Increases	Decreases	Transfers	Balance June 30, 2012
<b>Governmental Activities:</b>					
Capital Assets, Not Being Depreciated:					
Land	\$ 79,932				\$ 79,932
Construction in Progress	33,665,709	\$ 2,247,139	-	\$ (25,092,901)	10,819,947
Total Capital Assets, Not Being Depreciated	33,745,641	2,247,139	-	(25,092,901)	10,899,879
Capital Assets, Being Depreciated:					
Buildings	40,328,928			25,092,901	65,421,829
Machinery and Equipment	4,905,713	169,056	\$ (62,609)	-	5,012,160
Total Capital Assets Being Depreciated	45,234,641	169,056	(62,609)	25,092,901	70,433,989
Less Accumulated Depreciation for:					
Buildings	(13,024,394)	(734,978)			(13,759,372)
Machinery and Equipment	(2,219,946)	(445,436)	5,461	-	(2,659,921)
Total Accumulated Depreciation	(15,244,340)	(1,180,414)	5,461	-	(16,419,293)
Total Capital Assets, Being Depreciated, net	29,990,301	(1,011,358)	(57,148)	-	54,014,696
Governmental Activities Capital Assets, net	\$ 63,735,942	\$ 1,235,781	\$ (57,148)	\$ -	\$ 64,914,575

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
<b>Business-Type Activities:</b>				
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	(128,103)	\$ (1,481)	-	(129,584)
Total Accumulated Depreciation	(128,103)	(1,481)	-	(129,584)
Total Capital Assets, Being Depreciated, net	9,844	(1,481)	-	8,363
Business-Type Activities Capital Assets, net	\$ 9,844	\$ (1,481)	\$ -	\$ 8,363

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

**C. Capital Assets (Continued)**

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

**Governmental Activities:**

Instruction	
Regular	\$ 91,712
Total Instruction	<u>91,712</u>
Support Services	
Student and Instruction Related Services	332,575
General Administration	504,731
School Administration	8,893
Operations and Maintenance of Plant	61,298
Student Transportation	<u>181,205</u>
Total Support Services	<u>1,088,702</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 1,180,414</u>

**Business-Type Activities:**

Food Service Fund	\$ 1,481
Total Depreciation Expense-Business-Type Activities	<u>\$ 1,481</u>

**Construction and Other Significant Commitments**

The District has the following active construction projects as of June 30, 2012:

<u>Project</u>	<u>Remaining Commitment</u>
Various Renovations and Improvements to Nutley High School and Elementary Schools	\$ 754,698
	<u>\$ 754,698</u>

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

**D. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2012, is as follows:

**Due to/from other funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Food Service Enterprise Fund	\$ <u>2,467</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>Total</u>
Transfer Out:		
Capital Projects Fund	\$ <u>2,837</u>	<u>2,837</u>
Total transfers out	\$ <u>2,837</u>	\$ <u>2,837</u>

The above transfers are the result of revenues earned in one fund which are due to another fund.

**E. Leases**

**Capital Leases**

The District is leasing school buses totaling \$307,328 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	\$ <u>307,328</u>
Total	\$ <u>307,328</u>

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

**E. Leases (Continued)**

**Capital Leases (Continued)**

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2012 were as follows:

Fiscal Year <u>Ending June 30</u>	Governmental <u>Activities</u>
2013	\$ 64,684
2014	64,684
2015	64,684
2016	<u>16,805</u>
Total Minimum Lease Payments	210,857
Less: Amount Representing Interest	<u>(15,352)</u>
Present Value of Minimum Lease Payments	<u>\$ 195,505</u>

**F. Long-Term Debt**

**General Obligation Bonds**

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

Bonds payable at June 30, 2012 are comprised of the following issues:

\$2,923,000, 2003 Bonds, due in annual installments of \$140,000 to \$208,000 through August 15, 2023, variable interest rate	\$ 2,083,000
\$14,930,000, 2005 Bonds, due in annual installments of \$600,000 to \$670,000 through February 15, 2030, variable interest rate	11,720,000
\$38,500,000, 2007 Bonds, due in annual installments of \$880,000 to \$3,515,000 through July 15, 2032, variable interest rate	<u>35,560,000</u>
	<u>\$49,363,000</u>

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

**F. Long-Term Debt (Continued)**

**General Obligation Bonds (Continued)**

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

**Governmental Activities:**

Fiscal Year Ended June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
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	1,810,000	1,888,879	3,698,879
2018-2022	10,240,000	8,179,191	18,419,191
2023-2027	12,378,000	5,714,102	18,092,102
2028-2032	14,810,000	2,630,372	17,440,372
2033	<u>3,515,000</u>	<u>83,481</u>	<u>3,598,481</u>
	<u>\$ 49,363,000</u>	<u>\$ 26,782,455</u>	<u>\$ 76,145,455</u>

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2012 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 164,911,330
Less: Net Debt Issued	<u>49,363,987</u>
Remaining Borrowing Power	<u>\$ 115,547,343</u>

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

**F. Long-Term Debt (Continued)**

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2012, was as follows:

	Balance <u>July 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2012</u>	Due Within <u>One Year</u>
<b>Governmental activities:</b>					
Bonds Payable	\$ 50,863,000		\$ 1,500,000	\$ 49,363,000	\$ 1,560,000
Capital Leases	174,043	\$ 98,022	76,560	195,505	57,525
Deferred Pension Obligation	227,063		9,882	217,181	11,027
Compensated Absences Payable	<u>2,192,971</u>	<u>-</u>	<u>917,175</u>	<u>1,275,796</u>	<u>127,580</u>
Governmental Activity Long-Term Liabilities	<u>\$ 53,457,077</u>	<u>\$ 98,022</u>	<u>\$ 2,503,617</u>	<u>\$ 51,051,482</u>	<u>\$ 1,756,132</u>

For the governmental activities, the liabilities for compensated absences and deferred pension obligations are generally liquidated by the general fund.

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

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

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

The relationship between the Board and the 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.

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 4 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

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>Fiscal Year Ended June 30,</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012	\$ 89,674	\$ 181,844	\$ 471,554
2011	88,716	159,415	561,249
2010	97,399	136,206	628,228

**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 appealed this determination to the Commissioner of Education. The Commissioner upheld the finding requiring the District to refund the state aid. The Board has accrued a General Fund Intergovernmental Payable of \$326,004 as of June 30, 2012. The State of New Jersey will reduce the District's 2012/13 General Fund state aid for this payable amount.

The Board's former 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 denied on December 15, 2011. The firm then filed an appeal whereby it seeks to compel the District to arbitrate the enforceability of the settlement agreement. 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.

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 4 OTHER INFORMATION (Continued)**

**B. Contingent Liabilities (Continued)**

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

**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, 2012, 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, 2012, the District has no estimated 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 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

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

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

**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.



**NUTLEY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Other Pension Funds (Continued)**

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](http://www.state.nj.us/treasury/pensions).

**Basis of Accounting**

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

**Investment Valuation**

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

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

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Significant Legislation**

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operate and to the benefit provisions of those systems.

This new legislation's provisions impacting employee pension and health benefits include:

- New members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  to 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS is increased from age 62 to 65 for Tier 5 members.
- Active member contribution rates will increase. TPAF and PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

**Funding Status and Funding Progress**

As of July 1, 2010, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 70.5 percent with an unfunded actuarial accrued liability of \$36.3 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 65.2 percent and \$25.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 78.5 percent and \$10.7 billion.

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

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

**Actuarial Methods and Assumptions**

In the July 1, 2010 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 5.91 percent for TPAF.

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.5% for PERS and TPAF and 5.50% for DCRP of the employee's annual compensation.

**Annual Pension Costs (APC)**

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2012 for TPAF, which is a cost sharing plan with special funding situations, the 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, 2012, 2011 and 2010 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:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>
2012	\$ 763,799	\$ 848,506
2011	783,294	83,115
2010	598,493	91,174

During the previous two fiscal years, the State of New Jersey did not contribute to the TPAF for normal cost and accrued liability. The State contributed \$848,506 during 2011/2012 for normal cost pension, accrued liability and the NCGI premium. For fiscal years 2010/2011 and 2009/2010, the State contributed \$83,115 and \$91,174, 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 is being paid back with interest over 15 years beginning in the 2011/2012 fiscal year. The District is permitted to payoff the deferred PERS pension obligation at any time. A long-term liability of the deferred pension obligation for PERS has been recorded in the governmental activities in the district-wide financial statements.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$2,037,752 during the year ended June 30, 2012 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits**

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. 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 547 state and local participating employers and contributing entities for Fiscal Year 2011.

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](http://www.state.nj.us/treasury/pensions).

**Basis of Accounting**

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

**Significant Legislation**

P.L. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 5 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**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 July 1, 2010, the most recent actuarial valuation date, the State had a \$59.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$21.1 billion for state active and retired members and \$38.2 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

**Actuarial Methods and Assumptions**

In the July 1, 2010, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

**Post-Retirement Medical Benefits Contributions**

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2011, there were 93,323 retirees receiving post-retirement medical benefits and the State contributed \$935.5 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 \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in fiscal year 2011.

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 5 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**Post-Retirement Medical Benefits Contributions (Continued)**

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, 2012, 2011 and 2010 were \$1,705,718, \$1,765,373 and \$1,712,374, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

## **BUDGETARY COMPARISON SCHEDULES**

**NUTLEY BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 48,142,637		\$ 48,142,637	\$ 48,142,637	
Tuition	57,072		57,072	22,144	\$ (34,928)
Other LEAs Within the State				108,350	108,350
Transportation Fees from Other LEAs	60,000		60,000	53,493	(6,507)
Interest on Capital Reserve	400		400	412	12
Other Restricted Miscellaneous	100,000		100,000	161,626	61,626
Unrestricted Miscellaneous	241,701	-	241,701	296,629	54,928
Total Revenues - Local Sources	48,601,810	-	48,601,810	48,785,291	183,481
State Sources					
Equalization Aid	3,499,601	\$ 539,385	4,038,986	4,038,986	
Categorical Special Education Aid	2,243,967		2,243,967	2,243,967	
Extraordinary Aid	150,000		150,000	163,817	13,817
Anti Bullying Bill of Rights Act				1,439	1,439
TPAF Pension System Contributions-Normal				766,274	766,274
TPAF Pension System Contributions-NCGI				82,232	82,232
TPAF Pension System Contribution - Post Retirement (Non Budgeted)				1,705,718	1,705,718
TPAF Social Security Contributions (Non Budgeted)	-	-	-	2,037,752	2,037,752
Total State Sources	5,893,568	539,385	6,432,953	11,040,185	4,607,232
Federal Sources					
Education Jobs Fund		8,200	8,200	8,200	-
Medicaid Reimbursement	32,759	-	32,759	-	(32,759)
Total Federal Sources	32,759	8,200	40,959	8,200	(32,759)
Total Revenues	54,528,137	547,585	55,075,722	59,833,676	4,757,954
<b>CURRENT EXPENDITURES</b>					
Instruction - Regular Programs					
Salaries of Teachers:					
Preschool/Kindergarten	922,799	49,431	972,230	966,938	5,292
Grades 1 - 5	6,859,994	18,894	6,878,888	6,774,181	104,707
Grades 6 - 8	4,305,575	(61,731)	4,243,844	4,122,831	121,013
Grades 9 - 12	5,854,937	16,805	5,871,742	5,835,023	36,719
Home Instruction:					
Salaries of Teachers	48,000	18,397	66,397	66,397	
Purchased Professional-Educational Services	18,000	1,808	19,808	19,505	303
Regular Programs - Undistributed Instruction:					
Purchased Technical Services	48,550	58	48,608	48,608	
Other Purchased Services	41,500	(558)	40,942	35,641	5,301
General Supplies	647,188	180,363	827,551	574,159	253,392
Textbooks	85,236	(64,473)	20,763	20,005	758
Other Objects	27,245	(13,105)	14,140	6,872	7,268
Total Instruction Regular Programs	18,859,024	145,889	19,004,913	18,470,160	534,753
Special Education					
Learning/Language Disabilities					
Salaries of Teachers	1,442,274	44,694	1,486,968	1,486,968	
Other Salaries for Instruction	490,563	28,938	519,501	519,501	
General Supplies	8,000	-	8,000	7,775	225
Textbooks	5,000	(2,930)	2,070	2,026	44
Other Objects	100	-	100	-	100
Total Learning/Language Disabilities	1,945,937	70,702	2,016,639	2,016,270	369
Resource Room/Resource Center					
Salaries of Teachers	957,743	25,500	983,243	983,243	
General Supplies	10,000	2,600	12,600	12,495	105
Textbooks	2,500	(1,000)	1,500	1,258	242
Other Objects	100	-	100	-	100
Total Resource Room/Resource Center	970,343	27,100	997,443	996,996	447



