

NUTLEY BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Nutley, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the
Nutley Board of Education
Nutley, New Jersey
For The Fiscal Year Ended June 30, 2015**

**Prepared by
Business Office**

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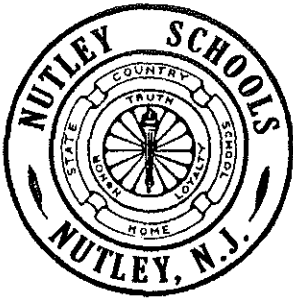
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INTRODUCTORY SECTION



THE NUTLEY PUBLIC SCHOOLS

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December 3, 2015

Honorable President and
Trustees of the Board of Education
Nutley School District
Essex County, New Jersey

Dear Trustees:

State Department of Education statutes require that all local governments publish within four months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) of the Nutley Board of Education for the fiscal year ended June 30, 2015.

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, 2014, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Nutley Board of Education's financial statements for the fiscal year ended June 30, 2015, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Nutley Board of Education was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards and state financial assistance. These reports are available in the Single Audit Section of the Nutley Board of Education's CAFR.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Nutley Board of Education's MD&A can be found immediately following the report of the independent auditors.

1) REPORTING ENTITY AND ITS SERVICES: The Nutley School District is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board (GASB) as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Nutley Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of education services to grade levels K through 12. These include regular, as well as special education for handicapped youngsters. The District completed the 2014-15 fiscal year with an average daily enrollment of 4,005 students, which is 15 students less than the previous year's average. The following details the changes in the average daily enrollment of the District over the last five years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2014-15	4,005	(0.37%)
2013-14	4,020	(0.40%)
2012-13	4,036	1.87%
2011-12	3,962	1.51%
2010-11	3,903	(3.30%)

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. An additional project at Lincoln School was completed in 2014-2015 and a project at the High School will be completed 2015-16. The remaining phases are scheduled to be completed in 2016-17.

3) MAJOR INITIATIVES: During the 2014-2015 school year, student performance on state assessments is outlined as follows:

The Partnership for the Assessment of Readiness for College and Career – Grade 3 (PARCC 3) was given to third grade students. For the Spring 2015 assessment, the percentage of third grade students who passed the assessment, performing in either the Meeting Expectations or Exceeding Expectations ranges, are as follows: Language Arts – 56%; Mathematics – 54 %.

The Partnership for the Assessment of Readiness for College and Career – Grade 4 (PARCC 4) was given to fourth grade students. For the Spring 2015 assessment, the percentage of third grade students who passed the assessment, performing in either the Meeting Expectations or Exceeding Expectations ranges, are as follows: Language Arts – 55%; Mathematics – 39%.

The Partnership for the Assessment of Readiness for College and Career – Grade 5 (PARCC 5) was given to fifth grade students. For the Spring 2015 assessment, the percentage of third grade students who passed the assessment, performing in either the Meeting Expectations or Exceeding Expectations ranges, are as follows: Language Arts – 63%; Mathematics – 43%.

The Partnership for the Assessment of Readiness for College and Career – Grade 6 (PARCC 6) was given to sixth grade students. For the Spring 2015 assessment, the percentage of third grade students who passed the assessment, performing in either the Meeting Expectations or Exceeding Expectations ranges, are as follows: Language Arts – 63%; Mathematics – 53%.

The Partnership for the Assessment of Readiness for College and Career – Grade 7 (PARCC 7) was given to seventh grade students. For the Spring 2015 assessment, the percentage of third grade students who passed the assessment, performing in either the Meeting Expectations or Exceeding Expectations ranges, are as follows: Language Arts – 62%; Mathematics – 34 %.

The Partnership for the Assessment of Readiness for College and Career – Grade 8 (PARCC 8) was given to third grade students. For the Spring 2015 assessment, the percentage of eight grade

students who passed the assessment, performing in either the Meeting Expectations or Exceeding Expectations ranges, are as follows: Language Arts – 64%; Mathematics – 22%.

The Partnership for the Assessment of Readiness for College and Career – Language Arts Grade 9 (PARCC LA - 9) was given to students in grade 9. For the Spring 2015 assessment, the percentage of third grade students who passed the assessment, performing in either the Meeting Expectations or Exceeding Expectations ranges, is as follows: 45%.

The Partnership for the Assessment of Readiness for College and Career – Language Arts Grade 10 (PARCC LA - 10) was given to students in grade 10. For the Spring 2015 assessment, the percentage of third grade students who passed the assessment, performing in either the Meeting Expectations or Exceeding Expectations ranges, is as follows: 33%.

The Partnership for the Assessment of Readiness for College and Career – Language Arts Grade 11 (PARCC LA - 11) was given to students in grade 11. For the Spring 2015 assessment, the percentage of third grade students who passed the assessment, performing in either the Meeting Expectations or Exceeding Expectations ranges, is as follows: 52%.

The Partnership for the Assessment of Readiness for College and Career – Algebra I (PARCC Algebra I) was given to students taking Algebra I, regardless of grade level. For the Spring 2015 assessment, the percentage of students who passed the assessment, performing in either the Meeting Expectations or Exceeding Expectations ranges, is as follows: 37%.

The Partnership for the Assessment of Readiness for College and Career – Algebra II (PARCC Algebra II) was given to students taking Algebra II, regardless of grade level. For the Spring 2015 assessment, the percentage of students who passed the assessment, performing in either the Meeting Expectations or Exceeding Expectations ranges, is as follows: 17%.

The Partnership for the Assessment of Readiness for College and Career – Geometry (PARCC Geometry) was given to students taking Geometry, regardless of grade level. For the Spring 2015 assessment, the percentage of students who passed the assessment, performing in either the Meeting Expectations or Exceeding Expectations ranges, is as follows: 16%.

The Scholastic Aptitude Test (SAT) scores mean average for the math section was 498, the verbal section was 481, and the writing section was 480.

The graduating class of 2015 had 84% of its members going on to post-secondary education. Of those students, 78% will be attending four-year colleges and universities. Scholarships and grants awarded to 2015 graduates were approximately \$2,000,000. The District had students that were recognized in the National Merit Scholarship Program and 2015 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, 2015.

6) DEBT ADMINISTRATION: As of June 2015, the District's outstanding debt is \$44,930,000 of school bonds. Some of the school bonds were issued in August of 2003 in the amount of \$2,923,000, having been approved by the voters in April 2003. Bond proceeds were used to finance a district wide telephone and intercom system as well as renovations at Nutley High School, including acquisition and installation of furnishings and equipment.

Additional school bonds were issued in February of 2005 in the amount of \$14,930,000, having been approved by the voters in September of 2004. Bond proceeds were used to finance major renovations/additions to the John H. Walker Middle School, including a new cafeteria, gymnasium, music rooms, media center, classroom & science lab renovations, resurfacing parking lot, electrical, heating, plumbing upgrades, new bathroom facility upgrades, new windows and a new roof.

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

Advance refunding was undertaken in 2012-13 to reduce total debt service payments over the current and next 18 years by \$1,045,664. A second refunding was undertaken in 2015 to reduce total debt service by an additional \$2,733,139.

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.

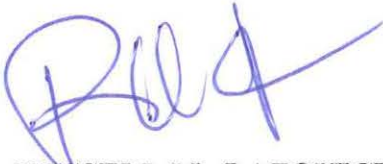
8) RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

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 30, 2014. In addition to meeting the requirements set forth in State Statutes, the audit was also designed to meet the requirements of the Single Audit Act Amendments of 1996 and related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditors' report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

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

Respectfully submitted,



RUSSELL M. LAZOVICK
Superintendent of Schools

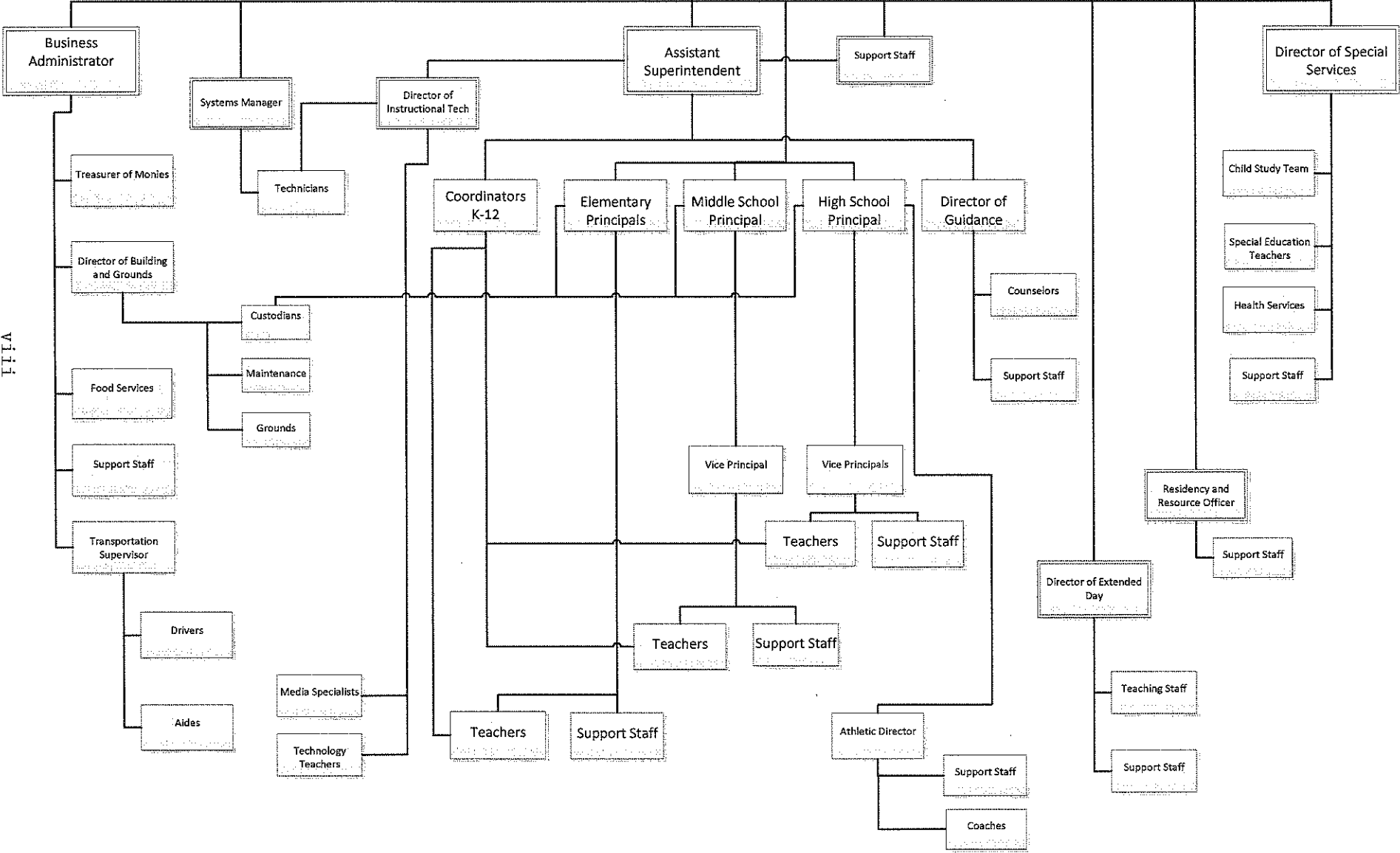


KAREN A. YEAMANS
Business Administrator/
Board Secretary

Board of Education

Board Secretary

Superintendent



FFA

**NUTLEY BOARD OF EDUCATION
ROSTER OF OFFICIALS
JUNE 30, 2015**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Mr. Charles Kucinski, President	2016
Mr. Fredrick Scalera, Vice President	2017
Mr. Daniel Carnicella	2016
Mrs. Lisa Danchak-Martin	2017
Mr. Salvatore Ferraro	2017
Mr. Ryan Kline	2015
Mrs. Deborah Russo	2015
Ms. Brenda Sherman	2015
Mr. Thomas Sposato	2015

Other Officials

Russell M. Lazovick, Superintendent

Karen A. Yeamans, Business Administrator/Board Secretary

Joanne Wilson, Treasurer of School Monies

NUTLEY BOARD OF EDUCATION
Consultants and Advisors

Board Attorney

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Special Construction Counsel

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Independent Auditors

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

Medical Inspector

Dr. Maryann Alessio
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Nutley, NJ 07110

Official Depository

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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

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ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA

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, 2015 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 above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Nutley Board of Education as of June 30, 2015, 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.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2015, the Nutley Board of Education adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension 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 15-08, 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, 2015 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


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REQUIRED SUPPLEMENTARY INFORMATION – PART I

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, 2015. 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 2014-2015 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 \$6,554,157.
- Overall district revenues were \$78,409,483. General revenues accounted for \$59,502,607 or 76% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$18,906,876 or 24% of total revenues.
- The school district had \$76,237,457 in expenses for governmental activities; only \$17,021,899 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$59,502,467 were adequate to provide for these programs. The district also had a loss on the disposal of capital assets of \$22,215.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$8,417,933.
- The General Fund (GAAP Basis) fund balance at June 30, 2015 was \$7,047,943, an increase of \$201,689 from the June 30, 2014 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.

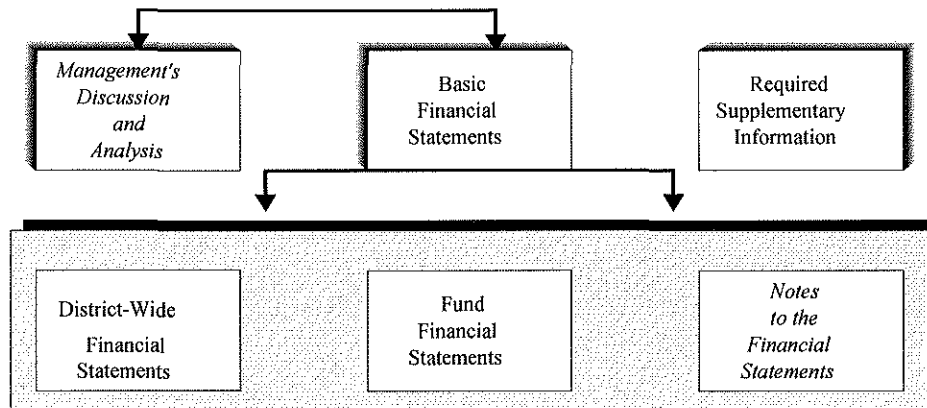
NUTLEY BOARD OF EDUCATION

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

District-wide Financial Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net 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 \$6,554,157 as of June 30, 2015.

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, 2015 and 2014

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u> (Restated)	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u> (Restated)
Assets						
Current Assets	\$ 9,366,287	\$ 10,034,638	\$ 858,587	\$ 701,225	\$ 10,224,874	\$ 10,735,863
Capital Assets, Net	<u>61,906,175</u>	<u>62,228,842</u>	<u>98,186</u>	<u>99,715</u>	<u>62,004,361</u>	<u>62,328,557</u>
Total Assets	<u>71,272,462</u>	<u>72,263,480</u>	<u>956,773</u>	<u>800,940</u>	<u>72,229,235</u>	<u>73,064,420</u>
Deferred Outflows of Resources	<u>4,636,353</u>	<u>926,605</u>	-	-	<u>4,636,353</u>	<u>926,605</u>
Total Assets & Deferred Outflows of Resource	<u>75,908,815</u>	<u>73,190,085</u>	<u>956,773</u>	<u>800,940</u>	<u>76,865,588</u>	<u>73,991,025</u>
Liabilities						
Long-Term Liabilities	67,735,362	48,329,068			67,735,362	48,329,068
Other Liabilities	<u>1,432,130</u>	<u>1,440,954</u>	<u>68,399</u>	<u>113,102</u>	<u>1,500,529</u>	<u>1,554,056</u>
Total Liabilities	<u>69,167,492</u>	<u>49,770,022</u>	<u>68,399</u>	<u>113,102</u>	<u>69,235,891</u>	<u>49,883,124</u>
Deferred Inflows of Resources	<u>1,072,014</u>	-	<u>3,526</u>	<u>573</u>	<u>1,075,540</u>	<u>573</u>
Total Liabilities & Deferred Inflows of Resou	<u>70,239,506</u>	<u>49,770,022</u>	<u>71,925</u>	<u>113,675</u>	<u>70,311,431</u>	<u>49,883,697</u>
Net Position						
Net Investment in Capital Assets	18,540,094	18,590,958	98,186	99,715	18,638,280	18,690,673
Restricted	3,492,729	2,676,310			3,492,729	2,676,310
Unrestricted	<u>(16,363,514)</u>	<u>(15,840,785)</u>	<u>786,662</u>	<u>587,550</u>	<u>(15,576,852)</u>	<u>(15,253,235)</u>
Total Net Position	<u>\$ 5,669,309</u>	<u>\$ 5,426,483</u>	<u>\$ 884,848</u>	<u>\$ 687,265</u>	<u>\$ 6,554,157</u>	<u>\$ 6,113,748</u>

NUTLEY BOARD OF EDUCATION

Management's Discussion and Analysis

Change in Net Position

For The Fiscal Years Ended June 30, 2015 and 2014

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues						
Program Revenues						
Charges for Services	\$ 287,118	\$ 210,556	\$ 1,654,447	\$ 1,717,812	\$ 1,941,565	\$ 1,928,368
Operating Grants and Contributions	16,734,781	9,372,573	230,530	236,632	16,965,311	9,609,205
General Revenues						
Property Taxes	53,867,824	52,931,802			53,867,824	52,931,802
State Aid	5,243,316	5,156,521			5,243,316	5,156,521
Other	391,327	435,543	140	122	391,467	435,665
	<u>76,524,366</u>	<u>68,106,995</u>	<u>1,885,117</u>	<u>1,954,566</u>	<u>78,409,483</u>	<u>70,061,561</u>
Expenses						
Instruction						
Regular	33,504,690	28,391,303			33,504,690	28,391,303
Special Education	12,894,166	10,727,289			12,894,166	10,727,289
Other Instruction	1,411,766	1,294,381			1,411,766	1,294,381
School Sponsored Activities and Athletics	1,666,089	1,329,760			1,666,089	1,329,760
Community Services	14,725	22,149			14,725	22,149
Support Services						
Student and Instruction Related Services	8,502,186	7,553,144			8,502,186	7,553,144
General Administrative Services	2,177,346	2,076,679			2,177,346	2,076,679
School Administrative Services	4,639,417	4,072,242			4,639,417	4,072,242
Plant Operations and Maintenance	5,647,257	5,544,444			5,647,257	5,544,444
Pupil Transportation	2,499,702	2,254,536			2,499,702	2,254,536
Business and Other Support Services	1,436,409	1,330,423			1,436,409	1,330,423
Interest and Chgs on Long-Term Debt	1,843,704	1,895,079			1,843,704	1,895,079
Food Services			846,273	918,360	846,273	918,360
Extended Day			836,125	690,063	836,125	690,063
Athletic Camps				15,558		15,558
Loss on Disposal of Capital Assets	22,215	-	5,136	-	27,351	-
	<u>76,259,672</u>	<u>66,491,429</u>	<u>1,687,534</u>	<u>1,623,981</u>	<u>77,947,206</u>	<u>68,115,410</u>
Increase in Net Position	264,694	1,615,566	197,583	330,585	462,277	1,946,151
Net Position, Beginning of Year	5,426,483	21,872,345	687,265	249,506	6,113,748	22,121,851
Prior Period Adjustment	(21,868)	(18,061,428)	-	107,174	(21,868)	(17,954,254)
Net Position, End of Year	<u>\$ 5,669,309</u>	<u>\$ 5,426,483</u>	<u>\$ 884,848</u>	<u>\$ 687,265</u>	<u>\$ 6,554,157</u>	<u>\$ 6,113,748</u>

NUTLEY BOARD OF EDUCATION

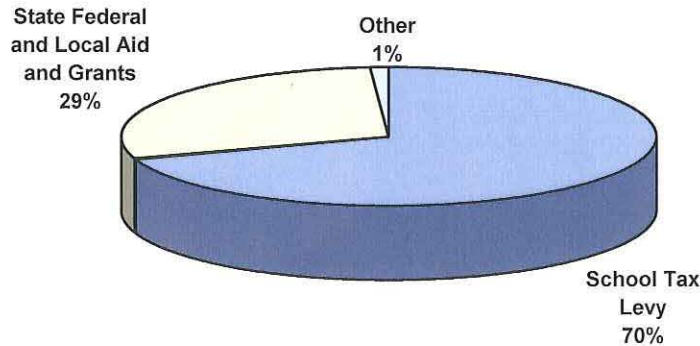
Management's Discussion and Analysis

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$76,524,366 for the fiscal year ended June 30, 2015. Property taxes of \$53,867,824 represented 70 percent of revenues. Another significant portion of revenues came from State aid; total State, Federal, Local and formula aid was \$21,978,097. Miscellaneous revenues include 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.

