

NUTLEY BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Nutley, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the
Nutley Board of Education
Nutley, New Jersey
For The Fiscal Year Ended June 30, 2013**

**Prepared by
Business Office**

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INTRODUCTORY SECTION

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Business Administrator/
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Phone: 973-661-8797
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December 3, 2013

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 for the fiscal year ended June 30, 2013.

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

The Nutley Board of Education's financial statements have been audited by Lerch, Vinci & Higgins, LLP, a firm of licensed certified public accountants and public school accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Nutley Board of Education for the fiscal year ended June 30, 2013, 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 unmodified opinion that the Nutley Board of Education's financial statements for the fiscal year ended June 30, 2013, 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 2012-13 fiscal year with an average daily enrollment of 4,036 students, which is 74 students above the previous year's average. The following details the changes in the average daily enrollment of the District over the last five years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2012-13	4,036	1.87%
2011-12	3,962	1.51%
2010-11	3,903	(3.30%)
2009-10	4,036	(0.25%)
2008-09	4,046	0.80%

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 2013 and 2014.

3) MAJOR INITIATIVES: During the 2012-13 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 2013 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 – 73.8%; Mathematics – 85.1%.

The New Jersey Assessment of Skills and Knowledge – Grade 4 (NJ ASK 4) was given to fourth grade students. For the Spring 2013 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 – 70.9%; Mathematics – 90.2%; Science – 95.8%.

The New Jersey Assessment of Skills and Knowledge – Grade 5 (NJ ASK 5) was given to fifth grade students. For the Spring 2013 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 – 74.1%; Mathematics – 86.4%.

The New Jersey Assessment of Skills and Knowledge – Grade 6 (NJ ASK 6) was given to sixth grade students. For the Spring 2013 assessment, the percentage of sixth grade students who passed the assessment, performing in either the proficient or advanced proficient ranges, are as follows: Language Arts – 82.2%; Mathematics – 84.8%.

The New Jersey Assessment of Skills and Knowledge – Grade 7 (NJ ASK 7) was given to seventh grade students. For the Spring 2013 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 – 67.3%; Mathematics – 65.7%.

The New Jersey Assessment of Skills and Knowledge – Grade 8 (NJ ASK 8) was given to eighth grade students. For the Spring 2013 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 – 86.6%; Mathematics – 71.0%; Science – 85.7%.

The High School Proficiency Assessment (HSPA) was administered in March 2013, with 98% of

Nutley's students passing the language arts section, and 96% of the students passing the mathematics section.

The Scholastic Aptitude Test (SAT) scores mean average for the math section was 526, the verbal section was 494, and the writing section was 498.

The graduating class of 2013 had 86.3% of its members going on to post-secondary education. Of those students, 69% will be attending four-year colleges and universities. Scholarships and grants awarded to 2013 graduates were approximately \$3,877,976.00. 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 Tantum Memorial Award, the Sandy Phillips Memorial Award, the Tom Gallucci Award, the Essex County Chapter National Football Foundation and College Hall of Fame Scholar/Athlete Award, the United States Army Reserve National Scholar Athlete Award, the United States Marine Corps Distinguished Athlete Award, and the Outstanding Male and Female Athletes Award.

The district once again demonstrated its ability to produce high results at a modest cost. As noted in the Department of Education's Taxpayer's Guide to Education Spending 2012, the district's budgetary per pupil spending was \$12,439. The district ranking was 43rd 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 (interim QSAC review) in November, 2013. This certification is in effect until 2015.

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, 2013.

6) DEBT ADMINISTRATION: As of June 2013, the District's outstanding debt is \$47,890,000 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 July 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.

Advance refunding was undertaken to reduce total debt service payments over the current and next 18 years by \$1,045,664.

7) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 2. The District's cash management plan has all public funds deposited in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protections Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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

9) OTHER INFORMATION:

A) Independent Audit - State statutes require an annual audit by licensed public school accountants who are independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins, L.L.P. was selected by the Board at a public meeting held on June 11, 2012. In addition to meeting the requirements set forth in State Statutes, the audit was also designed to meet the requirements of the Single Audit Act Amendments of 1996 and related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditors' report on the 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.

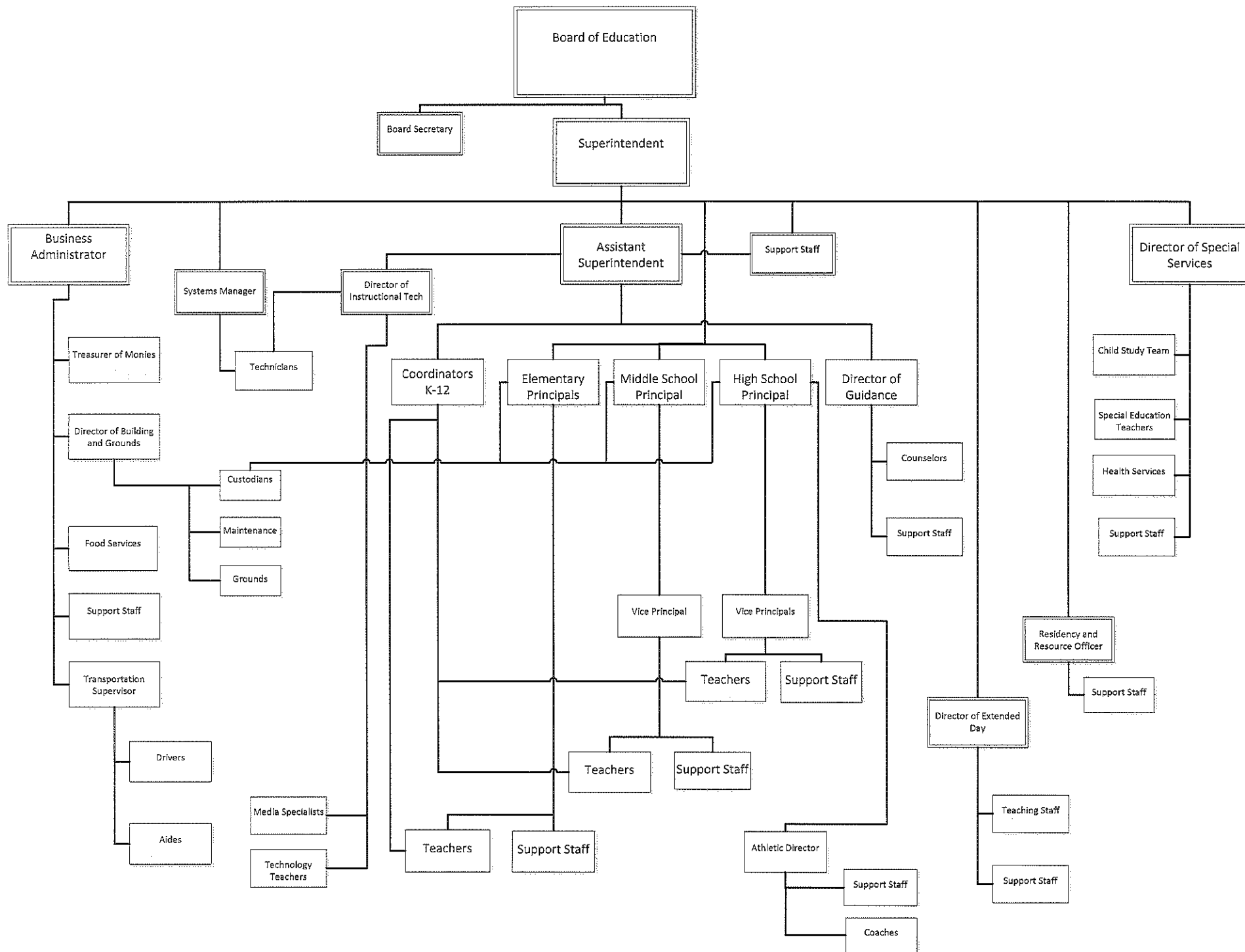
Respectfully submitted,



RUSSELL M. LAZOVICK
Superintendent of Schools



KAREN A. YEAMANS
Business Administrator/
Board Secretary



**NUTLEY BOARD OF EDUCATION
ROSTER OF OFFICIALS
JUNE 30, 2013**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Mrs. Lisa Danchak-Martin	2015
Ms. Victoria Flynn	2015
Mr. Ryan Kline	2016
Mr. James Kuchta	2014
Mr. Charles Kucinski	2014
Dr. Robert Reid	2014
Mrs. Deborah Russo	2016
Mr. Fredrick Scalera	2015
Mr. Thomas Sposato	2016

Other Officials

Russell M. Lazovick, Superintendent

Karen A. Yeamans, Business Administrator/Board Secretary

David Wilson, Treasurer of School Monies

NUTLEY BOARD OF EDUCATION
Consultants and Advisors

Board Attorney

Gaccione and Pomaco
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Belleville, NJ 07109

Special Counsel

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PO Box 991
Florham Park, NJ 07932

Special Construction Counsel

Connell Foley LLP
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Roseland, NJ 07068

Independent Auditors

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

Medical Inspector

Dr. Maryann Alessio
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Nutley, NJ 07110

Official Depository

TD Bank
575 Kingsland Street
Nutley, NJ 07110

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
EDWARD N. KERE, CPA
LORI T. MANUKIAN, CPA, PSA
MARK SACO, CPA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2013 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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.

Other Information


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Nutley Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Nutley Board of Education.


The combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 3, 2013 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Nutley Board of Education's internal control over financial reporting and compliance.


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


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
December 3, 2013

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, 2013. 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 2012-2013 fiscal year include the following:

- The assets and deferred outflows of resources of the Nutley Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$22,121,851.
- Overall district revenues were \$70,122,718. General revenues accounted for \$57,604,328 or 82% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$12,518,390 or 18% of total revenues.
- The school district had \$64,851,693 in expenses for governmental activities; only \$10,907,563 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$57,604,224 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 \$8,201,983.
- The General Fund fund balance at June 30, 2013 was \$5,408,386, an increase of \$2,701,725 from the June 30, 2012 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.

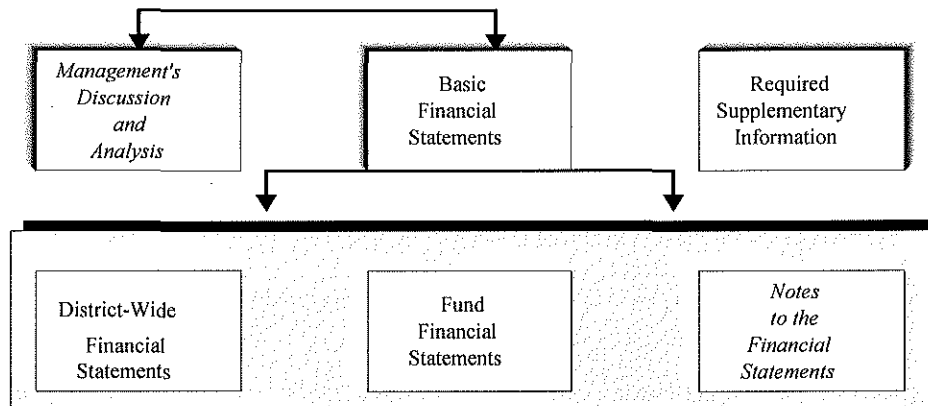
NUTLEY BOARD OF EDUCATION

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: 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 position Statement of activities	Balance Sheet Statement of revenues, expenditures and changes in fund balances	Statement of net position Statement of revenues, expenses, and changes in net position Statement of cash flows	Statements of fiduciary net position Statement of changes in fiduciary net position
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/deferred outflows/deferred inflows/liability information	All assets, deferred outflows, liabilities, and deferred inflows, 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, liabilities, and deferred inflows, 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 position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. 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 position and how they have changed. Net position – the difference between the District's assets/deferred outflows and liabilities/deferred inflows – 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 position is 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, Extended Day Program Fund and Athletic Camps 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 position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

Notes to the financial statements

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

Other Information

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

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

DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a Board's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$22,121,851 as of June 30, 2013.

NUTLEY BOARD OF EDUCATION

Management's Discussion and Analysis

By far the largest portion of the District's net position 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 Position As of June 30, 2013 and 2012

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Assets						
Current Assets	\$ 9,071,981	\$ 6,620,115	\$ 352,440	\$ 297,291	\$ 9,424,421	\$ 6,917,406
Capital Assets, Net	<u>63,785,182</u>	<u>64,914,575</u>	<u>6,882</u>	<u>8,363</u>	<u>63,792,064</u>	<u>64,922,938</u>
Total Assets	<u>72,857,163</u>	<u>71,534,690</u>	<u>359,322</u>	<u>305,654</u>	<u>73,216,485</u>	<u>71,840,344</u>
Deferred Outflows of Resources						
Deferred Charges on Refundings	<u>1,031,484</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,031,484</u>	<u>-</u>
Total Assets & Deferred Outflows of Resources	<u>73,888,647</u>	<u>71,534,690</u>	<u>359,322</u>	<u>305,654</u>	<u>74,247,969</u>	<u>71,840,344</u>
Liabilities						
Long-Term Liabilities	50,038,999	51,051,482			50,038,999	51,051,482
Other Liabilities	<u>1,977,303</u>	<u>2,405,881</u>	<u>106,663</u>	<u>98,850</u>	<u>2,083,966</u>	<u>2,504,731</u>
Total Liabilities	<u>52,016,302</u>	<u>53,457,363</u>	<u>106,663</u>	<u>98,850</u>	<u>52,122,965</u>	<u>53,556,213</u>
Deferred Inflows of Resources						
Deferred Commodities Revenue	<u>-</u>	<u>-</u>	<u>3,153</u>	<u>1,280</u>	<u>3,153</u>	<u>1,280</u>
Total Liabilities & Deferred Inflows of Resources	<u>52,016,302</u>	<u>53,457,363</u>	<u>109,816</u>	<u>100,130</u>	<u>52,126,118</u>	<u>53,557,493</u>
Net Position						
Net Investment in Capital Assets	18,585,510	17,943,222	6,882	8,363	18,592,392	17,951,585
Restricted	1,175,583	124,182			1,175,583	124,182
Unrestricted	<u>2,111,252</u>	<u>9,923</u>	<u>242,624</u>	<u>197,161</u>	<u>2,353,876</u>	<u>207,084</u>
Total Net Position	<u>\$ 21,872,345</u>	<u>\$ 18,077,327</u>	<u>\$ 249,506</u>	<u>\$ 205,524</u>	<u>\$ 22,121,851</u>	<u>\$ 18,282,851</u>

NUTLEY BOARD OF EDUCATION

Management's Discussion and Analysis

Change in Net Position

For The Fiscal Years Ended June 30, 2013 and 2012

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues						
Program Revenues						
Charges for Services	\$ 209,129	\$ 183,987	\$ 1,385,431	\$ 1,502,137	\$ 1,594,560	\$ 1,686,124
Operating Grants and Contributions	10,130,902	8,677,804	225,396	214,863	10,356,298	8,892,667
Capital Grants and Contributions	567,532				567,532	-
General Revenues						
Property Taxes	52,016,386	51,056,143			52,016,386	51,056,143
State Aid	5,172,871	4,763,094			5,172,871	4,763,094
Other	414,967	404,356	104	99	415,071	404,455
Total Revenues	<u>68,511,787</u>	<u>65,085,384</u>	<u>1,610,931</u>	<u>1,717,099</u>	<u>70,122,718</u>	<u>66,802,483</u>
Expenses						
Instruction						
Regular	27,419,378	26,758,166			27,419,378	26,758,166
Special Education	10,429,282	9,528,464			10,429,282	9,528,464
Other Instruction	1,466,465	1,389,023			1,466,465	1,389,023
School Sponsored Activities and Athletics	1,260,343	1,235,319			1,260,343	1,235,319
Community Services	14,010	11,555			14,010	11,555
Support Services						
Student and Instruction Related Services	7,196,414	6,865,496			7,196,414	6,865,496
School Administrative Services	3,971,209	4,013,565			3,971,209	4,013,565
General Administrative Services	2,116,336	1,981,393			2,116,336	1,981,393
Plant Operations and Maintenance	5,348,366	5,147,653			5,348,366	5,147,653
Pupil Transportation	1,981,555	2,033,798			1,981,555	2,033,798
Business and Other Support Services	1,245,684	1,267,237			1,245,684	1,267,237
Interest on Long-Term Debt	2,402,651	2,241,443			2,402,651	2,241,443
Food Services			899,942	960,177	899,942	960,177
Extended Day			655,239	623,930	655,239	623,930
Athletic Camps	-	-	11,768	16,836	11,768	16,836
Total Expenses	<u>64,851,693</u>	<u>62,473,112</u>	<u>1,566,949</u>	<u>1,600,943</u>	<u>66,418,642</u>	<u>64,074,055</u>
Increase in Net Position	3,660,094	2,612,272	43,982	116,156	3,704,076	2,728,428
Net Position, Beginning of Year	18,077,327	15,465,055	205,524	89,368	18,282,851	15,554,423
Prior Period Adjustment	134,924	-	-	-	134,924	-
Net Position, End of Year	<u>\$ 21,872,345</u>	<u>\$ 18,077,327</u>	<u>\$ 249,506</u>	<u>\$ 205,524</u>	<u>\$ 22,121,851</u>	<u>\$ 18,282,851</u>

NUTLEY BOARD OF EDUCATION

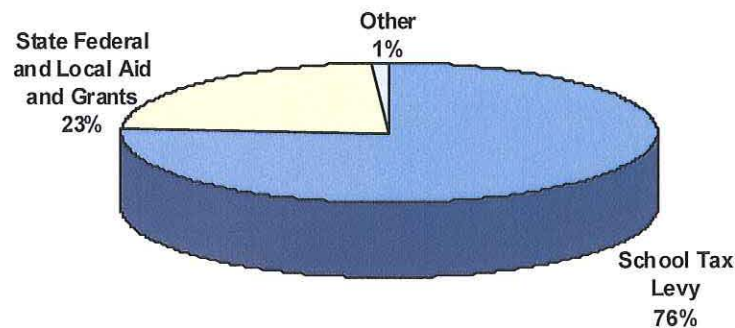
Management's Discussion and Analysis

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$68,511,787 for the fiscal year ended June 30, 2013. Property taxes of \$52,016,386 represented 76 percent of revenues. Another significant portion of revenues came from State aid; total State, Federal, Local and formula aid was \$15,871,305. 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.