**NUTLEY BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>CURRENT EXPENDITURES (Continued)</b>					
Special Education (Continued)					
Autism					
Salaries of Teachers	\$ 614,347	\$ (17,753)	\$ 596,594	\$ 594,133	\$ 2,461
Other Salaries for Instruction	476,505	(17,755)	458,750	458,750	
General Supplies	2,250	3,650	5,900	2,119	3,781
Other Objects	1,000	-	1,000	-	1,000
Total Autism	<u>1,094,102</u>	<u>(31,858)</u>	<u>1,062,244</u>	<u>1,055,002</u>	<u>7,242</u>
Preschool Disabilities - Part-Time					
Salaries of Teachers	262,081	(52,659)	209,422	209,422	
Other Salaries for Instruction	150,124	(13,525)	136,599	136,599	
General Supplies	2,200	2,534	4,734	2,837	1,897
Other Objects	100	-	100	-	100
Total Preschool Disabilities	<u>414,505</u>	<u>(63,650)</u>	<u>350,855</u>	<u>348,858</u>	<u>1,997</u>
Total Special Education	<u>4,424,887</u>	<u>2,294</u>	<u>4,427,181</u>	<u>4,417,126</u>	<u>10,055</u>
Basic Skills/Remedial					
Salaries of Teachers	600,781	16,699	617,480	617,480	
General Supplies	2,000		2,000	1,565	435
Other Objects	300	-	300	150	150
Total Basic Skills/Remedial	<u>603,081</u>	<u>16,699</u>	<u>619,780</u>	<u>619,195</u>	<u>585</u>
Bilingual Education					
Salaries of Teachers	255,658	(12,100)	243,558	240,419	3,139
General Supplies	4,200		4,200	905	3,295
Textbooks	810	-	810	-	810
Total Bilingual Education	<u>260,668</u>	<u>(12,100)</u>	<u>248,568</u>	<u>241,324</u>	<u>7,244</u>
Vocational Programs- Local - Instruction					
Salaries of Teachers	2,500	-	2,500	500	2,000
Total Vocational Programs-Local-Instruction	<u>2,500</u>	<u>-</u>	<u>2,500</u>	<u>500</u>	<u>2,000</u>
School Sponsored Co-Curricular Activities					
Salaries of Teachers	98,000	61,200	159,200	159,200	
Other Objects	5,000	(365)	4,635	4,635	-
Total Co-Curricular Activities	<u>103,000</u>	<u>60,835</u>	<u>163,835</u>	<u>163,835</u>	<u>-</u>
School Sponsored Athletics					
Salaries	463,700	95,495	559,195	559,195	
Purchased Services	43,515	(5,310)	38,205	38,205	
Supplies and Materials	35,500	(7,491)	28,009	27,868	141
Other Objects	92,664	38,948	131,612	131,400	212
Total Athletics	<u>635,379</u>	<u>121,642</u>	<u>757,021</u>	<u>756,668</u>	<u>353</u>
Other Instruction Programs - Gifted and Talented					
Salaries	91,976		91,976	91,976	
Purchased Professional Education Services	31,807	(31,807)			
Supplies and Materials	12,500	27,575	40,075	34,606	5,469
Other Objects	500	(250)	250	250	-
Total Other Instruction Programs	<u>136,783</u>	<u>(4,482)</u>	<u>132,301</u>	<u>126,832</u>	<u>5,469</u>
Community Services					
Salaries	8,000	3,555	11,555	11,555	-
Total Community Services	<u>8,000</u>	<u>3,555</u>	<u>11,555</u>	<u>11,555</u>	<u>-</u>
Total Instruction	<u>25,033,322</u>	<u>334,332</u>	<u>25,367,654</u>	<u>24,807,195</u>	<u>560,459</u>

**NUTLEY BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>CURRENT EXPENDITURES (Continued)</b>					
Tuition					
Tuition to Other LEA's Within State - Special	\$ 82,728	\$ (228)	\$ 82,500	\$ 79,062	\$ 3,438
Tuition to County Vocational - Regular	13,180	3,398	16,578	15,369	1,209
Tuition to County Vocational - Special	43,155	(4,553)	38,602	22,305	16,297
Tuition to County Sp Service and Regional Day School	100,800	10,244	111,044	80,218	30,826
Tuition to Private School for the Disabled W/I State	2,884,040	(109,357)	2,774,683	2,364,176	410,507
Tuition to State Facilities	35,250	-	35,250	-	35,250
Total Tuition	3,159,153	(100,496)	3,058,657	2,561,130	497,527
Undistributed Expenditures					
Health Services					
Salaries	617,925	(5,861)	612,064	610,889	1,175
Purchased Professional Services	50,000	197	50,197	43,781	6,416
Supplies and Materials	16,800	403	17,203	17,203	-
Other Objects	250	-	250	79	171
Total Health Services	684,975	(5,261)	679,714	671,952	7,762
Undistributed Expend.-Other Supp. Svcs.-					
Speech, OT, PT and Related Services					
Salaries	651,960	(22,575)	629,385	607,746	21,639
Purchased Professional Educational Services	225,000	450	225,450	213,996	11,454
Supplies and Materials	4,000	630	4,630	4,583	47
Total Speech, OT, PT and Related Services	880,960	(21,495)	859,465	826,325	33,140
Undistributed Expend.-Other Supp. Svcs.-Extraord. Serv.					
Salaries	356,047	-	356,047	353,442	2,605
Total Other Support/Extraordinary Services	356,047	-	356,047	353,442	2,605
Undistributed Expend.-Other Supp. Svcs.-Guidance					
Salaries of Other Professional Staff	930,062	-	930,062	904,721	25,341
Salaries of Secretarial and Clerical Assistants	176,413	-	176,413	176,298	115
Other Purchased Professional and Technical Services	30,000	16,980	46,980	35,028	11,952
Other Purchased Services	7,248	2,035	9,283	6,857	2,426
Supplies and Materials	42,500	(8,509)	33,991	5,568	28,423
Other Objects	1,500	(299)	1,201	801	400
Total Other Support Services-Guidance	1,187,723	10,207	1,197,930	1,129,273	68,657
Undistributed Expend.-Other Supp. Svcs.-Child Study Teams					
Salaries of Other Professional Staff	768,666	37,930	806,596	779,338	27,258
Miscellaneous Purchased Services	2,500	-	2,500	1,780	720
Supplies and Materials	8,500	-	8,500	8,245	255
Other Objects	100	-	100	-	100
Total Other Support Services-Child Study Teams	779,766	37,930	817,696	789,363	28,333
Improvement of Instruction					
Salaries of Other Professional Staff	17,500	-	17,500	7,679	9,821
Salaries of Secretarial and Clerical Assist.	101,182	-	101,182	96,682	4,500
Purchased Professional Educational Services	7,500	-	7,500	7,000	500
Other Purchased Professional and Technical Services	4,795	-	4,795	4,795	-
Other Purchased Services	6,400	-	6,400	5,192	1,208
Supplies and Materials	6,500	473	6,973	6,880	93
Other Objects	500	-	500	289	211
Total Improvement of Instruction	144,377	473	144,850	128,517	16,333
Educational Media Services/ School Library					
Salaries	637,673	14,027	651,700	635,599	16,101
Purchased Professional and Technical Services	17,450	1,400	18,850	15,365	3,485
Other Purchased Services	24,500	-	24,500	21,435	3,065
Supplies and Materials	81,776	(10,573)	71,203	53,422	17,781
Total Educational Media Services/ School Library	761,399	4,854	766,253	725,821	40,432

**NUTLEY BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>CURRENT EXPENDITURES (Continued)</b>					
Instructional Staff Training Services					
Salaries of Other Professional Staff	\$ 2,500		\$ 2,500	\$ 2,475	\$ 25
Purchased Professional Educational Services	4,200		4,200	4,000	200
Other Purchased Services	11,000	\$ 50	11,050	9,924	1,126
Supplies and Materials	500		500		500
Other Objects	500	-	500	50	450
Total Instructional Staff Training Services	<u>18,700</u>	<u>50</u>	<u>18,750</u>	<u>16,449</u>	<u>2,301</u>
Support Services General Administration					
Salaries	488,011	96,620	584,631	532,823	51,808
Legal Services	165,000	10,000	175,000	141,352	33,648
Audit Fees	45,000	495	45,495	34,995	10,500
Purchased Technical Services	28,602	42,570	71,172	45,925	25,247
Communications/Telephone	161,025		161,025	121,580	39,445
BOE Other Purchased Services	7,000	(562)	6,438	1,217	5,221
Other Purchased Services	37,900	2,380	40,280	2,475	37,805
Supplies and Materials	16,300	4,593	20,893	15,374	5,519
Judgments Against School District				326,004	(326,004)
Miscellaneous Expenditures	4,000		4,000	3,544	456
BOE Membership Dues and Fees	25,204	907	26,111	26,111	-
Total Support Services General Administration	<u>978,042</u>	<u>157,003</u>	<u>1,135,045</u>	<u>1,251,400</u>	<u>(116,355)</u>
Support Services School Administration					
Salaries of Principals and Assistant Principals	1,220,988	(70,879)	1,150,109	1,150,109	
Salaries of Other Professional Staff	884,262	47,331	931,593	931,593	
Salaries of Secretarial and Clerical Assistants	483,068	152,698	635,766	635,766	
Other Purchased Services	86,935	5,823	92,758	92,368	390
Supplies and Materials	60,250	(10,944)	49,306	49,099	207
Other Objects	62,950	(8,058)	54,892	54,715	177
Total Support Services School Administration	<u>2,798,453</u>	<u>115,971</u>	<u>2,914,424</u>	<u>2,913,650</u>	<u>774</u>
Undistributed Expenditures - Central Services					
Salaries	719,394	(100,000)	619,394	607,262	12,132
Purchased Professional Services	85,200	6,006	91,206	45,656	45,550
Purchased Technical Services	500		500		500
Miscellaneous Purchased Services	34,000		34,000	25,359	8,641
Supplies and Materials	12,783		12,783	11,798	985
Miscellaneous Expenditures	500	80	580	580	-
Total Undistributed Expenditures - Central Services	<u>852,377</u>	<u>(93,914)</u>	<u>758,463</u>	<u>690,655</u>	<u>67,808</u>
Undistributed Expenditures - Admin. Info. Tech.					
Salaries	234,675	30,139	264,814	247,770	17,044
Purchased Technical Services		7,594	7,594	7,594	
Other Purchased Services	2,900	(312)	2,588		2,588
Supplies and Materials	40,968	(873)	40,095	13,440	26,655
Other Objects	500	-	500	498	2
Total Undistributed Expenditures - Admin. Info. Technology	<u>279,043</u>	<u>36,548</u>	<u>315,591</u>	<u>269,302</u>	<u>46,289</u>
Required Maintenance for School Facilities					
Salaries	419,900	41,867	461,767	461,767	
Cleaning, Repair and Maintenance Services	140,419	37,399	177,818	174,643	3,175
General Supplies	216,200	(53,206)	162,994	110,470	52,524
Other Objects	500	-	500	168	332
Total Required Maint for School Facilities	<u>777,019</u>	<u>26,060</u>	<u>803,079</u>	<u>747,048</u>	<u>56,031</u>

