

NUTLEY BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Nutley, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the
Nutley Board of Education
Nutley, New Jersey
For The Fiscal Year Ended June 30, 2020**

**Prepared by
Business Office**

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INTRODUCTORY SECTION



THE NUTLEY PUBLIC SCHOOLS

**Administrative Office
315 Franklin Avenue
Nutley, New Jersey 07110**

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Superintendent of Schools
Phone: 973-661-8798
Fax: 973-320-8476**

**David DiPisa
Business Administrator/
Board Secretary
Phone: 973-661-8797
Fax: 973-320-8475**

January 27, 2021

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

Dear Trustees:

State Department of Education statutes require that all local school districts to publish 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, 2020.

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

The Nutley Board of Education’s financial statements have been audited by Lerch, Vinci & Higgins, LLP, a firm of licensed certified public accountants and public school accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Nutley Board of Education as of and for the fiscal year ended June 30, 2020, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Nutley Board of Education’s financial statements as of and for the fiscal year ended June 30, 2020, are fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

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

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

1) REPORTING ENTITY AND ITS SERVICES: The Nutley School District is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board (GASB). All funds of the District are included in this report. The Nutley Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of education services to grade levels K through 12. These include regular, as well as special education for handicapped youngsters. The District completed the 2019-20 fiscal year with an average daily enrollment of 4,046 students, which is 22 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>
2019-20	4,046	.6%
2018-19	4,068	0.24%
2017-18	4,058	(0.42%)
2016-17	4,075	1.22%
2015-16	4,026	0.52%

2) ECONOMIC CONDITION AND OUTLOOK: The Board developed a plan for school expansion as is noted in the district's Long-Range Facility Plan (the "LRFP").

The LRFP was amended in the 2017/2018 school year to include proposed additions and remaining security entrances at John H. Walker Middle School, and Yantacaw Elementary School. A November 2018 referendum election took place but was not approved by the voters. An updated Demographic Study was completed in April 2019. The Board of Education continues to review facility needs and building expansion options.

3) 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.

4) 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, 2020.

5) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in the "Notes to the Financial Statements".

6) 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 4. 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 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.

7) 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. A schedule of insurance is detailed on Exhibit J-20.

8) 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, LLP was selected by the Board to perform the audit for the fiscal year ended June 30, 2020. In addition to meeting the requirements set forth in State Statutes, the audit was also designed to meet the requirements of the U.S. Uniform Guidance and State Treasury Circular Letter 15-08 OMB. The auditors' report on the 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.

9) 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.