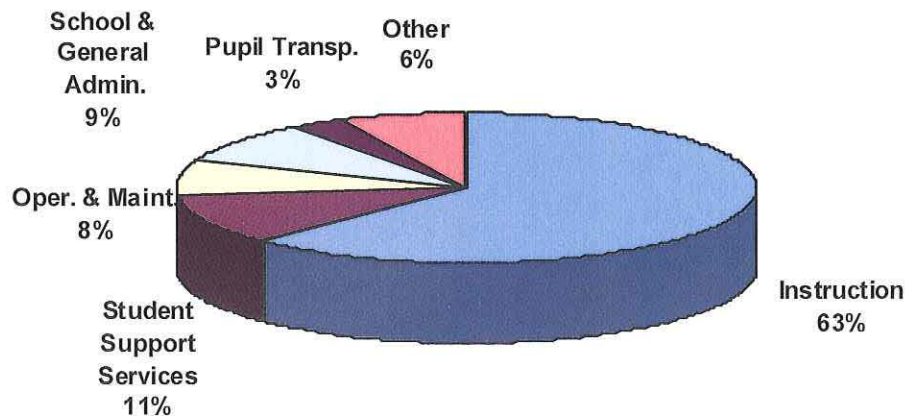
The total cost of all governmental activities programs and services was \$64,851,693. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$40,589,478 (63%) of total expenditures. Student support services, exclusive of administration, total \$7,196,414 or (11%) of total expenditures.

Total governmental activities revenues surpassed expenses, increasing net position by \$3,660,094 from the previous year.

Revenues by Source- Governmental Activities
For Fiscal Year 2012/13



Expenditures by Type- Governmental Activities
For Fiscal Year 2012/13



NUTLEY BOARD OF EDUCATION

Management's Discussion and Analysis

Net Cost of Governmental Activities. The District's total cost of services was \$64,851,693. After applying program revenues, derived from charges for services of \$209,129; operating grants and contributions of \$10,130,902; and capital grants and contributions of \$567,532; the net cost of services of the District is \$53,944,130.

Total and Net Cost of Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Instruction				
Regular	\$ 27,419,378	\$ 26,758,166	\$ 22,686,221	\$ 22,821,475
Special Education	10,429,282	9,528,464	6,177,020	5,566,002
Other Instruction	1,466,465	1,389,023	1,376,276	1,330,986
School Sponsored Activities and Athletics	1,260,343	1,235,319	1,095,635	1,113,594
Community Services	14,010	11,555	14,010	11,555
Support Services				
Student and Instruction Related Services	7,196,414	6,865,496	6,537,178	6,354,531
School Administrative Services	3,971,209	4,013,565	3,712,426	3,795,147
General Administrative Services	2,116,336	1,981,393	2,116,336	1,981,393
Plant Operations and Maintenance	5,348,366	5,147,653	4,724,630	5,147,653
Pupil Transportation	1,981,555	2,033,798	1,856,063	1,980,305
Business and Other Support Services	1,245,684	1,267,237	1,245,684	1,267,237
Interest on Long-Term Debt	2,402,651	2,241,443	2,402,651	2,241,443
Total	<u>\$ 64,851,693</u>	<u>\$ 62,473,112</u>	<u>\$ 53,944,130</u>	<u>\$ 53,611,321</u>

Business-Type Activities – The District's total business-type activities revenues were \$1,610,931 for the fiscal year ended June 30, 2013. Charges for services accounted for 86% of total revenues. Operating grants and contributions accounted for 14% of total revenue for the year.

The total cost of all business-type activities programs and services was \$1,566,949. 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 increasing net position by \$43,982 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, unassigned 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 \$8,201,983. At June 30, 2012, the fund balance was \$5,207,164.

Revenues for the District's governmental funds were \$68,511,787, while total expenses were \$65,546,579.

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.

	Fiscal Year Ended		Increase (Decrease)	Percentage of Total
	<u>June 30, 2013</u>	<u>June 30, 2012</u>		
Local Sources				
Property Tax Levy	\$ 49,105,490	\$ 48,142,637	\$ 962,853	2.0%
Tuition	167,909	130,494	37,415	28.7%
Miscellaneous	454,635	512,160	(57,525)	-11.2%
State Sources	12,847,906	11,132,356	1,715,550	15.4%
Federal Sources	<u>674</u>	<u>8,200</u>	<u>(7,526)</u>	-91.8%
Total General Fund Revenues	<u>\$ 62,576,614</u>	<u>\$ 59,925,847</u>	<u>\$ 2,650,767</u>	4.4%

Total General Fund Revenues increased by \$2,650,767 or more than 4.0% over the previous year.

Local property taxes increased 2.0% over the previous year. State aid revenues increased \$1,715,550 due to increases in state formula aid and increases in the State of New Jersey funding to the TPAF Pension Contribution.

NUTLEY BOARD OF EDUCATION

Management's Discussion and Analysis

The following schedule presents a summary of General Fund expenditures.

	Fiscal Year Ended		Increase (Decrease)	Percentage of Total
	June 30, 2013	June 30, 2012		
Instruction	\$ 39,121,814	\$ 38,006,341	\$ 1,115,473	2.9%
Support Services	20,012,925	20,493,793	(480,868)	-2.3%
Debt Service	460,612	115,333	345,279	299%
Capital Outlay	<u>194,358</u>	<u>163,740</u>	<u>30,618</u>	18.7%
Total Expenditures	<u>\$ 59,789,709</u>	<u>\$ 58,779,207</u>	<u>\$ 1,010,502</u>	1.7%

Total General Fund expenditures increased \$1,010,502 from the previous year. A significant portion of the increase is attributed to increases in contractual salaries for the 2012/2013 school year.

In 2012-2013 General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$2,701,725. As a result, total fund balance increased to \$5,408,386 at June 30, 2013. After deducting statutory reserves and designations, the unassigned fund balance at June 30, 2013 is \$294,743.

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

Revenues of the Special Revenue Fund were \$1,630,578, for the fiscal year ended June 30, 2013. Federal sources accounted for the majority of Special Revenue Fund's revenue which represented 79% of the total revenue for the year.

Expenditures of the Special Revenue Fund were \$1,630,578. Instructional expenditures were \$1,432,016, support services expenditures were \$185,712 and capital outlay expenditures were \$12,850.

Capital Projects – Revenues and other financing sources were greater than expenditures and other financing uses by \$230,379 resulting in a fund balance of \$2,730,882 at June 30, 2013.

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 categories:

- Implementing budgets for specially funded projects, which include both federal and state grants.
- Reappropriation of prior year purchase orders (June 30, 2012 encumbrances).

CAPITAL ASSETS

The District's investment in capital assets for its governmental and business type activities as of June 30, 2013 amounts to \$63,792,064 (net of accumulated depreciation). The capital assets consist of land, construction in progress, buildings, building improvements, specialized machinery and various other types of equipment. Depreciation charges for fiscal year 2012-2013 amounted to \$1,806,795 for governmental activities and \$1,481 for business-type activities.

Capital Assets at June 30, 2013 and 2012 (Net of Accumulated Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$ 79,932	\$ 79,932			\$ 79,932	\$ 79,932
Construction in Progress	11,155,217	10,819,947			11,155,217	10,819,947
Buildings	50,290,600	51,662,457			50,290,600	51,662,457
Machinery and Equipment	2,259,433	2,352,239	\$ 6,882	\$ 8,363	2,266,315	2,360,602
Total Capital Assets (Net)	\$ 63,785,182	\$ 64,914,575	\$ 6,882	\$ 8,363	\$ 63,792,064	\$ 64,922,938

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 \$1,076,961, capital leases payable of \$137,979, and bonds payable of \$47,890,000. The District paid the remaining balance of its deferred pension liability during the current fiscal year.

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>2013</u>	<u>2012</u>
Serial Bonds Payable	\$ 47,890,000	\$ 49,363,000
Capital Leases	137,979	195,505
Deferred Pension Liability		217,181
Compensated Absences	<u>1,076,961</u>	<u>1,275,796</u>
Total Long-Term Liabilities	<u>\$ 49,104,940</u>	<u>\$ 51,051,482</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 2013-2014 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 POSITION
AS OF JUNE 30, 2013**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 8,104,621	\$ 239,459	\$ 8,344,080
Receivables, net			
Receivables from Other Governments	856,931	41,342	898,273
Other	107,962	66,907	174,869
Inventory		7,199	7,199
Internal Balances	2,467	(2,467)	-
Capital Assets			
Not Being Depreciated	11,235,149		11,235,149
Being Depreciated, Net	<u>52,550,033</u>	<u>6,882</u>	<u>52,556,915</u>
Total Assets	<u>72,857,163</u>	<u>359,322</u>	<u>73,216,485</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges on Refundings of Debt	<u>1,031,484</u>	<u>-</u>	<u>1,031,484</u>
Total Assets and Deferred Outflows of Resources	<u>73,888,647</u>	<u>359,322</u>	<u>74,247,969</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	787,500	63,543	851,043
Payable to State Government	28,576		28,576
Accrued Interest Payable	1,107,305		1,107,305
Unearned Revenue	53,922	43,120	97,042
Noncurrent Liabilities			
Due Within One Year	1,832,378		1,832,378
Due Beyond One Year	<u>48,206,621</u>	<u>-</u>	<u>48,206,621</u>
Total Liabilities	<u>52,016,302</u>	<u>106,663</u>	<u>52,122,965</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue	<u>-</u>	<u>3,153</u>	<u>3,153</u>
Total Liabilities and Deferred Inflows of Resources	<u>52,016,302</u>	<u>109,816</u>	<u>52,126,118</u>
NET POSITION			
Net Investment in Capital Assets	18,585,510	6,882	18,592,392
Restricted for:			
Capital Projects	1,112,868		1,112,868
Debt Service	62,715		62,715
Unrestricted	<u>2,111,252</u>	<u>242,624</u>	<u>2,353,876</u>
Total Net Position	<u>\$ 21,872,345</u>	<u>\$ 249,506</u>	<u>\$ 22,121,851</u>

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

**NUTLEY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities							
Instruction							
Regular	\$ 27,419,378	\$ 167,909	\$ 4,565,248		\$ (22,686,221)		\$ (22,686,221)
Special Education	10,429,282		4,252,262		(6,177,020)		(6,177,020)
Other Instruction	1,466,465		90,189		(1,376,276)		(1,376,276)
School Sponsored Activities and Athletics	1,260,343		164,708		(1,095,635)		(1,095,635)
Community Services	14,010				(14,010)		(14,010)
Support Services							
Student and Instruction Related Services	7,196,414		659,236		(6,537,178)		(6,537,178)
School Administrative Services	3,971,209		258,783		(3,712,426)		(3,712,426)
General Administrative Services	2,116,336				(2,116,336)		(2,116,336)
Plant Operations and Maintenance	5,348,366		56,204	\$ 567,532	(4,724,630)		(4,724,630)
Pupil Transportation	1,981,555	41,220	84,272		(1,856,063)		(1,856,063)
Business Services	1,245,684				(1,245,684)		(1,245,684)
Interest on Long-Term Debt and Other Charges	2,402,651	-	-	-	(2,402,651)	-	(2,402,651)
Total Governmental Activities	64,851,693	209,129	10,130,902	567,532	(53,944,130)	-	(53,944,130)
Business-Type Activities							
Food Service	899,942	644,508	225,396			\$ (30,038)	(30,038)
Extended Day	655,239	732,098				76,859	76,859
Athletic Camps	11,768	8,825	-	-	-	(2,943)	(2,943)
Total Business-Type Activities	1,566,949	1,385,431	225,396	-	-	43,878	43,878
Total Primary Government	\$ 66,418,642	\$ 1,594,560	\$ 10,356,298	\$ 567,532	(53,944,130)	43,878	(53,900,252)

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

**NUTLEY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Net (Expense) Revenue and Changes in Net Position		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Balance, Carry Forward	\$ (53,944,130)	\$ 43,878	\$ (53,900,252)
General Revenues			
Property Taxes Levied for General Purposes	49,105,490		49,105,490
Property Taxes Levied for Debt Service	2,910,896		2,910,896
State Aid - Unrestricted	4,348,256		4,348,256
State Aid - Restricted for Debt Service	824,615		824,615
Miscellaneous Income	414,967	104	415,071
Total General Revenues	57,604,224	104	57,604,328
Change in Net Position	3,660,094	43,982	3,704,076
Net Position, Beginning of Year	18,077,327	205,524	18,282,851
Prior Period Adjustment - Capital Assets	134,924	-	134,924
Net Position, End of Year	\$ 21,872,345	\$ 249,506	\$ 22,121,851

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

FUND FINANCIAL STATEMENTS

**NUTLEY BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2013**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 5,726,568	\$ 44,714	\$ 2,270,624	\$ 62,715	\$ 8,104,621
Due from Other Funds	85,873				85,873
Receivables, Net					
Receivables from Other Governments	128,543	248,193	480,195		856,931
Other	21,488	4,620	-	-	26,108
Total Assets	<u>\$ 5,962,472</u>	<u>\$ 297,527</u>	<u>\$ 2,750,819</u>	<u>\$ 62,715</u>	<u>\$ 9,073,533</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 554,086	\$ 215,029	\$ 18,385		\$ 787,500
Intergovernmental Payable	-	28,576			28,576
Due to Other Funds			1,552		1,552
Unearned Revenue	-	53,922	-	-	53,922
Total Liabilities	<u>554,086</u>	<u>297,527</u>	<u>19,937</u>	<u>-</u>	<u>871,550</u>
Fund Balances					
Restricted					
Capital Reserve	1,112,868				1,112,868
Excess Surplus	805,740				805,740
Excess Surplus - Designated for Subsequent Year's Budget	1,644,392				1,644,392
Capital Projects			2,730,882		2,730,882
Debt Service				\$ 62,715	62,715
Committed					
Year End Encumbrances	768,085				768,085
Assigned					
Year End Encumbrances	782,558				782,558
Unassigned	294,743	-	-	-	294,743
Total Fund Balances	<u>5,408,386</u>	<u>-</u>	<u>2,730,882</u>	<u>62,715</u>	<u>8,201,983</u>
Total Liabilities and Fund Balances	<u>\$ 5,962,472</u>	<u>\$ 297,527</u>	<u>\$ 2,750,819</u>	<u>\$ 62,715</u>	

Amounts reported for governmental activities in the statement of net position (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 \$81,931,921 and the accumulated depreciation is \$18,146,739. 63,785,182

The District has financed capital assets through the issuance of serial bonds. The interest accrual at year end is: (1,107,305)

Amount resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt. 1,031,484

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 (Net)	\$ 48,824,059	
Capital Leases	137,979	
Compensated Absences Payable	1,076,961	
		(50,038,999)

\$ 21,872,345

**NUTLEY BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 49,105,490			\$ 2,910,896	\$ 52,016,386
Tuition	167,909				167,909
Transportation Fees	41,220				41,220
Miscellaneous	413,415	\$ 41,988	\$ 1,552	-	456,955
Total - Local Sources	49,728,034	41,988	1,552	2,910,896	52,682,470
State Sources	12,847,906	295,036	88,532	824,615	14,056,089
Federal Sources	674	1,293,554	479,000	-	1,773,228
Total Revenues	62,576,614	1,630,578	569,084	3,735,511	68,511,787
EXPENDITURES					
Current					
Regular Instruction	26,852,131	516,583			27,368,714
Special Education Instruction	9,528,865	915,433			10,444,298
Other Instruction	1,466,465				1,466,465
School-Sponsored Activities and Athletics	1,260,343				1,260,343
Community Services	14,010				14,010
Support Services					
Student and Instructional Related Services	6,485,665	185,712			6,671,377
School Administrative Services	3,988,349				3,988,349
General Administrative Services	1,346,143				1,346,143
Plant Operations and Maintenance	5,190,641				5,190,641
Pupil Transportation	1,739,700				1,739,700
Business Services	1,262,427				1,262,427
Debt Service					
Principal	274,707			1,690,000	1,964,707
Interest and Other Charges	185,905			1,982,796	2,168,701
Costs of Issuance				118,226	118,226
Capital Outlay	194,358	12,850	335,270	-	542,478
Total Expenditures	59,789,709	1,630,578	335,270	3,791,022	65,546,579
Excess (Deficiency) of Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)	2,786,905	-	233,814	(55,511)	2,965,208
OTHER FINANCING SOURCES (USES)					
Payments to Escrow Agent				(12,688,407)	(12,688,407)
Refunding Bond Proceeds				11,860,000	11,860,000
Premium on Issuance of Refunding Bonds				946,633	946,633
Cancellation of State Grant Receivable			(88,615)		(88,615)
Transfers In	1,552		86,732		88,284
Transfers Out	(86,732)	-	(1,552)	-	(88,284)
Total Other Financing Sources (Uses)	(85,180)	-	(3,435)	118,226	29,611
Net Change in Fund Balances	2,701,725	-	230,379	62,715	2,994,819
Fund Balance, Beginning of Year	2,706,661	-	2,500,503	-	5,207,164
Fund Balance, End of Year	\$ 5,408,386	\$ -	\$ 2,730,882	\$ 62,715	\$ 8,201,983

The accompanying Notes to the 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, 2013**

Total net change in fund balances - governmental funds (Exhibit B-2) **\$ 2,994,819**

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 depreciation exceeds capital outlay in the current period.

Capital Outlay	\$ 542,478	
Depreciation Expense	<u>(1,806,795)</u>	
		(1,264,317)

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	198,835
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The issuance of long term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Principal Repayments	1,690,000
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Issuance of Debt is an Other Financing Source in the Governmental Funds, but the issuance increases long-term liabilities in the statement of net position and is not reported in the statement of activities

Refunding Bond Proceeds	(11,860,000)	
Add: Payments to Refunding Escrow	12,688,407	
Less: Premium	(946,633)	
Add: Amortization of Premium	12,574	
Less: Amortization of Deferred Amount on Refunding of Debt	<u>(13,923)</u>	
		(119,575)

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

57,526

Repayment of deferred pension liability principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities.