**NUTLEY BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>CURRENT EXPENDITURES (Continued)</b>					
Other Operations and Maintenance of Plant					
Salaries	\$ 1,535,109		\$ 1,535,109	\$ 1,477,793	\$ 57,316
Salaries of Non-Instructional Aides	370,239		370,239	319,404	50,835
Purchased Professional and Technical Services	64,000	\$ 1,650	65,650	9,300	56,350
Cleaning, Repair and Maintenance Services	200,000	(192)	199,808	138,766	61,042
Rental of Land & Bldg. Oth. Than Lease Purch. Agreement	1,400		1,400	1,349	51
Miscellaneous Purchased Services	97,043		97,043	91,009	6,034
General Supplies	110,000		110,000	99,515	10,485
Other Objects	900	174	1,074	892	182
Energy (Natural Gas)	370,000	(140,000)	230,000	182,923	47,077
Energy (Electricity)	505,000	138,000	643,000	637,586	5,414
Energy (Gasoline)	20,000	-	20,000	19,244	756
Total Other Operations and Maint. of Plant	<u>3,273,691</u>	<u>(368)</u>	<u>3,273,323</u>	<u>2,977,781</u>	<u>295,542</u>
Undistributed Expenditures - Care & Upkeep of Grounds					
Salaries	244,665		244,665	237,444	7,221
Cleaning, Repair, and Maintenance Services	44,000	7,625	51,625	35,315	16,310
General Supplies	25,000	(10,486)	14,514	6,712	7,802
Total Care & Upkeep of Grounds	<u>313,665</u>	<u>(2,861)</u>	<u>310,804</u>	<u>279,471</u>	<u>31,333</u>
Undistributed Expenditures - Security					
Salaries	68,587	5,753	74,340	74,340	
Purchased Professional and Technical Services	20,000	(9,308)	10,692	5,501	5,191
Total Security	<u>88,587</u>	<u>(3,555)</u>	<u>85,032</u>	<u>79,841</u>	<u>5,191</u>
Student Transportation Services					
Salaries for Pupil Trans (Bet Home & Sch)-Sp Ed.	818,562	75,320	893,882	893,882	
Salaries for Pupil Trans (Other than Bet Home & Sch).	85,200	(7,968)	77,232	77,232	
Cleaning, Repair and Maintenance Services	114,500	25,150	139,650	139,650	
Other Purchased Professional and Technical Services	1,200	(380)	820	820	
Lease Purchase Payments - School Buses	85,000	(2,121)	82,879	82,879	
Rental Payments - School Buses	20,700		20,700	20,700	
Contr Serv(Oth. Than Bet Home & Sch)-Vend	37,000	(13,466)	23,534	23,534	
Contr Serv(Special Education)-Vendors	180,000	(18,433)	161,567	161,567	
Contr Serv(Special Education)-Joint Agreements	1,000	(1,000)			
Miscellaneous Purch. Services- Transportation	32,994	(1,548)	31,446	31,446	
General Supplies	88,000	12,978	100,978	100,978	
Other Objects	10,500	2,679	13,179	13,007	172
Total Student Transportation Services	<u>1,474,656</u>	<u>71,211</u>	<u>1,545,867</u>	<u>1,545,695</u>	<u>172</u>
Unallocated Employee Benefits					
Group Insurance	191,122	(8,240)	182,882	182,882	
Social Security Contributions	661,415	75,899	737,314	737,314	
Other Retirement Contributions - PERS	859,007	(94,705)	764,302	763,799	503
Other Retirement Contributions - Deferred PERS Payment	32,454		32,454	32,454	
Workmens Compensation	136,134	9,751	145,885	145,885	
Health Benefits	8,991,881	121,200	9,113,081	9,113,081	
Tuition Reimbursements	70,000		70,000	59,995	10,005
Other Employee Benefits	194,801	(30,167)	164,634	159,178	5,456
Total Unallocated Employee Benefits	<u>11,136,814</u>	<u>73,738</u>	<u>11,210,552</u>	<u>11,194,588</u>	<u>15,964</u>
On-Behalf TPAF					
Pension System Contributions-Normal				766,274	(766,274)
NCGI Premium				82,232	(82,232)
Post Retirement Benefits				1,705,718	(1,705,718)
Social Security Contributions	-	-	-	2,037,752	(2,037,752)
Total TPAF Pension and Social Security Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,591,976</u>	<u>(4,591,976)</u>
Total Undistributed Expenditures	<u>29,945,447</u>	<u>306,095</u>	<u>30,251,542</u>	<u>33,743,679</u>	<u>(3,492,137)</u>
Total Current Expenditures	<u>54,978,769</u>	<u>640,427</u>	<u>55,619,196</u>	<u>58,550,874</u>	<u>(2,931,678)</u>

**NUTLEY BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>CAPITAL OUTLAY</b>					
Interest Deposit to Capital Reserve					
Equipment					
Grades 1 - 5		\$ 8,258	\$ 8,258	\$ 8,258	
Grades 9 - 12		10,540	10,540	8,398	\$ 2,142
Undistributed Expenditures					
Instruction		4,633	4,633	4,633	
Undistributed Expenditures - School Administration	\$ 20,000	3,929	23,929	23,929	
Undistributed Expenditures - Custodial Services	-	22,700	22,700	20,500	2,200
<b>Total Equipment</b>	<u>20,000</u>	<u>50,060</u>	<u>70,060</u>	<u>65,718</u>	<u>4,342</u>
Facilities Acquisition and Construction Services					
Other Objects	64,593	-	64,593	64,593	-
<b>Total Facilities Acq. And Construction Services</b>	<u>64,593</u>	<u>-</u>	<u>64,593</u>	<u>64,593</u>	<u>-</u>
Assets Acquired Under Capital Leases (Non-Budget)	-	-	-	98,022	(98,022)
<b>Total Expenditures - Capital Outlay</b>	<u>84,593</u>	<u>50,060</u>	<u>134,653</u>	<u>228,333</u>	<u>(93,680)</u>
<b>Total Expenditures - General Fund</b>	<u>55,063,362</u>	<u>690,487</u>	<u>55,753,849</u>	<u>58,779,207</u>	<u>(3,025,358)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(535,225)	(142,902)	(678,127)	1,054,469	1,732,596
Other Financing Sources (Uses)					
Transfers In				\$ 2,837	\$ 2,837
Transfers Out					
Capital Lease Proceeds	-	-	-	98,022	(98,022)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,859</u>	<u>(95,185)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(535,225)	\$ (142,902)	(678,127)	1,155,328	1,637,411
Fund Balance, Beginning of Year	2,297,897	-	2,297,897	2,297,897	-
Fund Balance, End of Year	<u>\$ 1,762,672</u>	<u>\$ (142,902)</u>	<u>\$ 1,619,770</u>	<u>\$ 3,453,225</u>	<u>\$ 1,833,455</u>

**Recapitulation of Fund Balance**

<b>Restricted:</b>	
Capital Reserve	\$ 124,182
Excess Surplus	1,644,392
Excess Surplus - Designated for Subsequent Year's Budget	242,188
<b>Assigned:</b>	
Encumbrances	346,862
<b>Unassigned:</b>	<u>1,095,601</u>
Fund Balance (Budgetary Basis)	3,453,225
<b>Reconciliation to Governmental Fund Statements (GAAP)</b>	
2011/2012 State Aid Payments Not Recognized on a GAAP Basis	(582,747)
2011/2012 Extraordinary Aid Not Recognized on a GAAP Basis	<u>(163,817)</u>
Fund Balance per Governmental Funds (GAAP Basis)	<u>\$ 2,706,661</u>

NUTLEY BOARD OF EDUCATION  
GENERAL FUND  
EDUCATION JOBS FUND  
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>REVENUES</b>					
Federal Sources					
Education Jobs Fund	-	\$ 8,200	\$ 8,200	\$ 8,200	-
Total Revenues	-	8,200	8,200	8,200	-
<b>EXPENDITURES</b>					
Instruction - Regular Programs					
Other Salaries for Instruction	-	8,200	8,200	8,200	-
Total Regular Programs	-	8,200	8,200	8,200	-
Total Current Expenditures	-	-	-	-	-
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	8,200	8,200	8,200	-
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, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Intergovernmental					
State	\$ 337,147	\$ (24,915)	\$ 312,232	\$ 240,822	\$ (71,410)
Federal	1,209,158	205,375	1,414,533	1,243,899	(170,634)
Local Sources					
Miscellaneous	-	92,602	92,602	49,243	(43,359)
Total Revenues	<u>1,546,305</u>	<u>273,062</u>	<u>1,819,367</u>	<u>1,533,964</u>	<u>(285,403)</u>
<b>EXPENDITURES</b>					
Instruction					
Salaries of Teachers	260,503	15,181	275,684	271,690	3,994
Purchased Prof. and Technical Services		200,818	200,818	161,683	39,135
Purchased Professional/Educational Services	302,861	48,350	351,211	261,823	89,388
Tuition	927,446	(346,728)	580,718	559,641	21,077
General Supplies	21,209	89,772	110,981	39,255	71,726
Textbooks	34,286	(8,575)	25,711	25,567	144
Other Objects	-	72,819	72,819	48,499	24,320
Total Instruction	<u>1,546,305</u>	<u>71,637</u>	<u>1,617,942</u>	<u>1,368,158</u>	<u>249,784</u>
Support Services					
Salaries of Teachers		10,085	10,085	10,084	1
Salaries of Program Directors		100	100	100	-
Employee Benefits		50,127	50,127	43,329	6,798
Purchased Professional/Educational Services		72,578	72,578	59,758	12,820
Travel		100	100	-	100
Other Purchased Services		40,366	40,366	38,441	1,925
Supplies and Materials	-	810	810	695	115
Total Support Services	<u>-</u>	<u>174,166</u>	<u>174,166</u>	<u>152,407</u>	<u>21,759</u>
Facilities Acquisition and Construction					
Instructional Equipment	-	27,259	27,259	13,399	13,860
Total Facilities Acquisition	<u>-</u>	<u>27,259</u>	<u>27,259</u>	<u>13,399</u>	<u>13,860</u>
Total Expenditures	<u>1,546,305</u>	<u>273,062</u>	<u>1,819,367</u>	<u>1,533,964</u>	<u>285,403</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, 2012**

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.