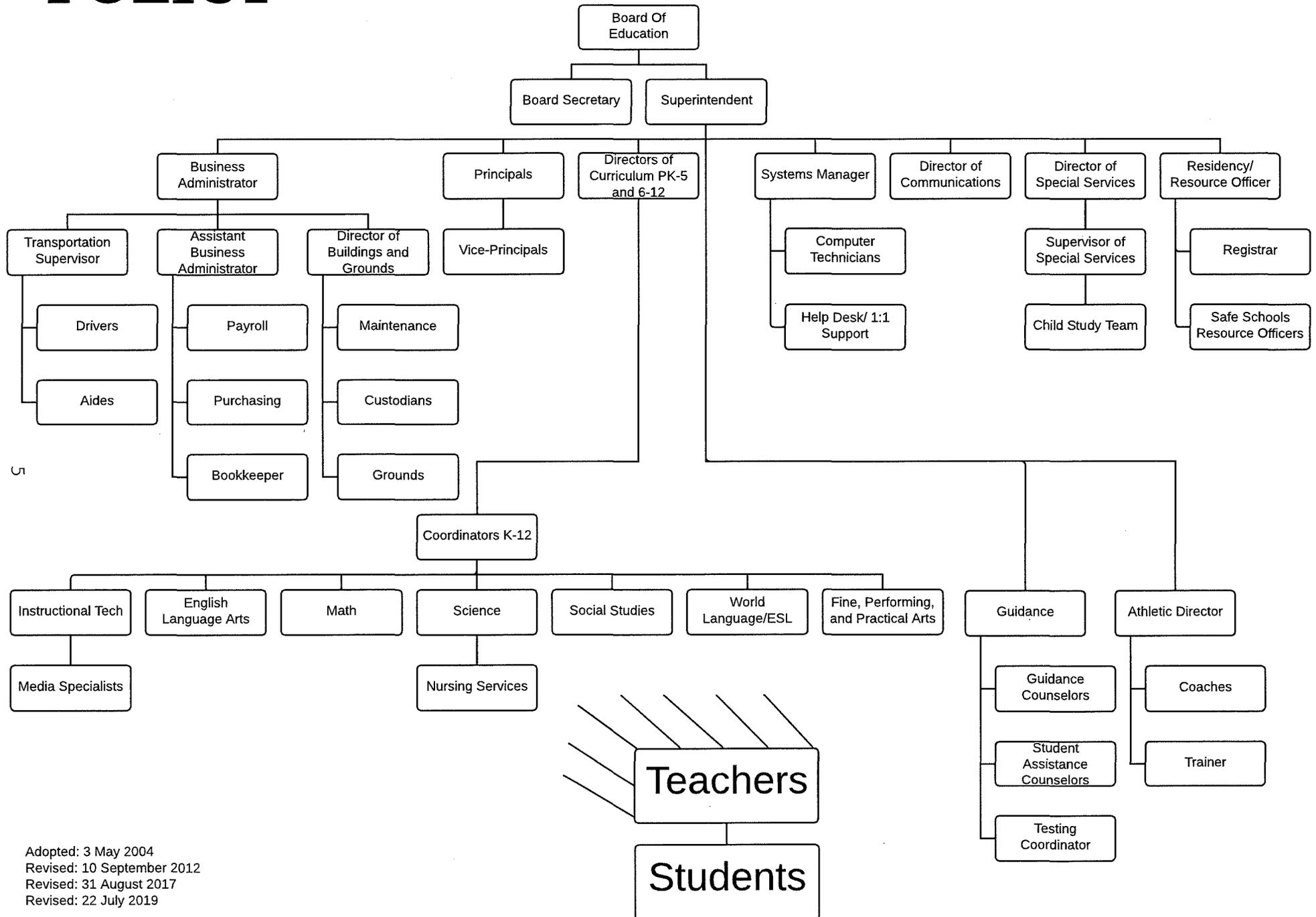
Respectfully submitted,



David DiPisa
Business Administrator/Board Secretary

POLICY

1110 Organizational Chart



Adopted: 3 May 2004
 Revised: 10 September 2012
 Revised: 31 August 2017
 Revised: 22 July 2019

**NUTLEY BOARD OF EDUCATION
ROSTER OF OFFICIALS
JUNE 30, 2020**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Mr. Charles Kucinski	2022
Mrs. Lis Danchak-Martin	2020
Mr. Daniel Carnicella	2022
Mr. Frank DeMaio	2022
Mr. Salvatore Ferraro	2020
Mr. Kenneth J. Reilly	2021
Mrs. Theresa Quirk	2021
Ms. Erica Zarro	2021
Mr. Fredrick Scalera	2020

Other Officials

Julie Glazer, Superintendent

Karen Yeamans, Business Administrator/Board Secretary (July 1, 2019 to December 31, 2019)

Edward Appleton, Interim Business Administrator/Board Secretary (January 1, 2020 to June 30, 2020)

David DiPisa, Business Administrator/Board Secretary (July 1, 2020)

Joanne Wilson, Treasurer of School Monies

**NUTLEY BOARD OF EDUCATION
Consultants and Advisors**

Board Attorney

Inglesino, Webster, Wyciskala & Taylor, LLC
600 Parsippany Road
Suite 204
Parsippany, NJ 07054

Special Construction Counsel

Connell Foley LLP
85 Livingston Avenue
Roseland, NJ 07068

Independent Auditors

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

Official Depository

TD Bank
575 Kingsland Street
Nutley, NJ 07110

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
RALPH M. PICONE, III, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRIS SOHN, CPA
CHRISTOPHER M. VINCI, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Nutley Board of Education
315 Franklin Avenue
Nutley, New Jersey 07110

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, 2020 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 from 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension information and other postemployment benefits 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

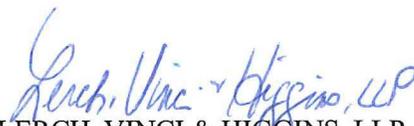
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Nutley Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) 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 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 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 January 27, 2021 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Nutley Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Nutley Board of Education's internal control over financial reporting and compliance.


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


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
January 27, 2021

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, 2020. 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 2019-2020 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 \$7,811,380.
- Overall district revenues were \$89,277,753. General revenues accounted for \$66,580,656 or 75% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$22,697,097 or 25% of total revenues.
- The school district had \$85,664,649 in expenses for governmental activities; only \$21,163,347 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$66,572,835 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$6,957,715.
- The General Fund (GAAP Basis) fund balance at June 30, 2020 was \$5,423,170 a decrease of \$498,858 from the June 30, 2019 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.

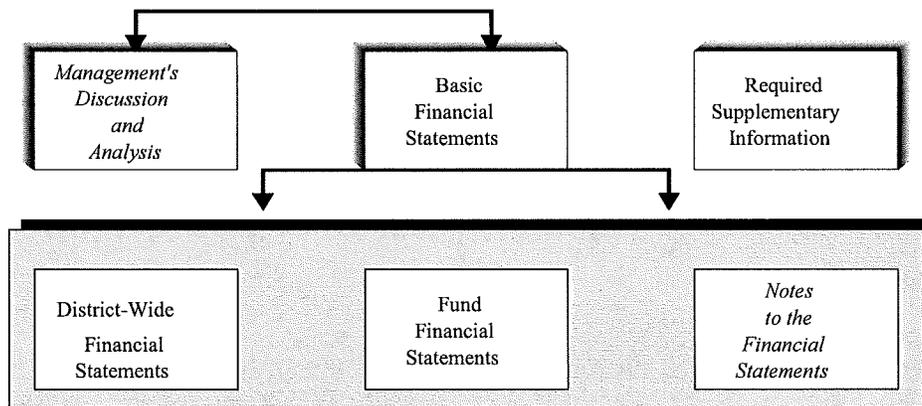
NUTLEY BOARD OF EDUCATION

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 there after; 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 and Extended Day Program Fund are included under this category.

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

NUTLEY BOARD OF EDUCATION

Management's Discussion and Analysis

Fund Financial Statements (continued)

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

- Food Service (Cafeteria)
 - Extended Day
-
- *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 \$7,811,380 as of June 30, 2020.