217,181

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

Increase in Accrued Interest	<u>(114,375)</u>
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Change in net position of governmental activities (Exhibit A-2)	\$ <u>3,660,094</u>
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**NUTLEY BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2013**

	<u>Food Service</u>	<u>Extended Day</u>	<u>Other Non-Major</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
ASSETS				
Cash and Cash Equivalents	\$ 442	\$ 237,280	\$ 1,737	\$ 239,459
Intergovernmental Accounts Receivable				
State	1,356			1,356
Federal	39,986			39,986
Due from Other Funds		38,182		38,182
Other Accounts Receivable	66,907			66,907
Inventory	<u>7,199</u>	<u>-</u>	<u>-</u>	<u>7,199</u>
 Total Current Assets	 <u>115,890</u>	 <u>275,462</u>	 <u>1,737</u>	 <u>393,089</u>
Capital Assets				
Machinery and Equipment	137,947			137,947
Less: Accumulated Depreciation	<u>(131,065)</u>	<u>-</u>	<u>-</u>	<u>(131,065)</u>
 Total Capital Assets	 <u>6,882</u>	 <u>-</u>	 <u>-</u>	 <u>6,882</u>
 Total Assets	 <u>122,772</u>	 <u>275,462</u>	 <u>1,737</u>	 <u>399,971</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	62,978	565		63,543
Due to Other Funds	40,649			40,649
Unearned Revenue	<u>-</u>	<u>43,120</u>	<u>-</u>	<u>43,120</u>
 Total Current Liabilities	 <u>103,627</u>	 <u>43,685</u>	 <u>-</u>	 <u>147,312</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Commodities Revenue	<u>3,153</u>	<u>-</u>	<u>-</u>	<u>3,153</u>
 Total Deferred Inflows of Resources	 <u>3,153</u>	 <u>-</u>	 <u>-</u>	 <u>3,153</u>
 Total Liabilities & Deferred Inflows of Resources	 <u>106,780</u>	 <u>43,685</u>	 <u>-</u>	 <u>150,465</u>
NET POSITION				
Net Investment in Capital Assets	6,882			6,882
Unrestricted	<u>9,110</u>	<u>231,777</u>	<u>1,737</u>	<u>242,624</u>
 Total Net Position	 <u>\$ 15,992</u>	 <u>\$ 231,777</u>	 <u>\$ 1,737</u>	 <u>\$ 249,506</u>

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

**NUTLEY BOARD OF EDUCATION
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Food Service</u>	<u>Extended Day</u>	<u>Other Non-Major</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
OPERATING REVENUES				
Charges for Services				
Program Fees	\$ 220,904	\$ 732,098	\$ 8,825	\$ 961,827
School Lunch Program	233,879			233,879
Special Functions	189,725	-	-	189,725
	<u>644,508</u>	<u>732,098</u>	<u>8,825</u>	<u>1,385,431</u>
Total Operating Revenues				
OPERATING EXPENSES				
Salaries and Wages	268,177	518,683	7,288	794,148
Employee Benefits	83,998	68,116		152,114
Cost of Sales	422,361	-		422,361
Supplies	2,624	6,333	4,480	13,437
Purchased Services	60,981	59,957		120,938
Other	60,320	2,150		62,470
Depreciation	1,481	-	-	1,481
	<u>899,942</u>	<u>655,239</u>	<u>11,768</u>	<u>1,566,949</u>
Total Operating Expenses				
Operating Income (Loss)	<u>(255,434)</u>	<u>76,859</u>	<u>(2,943)</u>	<u>(181,518)</u>
NONOPERATING REVENUES				
State Sources				
State School Lunch Program	6,376			6,376
Federal Sources				
Federal School Lunch Program	219,020			219,020
Interest Income	37	67	-	104
	<u>225,433</u>	<u>67</u>	<u>-</u>	<u>225,500</u>
Total Nonoperating Revenues				
Change in Net Position	(30,001)	76,926	(2,943)	43,982
Net Position, Beginning of Year	45,993	154,851	4,680	205,524
Net Position, End of Year	<u>\$ 15,992</u>	<u>\$ 231,777</u>	<u>\$ 1,737</u>	<u>\$ 249,506</u>

The accompanying Notes to the 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, 2013**

	<u>Food Service</u>	<u>Extended Day</u>	<u>Other Non-Major</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	\$ 591,617	\$ 734,248	\$ 8,825	\$ 1,334,690
Payments for Employees	(268,177)	(518,683)	(7,288)	(794,148)
Payments to Suppliers	(626,939)	(136,710)	(4,480)	(768,129)
Net Cash Provided By (Used For) Operating Activities	(303,499)	78,855	(2,943)	(227,587)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Cash Payments/Receipts for Interfund Transactions	38,182	(38,182)		-
State and Federal Sources	194,331	-	-	194,331
Net Cash Provided By (Used for) Non-Capital Financing Activities	232,513	(38,182)	-	194,331
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	37	67	-	104
Net Cash Provided By Investing Activities	37	67	-	104
Net Increase (Decrease) in Cash and Cash Equivalents	(70,949)	40,740	(2,943)	(33,152)
Cash and Cash Equivalents, Beginning of Year	71,391	196,540	4,680	272,611
Cash and Cash Equivalents, End of Year	\$ 442	\$ 237,280	\$ 1,737	\$ 239,459
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating Income (Loss)	\$ (255,434)	\$ 76,859	\$ (2,943)	\$ (181,518)
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	(52,891)			(52,891)
(Increase) Decrease in Inventories	(4,345)			(4,345)
Increase (Decrease) in Accounts Payable	5,817	(154)		5,663
Increase/(Decrease) in Deferred Commodities Revenue	1,873			1,873
Increase (Decrease) in Unearned Revenue	-	2,150	-	2,150
Total Adjustments	(48,065)	1,996	-	(46,069)
Net Cash Provided By (Used For) Operating Activities	\$ (303,499)	\$ 78,855	\$ (2,943)	\$ (227,587)
Non-Cash Financing Activities				
Fair Value of Food Distribution Program - National School Lunch	\$ 37,437			

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

**NUTLEY BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2013**

	<u>Private Purpose Trust Funds</u>	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 149,739	\$ 478,180	\$ 292,041
Total Assets	<u>149,739</u>	<u>478,180</u>	<u>\$ 292,041</u>
LIABILITIES			
Intergovernmental Payable		20,434	
Accrued Salaries and Wages			\$ 1,608
Due to Other Funds			81,854
Due to Student Groups	<u>-</u>	<u>-</u>	<u>208,579</u>
Total Liabilities	<u>-</u>	<u>20,434</u>	<u>\$ 292,041</u>
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 149,739</u>	<u>\$ 457,746</u>	

**NUTLEY BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Private Purpose Trust Funds</u>	<u>Unemployment Compensation Trust</u>
ADDITIONS		
Contributions		
Employees		\$ 96,018
Investment Earnings		
Interest	\$ 427	2,574
	<u>427</u>	<u>2,574</u>
Total Additions	<u>427</u>	<u>98,592</u>
DEDUCTIONS		
Scholarships	20,000	
Unemployment Claims and Contributions	<u>-</u>	<u>112,400</u>
	<u>20,000</u>	<u>112,400</u>
Total Deductions	<u>20,000</u>	<u>112,400</u>
Change in Net Position	(19,573)	(13,808)
Net Position, Beginning of Year	<u>169,312</u>	<u>471,554</u>
Net Position, End of Year	<u>\$ 149,739</u>	<u>\$ 457,746</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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. New Accounting Standards

During the 2012/13 fiscal year, the District adopted the following GASB statements:

- GASB 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.
- GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this Statement is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effect on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed.
- GASB 65, *Items Previously Reported as Assets and Liabilities*, although not required to be implemented until next year, the District elected to apply the statement to the current year financial statements. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB 66, *Technical Corrections – 2012, an Amendment of GASB Statements 10 and 62*, will be effective beginning with the fiscal year ending June 30, 2014. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
- GASB 67, *Financial Reporting for Pension Plans, an Amendment of GASB 25*, will be effective beginning with the fiscal year ending June 30, 2014. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.
- GASB 68, *Accounting and Financial Reporting for Pensions*, will be effective beginning with the fiscal year ending June 30, 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.

C. Basis of Presentation - 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.

District-Wide Financial Statements

The district-wide financial statements (i.e., the statement of net position 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 position, 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 FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Presentation - Financial Statements (Continued)

District-Wide 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.

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.

Fund Financial Statements

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 governmental and 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.

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, state and local 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.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (continued)

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.

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".

D. Measurement Focus and Basis of Accounting

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, all liabilities and all deferred outflows/inflows of resources associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Position. 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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.

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.

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.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash, Cash Equivalents 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

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

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 and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities at year-end is reported as deferred commodities revenue.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

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.

Land and construction in progress are not depreciated. 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

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding of debt which results from the loss on a debt refunding reported in the district-wide statement of net position. A deferred charge on debt refunding results from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The government has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. It is the deferred commodities revenue, reported in both the district-wide and the proprietary funds statement of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

6. Compensated Absences

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused vacation and sick leave benefits. A long-term liability of accumulated vacation and sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds do not permit the accrual of unused vacation and sick leave. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

7. Long-Term Obligations

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Gains resulting from debt refundings are classified as deferred inflows of resources and losses are reported as deferred outflows or resources. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Gains and losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

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

8. Net Position/Fund Balance

District-Wide Statements

In the district-wide statements, there are three classes of net position:

- **Net Investment in Capital Assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- **Restricted Net Position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

8. *Net Position/Fund Balance (Continued)*

Governmental Fund Statements

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.

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.)

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2013 audited excess surplus that is required to be appropriated in the 2014/2015 original budget certified for taxes.

Excess Surplus – Designated for Subsequent Year's Budget - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2012 audited excess surplus that was appropriated in the 2013/2014 original budget certified for taxes.

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

Debt Service – Represents fund balance restricted specifically for the repayment of long-term debt principal and interest in the Debt Service Fund.

Committed Fund Balance – Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Year-End Encumbrances – Represents outstanding purchase orders at year end for contracts awarded by formal action of the Board of Trustee's 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.

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.

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

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

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. Reclassifications

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

F. Revenues and Expenditures/Expenses

1. Program Revenues

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.

2. Property Taxes

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 inflows of resources. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1st in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

3. Tuition Revenues and Expenditures

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 2011-2012 and 2012-2013 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.

4. Proprietary Funds, Operating and Non-Operating Revenues and Expenses

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

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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 for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. 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; therefore voter approval of the annual budget is not required.

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 2012/2013. During 2012/2013 the Board increased the original budget by \$849,732. The increase was funded by grant awards and the reappropriation of prior year general fund encumbrances.

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

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

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

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			
Current Expenditures			
Other Support Services - Speech, O.T., P.T. and Related Services			
Purchased Professional Educational Svcs.	\$ 310,676	\$ 311,377	\$ 701
Admin. Info.			
Supplies and Materials	51,206	51,243	37
Custodial Services			
Cleaning, Repairs, and Maintenance	107,486	107,929	443

The above variances were offset with other available resources.

C. Capital Reserve

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

Funds placed in the capital reserve are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the reserve cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Capital Reserve (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2013 is as follows:

Balance, July 1, 2012		\$ 124,182
Increased by:		
Interest Earnings	\$ 418	
Budgeted Increase	75,000	
Deposits Approved by Board Resolution	<u>1,000,000</u>	
Total Increases		<u>1,075,418</u>
		1,199,600
Decreased by:		
Withdrawal from Capital Reserve to		
Capital Projects		<u>86,732</u>
Balance, June 30, 2013		<u>\$ 1,112,868</u>

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

D. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict 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, 2013 is \$2,450,132. Of this amount, \$1,644,392 was designated and appropriated in the 2013/2014 original budget certified for taxes and the remaining amount of \$805,740 will be appropriated in the 2014/2015 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash 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.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits

Bank balances for interest bearing accounts are insured up to \$250,000 in the aggregate by the FDIC for each bank. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, temporary unlimited deposit insurance coverage was provided for non-interest bearing accounts from December 31, 2010 through December 31, 2012. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2013, the book value of the Board's deposits were \$9,264,040 and bank and brokerage firm balances of the Board's deposits amounted to \$11,159,633. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ <u>11,159,633</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, 2013 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, 2013, the Board had no outstanding investments.

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

B. Receivables

Receivables as of June 30, 2013 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	\$ 21,488	\$ 4,620		\$ 66,907	\$ 93,015
Intergovernmental	<u>128,543</u>	<u>248,193</u>	\$ 480,195	<u>41,342</u>	<u>898,273</u>
Gross Receivables	150,031	252,813	480,195	108,249	991,288
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 150,031</u>	<u>\$ 252,813</u>	<u>\$ 480,195</u>	<u>\$ 108,249</u>	<u>\$ 991,288</u>

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

	<u>Unearned</u>
Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 47,911
Grant Draw Downs Reserved for Encumbrances	<u>6,011</u>
Total Unearned Revenue for Governmental Funds	<u>\$ 53,922</u>

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2013 was as follows:

	Balance <u>July 1, 2012</u>	Prior Period <u>Adjustment</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2013</u>
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 79,932				\$ 79,932
Construction in Progress	<u>10,819,947</u>	-	\$ 335,270	-	<u>11,155,217</u>
Total Capital Assets, Not Being Depreciated	<u>10,899,879</u>	-	<u>335,270</u>	-	<u>11,235,149</u>
Capital Assets, Being Depreciated:					
Buildings	65,421,829				65,421,829
Machinery and Equipment	<u>5,012,160</u>	\$ 55,575	207,208	-	<u>5,274,943</u>
Total Capital Assets Being Depreciated	<u>70,433,989</u>	<u>55,575</u>	<u>207,208</u>	-	<u>70,696,772</u>
Less Accumulated Depreciation for:					
Buildings	(13,759,372)	(5,001)	(1,366,856)		(15,131,229)
Machinery and Equipment	<u>(2,659,921)</u>	84,350	(439,939)	-	<u>(3,015,510)</u>
Total Accumulated Depreciation	<u>(16,419,293)</u>	<u>79,349</u>	<u>(1,806,795)</u>	-	<u>(18,146,739)</u>
Total Capital Assets, Being Depreciated, net	<u>54,014,696</u>	<u>134,924</u>	<u>(1,599,587)</u>	-	<u>52,550,033</u>
Governmental Activities Capital Assets, net	<u>\$ 64,914,575</u>	<u>\$ 134,924</u>	<u>\$ (1,264,317)</u>	<u>\$ -</u>	<u>\$ 63,785,182</u>

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance <u>July 1, 2012</u>	Prior Period <u>Adjustment</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2013</u>
Business-Type Activities:					
Capital Assets, Being Depreciated:					
Machinery and Equipment	\$ 137,947	-	-	-	\$ 137,947
Total Capital Assets Being Depreciated	<u>137,947</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>137,947</u>
Less Accumulated Depreciation for:					
Machinery and Equipment	(129,584)	-	\$ (1,481)	-	(131,065)
Total Accumulated Depreciation	<u>(129,584)</u>	<u>-</u>	<u>(1,481)</u>	<u>-</u>	<u>(131,065)</u>
Total Capital Assets, Being Depreciated, net	<u>8,363</u>	<u>-</u>	<u>(1,481)</u>	<u>-</u>	<u>6,882</u>
Business-Type Activities Capital Assets, net	<u>\$ 8,363</u>	<u>\$ -</u>	<u>\$ (1,481)</u>	<u>\$ -</u>	<u>\$ 6,882</u>

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

Governmental Activities:

Instruction	
Regular	
Total Instruction	\$ 147,200
Support Services	
Student and Instruction Related Services	533,855
General Administration	781,017
School Administration	6,805
Operations and Maintenance of Plant	89,905
Student Transportation	248,013
Total Support Services	<u>1,659,595</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,806,795</u>
Business-Type Activities:	
Food Service Fund	
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, 2013:

<u>Project</u>	<u>Remaining Commitment</u>
Various Renovations and Improvements to Nutley High School and Elementary Schools	\$ 583,453
	<u>\$ 583,453</u>

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2013, 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	\$ 2,467
General Fund	Capital Projects Fund	1,552
General Fund	Payroll Agency Fund	81,854
Extended Day Enterprise Fund	Food Service Enterprise Fund	<u>38,182</u>
		<u>\$ 124,055</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

Transfer In:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Transfer Out:			
General Fund		\$ 86,732	\$ 86,732
Capital Projects Fund	<u>\$ 1,552</u>	<u>-</u>	<u>1,552</u>
Total transfers out	<u>\$ 1,552</u>	<u>\$ 86,732</u>	<u>\$ 88,284</u>

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

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. 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:

	Governmental <u>Activities</u>
Machinery and Equipment - Vehicles	\$ <u>307,328</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013 were as follows:

Fiscal Year <u>Ending June 30</u>	Governmental <u>Activities</u>
2014	\$ 64,684
2015	64,684
2016	<u>16,805</u>
Total Minimum Lease Payments	146,173
Less: Amount Representing Interest	<u>(8,194)</u>
Present Value of Minimum Lease Payments	<u>\$ 137,979</u>

G. Long-Term Debt

General Obligation Bonds

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

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

General Obligation Bonds (Continued)

Bonds payable at June 30, 2013 are comprised of the following issues:

\$2,923,000, 2003 Bonds, due in annual installment of \$145,000 through August 15, 2013, interest rate of 4.000%	\$ 145,000
\$14,930,000, 2005 Bonds, due in annual installments of \$625,000 to \$650,000 through February 15, 2015, interest rate of 4.000%	1,275,000
\$38,500,000, 2007 Bonds, due in annual installments of \$855,000 to \$3,515,000 through July 15, 2032, interest rate at various rates	34,740,000
\$10,000,000, 2012 Refunding Bonds, due in annual installments of \$20,000 to \$680,000 through August 15, 2029, interest at various rates	9,885,000
\$1,860,000, 2013 Refunding Bonds, due in annual installments of \$20,000 to \$195,000 through August 15, 2023, interest at various rates	<u>1,845,000</u>
	<u>\$47,890,000</u>

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>	
2014	\$ 1,665,000	\$ 2,489,474	\$ 4,154,474
2015	1,730,000	2,337,225	4,067,225
2016	1,780,000	1,852,688	3,632,688
2017	1,850,000	1,785,550	3,635,550
2018	1,910,000	1,715,538	3,625,538
2019-2023	10,680,000	7,396,569	18,076,569
2024-2028	12,845,000	4,969,969	17,814,969
2029-2033	<u>15,430,000</u>	<u>1,880,344</u>	<u>17,310,344</u>
	<u>\$ 47,890,000</u>	<u>\$ 24,427,357</u>	<u>\$ 72,317,357</u>

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2013 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 158,545,501
Less: Net Debt Issued	<u>47,890,604</u>
Remaining Borrowing Power	<u>\$ 110,654,897</u>

Advance Refunding of Debt

On December 27, 2012, the District issued \$10,000,000 in Refunding School Bonds, Series 2012 having interest rates of 2.00% to 4.00%. These bonds were issued in order to advance refund certain principal maturities and certain interest payments of the 2005 School Bonds of the District. The total bond principal defeased was \$9,845,000 and the total interest payments defeased was \$4,350,994. The net proceeds of \$10,811,636 (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments. As a result, the advance refunding met the requirements of an in-substance debt defeasance and the refunded bond liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$966,636. This amount has been reported as a Deferred Outflow of Resources on the financial statements and amortized over the remaining life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the current and next 18 years by \$808,688 and resulted in an economic gain of \$589,317.