	<b>General Fund</b>	<b>Special Revenue Fund</b>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedules	C-1 \$ 59,833,676	C-2 \$ 1,533,964
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, 2011 encumbrances		28,177
Less: June 30, 2012 encumbrances		(88,529)
State Aid payments recognized for GAAP Statements, not recognized for budgetary purposes.	838,735	
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements.	<u>(746,564)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	B-2 \$ <u>59,925,847</u>	B-2 \$ <u>1,473,612</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	C-1 \$ 58,779,207	C-2 \$ 1,533,964
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, 2011 encumbrances		28,177
Less: June 30, 2012 encumbrances	<u>-</u>	<u>(88,529)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	B-2 \$ <u>58,779,207</u>	B-2 \$ <u>1,473,612</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, 2012**

	N.J. Nonpublic Auxiliary				NJ Nonpublic Handicapped						
	Nonpublic Textbooks	Compensatory Education	ESL	Transportation	Supplemental Instruction	Examination/ Classification	Corrective Speech	Nonpublic Nursing	Other	Title III	Sub-Total
<b>REVENUES</b>											
State Sources	\$ 25,567	\$ 80,137	\$ 6,034	\$ 24,050	\$ 22,449	\$ 23,033	\$ 22,827	\$ 36,725			\$ 240,822
Federal Sources										\$ 37,593	37,593
Other	-	-	-	-	-	-	-	-	\$ 49,243	-	49,243
<b>Total Revenues</b>	<u>\$ 25,567</u>	<u>\$ 80,137</u>	<u>\$ 6,034</u>	<u>\$ 24,050</u>	<u>\$ 22,449</u>	<u>\$ 23,033</u>	<u>\$ 22,827</u>	<u>\$ 36,725</u>	<u>\$ 49,243</u>	<u>\$ 37,593</u>	<u>327,658</u>
<b>EXPENDITURES</b>											
Instruction:											
Salaries of Teachers										\$ 9,908	9,908
Purchased Prof. and Technical Services		\$ 80,137	\$ 6,034		\$ 22,449		\$ 22,827				131,447
Purchased Professional Educational Services											-
Tuition											-
General Supplies									\$ 632	25,365	25,997
Textbooks	\$ 25,567										25,567
Miscellaneous Expenses	-	-	-	-	-	-	-	-	48,499	-	48,499
<b>Total Instruction</b>	<u>25,567</u>	<u>80,137</u>	<u>6,034</u>	<u>-</u>	<u>22,449</u>	<u>-</u>	<u>22,827</u>	<u>-</u>	<u>49,131</u>	<u>35,273</u>	<u>241,418</u>
Support Services											
Salaries of Teachers											
Salaries of Program Directors									100		100
Employee Benefits										1,704	1,704
Purchased Professional Educational Services						\$ 23,033		\$ 36,725			59,758
Other Purchased Services				\$ 24,050						616	24,666
Supplies and Materials	-	-	-	-	-	-	-	-	12	-	12
<b>Total Support Services</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,050</u>	<u>-</u>	<u>23,033</u>	<u>-</u>	<u>36,725</u>	<u>112</u>	<u>2,320</u>	<u>86,240</u>
Facilities Acquisition and Instructional Equipment	-	-	-	-	-	-	-	-	-	-	-
<b>Total Facilities Acquisition</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>\$ 25,567</u>	<u>\$ 80,137</u>	<u>\$ 6,034</u>	<u>\$ 24,050</u>	<u>\$ 22,449</u>	<u>\$ 23,033</u>	<u>\$ 22,827</u>	<u>\$ 36,725</u>	<u>\$ 49,243</u>	<u>\$ 37,593</u>	<u>327,658</u>

NUTLEY BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Title II A	Title II A	Title I	Title I	IDEA B Basic	IDEA B Basic	IDEA B Preschool	Title III	Perkins Vocational Education	Total
<b>REVENUES</b>										
State Sources										\$ 240,822
Federal Sources	\$ 91,617	\$ 11,648	\$ 205,634	\$ 18,603	\$ 773,218	\$ 42,929	\$ 39,889	\$ 3,296	\$ 19,472	1,243,899
Other	-	-	-	-	-	-	-	-	-	49,243
Total Revenues	<u>\$ 91,617</u>	<u>\$ 11,648</u>	<u>\$ 205,634</u>	<u>\$ 18,603</u>	<u>\$ 773,218</u>	<u>\$ 42,929</u>	<u>\$ 39,889</u>	<u>\$ 3,296</u>	<u>\$ 19,472</u>	<u>\$ 1,533,964</u>
<b>EXPENDITURES</b>										
Instruction:										-
Salaries of Teachers	\$ 77,678		\$ 165,501	\$ 18,603						271,690
Purchased Prof. and Technical Services					\$ 29,248				\$ 988	161,683
Purchased Professional Educational Services					221,928	\$ 39,895				261,823
Tuition					519,752		\$ 39,889			559,641
General Supplies					2,290	3,034		2,849	5,085	39,255
Textbooks	-	-	-	-	-	-	-	-	-	25,567
Miscellaneous Expenses	-	-	-	-	-	-	-	-	-	48,499
Total Instruction	<u>77,678</u>	<u>-</u>	<u>165,501</u>	<u>18,603</u>	<u>773,218</u>	<u>42,929</u>	<u>39,889</u>	<u>2,849</u>	<u>6,073</u>	<u>1,368,158</u>
Support Services										
Salaries of Teachers			10,084							10,084
Salaries of Program Directors										100
Employee Benefits	12,259		29,366							43,329
Purchased Professional Educational Services										59,758
Other Purchased Services	1,680	\$ 11,648						447		38,441
Supplies and Materials	-	-	683	-	-	-	-	-	-	695
Total Support Services	<u>13,939</u>	<u>11,648</u>	<u>40,133</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>447</u>	<u>-</u>	<u>152,407</u>
Facilities Acquisition and Construction Services										
Instructional Equipment	-	-	-	-	-	-	-	-	13,399	13,399
Total Facilities Acquisition	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,399</u>	<u>13,399</u>
Total Expenditures	<u>\$ 91,617</u>	<u>\$ 11,648</u>	<u>\$ 205,634</u>	<u>\$ 18,603</u>	<u>\$ 773,218</u>	<u>\$ 42,929</u>	<u>\$ 39,889</u>	<u>\$ 3,296</u>	<u>\$ 19,472</u>	<u>\$ 1,533,964</u>

**NUTLEY BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
PRESCHOOL EDUCATION AID  
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOT APPLICABLE

## **CAPITAL PROJECTS FUND**

**NUTLEY BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<u>Project Description</u>	<u>Appropriation</u>	<u>Expenditures to Date</u>		<u>Balance June 30, 2012</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	24,566,816		
Radcliffe - Vertical Lift	104,431	102,153		2,278
Various renovations and improvements to the Nutley High School, Lincoln Elementary School, Radcliffe Elementary School, Washington Elementary School and Yantacaw Elementary School and to undertake the construction of an addition and renovations to the Spring Garden School and to acquire the necessary furnishings and equipment and undertake any associated site work.	<u>38,500,000</u>	<u>33,665,709</u>	<u>\$ 2,247,139</u>	<u>2,587,152</u>
	<u>\$ 68,043,920</u>	<u>\$ 63,206,759</u>	<u>\$ 2,247,139</u>	<u>\$ 2,590,022</u>
<b>Reconciliation of Fund Balance</b>				
Project Balances, June 30, 2012				\$ 2,590,022
Less:				
Debt Authorized But Not Issued				<u>987</u>
Fund Balance, June 30, 2012 (Budgetary Basis)				2,589,035
Unrealized Revenue - State Aid				
Middle School			\$ 87,697	
Radcliffe School			<u>835</u>	
				<u>88,532</u>
Fund Balance, June 30, 2012 (GAAP Basis)				<u>\$ 2,500,503</u>
<b>Recapitulation of Fund Balance</b>				
Restricted for Capital Projects				
Year End Encumbrances			\$ 754,698	
Available for Capital Projects			<u>1,745,805</u>	
Total Fund Balance - Restricted for Capital Projects				<u>\$ 2,500,503</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, 2012**

**Revenues and Other Financing Sources**

Interest on Investments	\$ <u>2,837</u>
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Total Revenues	<u>2,837</u>
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**Expenditures and Other Financing Uses**

Purchased Professional And Technical Services	160,889
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Construction Services	2,086,250
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Transfers Out	<u>2,837</u>
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Total Expenditures	<u>2,249,976</u>
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Excess (Deficiency) Of Revenues Over (Under) Expenditures	(2,247,139)
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Fund Balance, Beginning of Year	<u>4,836,174</u>
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Fund Balance, End of Year	<u>\$ 2,589,035</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, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SCC Grant	\$ 1,949,069		\$ 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>
 <b>Expenditures and Other Financing Uses</b>				
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	100%
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, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SCC Grant	\$ 8,769,617		\$ 8,769,617	\$ 8,769,617
Capital Reserve	642,757		642,757	642,757
Bond Proceeds and Transfers	<u>15,154,059</u>	<u>-</u>	<u>15,154,059</u>	<u>15,154,442</u>
Total Revenues	<u>24,566,433</u>	<u>-</u>	<u>24,566,433</u>	<u>24,566,816</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	2,543,714		2,543,714	2,750,000
Land and Improvements				620,000
Construction Services	21,850,217		21,850,217	21,196,816
Other Purchased Services	24,010		24,010	
Supplies	123,740		123,740	
Equipment Purchases	<u>25,135</u>	<u>-</u>	<u>25,135</u>	<u>-</u>
Total Expenditures	<u>24,566,816</u>	<u>-</u>	<u>24,566,816</u>	<u>24,566,816</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ (383)</u>	<u>\$ -</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	100%
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, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SCC Grant	\$ 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>
<b>Expenditures and Other Financing Uses</b>				
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, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
<b>Revenues and Other Financing Sources</b>				
Bond Proceeds and Transfers	\$ 8,740,000	-	\$ 8,740,000	\$ 8,740,000
Total Revenues	<u>8,740,000</u>	<u>-</u>	<u>8,740,000</u>	<u>8,740,000</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	1,186,479	\$ 49,298	1,235,777	1,225,854
Legal Fees	21,705		21,705	
Construction Services	4,918,052	1,542,224	6,460,276	7,468,638
Other Purchased Services	2,917		2,917	45,508
Supplies	1,505		1,505	
Equipment Purchases	<u>204,271</u>	<u>-</u>	<u>204,271</u>	<u>-</u>
Total Expenditures	<u>6,334,929</u>	<u>1,591,522</u>	<u>\$ 7,926,451</u>	<u>8,740,000</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ 2,405,071</u>	<u>\$ (1,591,522)</u>	<u>\$ 813,549</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	91%
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, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
<b>Revenues and Other Financing Sources</b>				
Bond Proceeds and Transfers	\$ 5,530,000	-	\$ 5,530,000	\$ 5,530,000
Total Revenues	5,530,000	-	5,530,000	5,530,000
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	733,051	\$ 20,165	753,216	765,610
Legal Fees	8,036		8,036	
Construction Services	3,608,094	164,110	3,772,204	4,724,708
Other Purchased Services	(621)		(621)	39,682
Supplies	1,505		1,505	
Equipment Purchases	108,438	-	108,438	-
Total Expenditures	4,458,503	184,275	\$ 4,642,778	5,530,000
Excess (Deficiency) of Revenues over (under) Expenditures	\$ 1,071,497	\$ (184,275)	\$ 887,222	\$ -