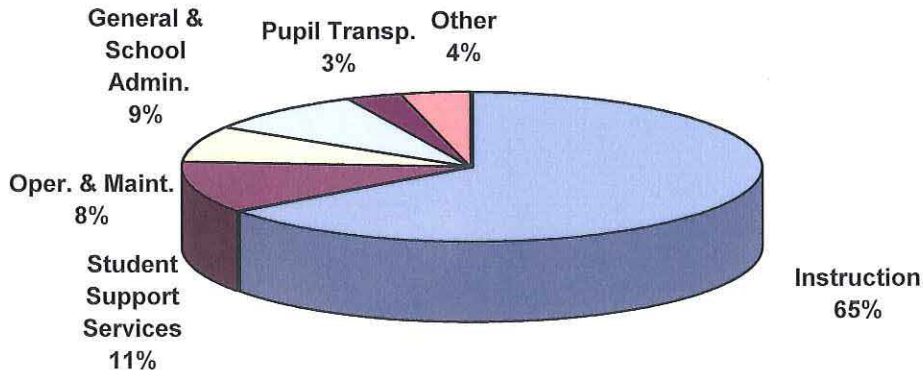
The total cost of all governmental activities programs and services was \$76,237,457. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$49,491,436 (65%) of total expenditures. Student support services, exclusive of general and school administration, total \$8,502,186 or (11%) of total expenditures. The district also had a loss on the disposal of capital assets of \$22,215.

Total governmental activities revenues surpassed expenses, increasing net position by \$264,694 from the previous year.

Revenues by Source- Governmental Activities
For Fiscal Year 2014/15



Expenditures by Type- Governmental Activities
For Fiscal Year 2014/15



NUTLEY BOARD OF EDUCATION

Management's Discussion and Analysis

Net Cost of Governmental Activities. The District's total cost of services was \$76,237,457. After applying program revenues, derived from charges for services of \$287,118; and operating grants and contributions of \$16,734,781; the net cost of services of the District is \$59,215,558.

Total and Net Cost of Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Instruction				
Regular	\$ 33,504,690	\$ 28,391,303	\$ 24,893,214	\$ 24,276,196
Special Education	12,894,166	10,727,289	7,267,842	6,459,385
Other Instruction	1,411,766	1,294,381	1,049,900	1,226,835
School Sponsored Activities and Athletics	1,666,089	1,329,760	1,296,079	1,181,263
Community Services	14,725	22,149	10,802	19,080
Support Services				
Student and Instruction Related Services	8,502,186	7,553,144	7,400,605	6,999,118
General Administrative Services	2,177,346	2,076,679	2,041,287	2,076,679
School Administrative Services	4,639,417	4,072,242	4,103,897	3,848,943
Plant Operations and Maintenance	5,647,257	5,544,444	5,577,111	5,475,345
Pupil Transportation	2,499,702	2,254,536	2,364,155	2,119,954
Business and Other Support Services	1,436,409	1,330,423	1,366,962	1,330,423
Interest and Other Chgs on Long-Term Debt	1,843,704	1,895,079	1,843,704	1,895,079
Total	<u>\$ 76,237,457</u>	<u>\$ 66,491,429</u>	<u>\$ 59,215,558</u>	<u>\$ 56,908,300</u>

Business-Type Activities – The District's total business-type activities revenues were \$1,885,117 for the fiscal year ended June 30, 2015. Charges for services accounted for 88% of total revenues. Operating grants and contributions accounted for 12% of total revenue for the year.

The total cost of all business-type activities programs and services was \$1,682,398. 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. The District also had a loss on the disposal of its capital assets of \$5,136.

Total business-type activities revenues surpassed expenses increasing net position by \$197,583 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 \$8,417,933 a decrease of \$1,070,305. The June 30, 2014, the fund balance was \$9,488,238.

Revenues for the District's governmental funds were \$70,074,278, while total expenses were \$71,499,436.

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

The following schedule presents a summary of General Fund revenues.

	<u>Fiscal Year Ended</u>		<u>Increase (Decrease)</u>	<u>Percentage of Total</u>
	<u>June 30, 2015</u>	<u>June 30, 2014</u>		
Local Sources				
Property Tax Levy	\$ 51,089,352	\$ 50,087,600	\$ 1,001,752	2.0%
Tuition	242,148	166,386	75,762	45.5%
Miscellaneous	434,814	478,159	(43,345)	-9.1%
State Sources	13,062,997	12,171,622	891,375	7.3%
Federal Sources	<u>64,807</u>	<u>38,068</u>	<u>26,739</u>	70.2%
Total General Fund Revenues	<u>\$ 64,894,118</u>	<u>\$ 62,941,835</u>	<u>\$ 1,952,283</u>	3.1%

Total General Fund Revenues increased by \$1,952,283 or 3.1% over the previous year.

Property taxes increased 2% over the previous year, which is within the State-mandated CAP. State aid revenues increased \$891,375 primarily due to the State's increased on-behalf TPAF pension contribution. Federal aid increased due to prior year settlements for SEMI aid.

NUTLEY BOARD OF EDUCATION

Management's Discussion and Analysis

The following schedule presents a summary of General Fund expenditures.

	<u>Fiscal Year Ended</u>		<u>Increase (Decrease)</u>	<u>Percentage of Total</u>
	<u>June 30, 2015</u>	<u>June 30, 2014</u>		
Instruction	\$ 42,095,815	\$ 40,159,474	\$ 1,936,341	4.8%
Support Services	22,020,142	21,106,766	913,376	4.3%
Debt Service	181,310	153,333	27,977	18%
Capital Outlay	<u>532,406</u>	<u>85,948</u>	<u>446,458</u>	519.5%
Total Expenditures	<u>\$ 64,829,673</u>	<u>\$ 61,505,521</u>	<u>\$ 3,324,152</u>	5.4%

Total General Fund expenditures increased \$3,324,152 from the previous year. A significant portion of the increase is attributed to increases in contractual salaries for the 2014/2015 school year, capital expenditures and in on-behalf TPAF pension contributions.

In 2014-2015 General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$201,689. As a result, total fund balance increased to \$7,047,943 at June 30, 2015. After deducting statutory restrictions and committed and assigned encumbrances, the unassigned fund balance (GAAP Basis) at June 30, 2015 is \$394,823.

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 \$1,577,954, for the fiscal year ended June 30, 2015. 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 \$1,577,954. Instructional expenditures were \$1,459,236, support services expenditures were \$112,393 and capital outlay expenditures were \$6,325.

Capital Projects – Expenditures and other financing uses were greater than revenues and other financing sources by \$1,209,280 resulting in a fund balance of \$1,369,987 at June 30, 2015.

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, 2014 encumbrances).

CAPITAL ASSETS

The District's investment in capital assets for its governmental and business type activities as of June 30, 2015 amounts to \$62,004,361 (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 2014-2015 amounted to \$2,000,016 for governmental activities and \$11,792 for business-type activities.

Capital Assets at June 30, 2015 and 2014 (Net of Accumulated Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 79,932	\$ 79,932			\$ 79,932	\$ 79,932
Construction in Progress		137,281			-	137,281
Buildings	60,114,860	60,078,070			60,114,860	60,078,070
Machinery and Equipment	<u>1,711,383</u>	<u>1,933,559</u>	<u>\$ 98,186</u>	<u>\$ 99,715</u>	<u>1,809,569</u>	<u>2,033,274</u>
Total Capital Assets (Net)	<u>\$ 61,906,175</u>	<u>\$ 62,228,842</u>	<u>\$ 98,186</u>	<u>\$ 99,715</u>	<u>\$ 62,004,361</u>	<u>\$ 62,328,557</u>

Additional information on the District's capital assets are presented in the Notes to the Financial Statements.

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 \$1,251,724, capital leases payable of \$96,374, net pension liability of \$17,988,448 and bonds payable of \$44,930,000.

Additional information of the District's long-term liabilities is presented in the Notes to the Financial Statements.

Outstanding Long-Term Liabilities

	<u>2015</u>	<u>2014</u> (Restated)
Serial Bonds Payable	\$ 44,930,000	\$ 46,225,000
Capital Leases	96,374	78,298
Net Pension Liability	17,988,448	17,993,580
Compensated Absences	<u>1,251,724</u>	<u>1,185,312</u>
Total Long-Term Liabilities	<u>\$ 64,266,546</u>	<u>\$ 65,482,190</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 2015-2016 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, 2015**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 8,466,150	\$ 791,285	\$ 9,257,435
Receivables, net			
Receivables from Other Governments	883,102	16,545	899,647
Other	17,035	45,520	62,555
Inventory		5,237	5,237
Capital Assets			
Not Being Depreciated	79,932		79,932
Being Depreciated, Net	<u>61,826,243</u>	<u>98,186</u>	<u>61,924,429</u>
Total Assets	<u>71,272,462</u>	<u>956,773</u>	<u>72,229,235</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	877,231		877,231
Deferred Amounts on Refundings of Debt	<u>3,759,122</u>	-	<u>3,759,122</u>
Total Deferred Outflows of Resources	<u>4,636,353</u>	-	<u>4,636,353</u>
Total Assets and Deferred Outflows of Resources	<u>75,908,815</u>	<u>956,773</u>	<u>76,865,588</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	675,013	271	675,284
Payable to State Government	98,200		98,200
Accrued Interest Payable	483,776		483,776
Unearned Revenue	175,141	68,128	243,269
Noncurrent Liabilities			
Due Within One Year	3,183,741		3,183,741
Due Beyond One Year	<u>64,551,621</u>	-	<u>64,551,621</u>
Total Liabilities	<u>69,167,492</u>	<u>68,399</u>	<u>69,235,891</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	1,072,014		1,072,014
Deferred Commodities Revenue	-	<u>3,526</u>	<u>3,526</u>
Total Deferred Inflows of Resources	<u>1,072,014</u>	<u>3,526</u>	<u>1,075,540</u>
Total Liabilities and Deferred Inflows of Resources	<u>70,239,506</u>	<u>71,925</u>	<u>70,311,431</u>
NET POSITION			
Net Investment in Capital Assets	18,540,094	98,186	18,638,280
Restricted for:			
Capital Projects	3,492,726		3,492,726
Debt Service	3		3
Unrestricted	<u>(16,363,514)</u>	<u>786,662</u>	<u>(15,576,852)</u>
Total Net Position	<u>\$ 5,669,309</u>	<u>\$ 884,848</u>	<u>\$ 6,554,157</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, 2015**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities							
Instruction							
Regular	\$ 33,504,690	\$ 73,451	\$ 8,538,025		\$ (24,893,214)		\$ (24,893,214)
Special Education	12,894,166	168,697	5,457,627		(7,267,842)		(7,267,842)
Other Instruction	1,411,766		361,866		(1,049,900)		(1,049,900)
School Sponsored Activities and Athletics	1,666,089		370,010		(1,296,079)		(1,296,079)
Community Services	14,725		3,923		(10,802)		(10,802)
Support Services							
Student and Instruction Related Services	8,502,186		1,101,581		(7,400,605)		(7,400,605)
General Administrative Services	2,177,346		136,059		(2,041,287)		(2,041,287)
School Administrative Services	4,639,417		535,520		(4,103,897)		(4,103,897)
Plant Operations and Maintenance	5,647,257		70,146		(5,577,111)		(5,577,111)
Pupil Transportation	2,499,702	44,970	90,577		(2,364,155)		(2,364,155)
Business Services	1,436,409		69,447		(1,366,962)		(1,366,962)
Interest on Long-Term Debt and Other Charges	1,843,704	-	-	-	(1,843,704)	-	(1,843,704)
Total Governmental Activities	<u>76,237,457</u>	<u>287,118</u>	<u>16,734,781</u>	<u>-</u>	<u>(59,215,558)</u>	<u>-</u>	<u>(59,215,558)</u>
 Business-Type Activities							
Food Service	846,273	761,257	230,530			\$ 145,514	145,514
Extended Day	836,125	891,490				55,365	55,365
Athletic Camps	-	1,700	-	-	-	1,700	1,700
Total Business-Type Activities	<u>1,682,398</u>	<u>1,654,447</u>	<u>230,530</u>	<u>-</u>	<u>-</u>	<u>202,579</u>	<u>202,579</u>
Total Primary Government	<u>\$ 77,919,855</u>	<u>\$ 1,941,565</u>	<u>\$ 16,965,311</u>	<u>\$ -</u>	<u>(59,215,558)</u>	<u>202,579</u>	<u>(59,012,979)</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, 2015**

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Balance, Carry Forward	\$ (59,215,558)	\$ 202,579	\$ (59,012,979)
General Revenues			
Property Taxes			
General Purposes	51,089,352		51,089,352
Debt Service	2,778,472		2,778,472
State Aid			
Unrestricted	4,421,065		4,421,065
Restricted for Debt Service	822,251		822,251
Miscellaneous Income	391,327	140	391,467
Loss on Disposal of Capital Assets	(22,215)	(5,136)	(27,351)
 Total General Revenues	 59,480,252	 (4,996)	 59,475,256
 Change in Net Position	 264,694	 197,583	 462,277
Net Position, Beginning of Year (Restated)	5,426,483	687,265	6,113,748
Prior Period Adjustment	(21,868)	-	(21,868)
Net Position, End of Year	\$ 5,669,309	\$ 884,848	\$ 6,554,157

FUND FINANCIAL STATEMENTS

**NUTLEY BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2015**

	<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	\$ 7,376,616	\$ 195,150	\$ 894,381	\$ 3	\$ 8,466,150
Due from Other Funds	4,949				4,949
Receivables, Net					
Receivables from Other Governments	155,678	247,229	480,195		883,102
Other	<u>16,675</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,675</u>
Total Assets	<u>\$ 7,553,918</u>	<u>\$ 442,379</u>	<u>\$ 1,374,576</u>	<u>\$ 3</u>	<u>\$ 9,370,876</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 505,975	\$ 169,038			\$ 675,013
Intergovernmental Payable		98,200			98,200
Due to Other Funds			\$ 4,589		4,589
Unearned Revenue	<u>-</u>	<u>175,141</u>	<u>-</u>	<u>-</u>	<u>175,141</u>
Total Liabilities	<u>505,975</u>	<u>442,379</u>	<u>4,589</u>	<u>-</u>	<u>952,943</u>
Fund Balances					
Restricted					
Capital Reserve	2,592,726				2,592,726
Capital Reserve, Designated for Subsequent Year's Budget	900,000				900,000
Maintenance Reserve	545,875				545,875
Excess Surplus	517,231				517,231
Excess Surplus - Designated for Subsequent Year's Budget	692,187				692,187
Capital Projects			1,369,987		1,369,987
Debt Service				\$ 3	3
Committed					
Encumbrances	999,913				999,913
Assigned					
Encumbrances	405,188				405,188
Unassigned	<u>394,823</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>394,823</u>
Total Fund Balances	<u>7,047,943</u>	<u>-</u>	<u>1,369,987</u>	<u>3</u>	<u>8,417,933</u>
Total Liabilities and Fund Balances	<u>\$ 7,553,918</u>	<u>\$ 442,379</u>	<u>\$ 1,374,576</u>	<u>\$ 3</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 \$83,530,518 and the accumulated depreciation is \$21,624,343.

61,906,175

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

(483,776)

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.

3,759,122

Long term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. (See Note 2)

(67,930,145)

\$ 5,669,309

**NUTLEY BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<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					
Property Tax Levy	\$ 51,089,352			\$ 2,778,472	\$ 53,867,824
Tuition	242,148				242,148
Transportation Fees	44,970				44,970
Miscellaneous	389,844	\$ 21,732	\$ 1,483	-	413,059
Total - Local Sources	<u>51,766,314</u>	<u>21,732</u>	<u>1,483</u>	<u>2,778,472</u>	<u>54,568,001</u>
State Sources	13,062,997	302,719		822,251	14,187,967
Federal Sources	64,807	1,253,503	-	-	1,318,310
Total Revenues	<u>64,894,118</u>	<u>1,577,954</u>	<u>1,483</u>	<u>3,600,723</u>	<u>70,074,278</u>
EXPENDITURES					
Current					
Regular Instruction	28,521,318	493,516			29,014,834
Special Education Instruction	10,897,564	965,720			11,863,284
Other Instruction	1,193,421				1,193,421
School-Sponsored Activities and Athletics	1,470,857				1,470,857
Community Services	12,655				12,655
Support Services					
Student and Instructional Related Services	7,099,498	112,393			7,211,891
General Administrative Services	1,430,737				1,430,737
School Administrative Services	4,366,535				4,366,535
Plant Operations and Maintenance	5,495,831				5,495,831
Pupil Transportation	2,170,794				2,170,794
Business Services	1,456,747				1,456,747
Debt Service					
Principal	91,106			1,730,000	1,821,106
Interest and Other Charges	90,204			1,933,437	2,023,641
Costs of Issuance				219,092	219,092
Capital Outlay	532,406	6,325	1,209,280	-	1,748,011
Total Expenditures	<u>64,829,673</u>	<u>1,577,954</u>	<u>1,209,280</u>	<u>3,882,529</u>	<u>71,499,436</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)	<u>64,445</u>	<u>-</u>	<u>(1,207,797)</u>	<u>(281,806)</u>	<u>(1,425,158)</u>
OTHER FINANCING SOURCES (USES)					
Payments to Escrow Agent				(32,947,950)	(32,947,950)
Refunding Bond Proceeds				30,445,000	30,445,000
Premium on Issuance of Refunding Bonds				2,722,042	2,722,042
Capital Lease Proceeds	135,761				135,761
Transfers In	1,483				1,483
Transfers Out	-	-	(1,483)	-	(1,483)
Total Other Financing Sources (Uses)	<u>137,244</u>	<u>-</u>	<u>(1,483)</u>	<u>219,092</u>	<u>354,853</u>
Net Change in Fund Balances	201,689	-	(1,209,280)	(62,714)	(1,070,305)
Fund Balance, Beginning of Year	6,846,254	-	2,579,267	62,717	9,488,238
Fund Balance, End of Year	<u>\$ 7,047,943</u>	<u>\$ -</u>	<u>\$ 1,369,987</u>	<u>\$ 3</u>	<u>\$ 8,417,933</u>

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, 2015**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) **\$ (1,070,305)**

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.