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, 2020 and 2019

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Assets						
Current Assets	\$ 7,545,440	\$ 8,145,400	\$ 848,172	\$ 1,270,929	\$ 8,393,612	\$ 9,416,329
Capital Assets, Net	<u>58,064,428</u>	<u>58,837,281</u>	<u>72,493</u>	<u>97,257</u>	<u>58,136,921</u>	<u>58,934,538</u>
Total Assets	<u>65,609,868</u>	<u>66,982,681</u>	<u>920,665</u>	<u>1,368,186</u>	<u>66,530,533</u>	<u>68,350,867</u>
Deferred Outflows of Resources	<u>4,713,722</u>	<u>6,794,249</u>	<u>-</u>	<u>-</u>	<u>4,713,722</u>	<u>6,794,249</u>
Total Assets & Deferred Outflows of Resources	<u>70,323,590</u>	<u>73,776,930</u>	<u>920,665</u>	<u>1,368,186</u>	<u>71,244,255</u>	<u>75,145,116</u>
Liabilities						
Long-Term Liabilities	55,027,328	59,642,420			55,027,328	59,642,420
Other Liabilities	<u>1,156,735</u>	<u>2,421,997</u>	<u>17,719</u>	<u>-</u>	<u>1,174,454</u>	<u>2,421,997</u>
Total Liabilities	<u>56,184,063</u>	<u>62,064,417</u>	<u>17,719</u>	<u>-</u>	<u>56,201,782</u>	<u>62,064,417</u>
Deferred Inflows of Resources	<u>7,225,985</u>	<u>6,901,485</u>	<u>5,108</u>	<u>-</u>	<u>7,231,093</u>	<u>6,901,485</u>
Total Liabilities & Deferred Inflows of Resources	<u>63,410,048</u>	<u>68,965,902</u>	<u>22,827</u>	<u>-</u>	<u>63,432,875</u>	<u>68,965,902</u>
Net Position						
Net Investment in Capital Assets	23,328,725	22,071,442	72,493	97,257	23,401,218	22,168,699
Restricted	3,317,184	3,394,063			3,317,184	3,394,063
Unrestricted	<u>(19,732,367)</u>	<u>(20,654,477)</u>	<u>825,345</u>	<u>1,270,929</u>	<u>(18,907,022)</u>	<u>(19,383,548)</u>
Total Net Position	<u>\$ 6,913,542</u>	<u>\$ 4,811,028</u>	<u>\$ 897,838</u>	<u>\$ 1,368,186</u>	<u>\$ 7,811,380</u>	<u>\$ 6,179,214</u>

NUTLEY BOARD OF EDUCATION

Management's Discussion and Analysis

Change in Net Position

For The Fiscal Years Ended June 30, 2020 and 2019

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues						
Program Revenues						
Charges for Services	\$ 99,158	\$ 148,273	\$ 1,261,225	\$ 1,769,016	\$ 1,360,383	\$ 1,917,289
Operating Grants and Contributions	21,064,189	23,778,116	272,525	226,275	21,336,714	24,004,391
Capital Grants and Contributions		275,552			-	275,552
General Revenues						
Property Taxes	60,449,059	57,983,872			60,449,059	57,983,872
State Aid	5,641,715	5,292,197			5,641,715	5,292,197
Other	482,061	431,414	7,821	16,271	489,882	447,685
	<u>87,736,182</u>	<u>87,909,424</u>	<u>1,541,571</u>	<u>2,011,562</u>	<u>89,277,753</u>	<u>89,920,986</u>
Expenses						
Instruction						
Regular	36,022,418	36,846,477			36,022,418	36,846,477
Special Education	16,067,749	15,955,511			16,067,749	15,955,511
Other Instruction	1,556,551	1,587,816			1,556,551	1,587,816
School Sponsored Activities and Athletics	1,860,377	1,962,757			1,860,377	1,962,757
Community Services	4,543	5,262			4,543	5,262
Support Services						
Student and Instruction Related Services	11,057,920	10,760,509			11,057,920	10,760,509
General Administrative Services	2,194,904	2,155,337			2,194,904	2,155,337
School Administrative Services	5,121,879	5,279,558			5,121,879	5,279,558
Plant Operations and Maintenance	6,271,313	6,973,333			6,271,313	6,973,333
Pupil Transportation	2,643,556	2,679,826			2,643,556	2,679,826
Business Services	1,450,238	1,669,012			1,450,238	1,669,012
Interest and Chgs on Long-Term Debt	1,413,201	1,487,793			1,413,201	1,487,793
Food Services			895,514	1,112,733	895,514	1,112,733
Extended Day	-	-	1,102,030	1,057,490	1,102,030	1,057,490
	<u>85,664,649</u>	<u>87,363,191</u>	<u>1,997,544</u>	<u>2,170,223</u>	<u>87,662,193</u>	<u>89,533,414</u>
Change in Net Position	2,071,533	546,233	(455,973)	(158,661)	1,615,560	387,572
Net Position, Beginning of Year	4,811,028	4,264,795	1,368,186	1,526,847	6,179,214	5,791,642
Prior Period Adjustment	30,981	-	(14,375)	-	16,606	-
Net Position, End of Year	<u>\$ 6,913,542</u>	<u>\$ 4,811,028</u>	<u>\$ 897,838</u>	<u>\$ 1,368,186</u>	<u>\$ 7,811,380</u>	<u>\$ 6,179,214</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 \$87,736,182 for the fiscal year ended June 30, 2020. Property taxes of \$60,449,059 represented 69 percent of revenues. Another significant portion of revenues came from State aid; total State, Federal, Local and formula aid was \$26,705,904. 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 \$85,664,649. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$55,511,638 (64%) of total expenditures. Student support services, exclusive of general and school administration, total \$11,057,920 or (12%) of total expenditures.