**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	84%
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, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
<b>Revenues and Other Financing Sources</b>				
Bond Proceeds and Transfers	\$ 7,600,000	-	\$ 7,600,000	\$ 7,600,000
Total Revenues	<u>7,600,000</u>	<u>-</u>	<u>7,600,000</u>	<u>7,600,000</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	1,091,683	\$ 28,793	1,120,476	1,031,369
Legal Fees	17,149		17,149	
Construction Services	6,065,591	20,689	6,086,280	6,534,068
Other Purchased Services	8,223		8,223	34,563
Supplies	1,505		1,505	
Equipment Purchases	<u>154,912</u>	<u>-</u>	<u>154,912</u>	<u>-</u>
Total Expenditures	<u>7,339,063</u>	<u>49,482</u>	<u>\$ 7,388,545</u>	<u>7,600,000</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ 260,937</u>	<u>\$ (49,482)</u>	<u>\$ 211,455</u>	<u>\$ -</u>

**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, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
<b>Revenues and Other Financing Sources</b>				
Bond Proceeds and Transfers	\$ 5,530,000	-	\$ 5,530,000	\$ 5,530,000
Total Revenues	5,530,000	-	5,530,000	5,530,000
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	801,629	\$ 20,165	821,794	765,610
Legal Fees	8,036		8,036	
Construction Services	4,754,455	67,836	4,822,291	4,724,708
Other Purchased Services	7,635		7,635	39,682
Supplies	1,505		1,505	
Equipment Purchases	108,438	-	108,438	-
Total Expenditures	5,681,698	88,001	\$ 5,769,699	5,530,000
Excess (Deficiency) of Revenues over (under) Expenditures	\$ (151,698)	\$ (88,001)	\$ (239,699)	\$ -

**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	104%
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, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
<b>Revenues and Other Financing Sources</b>				
Bond Proceeds and Transfers	\$ 3,400,000	-	\$ 3,400,000	\$ 3,400,000
Total Revenues	3,400,000	-	3,400,000	3,400,000
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	466,708	\$ 12,975	479,683	471,333
Legal Fees	441		441	
Construction Services	2,188,933	154,139	2,343,072	2,905,210
Other Purchased Services	(915)		(915)	23,457
Supplies	1,505		1,505	
Equipment Purchases	69,710	-	69,710	-
Total Expenditures	2,726,382	167,114	\$ 2,893,496	3,400,000
Excess (Deficiency) of Revenues over (under) Expenditures	\$ 673,618	\$ (167,114)	\$ 506,504	\$ -

**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	85%
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, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
<b>Revenues and Other Financing Sources</b>				
Bond Proceeds and Transfers	\$ 7,700,000	-	\$ 7,700,000	\$ 7,700,000
Total Revenues	7,700,000	-	7,700,000	7,700,000
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	1,042,535	\$ 29,493	1,072,028	1,062,087
Legal Fees	17,149		17,149	
Construction Services	5,905,821	137,252	6,043,073	6,596,117
Other Purchased Services	3,212		3,212	41,796
Supplies	1,505		1,505	
Equipment Purchases	154,912	-	154,912	-
Total Expenditures	7,125,134	166,745	\$ 7,291,879	7,700,000
Excess (Deficiency) of Revenues over (under) Expenditures	\$ 574,866	\$ (166,745)	\$ 408,121	\$ -

**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	95%
Original Target Completion Date	September 1, 2009
Revised Target Completion Date	September 1, 2011



**PROPRIETARY FUND**

**EXHIBIT G-1**

**NUTLEY BOARD OF EDUCATION  
PROPRIETARY FUND  
COMBINING STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2012**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**EXHIBIT G-2**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**EXHIBIT G-3**

**COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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, 2012**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash	\$ 187,160	-	\$ 187,160
Total Assets	<u>\$ 187,160</u>	<u>\$ -</u>	<u>\$ 187,160</u>
<b>LIABILITIES</b>			
Cash Overdraft		\$ 821	\$ 821
Accrued Salaries and Wages		(821)	(821)
Due to Student Groups	\$ 187,160	-	187,160
Total Liabilities	<u>\$ 187,160</u>	<u>\$ -</u>	<u>\$ 187,160</u>

**NUTLEY BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**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, 2012**

	<u>Balance</u> <u>July 1, 2011</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disburse-</u> <u>ments</u>	<u>Balance</u> <u>June 30, 2012</u>
<b>ELEMENTARY SCHOOLS</b>				
Lincoln	\$ 2,177	\$ 17,519	\$ 17,413	\$ 2,283
Radcliffe	4,864	7,012	8,100	3,776
Spring Garden	5,432	8,792	5,428	8,796
Washington	450	14,527	14,490	487
Yantacaw	<u>7,756</u>	<u>8,520</u>	<u>7,983</u>	<u>8,293</u>
	<u>20,679</u>	<u>56,370</u>	<u>53,414</u>	<u>23,635</u>
<b>MIDDLE SCHOOL</b>				
Franklin	<u>11,817</u>	<u>32,602</u>	<u>29,689</u>	<u>14,730</u>
<b>HIGH SCHOOL</b>				
Nutley High School	<u>165,166</u>	<u>296,592</u>	<u>312,963</u>	<u>148,795</u>
<b>TOTAL ALL SCHOOLS</b>	<u>\$ 197,662</u>	<u>\$ 385,564</u>	<u>\$ 396,066</u>	<u>\$ 187,160</u>

**NUTLEY BOARD OF EDUCATION  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b>Balance, July 1, <u>2011</u></b>	<b>Cash <u>Receipts</u></b>	<b>Cash <u>Disbursements</u></b>	<b>Balance, June 30, <u>2012</u></b>
Payroll Deductions, Withholdings and Accrued Salaries and Wages Due To Other Funds	-	\$ 40,399,414 175,139	\$ 40,400,235 175,139	\$ (821) -
Total	<u>\$ -</u>	<u>\$ 40,574,553</u>	<u>\$ 40,575,374</u>	<u>\$ -</u>

## **LONG-TERM DEBT**



**NUTLEY BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<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, 2011</u>	<u>Issued</u>	<u>Paid</u>	<u>Balance June 30, 2012</u>
Renovations at Nutley High School, Telephone Intercom System and Site Work	8/15/2003	\$ 2,923,000	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	\$ 2,218,000		\$ 135,000	\$ 2,083,000
Construction of an Addition and Renovation to the Franklin Middle School and Acquisition of Equipment and Site Work	2/1/2005	14,930,000	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	12,295,000		575,000	11,720,000

**NUTLEY BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<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, 2011</u>	<u>Issued</u>	<u>Paid</u>	<u>Balance June 30, 2012</u>
Construction of an Addition and Renovation	7/15/07	\$ 38,500,000	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	\$ 36,350,000	-	\$ 790,000	\$ 35,560,000
						\$ 50,863,000	\$ -	\$ 1,500,000	\$ 49,363,000

**NUTLEY BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<u>Purpose</u>	<u>Original Issue</u>	<u>Balance, July 1, 2011</u>	<u>Issued</u>	<u>Paid</u>	<u>Balance, June 30, 2012</u>
School Buses (2)	\$ 121,867	\$ 99,604		\$ 23,271	\$ 76,333
School Bus	87,439	74,439		18,289	56,150
School Buses (2)	98,022	<u>-</u>	<u>\$ 98,022</u>	<u>35,000</u>	<u>63,022</u>
		<u>\$ 174,043</u>	<u>\$ 98,022</u>	<u>\$ 76,560</u>	<u>\$ 195,505</u>

**NUTLEY BOARD OF EDUCATION  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 2,913,506		\$ 2,913,506	\$ 2,913,506	
State Sources					
Debt Service Aid	<u>826,730</u>	<u>-</u>	<u>826,730</u>	<u>826,730</u>	<u>-</u>
Total Revenues	<u>3,740,236</u>	<u>-</u>	<u>3,740,236</u>	<u>3,740,236</u>	<u>-</u>
<b>EXPENDITURES</b>					
Regular Debt Service					
Principal	1,500,000		1,500,000	1,500,000	
Interest	<u>2,240,236</u>	<u>-</u>	<u>2,240,236</u>	<u>2,240,236</u>	<u>-</u>
Total Expenditures	<u>3,740,236</u>	<u>-</u>	<u>3,740,236</u>	<u>3,740,236</u>	<u>-</u>
Excess of Revenues					
Over/(Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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.

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

	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Governmental Activities</b>										
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	\$ 17,943,222
Restricted	116,001	123,200	121,878	174,518	489,609	736,150	126,032	127,084	98,770	124,182
Unrestricted	(1,513,720)	(1,415,465)	(1,276,649)	(356,159)	(1,337,831)	(3,193,451)	(4,035,534)	(2,608,168)	(2,166,905)	9,923
<b>Total Governmental Activities Net Assets</b>	<b>\$ (1,063,901)</b>	<b>\$ 378,500</b>	<b>\$ 1,690,948</b>	<b>\$ 6,448,131</b>	<b>\$ 12,760,896</b>	<b>\$ 12,018,096</b>	<b>\$ 11,727,131</b>	<b>\$ 13,831,295</b>	<b>\$ 15,465,055</b>	<b>\$ 18,077,327</b>
<b>Business-Type Activities</b>										
Invested In Capital Assets	\$ 1,677	\$ 8,748	\$ 10,489	\$ 16,034	\$ 16,493	\$ 14,775	\$ 13,056	\$ 11,337	\$ 9,844	\$ 8,363
Restricted										
Unrestricted	201,844	223,447	203,000	283,278	266,897	298,723	166,709	128,685	79,524	197,161
<b>Total Business-Type Activities Net Assets</b>	<b>\$ 203,521</b>	<b>\$ 232,195</b>	<b>\$ 213,489</b>	<b>\$ 299,312</b>	<b>\$ 283,390</b>	<b>\$ 313,498</b>	<b>\$ 179,765</b>	<b>\$ 140,022</b>	<b>\$ 89,368</b>	<b>\$ 205,524</b>
<b>District-Wide</b>										
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	\$ 17,951,585
Restricted	116,001	123,200	121,878	174,518	489,609	736,150	126,032	127,084	98,770	124,182
Unrestricted	(1,311,876)	(1,192,018)	(1,073,649)	(72,881)	(1,070,934)	(2,894,728)	(3,868,825)	(2,479,483)	(2,087,381)	207,084
<b>Total District Net Assets</b>	<b>\$ (860,380)</b>	<b>\$ 610,695</b>	<b>\$ 1,904,437</b>	<b>\$ 6,747,443</b>	<b>\$ 13,044,286</b>	<b>\$ 12,331,594</b>	<b>\$ 11,906,896</b>	<b>\$ 13,971,317</b>	<b>\$ 15,554,423</b>	<b>\$ 18,282,851</b>