Capital Outlay	\$ 1,748,011	
Depreciation Expense	<u>(2,000,016)</u>	(252,005)
 Loss on Disposal Of Capital Assets		 (22,215)

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		(66,412)
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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.

Capital Lease Proceeds	(135,761)	
Capital Lease Payments	91,106	
Bond Principal Repayments	<u>1,730,000</u>	1,685,345

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	(30,445,000)	
Payments to Escrow Agent	32,947,950	
Premium on Insurance of Refunding Bonds	(2,722,042)	
Amortization of Premium	93,684	
Amortization of Deferred Amount on Refunding of Debt	<u>(105,433)</u>	(230,841)

In the statement of activities, pension expenses are measured by the liability accrued during the year. In the governmental funds, however, expenditures are reported in the amount of financial resources used (paid):

Increase in Pension Expense- Public Employees' Retirement System		(189,651)
--	--	-----------

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

Decrease in Accrued Interest		<u>410,778</u>
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Change in Net Position of Governmental Activities (Exhibit A-2) **\$ 264,694**

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

**NUTLEY BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2015**

	<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	\$ 204,973	\$ 582,533	\$ 3,779	\$ 791,285
Intergovernmental Accounts Receivable				
State	785			785
Federal	15,760			15,760
Other Accounts Receivable	45,520			45,520
Inventory	5,237	-	-	5,237
	<u>272,275</u>	<u>582,533</u>	<u>3,779</u>	<u>858,587</u>
Capital Assets				
Machinery and Equipment	237,436			237,436
Less: Accumulated Depreciation	(139,250)	-	-	(139,250)
	<u>98,186</u>	<u>-</u>	<u>-</u>	<u>98,186</u>
Total Assets	<u>370,461</u>	<u>582,533</u>	<u>3,779</u>	<u>956,773</u>
LIABILITIES				
Current Liabilities				
Accounts Payable		271		271
Unearned Revenue	-	68,128	-	68,128
	<u>-</u>	<u>68,399</u>	<u>-</u>	<u>68,399</u>
Total Current Liabilities	<u>-</u>	<u>68,399</u>	<u>-</u>	<u>68,399</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Commodities Revenue	3,526	-	-	3,526
	<u>3,526</u>	<u>-</u>	<u>-</u>	<u>3,526</u>
Total Deferred Inflows of Resources	<u>3,526</u>	<u>-</u>	<u>-</u>	<u>3,526</u>
Total Liabilities and Deferred Inflows of Resources	<u>3,526</u>	<u>68,399</u>	<u>-</u>	<u>71,925</u>
NET POSITION				
Net Investment in Capital Assets	98,186			98,186
Unrestricted	268,749	514,134	3,779	786,662
	<u>366,935</u>	<u>514,134</u>	<u>3,779</u>	<u>884,848</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, 2015**

	<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		\$ 891,490	\$ 1,700	\$ 893,190
Daily Sales	\$ 536,046			536,046
Special Functions	200,870			200,870
Miscellaneous	24,341	-	-	24,341
	<u>761,257</u>	<u>891,490</u>	<u>1,700</u>	<u>1,654,447</u>
OPERATING EXPENSES				
Salaries and Wages	256,423	610,708		867,131
Employee Benefits	72,569	79,645		152,214
Cost of Sales	428,288			428,288
Supplies	2,943	25,522		28,465
Purchased Services	64,153	118,079		182,232
Other	10,105	2,171		12,276
Depreciation	11,792	-	-	11,792
	<u>846,273</u>	<u>836,125</u>	<u>-</u>	<u>1,682,398</u>
Total Operating Expenses				
Operating Income (Loss)	<u>(85,016)</u>	<u>55,365</u>	<u>1,700</u>	<u>(27,951)</u>
NONOPERATING REVENUES				
State Sources				
State School Lunch Program	7,135			7,135
Federal Sources				
Federal School Lunch Program	223,395			223,395
Interest Income	66	74		140
Loss on Disposal of Capital Assets	(5,136)	-	-	(5,136)
	<u>225,460</u>	<u>74</u>	<u>-</u>	<u>225,534</u>
Total Nonoperating Revenues				
Change in Net Position	140,444	55,439	1,700	197,583
Net Position, Beginning of Year	<u>226,491</u>	<u>458,695</u>	<u>2,079</u>	<u>687,265</u>
Net Position, End of Year	<u>\$ 366,935</u>	<u>\$ 514,134</u>	<u>\$ 3,779</u>	<u>\$ 884,848</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, 2015**

	<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	\$ 733,205	\$ 925,593	\$ 1,700	\$ 1,660,498
Payments for Employees	(328,992)	(690,353)		(1,019,345)
Payments to Suppliers	(549,016)	(146,476)	-	(695,492)
Net Cash Provided By (Used For) Operating Activities	<u>(144,803)</u>	<u>88,764</u>	<u>1,700</u>	<u>(54,339)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Cash Payments/Receipts for Interfund Transactions	(2,467)			(2,467)
State and Federal Sources	<u>196,770</u>	<u>-</u>	<u>-</u>	<u>196,770</u>
Net Cash Provided By Non-Capital Financing Activities	<u>194,303</u>	<u>-</u>	<u>-</u>	<u>194,303</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments for Acquisition of Capital Assets	<u>(15,399)</u>	<u>-</u>	<u>-</u>	<u>(15,399)</u>
Net Cash Provided by (Used for) Financing Activities	<u>(15,399)</u>	<u>-</u>	<u>-</u>	<u>(15,399)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	<u>66</u>	<u>74</u>	<u>-</u>	<u>140</u>
Net Cash Provided By Investing Activities	<u>66</u>	<u>74</u>	<u>-</u>	<u>140</u>
Net Change in Cash and Cash Equivalents	34,167	88,838	1,700	124,705
Cash and Cash Equivalents, Beginning of Year	<u>170,806</u>	<u>493,695</u>	<u>2,079</u>	<u>666,580</u>
Cash and Cash Equivalents, End of Year	<u>\$ 204,973</u>	<u>\$ 582,533</u>	<u>\$ 3,779</u>	<u>\$ 791,285</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating Income (Loss)	\$ (85,016)	\$ 55,365	\$ 1,700	\$ (27,951)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities				
Depreciation	11,792			11,792
USDA Commodities	33,821			33,821
(Increase) Decrease in Accounts Receivable	(28,052)			(28,052)
(Increase) Decrease in Inventories	(2,199)			(2,199)
Increase (Decrease) in Accounts Payable	(78,102)	(704)		(78,806)
Increase/(Decrease) in Deferred Commodities Revenue	2,953			2,953
Increase (Decrease) in Unearned Revenue	<u>-</u>	<u>34,103</u>	<u>-</u>	<u>34,103</u>
Total Adjustments	<u>(59,787)</u>	<u>33,399</u>	<u>-</u>	<u>(26,388)</u>
Net Cash Provided By (Used For) Operating Activities	<u>\$ (144,803)</u>	<u>\$ 88,764</u>	<u>\$ 1,700</u>	<u>\$ (54,339)</u>
Non-Cash Financing Activities				
Fair Value of Food Distribution Program - National School Lunch	\$ 36,774			\$ 36,774

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, 2015**

	<u>Private Purpose Trust Funds</u>	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 100,217	\$ 503,454	\$ 522,318
Total Assets	<u>100,217</u>	<u>503,454</u>	<u>\$ 522,318</u>
LIABILITIES			
Intergovernmental Payable		13,396	
Payroll Deductions and Withholdings Payable			\$ 331,396
Due to Other Funds			360
Due to Student Groups	<u>-</u>	<u>-</u>	<u>190,562</u>
Total Liabilities	<u>-</u>	<u>13,396</u>	<u>\$ 522,318</u>
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 100,217</u>	<u>\$ 490,058</u>	

**NUTLEY BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Private Purpose Trust Funds</u>	<u>Unemployment Compensation Trust</u>
ADDITIONS		
Contributions		
Employees		\$ 104,798
Investment Earnings		
Interest	\$ 178	2,700
	<u>178</u>	<u>107,498</u>
Total Additions		
DEDUCTIONS		
Scholarships	30,000	
Unemployment Claims and Contributions	-	76,317
	<u>30,000</u>	<u>76,317</u>
Total Deductions		
Change in Net Position	(29,822)	31,181
Net Position, Beginning of Year	<u>130,039</u>	<u>458,877</u>
Net Position, End of Year	<u>\$ 100,217</u>	<u>\$ 490,058</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, 2015**

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 child care and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

B. New Accounting Standards

During fiscal year 2015, the District adopted the following GASB statements:

- GASB 68, *Accounting and Financial Reporting for Pensions*. 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.
- GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, should be applied simultaneously with the provisions of Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 72, *Fair Value Measurement and Application*, will be effective beginning with the fiscal year ending June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.
- GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, will be effective beginning with the fiscal year ending June 30, 2016. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

C. Basis of Presentation - Financial Statements

The 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. Fiduciary funds are excluded from the district-wide financial statements.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

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.

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 its 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 that are restricted, committed or assigned for the payment of principal and interest on long-term general obligation debt of governmental funds.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

The District reports the following major proprietary funds which are organized to be self-supporting through user charges:

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

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

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

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

Additionally, the government reports the following fund type:

The *fiduciary trust fund* is used to account for resources legally held in trust for the state unemployment insurance claims, for private donations for scholarship awards, payroll related activities and student related activities which are supported and controlled by student organizations and clubs. All resources of the fund, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

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".

Reclassifications

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

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.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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.

Property taxes, tuition, transportation fees, 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.

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 inflows of resources.

**NUTLEY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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>
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(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amounts on refunding of debt which results from the loss on a debt refunding reported in the district-wide statement of net position. Deferred amounts on debt refunding result from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. *Deferred Outflows/Inflows of Resources (Continued)*

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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two types of items, which arise only under the accrual basis of accounting that qualify for reporting in this category. The one item that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years. The other item that qualifies for reporting in this category is the deferred commodities revenue, reported in both the district-wide and the proprietary funds statements 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.

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. The District's proprietary funds do not permit the accrual of accumulated 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. *Pensions*

In the district-wide financial statements, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In the governmental fund financial statements, net pension liabilities represent amounts normally expected to be liquidated with expendable available financial resources for required pension contributions that are due and payable at year end. Pension expenditures are recognized based on contractual pension contributions that are required to be made to the pension plan during the fiscal year.

NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. *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.

9. *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.

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.

NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental Fund Statements (Continued)

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.

Capital Reserve - Designated for Subsequent Year's Budget – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2015/2016 District budget certified for taxes.

Maintenance Reserve – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education.

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2015 audited excess surplus that is required to be appropriated in the 2016/2017 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, 2014 audited excess surplus that was appropriated in the 2015/2016 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.

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.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental Fund Statements (Continued)

Assigned Fund Balance (Continued)

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.

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 revenues are 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 2013-2014 and 2014-2015 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

**NUTLEY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

4. *Proprietary Funds, Operating and Nonoperating 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, of the extended day enterprise fund, and athletic camp 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.

NOTE 2 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the district-wide statement of net position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position– governmental activities as reported in the district-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details are as follows:

Bonds Payable	\$ 44,930,000
Issuance Premium (To Be Amortized Over Life of Debt)	3,468,816
Capital Leases Payable	96,374
Compensated Absences Payable	1,251,724
Net Pension Liability	17,988,448
Deferred Amounts on Net Pension Liability	
Deferred Inflows	1,072,014
Deferred Outflows	<u>(877,231)</u>
Net Adjustment to Reduce Fund Balance - Total Governmental Funds to Arrive at Net Position - Governmental Activities	<u>\$ 67,930,145</u>

NOTE 3 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.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent 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 2014/2015. Also, during 2014/2015 the Board increased the original budget by \$3,094,700. The increase was funded by grant awards, the reappropriation of prior year general fund encumbrances and withdrawals from the capital and maintenance reserves.

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

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

B. Capital Reserve

A capital reserve account was established by the District. 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, 2015**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Capital Reserve (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2015 is as follows:

Balance, July 1, 2014		\$ 2,613,593
Increased by:		
Interest Earnings	\$ 1,696	
Budgeted Increase	390,000	
Deposits Approved by Board Resolution	<u>800,000</u>	
Total Increases		<u>1,191,696</u>
		3,805,289
Decreased by:		
Approved Transfer to Capital Outlay		<u>312,563</u>
Balance, June 30, 2015		<u>\$ 3,492,726</u>
	<u>Analysis of Balance</u>	
	Designated for Subsequent Year's Budget	\$ 900,000
	Undesignated	<u>2,592,726</u>
		<u>\$ 3,492,726</u>

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

C. Maintenance Reserve

A maintenance reserve account was established by the District. The accumulation of funds will be used for required maintenance of school facilities expenditures in subsequent fiscal years. The maintenance reserve is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance reserve 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. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

**NUTLEY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Maintenance Reserve (Continued)

The activity of the maintenance reserve for the fiscal year ended June 30, 2015 is as follows:

Balance, July 1, 2014	\$ 500,000
Increased By:	
Deposits Approved by Board Resolution	<u>250,000</u>
	750,000
Decreased By:	
Withdrawal Approved by Board Resolution	<u>204,125</u>
Balance, June 30, 2015	<u>\$ 545,875</u>

The withdrawals from the maintenance reserve were for use in required maintenance activities for school facilities.

D. Transfers to Capital Outlay

During the 2014/2015 school year, the district transferred \$536,638 to the non-equipment capital outlay accounts. The transfers were made from the capital reserve account, maintenance reserve account, and other available funds. The transfers were approved by the County Superintendent.

E. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2015 is \$1,209,418. Of this amount, \$692,187 was designated and appropriated in the 2015/2016 original budget certified for taxes and the remaining amount of \$517,231 will be appropriated in the 2016/2017 original budget certified for taxes.

NOTE 4 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, 2015**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2015, the book value of the Board's deposits were \$10,383,424 and bank and brokerage firm balances of the Board's deposits amounted to \$10,995,981. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured \$ 10,995,981

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, 2015 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, 2015, 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, 2015 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	\$ 16,675				\$ 16,675
Intergovernmental					
Federal	22,167	\$ 246,642		\$ 15,760	284,569
State	100,862	587	\$ 480,195	785	582,429
Local	32,649	-	-	-	32,649
Gross Receivables	<u>172,353</u>	<u>247,229</u>	<u>480,195</u>	<u>16,545</u>	<u>916,322</u>
Less: Allowance for Uncollectibles	-	-	-	-	-
Net Total Receivables	<u>\$ 172,353</u>	<u>\$ 247,229</u>	<u>\$ 480,195</u>	<u>\$ 16,545</u>	<u>\$ 916,322</u>

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 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	\$ 171,458
Grant Draw Downs Reserved for Encumbrances	<u>3,683</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 175,141</u>

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2015 was as follows:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Prior Period</u> <u>Adjustment</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2015</u>
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 79,932				\$ 79,932
Construction in Progress	<u>137,281</u>	-	-	\$ (137,281)	<u>-</u>
Total Capital Assets, Not Being Depreciated	<u>217,213</u>	<u>-</u>	<u>-</u>	<u>(137,281)</u>	<u>79,932</u>
Capital Assets, Being Depreciated:					
Buildings	76,577,046		\$ 1,682,971		78,260,017
Machinery and Equipment	<u>5,107,005</u>	\$ (38,855)	<u>202,321</u>	<u>(79,902)</u>	<u>5,190,569</u>
Total Capital Assets Being Depreciated	<u>81,684,051</u>	<u>(38,855)</u>	<u>1,885,292</u>	<u>(79,902)</u>	<u>83,450,586</u>
Less Accumulated Depreciation for:					
Buildings	(16,498,976)		(1,646,181)		(18,145,157)
Machinery and Equipment	<u>(3,173,446)</u>	<u>(9,592)</u>	<u>(353,835)</u>	<u>57,687</u>	<u>(3,479,186)</u>
Total Accumulated Depreciation	<u>(19,672,422)</u>	<u>(9,592)</u>	<u>(2,000,016)</u>	<u>57,687</u>	<u>(21,624,343)</u>
Total Capital Assets, Being Depreciated, net	<u>62,011,629</u>	<u>(48,447)</u>	<u>(114,724)</u>	<u>(22,215)</u>	<u>61,826,243</u>
Governmental Activities Capital Assets, net	<u>\$ 62,228,842</u>	<u>\$ (48,447)</u>	<u>\$ (114,724)</u>	<u>\$ (159,496)</u>	<u>\$ 61,906,175</u>

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance <u>July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2015</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 235,802	\$ 15,399	\$ (13,765)	\$ 237,436
Total Capital Assets Being Depreciated	<u>235,802</u>	<u>15,399</u>	<u>(13,765)</u>	<u>237,436</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(136,087)	(11,792)	8,629	(139,250)
Total Accumulated Depreciation	<u>(136,087)</u>	<u>(11,792)</u>	<u>8,629</u>	<u>(139,250)</u>
Total Capital Assets, Being Depreciated, net	<u>99,715</u>	<u>3,607</u>	<u>(5,136)</u>	<u>98,186</u>
Business-Type Activities Capital Assets, net	<u>\$ 99,715</u>	<u>\$ 3,607</u>	<u>\$ (5,136)</u>	<u>\$ 98,186</u>

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

Governmental Activities:

Instruction		
Regular		\$ 213,644
Total Instruction		<u>213,644</u>
Support Services		
Student and Instruction Related Services		617,728
General Administration		714,293
School Administration		774
Operations and Maintenance of Plant		143,379
Student Transportation		<u>310,198</u>
Total Support Services		<u>1,786,372</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 2,000,016</u>

Business-Type Activities:

Food Service Fund		<u>\$ 11,792</u>
Total Depreciation Expense-Business-Type Activities		<u>\$ 11,792</u>

**NUTLEY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2015:

<u>Project</u>	<u>Remaining Commitment</u>
Various Renovations and Improvements to Nutley High School and Elementary Schools	\$ 577,918
Radcliffe Flooring	<u>204,125</u>
	<u>\$ 782,043</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2015, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 4,589
General Fund	Payroll Agency Fund	<u>360</u>
		<u>\$ 4,949</u>

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund.

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

**NUTLEY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

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

Interfund transfers

	<u>Transfer In:</u> <u>General</u> <u>Fund</u>	<u>Total</u>
Transfer Out:		
Capital Projects Fund	\$ 1,483	\$ 1,483
Total Transfers Out	<u>\$ 1,483</u>	<u>\$ 1,483</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.

F. Leases

Capital Leases

The District is leasing school buses totaling \$321,222 under capital leases. The leases are for terms of 5 years.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015 were as follows:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Governmental</u> <u>Activities</u>
2016	\$ 33,937
2017	17,132
2018	17,132
2019	17,132
2020	<u>17,130</u>
Total Minimum Lease Payments	102,463
Less: Amount Representing Interest	<u>(6,089)</u>
Present Value of Minimum Lease Payments	<u>\$ 96,374</u>

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

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.