On January 3, 2013, the District issued \$1,860,000 in Refunding School Bonds, Series 2013 having interest rates of 2.00% to 3.00%. These bonds were issued in order to advance refund certain principal maturities and certain interest payments of the 2003 School Bonds of the District. The total bond principal defeased was \$1,798,000 and the total interest payments defeased was \$554,516. The net proceeds of \$1,876,781 (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments. As a result, the advance refunding met the requirements of an in-substance debt defeasance and the refunded bond liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$78,781. This amount has been reported as a Deferred Outflow of Resources on the financial statements and amortized over the remaining life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the current and next 12 years by \$236,976 and resulted in an economic gain of \$210,663.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2013, was as follows:

	Balance <u>July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2013</u>	Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable	\$ 49,363,000	\$ 11,860,000	\$ 13,333,000	\$ 47,890,000	\$ 1,665,000
Add: Unamortized Premium	-	946,633	12,574	934,059	-
	49,363,000	12,806,633	13,345,574	48,824,059	1,665,000
Capital Leases	195,505		57,526	137,979	59,682
Deferred Pension Obligation	217,181		217,181	-	
Compensated Absences Payable	1,275,796	-	198,835	1,076,961	107,696
Governmental Activity Long-Term Liabilities	<u>\$ 51,051,482</u>	<u>\$ 12,806,633</u>	<u>\$ 13,819,116</u>	<u>\$ 50,038,999</u>	<u>\$ 1,832,378</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 District is a member of the Suburban Essex Joint Insurance Fund (SEJIF). The Fund is a risk sharing public entity pool, established for the purpose of insuring against these events and minimizing the District's exposure should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

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

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

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

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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

Fiscal Year Ended June 30,	Employee Contributions	Amount Reimbursed	Ending Balance
2013	\$ 96,018	\$ 112,400	\$ 457,746
2012	89,674	181,844	471,554
2011	88,716	159,415	561,249

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 the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

Pending Litigation – 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. 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. On January 25, 2013 the Appellate Division affirmed the Judge's previous decisions. In March 2013, the District filed a motion for summary judgement seeking to declare the settlement agreement and underlying construction management contract void and unenforceable. The motion is presently pending. As it has done so far, the District intends to defend against the firm's claims and pursue the return of its \$750,000 payment.

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

The Board's counsel has been engaged in connection with a January 25, 2013 Demand for Arbitration filed against the Board by the former engineering firm ("the firm"). This new Demand seeks \$3,000,000 in damages. The Board's counsel has entered an Order Staying the arbitration pending the Court's adjudication of the enforceability of the settlement agreement at issue in the litigation with the firm.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

B. Contingent Liabilities (Continued)

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, 2013, 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, 2013, the District has not estimated its arbitrage earnings due to the IRS, if any.

D. Employee Retirement Systems and Pension Plans

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

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

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.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Other Pension Funds (Continued)

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

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

Basis of Accounting

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

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.

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

- For new members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS increased from age 62 to 65 for Tier 5 members.
- It increased the TPAF and PERS active member rates from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years for members hired or reappointed on or after June 28, 2011. 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 takes 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 was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension system's unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

Investment Valuation

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

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Investment Valuation (Continued)

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

Funding Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 67.5 percent with an unfunded actuarial accrued liability of \$41.7 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 60.8 percent and \$30.1 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 77.5 percent and \$11.6 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, 2011 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 (a) a revised investment rate of return for all retirement systems from 8.25 percent to 7.95 percent and (b) revised projected salary increases of 4.52 percent for the PERS and 3.90 percent for TPAF.

Employer and Employee Pension Contributions

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

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the fiscal year ended June 30, 2013 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.

During the fiscal years ended June 30, 2013, 2012 and 2011 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>
2013	\$ 741,485	\$ 1,779,108
2012	763,799	848,506
2011	783,294	83,115

The State contributed \$1,779,108 and \$848,506 during 2012/2013 and 2011/2012, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2010/2011, the State did not contribute to the TPAF for normal cost and accrued liability; however, the State contributed \$83,115 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 to be paid back with interest over 15 years beginning in the 2011/2012 fiscal year. The District paid off the balance of the deferred PERS pension obligation during the 2012/13 fiscal year.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$2,025,129 during the fiscal year ended June 30, 2013 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

E. Post-Retirement Medical Benefits

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

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 566 state and local participating employers and contributing entities for Fiscal Year 2012.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

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

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

Basis of Accounting

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

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.

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, 2011, the most recent actuarial valuation date, the State had a \$48.9 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$18.0 billion for state active and retired members and \$30.9 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.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Funded Status and Funding Progress (Continued)

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, 2011, actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

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, 2012, there were 97,661, retirees receiving post-retirement medical benefits and the State contributed \$958.9 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 \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2012.

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 fiscal years ended June 30, 2013, 2012 and 2011 were \$2,011,721, \$1,705,718 and \$1,765,373, 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.

F. Prior Period Adjustment

During the 2012/13 school year, the District hired an independent appraisal company to perform an update of its capital asset valuation. The appraisal company noted that there were certain unrecorded additions and deletions from prior years. The District has recorded a prior period adjustment to its July 1, 2012 capital assets values, including depreciation amounts to correct the valuation.

BUDGETARY COMPARISON SCHEDULES

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 49,105,490		\$ 49,105,490	\$ 49,105,490	
Tuition -					
Other LEAs Within the State	87,072		87,072	167,909	\$ 80,837
Transportation Fees from Other LEAs	42,300		42,300	41,220	(1,080)
Interest on Capital Reserve	400		400	419	19
Other Restricted Miscellaneous	85,000		85,000	133,693	48,693
Unrestricted Miscellaneous	202,800	-	202,800	279,303	76,503
Total Revenues - Local Sources	49,523,062	-	49,523,062	49,728,034	204,972
State Sources					
Equalization Aid	4,376,014		4,376,014	4,376,014	
Categorical Special Education Aid	2,391,136		2,391,136	2,391,136	
Extraordinary Aid	150,000		150,000	206,660	56,660
Categorical Security Aid	61,895		61,895	61,895	-
Categorical Transportation Aid	92,806		92,806	92,806	-
On-Behalf TPAF					
Normal Pension			-	1,690,181	1,690,181
NCGI Contribution			-	88,927	88,927
Post Retirement Contribution			-	2,011,721	2,011,721
Social Security Contributions	-	-	-	2,025,129	2,025,129
Total State Sources	7,071,851	-	7,071,851	12,944,469	5,872,618
Federal Sources					
Education Jobs Fund		-	-	674	674
Medicaid Reimbursement	28,578	-	28,578	-	(28,578)
Total Federal Sources	28,578	-	28,578	674	(27,904)
Total Revenues	56,623,491	-	56,623,491	62,673,177	6,049,686
CURRENT EXPENDITURES					
Regular Programs - Instruction					
Salaries of Teachers:					
Preschool/Kindergarten	975,706	\$ (8,574)	967,132	967,132	-
Grades 1 - 5	6,900,332	65,393	6,965,725	6,965,725	-
Grades 6 - 8	4,196,557	59	4,196,616	4,196,616	-
Grades 9 - 12	5,222,231	234,590	5,456,821	5,456,821	-
Home Instruction:					
Salaries of Teachers	48,000	(19,361)	28,639	28,639	
Purchased Professional-Educational Services	16,000	17,456	33,456	33,456	-
Regular Programs - Undistributed Instruction:					
Purchased Technical Services	50,550	(11,805)	38,745	38,745	
Other Purchased Services	39,500	(2,245)	37,255	37,255	-
General Supplies	719,855	915,059	1,634,914	892,820	742,094
Textbooks	464,453	308,165	772,618	71,892	700,726
Other Objects	21,200	(14,831)	6,369	6,369	-
Total Instruction Regular Programs	18,654,384	1,483,906	20,138,290	18,695,470	1,442,820
Special Education					
Learning/Language Disabilities					
Salaries of Teachers	1,508,091	(144,781)	1,363,310	1,363,310	
Other Salaries for Instruction	538,773	150,163	688,936	688,262	674
General Supplies	8,500	1,000	9,500	9,486	14
Textbooks	3,500	(1,040)	2,460	2,384	76
Other Objects	100	-	100	-	100
Total Learning/Language Disabilities	2,058,964	5,342	2,064,306	2,063,442	864
Resource Room/Resource Center					
Salaries of Teachers	989,901	330,180	1,320,081	1,320,081	
General Supplies	10,000	81	10,081	9,959	122
Textbooks	2,000	(81)	1,919	1,869	50
Other Objects	100	-	100	-	100
Total Resource Room/Resource Center	1,002,001	330,180	1,332,181	1,331,909	272

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
Autism					
Salaries of Teachers	\$ 650,070	\$ (67,683)	\$ 582,387	\$ 582,387	-
Other Salaries for Instruction	601,137	210,881	812,018	812,018	-
General Supplies	3,050	3,161	6,211	6,211	-
Other Objects	500	(500)	-	-	-
Total Autism	1,254,757	145,859	1,400,616	1,400,616	-
Preschool Disabilities - Part-Time					
Salaries of Teachers	203,909	(5,262)	198,647	198,647	-
Other Salaries for Instruction	181,702	(75,747)	105,955	105,955	-
General Supplies	2,200	1,348	3,548	3,497	\$ 51
Other Objects	100	(100)	-	-	-
Total Preschool Disabilities	387,911	(79,761)	308,150	308,099	51
Total Special Education	4,703,633	401,620	5,105,253	5,104,066	1,187
Basic Skills/Remedial					
Salaries of Teachers	622,796	48,734	671,530	671,530	-
General Supplies	2,000	(415)	1,585	1,585	-
Other Objects	300	(300)	-	-	-
Total Basic Skills/Remedial	625,096	48,019	673,115	673,115	-
Bilingual Education					
Salaries of Teachers	252,655	(7,266)	245,389	245,389	-
General Supplies	4,200	(2,544)	1,656	1,656	-
Textbooks	500	(500)	-	-	-
Total Bilingual Education	257,355	(10,310)	247,045	247,045	-
Vocational Programs- Local - Instruction					
Salaries of Teachers	2,500	-	2,500	1,750	750
Total Vocational Programs-Local-Instruction	2,500	-	2,500	1,750	750
School Sponsored Co-Curricular Activities					
Salaries of Teachers	134,536	29,920	164,456	164,456	-
Other Objects	5,000	(940)	4,060	4,060	-
Total Co-Curricular Activities	139,536	28,980	168,516	168,516	-
School Sponsored Athletics					
Salaries	544,345	10,213	554,558	554,558	-
Purchased Services	41,102	(2,725)	38,377	38,377	-
Supplies and Materials	34,600	9,444	44,044	44,044	-
Other Objects	104,404	25,776	130,180	123,448	6,732
Total Athletics	724,451	42,708	767,159	760,427	6,732
Other Instruction Programs - Gifted and Talented					
Salaries	91,976	2,481	94,457	94,457	-
Purchased Professional Education Services	300	(300)	-	-	-
Supplies and Materials	1,200	(1,042)	158	158	-
Other Purchased Services	600	(600)	-	-	-
Other Objects	500	(250)	250	250	-
Total Other Instruction Programs	94,576	289	94,865	94,865	-
Other Instruction Programs - Music					
Other Objects	5,000	1,715	6,715	4,865	1,850
Supplies and Materials	20,500	(5,348)	15,152	15,152	-
Total Other Instruction Programs	25,500	(3,633)	21,867	20,017	1,850
Community Services					
Salaries	8,000	6,010	14,010	14,010	-
Total Community Services	8,000	6,010	14,010	14,010	-
Total Instruction	25,235,031	1,997,589	27,232,620	25,779,281	1,453,339

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures					
Instruction					
Tuition to Other LEA's Within State - Special	\$ 128,662	\$ (34,999)	\$ 93,663	\$ 51,400	\$ 42,263
Tuition to County Vocational - Regular	12,414	-	12,414	10,640	1,774
Tuition to County Vocational - Special	28,680	-	28,680	13,928	14,752
Tuition to County Sp Service and Regional Day School	118,373	39,477	157,850	152,729	5,121
Tuition to Private School for the Disabled W/I State	2,899,449	(317,844)	2,581,605	2,016,267	565,338
Total Tuition	3,187,578	(313,366)	2,874,212	2,244,964	629,248
Health Services					
Salaries	614,129	(27,949)	586,180	586,180	-
Purchased Professional Services	60,000	(12,485)	47,515	46,590	925
Supplies and Materials	17,400	630	18,030	16,719	1,311
Other Objects	250	-	250	-	250
Total Health Services	691,779	(39,804)	651,975	649,489	2,486
Other Supp. Svcs.-					
Speech, OT, PT and Related Services					
Salaries	619,870	(49,294)	570,576	570,576	-
Purchased Professional Educational Services	245,000	65,676	310,676	311,377	(701)
Supplies and Materials	4,000	(213)	3,787	3,760	27
Total Speech, OT, PT and Related Services	868,870	16,169	885,039	885,713	(674)
Other Supp. Svcs.-Extraord. Serv.					
Salaries	357,387	(32,166)	325,221	325,221	-
Total Other Support/Extraordinary Services	357,387	(32,166)	325,221	325,221	-
Other Supp. Svcs.-Guidance					
Salaries of Other Professional Staff	835,369	149,742	985,111	985,111	-
Salaries of Secretarial and Clerical Assistants	178,202	(12,189)	166,013	166,013	-
Other Purchased Professional and Technical Services	15,000	6,876	21,876	19,968	1,908
Other Purchased Services	9,950	(5,692)	4,258	3,661	597
Supplies and Materials	25,500	(15,680)	9,820	8,753	1,067
Other Objects	1,500	-	1,500	900	600
Total Other Support Services-Guidance	1,065,521	123,057	1,188,578	1,184,406	4,172
Other Supp. Svcs.-Child Study Teams					
Salaries of Other Professional Staff	812,948	38,777	851,725	851,725	-
Miscellaneous Purchased Services	1,500	817	2,317	2,271	46
Supplies and Materials	8,900	50	8,950	8,831	119
Other Objects	100	-	100	-	100
Total Other Support Services-Child Study Teams	823,448	39,644	863,092	862,827	265
Improvement of Instruction					
Salaries of Other Professional Staff	54,500	(28,999)	25,501	4,540	20,961
Salaries of Secretarial and Clerical Assist.	96,682	-	96,682	95,363	1,319
Purchased Professional Educational Services	7,500	(170)	7,330	7,000	330
Other Purchased Professional and Technical Services	4,795	-	4,795	-	4,795
Other Purchased Services	6,300	185	6,485	5,002	1,483
Supplies and Materials	7,000	(57)	6,943	6,656	287
Other Objects	500	(198)	302	302	-
Total Improvement of Instruction	177,277	(29,239)	148,038	118,863	29,175
Educational Media Services/ School Library					
Salaries	627,988	(42,852)	585,136	585,136	-
Purchased Professional and Technical Services	17,250	(1,150)	16,100	15,950	150
Other Purchased Services	23,500	(2,067)	21,433	21,433	-
Supplies and Materials	80,000	(23,745)	56,255	48,948	7,307
Total Educational Media Services/ School Library	748,738	(69,814)	678,924	671,467	7,457

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CURRENT EXPENDITURES (Continued)					
Instructional Staff Training Services					
Salaries of Other Professional Staff	\$ 104,000	\$ (17,195)	\$ 86,805	\$ 38,104	\$ 48,701
Purchased Professional Educational Services	4,200	17,195	21,395	4,000	17,395
Other Purchased Services	12,000	95	12,095	8,631	3,464
Supplies and Materials	1,500	-	1,500	705	795
Other Objects	500	-	500	50	450
Total Instructional Staff Training Services	122,200	95	122,295	51,490	70,805
Support Services General Administration					
Salaries	650,187	(11,650)	638,537	627,018	11,519
Legal Services	165,000	11,415	176,415	176,415	-
Audit Fees	45,000	8,982	53,982	52,667	1,315
Purchased Technical Services	89,452	(13,049)	76,403	76,403	-
Communications/Telephone	178,925	(5,386)	173,539	130,314	43,225
BOE Other Purchased Services	7,000	-	7,000	2,004	4,996
Other Purchased Services	12,900	(3,868)	9,032	1,410	7,622
Supplies and Materials	18,000	524	18,524	10,262	8,262
Judgments Against School District	326,005	(136,500)	189,505	-	189,505
Miscellaneous Expenditures	5,000	5,868	10,868	10,829	39
BOE Membership Dues and Fees	25,204	1,860	27,064	27,064	-
Total Support Services General Administration	1,522,673	(141,804)	1,380,869	1,114,386	266,483
Support Services School Administration					
Salaries of Principals and Assistant Principals	1,144,589	(14,900)	1,129,689	1,129,689	-
Salaries of Other Professional Staff	977,009	13,644	990,653	990,653	-
Salaries of Secretarial and Clerical Assistants	451,556	98,275	549,831	549,831	-
Purchased Professional Service		9,840	9,840	9,840	-
Other Purchased Services	96,949	(413)	96,536	96,146	390
Supplies and Materials	60,250	(3,075)	57,175	56,413	762
Other Objects	64,400	2,868	67,268	65,704	1,564
Total Support Services School Administration	2,794,753	106,239	2,900,992	2,898,276	2,716
Central Services					
Salaries	574,321	-	574,321	570,103	4,218
Purchased Professional Services	61,391	(1,143)	60,248	50,782	9,466
Purchased Technical Services	30,890	(19,894)	10,996	9,700	1,296
Miscellaneous Purchased Services	34,000	(8,575)	25,425	24,445	980
Supplies and Materials	12,800	781	13,581	9,319	4,262
Miscellaneous Expenditures	500	192	692	692	-
Total Undistributed Expenditures - Central Services	713,902	(28,639)	685,263	665,041	20,222
Admin. Info. Tech.					
Salaries	271,268	(35,060)	236,208	236,208	-
Purchased Technical Services	7,594	4,226	11,820	11,820	-
Other Purchased Services	900	-	900		900
Supplies and Materials	35,374	15,832	51,206	51,243	(37)
Other Objects	500	-	500	89	411
Total Undistributed Expenditures - Admin. Info. Technology	315,636	(15,002)	300,634	299,360	1,274
Required Maintenance for School Facilities					
Salaries	463,264	(16,794)	446,470	446,469	1
Cleaning, Repair and Maintenance Services	154,500	173,432	327,932	297,808	30,124
General Supplies	251,200	(130,137)	121,063	119,782	1,281
Other Objects	500	-	500	164	336
Total Required Maint for School Facilities	869,464	26,501	895,965	864,223	31,742