Total governmental activities revenues surpassed expenses increasing net position by \$2,071,533 from the previous year.

Net Cost of Governmental Activities. The District's total cost of services was \$85,664,649. After applying program revenues, derived from charges for services of \$99,158; and operating grants and contributions of \$21,064,189; the net cost of services of the District is \$64,501,302.

Total and Net Cost of Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Instruction				
Regular	\$ 36,022,418	\$ 36,846,477	\$ 25,862,367	\$ 25,365,505
Special Education	16,067,749	15,955,511	9,426,591	9,030,665
Other Instruction	1,556,551	1,587,816	1,121,249	1,102,227
School Sponsored Activities and Athletics	1,860,377	1,962,757	1,404,975	1,470,012
Community Services	4,543	5,262	3,254	3,785
Support Services				
Student and Instruction Related Services	11,057,920	10,760,509	9,159,556	8,390,267
General Administrative Services	2,194,904	2,155,337	2,090,766	2,002,113
School Administrative Services	5,121,879	5,279,558	4,424,367	4,397,997
Plant Operations and Maintenance	6,271,313	6,973,333	6,168,177	6,475,787
Pupil Transportation	2,643,556	2,679,826	2,016,266	1,958,565
Business Services	1,450,238	1,669,012	1,410,533	1,476,534
Interest and Other Chgs on Long-Term Debt	1,413,201	1,487,793	1,413,201	1,487,793
Total	\$ 85,664,649	\$ 87,363,191	\$ 64,501,302	\$ 63,161,250

NUTLEY BOARD OF EDUCATION

Management's Discussion and Analysis

Business-Type Activities – The District's total business-type activities revenues were \$1,541,571 for the fiscal year ended June 30, 2020. Charges for services accounted for 82% of total revenues. Operating grants and contributions accounted for 18% of total revenue for the year.

The total cost of all business-type activities programs and services was \$1,997,544. 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 program.

Total business-type activities expenses surpassed revenues decreasing net position by \$455,973 over the prior year balance.

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 \$6,957,715, an increase of \$632,712. The June 30, 2019, fund balance was \$6,325,003.

Revenues for the District's governmental funds were \$83,574,077, while total expenses were \$83,096,928.

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

The following schedule presents a summary of General Fund revenues.

	Fiscal Year Ended		Increase (Decrease)	Percentage Increase (Decrease)
	June 30, 2020	June 30, 2019		
Local Sources				
Property Tax Levy	\$ 57,653,751	\$ 55,436,299	\$ 2,217,452	4.0%
Tuition	99,158	148,273	(49,115)	-33.1%
Miscellaneous	482,013	424,276	57,737	13.6%
State Sources	20,023,709	18,761,581	1,262,128	6.7%
Federal Sources	74,308	88,732	(14,424)	-16.3%
Total General Fund Revenues	<u>\$ 78,332,939</u>	<u>\$ 74,859,161</u>	<u>\$ 3,473,778</u>	4.6%

NUTLEY BOARD OF EDUCATION

Management's Discussion and Analysis

Total General Fund Revenues increased by \$3,473,778 or 4.6% over the previous year.

Property taxes increased 4.0% over the previous year. State aid revenues increased \$1,262,128 primarily due to an increase in state formula aid and increases in the State's on-behalf TPAF pension contribution and Extraordinary Aid.

The following schedule presents a summary of General Fund expenditures.

	<u>Fiscal Year Ended</u>		Increase (Decrease)	Percentage Increase (Decrease)
	<u>June 30, 2020</u>	<u>June 30, 2019</u>		
Instruction	\$ 50,640,016	\$ 49,064,266	\$ 1,575,750	3.2%
Support Services	25,855,369	25,526,311	329,058	1.3%
Debt Service	165,264	145,749	19,515	13.4%
Capital Outlay	<u>1,226,759</u>	<u>1,175,807</u>	<u>50,952</u>	4.3%
Total Expenditures	<u>\$ 77,887,408</u>	<u>\$ 75,912,133</u>	<u>\$ 1,975,275</u>	2.6%

Total General Fund expenditures increased \$1,975,275 from the previous year. A significant portion of the increase is attributed to increases in contractual salaries for the 2019/2020 school year and increases in on-behalf TPAF pension contributions.

In 2019-2020 General Fund expenditures and other financing uses exceeded revenues and other financing sources by \$498,858. As a result, total fund balance decreased to \$5,423,170 at June 30, 2020. After deducting statutory restrictions and committed and assigned encumbrances, the unassigned fund balance deficit (GAAP Basis) at June 30, 2020 is \$188,904.

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 \$1,644,862 for the fiscal year ended June 30, 2020. Federal sources accounted for the majority of Special Revenue Fund's revenue which represented 73% of the total revenue for the year.

Expenditures of the Special Revenue Fund were \$1,644,862. Instructional expenditures were \$879,341 support services expenditures were \$735,188 and transportation expenditures were \$30,333.

NUTLEY BOARD OF EDUCATION

Management's Discussion and Analysis

Capital Projects – Revenues and other financing sources were greater than expenditures and other financing uses by \$1,000,568 resulting in a fund balance of \$1,534,542 at June 30, 2020.