Bonds payable at June 30, 2015 are comprised of the following issues:

\$38,500,000, 2007 Bonds, due in annual installments of \$930,000 to \$1,060,000 through July 15, 2017 interest at 4.5%	\$2,985,000
\$10,000,000, 2012 Refunding Bonds, due in annual installments of \$640,000 to \$680,000 through August 15, 2029 interest at 3.0% to 4.0%	9,845,000
\$1,860,000, 2013 Refunding Bonds, due in annual installments of \$170,000 to \$195,000 through August 15, 2023 interest at 2.0% to 2.25%	1,655,000
\$30,445,000, 2015 Refunding Bonds due in annual installments of \$90,000 to \$3,380,000 through July 15, 2032, interest at 1.0% to 5.0%	<u>30,445,000</u>
Total	<u>\$44,930,000</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>	
2016	\$ 2,125,000	\$ 1,351,629	\$ 3,476,629
2017	1,940,000	1,544,413	3,484,413
2018	2,000,000	1,473,050	3,473,050
2019	2,070,000	1,400,175	3,470,175
2020	2,140,000	1,326,225	3,466,225
2021-2025	11,545,000	5,530,187	17,075,187
2026-2030	13,995,000	3,223,738	17,218,738
2031-2033	<u>9,115,000</u>	<u>583,100</u>	<u>9,698,100</u>
	<u>\$ 44,930,000</u>	<u>\$ 16,432,517</u>	<u>\$ 61,362,517</u>

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 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, 2015 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 148,988,680
Less: Net Debt Issued	<u>44,930,000</u>
Remaining Borrowing Power	<u>\$ 104,058,680</u>

Advance Refunding of Debt

On April 8, 2015, the District issued \$30,445,000 in Refunding School Bonds having interest rates of 1.00% to 5.00%. These bonds were issued in order to advance refund certain principal maturities and certain interest payments of the 2007 School Bonds of the District. The total bond principal defeased was \$30,010,000 and the total interest payments defeased was \$16,561,444. The net proceeds of \$32,947,555 (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 \$2,937,950. 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 \$2,733,139 and resulted in an economic gain of \$2,171,441.

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2015, was as follows:

	Balance July 1, 2014 (Restated)	Prior Period Adjustment	Additions	Reductions	Balance June 30, 2015	Due Within One Year
Governmental Activities:						
Bonds Payable	\$ 46,225,000		\$ 30,445,000	\$ 31,740,000	\$ 44,930,000	\$ 2,125,000
Add: Unamortized Premium	840,458	-	2,722,042	93,684	3,468,816	-
	47,065,458		33,167,042	31,833,684	48,398,816	2,125,000
Capital Leases	78,298	\$ (26,579)	135,761	91,106	96,374	31,740
Net Pension Liability	17,993,580		217,733	222,865	17,988,448	912,001
Compensated Absences Payable	1,185,312	-	185,620	119,208	1,251,724	115,000
Governmental Activity Long-Term Liabilities	<u>\$ 66,322,648</u>	<u>\$ (26,579)</u>	<u>\$ 33,706,156</u>	<u>\$ 32,266,863</u>	<u>\$ 67,735,362</u>	<u>\$ 3,183,741</u>

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

**NUTLEY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 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 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 management, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the fund. Members have a contractual obligation to fund any deficit of the fund attributable to a membership year during which they were a member.

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

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

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 <u>June 30,</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015	\$ 104,798	\$ 76,317	\$ 490,058
2014	102,853	103,281	458,877
2013	96,018	112,400	457,746

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.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

B. Contingent Liabilities (Continued)

Pending Litigation – The Board’s Counsel has been engaged with the review and evaluation of claims asserted by its former architectural firm, (the “Firm”) and for the defense of claims against this Firm. Counsel is also defending claims asserted by a former member of the Firm. On November 16, 2015 the Board filed and served offers of judgement upon both the Firm and the former member of the Firm. As of the date of this audit, neither offer has been accepted. In the opinion of the Board's Attorney other than the matters previously discussed, there are no potential claims against the District, not covered by insurance policies, which would materially affect the financial condition of the District.

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2015, 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, 2015, 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. PERS is a cost sharing multi-employer defined benefit pension plan.

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. TPAF is a cost sharing plan with special funding situations.

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.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected, certain appointed officials, and certain Board employees not eligible for enrollment in PERS or TPAF. Effective July 1, 2007 membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

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 but are currently suspended as a result of reform legislation.

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

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

Basis of Accounting

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

Investment Valuation

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

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. 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 or at www.state.nj.us/treasury/doinvest.

Funding Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 62.8 percent with an unfunded actuarial accrued liability of \$51.0 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 54.2 percent and \$37.3 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 75.4 percent and \$13.7 billion, respectively.

**NUTLEY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress (Continued)

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 funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2013 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) an investment rate of return for the retirement systems of 7.90 percent and (b) projected salary increases of 4.24 percent for the PERS and 3.33 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 6.9% for PERS, 6.9% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2015 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the fiscal years ended June 30, 2015, 2014 and 2013 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>	<u>DCRP</u>
2015	\$ 792,054	\$ 1,442,477	\$ 11,134
2014	709,387	1,160,972	7,145
2013	741,485	1,779,108	

**NUTLEY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC) (Continued)

For fiscal years 2014/2015 and 2012/2013, the state contributed \$1,442,477 and \$1,779,108, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$1,160,972 for normal cost pension and NCGI premium.

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 24. The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$2,041,912 during the fiscal year ended June 30, 2015 for the employer’s share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees Retirement System (PERS)

At June 30, 2015, the District reported in the statement of net position (accrual basis) a liability of \$17,988,488 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportionate share of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2014, the District’s proportionate share was .09608 percent, which was an increase of .00193 from its proportionate share measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$996,458 for PERS. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience Changes of Assumptions	\$ 565,653	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 1,072,014
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>311,578</u>	<u>-</u>
Total	<u>\$ 877,231</u>	<u>\$ 1,072,014</u>

**NUTLEY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public Employees Retirement System (PERS) (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Total</u>
2016	\$ (106,748)
2017	(106,748)
2018	(106,748)
2019	(106,748)
2020	161,256
Thereafter	<u>70,953</u>
	<u>\$ (194,783)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15-4.40%
Thereafter	Based on Age 3.15-5.40%
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2008 -
Study Upon Which Actuarial	June 30, 2011
Assumptions were Based	

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

**NUTLEY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

Discount Rate

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Plan</u>	<u>Discount Rate</u>
PERS	5.39%

**NUTLEY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Teachers Pension and Annuity Fund (TPAF)

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2015, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$7,892,565 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2015 the State's proportionate share of the net pension liability attributable to the District is \$146,676,355. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2014.

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2009 - June 30, 2012
Study Upon Which Actuarial Assumptions were Based	

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

**NUTLEY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

The discount rate used to measure the total pension liabilities of the TPAF plan was as follows:

<u>Plan</u>	<u>Discount Rate</u>
TPAF	4.68%

The following table represents the crossover period, if applicable, for the TPAF defined benefit plan:

TPAF

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2027
Municipal Bond Rate *	From July 1, 2027 and Thereafter

* The municipal bond return rate used is 4.29%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.68%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.68 percent) or 1-percentage-point higher (5.68 percent) than the current rate:

	1% Decrease <u>(3.68%)</u>	Current Discount Rate <u>(4.68%)</u>	1% Increase <u>(5.68%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 176,413,519</u>	<u>\$ 146,676,355</u>	<u>\$ 121,943,788</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2014. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2014 was not provided by the pension system.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the TPAF pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

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 classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

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, 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-Local 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 590 state and local participating employers and contributing entities for Fiscal Year 2014.

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 paid 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 paid 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 state paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare parts A and B by paying the cost of the insurance for themselves and their covered dependents. Also, education employees are eligible for the PDP coverage after 60 days of employment.

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

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Basis of Accounting

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

Significant Legislation

P.L. 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, 2013, the most recent actuarial valuation date, the State had a \$53.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$19.7 billion for state active and retired members and \$33.3 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB includes 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 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 or 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, 2013, OPEB 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.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2014, there were 103,432, retirees receiving post-retirement medical benefits and the State contributed \$1.04 billion 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 employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

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, 2015, 2014 and 2013 were \$2,289,933, \$1,903,557 and \$2,011,721, 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 2014/15 school year, the District contracted with an independent company to conduct an appraisal of the District's capital assets. The capital asset report valued all capital assets and their estimated historical cost through back trending and other acceptable methods. The District recorded a prior period adjustment to its July 1, 2014 capital assets values, including accumulated depreciation amounts, to reflect the amounts reported in the capital asset appraisal report. In addition, the District recorded a prior period adjustment for a capital lease which was paid in full prior to June 30, 2014.

G. Subsequent Events

In September and October 2015, the Board authorized withdrawals from the Maintenance Reserve totaling \$110,450 to fund paving projects at Yantacaw School and Nutley High School. The Board also authorized withdrawals from the Capital Reserve of \$78,333 to fund ADA ramps at Lincoln School.

NOTE 6 RESTATEMENT

On July 1, 2014, the Board implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions. The Board has determined that the effect of implementing this accounting change on the financial statements previously reported as of and for the fiscal year ended June 30, 2014 was to recognize the District's proportionate share of the Public Employees' Retirement System's (PERS) net pension liability, deferred outflows of resources and deferred inflows of resources with a corresponding reduction in the unrestricted component of net position in the amount of \$17,993,580. The result of this restatement is to reduce total net position of Governmental Activities at June 30, 2014 from \$23,420,063 as originally reported to \$5,426,483 as adjusted for the effects of the change in accounting principle.

REQUIRED SUPPLEMENTARY INFORMATION PART II

BUDGETARY COMPARISON SCHEDULES

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
REVENUES					
Local Sources					
Property Tax Levy	\$ 51,089,352		\$ 51,089,352	\$ 51,089,352	
Tuition -					
Individuals				73,451	\$ 73,451
Other LEAs Within the State	126,068		126,068	168,697	42,629
Transportation Fees from Other LEAs	32,220		32,220	42,220	10,000
Transportation Fees - Other				2,750	2,750
Interest on Capital Reserve	400		400	1,696	1,296
Other Restricted Miscellaneous	120,000		120,000	184,488	64,488
Unrestricted Miscellaneous	211,800	-	211,800	203,660	(8,140)
Total Revenues - Local Sources	51,579,840	-	51,579,840	51,766,314	186,474
State Sources					
Equalization Aid	4,348,391		4,348,391	4,348,391	
Special Education Aid	2,412,726		2,412,726	2,412,726	
Security Aid	70,151		70,151	70,151	
Transportation Aid	90,584		90,584	90,584	
PARCC Readiness Aid	40,380		40,380	40,380	
Per Pupil Growth Aid	40,380		40,380	40,380	
Extraordinary Aid	110,000		110,000	392,346	282,346
On-Behalf TPAF					
Normal Pension			-	1,345,663	1,345,663
NCGI Contribution			-	96,814	96,814
Post Retirement Contribution			-	2,289,933	2,289,933
Social Security Contributions - Non Budget	-	-	-	2,041,912	2,041,912
Total State Sources	7,112,612	-	7,112,612	13,169,280	6,056,668
Federal Sources					
Medicaid - MAC and Cost Settlements				13,400	13,400
Medicaid Reimbursement	32,411	-	32,411	51,407	18,996
Total Federal Sources	32,411	-	32,411	64,807	32,396
Total Revenues	58,724,863	-	58,724,863	65,000,401	6,275,538
CURRENT EXPENDITURES					
Regular Programs - Instruction					
Salaries of Teachers:					
Preschool/Kindergarten	1,149,138	\$ (59,910)	1,089,228	1,089,228	-
Grades 1 - 5	7,230,609	(92,194)	7,138,415	7,138,415	-
Grades 6 - 8	4,316,344	11,057	4,327,401	4,327,401	-
Grades 9 - 12	5,443,005	(153,730)	5,289,275	5,289,275	-
Home Instruction:					
Salaries of Teachers	52,800	(5,149)	47,651	47,651	-
Purchased Professional-Educational Services	38,000	(22,544)	15,456	15,456	-
Regular Programs - Undistributed Instruction:					
Purchased Technical Services	33,700	1,407	35,107	35,107	-
Other Purchased Services	46,200	(27,347)	18,853	13,250	5,603
General Supplies	832,528	1,990,582	2,823,110	2,163,957	659,153
Textbooks	391,984	169,708	561,692	296,557	265,135
Other Objects	11,000	(4,523)	6,477	6,078	399
Total Instruction Regular Programs	19,545,308	1,807,357	21,352,665	20,422,375	930,290
Special Education					
Learning/Language Disabilities					
Salaries of Teachers	1,527,123	(217,982)	1,309,141	1,309,141	-
Other Salaries for Instruction	713,601	(25,931)	687,670	687,505	165
General Supplies	16,500	(3,800)	12,700	12,644	56
Textbooks	2,500	(2,500)	-	-	-
Other Objects	100	-	100	-	100
Total Learning/Language Disabilities	2,259,824	(250,213)	2,009,611	2,009,290	321
Resource Room/Resource Center					
Salaries of Teachers	1,561,939	25,449	1,587,388	1,587,388	-
General Supplies	14,000	(1,500)	12,500	12,464	36
Textbooks	1,800	-	1,800	1,553	247
Other Objects	100	-	100	-	100
Total Resource Room/Resource Center	1,577,839	23,949	1,601,788	1,601,405	383

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

CURRENT EXPENDITURES (Continued)	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
Special Education (Continued)					
Autism					
Salaries of Teachers	\$ 698,607	\$ (112,339)	\$ 586,268	\$ 576,681	\$ 9,587
Other Salaries for Instruction	799,274	21,971	821,245	821,245	-
General Supplies	15,000	(558)	14,442	12,115	2,327
Other Objects	250	-	250	-	250
Total Autism	1,513,131	(90,926)	1,422,205	1,410,041	12,164
Preschool Disabilities - Part-Time					
Salaries of Teachers	292,214	57,806	350,020	348,781	1,239
Other Salaries for Instruction	109,509	(7,832)	101,677	98,308	3,369
General Supplies	9,400	5,436	14,836	14,784	52
Other Objects	100	-	100	-	100
Total Preschool Disabilities	411,223	55,410	466,633	461,873	4,760
Total Special Education	5,762,017	(261,780)	5,500,237	5,482,609	17,628
Basic Skills/Remedial					
Salaries of Teachers	592,065	(133,432)	458,633	458,633	-
General Supplies	2,400	-	2,400	1,366	1,034
Other Objects	100	-	100	-	100
Total Basic Skills/Remedial	594,565	(133,432)	461,133	459,999	1,134
Bilingual Education					
Salaries of Teachers	240,451	1,317	241,768	241,768	-
General Supplies	4,895	(1,317)	3,578	1,731	1,847
Other Objects	500	-	500	-	500
Total Bilingual Education	245,846	-	245,846	243,499	2,347
Vocational Programs- Local - Instruction					
Salaries of Teachers	2,500	-	2,500	-	2,500
Total Vocational Programs-Local-Instruction	2,500	-	2,500	-	2,500
School Sponsored Co-Curricular Activities					
Salaries of Teachers	168,199	109,101	277,300	277,300	-
Other Objects	5,125	551	5,676	5,676	-
Total Co-Curricular Activities	173,324	109,652	282,976	282,976	-
School Sponsored Athletics					
Salaries	548,663	(2,632)	546,031	546,031	-
Purchased Services	74,865	(4,139)	70,726	70,697	29
Supplies and Materials	52,117	5,424	57,541	57,289	252
Other Objects	148,378	(4,393)	143,985	143,413	572
Total Athletics	824,023	(5,740)	818,283	817,430	853
Other Instruction Programs - Gifted and Talented					
Salaries	104,807	-	104,807	104,806	1
Other Purchased Services	600	(350)	250	250	-
Supplies and Materials	2,000	(326)	1,674	1,666	8
Other Objects	100	(100)	-	-	-
Total Other Instruction Programs	107,507	(776)	106,731	106,722	9
Other Instruction Programs - Music					
Supplies and Materials	25,500	(6,792)	18,708	18,708	-
Other Objects	5,000	(2,803)	2,197	2,197	-
Total Other Instruction Programs	30,500	(9,595)	20,905	20,905	-
Community Services					
Salaries	14,000	(1,399)	12,601	8,728	3,873
Total Community Services	14,000	(1,399)	12,601	8,728	3,873
Total Instruction	27,299,590	1,504,287	28,803,877	27,845,243	958,634

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures					
Instruction					
Tuition to Other LEA's Within State - Regular		\$ 7,044	\$ 7,044	\$ 7,044	-
Tuition to Other LEA's Within State - Special	\$ 88,986	13,395	102,381	102,381	-
Tuition to County Vocational - Regular	6,414	(5,823)	591	591	-
Tuition to County Vocational - Special	13,900	(9,348)	4,552	4,552	-
Tuition to County Sp Service and Regional Day School	118,373	38,767	157,140	157,140	-
Tuition to Private School for the Disabled W/ State	2,789,449	11,627	2,801,076	2,801,076	-
Total Tuition	3,017,122	55,662	3,072,784	3,072,784	-
Health Services					
Salaries	606,843	-	606,843	581,876	\$ 24,967
Purchased Professional and Technical Services	62,975	(36,618)	26,357	26,192	165
Supplies and Materials	17,900	48,357	66,257	64,401	1,856
Other Objects	250	-	250	40	210
Total Health Services	687,968	11,739	699,707	672,509	27,198
Other Supp. Svcs.-					
Speech, OT, PT and Related Services					
Salaries	677,065	3,621	680,686	667,179	13,507
Purchased Professional Educational Services	255,000	-	255,000	250,923	4,077
Supplies and Materials	6,500	49	6,549	6,315	234
Total Speech, OT, PT and Related Services	938,565	3,670	942,235	924,417	17,818
Other Supp. Svcs.-Extraord. Serv.					
Salaries	323,322	15,905	339,227	335,139	4,088
Total Other Support/Extraordinary Services	323,322	15,905	339,227	335,139	4,088
Other Supp. Svcs.-Guidance					
Salaries of Other Professional Staff	1,069,321	6,630	1,075,951	1,075,951	-
Salaries of Secretarial and Clerical Assistants	185,387	-	185,387	183,388	1,999
Other Purchased Professional and Technical Services	26,904	(22,098)	4,806	4,806	-
Other Purchased Services	4,550	(428)	4,122	2,437	1,685
Supplies and Materials	33,500	(20,551)	12,949	3,989	8,960
Other Objects	1,200	-	1,200	1,099	101
Total Other Support Services-Guidance	1,320,862	(36,447)	1,284,415	1,271,670	12,745
Other Supp. Svcs.-Child Study Teams					
Salaries of Other Professional Staff	1,036,261	3,828	1,040,089	1,036,077	4,012
Miscellaneous Purchased Services	2,500	100	2,600	2,071	529
Supplies and Materials	9,900	1,200	11,100	10,391	709
Other Objects	100	-	100	-	100
Total Other Support Services-Child Study Teams	1,048,761	5,128	1,053,889	1,048,539	5,350
Improvement of Instruction					
Salaries of Other Professional Staff	56,750	(33,911)	22,839	22,511	328
Salaries of Secretarial and Clerical Assist.	112,515	-	112,515	111,625	890
Purchased Professional Educational Services	7,500	(3,828)	3,672	3,672	3,672
Other Purchased Professional and Technical Services	4,795	(4,795)	-	-	-
Other Purchased Services	6,070	6,442	12,512	9,293	3,219
Supplies and Materials	7,000	5,300	12,300	12,149	151
Other Objects	500	-	500	459	41
Total Improvement of Instruction	195,130	(30,792)	164,338	156,037	8,301
Educational Media Services/ School Library					
Salaries	619,449	(11,856)	607,593	606,903	690
Purchased Professional and Technical Services	17,350	2,400	19,750	18,728	1,022
Other Purchased Services	23,500	-	23,500	7,569	15,931
Supplies and Materials	68,450	111	68,561	42,584	25,977
Total Educational Media Services/ School Library	728,749	(9,345)	719,404	675,784	43,620