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

	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses</b>										
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	\$ 26,758,166
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	9,528,464
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	1,389,023
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	1,235,319
Community Services	5,472	2,272	6,779	7,376	7,109	16,514	7,627	5,567	7,487	11,555
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	6,865,496
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	4,013,565
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	1,981,393
Plant Operations And Maintenance	4,490,099	4,889,636	5,128,519	5,386,167	5,570,366	5,753,722	6,042,539	5,531,637	5,428,247	5,147,653
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	2,033,798
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	1,267,237
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	2,241,443
Total Governmental Activities Expenses	<u>43,112,607</u>	<u>45,698,212</u>	<u>48,415,470</u>	<u>50,862,638</u>	<u>54,453,537</u>	<u>60,848,822</u>	<u>61,096,148</u>	<u>61,719,963</u>	<u>62,035,073</u>	<u>62,473,112</u>
Business-Type Activities:										
Food Service	808,696	868,210	934,786	964,209	915,379	912,017	946,090	861,182	1,110,276	960,177
Extended Day	529,727	578,851	921,460	774,368	804,495	819,850	1,013,512	841,234	613,967	623,930
Athletic Camps						17,143	14,384	15,477	17,690	16,836
Total Business-Type Activities Expense	<u>1,338,423</u>	<u>1,447,061</u>	<u>1,856,246</u>	<u>1,738,577</u>	<u>1,719,874</u>	<u>1,749,010</u>	<u>1,973,986</u>	<u>1,717,893</u>	<u>1,741,933</u>	<u>1,600,943</u>
Total District Expenses	<u>\$ 44,451,030</u>	<u>\$ 47,145,273</u>	<u>\$ 50,271,716</u>	<u>\$ 52,601,215</u>	<u>\$ 56,173,411</u>	<u>\$ 62,597,832</u>	<u>\$ 63,070,134</u>	<u>\$ 63,437,856</u>	<u>\$ 63,777,006</u>	<u>\$ 64,074,055</u>
<b>Program Revenues</b>										
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	\$ 130,494
Pupil Transportation	75,146	92,556	113,283	112,160	98,884	111,952	77,995	76,215	42,300	53,493
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	8,677,804
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	<u>6,649,130</u>	<u>8,724,647</u>	<u>8,824,171</u>	<u>11,502,492</u>	<u>14,684,703</u>	<u>11,796,765</u>	<u>8,349,366</u>	<u>10,536,633</u>	<u>8,748,834</u>	<u>8,861,791</u>
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	768,611
Extended Day	610,301	637,086	861,812	839,583	794,541	815,868	857,797	789,565	647,590	714,196
Athletic Camps						17,615	14,805	15,485	18,975	19,330
Operating Grants And Contributions	83,702	98,902	117,204	121,372	107,500	119,035	136,231	156,667	188,453	214,863
Total Business Type Activities Program Revenues	<u>1,234,491</u>	<u>1,295,351</u>	<u>1,561,804</u>	<u>1,557,920</u>	<u>1,542,534</u>	<u>1,603,019</u>	<u>1,740,033</u>	<u>1,592,643</u>	<u>1,591,125</u>	<u>1,717,000</u>
Total District Program Revenues	<u>\$ 7,883,621</u>	<u>\$ 10,019,998</u>	<u>\$ 10,385,975</u>	<u>\$ 13,060,412</u>	<u>\$ 16,227,237</u>	<u>\$ 13,399,784</u>	<u>\$ 10,089,399</u>	<u>\$ 12,129,276</u>	<u>\$ 10,339,959</u>	<u>\$ 10,578,791</u>

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

	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Net (Expense)/Revenue</b>										
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)	\$ (53,611,321)
Business-Type Activities	(103,932)	(151,710)	(294,442)	(180,657)	(177,340)	(145,991)	(233,953)	(125,250)	(150,808)	116,057
<b>Total District-Wide Net Expense</b>	<b>\$ (36,567,409)</b>	<b>\$ (37,125,275)</b>	<b>\$ (39,885,741)</b>	<b>\$ (39,540,803)</b>	<b>\$ (39,946,174)</b>	<b>\$ (49,198,048)</b>	<b>\$ (52,980,735)</b>	<b>\$ (51,308,580)</b>	<b>\$ (53,437,047)</b>	<b>\$ (53,495,264)</b>
<b>General Revenues and Other Changes in Net Assets</b>										
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	\$ 51,056,143
State Aid Unrestricted	14,878	13,760	13,101	12,407	11,714	11,020	1,311,714	3,972,780	3,119,283	3,936,364
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	826,730
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	461,504
Donated Capital Assets					765,718	-	-	-	-	-
Loss on Disposal of Capital Assets										(57,148)
Transfers	(185,000)	(180,000)	(276,805)	(265,000)	(156,766)	(175,000)	(100,000)	(85,000)	(100,000)	-
<b>Total Governmental Activities</b>	<b>35,545,705</b>	<b>38,415,966</b>	<b>40,903,747</b>	<b>44,117,329</b>	<b>46,081,599</b>	<b>48,309,257</b>	<b>52,455,817</b>	<b>53,287,494</b>	<b>54,170,709</b>	<b>56,223,593</b>
Business-Type Activities:										
Investment Earnings		\$ 384	\$ 2,336	\$ 1,480	\$ 4,652	\$ 1,099	\$ 220	\$ 507	\$ 154	\$ 99
Transfers	\$ 185,000	180,000	273,400	265,000	156,766	175,000	100,000	85,000	100,000	-
<b>Total Business-Type Activities</b>	<b>185,000</b>	<b>180,384</b>	<b>275,736</b>	<b>266,480</b>	<b>161,418</b>	<b>176,099</b>	<b>100,220</b>	<b>85,507</b>	<b>100,154</b>	<b>99</b>
<b>Total District-Wide</b>	<b>\$ 35,730,705</b>	<b>\$ 38,596,350</b>	<b>\$ 41,179,483</b>	<b>\$ 44,383,809</b>	<b>\$ 46,243,017</b>	<b>\$ 48,485,356</b>	<b>\$ 52,556,037</b>	<b>\$ 53,373,001</b>	<b>\$ 54,270,863</b>	<b>\$ 56,223,692</b>
<b>Change in Net Assets</b>										
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	\$ 2,612,272
Business-Type Activities	81,068	28,674	(18,706)	85,823	(15,922)	30,108	(133,733)	(39,743)	(50,654)	116,156
<b>Total District</b>	<b>\$ (836,704)</b>	<b>\$ 1,471,075</b>	<b>\$ 1,293,742</b>	<b>\$ 4,843,006</b>	<b>\$ 6,296,843</b>	<b>\$ (712,692)</b>	<b>\$ (424,698)</b>	<b>\$ 2,064,421</b>	<b>\$ 833,816</b>	<b>\$ 2,728,428</b>



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

	2003	2004	2005	2006	Fiscal Year Ended June 30,		2009	2010	2011	2012
					2007	2008				
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	\$ 2,010,762
Assigned									142,244	346,862
Unassigned	-	-	-	-	-	-	-	-	440,335	349,037
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>	<u>\$ 2,706,661</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	\$ 2,500,503
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>	<u>\$ 2,500,503</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 TEN FISCAL YEARS**  
**(Unaudited)**  
*(modified accrual basis of accounting)*

	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues</b>										
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	\$51,056,143
Tuition Charges	30,356	65,034	99,750	90,842	73,703	149,591	149,048	145,554	158,071	130,494
Transportation Fees	75,146	92,556	113,283	112,160	98,884	111,952	77,995	76,215	42,300	53,493
Miscellaneous	109,953	109,610	484,862	742,044	688,559	1,519,187	673,236	336,983	220,231	515,818
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	12,198,392
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	1,188,192
County Sources				105,000	-	-	-	-	-	-
<b>Total Revenues</b>	<b>42,364,073</b>	<b>47,265,712</b>	<b>49,989,468</b>	<b>55,884,821</b>	<b>60,157,350</b>	<b>60,281,022</b>	<b>60,905,183</b>	<b>63,909,127</b>	<b>63,019,543</b>	<b>65,142,532</b>
<b>Expenditures</b>										
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	27,111,748
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	9,597,730
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	1,389,023
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	1,235,319
Community Services	5,469	2,269	6,776	7,371	7,085	16,442	7,552	5,492	7,487	11,555
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	6,573,596
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	4,115,123
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	1,526,592
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	5,182,274
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	1,881,001
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	1,344,469
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	2,416,195
Debt Service:										
Principal	115,000	110,000	164,210	635,671	659,469	693,032	1,328,318	1,401,850	1,475,263	1,586,442
Interest And Other Charges	38,341	31,818	209,560	779,567	733,483	705,413	3,298,716	2,362,646	2,307,851	2,269,127
<b>Total Expenditures</b>	<b>43,314,668</b>	<b>48,907,326</b>	<b>51,344,048</b>	<b>60,078,929</b>	<b>69,240,843</b>	<b>67,219,594</b>	<b>69,359,729</b>	<b>73,482,568</b>	<b>72,113,576</b>	<b>66,240,194</b>
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)	(1,097,662)
<b>Other Financing Sources (Uses)</b>										
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	98,022
Premium On Bonds		8	15,255							
Accrued Interest On Bonds		6,495								
Transfers In		8,227	37,914		179,742	1,314,038	871,526	13,151	17,720	2,837
Transfers Out	\$ (185,000)	(188,227)	(311,314)	(265,000)	(336,508)	(1,489,038)	(971,526)	(98,151)	(117,720)	(2,837)
<b>Total Other Financing Sources (Uses)</b>	<b>(185,000)</b>	<b>2,922,482</b>	<b>14,751,020</b>	<b>(126,204)</b>	<b>(139,666)</b>	<b>38,341,765</b>	<b>(100,000)</b>	<b>36,867</b>	<b>(12,561)</b>	<b>98,022</b>
<b>Net Change In Fund Balances</b>	<b>\$ (1,135,595)</b>	<b>\$ 1,280,868</b>	<b>\$ 13,396,440</b>	<b>\$ (4,320,312)</b>	<b>\$ (9,223,159)</b>	<b>\$ 31,403,193</b>	<b>\$ (8,554,546)</b>	<b>\$ (9,536,574)</b>	<b>\$ (9,106,594)</b>	<b>\$ (999,640)</b>
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%	6.04%

\* Noncapital expenditures are total expenditures less capital outlay.