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 program. 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, 2019 encumbrances).
- Appropriation of Capital Reserve Funds

CAPITAL ASSETS

The District's investment in capital assets for its governmental and business type activities as of June 30, 2020 amounts to \$58,136,921 (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 2019-2020 amounted to \$2,103,767 for governmental activities and \$10,389 for business-type activities.

Capital Assets at June 30, 2020 and 2019
(Net of Accumulated Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 79,932	\$ 79,932			\$ 79,932	\$ 79,932
Construction In Progress	102,654	636,705			102,654	636,705
Buildings	56,643,972	56,793,960			56,643,972	56,793,960
Machinery and Equipment	<u>1,237,870</u>	<u>1,326,684</u>	<u>\$ 72,493</u>	<u>\$ 97,257</u>	<u>1,310,363</u>	<u>1,423,941</u>
Total Capital Assets (Net)	<u>\$ 58,064,428</u>	<u>\$ 58,837,281</u>	<u>\$ 72,493</u>	<u>\$ 97,257</u>	<u>\$ 58,136,921</u>	<u>\$ 58,934,538</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

At June 30, 2020 and 2019, the District had \$55,027,318 and \$59,642,420, respectively, of outstanding debt, which consists of serial bonds for school construction, capital leases, net pension liability and compensated absences.

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

Outstanding Long-Term Liabilities

	<u>2020</u>	<u>2019</u>
Bonds Payable, including Unamortized Premiums	\$ 36,674,069	\$ 39,096,539
Capital Leases	242,606	156,850
Net Pension Liability	16,960,265	19,223,987
Compensated Absences	<u>1,150,388</u>	<u>1,165,044</u>
Total Long-Term Liabilities	<u>\$ 55,027,328</u>	<u>\$ 59,642,420</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Everyone associated with the Nutley Board of Education is grateful for the community support. A major concern is the financial support required to maintain appropriate class sizes and services. This, in an environment of flat state aid support, means an ever-increasing reliance on local property taxes.

Many factors were considered by the District's administration during the process of developing the fiscal year 2020-2021 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, 2020**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 7,233,691	\$ 760,290	\$ 7,993,981
Receivables, net			
Receivables from Other Governments	304,325	28,830	333,155
Other	7,424	32,024	39,448
Inventory		27,028	27,028
Capital Assets			
Not Being Depreciated	182,586		182,586
Being Depreciated, Net	<u>57,881,842</u>	<u>72,493</u>	<u>57,954,335</u>
Total Assets	<u>65,609,868</u>	<u>920,665</u>	<u>66,530,533</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	2,532,750		2,532,750
Deferred Amounts on Refundings of Debt	<u>2,180,972</u>	-	<u>2,180,972</u>
Total Deferred Outflows of Resources	<u>4,713,722</u>	-	<u>4,713,722</u>
Total Assets and Deferred Outflows of Resources	<u>70,323,590</u>	<u>920,665</u>	<u>71,244,255</u>
LIABILITIES			
Accounts Payable	258,620	144	258,764
Payable to State and Federal Governments	137,258		137,258
Accrued Interest Payable	569,010		569,010
Unearned Revenue	191,847	17,575	209,422
Noncurrent Liabilities			
Due Within One Year	2,276,838		2,276,838
Due Beyond One Year	<u>52,750,490</u>	-	<u>52,750,490</u>
Total Liabilities	<u>56,184,063</u>	<u>17,719</u>	<u>56,201,782</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	7,225,985	-	7,225,985
Deferred Commodities Revenue	-	<u>5,108</u>	<u>5,108</u>
Total Deferred Inflows of Resources	<u>7,225,985</u>	<u>5,108</u>	<u>7,231,093</u>
Total Liabilities and Deferred Inflows of Resources	<u>63,410,048</u>	<u>22,827</u>	<u>63,432,875</u>
NET POSITION			
Net Investment in Capital Assets	23,328,725	72,493	23,401,218
Restricted for:			
Capital Projects	2,802,408		2,802,408
Debt Service	3		3
Other Purposes	514,773		514,773
Unrestricted	<u>(19,732,367)</u>	<u>825,345</u>	<u>(18,907,022)</u>
Total Net Position	<u>\$ 6,913,542</u>	<u>\$ 897,838</u>	<u>\$ 7,811,380</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, 2020**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		<u>Total</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>	
Governmental Activities							
Instruction							
Regular	\$ 36,022,418	\$ 84,941	\$ 10,075,110		\$ (25,862,367)		\$ (25,862,367)
Special Education	16,067,749	14,217	6,626,941		(9,426,591)		(9,426,591)
Other Instruction	1,556,551		435,302		(1,121,249)		(1,121,249)
School Sponsored Activities and Athletics	1,860,377		455,402		(1,404,975)		(1,404,975)
Community Services	4,543		1,289		(3,254)		(3,254)
Support Services							
Student and Instruction Related Services	11,057,920		1,898,364		(9,159,556)		(9,159,556)
General Administrative Services	2,194,904		104,138		(2,090,766)		(2,090,766)
School Administrative Services	5,121,879		697,512		(4,424,367)		(4,424,367)
Plant Operations and Maintenance	6,271,313		103,136		(6,168,177)		(6,168,177)
Pupil Transportation	2,643,556		627,290		(2,016,266)		(2,016,266)
Business Services	1,450,238		39,705		(1,410,533)		(1,410,533)
Interest on Long-Term Debt and Other Charges	1,413,201	-	-	-	(1,413,201)	-	(1,413,201)
Total Governmental Activities	<u>85,664,649</u>	<u>99,158</u>	<u>21,064,189</u>	<u>-</u>	<u>(64,501,302)</u>	<u>-</u>	<u>(64,501,302)</u>
Business-Type Activities							
Food Service	895,514	632,133	272,525			\$ 9,144	9,144
Extended Day	1,102,030	629,092				(472,938)	(472,938)
Athletic Camps	-	-	-	-	-	-	-
Total Business-Type Activities	<u>1,997,544</u>	<u>1,261,225</u>	<u>272,525</u>	<u>-</u>	<u>-</u>	<u>(463,794)</u>	<u>(463,794)</u>
Total Primary Government	<u>\$ 87,662,193</u>	<u>\$ 1,360,383</u>	<u>\$ 21,336,714</u>	<u>\$ -</u>	<u>(64,501,302)</u>	<u>(463,794)</u>	<u>(64,965,096)</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, 2020**