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Instructional Staff Training Services					
Salaries of Other Professional Staff	\$ 88,200	-	\$ 88,200	\$ 24,354	\$ 63,846
Purchased Professional Educational Services	20,000	\$ 6,318	26,318	11,600	14,718
Other Purchased Services	14,500	15,541	30,041	26,443	3,598
Supplies and Materials	1,500	-	1,500	369	1,131
Other Objects	500	-	500	85	415
Total Instructional Staff Training Services	124,700	21,859	146,559	62,851	83,708
Support Services General Administration					
Salaries	662,095	(76,129)	585,966	584,870	1,096
Legal Services	175,000	91,512	266,512	256,870	9,642
Audit Fees	50,500	(14,512)	35,988	35,303	685
Purchased Technical Services	125,837	2,868	128,705	128,705	-
Miscellaneous Purchased Services	4,800	-	4,800	1,940	2,860
Communications/Telephone	163,500	-	163,500	121,297	42,203
BOE Other Purchased Services	6,000	(134)	5,866	2,001	3,865
Supplies and Materials	16,200	-	16,200	8,346	7,854
Judgments Against School District	-	10,635	10,635	10,635	-
Miscellaneous Expenditures	8,000	-	8,000	6,391	1,609
BOE Membership Dues and Fees	27,605	134	27,739	27,539	200
Total Support Services General Administration	1,239,537	14,374	1,253,911	1,183,897	70,014
Support Services School Administration					
Salaries of Principals and Assistant Principals	1,207,135	(15,099)	1,192,036	1,191,616	420
Salaries of Other Professional Staff	1,209,302	(14,149)	1,195,153	1,195,153	-
Salaries of Secretarial and Clerical Assistants	556,181	3,395	559,576	559,576	-
Other Purchased Services	110,109	(2,050)	108,059	90,413	17,646
Supplies and Materials	60,150	(4,597)	55,553	52,532	3,021
Other Objects	65,800	(1,983)	63,817	53,050	10,767
Total Support Services School Administration	3,208,677	(34,483)	3,174,194	3,142,340	31,854
Central Services					
Salaries	603,740	6,177	609,917	609,917	-
Purchased Professional Services	71,391	114,274	185,665	140,542	45,123
Purchased Technical Services	22,590	(5,179)	17,411	17,411	-
Miscellaneous Purchased Services	36,117	(12,464)	23,653	23,236	417
Supplies and Materials	12,800	(2,734)	10,066	9,956	110
Miscellaneous Expenditures	500	(194)	306	306	-
Total Undistributed Expenditures - Central Services	747,138	99,880	847,018	801,368	45,650
Admin. Info. Tech.					
Salaries	260,665	2,662	263,327	263,327	-
Purchased Technical Services	11,820	(11,820)	-	-	-
Other Purchased Services	800	(800)	-	-	-
Supplies and Materials	40,375	1,990	42,365	40,696	1,669
Other Objects	500	(485)	15	15	-
Total Undistributed Expenditures - Admin. Info. Technology	314,160	(8,453)	305,707	304,038	1,669
Required Maintenance for School Facilities					
Salaries	458,385	-	458,385	441,429	16,956
Cleaning, Repair and Maintenance Services	263,933	36,640	300,573	279,184	21,389
General Supplies	226,600	(17,471)	209,129	147,423	61,706
Other Objects	650	(568)	82	82	-
Total Required Maint for School Facilities	949,568	18,601	968,169	868,118	100,051

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Custodial Services					
Salaries	\$ 1,586,822	-	\$ 1,586,822	\$ 1,514,390	\$ 72,432
Salaries of Non-Instructional Aides	327,181	\$ (81,320)	245,861	245,861	-
Purchased Professional and Technical Services	40,000	-	40,000	11,769	28,231
Cleaning, Repair and Maintenance Services	155,000	(10,643)	144,357	120,141	24,216
Rental of Land & Bldg. Oth. Than Lease Purch. Agreement	1,400	16	1,416	1,416	-
Property Insurance	90,684	(483)	90,201	90,077	124
Miscellaneous Purchased Services	9,000	(16)	8,984	7,425	1,559
General Supplies	110,000	26,241	136,241	136,241	-
Other Objects	800	-	800	356	444
Energy (Natural Gas)	245,000	-	245,000	242,492	2,508
Energy (Electricity)	775,000	92,102	867,102	867,102	-
Energy (Gasoline)	25,000	-	25,000	18,600	6,400
Total Custodial Services	3,365,887	25,897	3,391,784	3,255,870	135,914
Undistributed Expenditures - Care & Upkeep of Grounds					
Salaries	260,539	-	260,539	250,459	10,080
Cleaning, Repair, and Maintenance Services	51,850	-	51,850	36,542	15,308
General Supplies	23,000	(3,800)	19,200	14,389	4,811
Total Care & Upkeep of Grounds	335,389	(3,800)	331,589	301,390	30,199
Undistributed Expenditures - Security					
Salaries	73,223	-	73,223	73,223	-
Purchased Professional and Technical Services	20,000	-	20,000	7,024	12,976
Total Security	93,223	-	93,223	80,247	12,976
Student Transportation Services					
Salaries for Pupil Trans (Bet Home & Sch)-Sp Ed.	919,302	51,802	971,104	971,104	-
Salaries for Pupil Trans (Other than Bet Home & Sch).	99,076	-	99,076	89,153	9,923
Cleaning, Repair and Maintenance Services	152,500	49,450	201,950	201,950	-
Other Purchased Professional and Technical Services	1,200	-	1,200	1,129	71
Lease Purchase Payments - School Buses	129,368	(36,707)	92,661	92,661	-
Rental Payments - School Buses	20,700	(9,900)	10,800	10,800	-
Contr Serv(Oth. Than Bet Home & Sch)-Vend	36,500	(6,421)	30,079	19,047	11,032
Contr Serv(Special Education)-Vendors	175,800	173,957	349,757	349,757	-
Contr Serv(Special Education)-Joint Agreements	1,000	(225)	775	775	-
Miscellaneous Purch. Services- Transportation	35,197	(530)	34,667	33,956	711
General Supplies	102,000	(26,257)	75,743	64,372	11,371
Other Objects	12,000	3,575	15,575	13,794	1,781
Total Student Transportation Services	1,684,643	198,744	1,883,387	1,847,723	35,664
Unallocated Employee Benefits					
Group Insurance	202,762	(6,543)	196,219	194,265	1,954
Social Security Contributions	749,800	12,372	762,172	760,536	1,636
Other Retirement Contributions - PERS	908,865	(102,058)	806,807	806,807	-
Other Retirement Contributions - Regular	35,520	3,696	39,216	39,216	-
Workmens Compensation	156,834	-	156,834	154,753	2,081
Health Benefits	8,919,433	(248,412)	8,671,021	8,197,221	473,800
Tuition Reimbursements	70,000	1,250	71,250	30,050	41,200
Other Employee Benefits	370,650	19,912	390,562	390,562	-
Total Unallocated Employee Benefits	11,413,864	(319,783)	11,094,081	10,573,410	520,671
On-Behalf TPAF					
Pension System Contributions-Normal	-	-	-	1,345,663	(1,345,663)
NCGI Premium	-	-	-	96,814	(96,814)
Post Retirement Benefits	-	-	-	2,289,933	(2,289,933)
Social Security Contributions - Non Budget	-	-	-	2,041,912	(2,041,912)
Total TPAF Pension and Social Security Contributions	-	-	-	5,774,322	(5,774,322)
Total Undistributed Expenditures	31,737,265	28,356	31,765,621	36,352,453	(4,586,832)
Total Current Expenditures	59,036,855	1,532,643	60,569,498	64,197,696	(3,628,198)

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
CAPITAL OUTLAY					
Increase in Capital Reserve	\$ 390,000		\$ 390,000		\$ 390,000
Interest Deposit to Capital Reserve	400		400		400
Equipment					
Grades 6 - 8		\$ 2,015	2,015	\$ 2,015	
Grades 9 - 12		4,620	4,620		4,620
Instruction	14,700	141,651	156,351	11,562	144,789
Assets Acquired Under Capital Leases - School Buses (Non-Budgeted)				135,761	(135,761)
Required Maintenance for School Facilities	-	57,580	57,580	57,580	-
Total Equipment	405,100	205,866	610,966	206,918	404,048
Facilities Acquisition and Construction Services					
Construction Services		469,335	469,335	265,210	204,125
Land and Improvements		80,200	80,200	71,200	9,000
Other Objects		-	-		-
Assessment for Debt Service on SDA Funding	88,648	1	88,649	88,649	-
Total Facilities Acquisition and Construction	88,648	549,536	638,184	425,059	213,125
Total Expenditures - Capital Outlay	493,748	755,402	1,249,150	631,977	617,173
Total Expenditures - General Fund	59,530,603	2,288,045	61,818,648	64,829,673	(3,011,025)
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	(805,740)	(2,288,045)	(3,093,785)	170,728	3,264,513
Other Financing Sources (Uses)					
Transfers In				1,483	1,483
Capital Lease Proceeds	-	-	-	135,761	135,761
Total Other Financing Sources	-	-	-	137,244	137,244
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other					
Financing Uses	(805,740)	(2,288,045)	(3,093,785)	307,972	3,401,757
Fund Balance, Beginning of Year	7,805,886	-	7,805,886	7,805,886	-
Fund Balance, End of Year	\$ 7,000,146	\$ (2,288,045)	\$ 4,712,101	\$ 8,113,858	\$ 3,401,757
Recapitulation of Fund Balance					
Restricted					
Capital Reserve				\$ 2,592,726	
Capital Reserve, Designated for Subsequent Year's Budget				900,000	
Maintenance Reserve				545,875	
Excess Surplus				517,231	
Excess Surplus - Designated for Subsequent Year's Budget				692,187	
Committed					
Encumbrances				999,913	
Assigned					
Encumbrances				405,188	
Unassigned					
				1,460,738	
Fund Balance (Budgetary Basis)				8,113,858	
Reconciliation to Governmental Fund Statements (GAAP)					
2014/2015 State Aid Payments Not Recognized on a GAAP Basis				(1,065,915)	
Fund Balance per Governmental Funds (GAAP Basis)				\$ 7,047,943	

**NUTLEY BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 359,708	\$ 40,624	\$ 400,332	\$ 302,719	\$ (97,613)
Federal	920,746	569,206	1,489,952	1,259,236	(230,716)
Local Sources					
Miscellaneous	-	196,825	196,825	24,409	(172,416)
Total Revenues	<u>1,280,454</u>	<u>806,655</u>	<u>2,087,109</u>	<u>1,586,364</u>	<u>(500,745)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	188,682	83,038	271,720	192,882	78,838
Purchased Professional/Educational Services	584,845	53,486	638,331	540,152	98,179
Tuition	355,271	189,089	544,360	544,360	-
General Supplies	20,959	160,343	181,302	118,161	63,141
Textbooks	30,387	4,050	34,437	34,093	344
Other Objects	369	149,978	150,347	2,017	148,330
Total Instruction	<u>1,180,513</u>	<u>639,984</u>	<u>1,820,497</u>	<u>1,431,665</u>	<u>388,832</u>
Support Services					
Salaries of Program Directors		4,000	4,000	4,000	-
Employee Benefits	43,811	7,862	51,673	35,981	15,692
Purchased Professional/Educational Services	42,846	92,661	135,507	78,005	57,502
Other Purchased Professional Services		4,500	4,500		4,500
Travel	750	240	990	727	263
Other Purchased Services	1,250	56,905	58,155	28,958	29,197
Supplies and Materials	683	1,220	1,903	703	1,200
Total Support Services	<u>89,340</u>	<u>167,388</u>	<u>256,728</u>	<u>148,374</u>	<u>108,354</u>
Facilities Acquisition and Construction					
Instructional Equipment	10,601	(717)	9,884	6,325	3,559
Total Facilities Acquisition	<u>10,601</u>	<u>(717)</u>	<u>9,884</u>	<u>6,325</u>	<u>3,559</u>
Total Expenditures	<u>1,280,454</u>	<u>806,655</u>	<u>2,087,109</u>	<u>1,586,364</u>	<u>500,745</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>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PART II

**NUTLEY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 \$ 65,000,401	C-2	\$ 1,586,364
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, 2014 Encumbrances			2,150
Less: June 30, 2015 Encumbrances			(10,560)
State Aid payments recognized for GAAP Statements, not recognized for budgetary purposes.	959,632		
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements.	<u>(1,065,915)</u>		<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	B-2 \$ <u>64,894,118</u>	B-2	\$ <u>1,577,954</u>
Uses/Outflows of Resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	C-1 \$ 64,829,673	C-2	\$ 1,586,364
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, 2014 Encumbrances			2,150
Less: June 30, 2015 Encumbrances	<u>-</u>		<u>(10,560)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	B-2 \$ <u>64,829,673</u>	B-2	\$ <u>1,577,954</u>

REQUIRED SUPPLEMENTARY INFORMATION PART III

**NUTLEY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

**PUBLIC EMPLOYEES' RETIREMENT SYSTEM
Last Two Fiscal Years ***

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.09608%	0.09415%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 17,988,448	\$ 17,993,580
District's Covered-Employee Payroll	\$ 6,569,878	\$ 6,550,921
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	273.80%	274.67%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	48.72%

* The amounts presented for each fiscal year were determined as of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**NUTLEY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS**

PUBLIC EMPLOYEES' RETIREMENT SYSTEM
Last Two Fiscal Years

	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 792,054	\$ 709,387
Contributions in Relation to the Contractually Required Contributions	<u>792,054</u>	<u>709,387</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
District's Covered- Employee Payroll	\$ 6,569,878	\$ 6,550,921
Contributions as a Percentage of Covered-Employee Payroll	12.06%	10.83%

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**NUTLEY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

**TEACHERS' PENSION AND ANNUITY FUND
Last Two Fiscal Years ***

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.00%	0.00%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability (Asset) Associated With the District	<u>146,676,355</u>	<u>139,153,451</u>
Total	<u>\$ 146,676,355</u>	<u>\$ 139,153,451</u>
District's Covered-Employee Payroll	\$ 26,006,174	\$ 26,393,487
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0	0
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	33.76%

* The amounts presented for each fiscal year were determined as of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**NUTLEY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Change of Benefit Terms: None.

Change of Assumptions: The discount rate changed from the District's rate as of June 30, 2014 to the District's rate as of June 30, 2015, in accordance with GASB Statement No. 67.

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, 2015

	N.J. Nonpublic Auxiliary					NJ Nonpublic Handicapped			Nonpublic Nursing	Nonpublic Technology	Sub-Total
	Nonpublic Textbooks	Compensatory Education	ESL	Transportation	Home Instruction	Supplemental Instruction	Examination/Classification	Corrective Speech			
REVENUES											
State Sources	\$ 34,093	\$ 116,791	\$ 2,741	\$ 25,181	\$ 587	\$ 25,581	\$ 36,381	\$ 22,264	\$ 21,967	\$ 17,133	\$ 302,719
Federal Sources	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	\$ 34,093	\$ 116,791	\$ 2,741	\$ 25,181	\$ 587	\$ 25,581	\$ 36,381	\$ 22,264	\$ 21,967	\$ 17,133	\$ 302,719
EXPENDITURES											
Instruction:											
Salaries of Teachers											-
Purchased Prof. and Technical Services											-
Purchased Professional Educational Services		\$ 116,791	\$ 2,741		\$ 587	\$ 25,581		\$ 22,264			\$ 167,964
Tuition											-
General Supplies										\$ 17,133	17,133
Textbooks	\$ 34,093										34,093
Other Objects	-	-	-	-	-	-	-	-	-	-	-
Total Instruction	34,093	116,791	2,741	-	587	25,581	-	22,264	-	17,133	219,190
Support Services											
Employee Benefits											-
Purchased Professional Educational Services							\$ 36,381		\$ 21,967		58,348
Other Purchased Services				\$ 25,181							25,181
Supplies and Materials	-	-	-	-	-	-	-	-	-	-	-
Total Support Services	-	-	-	25,181	-	-	36,381	-	21,967	-	83,529
Facilities Acquisition and Instructional Equipment											
	-	-	-	-	-	-	-	-	-	-	-
Total Facilities Acquisition	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 34,093	\$ 116,791	\$ 2,741	\$ 25,181	\$ 587	\$ 25,581	\$ 36,381	\$ 22,264	\$ 21,967	\$ 17,133	\$ 302,719

NUTLEY BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Title I</u>	<u>Title II A</u>	<u>Title III</u>	<u>Perkins Vocational Education</u>	<u>IDEA B Basic</u>	<u>IDEA B Preschool</u>	<u>Other</u>	<u>Page 1 Subtotal</u>	<u>Total</u>
REVENUES									
State Sources								\$ 302,719	\$ 302,719
Federal Sources	\$ 176,218	\$ 76,212	\$ 19,666	\$ 18,835	\$ 925,065	\$ 43,240			1,259,236
Other	-	-	-	-	-	-	\$ 24,409	-	24,409
Total Revenues	<u>\$ 176,218</u>	<u>\$ 76,212</u>	<u>\$ 19,666</u>	<u>\$ 18,835</u>	<u>\$ 925,065</u>	<u>\$ 43,240</u>	<u>\$ 24,409</u>	<u>\$ 302,719</u>	<u>\$ 1,586,364</u>
EXPENDITURES									
Instruction:									
Salaries of Teachers	\$ 145,456	\$ 34,643	\$ 12,783						\$ 192,882
Purchased Professional Educational Services		11,543		\$ 3,700	\$ 356,945			\$ 167,964	540,152
Tuition					505,767	\$ 38,593			544,360
General Supplies			3,553	13,998	59,768	4,647	\$ 19,062	17,133	118,161
Textbooks								34,093	34,093
Other Objects	-	-	-	410	-	-	1,607	-	2,017
Total Instruction	<u>145,456</u>	<u>46,186</u>	<u>16,336</u>	<u>18,108</u>	<u>922,480</u>	<u>43,240</u>	<u>20,669</u>	<u>219,190</u>	<u>1,431,665</u>
Support Services									
Salaries of Program Directors	4,000								4,000
Employee Benefits	26,059	7,483	2,439						35,981
Purchased Professional Educational Services		19,657						58,348	78,005
Travel				727					727
Other Purchased Services		2,886	891					25,181	28,958
Supplies and Materials	703	-	-	-	-	-	-	-	703
Total Support Services	<u>30,762</u>	<u>30,026</u>	<u>3,330</u>	<u>727</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>83,529</u>	<u>148,374</u>
Facilities Acquisition and Construction Services									
Instructional Equipment	-	-	-	-	2,585	-	3,740	-	6,325
Total Facilities Acquisition	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,585</u>	<u>-</u>	<u>3,740</u>	<u>-</u>	<u>6,325</u>
Total Expenditures	<u>\$ 176,218</u>	<u>\$ 76,212</u>	<u>\$ 19,666</u>	<u>\$ 18,835</u>	<u>\$ 925,065</u>	<u>\$ 43,240</u>	<u>\$ 24,409</u>	<u>\$ 302,719</u>	<u>\$ 1,586,364</u>