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

<b>Fiscal Year Ended June 30</b>	<b><u>Interest</u></b>	<b><u>Tuition</u></b>	<b><u>Transportation</u></b>	<b><u>Rentals</u></b>	<b><u>Admissions</u></b>	<b><u>Miscellaneous</u></b>	<b><u>Total</u></b>
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
2012	5,979	130,494	53,493	161,626	8,485	282,577	642,654

**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 <sup>a</sup>
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
2012	24,517,100	2,691,525,000	626,050,300	17,871,800	157,079,300	3,517,043,500	6,245,100	3,523,288,600	3,839,000,008	1.463

Source: County Abstract of Ratables

<sup>a</sup> 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)**

<b><u>Assessment Year</u></b>	<b><u>School District</u></b>	<b><u>Township</u></b>	<b><u>County</u></b>	<b><u>County Open Space</u></b>	<b><u>Total</u></b>
2003	6.670	4.300	2.730	0.050	13.750
2004	6.980	4.280	2.850	0.060	14.170
2005	7.460	4.950	3.180	0.070	15.660
2006	0.980	0.660	0.400	0.010	2.050
2007	1.020	0.750	0.400	0.010	2.180
2008	1.075	0.795	0.398	0.016	2.284
2009	1.142	0.830	0.395	0.016	2.383
2010	1.314	0.987	0.458	0.018	2.777
2011	1.381	1.040	0.471	0.017	2.909
2012	1.463	1.078	0.491	0.017	3.049

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	2012		2003	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Hoffman-LaRoche, Inc.	\$ 308,393,896	8.75%	NOT AVAILABLE	
492 River Road Reckson	22,532,000	0.64%		
Public Service Electric & Gas	18,678,600	0.53%		
Nutley Properties	18,616,000	0.53%		
Village Manor Associates	17,324,300	0.49%		
432 Owners Inc.	16,320,000	0.46%		
M&M @ E Centre St	12,485,000	0.35%		
Nutley Shop-Rite	11,293,600	0.32%		
Jerc Partners III	8,006,800	0.23%		
River Road Assoc	7,277,400	0.21%		
Total	\$ 440,927,596	12.51%	\$ -	0.00%

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	
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
2012	51,056,143	51,056,143	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			
2004	\$ 3,363,000	\$ 135,964	\$ 3,498,964	27,864	\$ 126
2005	18,183,000	160,919	18,343,919	27,469	668
2006	17,633,000	218,804	17,851,804	27,022	661
2007	17,063,000	146,435	17,209,435	26,519	649
2008	54,968,000	65,168	55,033,168	26,188	2,101
2009	53,683,000	21,850	53,704,850	26,064	2,060
2010	52,303,000	121,867	52,424,867	26,111	2,008
2011	50,863,000	174,043	51,037,043	28,375	1,799
2012	49,363,000	195,505	49,558,505	28,414	1,744

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			
2004	\$ 3,363,000		\$ 3,363,000	0.6%	\$ 121
2005	18,183,000		18,183,000	3.5%	662
2006	17,633,000		17,633,000	0.4%	653
2007	17,063,000		17,063,000	0.4%	643
2008	54,968,000		54,968,000	1.3%	2,099
2009	53,683,000		53,683,000	1.3%	2,060
2010	52,303,000		52,303,000	1.4%	2,003
2011	50,863,000		50,863,000	1.4%	1,793
2012	49,363,000		49,363,000	1.4%	1,737

Source: District records

N/A - Information Not Available

**NUTLEY BOARD OF EDUCATION  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
AS OF JUNE 30, 2012  
(Unaudited)**

Net Direct Debt of School District as of June 30, 2012		\$ 49,363,987
Net Overlapping Debt of School District		
Township of Nutley	\$ 9,963,029	
Essex County	15,120,871	
Essex County Utilities Authority (A)	3,780,168	
Passaic Valley Sewerage Commission (B)	8,632,198	
North Jersey District Water Supply Commission (B)	<u>2,654,628</u>	
		<u>40,150,894</u>
Total Direct and Overlapping Debt as of June 30, 2012		<u>\$ 89,514,881</u>

- (A) The debt for this entity was apportioned by dividing the Municipality's 2012 equalized value by the total 2012 equalized value for Essex County.
- (B) Overlapping debt was computed based upon usage

Sources:

- (1) Township of Nutley 2011 Annual Debt Statement
- (2) Essex County 2011 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**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	\$ 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	\$ 164,911,330
Total Net Debt Applicable To Limit	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	49,363,987
Legal Debt Margin	<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>	<u>\$ 115,547,343</u>
Total net debt applicable to the limit as a percentage of debt limit	6.32%	5.46%	15.66%	14.87%	35.83%	32.92%	31.08%	30.14%	29.93%	29.93%

**Legal Debt Margin Calculation for Fiscal Year 2012**

Equalized Valuation Basis

2011	\$ 3,960,830,896
2010	4,109,699,890
2009	4,297,818,976
	<u>\$ 12,368,349,762</u>

Average Equalized Valuation of Taxable Property \$ 4,122,783,254

Debt Limit (4 % of Average Equalization Value)	164,911,330
Total Net Debt Applicable to Limit	49,363,987
Legal Debt Margin	<u>\$ 115,547,343</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>
2003	27,962	\$ 38,746	4.2%
2004	27,864	41,417	3.4%
2005	27,469	43,231	3.6%
2006	27,022	47,290	3.9%
2007	26,519	49,850	3.6%
2008	26,188	51,665	4.7%
2009	26,064	48,901	8.1%
2010	26,111	50,791	9.0%
2011	28,375	N/A	8.5%
2012	28,414	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>2012</u>			<u>2003</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 SEVEN 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>	<u>2012</u>
Instruction							
Regular	231	251	303	303	271	271	257
Special Education	31	35	40	40	43	43	50
Support Services							
Student and Instruction Related Services	47	51	62	62	85	86	107
General Administration		3	3	3	3	3	3
School Administrative Services	10	10	10	11	10	10	10
Other Administrative Services	12	9	11	11	7	7	9
Central Services	19	19	19	19	13	13	11
Administrative Information Technology	3	3	4	4	4	4	4
Plant Operations and Maintenance	42	42	42	42	42	40	40
Pupil Transportation	31	31	31	32	32	31	31
Other Support Services	65	71	69	69	66	58	23
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>	<u>545</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	Teaching Staff <sup>b</sup>	Teacher/Pupil Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2003	4,204	43,196,748	10,275	#REF!	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%
2012	3,980	59,968,430	15,067	1.27%	336.4	12	13	15	3,962	3,762	1.51%	94.95%

Sources: District records

(A) Includes General and Special Revenue Funds

N/A - Not Available

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

	2005	2006	2007	2008	2009	2010	2011	2012
<b><u>District Building</u></b>								
<b><u>Nutley High School</u></b>								
Square Feet	192,260.00	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	906.62
Enrollment	1,366.50	1,357.50	1,355.00	1,338.50	1,276.00	1,296.00	1,296.00	1,296.00
<b><u>Franklin Middle School</u></b>								
Square Feet	92,010.00	92,010.00	128,036.00	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	412.99
Enrollment *	683.00	665.00	581.00	638.00	674.00	642.00	642.00	642.00
<b><u>Radcliffe Elementary School</u></b>								
Square Feet	45,305.00	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	412.69
Enrollment	363.00	366.00	349.00	346.00	345.00	372.00	372.00	372.00
<b><u>Yantacaw Elementary School</u></b>								
Square Feet	49,512.00	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	439.76
Enrollment	504.00	507.00	492.00	476.00	487.00	469.00	469.00	469.00
<b><u>Washington Elementary School</u></b>								
Square Feet	49,097.00	49,097.00	49,097.00	49,067.00	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	351.65
Enrollment	399.00	387.00	396.00	363.00	377.00	394.00	394.00	394.00
<b><u>Spring Garden Elementary School</u></b>								
Square Feet	43,955.00	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	378.62
Enrollment	421.00	394.00	391.00	380.00	397.00	381.00	381.00	381.00
<b><u>Lincoln Elementary School</u></b>								
Square Feet	56,342.00	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	462.62
Enrollment	510.00	503.00	492.00	497.00	473.00	495.00	495.00	495.00
<b><u>Other</u></b>								
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	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	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	1,309.00
Storage Shed								
Square Feet	912.00	912.00	912.00	912.00	912.00	912.00	912.00	912.00

Number of Schools at June 30, 2012

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>School</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>	<u>2012</u>
Nutley High School	\$ 205,791	\$ 196,304	\$ 290,851	\$ 349,696	\$ 301,115	\$ 267,526	\$ 321,106	\$ 250,152	\$ 261,637	\$ 239,746
Franklin Middle School	95,956	101,344	109,741	83,399	95,214	196,710	190,734	202,379	165,035	151,226
Lincoln Elementary School	61,793	34,291	32,516	119,064	50,957	62,993	80,561	67,766	83,263	76,296
Radcliffe Elementary School	40,903	61,179	100,198	46,072	106,810	63,389	70,247	58,309	74,111	67,910
Spring Garden Elementary School	37,953	85,534	70,098	71,788	56,796	52,385	65,985	54,025	69,175	63,387
Washington Elementary School	52,187	117,257	116,780	81,374	64,067	65,176	77,750	64,824	98,554	90,308
Yantacaw Elementary School	44,765	90,101	84,551	74,337	123,260	57,382	74,153	58,396	63,486	58,174
Grand Total	<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>	<u>\$ 747,048</u>

**NUTLEY BOARD OF EDUCATION  
SCHEDULE OF INSURANCE  
JUNE 30, 2012  
(Unaudited)**

	<b><u>Insurance Company</u></b>	<b><u>Coverage</u></b>	<b><u>Deductible</u></b>
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	Monumental Life Insurance Company	5,000,000	N/A
Interscholastic Sports Disability	Monumental Life Insurance Company	550,000	N/A
Voluntary Student Coverage - Excluding Athletes	Monumental Life Insurance Company	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, 2012, which collectively comprise the Nutley Board of Education's basic financial statements and have issued our report thereon dated November 9, 2012. 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 Office of School Finance, 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 previously.

### 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 Office of School Finance, 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, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 9, 2012.

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 9, 2012

# LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208

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EDWARD N. KERE, CPA

## 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, 2012. 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 Office of School Finance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about Nutley Board of Education's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Nutley Board of Education's compliance with those requirements.

In our opinion, Nutley Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2012.