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Balance, Carry Forward	\$ (64,501,302)	\$ (463,794)	\$ (64,965,096)
General Revenues			
Property Taxes			
General Purposes	57,653,751		57,653,751
Debt Service	2,795,308		2,795,308
State Aid			
Unrestricted	4,840,795		4,840,795
Restricted for Debt Service	800,920		800,920
Miscellaneous Income	482,061	7,821	489,882
Total General Revenues	66,572,835	7,821	66,580,656
Change in Net Position	2,071,533	(455,973)	1,615,560
Net Position, Beginning of Year	4,811,028	1,368,186	6,179,214
Prior Year Adjustment - Capital Assets	30,981	(14,375)	16,606
Net Position, End of Year	\$ 6,913,542	\$ 897,838	\$ 7,811,380

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

FUND FINANCIAL STATEMENTS

**NUTLEY BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2020**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 5,579,726	\$ 81,507	\$ 1,572,455	\$ 3	\$ 7,233,691
Due from Other Funds	594				594
Receivables, Net					
Receivables from Other Governments		304,325			304,325
Other	650	6,180	-	-	6,830
Total Assets	<u>\$ 5,580,970</u>	<u>\$ 392,012</u>	<u>\$ 1,572,455</u>	<u>\$ 3</u>	<u>\$ 7,545,440</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 157,800	\$ 62,907	\$ 37,913		\$ 258,620
Intergovernmental Payable		137,258			137,258
Unearned Revenue	-	191,847	-	-	191,847
Total Liabilities	<u>157,800</u>	<u>392,012</u>	<u>37,913</u>	<u>-</u>	<u>587,725</u>
Fund Balances					
Restricted					
Capital Reserve	1,267,866				1,267,866
Maintenance Reserve	514,773				514,773
Excess Surplus	256,644				256,644
Excess Surplus - Designated for Subsequent Year's Budget	869,617				869,617
Capital Projects			1,534,542		1,534,542
Debt Service				\$ 3	3
Assigned					
Encumbrances	62,213				62,213
Designated for Subsequent Year's Budget	2,640,961				2,640,961
Unassigned	(188,904)	-	-	-	(188,904)
Total Fund Balances	<u>5,423,170</u>	<u>-</u>	<u>1,534,542</u>	<u>3</u>	<u>6,957,715</u>
Total Liabilities and Fund Balances	<u>\$ 5,580,970</u>	<u>\$ 392,012</u>	<u>\$ 1,572,455</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 \$89,120,069 and the accumulated depreciation is \$31,055,641. 58,064,428

The District has financed capital assets through the issuance of serial bonds. The interest accrual at year end is: (569,010)

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) (57,539,591)

\$ 6,913,542

**NUTLEY BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<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	\$ 57,653,751			\$ 2,795,308	\$ 60,449,059
Tuition	99,158				99,158
Interest	66,841		\$ 48		66,889
Miscellaneous	415,172	\$ 84,394	-	-	499,566
Total - Local Sources	<u>58,234,922</u>	<u>84,394</u>	<u>48</u>	<u>2,795,308</u>	<u>61,114,672</u>
State Sources	20,023,709	355,689		800,920	21,180,318
Federal Sources	74,308	1,204,779	-	-	1,279,087
Total Revenues	<u>78,332,939</u>	<u>1,644,862</u>	<u>48</u>	<u>3,596,228</u>	<u>83,574,077</u>
EXPENDITURES					
Current					
Regular Instruction	32,431,784	520,697			32,952,481
Special Education Instruction	15,040,057	350,529			15,390,586
Other Instruction	1,437,930				1,437,930
School-Sponsored Activities and Athletics	1,726,056	8,115			1,734,171
Community Services	4,189				4,189
Support Services					
Student and Instructional Related Services	9,493,557	735,188			10,228,745
General Administrative Services	1,510,945		12,804		1,523,749
School Administrative Services	4,966,646				4,966,646
Plant Operations and Maintenance	5,906,324				5,906,324
Pupil Transportation	2,519,244	30,333			2,549,577
Business Services	1,458,653				1,458,653
Debt Service					
Principal	69,807			2,140,000	2,209,807
Interest and Other Charges	95,457			1,326,226	1,421,683
Capital Outlay	1,226,759	-	85,628	-	1,312,387
Total Expenditures	<u>77,887,408</u>	<u>1,644,862</u>	<u>98,432</u>	<u>3,466,226</u>	<u>83,096,928</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)					
	<u>445,531</u>	<u>-</u>	<u>(98,384)</u>	<u>130,002</u>	<u>477,149</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from Capital Lease	155,563				155,563
Transfers In	48		1,100,000		1,100,048
Transfers Out	(1,100,000)	-	(48)	-	(1,100,048)
Total Other Financing Sources (Uses)	<u>(944,389)</u>	<u>-</u>	<u>1,099,952</u>	<u>-</u>	<u>155,563</u>
Net Change in Fund Balances	(498,858)	-	1,001,568	130,002	632,712
Fund Balance, Beginning of Year	<u>5,922,028</u>	<u>-</u>	<u>532,974</u>	<u>(129,999)</u>	<u>6,325,003</u>
Fund Balance, End of Year	<u>\$ 5,423,170</u>	<u>\$ -</u>	<u>\$ 1,534,542</u>	<u>\$ 3</u>	<u>\$ 6,957,715</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, 2020**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ 632,712