**NUTLEY BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**NUTLEY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Project Description</u>	<u>Appropriation</u>	<u>Additional Appropriation</u>	<u>Prior Years</u>	<u>Expenditures to Date Current Year</u>	<u>Balance June 30, 2015</u>
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	\$ 36,399,733	\$ 1,209,280	\$ 1,369,987
	<u>\$ 38,500,000</u>	<u>\$ 479,000</u>	<u>\$ 36,399,733</u>	<u>\$ 1,209,280</u>	<u>\$ 1,369,987</u>
Fund Balance, June 30, 2015 (Budgetary Basis and GAAP Basis)					<u>\$ 1,369,987</u>
Recapitulation of Fund Balance					
Restricted for Capital Projects					
Year End Encumbrances				\$ 577,918	
Available for Capital Projects				<u>792,069</u>	
Total Fund Balance - Restricted for Capital Projects					<u>\$ 1,369,987</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, 2015**

Revenues and Other Financing Sources	
Interest on Investments	\$ 1,483
	<u>1,483</u>
Expenditures and Other Financing Uses	
Purchased Professional And Technical Services	472,534
Construction Services	736,746
Transfers Out	<u>1,483</u>
	<u>1,210,763</u>
Excess Of Expenditures and Other Financing Uses Over Revenues and Other Financing Sources	(1,209,280)
Fund Balance, Beginning of Year	<u>2,579,267</u>
Fund Balance, End of Year	<u>\$ 1,369,987</u>

**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 THROUGH THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources				
Bond Proceeds and Transfers	\$ 8,840,000	\$ 146,250	\$ 8,986,250	\$ 8,986,250
Total Revenues	<u>8,840,000</u>	<u>146,250</u>	<u>8,986,250</u>	<u>8,986,250</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	1,271,081	112,002	1,383,083	1,372,104
Legal Fees	21,705		21,705	
Construction Services	6,765,694	467,172	7,232,866	7,568,638
Other Purchased Services	7,106		7,106	45,508
Supplies	1,505		1,505	
Equipment	<u>204,271</u>	<u>-</u>	<u>204,271</u>	<u>-</u>
Total Expenditures	<u>8,271,362</u>	<u>579,174</u>	<u>8,850,536</u>	<u>8,986,250</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ 568,638</u>	<u>\$ (432,924)</u>	<u>\$ 135,714</u>	<u>\$ -</u>

Additional Project Information:

Project Number	3310-050-07-1000
Grant Date	N/A
Bonds Authorization Date	July 15, 2007
Bonds Authorized	\$ 8,740,000
Bonds Issued	\$ 8,740,000
Original Authorized Cost	\$ 8,740,000
Change Orders/Revisions	\$ 246,250
Revised Authorized Cost	\$ 8,986,250
Percentage Completion	98%
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 THROUGH THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources				
Bond Proceeds and Transfers	\$ 5,430,000	\$ (146,250)	\$ 5,283,750	\$ 5,283,750
Total Revenues	<u>5,430,000</u>	<u>(146,250)</u>	<u>5,283,750</u>	<u>5,283,750</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	753,230	\$ 65,100	818,330	765,610
Legal Fees	8,036		8,036	
Construction Services	3,786,567	13,435	3,800,002	4,478,458
Other Purchased Services	(621)		(621)	39,682
Supplies	1,505		1,505	
Equipment	108,438	-	108,438	-
Total Expenditures	<u>4,657,155</u>	<u>78,535</u>	<u>4,735,690</u>	<u>5,283,750</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ 772,845</u>	<u>\$ (224,785)</u>	<u>\$ 548,060</u>	<u>\$ -</u>

Additional Project Information:

Project Number	3750-050-07-1000
Grant Date	N/A
Bonds Authorization Date	July 15, 2007
Bonds Authorized	\$ 5,530,000
Bonds Issued	\$ 5,530,000
Original Authorized Cost	\$ 5,530,000
Change Orders/Revisions	\$ (246,250)
Revised Authorized Cost	\$ 5,283,750
Percentage Completion	90%
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 THROUGH THE FISCAL YEAR ENDED JUNE 30, 2015**

	<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	\$ 20,382	\$ 7,620,382	\$ 7,620,382
 Total Revenues	 <u>7,600,000</u>	 <u>20,382</u>	 <u>7,620,382</u>	 <u>7,620,382</u>
 Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	1,120,707	93,000	1,213,707	1,051,751
Legal Fees	17,149		17,149	
Construction Services	6,095,328	13,974	6,109,302	6,534,068
Other Purchased Services	8,223		8,223	34,563
Supplies	1,505		1,505	
Equipment	154,912	-	154,912	-
 Total Expenditures	 <u>7,397,824</u>	 <u>106,974</u>	 <u>7,504,798</u>	 <u>7,620,382</u>
 Excess (Deficiency) of Revenues over (under) Expenditures	 <u>\$ 202,176</u>	 <u>\$ (86,592)</u>	 <u>\$ 115,584</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/Revisions	\$ 20,382
Revised Authorized Cost	\$ 7,620,382
 Percentage Completion	 98%
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 THROUGH THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Project</u> <u>Authorization</u>
Revenues and Other Financing Sources				
Bond Proceeds and Transfers	\$ 5,949,474	\$ 198,753	\$ 6,148,227	\$ 6,148,227
 Total Revenues	 <u>5,949,474</u>	 <u>198,753</u>	 <u>6,148,227</u>	 <u>6,148,227</u>
 Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	829,153	67,582	896,735	964,363
Legal Fees	8,036		8,036	
Construction Services	4,826,146	213,679	5,039,825	5,144,182
Other Purchased Services	7,635		7,635	39,682
Supplies	1,505		1,505	
Miscellaneous	375		375	
Equipment	108,438	-	108,438	-
 Total Expenditures	 <u>5,781,288</u>	 <u>281,261</u>	 <u>6,062,549</u>	 <u>6,148,227</u>
 Excess (Deficiency) of Revenues over (under) Expenditures	 <u>\$ 168,186</u>	 <u>\$ (82,508)</u>	 <u>\$ 85,678</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/Revisions	\$ 618,227
Revised Authorized Cost	\$ 6,148,227
 Percentage Completion	 99%
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 THROUGH THE FISCAL YEAR ENDED JUNE 30, 2015**

	<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	\$ (219,135)	\$ 3,180,865	\$ 3,180,865
Total Revenues	<u>3,400,000</u>	<u>(219,135)</u>	<u>3,180,865</u>	<u>3,180,865</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	479,902	41,850	521,752	471,333
Legal Fees	441		441	
Construction Services	2,430,548	14,512	2,445,060	2,686,075
Other Purchased Services	(915)		(915)	23,457
Supplies	1,505		1,505	
Equipment	69,710	-	69,710	-
Total Expenditures	<u>2,981,191</u>	<u>56,362</u>	<u>3,037,553</u>	<u>3,180,865</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ 418,809</u>	<u>\$ (275,497)</u>	<u>\$ 143,312</u>	<u>\$ -</u>

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/Revisions	\$ (219,135)
Revised Authorized Cost	\$ 3,180,865
Percentage Completion	95%
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 THROUGH THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources				
Bond Proceeds and Transfers	\$ 7,280,526		\$ 7,280,526	\$ 7,280,526
U.S. Department of Energy Grant	<u>479,000</u>	<u>-</u>	<u>479,000</u>	<u>479,000</u>
Total Revenues	<u>7,759,526</u>	<u>-</u>	<u>7,759,526</u>	<u>7,759,526</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	1,072,259	\$ 93,000	1,165,259	1,062,087
Legal Fees	17,149		17,149	
Construction Services	6,048,407	13,974	6,062,381	6,655,643
Other Purchased Services	16,681		16,681	41,796
Supplies	1,505		1,505	
Equipment	<u>154,912</u>	<u>-</u>	<u>154,912</u>	<u>-</u>
Total Expenditures	<u>7,310,913</u>	<u>106,974</u>	<u>7,417,887</u>	<u>7,759,526</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ 448,613</u>	<u>\$ (106,974)</u>	<u>\$ 341,639</u>	<u>\$ -</u>

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
Change Orders/Revisions	\$ (419,474)
Revised Authorized Cost	\$ 7,759,526

Percentage Completion	96%
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, 2015**

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, 2015**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

**NUTLEY BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES
AS OF JUNE 30, 2015**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 190,562	\$ 331,756	\$ 522,318
Total Assets	<u>\$ 190,562</u>	<u>\$ 331,756</u>	<u>\$ 522,318</u>
LIABILITIES			
Payroll Deductions and Withholdings Payable		\$ 331,396	\$ 331,396
Due To Other Funds		360	360
Due to Student Groups	\$ 190,562	-	<u>190,562</u>
Total Liabilities	<u>\$ 190,562</u>	<u>\$ 331,756</u>	<u>\$ 522,318</u>

**NUTLEY BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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, 2015**

	<u>Balance</u> <u>July 1, 2014</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disburse-</u> <u>ments</u>	<u>Balance</u> <u>June 30, 2015</u>
ELEMENTARY SCHOOLS				
Lincoln	\$ 969	\$ 15,729	\$ 11,986	\$ 4,712
Radcliffe	2,922	7,350	7,935	2,337
Spring Garden	13,140	11,260	10,816	13,584
Washington	1,731	11,342	10,260	2,813
Yantacaw	10,452	8,363	7,259	11,556
	<u>29,214</u>	<u>54,044</u>	<u>48,256</u>	<u>35,002</u>
MIDDLE SCHOOL				
John Walker	13,893	25,270	23,493	15,670
HIGH SCHOOL				
Nutley High School	153,245	230,028	243,383	139,890
TOTAL ALL SCHOOLS	<u>\$ 196,352</u>	<u>\$ 309,342</u>	<u>\$ 315,132</u>	<u>\$ 190,562</u>

**NUTLEY BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Balance, July 1, <u>2014</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2015</u>
Payroll Deductions, Withholdings and Accrued Salaries and Wages Due To Other Funds	\$ 493,418	\$ 43,517,460	\$ 43,679,482	\$ 331,396
	<u>309</u>	<u>105,121</u>	<u>105,070</u>	<u>360</u>
Total	<u>\$ 493,727</u>	<u>\$ 43,622,581</u>	<u>\$ 43,784,552</u>	<u>\$ 331,756</u>

LONG-TERM DEBT

**NUTLEY BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<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, 2014</u>	<u>Issued</u>	<u>Paid</u>	<u>Balance June 30, 2015</u>
Construction of an Addition and Renovation to the Franklin Middle School and Acquisition of Equipment and Site Work	2/1/2005	\$ 14,930,000	2/15/15	650,000	4.000	%	650,000		\$ 650,000	
Construction of an Addition and Renovation at the Nutley High School and Elementary Schools	7/15/2007	\$ 38,500,000	7/15/15	930,000	4.500	%				
			7/15/16	995,000	4.500					
			7/15/17	1,060,000	4.500	33,885,000	30,900,000	2,985,000		
Series 2012 Refunding Bonds	12/27/2012	\$ 10,000,000	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	9,865,000	20,000	9,845,000		

**NUTLEY BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<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, 2014</u>	<u>Issued</u>	<u>Paid</u>	<u>Balance June 30, 2015</u>
Series 2013 Refunding Bonds	01/03/2013	\$ 1,860,000	8/15/15	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	\$ 1,825,000	\$ -	\$ 170,000	\$ 1,655,000
Series 2015 Refunding Bonds	04/08/15	\$ 30,445,000	7/15/15	345,000	1.000				
			7/15/16	90,000	1.000				
			7/15/17	90,000	2.000				
			7/15/18	1,225,000	4.000				
			7/15/19	1,300,000	4.000				
			7/15/20	1,365,000	2.000-4.000				
			7/15/21	1,435,000	2.500-5.000				
			7/15/22	1,500,000	2.500-5.000				
			7/15/23	1,580,000	2.500-5.000				
			7/15/24	1,660,000	2.750-5.000				
			7/15/25	1,960,000	3.000-5.000				
			7/15/26	2,040,000	3.500				
			7/15/27	2,135,000	4.000				
			7/15/28	2,245,000	4.000				
			7/15/29	2,360,000	4.000				
			7/15/30	2,475,000	4.000				
7/15/31	3,260,000	4.000							
7/15/32	3,380,000	4.000							
						-	\$ 30,445,000	-	30,445,000
						<u>\$ 46,225,000</u>	<u>\$ 30,445,000</u>	<u>\$ 31,740,000</u>	<u>\$ 44,930,000</u>
							Paid by Budget	\$ 1,730,000	
							Refunded	30,010,000	
								<u>\$ 31,740,000</u>	

**NUTLEY BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Purpose</u>	<u>Original Issue</u>	<u>Balance, July 1, 2014</u>	<u>Prior Period Adjustment</u>	<u>Issued</u>	<u>Paid</u>	<u>Balance, June 30, 2015</u>
School Buses (2)	\$ 121,867	\$ 26,579	\$ (26,579)			
School Bus	87,439	19,390			\$ 19,390	
School Buses (2)	98,022	32,329			15,955	\$ 16,374
School Buses (2)	135,761	-	-	\$ 135,761	55,761	80,000
		<u>\$ 78,298</u>	<u>\$ (26,579)</u>	<u>\$ 135,761</u>	<u>\$ 91,106</u>	<u>\$ 96,374</u>

**NUTLEY BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 2,778,472		\$ 2,778,472	\$ 2,778,472	
State Sources					
Debt Service Aid	<u>822,251</u>	<u>-</u>	<u>822,251</u>	<u>822,251</u>	<u>-</u>
 Total Revenues	 <u>3,600,723</u>	 <u>-</u>	 <u>3,600,723</u>	 <u>3,600,723</u>	 <u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	1,730,000		1,730,000	1,730,000	
Interest	1,933,438		1,933,438	1,933,437	\$ 1
Costs of Issuance	<u>-</u>	<u>-</u>	<u>-</u>	<u>219,092</u>	<u>(219,092)</u>
 Total Expenditures	 <u>3,663,438</u>	 <u>-</u>	 <u>3,663,438</u>	 <u>3,882,529</u>	 <u>(219,091)</u>
 Excess of Revenues	 (62,715)	 -	 (62,715)	 (281,806)	 (219,091)
 Other Financing Sources (Uses)					
Proceeds from Refunding Bonds				30,445,000	30,445,000
Payments to Escrow Agent				(32,947,950)	(32,947,950)
Premium on Refunding Bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,722,042</u>	<u>2,722,042</u>
 Total Other Financing Sources (Uses)	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>219,092</u>	 <u>219,092</u>
 Excess of Revenues and Total Other Financing Sources (Uses)	 (62,715)	 -	 (62,715)	 (62,714)	 1
 Fund Balance, Beginning of Year	 <u>62,717</u>	 <u>-</u>	 <u>62,717</u>	 <u>62,717</u>	 <u>-</u>
 Fund Balance, End of Year	 <u>\$ 2</u>	 <u>\$ -</u>	 <u>\$ 2</u>	 <u>\$ 3</u>	 <u>\$ 1</u>

Analysis of Restricted Fund Balance

Designated for Subsequent Year's Budget	\$ 2
Available for Debt Service	<u>1</u>
	 <u>\$ 3</u>

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. J-16 to J-20

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

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

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
									Restated	
Governmental Activities										
Net Investment In Capital Assets	\$ 6,629,772	\$ 13,609,118	\$ 14,475,397	\$ 15,636,633	\$ 16,312,379	\$ 17,533,190	\$ 17,943,222	\$ 18,517,662	\$ 18,590,958	\$ 18,540,094
Restricted	174,518	489,609	736,150	126,032	127,084	98,770	124,182	1,175,583	2,676,310	3,492,729
Unrestricted	<u>(356,159)</u>	<u>(1,337,831)</u>	<u>(3,193,451)</u>	<u>(4,035,534)</u>	<u>(2,608,168)</u>	<u>(2,166,905)</u>	<u>9,923</u>	<u>2,111,252</u>	<u>(15,840,785)</u>	<u>(16,363,514)</u>
Total Governmental Activities Net Position	<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>\$ 21,804,497</u>	<u>\$ 5,426,483</u>	<u>\$ 5,669,309</u>
Business-Type Activities										
Net Investment In Capital Assets	\$ 16,034	\$ 16,493	\$ 14,775	\$ 13,056	\$ 11,337	\$ 9,844	\$ 8,363	\$ 114,056	\$ 99,715	\$ 98,186
Unrestricted	<u>283,278</u>	<u>266,897</u>	<u>298,723</u>	<u>166,709</u>	<u>128,685</u>	<u>79,524</u>	<u>197,161</u>	<u>373,744</u>	<u>587,550</u>	<u>786,662</u>
Total Business-Type Activities Net Position	<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>\$ 487,800</u>	<u>\$ 687,265</u>	<u>\$ 884,848</u>
District-Wide										
Net Investment In Capital Assets	\$ 6,645,806	\$ 13,625,611	\$ 14,490,172	\$ 15,649,689	\$ 16,323,716	\$ 17,543,034	\$ 17,951,585	\$ 18,631,718	\$ 18,690,673	\$ 18,638,280
Restricted	174,518	489,609	736,150	126,032	127,084	98,770	124,182	1,175,583	2,676,310	3,492,729
Unrestricted	<u>(72,881)</u>	<u>(1,070,934)</u>	<u>(2,894,728)</u>	<u>(3,868,825)</u>	<u>(2,479,483)</u>	<u>(2,087,381)</u>	<u>207,084</u>	<u>2,484,996</u>	<u>(15,253,235)</u>	<u>(15,576,852)</u>
Total District Net Position	<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>\$ 22,292,297</u>	<u>\$ 6,113,748</u>	<u>\$ 6,554,157</u>