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CURRENT EXPENDITURES (Continued)					
Custodial Services					
Salaries	\$ 1,505,374	\$ (27,324)	\$ 1,478,050	\$ 1,475,548	\$ 2,502
Salaries of Non-Instructional Aides	340,766	(62,007)	278,759	278,759	-
Purchased Professional and Technical Services	64,000	(50,177)	13,823	13,823	-
Cleaning, Repair and Maintenance Services	200,000	(92,514)	107,486	107,929	(443)
Rental of Land & Bldg. Oth. Than Lease Purch. Agreement	1,400	-	1,400	1,372	28
Property Insurance	88,043	(1,464)	86,579	86,579	-
Miscellaneous Purchased Services	9,000	(131)	8,869	7,915	954
General Supplies	110,000	(49,573)	60,427	57,254	3,173
Other Objects	800	1,000	1,800	1,120	680
Energy (Natural Gas)	370,000	(151,420)	218,580	218,580	-
Energy (Electricity)	505,000	239,590	744,590	744,590	-
Energy (Gasoline)	20,000	2,472	22,472	22,472	-
Total Custodial Services	3,214,383	(191,548)	3,022,835	3,015,941	6,894
Undistributed Expenditures - Care & Upkeep of Grounds					
Salaries	245,765	4,713	250,478	250,478	-
Cleaning, Repair, and Maintenance Services	46,000	(11,467)	34,533	34,396	137
General Supplies	25,000	(9,430)	15,570	15,569	1
Total Care & Upkeep of Grounds	316,765	(16,184)	300,581	300,443	138
Undistributed Expenditures - Security					
Salaries	69,340	1,040	70,380	70,380	-
Purchased Professional and Technical Services	20,000	(12,385)	7,615	7,615	-
Total Security	89,340	(11,345)	77,995	77,995	-
Student Transportation Services					
Salaries for Pupil Trans (Bet Home & Sch)-Sp Ed.	90,200	(6,725)	83,475	83,112	363
Salaries for Pupil Trans (Other than Bet Home & Sch).	829,562	58,684	888,246	888,246	-
Cleaning, Repair and Maintenance Services	117,500	31,370	148,870	148,870	-
Other Purchased Professional and Technical Services	1,200	-	1,200	729	471
Lease Purchase Payments - School Buses	64,684	-	64,684	64,684	-
Rental Payments - School Buses	20,700	-	20,700	20,700	-
Contr Serv(Oth. Than Bet Home & Sch)-Vend	37,000	(11,900)	25,100	25,100	-
Contr Serv(Special Education)-Vendors	185,600	(109,946)	75,654	75,654	-
Contr Serv(Special Education)-Joint Agreements	1,000	(1,000)	-	-	-
Miscellaneous Purch. Services- Transportation	33,321	-	33,321	31,489	1,832
General Supplies	96,000	(899)	95,101	94,983	118
Other Objects	10,500	1,672	12,172	11,786	386
Total Student Transportation Services	1,487,267	(38,744)	1,448,523	1,445,353	3,170
Unallocated Employee Benefits					
Group Insurance	191,122	-	191,122	186,721	4,401
Social Security Contributions	737,502	159	737,661	733,861	3,800
Other Retirement Contributions - PERS	758,359	2,366	760,725	760,725	-
Other Retirement Contributions - Deferred PERS Payment	101,141	206,139	307,280	307,280	-
Workmens Compensation	150,744	-	150,744	148,744	2,000
Health Benefits	9,821,950	(1,399,460)	8,422,490	7,970,790	451,700
Tuition Reimbursements	70,000	-	70,000	27,151	42,849
Other Employee Benefits	194,801	-	194,801	94,508	100,293
Total Unallocated Employee Benefits	12,025,619	(1,190,796)	10,834,823	10,229,780	605,043
On-Behalf TPAF					
Pension System Contributions-Normal	-	-	-	1,690,181	(1,690,181)
NCGI Premium	-	-	-	88,927	(88,927)
Post Retirement Benefits	-	-	-	2,011,721	(2,011,721)
Social Security Contributions	-	-	-	2,025,129	(2,025,129)
Total TPAF Pension and Social Security Contributions	-	-	-	5,815,958	(5,815,958)
Total Undistributed Expenditures	31,392,600	(1,806,746)	29,585,854	33,721,196	(4,135,342)
Total Current Expenditures	56,627,631	190,843	56,818,474	59,500,477	(2,682,003)

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CAPITAL OUTLAY					
Increase in Capital Reserve	\$ 75,000	-	\$ 75,000		\$ 75,000
Interest Deposit to Capital Reserve	400	-	400		400
Equipment					
Kindergarten	162,648	\$ 99,462	262,110	\$ 231,900	30,210
Grades 1 - 5		4,051	4,051	4,051	-
Grades 6-8		2,955	2,955	2,955	-
Grades 9 - 12		40,812	40,812	40,812	-
Athletic Equipment	-	9,514	9,514	9,514	-
Total Equipment	<u>238,048</u>	<u>156,794</u>	<u>394,842</u>	<u>289,232</u>	<u>105,610</u>
Total Expenditures - Capital Outlay	<u>238,048</u>	<u>156,794</u>	<u>394,842</u>	<u>289,232</u>	<u>105,610</u>
Total Expenditures - General Fund	<u>56,865,679</u>	<u>347,637</u>	<u>57,213,316</u>	<u>59,789,709</u>	<u>(2,576,393)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(242,188)</u>	<u>(347,637)</u>	<u>(589,825)</u>	<u>2,883,468</u>	<u>3,473,293</u>
Other Financing Sources (Uses)					
Transfers In				\$ 1,552	\$ 1,552
Transfers Out	-	-	-	(86,732)	86,732
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(85,180)</u>	<u>88,284</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>(242,188)</u>	<u>\$ (347,637)</u>	<u>(589,825)</u>	<u>2,798,288</u>	<u>3,561,577</u>
Fund Balance, Beginning of Year	<u>3,453,225</u>	<u>-</u>	<u>3,453,225</u>	<u>3,453,225</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 3,211,037</u>	<u>\$ (347,637)</u>	<u>\$ 2,863,400</u>	<u>\$ 6,251,513</u>	<u>\$ 3,388,113</u>
Recapitulation of Fund Balance					
Restricted					
Capital Reserve				\$ 1,112,868	
Excess Surplus				805,740	
Excess Surplus - Designated for Subsequent Year's Budget				1,644,392	
Committed					
Encumbrances				768,085	
Assigned					
Encumbrances				782,558	
Unassigned				<u>1,137,870</u>	
Fund Balance (Budgetary Basis)				6,251,513	
Reconciliation to Governmental Fund Statements (GAAP)					
2012/2013 State Aid Payments Not Recognized on a GAAP Basis				(636,467)	
2012/2013 Extraordinary Aid Not Recognized on a GAAP Basis				<u>(206,660)</u>	
Fund Balance per Governmental Funds (GAAP Basis)				<u>\$ 5,408,386</u>	

NUTLEY BOARD OF EDUCATION
GENERAL FUND
EDUCATION JOBS FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES					
Federal Sources					
Education Jobs Fund	-	\$ 674	\$ 674	\$ 674	-
Total Revenues	-	674	674	674	-
EXPENDITURES					
Instruction - Regular Programs					
Other Salaries for Instruction	-	674	674	674	-
Total Regular Programs	-	674	674	674	-
Total Current Expenditures	-	-	-	-	-
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	674	674	674	-
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

**NUTLEY BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 312,232	\$ 8,314	\$ 320,546	\$ 293,520	\$ (27,026)
Federal	1,102,153	396,911	1,499,064	1,248,200	(250,864)
Local Sources					
Miscellaneous	-	96,870	96,870	74,017	(22,853)
Total Revenues	<u>1,414,385</u>	<u>502,095</u>	<u>1,916,480</u>	<u>1,615,737</u>	<u>(300,743)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	219,691	97,131	316,822	220,300	96,522
Purchased Prof. and Technical Services	3,000	464	3,464	1,558	1,906
Purchased Professional/Educational Services	399,421	239,919	639,340	551,122	88,218
Tuition	565,236	(66,149)	499,087	499,087	-
General Supplies	47,789	73,058	120,847	56,043	64,804
Textbooks	25,711	2,664	28,375	27,270	1,105
Other Objects	-	66,112	66,112	52,924	13,188
Total Instruction	<u>1,260,848</u>	<u>413,199</u>	<u>1,674,047</u>	<u>1,408,304</u>	<u>265,743</u>
Support Services					
Salaries of Teachers		21,808	21,808	21,808	-
Salaries of Program Directors		8,000	8,000	6,934	1,066
Employee Benefits	42,550	4,311	46,861	38,139	8,722
Purchased Professional/Educational Services	85,925	(425)	85,500	77,968	7,532
Travel		9	9		9
Other Purchased Services	14,379	51,076	65,455	48,203	17,252
Supplies and Materials	683	1,267	1,950	1,531	419
Total Support Services	<u>143,537</u>	<u>86,046</u>	<u>229,583</u>	<u>194,583</u>	<u>35,000</u>
Facilities Acquisition and Construction					
Instructional Equipment	10,000	2,850	12,850	12,850	-
Total Facilities Acquisition	<u>10,000</u>	<u>2,850</u>	<u>12,850</u>	<u>12,850</u>	<u>-</u>
Total Expenditures	<u>1,414,385</u>	<u>502,095</u>	<u>1,916,480</u>	<u>1,615,737</u>	<u>300,743</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, 2013**

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedules	C-1 \$ 62,673,177	C-2 \$ 1,615,737
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, 2012 Encumbrances		72,361
Less: June 30, 2013 Encumbrances		(57,520)
State Aid payments recognized for GAAP Statements, not recognized for budgetary purposes.	746,564	
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements.	<u>(843,127)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	B-2 \$ <u>62,576,614</u>	B-2 \$ <u>1,630,578</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	C-1 \$ 59,789,709	C-2 \$ 1,615,737
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, 2012 Encumbrances		72,361
Less: June 30, 2013 Encumbrances	<u>-</u>	<u>(57,520)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	B-2 \$ <u>59,789,709</u>	B-2 \$ <u>1,630,578</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, 2013**

	Nonpublic Textbooks	N.J. Nonpublic Auxiliary				NJ Nonpublic Handicapped			Nonpublic Nursing	Nonpublic Technology	Sub-Total
		Compensatory Education	ESL	Transportation	Home Instruction	Supplemental Instruction	Examination/ Classification	Corrective Speech			
REVENUES											
State Sources	\$ 27,270	\$ 95,062	\$ 6,395	\$ 44,307	\$ 1,550	\$ 19,428	\$ 21,980	\$ 28,201	\$ 39,383	\$ 9,944	\$ 293,520
Federal Sources	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	<u>\$ 27,270</u>	<u>\$ 95,062</u>	<u>\$ 6,395</u>	<u>\$ 44,307</u>	<u>\$ 1,550</u>	<u>\$ 19,428</u>	<u>\$ 21,980</u>	<u>\$ 28,201</u>	<u>\$ 39,383</u>	<u>\$ 9,944</u>	<u>\$ 293,520</u>
EXPENDITURES											
Instruction:											
Salaries of Teachers											-
Purchased Prof. and Technical Services											-
Purchased Professional Educational Services		\$ 95,062	\$ 6,395		\$ 1,550	\$ 19,428		\$ 28,201			\$ 150,636
Tuition											-
General Supplies										\$ 9,944	9,944
Textbooks	\$ 27,270										27,270
Other Objects	-	-	-	-	-	-	-	-	-	-	-
Total Instruction	<u>27,270</u>	<u>95,062</u>	<u>6,395</u>	<u>-</u>	<u>1,550</u>	<u>19,428</u>	<u>-</u>	<u>28,201</u>	<u>-</u>	<u>9,944</u>	<u>187,850</u>
Support Services											
Salaries of Teachers											-
Salaries of Program Directors											-
Employee Benefits											-
Purchased Professional Educational Services							\$ 21,980		\$ 39,383		61,363
Other Purchased Services				\$ 44,307							44,307
Supplies and Materials	-	-	-	-	-	-	-	-	-	-	-
Total Support Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,307</u>	<u>-</u>	<u>-</u>	<u>21,980</u>	<u>-</u>	<u>39,383</u>	<u>-</u>	<u>105,670</u>
Facilities Acquisition and Instructional Equipment	-	-	-	-	-	-	-	-	-	-	-
Total Facilities Acquisition	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 27,270</u>	<u>\$ 95,062</u>	<u>\$ 6,395</u>	<u>\$ 44,307</u>	<u>\$ 1,550</u>	<u>\$ 19,428</u>	<u>\$ 21,980</u>	<u>\$ 28,201</u>	<u>\$ 39,383</u>	<u>\$ 9,944</u>	<u>\$ 293,520</u>

**NUTLEY BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Title I</u>	<u>Title II A</u>	<u>Title III</u>	<u>Title III Immig</u>	<u>Race to The Top</u>	<u>IDEA B Basic</u>	<u>IDEA B Preschool</u>	<u>Perkins Vocational Education</u>	<u>Other</u>	<u>Total</u>
REVENUES										
State Sources										\$ 293,520
Federal Sources	\$ 166,809	\$ 95,680	\$ 21,610	\$ 11,877	\$ 19,319	\$ 873,846	\$ 39,586	\$ 19,473		1,248,200
Other	-	-	-	-	-	-	-	-	\$ 74,017	74,017
Total Revenues	<u>\$ 166,809</u>	<u>\$ 95,680</u>	<u>\$ 21,610</u>	<u>\$ 11,877</u>	<u>\$ 19,319</u>	<u>\$ 873,846</u>	<u>\$ 39,586</u>	<u>\$ 19,473</u>	<u>\$ 74,017</u>	<u>\$ 1,615,737</u>
EXPENDITURES										
Instruction:										-
Salaries of Teachers	\$ 136,738	\$ 65,895	\$ 7,580	\$ 10,087						\$ 220,300
Purchased Prof. and Technical Services								\$ 1,558		1,558
Purchased Professional Educational Services						\$ 400,486				551,122
Tuition						459,501	\$ 39,586			499,087
General Supplies			5,972	1,343		10,621		7,070	\$ 21,093	56,043
Textbooks	-	-	-	-	-	-	-	-		27,270
Other Objects	-	-	-	-	-	-	-	-	52,924	52,924
Total Instruction	<u>136,738</u>	<u>65,895</u>	<u>13,552</u>	<u>11,430</u>	<u>-</u>	<u>870,608</u>	<u>39,586</u>	<u>8,628</u>	<u>74,017</u>	<u>1,408,304</u>
Support Services										
Salaries of Teachers			4,584		\$ 17,224					21,808
Salaries of Program Directors	6,934									6,934
Employee Benefits	22,455	11,551	2,368	447	1,318					38,139
Purchased Professional Educational Services		16,605								77,968
Other Purchased Services	-	1,629	1,106			1,036		125		48,203
Supplies and Materials	682	-	-	-	777	-	-	72	-	1,531
Total Support Services	<u>30,071</u>	<u>29,785</u>	<u>8,058</u>	<u>447</u>	<u>19,319</u>	<u>1,036</u>	<u>-</u>	<u>197</u>	<u>-</u>	<u>194,583</u>
Facilities Acquisition and Construction Services										
Instructional Equipment	-	-	-	-	-	2,202	-	10,648	-	12,850
Total Facilities Acquisition	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,202</u>	<u>-</u>	<u>10,648</u>	<u>-</u>	<u>12,850</u>
Total Expenditures	<u>\$ 166,809</u>	<u>\$ 95,680</u>	<u>\$ 21,610</u>	<u>\$ 11,877</u>	<u>\$ 19,319</u>	<u>\$ 873,846</u>	<u>\$ 39,586</u>	<u>\$ 19,473</u>	<u>\$ 74,017</u>	<u>\$ 1,615,737</u>

**NUTLEY BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOT APPLICABLE

CAPITAL PROJECTS FUND

NUTLEY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

<u>Project Description</u>	<u>Appropriation</u>	<u>Additional Appropriation</u>	<u>Expenditures to Date</u>		<u>Cancelled</u>	<u>Balance June 30, 2013</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	\$ 12	\$ 4,872,081			\$ 604
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.	38,500,000	479,000	35,912,848	\$ 335,270	-	2,730,882
	<u>\$ 68,043,920</u>	<u>\$ 479,012</u>	<u>\$ 65,453,898</u>	<u>\$ 335,270</u>	<u>\$ 2,278</u>	<u>\$ 2,731,486</u>
Reconciliation of Fund Balance						
Project Balances, June 30, 2013						\$ 2,731,486
Less:						
Debt Authorized But Not Issued						604
Fund Balance, June 30, 2013 (Budgetary Basis)						<u>\$ 2,730,882</u>
Fund Balance, June 30, 2013 (GAAP Basis)						<u>\$ 2,730,882</u>
Recapitulation of Fund Balance						
Restricted for Capital Projects						
Year End Encumbrances						\$ 583,453
Available for Capital Projects						<u>2,147,429</u>
Total Fund Balance - Restricted for Capital Projects						<u>\$ 2,730,882</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, 2013**