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	\$ 1,312,387	
Depreciation Expense	<u>(2,103,767)</u>	(791,380)
 Loss on Disposal of Capital Assets		 (12,454)

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		14,656
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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 Payments	69,807	
Bond Principal Repayments	<u>2,140,000</u>	2,209,807

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

Amortization of Premium	282,470	
Amortization of Deferred Amount on Refunding of Debt	(306,578)	
Capital Lease Proceeds	<u>(155,563)</u>	(179,671)

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):

Decrease in Pension Expense- Public Employees' Retirement System		197,064
Increase in Pension Expense - Essex County		(31,791)

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>32,590</u>
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Change in Net Position of Governmental Activities (Exhibit A-2) **\$ 2,071,533**

**NUTLEY BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2020**

	<u>Food Service</u>	<u>Extended Day</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
ASSETS			
Cash and Cash Equivalents	\$ 203,637	\$ 556,653	\$ 760,290
Intergovernmental Accounts Receivable			
State	2,757		2,757
Federal	26,073		26,073
Other Accounts Receivable	32,024		32,024
Inventory	27,028	-	27,028
Total Current Assets	291,519	556,653	848,172
Capital Assets			
Machinery and Equipment	287,762		287,762
Less: Accumulated Depreciation	(215,269)	-	(215,269)
Total Capital Assets, Net	72,493	-	72,493
Total Assets	364,012	556,653	920,665
LIABILITIES			
Liabilities			
Accounts Payable	144		144
Unearned Revenue	17,575	-	17,575
Total Liabilities	17,719	-	17,719
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue	5,108	-	5,108
Total Deferred Inflows of Resources	5,108	-	5,108
Total Liabilities and Deferred Inflows of Resources	22,827	-	22,827
NET POSITION			
Net Investment in Capital Assets	72,493		72,493
Unrestricted	268,692	556,653	825,345
Total Net Position	\$ 341,185	\$ 556,653	\$ 897,838

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, 2020**

	<u>Food Service</u>	<u>Extended Day</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
OPERATING REVENUES			
Charges for Services			
Program Fees		\$ 629,092	\$ 629,092
Daily Sales			
Reimbursable Programs	\$ 262,109		262,109
Non-Reimbursable Programs	283,842		283,842
Special Functions	86,182	-	86,182
	<u>632,133</u>	<u>629,092</u>	<u>1,261,225</u>
Total Operating Revenues			
OPERATING EXPENSES			
Salaries and Wages	254,841	771,486	1,026,327
Employee Benefits	52,724	73,965	126,689
Cost of Sales			-
Reimbursable Programs	282,759		282,759
Non-Reimbursable Programs	94,032		94,032
Supplies	48,682	73,927	122,609
Purchased Services	57,212	180,210	237,422
Other	94,875	2,442	97,317
Depreciation	10,389	-	10,389
	<u>895,514</u>	<u>1,102,030</u>	<u>1,997,544</u>
Total Operating Expenses			
Operating Income (Loss)	<u>(263,381)</u>	<u>(472,938)</u>	<u>(736,319)</u>
NONOPERATING REVENUES (EXPENSES)			
State Sources			
State School Lunch Program	10,129		10,129
Federal Sources			
Federal School Lunch Program	199,754		199,754
Food Distribution Program	32,429		32,429
School Breakfast Program	30,213		30,213
Interest Income	1,776	6,045	7,821
	<u>274,301</u>	<u>6,045</u>	<u>280,346</u>
Total Nonoperating Revenues			
Change in Net Position	10,920	(466,893)	(455,973)
Net Position, Beginning of Year	344,640	1,023,546	1,368,186
Prior Year Adjustment - Capital Assets	(14,375)	-	(14,375)
Net Position, End of Year	<u>\$ 341,185</u>	<u>\$ 556,653</u>	<u>\$ 897,838</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, 2020**