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

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 23,959,344	\$ 25,354,876	\$ 26,888,106	\$ 26,145,394	\$ 26,623,533	\$ 27,081,240	\$ 26,758,166	\$ 27,419,378	\$ 28,391,303	\$ 33,504,690
Special Education	6,022,468	7,275,548	8,294,047	8,975,941	8,850,271	8,725,614	9,528,464	10,429,282	10,727,289	12,894,166
Other Instruction	719,701	926,241	1,265,638	968,273	1,402,851	1,233,574	1,389,023	1,466,465	1,294,381	1,411,766
School Sponsored Activities And Athletics	1,008,541	1,059,524	1,145,844	1,400,875	1,148,210	1,168,815	1,235,319	1,260,343	1,329,760	1,666,089
Community Services	7,376	7,109	16,514	7,627	5,567	7,487	11,555	14,010	22,149	14,725
Support Services										
Student And Instruction Related Services	5,610,289	5,455,907	6,146,618	6,143,456	6,990,705	6,565,253	6,865,496	7,196,414	7,553,144	8,502,186
General Administration	1,050,539	1,176,740	1,231,115	1,436,551	1,368,301	1,743,098	1,981,393	2,116,336	2,076,679	2,177,346
School Administrative Services	3,212,514	3,568,411	4,065,977	3,784,784	3,970,094	4,213,992	4,013,565	3,971,209	4,072,242	4,639,417
Plant Operations And Maintenance	5,386,167	5,570,366	5,753,722	6,042,339	5,531,637	5,428,247	5,147,653	5,348,366	5,544,444	5,647,257
Pupil Transportation	1,942,437	1,980,529	2,259,307	2,129,792	2,011,330	2,086,203	2,033,798	1,981,555	2,254,536	2,499,702
Business Services	1,189,966	1,349,793	1,403,132	1,400,267	1,480,215	1,500,226	1,267,237	1,245,684	1,330,423	1,436,409
Increase in Deferred Pension Liability				227,063						
Interest On Long-Term Debt	753,496	728,493	2,378,802	2,433,786	2,337,249	2,281,324	2,241,443	2,402,651	1,895,079	1,843,704
Total Governmental Activities Expenses	50,862,638	54,453,537	60,848,822	61,096,148	61,719,963	62,035,073	62,473,112	64,851,693	66,491,429	76,237,457
Business-Type Activities:										
Food Service	964,209	915,379	912,017	946,090	861,182	1,110,276	960,177	899,942	918,360	846,273
Extended Day	774,368	804,495	819,850	1,013,512	841,234	613,967	623,930	655,239	690,063	836,125
Athletic Camps			17,143	14,384	15,477	17,690	16,836	11,768	15,558	-
Total Business-Type Activities Expense	1,738,577	1,719,874	1,749,010	1,973,986	1,717,893	1,741,933	1,600,943	1,566,949	1,623,981	1,682,398
Total District Expenses	\$ 52,601,215	\$ 56,173,411	\$ 62,597,832	\$ 63,070,134	\$ 63,437,856	\$ 63,777,006	\$ 64,074,055	\$ 66,418,642	\$ 68,115,410	\$ 77,919,855
Program Revenues										
Governmental Activities:										
Charges For Services:										
Instruction (Tuition)	\$ 90,842	\$ 73,703	\$ 149,591	\$ 149,048	\$ 145,554	\$ 158,071	\$ 130,494	\$ 167,909	\$ 166,386	\$ 242,148
Pupil Transportation	112,160	98,884	111,952	77,995	76,215	42,300	53,493	41,220	44,170	44,970
Operating Grants And Contributions	7,948,034	10,039,612	10,921,349	8,108,728	10,285,697	8,482,649	8,677,804	10,130,902	9,372,573	16,734,781
Capital Grants And Contributions	3,351,456	4,472,504	613,873	13,595	29,167	65,814	-	567,532		
Total Governmental Activities Program Revenues	11,502,492	14,684,703	11,796,765	8,349,366	10,536,633	8,748,834	8,861,791	10,907,563	9,583,129	17,021,899
Business-Type Activities:										
Charges For Services:										
Food Service	596,965	640,493	650,501	731,200	630,926	736,107	768,611	688,996	785,006	761,257
Extended Day	839,583	794,541	815,868	857,797	789,565	647,590	714,196	818,730	916,906	891,490
Athletic Camps			17,615	14,805	15,485	18,975	19,330	8,825	15,900	1,700
Operating Grants And Contributions	121,372	107,500	119,035	136,231	156,667	188,453	214,863	225,396	236,632	230,550
Total Business Type Activities Program Revenues	1,557,920	1,542,534	1,603,019	1,740,033	1,592,643	1,591,125	1,717,000	1,741,947	1,954,444	1,884,977
Total District Program Revenues	\$ 13,060,412	\$ 16,227,237	\$ 13,399,784	\$ 10,089,399	\$ 12,129,276	\$ 10,339,959	\$ 10,578,791	\$ 12,649,510	\$ 11,537,573	\$ 18,906,876

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

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (Expense)/Revenue										
Governmental Activities	\$ (39,360,146)	\$ (39,768,834)	\$ (49,052,057)	\$ (52,746,782)	\$ (51,183,330)	\$ (53,286,239)	\$ (53,611,321)	\$ (53,944,130)	\$ (56,908,300)	\$ (59,215,558)
Business-Type Activities	(180,657)	(177,340)	(145,991)	(233,953)	(125,250)	(150,808)	116,057	174,998	330,463	202,579
Total District-Wide Net Expense	\$ (39,540,803)	\$ (39,946,174)	\$ (49,198,048)	\$ (52,980,735)	\$ (51,308,580)	\$ (53,437,047)	\$ (53,495,264)	\$ (53,769,132)	\$ (56,577,837)	\$ (59,012,979)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 40,168,989	\$ 41,346,944	\$ 43,339,146	\$ 46,431,396	\$ 48,149,095	\$ 50,112,604	\$ 51,056,143	\$ 52,016,386	\$ 52,931,802	\$ 53,867,824
State Aid Unrestricted	12,407	11,714	11,020	1,311,714	3,972,780	3,119,283	3,936,364	4,348,256	4,332,821	4,421,065
Restricted Grants And Contributions	3,461,681	3,439,053	3,632,148	4,214,887	975,985	828,388	826,730	824,615	823,700	822,251
Investment Earnings	663,207	382,866	1,337,719	277,389	10,250	-	-	-	-	-
Miscellaneous Income	76,045	292,070	164,224	320,431	264,384	210,434	461,504	414,967	435,543	391,327
Donated Capital Assets		765,718	-							
Loss on Disposal of Capital Assets							(57,148)	-	-	(22,215)
Transfers	(265,000)	(156,766)	(175,000)	(100,000)	(85,000)	(100,000)	-	-	-	-
Total Governmental Activities	44,117,329	46,081,599	48,309,257	52,455,817	53,287,494	54,170,709	56,223,593	57,604,224	58,523,866	59,480,252
Business-Type Activities:										
Investment Earnings	\$ 1,480	\$ 4,652	\$ 1,099	\$ 220	\$ 507	\$ 154	\$ 99	\$ 104	\$ 122	\$ 140
Loss on Disposal of Capital Assets										(5,136)
Transfers	265,000	156,766	175,000	100,000	85,000	100,000	-	-	-	-
Total Business-Type Activities	266,480	161,418	176,099	100,220	85,507	100,154	99	104	122	(4,996)
Total District-Wide	\$ 44,383,809	\$ 46,243,017	\$ 48,485,356	\$ 52,556,037	\$ 53,373,001	\$ 54,270,863	\$ 56,223,692	\$ 57,604,328	\$ 58,523,988	\$ 59,475,256
Change in Net Position										
Governmental Activities	\$ 4,757,183	\$ 6,312,765	\$ (742,800)	\$ (290,965)	\$ 2,104,164	\$ 884,470	\$ 2,612,272	\$ 3,660,094	\$ 1,615,566	\$ 264,694
Business-Type Activities	85,823	(15,922)	30,108	(133,733)	(39,743)	(50,654)	116,156	175,102	330,585	197,583
Total District	\$ 4,843,006	\$ 6,296,843	\$ (712,692)	\$ (424,698)	\$ 2,064,421	\$ 833,816	\$ 2,728,428	\$ 3,835,196	\$ 1,946,151	\$ 462,277

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

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 1,508,438	\$ 1,459,108	\$ 979,517	\$ 181,364	\$ 973,343					
Unreserved	782,259	197,126	798,154	(251,591)	213,705					
Restricted						\$ 876,583	\$ 2,010,762	\$ 3,563,000	\$ 4,611,520	\$ 5,248,019
Committed								768,085	1,017,859	999,913
Assigned						142,244	346,862	782,558	753,498	405,188
Unassigned	-	-	-	-	-	440,335	349,037	294,743	463,377	394,823
Total General Fund	<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>	<u>\$ 6,846,254</u>	<u>\$ 7,047,943</u>
All Other Governmental Funds										
Reserved	\$ 13,568,681	\$ 6,399,493	\$ 10,187,357	\$ 14,149,281	\$ 11,156,675					
Unreserved	(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	\$ 2,641,984	\$ 1,369,990
Total All Other Governmental Funds	<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>	<u>\$ 2,641,984</u>	<u>\$ 1,369,990</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,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Tax Levy	\$ 40,168,989	\$ 41,346,944	\$ 43,339,146	\$ 46,431,396	\$ 48,149,095	\$ 50,112,604	\$ 51,056,143	\$ 52,016,386	\$ 52,931,802	\$ 53,867,824
Tuition Charges	90,842	73,703	149,591	149,048	145,554	158,071	130,494	167,909	166,386	242,148
Transportation Fees	112,160	98,884	111,952	77,995	76,215	42,300	53,493	41,220	44,170	44,970
Miscellaneous	742,044	688,559	1,519,187	673,236	336,983	220,251	515,818	456,955	508,306	413,059
State Sources	13,686,119	16,665,301	13,885,304	12,411,474	12,285,868	10,770,909	12,198,392	14,056,089	13,319,923	14,187,967
Federal Sources	979,667	1,285,959	1,277,842	1,162,034	2,915,412	1,715,428	1,188,192	1,773,228	1,136,408	1,318,310
County Sources	105,000	-	-	-	-	-	-	-	-	-
Total Revenues	55,884,821	60,157,350	60,281,022	60,905,183	63,909,127	63,019,543	65,142,532	68,511,787	68,106,995	70,074,278
Expenditures										
Instruction										
Regular Instruction	23,875,216	25,240,736	26,535,273	25,689,846	26,397,254	27,042,139	27,111,748	27,368,714	28,154,882	29,014,834
Special Education Instruction	6,027,973	7,261,192	8,250,847	8,917,403	8,827,396	8,734,423	9,597,730	10,444,298	10,719,106	11,863,284
Other Instruction	719,701	926,241	1,265,638	968,273	1,402,851	1,233,574	1,389,023	1,466,465	1,294,381	1,193,421
School Sponsored Activities And Athletics	996,633	1,044,070	1,087,272	1,345,077	1,092,413	1,168,815	1,235,319	1,260,343	1,329,760	1,470,857
Community Services	7,371	7,085	16,442	7,552	5,492	7,487	11,555	14,010	22,149	12,655
Support Services										
Student & Inst. Related Services	5,600,901	5,420,690	6,040,444	6,026,731	6,894,921	6,250,234	6,573,596	6,671,377	7,008,335	7,211,891
General Administration	1,062,993	1,168,098	1,215,791	1,410,723	1,360,877	1,258,021	1,526,592	1,346,143	1,427,271	1,430,737
School Administration	3,212,463	3,552,671	4,021,619	3,720,492	3,969,974	4,218,808	4,115,123	3,988,349	4,058,543	4,366,535
Plant Operations And Maintenance	5,375,082	5,483,907	5,632,810	5,909,053	5,447,737	5,371,825	5,182,274	5,190,641	5,415,913	5,495,831
Pupil Transportation	1,885,159	1,916,150	2,063,100	1,948,256	1,844,421	1,913,148	1,881,001	1,739,700	2,003,893	2,170,794
Other Support Services	1,199,898	1,342,790	1,384,060	1,365,114	1,484,826	1,510,049	1,344,469	1,262,427	1,321,299	1,456,747
Capital Outlay	8,700,301	14,484,261	8,307,853	7,424,175	10,989,910	9,621,939	2,416,195	542,478	243,975	1,748,011
Debt Service:										
Principal	635,671	659,469	693,032	1,328,318	1,401,850	1,475,263	1,586,442	1,964,707	1,724,681	1,821,106
Interest And Other Charges	779,567	733,483	705,413	3,298,716	2,362,646	2,307,851	2,269,127	2,286,927	2,096,552	2,242,733
Total Expenditures	60,078,929	69,240,843	67,219,594	69,359,729	73,482,568	72,113,576	66,240,194	65,546,579	66,820,740	71,499,436
Excess (Deficiency) Of Revenues										
Over (Under) Expenditures	(4,194,108)	(9,083,493)	(6,938,572)	(8,454,546)	(9,573,441)	(9,094,033)	(1,097,662)	2,965,208	1,286,255	(1,425,158)
Other Financing Sources (Uses)										
Serial Bonds Issued			38,500,000							
Payments to Escrow Agent								(12,688,407)		(32,947,950)
Refunding Bond Proceeds								11,860,000		30,445,000
Capital Leases (Non-Budgeted)	138,796	17,100	16,765		121,867	87,439	98,022	-		135,761
Premium On Bonds								946,633		2,722,042
Cancellation of State Grant Receivable								(88,615)		
Transfers In		179,742	1,314,038	871,526	13,151	17,720	2,837	88,284	1,554	1,483
Transfers Out	(265,000)	(336,508)	(1,489,038)	(971,526)	(98,151)	(117,720)	(2,837)	(88,284)	(1,554)	(1,483)
Total Other Financing Sources (Uses)	(126,204)	(139,666)	38,341,765	(100,000)	36,867	(12,561)	98,022	29,611	-	354,853
Net Change In Fund Balances	\$ (4,320,312)	\$ (9,223,159)	\$ 31,403,193	\$ (8,554,546)	\$ (9,536,574)	\$ (9,106,594)	\$ (999,640)	\$ 2,994,819	\$ 1,286,255	\$ (1,070,305)
Debt Service As A Percentage Of										
Noncapital Expenditures	2.75%	2.54%	2.37%	7.47%	6.02%	6.05%	6.04%	6.54%	5.74%	5.83%

* 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>
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
2014	9,969	166,386	44,170	161,089	14,796	248,135	644,545
2015	10,160	242,148	44,970	184,488	6,627	188,569	676,962

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
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
2014	25,436,700	2,595,229,600	537,704,700	14,281,700	157,518,900	3,330,171,600	9,200	3,330,180,800	3,642,872,019	1.564
2015	25,537,800	2,600,236,500	433,136,000	12,845,700	168,110,400	3,239,866,400	9,200	3,239,875,600	3,554,993,213	1.596

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>
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
2014	1.564	1.153	0.540	0.017	3.274
2015	1.596	1.176	0.527	0.017	3.316

Source: Township of Nutley, Tax Assessor

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

Taxpayer	2015		2006	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Hoffman-LaRoche, Inc.	\$ 225,515,504	6.96%	\$ 304,149,696	7.32%
492 River Road Reckson	22,532,000	0.70%	26,035,600	0.63%
Nutley Properties	18,616,000	0.57%	20,356,800	0.49%
Public Service Electric & Gas		0.00%	16,874,600	0.41%
Village Manor Associates	17,324,300	0.53%	17,324,300	0.42%
432 Owners Inc.	16,320,000	0.50%	33,000,000	0.79%
M&M @ E Centre St	13,458,800	0.42%		
Nutley Shop-Rite	11,293,600	0.35%	12,458,700	0.30%
Jerc Partners III	8,006,800	0.25%		
NSP Management Co.	7,190,300	0.22%	8,074,300	0.19%
Preponent Federal Credit Union				
Arla Associates			8,031,200	0.19%
River Road Associates	6,750,000		7,267,700	0.17%
Total	<u>\$ 347,007,304</u>	<u>10.50%</u>	<u>\$ 453,572,896</u>	<u>10.92%</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	
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
2014	52,931,802	52,931,802	100.00%	N/A
2015	53,867,824	53,867,824	100.00%	N/A

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		<u>Total District</u>	<u>Population</u>	<u>Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Capital Leases</u>			
2006	\$ 17,633,000	\$ 218,804	\$ 17,851,804	27,022	\$ 661
2007	17,063,000	146,435	17,209,435	26,519	649
2008	54,968,000	65,168	55,033,168	26,188	2,101
2009	53,683,000	21,850	53,704,850	26,064	2,060
2010	52,303,000	121,867	52,424,867	26,111	2,008
2011	50,863,000	174,043	51,037,043	28,384	1,798
2012	49,363,000	195,505	49,558,505	28,531	1,737
2013	47,890,000	137,979	48,027,979	28,549	1,682
2014	46,225,000	78,298	46,303,298	28,624	1,618
2015	44,930,000	96,374	45,026,374	28,700	1,569

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			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2006	\$ 17,633,000		\$ 17,633,000	0.4%	\$ 653
2007	17,063,000		17,063,000	0.4%	643
2008	54,968,000		54,968,000	1.3%	2,099
2009	53,683,000		53,683,000	1.3%	2,060
2010	52,303,000		52,303,000	1.4%	2,003
2011	50,863,000		50,863,000	1.4%	1,792
2012	49,363,000		49,363,000	1.4%	1,730
2013	47,890,000		47,890,000	1.4%	1,677
2014	46,225,000		46,225,000	1.4%	1,615
2015	44,930,000		44,930,000	1.4%	1,566

Source: District records

N/A - Information Not Available

**NUTLEY BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2015
(Unaudited)**

Net Direct Debt of School District as of June 30, 2015		\$ 44,930,000
Net Overlapping Debt of School District		
Township of Nutley	\$ 11,175,508	
Essex County	14,675,130	
Essex County Utilities Authority (A)	2,560,387	
Passaic Valley Sewerage Commission (B)	6,706,496	
North Jersey District Water Supply Commission (B)	<u>701,922</u>	
		<u>35,819,443</u>
 Total Direct and Overlapping Debt as of June 30, 2015		 <u>\$ 80,749,443</u>

- (A) The debt for this entity was apportioned by dividing the Municipality's 2015 equalized value by the total 2015 equalized value for Essex County.
- (B) Overlapping debt was computed based upon usage

Sources:

- (1) Township of Nutley 2014 Annual Debt Statement
- (2) Essex County 2014 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,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$ 118,610,242	\$ 155,061,050	\$ 166,956,137	\$ 172,705,021	\$ 173,514,287	\$ 169,927,836	\$ 164,911,330	\$ 158,545,501	\$ 153,352,090	\$ 148,988,680
Total Net Debt Applicable To Limit	<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>	<u>46,225,000</u>	<u>44,930,000</u>
Legal Debt Margin	<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>	<u>\$ 107,127,090</u>	<u>\$ 104,058,680</u>
Total net debt applicable to the limit as a percentage of debt limit	14.87%	35.83%	32.92%	31.08%	30.14%	29.93%	29.93%	30.21%	30.14%	30.16%

Legal Debt Margin Calculation for Fiscal Year 2015

Equalized Valuation Basis

2014	\$ 3,633,575,123
2013	3,720,194,061
2012	<u>3,820,381,816</u>
	<u>\$ 11,174,151,000</u>

Average Equalized Valuation of Taxable Property	\$ 3,724,717,000
Debt Limit (4 % of Average Equalization Value)	\$ 148,988,680
Total Net Debt Applicable to Limit	<u>44,930,000</u>
Legal Debt Margin	<u>\$ 104,058,680</u>

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

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

<u>Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2006	27,022	\$ 47,603	3.9%
2007	26,519	49,963	3.6%
2008	26,188	51,038	4.7%
2009	26,064	49,750	8.1%
2010	26,111	51,422	9.0%
2011	28,384	53,597	8.5%
2012	28,531	54,318	8.2%
2013	28,549	54,606	7.1%
2014	28,624	N/A	6.0%
2015	28,700	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)**