Revenues and Other Financing Sources

Federal Sources	\$ 479,000
Transfer from Capital Reserve	86,732
Interest on Investments	<u>1,552</u>
 Total Revenues	 <u>567,284</u>

Expenditures and Other Financing Uses

Purchased Professional And Technical Services	944
Construction Services	316,668
Other Purchased Services	17,658
Cancellation of Grant Receivable	88,615
Transfers Out	<u>1,552</u>
 Total Expenditures	 <u>425,437</u>

Excess Of Revenues and Other Financing Sources Over

Expenditures and Other Financing Uses	141,847
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Fund Balance, Beginning of Year	<u>2,589,035</u>
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Fund Balance, End of Year	<u><u>\$ 2,730,882</u></u>
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**NUTLEY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
ADDITION & REHABILITATION TO NUTLEY HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$ 1,949,069		\$ 1,949,069	\$ 1,949,069
Transfer from Capital Reserve		\$ 12	12	12
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>12</u>	 <u>4,872,081</u>	 <u>4,872,685</u>
 Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	537,444		537,444	351,963
Land and Improvements	197,900		197,900	594,080
Construction Services	3,717,256		3,717,256	3,519,642
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>4,872,685</u>
 Excess (Deficiency) of Revenues over (under) Expenditures	 <u>\$ (12)</u>	 <u>\$ 12</u>	 <u>\$ -</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
Increases	28,980
Revised Authorized Cost	4,872,685
 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, 2013

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$ 8,769,617	\$ (48,615)	\$ 8,721,002	\$ 8,721,002
Capital Reserve	642,757	48,998	691,755	691,755
Bond Proceeds and Transfers	15,154,059	-	15,154,059	15,154,059
 Total Revenues	<u>24,566,433</u>	<u>383</u>	<u>24,566,816</u>	<u>24,566,816</u>
 Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	2,543,714		2,543,714	2,750,000
Land and Improvements				620,000
Construction Services	21,850,217		21,850,217	21,196,816
Other Purchased Services	24,010		24,010	
Supplies	123,740		123,740	
Equipment Purchases	25,135	-	25,135	-
 Total Expenditures	<u>24,566,816</u>	<u>-</u>	<u>24,566,816</u>	<u>24,566,816</u>
 Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ (383)</u>	<u>\$ 383</u>	<u>\$ -</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, 2013

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$ 41,772		\$ 41,772	\$ 41,772
Federal Sources - CDBG	40,000	\$ (40,000)	-	-
Transfer From Capital Reserve	22,659	37,722	60,381	60,381
	<u>104,431</u>	<u>(2,278)</u>	<u>102,153</u>	<u>102,153</u>
Total Revenues				
	<u>104,431</u>	<u>(2,278)</u>	<u>102,153</u>	<u>102,153</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	4,186		4,186	7,933
Construction Services	97,967	-	97,967	94,220
	<u>102,153</u>	<u>-</u>	<u>102,153</u>	<u>102,153</u>
Total Expenditures				
	<u>102,153</u>	<u>-</u>	<u>102,153</u>	<u>102,153</u>
 Excess (Deficiency) of Revenues over (under) Expenditures	 \$ 2,278	 \$ (2,278)	 \$ -	 \$ -

Additional Project Information:

Project Number	3750-080-04-1000
Grant Date	October 19, 2004
Bonds Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	104,431
Change Orders	(2,278)
Revised Authorized Cost	102,153
 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, 2013

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources				
Bond Proceeds and Transfers	\$ 8,740,000	-	\$ 8,740,000	\$ 8,740,000
Total Revenues	8,740,000	-	8,740,000	8,740,000
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	1,235,777	\$ 24	1,235,801	1,225,854
Legal Fees	21,705		21,705	
Construction Services	6,460,276	205,498	6,665,774	7,468,638
Other Purchased Services	2,917	4,189	7,106	45,508
Supplies	1,505		1,505	
Equipment Purchases	204,271	-	204,271	-
Total Expenditures	7,926,451	209,711	8,136,162	8,740,000
Excess (Deficiency) of Revenues over (under) Expenditures	\$ 813,549	\$ (209,711)	\$ 603,838	\$ -

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	93%
Original Target Completion Date	September 1, 2009
Revised Target Completion Date	September 1, 2014

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, 2013

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources				
Bond Proceeds and Transfers	\$ 5,530,000	-	\$ 5,530,000	\$ 5,530,000
Total Revenues	5,530,000	-	5,530,000	5,530,000
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	753,216	\$ 14	753,230	765,610
Legal Fees	8,036		8,036	
Construction Services	3,772,204	10,698	3,782,902	4,724,708
Other Purchased Services	(621)		(621)	39,682
Supplies	1,505		1,505	
Equipment Purchases	108,438	-	108,438	-
Total Expenditures	4,642,778	10,712	4,653,490	5,530,000
Excess (Deficiency) of Revenues over (under) Expenditures	\$ 887,222	\$ (10,712)	\$ 876,510	\$ -

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, 2014

**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, 2013**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources				
Bond Proceeds and Transfers	\$ 7,600,000	-	\$ 7,600,000	\$ 7,600,000
Total Revenues	<u>7,600,000</u>	<u>-</u>	<u>7,600,000</u>	<u>7,600,000</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	1,120,476	\$ 231	1,120,707	1,031,369
Legal Fees	17,149		17,149	
Construction Services	6,086,280	8,937	6,095,217	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>7,388,545</u>	<u>9,168</u>	<u>7,397,713</u>	<u>7,600,000</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ 211,455</u>	<u>\$ (9,168)</u>	<u>\$ 202,287</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, 2014

**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, 2013**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources				
Bond Proceeds and Transfers	\$ 5,530,000	-	\$ 5,530,000	\$ 5,530,000
Total Revenues	<u>5,530,000</u>	<u>-</u>	<u>5,530,000</u>	<u>5,530,000</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	821,794	\$ 225	822,019	765,610
Legal Fees	8,036		8,036	
Construction Services	4,822,291	3,744	4,826,035	4,724,708
Other Purchased Services	7,635		7,635	39,682
Supplies	1,505		1,505	
Equipment Purchases	<u>108,438</u>	<u>-</u>	<u>108,438</u>	<u>-</u>
Total Expenditures	<u>5,769,699</u>	<u>3,969</u>	<u>5,773,668</u>	<u>5,530,000</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ (239,699)</u>	<u>\$ (3,969)</u>	<u>\$ (243,668)</u>	<u>\$ -</u>

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, 2014

**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, 2013**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources				
Bond Proceeds and Transfers	\$ 3,400,000	-	\$ 3,400,000	\$ 3,400,000
Total Revenues	3,400,000	-	3,400,000	3,400,000
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	479,683	\$ 219	479,902	471,333
Legal Fees	441		441	
Construction Services	2,343,072	82,568	2,425,640	2,905,210
Other Purchased Services	(915)		(915)	23,457
Supplies	1,505		1,505	
Equipment Purchases	69,710	-	69,710	-
Total Expenditures	2,893,496	82,787	2,976,283	3,400,000
Excess (Deficiency) of Revenues over (under) Expenditures	\$ 506,504	\$ (82,787)	\$ 423,717	\$ -

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	88%
Original Target Completion Date	September 1, 2009
Revised Target Completion Date	September 1, 2014

**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, 2013**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources				
Bond Proceeds and Transfers	\$ 7,700,000		\$ 7,700,000	\$ 7,700,000
U.S. Department of Energy Grant	-	\$ 479,000	479,000	479,000
 Total Revenues	 7,700,000	 479,000	 8,179,000	 8,179,000
 Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	1,072,028	231	1,072,259	1,062,087
Legal Fees	17,149		17,149	
Construction Services	6,043,073	5,223	6,048,296	7,075,117
Other Purchased Services	3,212	13,469	16,681	41,796
Supplies	1,505		1,505	
Equipment Purchases	154,912	-	154,912	-
 Total Expenditures	 7,291,879	 18,923	 7,310,802	 8,179,000
 Excess (Deficiency) of Revenues over (under) Expenditures	 \$ 408,121	 \$ 460,077	 \$ 868,198	 \$ -

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
Federal Services	479,000
Revised Authorized Cost	8,179,000
 Change Order Percentage	
Percentage Completion	89%
Original Target Completion Date	September 1, 2009
Revised Target Completion Date	September 1, 2014

PROPRIETARY FUND

**NUTLEY BOARD OF EDUCATION
PROPRIETARY FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2013**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

**NUTLEY BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2013**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 208,579	83,462	\$ 292,041
Total Assets	<u>\$ 208,579</u>	<u>\$ 83,462</u>	<u>\$ 292,041</u>
LIABILITIES			
Accrued Salaries and Wages		\$ 1,608	\$ 1,608
Due To Other Funds		81,854	81,854
Due to Student Groups	<u>\$ 208,579</u>	<u>-</u>	<u>208,579</u>
Total Liabilities	<u>\$ 208,579</u>	<u>\$ 83,462</u>	<u>\$ 292,041</u>

**NUTLEY BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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, 2013**

	<u>Balance</u> <u>July 1, 2012</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disburse-</u> <u>ments</u>	<u>Balance</u> <u>June 30, 2013</u>
ELEMENTARY SCHOOLS				
Lincoln	\$ 2,283	\$ 14,458	\$ 16,536	\$ 205
Radcliffe	3,776	4,446	4,707	3,515
Spring Garden	8,796	13,175	9,711	12,260
Washington	487	10,016	9,733	770
Yantacaw	<u>8,293</u>	<u>9,100</u>	<u>8,225</u>	<u>9,168</u>
	<u>23,635</u>	<u>51,195</u>	<u>48,912</u>	<u>25,918</u>
MIDDLE SCHOOL				
Franklin	<u>14,730</u>	<u>25,055</u>	<u>21,983</u>	<u>17,802</u>
HIGH SCHOOL				
Nutley High School	<u>148,795</u>	<u>271,807</u>	<u>255,743</u>	<u>164,859</u>
TOTAL ALL SCHOOLS	<u>\$ 187,160</u>	<u>\$ 348,057</u>	<u>\$ 326,638</u>	<u>\$ 208,579</u>

NUTLEY BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Balance, July 1, <u>2012</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2013</u>
Payroll Deductions, Withholdings and Accrued Salaries and Wages Due To Other Funds	\$ (821)	\$ 37,975,917	\$ 37,973,488	\$ 1,608
	<u>-</u>	<u>616,412</u>	<u>534,558</u>	<u>81,854</u>
Total	<u>\$ (821)</u>	<u>\$ 38,592,329</u>	<u>\$ 38,508,046</u>	<u>\$ 83,462</u>

LONG-TERM DEBT

**NUTLEY BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

<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, 2012</u>	<u>Issued</u>	<u>Paid</u>	<u>Refunded</u>	<u>Balance June 30, 2013</u>
Renovations at Nutley High School, Telephone Intercom System and Site Work	8/15/2003	\$ 2,923,000	8/15/13	\$ 145,000	4.000	% \$ 2,083,000		\$ 140,000	\$ 1,798,000	\$ 145,000
Construction of an Addition and Renovation to the Franklin Middle School and Acquisition of Equipment and Site Work	2/1/2005	14,930,000	2/15/14 2/15/15	625,000 650,000	4.000 4.000	% 11,720,000		600,000	9,845,000	1,275,000
Construction of an Addition and Renovation at the Nutley High School and Elementary Schools	7/15/2007	\$ 38,500,000	7/15/13 7/15/14 7/15/15 7/15/16 7/15/17 7/15/18 7/15/19 7/15/20 7/15/21 7/15/22 7/15/23 7/15/24 7/15/25 7/15/26 7/15/27 7/15/28 7/15/29 7/15/30 7/15/31 7/15/32	855,000 890,000 930,000 995,000 1,060,000 1,135,000 1,210,000 1,290,000 1,375,000 1,460,000 1,555,000 1,650,000 1,960,000 2,060,000 2,170,000 2,290,000 2,420,000 2,555,000 3,365,000 3,515,000	4.500 4.500 4.500 4.500 4.500 4.500 4.500 4.500 4.500 4.500 4.500 4.500 4.500 4.500 4.500 4.500 4.500 4.750 4.750 4.750	% 				

**NUTLEY BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

<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, 2012</u>	<u>Issued</u>	<u>Paid</u>	<u>Refunded</u>	<u>Balance June 30, 2013</u>
Series 2012 Refunding Bonds	12/27/2012	\$ 10,000,000	8/15/13	\$ 20,000	2.000	%				
			8/15/14	20,000	2.000					
			8/15/15	680,000	3.000					
			8/15/16	675,000	3.000					
			8/15/17	670,000	3.000					
			8/15/18	665,000	3.000					
			8/15/19	655,000	3.000					
			8/15/20	650,000	3.000					
			8/15/21-23	650,000	4.000					
			8/15/24	645,000	4.000					
			8/15/25	660,000	3.500					
			8/15/26	660,000	3.250					
			8/15/27	650,000	3.250					
			8/15/28	645,000	4.000					
			8/15/29	640,000	4.000		\$ 10,000,000	\$ 115,000		\$ 9,885,000
Series 2013 Refunding Bonds	01/03/2013	\$ 1,860,000	8/15/13	20,000	2.000	%				
			8/15/14-15	170,000	2.000					
			8/15/16-18	180,000	2.000					
			8/15/19	185,000	2.000					
			8/15/20	190,000	3.000					
			8/15/21	195,000	2.250					
			8/15/22	190,000	2.250					
			8/15/23	185,000	2.250					

NUTLEY BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

<u>Purpose</u>	<u>Original Issue</u>	<u>Balance, July 1, 2012</u>	<u>Issued</u>	<u>Paid</u>	<u>Balance, June 30, 2013</u>
School Buses (2)	\$ 121,867	\$ 76,333		\$ 24,326	\$ 52,007
School Bus	87,439	56,150		18,052	38,098
School Buses (2)	98,022	<u>63,022</u>	<u>-</u>	<u>15,148</u>	<u>47,874</u>
		<u>\$ 195,505</u>	<u>\$ -</u>	<u>\$ 57,526</u>	<u>\$ 137,979</u>

**NUTLEY BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 2,910,896		\$ 2,910,896	\$ 2,910,896	
State Sources					
Debt Service Aid	824,615	-	824,615	824,615	-
Total Revenues	3,735,511	-	3,735,511	3,735,511	-
EXPENDITURES					
Regular Debt Service					
Principal	1,560,000	\$ 130,000	1,690,000	1,690,000	
Interest	2,175,511	(130,000)	2,045,511	1,982,796	\$ 62,715
Costs Of Issuance	-	-	-	118,226	(118,226)
Total Expenditures	3,735,511	-	3,735,511	3,791,022	(55,511)
Excess of Revenues Over/(Under)					
Expenditures Before Other Financing					
Sources (Uses)	-	-	-	(55,511)	(55,511)
Other Financing Sources (Uses)					
Payments to Escrow Agent				(12,688,407)	(12,688,407)
Refunding Bond Proceeds				11,860,000	11,860,000
Premium on Issuance of Refunding Bonds	-	-	-	946,633	946,633
Total Other Financing Sources (Uses)	-	-	-	118,226	118,226
Excess of Revenues and Other Financing					
Sources Over Expenditures and Other					
Financing Uses	-	-	-	62,715	62,715
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ 62,715	\$ 62,715

Restricted Fund Balance
Available for Debt Service \$ 62,715

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 POSITION BY COMPONENT,
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities										
Net Investment In Capital Assets	\$ 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	\$ 18,585,510
Restricted	123,200	121,878	174,518	489,609	736,150	126,032	127,084	98,770	124,182	1,175,583
Unrestricted	(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	2,111,252
Total Governmental Activities Net Position	<u>\$ 378,500</u>	<u>\$ 1,690,948</u>	<u>\$ 6,448,131</u>	<u>\$ 12,760,896</u>	<u>\$ 12,018,096</u>	<u>\$ 11,727,131</u>	<u>\$ 13,831,295</u>	<u>\$ 15,465,055</u>	<u>\$ 18,077,327</u>	<u>\$ 21,872,345</u>
Business-Type Activities										
Net Investment In Capital Assets	\$ 8,748	\$ 10,489	\$ 16,034	\$ 16,493	\$ 14,775	\$ 13,056	\$ 11,337	\$ 9,844	\$ 8,363	\$ 6,882
Unrestricted	223,447	203,000	283,278	266,897	298,723	166,709	128,685	79,524	197,161	242,624
Total Business-Type Activities Net Position	<u>\$ 232,195</u>	<u>\$ 213,489</u>	<u>\$ 299,312</u>	<u>\$ 283,390</u>	<u>\$ 313,498</u>	<u>\$ 179,765</u>	<u>\$ 140,022</u>	<u>\$ 89,368</u>	<u>\$ 205,524</u>	<u>\$ 249,506</u>
District-Wide										
Net Investment In Capital Assets	\$ 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	\$ 18,592,392
Restricted	123,200	121,878	174,518	489,609	736,150	126,032	127,084	98,770	124,182	1,175,583
Unrestricted	(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	2,353,876
Total District Net Position	<u>\$ 610,695</u>	<u>\$ 1,904,437</u>	<u>\$ 6,747,443</u>	<u>\$ 13,044,286</u>	<u>\$ 12,331,594</u>	<u>\$ 11,906,896</u>	<u>\$ 13,971,317</u>	<u>\$ 15,554,423</u>	<u>\$ 18,282,851</u>	<u>\$ 22,121,851</u>