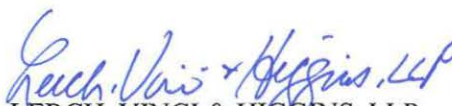
### Internal Control Over Compliance

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 9, 2012

**NUTLEY BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Grant Period	Award Amount	Balance July 1, 2011			Carryover	Cash Received	Budgetary Expenditures	Repayment of Prior Year Balances	Balance June 30, 2012			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	\$ 269,942	\$ (261,742)	-	-	-	\$ 261,742	\$ 8,200	\$ -	\$ (8,200)	-	-	\$ (8,200)
Total General Fund				(261,742)	-	-	-	261,742	8,200	-	(8,200)	-	-	(8,200)
Special Revenue Fund:														
Title I	84.010	9/1/11-8/31/12	242,613				\$ (20,372)	143,086	205,634		(119,899)	\$ 36,979		(82,920)
Title I Carryover	84.010	9/1/10-8/31/11	124,017	(152,701)	\$ 31,672		20,372	119,260	18,603					
Title III	84.365	9/1/11-8/31/12	24,651				(18,321)	22,864	15,380		(20,108)	9,271		(10,837)
Title III Carryover	84.365	9/1/10-8/31/11	22,785	(43,596)	12,600		18,321	15,971	3,296					
Title III Immigrant	84.365	9/1/11-8/31/12	24,850				15,767	645	22,213		(24,205)	18,404		(5,801)
Title III Immigrant Carryover	84.365	9/1/10-8/31/11	15,468	(15,468)	15,767		(15,767)	15,468						
Title V Part A, Carryover	84.298	9/1/07-8/31/08	5,390		417							417		
IDEA Part B	84.027	9/1/11-8/31/12	862,523				(33,246)	768,488	773,218		(127,281)	89,305		(37,976)
IDEA Part B, Carryover	84.027	9/1/10-8/31/11	838,333	(376,171)	130,665		33,246	255,189	42,929					
IDEA Part B - ARRA	84.391	9/1/09-8/31/10	975,928	(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	9/1/11-8/31/12	40,565					39,890	39,889		(675)	676		
IDEA Part B Preschool, Carryover	84.173	9/1/10-8/31/11	40,514	(29,618)				29,618						
Carl D. Perkins- Secondary	84.048	9/1/11-8/31/12	19,790					17,866	19,472		(1,924)	318		(1,606)
Carl D. Perkins- Secondary, Carryover	84.048	9/1/10-8/31/11	21,209	(21,209)				21,209						
Title IV (Drug Education), Carryover	84.188	9/1/10-8/31/11		(7,836)	1,636			6,778			(1,058)	1,636		
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	9/1/11-8/31/12	93,470				(2,070)	64,270	91,617		(31,270)	1,853		(29,417)
Title II Part A, Carryover	84.367	9/1/10-8/31/11	97,952	(62,873)	27,110		2,070	45,341	11,648					
Title II Part A, Carryover	84.367	9/1/04-8/31/05	65,644			20				20				
Title II Part D, Carryover	84.367	9/1/10-8/31/11	281	(1,825)	1,667			135			(1,690)	1,667		(23)
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				(772,783)	222,104	416	-	1,627,123	1,243,899	416	(328,551)	161,096	-	(169,021)
U.S.D.A. Department of Agriculture Passed Through State Department of Education Enterprise Fund:														
National School Lunch Program	10.555													
Non-Cash Assistance (Food Distribution)		9/1/10-6/30/11	28,405		616				616					
Non-Cash Assistance (Food Distribution)		9/1/11-6/30/12	48,223					48,223	46,943			1,280		
Cash Assistance		9/1/11-6/30/12	159,333					149,495	159,333		(9,838)			(9,838)
Cash Assistance		9/1/10-6/30/11	151,902	(10,188)	-	-	-	10,188	-	-	-	-	-	-
Total Enterprise Fund				(10,188)	616	-	-	207,906	206,892	-	(9,838)	1,280	-	(9,838)
U.S.D.A. Department of Housing and Urban Development Passed Through State Department of Education Capital Projects Fund														
Community Development Block Grant	14.218	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 Capital Projects Fund				(40,000)	479,000	-	-	-	-	-	(40,000)	479,000	-	(40,000)
Total Federal Financial Awards				\$ (1,044,713)	\$ 222,720	\$ 416	\$ -	\$ 2,096,771	\$ 1,458,991	\$ 416	\$ (346,589)	\$ 162,376	\$ -	\$ (187,059)



**NUTLEY BOARD OF EDUCATION**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

State Department of Education	Grant or State Project Number	Grant	Award Amount	Balance June 30, 2011	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year Balances	Balance June 30, 2012			Memorandum	
									(Accts. Receivable)	Deferred Revenue	Due to Grantor	GAAP Receivable	Budgetary Expenditures
General Fund:													
Equalization Aid	12-495-034-5120-078	7/1/11-6/30/12	\$ 4,038,986			\$ 3,664,368	\$ 4,038,986		\$ (374,618)			*	\$ 4,038,986
Equalization Aid	11-495-034-5120-078	7/1/10-6/30/11	2,960,216	(271,996)		271,996						*	
Special Education Categorical Aid	12-495-034-5120-089	7/1/11-6/30/12	2,243,967			2,035,838	2,243,967		(208,129)			*	2,243,967
Special Education Categorical Aid	11-495-034-5120-089	7/1/10-6/30/11	2,243,967	(206,184)		206,184						*	
Extraordinary Aid	12-495-034-5120-044	7/1/11-6/30/12	163,817				163,817		(163,817)			*	163,817
Extraordinary Aid	11-495-034-5120-044	7/1/10-6/30/11	360,555	(360,555)		360,555						*	
Anti Bullying Aid	N/A	7/1/11-6/30/12	1,439			1,439	1,439					*	1,439
TPAF Social Security Contribution	12-495-034-5095-002	7/1/11-6/30/12	2,037,752			1,935,515	2,037,752		(102,237)			*	2,037,752
TPAF Social Security Contribution	11-495-034-5095-002	7/1/10-6/30/11	1,999,070	(99,921)		99,921						*	
TPAF Pension Contribution - NCGI	12-495-034-5095-007	7/1/11-6/30/12	82,232			82,232	82,232					*	82,232
TPAF Pension Contribution	12-495-034-5095-006	7/1/11-6/30/12	766,274			766,274	766,274					*	766,274
TPAF Pension Contribution-Post Retirement	12-100-034-5095-001	7/1/11-6/30/12	1,705,718	-	-	1,705,718	1,705,718	-	-	-	-	*	1,705,718
Total General Fund				(938,656)	-	11,130,040	11,040,185	-	(848,801)	-	-	*	11,040,185
Special Revenue Fund:													
New Jersey Nonpublic Aid:													
Textbooks	12-100-034-5120-064	7/1/11-6/30/12	25,711			25,711	25,567			\$ 144		*	25,567
Textbooks	11-100-034-5120-064	7/1/10-6/30/11	32,797	1,848				\$ 1,848				*	-
Auxiliary Services													
Compensatory Education	12-100-034-5120-067	7/1/11-6/30/12	137,789			137,789	80,137				57,652	*	80,137
Compensatory Education	11-100-034-5120-067	7/1/10-6/30/11	147,359	43,203				43,203			-	*	-
Compensatory Education	00-100-034-5120-067	7/1/99-6/30/00	90,611	(340)					(340)			*	-
English as a Second Language	12-100-034-5120-067	7/1/11-6/30/12	10,344			10,344	6,034				4,310	*	6,034
English as a Second Language	11-100-034-5120-067	7/1/10-6/30/11	11,100	5,038				5,038			-	*	-
Transportation	12-100-034-5120-067	7/1/11-6/30/12	24,050			24,050	24,050					*	24,050
Home Instruction	08-100-034-5120-067	7/1/07-6/30/08	1,858	(1,858)					(1,858)			*	-
Home Instruction	09-100-034-5120-067	7/1/08-6/30/09	5,176	(107)					(107)			*	-
Home Instruction	11-100-034-5120-067	7/1/10-6/30/11	4,477	(4,477)		4,477						*	-
Handicapped Services													
Supplemental Instruction	12-100-034-5120-066	7/1/11-6/30/12	22,449			22,449	22,449				-	*	22,449
Supplemental Instruction	11-100-034-5120-066	7/1/10-6/30/11	26,404	12,855				12,855			-	*	-
Examination and Classification	12-100-034-5120-066	7/1/11-6/30/12	26,729			26,729	23,033				3,696	*	23,033
Examination and Classification	11-100-034-5120-066	7/1/10-6/30/11	29,351	8,142				8,142			-	*	-
Corrective Speech	12-100-034-5120-066	7/1/11-6/30/12	28,435			28,435	22,827				5,608	*	22,827
Corrective Speech	11-100-034-5120-066	7/1/10-6/30/11	25,504	4,460				4,460			-	*	-
Nonpublic Nursing	12-100-034-5120-070	7/1/11-6/30/12	36,725			36,725	36,725				-	*	36,725
Nonpublic Technology Initiative	00-100-034-5120-373	7/1/99-6/30/00	27,000	(354)					(354)			*	-
Character Education	02-100-034-5120-053	7/1/01-6/30/02	11,346	3,488				3,488				*	-
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				72,121	-	316,709	240,822	79,149	(2,659)	108	71,410	*	240,822

**NUTLEY BOARD OF EDUCATION**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

State Department of Education	Grant or State Project Number	Grant	Award Amount	Balance June 30, 2011	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year Balances	Balance June 30, 2012			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	12-495-034-5120-075	7/1/11-6/30/12	826,730	-	-	\$ 826,730	\$ 826,730	-	-	-	-	-	\$ 826,730
<u>State Department of Agriculture</u>													
<u>Enterprise Fund:</u>													
National School Lunch Program	12-100-034-5120-122	7/1/11-6/30/12	7,971			7,532	7,971		(439)			(439)	7,971
National School Lunch Program	11-100-034-5120-122	7/1/10-6/30/11	7,664	(571)	-	571	-	-	-	-	-	-	-
				(571)	-	8,103	7,971	-	(439)	-	-	(439)	7,971
Total State Financial Assistance				(1,395,916)	-	12,281,582	12,115,708	79,149	(1,380,709)	108	71,410	(634,145)	12,115,708
<u>Less On-Behalf TPAF Pension and Annuity Aid</u>													
T.P.A.F. - Pension- Post Ret. Medical	12-100-034-5095-001	7/1/11-6/30/12	1,705,718			1,705,718	1,705,718						1,705,718
T.P.A.F. Pension & Annuity Fund - NCGI	12-495-034-5095-007	7/1/11-6/30/12	82,232			82,232	82,232						82,232
T.P.A.F. Pension & Annuity Fund	12-495-034-5095-006	7/1/11-6/30/12	766,274	-	-	766,274	766,274	-	-	-	-	-	766,274
Subject to Single Audit				-	-	2,554,224	2,554,224	-	-	-	-	-	2,554,224
Total for State Financial Assistance Determination				\$ (1,395,916)	\$ -	\$ 9,727,358	\$ 9,561,484	\$ 79,149	\$ (1,380,709)	\$ 108	\$ 71,410	\$ (634,145)	\$ 9,561,484
(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, 2012**

**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. The information in these schedules is presented in accordance with requirements of U.S. 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". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the 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 \$92,171 for the general fund and an increase of \$60,352 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	\$ 8,200	\$ 11,132,356	\$ 11,140,556
Special Revenue Fund	1,179,992	239,306	1,419,298
Debt Service Fund		826,730	826,730
Food Service Fund	<u>206,892</u>	<u>7,971</u>	<u>214,863</u>
Total Financial Assistance	<u>\$ 1,395,084</u>	<u>\$ 12,206,363</u>	<u>\$ 13,601,447</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, 2012**

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

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

**NOTE 5 OTHER INFORMATION**

Revenues and expenditures reported under the National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$2,037,752 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2012. The amount reported as TPAF Pension System Contributions in the amount of \$848,506 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,705,718 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2012.

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

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

## **Financial Statement Section**

Unqualified

yes        X      no

yes      X    none reported

yes X no

yes                      X                      no

yes      X    none reported

Unqualified

yes      X    no

IDEIA Preschool

\$300,000

yes            X    no

**NUTLEY BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

*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
12-495-034-5120-078	Equalization Aid
12-495-034-5120-089	Special Education Categorical Aid
12-495-034-5095-002	TPAF Social Security Contributions
12-495-034-5120-075	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, 2012**

***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, 2012**

*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, 2012**

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