INFORMATION NOT AVAILABLE

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

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction									
Regular	251	303	303	271	271	257	226	225	231
Special Education	35	40	40	43	43	50	53	52	56
Support Services									
Student and Instruction Related Services	51	62	62	85	86	107	138	147	141
General Administration	3	3	3	3	3	3	5	5	5
School Administrative Services	10	10	11	10	10	10	10	10	10
Other Administrative Services	9	11	11	7	7	9	9	11	12
Central Services	19	19	19	13	13	11	9	9	8
Administrative Information Technology	3	4	4	4	4	4	4	4	4
Plant Operations and Maintenance	42	42	42	42	40	40	36	38	37
Pupil Transportation	31	31	32	32	31	31	31	31	31
Other Support Services	71	69	69	66	58	23	23	23	23
Food Service	14	12	12	11	11	-	-		
Total	<u>539</u>	<u>606</u>	<u>606</u>	<u>587</u>	<u>577</u>	<u>545</u>	<u>543</u>	<u>555</u>	<u>558</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment	Operating Expenditures (A)	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Teacher/Pupil Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2006	4,180	49,963,390	11,953	7.85%	308.3	11	22	14	4,180	3,978	-1.30%	95.17%
2007	4,104	53,363,630	13,003	8.78%	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	57,308,520	14,008	-0.58%	407.0	8	10	10	4,046	3,846	0.77%	95.06%
2010	4,080	58,728,162	14,394	2.75%	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	60,752,467	15,019	-0.32%	308.9	13	14	17	4,036	3,832	1.87%	94.95%
2014	4,015	62,755,532	15,630	4.07%	311.4	15	15	15	4,020	3,820	-0.40%	95.02%
2015	4,003	65,687,586	16,410	4.99%	305.0	13	13	15	4,005	3,807	-0.37%	95.06%

Sources: District records

(A) Excludes Debt Service and Capital Outlay Expenditures

N/A - Not Available

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
District Building										
Nutley High School										
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	192,260.00
Capacity (students)	909.62	909.62	909.62	909.62	909.62	906.62	906.62	909.62	909.62	909.62
Enrollment	1,357.50	1,355.00	1,338.50	1,276.00	1,296.00	1,296.00	1,296.00	1,283.00	1,246.00	1,242.00
John H. Walker Middle School										
Square Feet	92,010.00	128,036.00	128,036.00	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	412.99
Enrollment *	665.00	581.00	638.00	674.00	642.00	642.00	642.00	647.00	637.00	618.00
Radcliffe Elementary School										
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	45,305.00
Capacity (students)	412.69	412.69	412.69	412.69	412.69	412.69	412.69	412.69	412.69	412.69
Enrollment	366.00	349.00	346.00	345.00	372.00	372.00	372.00	336.00	342.00	338.00
Yantacaw Elementary School										
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	49,512.00
Capacity (students)	439.76	439.76	439.76	439.76	439.76	439.76	439.76	439.76	439.76	439.76
Enrollment	507.00	492.00	476.00	487.00	469.00	469.00	469.00	491.00	470.00	487.00
Washington Elementary School										
Square Feet	49,097.00	49,097.00	49,067.00	49,067.00	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	351.65
Enrollment	387.00	396.00	363.00	377.00	394.00	394.00	394.00	423.00	453.00	483.00
Spring Garden Elementary School										
Square Feet	43,955.00	43,955.00	43,955.00	43,955.00	43,955.00	43,955.00	43,955.00	51,155.00	51,155.00	51,155.00
Capacity (students)	378.62	378.62	378.62	378.62	378.62	378.62	378.62	378.62	378.62	378.62
Enrollment	394.00	391.00	380.00	397.00	381.00	381.00	381.00	384.00	356.00	351.00
Lincoln Elementary School										
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	56,342.00
Capacity (students)	462.62	462.62	462.62	462.62	462.62	462.62	462.62	462.62	462.62	462.62
Enrollment	503.00	492.00	497.00	473.00	495.00	495.00	495.00	482.00	511.00	484.00
Other										
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	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	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	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	912.00
Number of Schools at June 30, 2015										
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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Nutley High School	\$ 349,696	\$ 301,115	\$ 267,526	\$ 321,106	\$ 250,152	\$ 261,637	\$ 239,747	\$ 263,863	\$ 279,224	\$ 277,532
Franklin Middle School	83,399	95,214	196,710	190,734	202,379	165,035	151,226	195,781	157,652	167,526
Lincoln Elementary School	119,064	50,957	62,993	80,561	67,766	83,263	76,296	70,451	65,199	85,767
Radcliffe Elementary School	46,072	106,810	63,389	70,247	58,309	74,111	67,910	84,036	85,308	108,058
Spring Garden Elementary School	71,788	56,796	52,385	65,985	54,025	69,175	63,387	72,135	61,936	75,250
Washington Elementary School	81,374	64,067	65,176	77,750	64,824	98,554	90,308	97,322	118,943	87,238
Yantacaw Elementary School	74,337	123,260	57,382	74,153	58,396	63,486	58,174	80,635	78,540	66,747
Grand Total	\$ 825,730	\$ 798,219	\$ 765,561	\$ 880,536	\$ 755,851	\$ 815,261	\$ 747,048	\$ 864,223	\$ 846,802	\$ 868,118

**NUTLEY BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2015
(Unaudited)**

	<u>Insurance Company</u>	<u>Coverage</u>	<u>Deductible</u>
All Real and Personal Property and Theft of Contents	Suburban Essex JIF	\$ 250,000	\$ 500
	Multiple Carriers - Shared Layers	149,749,500	250,000
Money and Security Loss	Suburban Essex JIF	250,000	500
	Selective Insurance Company of America	249,500	250,000
General Liability (BI and PD)	Suburban Essex JIF	250,000	N/A
	Selective Insurance Company of America	9,750,000	250,000
Automobile Liability	Suburban Essex JIF	250,000	N/A
	Selective Insurance Company of America	9,750,000	250,000
School Board Legal Liability	Suburban Essex JIF	100,000	N/A
	Selective Insurance Company of America	9,900,000	100,000
Excess Liability (GL / AL / SBLL)	General Reinsurance Corporation	5,000,000	N/A
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	250,000	N/A
	Selective Insurance Company of America	Statutory Cov A 9,750,000 Cov B	250,000 250,000
Public Official Bonds Joanne Wilson Karen A. Yeamans	Selective	325,000	N/A
	RLI Insurance Company	3,000	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

DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLOSI, CPA
KATHLEEN WANG, CPA
ROBERT AMPONSAH, CPA

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

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, 2015 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, 2015.

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.

However, we noted certain matters that are not required to be reported under Government Auditing Standards 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, 2015.

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, 2015



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
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JEFFREY C. BLISS, CPA, RMA, PSA
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ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA

**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 15-08**

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 15-08 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, 2015. 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 15-08, 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, 2015.

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 15-08, 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 15-08. 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 15-08

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, 2015 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, 2015, 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 15-08 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, 2015

**NUTLEY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Grant Period	Award Amount	Balance July 1, 2014		Due to Grantor	Crossover	Cash Received	Budgetary Expenditures	Adjustment	Balance June 30, 2015		Memo GAAP Receivable
				(Accounts Receivable)	Unearned Revenue						(Accounts Receivable)	Unearned Revenue	
U.S. Department of Education													
Passed Through State Department of Education General Fund													
Medicaid Reimbursement	93.778	7/1/14 - 6/30/15	\$ 51,407					\$ 29,240	\$ 51,407		\$ (22,167)		\$ (22,167)
Medicaid Reimbursement (MAC)	93.778	7/1/14 - 6/30/15	13,400	-	-	-	-	13,400	13,400	-	-	-	-
Total General Fund				-	-	-	-	42,640	64,807	-	(22,167)	-	(22,167)
Special Revenue Fund:													
Title I	84.010	7/1/14-6/30/15	210,952					130,303	176,218		(80,649)	\$ 34,734	(45,915)
Title I	84.010	7/1/13-6/30/14	216,387	\$ (221,440)	\$ 192,817			28,623					
Title III	84.365	7/1/14-6/30/15	22,506			\$ 10,010		13,983	19,666	\$ (10,010)	(18,533)	12,850	(5,683)
Title III	84.365	7/1/13-6/30/14	22,919	(15,327)	10,010	(10,010)		5,317		10,010			
Title III Immigrant	84.365	7/1/13-6/30/14	29,178	(58,896)	58,241			655					
IDEA Part B	84.027	7/1/14-6/30/15	880,924				140,201	746,652	925,065	(140,201)	(274,473)	96,060	(171,536)
IDEA Part B	84.027	7/1/13-6/30/14	845,199	(300,438)	140,202		(140,201)	160,236		140,201			
IDEA Part B Preschool	84.173	7/1/14-6/30/15	38,593				7,801	31,841	43,240	(7,801)	(14,553)	3,154	(11,399)
IDEA Part B Preschool	84.173	7/1/13-6/30/14	38,696	(29,841)	7,801		(7,801)	22,040		7,801			
Carl D. Perkins- Secondary	84.048	7/1/14-6/30/15	21,098					16,808	18,835		(4,290)	2,263	(2,027)
Carl D. Perkins- Secondary	84.048	7/1/13-6/30/14	21,633	(3,314)				3,314					
Title II Part A	84.367	7/1/14-6/30/15	83,843				19,815	66,130	76,212	(19,815)	(37,528)	27,446	(10,082)
Title II Part A	84.367	7/1/13-6/30/14	82,828	(27,025)	19,815		(19,815)	7,210		19,815			
Total Special Revenue Fund				(656,281)	428,886	-	-	1,233,112	1,259,236	-	(430,026)	176,507	(246,642)
U.S.D.A. Department of Agriculture													
Passed Through State Department of Education													
Enterprise Fund:													
National School Lunch Program	10.555												
Non-Cash Assistance (Food Distribution)		9/1/13-6/30/14	37,490		573				573	-			
Non-Cash Assistance (Food Distribution)		9/1/14-6/30/15	36,774					36,774	33,248	-		3,526	
Cash Assistance		9/1/13-6/30/14	189,186	(15,678)				15,678		-			-
Cash Assistance		9/1/14-6/30/15	189,574	-				173,814	189,574	-	(15,760)		(15,760)
Total Enterprise Fund				(15,678)	573	-	-	226,266	223,395	-	(15,760)	3,526	(15,760)
Total Federal Financial Awards				\$ (671,959)	\$ 429,459	\$ -	\$ -	\$ 1,502,018	\$ 1,547,438	\$ -	\$ (467,953)	\$ 180,033	\$ (284,569)

NUTLEY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Department of Education	Grant or State Fund Number	Grant	Award Amount	Balance July 1, 2014	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year Balances	Balance June 30, 2015		Memorandum GAAP Receivable	Budgetary Expenditures
									(Accts. Receivable)	Uncearned Revenue		
General Fund:												
Equization Aid	15-495-034-5120-078	7/1/14-6/30/15	\$ 4,348,391			\$ 3,930,127	\$ 4,348,391		\$ (418,264)		\$	\$ 4,348,391
Equization Aid	14-495-034-5120-078	7/1/13-6/30/14	4,348,391	(417,946)		417,946						
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	2,412,726	(231,900)		2,180,850	2,412,726		(232,076)			2,412,726
Special Education Aid	14-495-034-5120-089	7/1/13-6/30/14	2,412,726	(231,900)		231,900						
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	90,584	(8,706)		81,871	90,584		(8,713)			90,584
Transportation Aid	14-495-034-5120-014	7/1/13-6/30/14	90,584	(8,706)		8,706						
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	70,151	(6,743)		63,403	70,151		(6,748)			70,151
Security Aid	14-495-034-5120-084	7/1/13-6/30/14	70,151	(6,743)		6,743						
PARCC Readiness	15-495-034-5120-098	7/1/14-6/30/15	40,380			36,496	40,380		(3,884)			40,380
PARCC Readiness	14-495-034-5120-098	7/1/13-6/30/14	40,380			40,380			(3,884)			40,380
Per Pupil Growth Aid	15-495-034-5120-044	7/1/14-6/30/15	392,346			36,496	392,346		(392,346)			392,346
Extraordinary Aid	15-495-034-5120-044	7/1/14-6/30/15	294,337	(294,337)		294,337						
TPAF Social Security Contribution	15-495-034-5120-044	7/1/13-6/30/14	2,041,912			1,941,050	2,041,912		(100,862)		\$ (100,862)	2,041,912
TPAF Social Security Contribution	14-495-034-5094-003	7/1/13-6/30/14	2,041,912			102,442						96,814
TPAF Pension Contribution - NCGI	14-495-034-5094-007	7/1/13-6/30/14	2,007,009	(102,442)		102,442						96,814
TPAF Pension Contribution	14-495-034-5094-007	7/1/13-6/30/14	96,814			1,345,663						1,345,663
TPAF Pension Contribution	14-495-034-5094-006	7/1/14-6/30/15	1,345,663			2,289,933						2,289,933
Post Retirement	14-100-034-5120-001	7/1/14-6/30/15	2,289,933									
Total General Fund				(1,062,074)		13,064,577	13,169,280		(1,166,777)		(100,862)	13,169,280
Special Revenue Fund:												
New Jersey Nonpable Aid:												
Textbooks	14-100-034-5120-064	7/1/13-6/30/14	30,387	5,883		34,457		\$ 5,883				
Textbooks	15-100-034-5120-064	7/1/14-6/30/15	34,437				34,093			\$ 344		34,093
Auxiliary Services												
Compensatory Education	14-100-034-5120-067	7/1/13-6/30/14	119,837	5,392		125,412		5,392				116,791
Compensatory Education	15-100-034-5120-067	7/1/14-6/30/15	125,312							8,621		116,791
English as a Second Language												
English as a Second Language	14-100-034-5120-067	7/1/13-6/30/14	6,983	4,452		7,508		4,452				2,741
Transportation	15-100-034-5120-067	7/1/14-6/30/15	7,326			50,562				25,181		25,181
Home Instruction	14-100-034-5120-067	7/1/13-6/30/14	7,326	(7,526)		7,526						
Home Instruction	15-100-034-5120-067	7/1/14-6/30/15	587				587		(587)			587
Handicapped Services												
Supplemental Instruction	14-100-034-5120-066	7/1/13-6/30/14	26,566	6,730		25,816		6,730				25,581
Supplemental Instruction	15-100-034-5120-066	7/1/14-6/30/15	25,516				25,581			235		25,581
Examination and Classification	14-100-034-5120-066	7/1/13-6/30/14	43,152	10,990		47,359		10,990				36,381
Examination and Classification	15-100-034-5120-066	7/1/14-6/30/15	47,359				36,381			10,978		36,381
Corrective Speech	14-100-034-5120-066	7/1/13-6/30/14	32,520	8,750		36,224		8,750				22,264
Corrective Speech	15-100-034-5120-066	7/1/14-6/30/15	36,224			54,918				15,960		21,967
Nonpublic Nursing	14-100-034-5120-070	7/1/13-6/30/14	54,918	436		18,496		436				17,133
Nonpublic Technology Initiative	14-100-034-5120-373	7/1/13-6/30/14	11,080									
Nonpublic Technology Initiative	15-100-034-5120-373	7/1/14-6/30/15	18,496							1,365		17,133
Total Special Revenue Fund				35,107		407,838	302,719	47,633	(587)	98,200	(587)	302,719

NUTLEY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Grant or State Project Number	Grant	Award Amount	Balance Jul 1, 2014	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year Balances	Balance June 30, 2015			Memorandum			
									(Accts. Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Budgetary Expenditures		
State Department of Education															
Capital Projects Fund															
Educational Facilities														*	
Construction and Financing Act	3750-050-03-1027	7/1/03-6/30/07	\$ 10,718,686	\$ (480,195)	-	-	-	-	\$ (480,195)	-	-		\$ (480,195)	-	*
Debt Service Fund:															
Debt Service Aid	15-495-034-5120-075	7/1/14-6/30/15	822,251	-	-	\$ 822,251	\$ 822,251	-	-	-	-		-	\$ 822,251	*
State Department of Agriculture															
Enterprise Fund:															
National School Lunch Program	14-100-010-3350-023	7/1/13-6/30/14	7,376	(928)	-	928	-	-	-	-	-		(785)	7,135	*
National School Lunch Program	15-100-010-3350-023	7/1/14-6/30/15	7,135	-	-	6,350	7,135	-	-	-	-		(785)	7,135	*
				(928)	-	7,278	7,135	-	(785)	-	-		(785)	7,135	*
Total State Financial Assistance			\$ (1,508,090)	\$ -	\$ 14,301,964	\$ 14,301,385	\$ 42,633	\$ (1,648,344)	\$ -	\$ 98,200	\$ (582,429)	\$ 14,301,385			*
Less On-Behalf TPAF Pension and Annuity Aid															
T.P.A.F. - Pension- Post Ret. Medical						\$ 2,289,933	\$ 2,289,933							\$ 2,289,933	*
T.P.A.F. Pension & Annuity Fund - NCGI						96,814	96,814							96,814	*
T.P.A.F. Pension & Annuity Fund						1,345,663	1,345,663							1,345,663	*
Subject to Single Audit						3,732,410	3,732,410							3,732,410	*
Total for State Financial Assistance Determination			\$ (1,508,090)	\$ -	\$ 10,569,554	\$ 10,568,975	\$ 42,633	\$ (1,648,344)	\$ -	\$ 98,200	\$ (582,429)	\$ 10,568,975			*

**NUTLEY BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 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 basis of accounting are described in Notes 1(C) to the Board's 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 15-08, "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 financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

The 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 \$106,283 for the general fund and a decrease of \$8,410 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 financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 64,807	\$ 13,062,997	\$ 13,127,804
Special Revenue Fund	1,253,503	302,719	1,556,222
Debt Service Fund		822,251	822,251
Food Service Fund	<u>223,395</u>	<u>7,135</u>	<u>230,530</u>
Total Financial Assistance	<u>\$ 1,541,705</u>	<u>\$ 14,195,102</u>	<u>\$ 15,736,807</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, 2015**

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 \$2,041,912 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, 2015. The amount reported as TPAF Pension System Contributions in the amount of \$1,442,477 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$2,289,933 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2015.

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 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, 2015**

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>
_____	_____
_____	_____

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

Auditee qualified as low-risk auditee? _____ yes X no

**NUTLEY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Part I – Summary of Auditor’s Results

State Awards Section

Internal Control over major programs:

- (1) Material weakness(es) identified _____ yes X no
- (2) Significant deficiencies identified that are not considered to be material weakness(es) _____ yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with N.J. Circular Letter 15-08? _____ yes X no

Identification of major state programs:

GMIS Number(s)	Name of State Program
495-034-5120-078	Equalization Aid
495-034-5120-089	Special Education Aid
495-034-5120-084	Security Aid
495-034-5120-098	PARCC Readiness
495-034-5120-097	Per Pupil Growth Aid
495-034-5094-003	TPAF Social Security Contributions
495-034-5120-044	Extraordinary Aid
495-034-5120-075	Debt Service Aid

Dollar threshold used to distinguish between Type A and Type B programs: \$ 317,069

Auditee qualified as low-risk auditee? X yes _____ no

**NUTLEY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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, 2015**

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 15-08.

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, 2015**

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