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

	Fiscal Year Ended June 30.									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 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	\$ 27,419,378
Special Education	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	10,429,282
Other Instruction	1,309,562	1,376,348	719,701	926,241	1,265,638	968,273	1,402,851	1,233,574	1,389,023	1,466,465
School Sponsored Activities And Athletics	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	1,260,343
Community Services	2,272	6,779	7,376	7,109	16,514	7,627	5,567	7,487	11,555	14,010
Support Services										
Student And Instruction Related Services	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	7,196,414
General Administration	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	3,971,209
School Administrative Services	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	2,116,336
Plant Operations And Maintenance	4,889,636	5,128,519	5,386,167	5,570,366	5,753,722	6,042,339	5,531,637	5,428,247	5,147,653	5,348,366
Pupil Transportation	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	1,981,555
Business Services	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	1,245,684
Increase in Deferred Pension Liability						227,063				
Interest On Long-Term Debt	123,549	414,810	753,496	728,493	2,378,802	2,433,786	2,337,249	2,281,324	2,241,443	2,402,651
Total Governmental Activities Expenses	<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>	<u>64,851,693</u>
Business-Type Activities:										
Food Service	868,210	934,786	964,209	915,379	912,017	946,090	861,182	1,110,276	960,177	899,942
Extended Day	578,851	921,460	774,368	804,495	819,850	1,013,512	841,234	613,967	623,930	655,239
Athletic Camps					17,143	14,384	15,477	17,690	16,836	11,768
Total Business-Type Activities Expense	<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>	<u>1,566,949</u>
Total District Expenses	<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>	<u>\$ 66,418,642</u>
Program Revenues										
Governmental Activities:										
Charges For Services:										
Instruction (Tuition)	\$ 65,034	\$ 99,750	\$ 90,842	\$ 73,703	\$ 149,591	\$ 149,048	\$ 145,554	\$ 158,071	\$ 130,494	\$ 167,909
Pupil Transportation	92,556	113,283	112,160	98,884	111,952	77,995	76,215	42,300	53,493	41,220
Operating Grants And Contributions	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	10,130,902
Capital Grants And Contributions	1,374,894	1,054,715	3,351,456	4,472,504	613,873	13,595	29,167	65,814	-	567,532
Total Governmental Activities Program Revenues	<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>	<u>10,907,563</u>
Business-Type Activities:										
Charges For Services										
Food Service	559,363	582,788	596,965	640,493	650,501	731,200	630,926	736,107	768,611	644,508
Extended Day	637,086	861,812	839,583	794,541	815,868	857,797	789,565	647,590	714,196	732,098
Athletic Camps					17,615	14,805	15,485	18,975	19,330	8,825
Operating Grants And Contributions	98,902	117,204	121,372	107,500	119,035	136,231	156,667	188,453	214,863	225,396
Total Business Type Activities Program Revenues	<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>	<u>1,610,827</u>
Total District Program Revenues	<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>	<u>\$ 12,518,390</u>

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

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net (Expense)/Revenue										
Governmental Activities	\$ (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)	\$ (53,944,130)
Business-Type Activities	(151,710)	(294,442)	(180,657)	(177,340)	(145,991)	(233,953)	(125,250)	(150,808)	116,057	43,878
Total District-Wide Net Expense	\$ (37,125,275)	\$ (39,885,741)	\$ (39,540,803)	\$ (39,946,174)	\$ (49,198,048)	\$ (52,980,735)	\$ (51,308,580)	\$ (53,437,047)	\$ (53,495,264)	\$ (53,900,252)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 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	\$ 52,016,386
State Aid Unrestricted	13,760	13,101	12,407	11,714	11,020	1,311,714	3,972,780	3,119,283	3,936,364	4,348,256
Restricted Grants And Contributions	3,255,094	3,446,325	3,461,681	3,439,053	3,632,148	4,214,887	975,985	828,388	826,730	824,615
Accrued Interest And Premium On Bonds	6,501	15,255	-	-	-	-	-	-	-	-
Investment Earnings	55,087	231,777	663,207	382,866	1,337,719	277,389	10,250	-	-	-
Miscellaneous Income	51,775	253,085	76,045	292,070	164,224	320,431	264,384	210,434	461,504	414,967
Donated Capital Assets	-	-	-	765,718	-	-	-	-	-	-
Loss on Disposal of Capital Assets	-	-	-	-	-	-	-	-	(57,148)	-
Transfers	(180,000)	(276,805)	(265,000)	(156,766)	(175,000)	(100,000)	(85,000)	(100,000)	-	-
Total Governmental Activities	38,415,966	40,903,747	44,117,329	46,081,599	48,309,257	52,455,817	53,287,494	54,170,709	56,223,593	57,604,224
Business-Type Activities:										
Investment Earnings	\$ 384	\$ 2,336	\$ 1,480	\$ 4,652	\$ 1,099	\$ 220	\$ 507	\$ 154	\$ 99	\$ 104
Transfers	180,000	273,400	265,000	156,766	175,000	100,000	85,000	100,000	-	-
Total Business-Type Activities	180,384	275,736	266,480	161,418	176,099	100,220	85,507	100,154	99	104
Total District-Wide	\$ 38,596,350	\$ 41,179,483	\$ 44,383,809	\$ 46,243,017	\$ 48,485,356	\$ 52,556,037	\$ 53,373,001	\$ 54,270,863	\$ 56,223,692	\$ 57,604,328
Change in Net Position										
Governmental Activities	\$ 1,442,401	\$ 1,312,448	\$ 4,757,183	\$ 6,312,765	\$ (742,800)	\$ (290,965)	\$ 2,104,164	\$ 884,470	\$ 2,612,272	\$ 3,660,094
Business-Type Activities	28,674	(18,706)	85,823	(15,922)	30,108	(133,733)	(39,743)	(50,654)	116,156	43,982
Total District	\$ 1,471,075	\$ 1,293,742	\$ 4,843,006	\$ 6,296,843	\$ (712,692)	\$ (424,698)	\$ 2,064,421	\$ 833,816	\$ 2,728,428	\$ 3,704,076

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

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$ 509,136	\$ 575,786	\$ 1,508,438	\$ 1,459,108	\$ 979,517	\$ 181,364	\$ 973,343			
Unreserved	696,292	886,742	782,259	197,126	798,154	(251,591)	213,705			
Restricted								\$ 876,583	\$ 2,010,762	\$ 3,563,000
Committed										768,085
Assigned								142,244	346,862	782,558
Unassigned	-	-	-	-	-	-	-	440,335	349,037	294,743
Total General Fund	<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>	<u>\$ 5,408,386</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	(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	\$ 2,793,597
Total All Other Governmental Funds	<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>	<u>\$ 2,793,597</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,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Tax Levy	\$ 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	\$ 52,016,386
Tuition Charges	65,034	99,750	90,842	73,703	149,591	149,048	145,554	158,071	130,494	167,909
Transportation Fees	92,556	113,283	112,160	98,884	111,952	77,995	76,215	42,300	53,493	41,220
Miscellaneous	109,610	484,862	742,044	688,559	1,519,187	673,236	336,983	220,231	515,818	456,955
State Sources	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	14,056,089
Federal Sources	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	1,773,228
County Sources			105,000	-	-	-	-	-	-	-
Total Revenues	47,265,712	49,989,468	55,884,821	60,157,350	60,281,022	60,905,183	63,909,127	63,019,543	65,142,532	68,511,787
Expenditures										
Instruction										
Regular Instruction	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	27,368,714
Special Education Instruction	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	10,444,298
Other Instruction	1,309,562	1,376,348	719,701	926,241	1,265,638	968,273	1,402,851	1,233,574	1,389,023	1,466,465
School Sponsored Activities And Athletics	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	1,260,343
Community Services	2,269	6,776	7,371	7,085	16,442	7,552	5,492	7,487	11,555	14,010
Support Services										
Student & Inst. Related Services	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	6,671,377
School Administration	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	3,988,349
General Administration	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	1,346,143
Plant Operations And Maintenance	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	5,190,641
Pupil Transportation	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	1,739,700
Other Support Services	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	1,262,427
Capital Outlay	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	542,478
Debt Service:										
Principal	110,000	164,210	635,671	659,469	693,032	1,328,318	1,401,850	1,475,263	1,586,442	1,964,707
Interest And Other Charges	31,818	209,560	779,567	733,483	705,413	3,298,716	2,362,646	2,307,851	2,269,127	2,286,927
Total Expenditures	48,907,326	51,344,048	60,078,929	69,240,843	67,219,594	69,359,729	73,482,568	72,113,576	66,240,194	65,546,579
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(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)	2,965,208
Other Financing Sources (Uses)										
Serial Bonds Issued	2,923,000	14,930,000			38,500,000					
Payments to Escrow Agent										(12,688,407)
Refunding Bond Proceeds										11,860,000
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								946,633
Cancellation of State Grant Receivable										(88,615)
Accrued Interest On Bonds	6,493									
Transfers In	8,227	37,914		179,742	1,314,038	871,526	13,151	17,720	2,837	88,284
Transfers Out	(188,227)	(311,314)	(265,000)	(336,508)	(1,489,038)	(971,526)	(98,151)	(117,720)	(2,837)	(88,284)
Total Other Financing Sources (Uses)	2,922,482	14,751,020	(126,204)	(139,666)	38,341,765	(100,000)	36,867	(12,561)	98,022	29,611
Net Change In Fund Balances	\$ 1,280,868	\$ 13,396,440	\$ (4,320,312)	\$ (9,223,159)	\$ 31,403,193	\$ (8,554,546)	\$ (9,536,574)	\$ (9,106,594)	\$ (999,640)	\$ 2,994,819
Debt Service As A Percentage Of Noncapital Expenditures	0.31%	0.77%	2.75%	2.54%	2.37%	7.47%	6.02%	6.05%	6.04%	6.54%

* Noncapital expenditures are total expenditures less capital outlay.

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

Fiscal Year Ended June 30	<u>Interest</u>	<u>Tuition</u>	<u>Transportation</u>	<u>Rentals</u>	<u>Admissions</u>	<u>Miscellaneous</u>	<u>Total</u>
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
2013	8,725	167,909	41,220	133,693	9,776	261,221	622,544

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
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
2013	24,137,700	2,595,694,900	626,196,900	17,188,700	156,756,200	3,419,974,400	9,206	3,419,983,606	3,736,274,900	1.535

Source: County Abstract of Ratables

^a Tax rates are per \$100

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

<u>Assessment Year</u>	<u>School District</u>	<u>Township</u>	<u>County</u>	<u>County Open Space</u>	<u>Total</u>
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
2013	1.535	1.129	0.522	0.017	3.203

Source: Township of Nutley, Tax Assessor

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

Taxpayer	2013		2004	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Hoffman-LaRoche, Inc.	\$ 313,939,896	8.91%	\$ 67,906,800	13.12%
492 River Road Reckson	22,532,000	0.64%		
Nutley Properties	18,616,000	0.53%	2,395,000	0.46%
Public Service Electric & Gas	17,788,600	0.50%		
Village Manor Associates	17,324,300	0.49%	2,430,000	0.47%
432 Owners Inc.	16,320,000	0.46%	3,048,200	0.59%
M&M @ E Centre St	12,633,000	0.36%		
Nutley Shop-Rite	11,293,600	0.32%	2,498,400	0.48%
Jerc Partners III	8,006,800	0.23%		
NSP Management Co.	7,190,300	0.20%		
Verizon			1,754,337	0.34%
Proponent Federal Credit Union			1,110,300	0.21%
Arla Associates			973,700	0.19%
Reckson Operating Partners			870,000	0.17%
River Road Association			845,600	0.16%
Total	<u>\$ 445,644,496</u>	<u>12.65%</u>	<u>\$ 83,832,337</u>	<u>16.19%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
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
2013	52,016,386	52,016,386	100.00%	N/A

NUTLEY BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN 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	27,469	\$ 127
2005	18,183,000	160,919	18,343,919	27,022	679
2006	17,633,000	218,804	17,851,804	26,519	673
2007	17,063,000	146,435	17,209,435	26,188	657
2008	54,968,000	65,168	55,033,168	26,064	2,111
2009	53,683,000	21,850	53,704,850	26,111	2,057
2010	52,303,000	121,867	52,424,867	28,370	1,848
2011	50,863,000	174,043	51,037,043	28,370	1,799
2012	49,363,000	195,505	49,558,505	28,414	1,744
2013	47,890,000	137,979	48,027,979	28,561	1,682

Source: District records

NUTLEY BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN 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%	\$ 124
2005	18,183,000		18,183,000	3.5%	686
2006	17,633,000		17,633,000	0.4%	665
2007	17,063,000		17,063,000	0.4%	652
2008	54,968,000		54,968,000	1.3%	2,109
2009	53,683,000		53,683,000	1.3%	2,056
2010	52,303,000		52,303,000	1.4%	1,844
2011	50,863,000		50,863,000	1.4%	1,793
2012	49,363,000		49,363,000	1.4%	1,737
2013	47,890,000		47,890,000	1.4%	1,677

Source: District records

N/A - Information Not Available

**NUTLEY BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2013
(Unaudited)**

Net Direct Debt of School District as of June 30, 2013		\$ 47,890,604
Net Overlapping Debt of School District		
Township of Nutley	\$ 9,514,990	
Essex County	14,250,757	
Essex County Utilities Authority (A)	3,263,489	
Passaic Valley Sewerage Commission (B)	7,691,336	
North Jersey District Water Supply Commission (B)	<u>1,211,477</u>	
		<u>35,932,049</u>
Total Direct and Overlapping Debt as of June 30, 2013		<u>\$ 83,822,653</u>

- (A) The debt for this entity was apportioned by dividing the Municipality's 2013 equalized value by the total 2013 equalized value for Essex County.
- (B) Overlapping debt was computed based upon usage

Sources:

- (1) Township of Nutley 2012 Annual Debt Statement
- (2) Essex County 2012 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**

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt Limit	\$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	\$ 158,545,501
Total Net Debt Applicable To Limit	<u>5,302,928</u>	<u>18,183,987</u>	<u>17,633,987</u>	<u>55,563,987</u>	<u>54,968,987</u>	<u>53,683,987</u>	<u>52,303,987</u>	<u>50,863,987</u>	<u>49,363,087</u>	<u>47,890,604</u>
Legal Debt Margin	<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>\$ 115,548,243</u>	<u>\$ 110,654,897</u>
Total net debt applicable to the limit as a percentage of debt limit	5.46%	15.66%	14.87%	35.83%	32.92%	31.08%	30.14%	29.93%	29.93%	30.21%

Legal Debt Margin Calculation for Fiscal Year 2013

Equalized Valuation Basis

2012	\$ 3,820,381,816
2011	3,960,830,896
2010	<u>4,109,699,890</u>
	<u>\$11,890,912,602</u>

Average Equalized Valuation of Taxable Property

\$ 3,963,637,534

Debt Limit (4 % of Average Equalization Value)

158,545,501

Total Net Debt Applicable to Limit

47,890,604

Legal Debt Margin

\$ 110,654,897

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>
2004	27,469	\$ 41,417	3.4%
2005	27,022	43,231	3.6%
2006	26,519	47,290	3.9%
2007	26,188	49,850	3.6%
2008	26,064	51,665	4.7%
2009	26,111	48,901	8.1%
2010	28,370	50,791	9.0%
2011	28,370	52,956	8.5%
2012	28,414	N/A	8.2%
2013	28,561	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>2013</u>			<u>2004</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 NINE 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>	<u>2012</u>	<u>2013</u>
Instruction									
Regular	231	251	303	303	271	271	257	257	226
Special Education	31	35	40	40	43	43	50	50	53
Support Services									
Student and Instruction Related Services	47	51	62	62	85	86	107	107	138
General Administration		3	3	3	3	3	3	3	5
School Administrative Services	10	10	10	11	10	10	10	10	10
Other Administrative Services	12	9	11	11	7	7	9	9	9
Central Services	19	19	19	19	13	13	11	11	9
Administrative Information Technology	3	3	4	4	4	4	4	4	4
Plant Operations and Maintenance	42	42	42	42	42	40	40	40	36
Pupil Transportation	31	31	31	32	32	31	31	31	31
Other Support Services	65	71	69	69	66	58	23	23	23
Food Service	16	14	12	12	11	11	-	-	0
Total	<u>507</u>	<u>539</u>	<u>606</u>	<u>606</u>	<u>587</u>	<u>577</u>	<u>545</u>	<u>545</u>	<u>543</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment	Operating Expenditures	(A)	Cost Per Pupil	Percentage Change	Teacher/Pupil Ratio				Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Teaching Staff ^b	Elementary	Middle School	Senior High School				
2004	4,199	\$ 45,714,302		\$ 10,887	5.95%	N/A	N/A	N/A	N/A	4,199	3,984	N/A	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%
2013	4,045	61,213,079		15,133	0.44%	308.9	13	14	17	4,036	3,832	1.87%	94.95%

Sources: District records

(A) Includes General and Special Revenue Funds

N/A - Not Available

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>District Building</u>									
<u>Nutley High School</u>									
Square Feet	192,260.00	192,260.00	192,260.00	192,260.00	192,260.00	192,260.00	192,260.00	192,260.00	192,260.00
Capacity (students)	909.62	909.62	909.62	909.62	909.62	909.62	906.62	906.62	909.62
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	1,283.00
<u>John H. Walker Middle School</u>									
Square Feet	92,010.00	92,010.00	128,036.00	128,036.00	128,036.00	128,036.00	128,036.00	128,036.00	128,036.00
Capacity (students)	412.99	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	647.00
<u>Radcliffe Elementary School</u>									
Square Feet	45,305.00	45,305.00	45,305.00	45,305.00	45,305.00	45,305.00	45,305.00	45,305.00	45,305.00
Capacity (students)	412.69	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	336.00
<u>Yantacaw Elementary School</u>									
Square Feet	49,512.00	49,512.00	49,512.00	49,512.00	49,512.00	49,512.00	49,512.00	49,512.00	49,512.00
Capacity (students)	439.76	439.76	439.76	439.76	439.76	439.76	439.76	439.76	439.76
Enrollment	507.00	507.00	492.00	476.00	487.00	469.00	469.00	469.00	491.00
<u>Washington Elementary School</u>									
Square Feet	49,097.00	49,097.00	49,097.00	49,067.00	49,067.00	49,067.00	49,067.00	49,067.00	49,067.00
Capacity (students)	351.65	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	423.00
<u>Spring Garden Elementary School</u>									
Square Feet	43,955.00	43,955.00	43,955.00	43,955.00	43,955.00	43,955.00	43,955.00	43,955.00	51,155.00
Capacity (students)	378.62	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	384.00
<u>Lincoln Elementary School</u>									
Square Feet	56,342.00	56,342.00	56,342.00	56,342.00	56,342.00	56,342.00	56,342.00	56,342.00	56,342.00
Capacity (students)	462.62	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	482.00
<u>Other</u>									
Maintenance Warehouse									
Square Feet	5,386.00	5,386.00	5,386.00	5,386.00	5,386.00	5,386.00	5,386.00	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	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	1,309.00
Storage Shed									
Square Feet	912.00	912.00	912.00	912.00	912.00	912.00	912.00	912.00	912.00

Number of Schools at June 30, 2013

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>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>	<u>2013</u>
Nutley High School	\$ 196,304	\$ 290,851	\$ 349,696	\$ 301,115	\$ 267,526	\$ 321,106	\$ 250,152	\$ 261,637	\$ 239,746	\$ 263,863
Franklin Middle School	101,344	109,741	83,399	95,214	196,710	190,734	202,379	165,035	151,226	195,781
Lincoln Elementary School	34,291	32,516	119,064	50,957	62,993	80,561	67,766	83,263	76,296	70,451
Radcliffe Elementary School	61,179	100,198	46,072	106,810	63,389	70,247	58,309	74,111	67,910	84,036
Spring Garden Elementary School	85,534	70,098	71,788	56,796	52,385	65,985	54,025	69,175	63,387	72,135
Washington Elementary School	117,257	116,780	81,374	64,067	65,176	77,750	64,824	98,554	90,308	97,322
Yantacaw Elementary School	<u>90,101</u>	<u>84,551</u>	<u>74,337</u>	<u>123,260</u>	<u>57,382</u>	<u>74,153</u>	<u>58,396</u>	<u>63,486</u>	<u>58,174</u>	<u>80,635</u>
Grand Total	<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>	<u>\$ 864,223</u>

**NUTLEY BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2013
(Unaudited)**

	<u>Insurance Company</u>	<u>Coverage</u>	<u>Deductible</u>
All Real and Personal Property and Theft of Contents	Suburban Essex JIF Selective Insurance	\$ 100,000 149,799,500	\$ 500 200,500
Money and Security Loss	Suburban Essex JIF Selective Insurance	100,000 299,500	500 200,500
General Liability (BI and PD)	Suburban Essex JIF Selective Insurance Co.	150,000 9,850,000	N/A 150,000
Automobile Liability	Suburban Essex JIF Selective Insurance Co.	150,000 9,850,000	N/A 150,000
Excess School Liability (GL and AL)	Suburban Essex JIF Selective Insurance Co.	150,000 9,750,000	500 250,000
School Board Legal Liability	Suburban Essex JIF ACE American Service Company	100,000 10,000,000	N/A 100,000
Athletic Accident Insurance	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 Karen A. Yeamans	Selective RLI Insurance Company	325,000 3,000	N/A N/A

Source: School District's records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
EDWARD N. KERE, CPA
LORI T. MANUKIAN, CPA, PSA
MARK SACO, 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**

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the 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 prescribed by the Office of School Finance, Department of Education, State of New Jersey, 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, 2013 and the related notes to the financial statements, which collectively comprise the Nutley Board of Education's basic financial statements and have issued our report thereon dated December 3, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Nutley Board of Education's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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. Accordingly, we do not express an opinion on the effectiveness of the Nutley Board of Education's internal control.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


Compliance and Other Matters


As part of obtaining reasonable assurance about whether the Nutley Board of Education's financial statements are free from 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 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 December 3, 2013.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Nutley Board of Education's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Nutley Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


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


 Gary J. Vinci
 Public School Accountant
 PSA Number CS00829

Fair Lawn, New Jersey
 December 3, 2013



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
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MARK SACO, CPA

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY
U.S. OMB CIRCULAR A-133 AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL
ASSISTANCE AS REQUIRED BY 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

Report on Compliance for Each Major Federal and State Program

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 the Nutley Board of Education's major federal and state programs for the fiscal year ended June 30, 2013. The 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Nutley Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. 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; 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. 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 the 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 on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Nutley Board of Education's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Nutley Board of Education complied, in all material respects, with the types of 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, 2013.

Report on Internal Control Over Compliance

Management of the Nutley Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Nutley Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with U.S. 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 Nutley Board of Education's internal control over compliance.

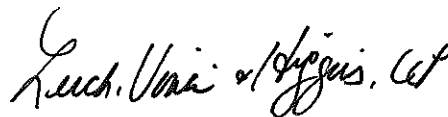
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. OMB Circular A-133 and New Jersey OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by U.S. OMB Circular A-133 and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 04-04

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, 2013 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated December 3, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by U.S. OMB Circular A-133 and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04 are presented for purposes of additional analysis and are 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. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
December 3, 2013

NUTLEY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Period	Award Amount	Balance June 1, 2012		Cash Received	Budgetary Reimbursement	Adjustment	Prior Year Reconciliation	Other Adjustment	Repayment of Prior Year Balance	Balance June 30, 2013		Memo CAAFP Receivable
				(Accounts Receivable)	Unearned Revenue							(Accounts Receivable)	Unearned Revenue	
U.S. Department of Education General Fund Education Jobs Fund	84.410 84.410	7/1/12-6/30/11 7/1/12-6/30/11	\$ 674 269,942	\$ (8,200) (8,200)	- -	\$ 8,200 8,200	\$ 674 674	- -	- -	- -	- -	\$ (674) (674)	- -	\$ (674) (674)
Total General Fund														
Special Revenue Fund:														
Title I	84.010	9/1/12-8/31/13	255,841	(119,899)	36,979	75,631	166,509	(34,171)	\$ 298			(318,083)	\$ 127,203	(90,880)
Title II	84.010	9/1/12-8/31/13	242,613			80,237		38,171		4,600 a			1,639	
Title III	84.365	9/1/12-8/31/13	21,198	(20,108)	9,271	11,761	21,610	(6,360)	6,360			(10,463)	6,488	(447)
Title III Immigrant	84.365	9/1/12-8/31/13	24,653											
Title III Immigrant	84.365	9/1/12-8/31/13	36,654			2,642	11,877	(2,642)		15,436 b		(39,296)	27,419	
Title V Part A, Carryover	84.298	9/1/12-8/31/13	24,850	(24,205)	18,404	22,605	-	2,642		(15,436) b			1,468	(103,905)
IDEA Part B	84.027	9/1/12-8/31/13	854,808		417		873,846	(90,871)				(175,738)	71,833	
IDEA Part B Preschool	84.027	9/1/12-8/31/13	862,523	(127,281)	89,305	769,941		90,871				(1,258)	9,883	
IDEA Part B Preschool	84.173	9/1/12-8/31/13	40,446		676	47,659	39,586	(676)					1,536	
IDEA Part B Preschool	84.048	9/1/12-8/31/13	40,365	(675)	676			676		(1)			3,037	(1,684)
IDEA Part B Preschool	84.048	9/1/12-8/31/13	15,790	(1,924)	318	17,471	19,155					(4,741)	1,536	
IDEA Part B Preschool	84.188	9/1/12-8/31/13	15,790	(1,924)	318	17,471	19,155					(1,058)	570	
IDEA Part B Preschool	84.188	9/1/12-8/31/13	11,218		570									
IDEA Part B Preschool	84.367	9/1/12-8/31/13	83,525	(31,270)	1,853	61,831	95,680	(25,064)		11,488 a		(46,758)	12,909	(28,062)
Title II Part A	84.367	9/1/12-8/31/13	93,470			26,581		25,064				(1,690)	8,552	(23)
Title II Part A	84.367	9/1/12-8/31/13	281	(1,690)	1,667		19,119					(19,322)	3	(18,542)
Raise to the Top	84.413	7/1/12-12/31/12	19,322	(441)								(441)		(441)
Technology Literacy Challenge	84.518	4/1/96-3/31/00	95,000											
Total Special Revenue Fund				(328,551)	161,096	1,156,982	1,248,200	-	-	16,087	-	(319,126)	276,540	(245,984)
U.S.D.A. Department of Agriculture														
Pass-Through State Department of Education	10.555													
Enterprise Fund:														
National School Lunch Program		9/1/12-6/30/13	39,310			39,310	36,157	-	-				3,153	
Non-Cash Assistance (Food Distribution)		9/1/11-6/30/12	48,223		1,280		1,280	-	-					
Non-Cash Assistance (Food Distribution)		9/1/12-6/30/13	181,583			141,597	191,583	-	-			(39,986)		(39,986)
Cash Assistance		9/1/11-6/30/12	159,333	(9,833)										
Cash Assistance		9/1/12-6/30/12				9,838								
Total Enterprise Fund				(9,833)	1,280	190,745	219,020	-	-	-	-	(39,986)	3,153	(39,986)
U.S.D.A. Department of Housing and Urban Development														
Pass-Through State Department of Education	14.218	7/1/05-6/30/06	40,000	(40,000)				40,000						
State Department of Education		6/9/06-8/29/09	479,000		479,000		479,000							
Capital Projects Fund														
Community Development Block Grant														
U.S. Department of Energy														
Total Capital Projects Fund					479,000		479,000							
Total Federal Financial Awards				(386,589)	641,276	1,355,927	1,946,894	40,000	-	16,087	-	(559,786)	279,693	(234,644)

a. cancelled encumbrances
b. prior year adjustments

NUTLEY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

State Department of Education	Grant or State Project Number	Grant	Award Amount	Balance June 30, 2012	Carryover Amount	Cash Received	Budgetary Expenditures	Cancellation	Repayment of Prior Year Balances	Balance June 30, 2013			Memorandum	
										(Accts. Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Budgetary Expenditures
<u>General Fund:</u>														
Equalization Aid	12-495-034-5120-078	7/1/11-6/30/12	\$ 4,038,986	\$ (374,618)		\$ 374,618	-						*	-
Equalization Aid	13-495-034-5120-078	7/1/12-6/30/13	4,376,014	-		3,973,638	\$ 4,376,014			\$ (402,376)			*	\$ 4,376,014
Special Education Categorical Aid	12-495-034-5120-089	7/1/11-6/30/12	2,243,967	(208,129)		208,129	-			-			*	-
Special Education Categorical Aid	13-495-034-5120-089	7/1/12-6/30/13	2,391,136	-		2,171,270	2,391,136			(219,866)			*	2,391,136.00
Transportation Aid	13-495-034-5120-014	7/1/12-6/30/13	92,806	-		84,272	92,806			(8,534)			*	92,806.00
Security Aid	13-495-034-5120-084	7/1/12-6/30/13	61,895	-		56,204	61,895			(5,691)			*	61,895.00
Extraordinary Aid	12-495-034-5120-044	7/1/11-6/30/12	163,817	(163,817)		163,817	-			-			*	-
Extraordinary Aid	13-495-034-5120-044	7/1/12-6/30/13	206,660	-		-	206,660			(206,660)			*	206,660.00
TPAF Social Security Contribution	12-495-034-5095-002	7/1/11-6/30/12	2,037,752	(102,237)		102,237	-			-			*	-
TPAF Social Security Contribution	13-495-034-5095-002	7/1/12-6/30/13	2,025,129	-		1,924,140	2,025,129			(100,989)			*	\$ (100,989) 2,025,129.00
TPAF Pension Contribution - NCGI	13-495-034-5095-007	7/1/12-6/30/13	88,927	-		88,927	88,927			-			*	88,927.00
TPAF Pension Contribution	13-495-034-5095-006	7/1/12-6/30/13	1,690,181	-		1,690,181	1,690,181			-			*	1,690,181.00
TPAF Pension Contribution- Post Retirement	13-100-034-5095-001	7/1/12-6/30/13	2,011,721	-	-	2,011,721	2,011,721	-	-	-	-	-	*	2,011,721.00
Total General Fund				(848,801)	-	12,849,154	12,944,469	-	-	(944,116)	-	-	*	(100,989) 12,944,469
<u>Special Revenue Fund:</u>														
New Jersey Nonpublic Aid:													*	
Textbooks	13-100-034-5120-064	7/1/12-6/30/13	28,375			28,375	27,270				\$ 1,105		*	27,270
Textbooks	12-100-034-5120-064	7/1/11-6/30/12	25,711	144		-	-		\$ 144				*	-
Auxiliary Services													*	-
Compensatory Education	13-100-034-5120-067	7/1/12-6/30/13	112,871			112,871	95,062					17,809	*	95,062
Compensatory Education	12-100-034-5120-067	7/1/11-6/30/12	137,789	57,652		-	-		57,652				*	-
Compensatory Education	00-100-034-5120-067	7/1/99-6/30/00	90,611	(340)		-	-			(340)			*	(340) -
English as a Second Language	13-100-034-5120-067	7/1/12-6/30/13	7,844	-		7,844	6,395			-		1,449	*	6,395
English as a Second Language	12-100-034-5120-067	7/1/11-6/30/12	10,344	4,310		-	-		4,310				*	-
Transportation	13-100-034-5120-067	7/1/12-6/30/13	44,307			44,307	44,307						*	44,307
Home Instruction	08-100-034-5120-067	7/1/07-6/30/08	1,858	(1,858)		-	-			(1,858)			*	(1,858) -
Home Instruction	09-100-034-5120-067	7/1/08-6/30/09	5,176	(107)		-	-			(107)			*	(107) -
Home Instruction	13-100-034-5120-067	7/1/12-6/30/13	1,550	-		-	1,550			(1,550)			*	(1,550) 1,550
Handicapped Services													*	-
Supplemental Instruction	13-100-034-5120-066	7/1/12-6/30/13	21,023			21,023	19,428					1,595	*	19,428
Examination and Classification	13-100-034-5120-066	7/1/12-6/30/13	26,117	-		26,117	21,980					4,137	*	21,980
Examination and Classification	12-100-034-5120-066	7/1/11-6/30/12	26,729	3,696		-	-		3,696				*	-
Corrective Speech	13-100-034-5120-066	7/1/12-6/30/13	30,154	-		30,154	28,201			-		1,953	*	28,201
Corrective Speech	12-100-034-5120-066	7/1/11-6/30/12	28,435	5,608		-	-		5,608				*	-
Nonpublic Nursing	13-100-034-5120-070	7/1/12-6/30/13	39,383			39,383	39,383						*	39,383
Nonpublic Technology Initiative		7/1/12-6/30/13	10,472			10,472	9,944					528	*	9,944
Nonpublic Technology Initiative	00-100-034-5120-373	7/1/99-6/30/00	27,000	(354)		-	-			(354)			*	(354) -
Teacher Mentoring	N/A	7/1/06-6/30/07	6,384	108		-	-				\$ 108		*	-
Total Special Revenue Fund				68,859	-	320,546	293,520	-	71,410	(4,209)	108	28,576	*	(4,209) 293,520

NUTLEY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

State Department of Education	Grant or State Project Number	Grant	Award Amount	Balance June 30, 2012	Carryover Amount	Cash Received	Budgetary Expenditures	Cancellation	Repayment of Prior Year Balances	Balance June 30, 2013			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)	-	-	-	\$ 48,615	-	\$ (480,195)	-	-	\$ (480,195)	-
<u>Debt Service Fund:</u>														
Debt Service Aid	13-495-034-5120-075	7/1/12-6/30/13	824,615	-	-	\$ 824,615	\$ 824,615	-	-	-	-	-	-	\$ 824,615
<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	(439)	-	439	-	-	-	-	-	-	-	-
National School Lunch Program	13-100-034-5120-122	7/1/12-6/30/13	6,376	-	-	5,020	6,376	-	-	(1,356)	-	-	(1,356)	6,376
				(439)	-	5,459	6,376	-	-	(1,356)	-	-	(1,356)	6,376
Total State Financial Assistance				\$ (1,309,191)	\$ -	\$ 13,999,774	\$ 14,068,980	\$ 48,615	\$ 71,410	\$ (1,429,876)	\$ 108	\$ 28,576	\$ (586,749)	\$ 14,068,980
<u>Less On-Behalf TPAF Pension and Annuity Aid</u>														
T.P.A.F. - Pension- Post Ret. Medical	13-100-034-5095-001	7/1/12-6/30/13	2,011,721			\$ 2,011,721	\$ 2,011,721							\$ 2,011,721
T.P.A.F. Pension & Annuity Fund - NCGI	13-495-034-5095-007	7/1/12-6/30/13	88,927			88,927	88,927							88,927
T.P.A.F. Pension & Annuity Fund	13-495-034-5095-006	7/1/12-6/30/13	1,690,181			1,690,181	1,690,181							1,690,181
Subject to Single Audit						3,790,829	3,790,829							3,790,829
Total for State Financial Assistance Determination				\$ (1,309,191)	\$ -	\$ 10,208,945	\$ 10,278,151	\$ 48,615	\$ 71,410	\$ (1,429,876)	\$ 108	\$ 28,576	\$ (586,749)	\$ 10,278,151
(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, 2013**

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 prepared and 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 a decrease of \$96,563 for the general fund and an increase of \$14,841 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	\$ 674	\$ 12,847,906	\$ 12,848,580
Special Revenue Fund	1,293,554	295,036	1,588,590
Capital Projects Fund	479,000	88,532	567,532
Debt Service Fund		824,615	824,615
Food Service Fund	219,020	6,376	225,396
Total Financial Assistance	<u>\$ 1,992,248</u>	<u>\$ 14,062,465</u>	<u>\$ 16,054,713</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, 2013**

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 \$2,025,129 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, 2013. The amount reported as TPAF Pension System Contributions in the amount of \$1,779,108 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$2,011,721 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2013.

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

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

**NUTLEY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Part I – Summary of Auditor's Results

Financial Statement Section

Type of auditors' report issued on financial statements Unmodified

Internal control over financial reporting:

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

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

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

Federal Awards Section

Internal Control over major programs:

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

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

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

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

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027</u>	<u>IDEA Basic</u>
<u>84.173</u>	<u>IDEA Preschool</u>
<u>N/A</u>	<u>U.S. Dept. of Energy</u>
<u> </u>	<u> </u>

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? yes X no

State Awards Section

(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
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Type of auditor's report issued on compliance for major programs	Unmodified
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Any audit findings disclosed that are required to be reported
in accordance with N.J. Circular Letter 04-04? yes X no

GMIS Number(s)	Name of State Program
13-495-034-5120-078	Equalization Aid
13-495-034-5120-089	Special Education Categorical Aid
13-495-034-5120-084	Security Aid
13-495-034-5095-002	TPAF Social Security Contributions
13-495-034-5120-075	Debt Service Aid

Dollar threshold used to distinguish between Type A and Type B programs:	\$308,345
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Auditee qualified as low-risk auditee?	yes	X	no
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**NUTLEY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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, 2013**

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, 2013**

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