	<u>Food Service</u>	<u>Extended Day</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 636,589	\$ 651,239	\$ 1,287,828
Payments for Employees	(307,565)	(845,451)	(1,153,016)
Payments to Suppliers	<u>(563,973)</u>	<u>(256,579)</u>	<u>(820,552)</u>
Net Cash Provided By (Used For) Operating Activities	<u>(234,949)</u>	<u>(450,791)</u>	<u>(685,740)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
State and Federal Sources	<u>226,398</u>	<u>-</u>	<u>226,398</u>
Net Cash Provided By Non-Capital Financing Activities	<u>226,398</u>	<u>-</u>	<u>226,398</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	<u>1,776</u>	<u>6,045</u>	<u>7,821</u>
Net Cash Provided By Investing Activities	<u>1,776</u>	<u>6,045</u>	<u>7,821</u>
Net Change in Cash and Cash Equivalents	(6,775)	(444,746)	(451,521)
Cash and Cash Equivalents, Beginning of Year	<u>210,412</u>	<u>1,001,399</u>	<u>1,211,811</u>
Cash and Cash Equivalents, End of Year	<u>\$ 203,637</u>	<u>\$ 556,653</u>	<u>\$ 760,290</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	\$ (263,381)	\$ (472,938)	\$ (736,319)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities			
Depreciation	10,389		10,389
USDA Commodities	32,429		32,429
(Increase) Decrease in Accounts Receivable	(13,119)	22,147	9,028
(Increase) Decrease in Inventories	(24,094)		(24,094)
Increase (Decrease) in Accounts Payable	144		144
Increase/(Decrease) in Deferred Commodities Revenue	5,108		5,108
Increase (Decrease) in Unearned Revenue	<u>17,575</u>	<u>-</u>	<u>17,575</u>
Total Adjustments	<u>28,432</u>	<u>22,147</u>	<u>50,579</u>
Net Cash Provided By (Used For) Operating Activities	<u>\$ (234,949)</u>	<u>\$ (450,791)</u>	<u>\$ (685,740)</u>
Non-Cash Financing Activities			
Fair Value of Food Distribution Program - National School Lunch	<u>\$ 37,538</u>		

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, 2020**

	<u>Private Purpose Trust Funds</u>	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ <u>1,065,503</u>	\$ <u>679,996</u>	\$ <u>635,589</u>
Total Assets	<u>1,065,503</u>	<u>679,996</u>	<u>\$ 635,589</u>
LIABILITIES			
Intergovernmental Payable		50,898	
Payroll Deductions and Withholdings Payable			\$ 444,111
Due to Other Funds			594
Due to Student Groups	<u>-</u>	<u>-</u>	<u>190,884</u>
Total Liabilities	<u>-</u>	<u>50,898</u>	<u>\$ 635,589</u>
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 1,065,503</u>	<u>\$ 629,098</u>	

**NUTLEY BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Private Purpose Trust Funds</u>	<u>Unemployment Compensation Trust</u>
ADDITIONS		
Contributions		
Employees		\$ 138,128
Donations	\$ 1,046,392	
Investment Earnings		
Interest	<u>10,003</u>	<u>8,038</u>
Total Additions	<u>1,056,395</u>	<u>146,166</u>
DEDUCTIONS		
Scholarships		
Unemployment Claims and Contributions	<u>-</u>	<u>122,774</u>
Total Deductions	<u>-</u>	<u>122,774</u>
Change in Net Position	1,056,395	23,392
Net Position, Beginning of Year	<u>9,108</u>	<u>605,706</u>
Net Position, End of Year	<u>\$ 1,065,503</u>	<u>\$ 629,098</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, 2020**

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 of Schools is appointed by the Board and is responsible for the administrative control of the District. A School Business Administrator/Board Secretary is also appointed by the Board and oversees the business functions 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 currently operates a Kindergarten through grade twelve (12) school district.

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 Superintendent of Schools is the Chief Administrative Officer of the District who is responsible for general supervision of all schools, planning and operational functions of the District. The School Business Administrator/Board Secretary is the Chief Financial Officer and is responsible for budgeting, financial accounting and reporting and reports through the Superintendent to the Board.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Nutley Board of Education this includes general operations, food service, before and after school child care and student related activities of the District.

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

B. New Accounting Standards

For fiscal year 2020, there were no GASB statements required to be adopted and implemented by the District.

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

- GASB No. 84, *Fiduciary Activities*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2021. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB No. 87, *Leases*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.
- GASB No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. The objectives of this Statement is to improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities.
- GASB No. 92, *Omnibus 2020*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022 except requirements related to GASB No. 87 and Implementation Guide No. 2019-3 are effective upon issuance. The objective of this Statement is to enhance comparability in the application of accounting and financial reporting requirements and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics.
- GASB No. 96, *Subscription – Based Information Technology Arrangements*, will be effective beginning with the fiscal year ending June 30, 2023. The objective of this Statement will be to improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.
- GASB No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No.84, and a Supersession of GASB Statement No. 32*, the section that maybe applicable to the District will be effective beginning with the fiscal year ending June 30, 2022. The objective of this Statement is to provide more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 and 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.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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.

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 administrators, teachers and special events.

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

Additionally, the District reports the following fund types:

The *fiduciary trust funds* are used to account for resources legally held in trust for state unemployment insurance claims and for private donations for scholarship awards. All resources of the funds, 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.

The *fiduciary agency funds* account for assets held by the District as an agent for student activities and for payroll deductions and withholdings. The funds for the student activities fund are solely for noninstructional student activities that are supported and controlled by student organizations and clubs for which school administration does not have management involvement. The payroll funds are held to remit employee withholdings to respective state, federal and other agencies.

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.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting

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

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements with the exception of the agency fund which does not have a measurement focus. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

When both restricted and unrestricted resources are available for use, it is the Board'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.

**NUTLEY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. Inventories

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

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method 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 inventory at year-end is reported as deferred inflows of resources.

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 acquisition 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 future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amount 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, 2020**

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 future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Board 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 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; 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 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 inventory 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 and salary related payments. 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 and proprietary fund types in the fund 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.

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 of 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 with the unamortized 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.

NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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*

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.

Capital Reserve – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 3d).

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. (See Note 3e).

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2020 audited excess surplus that is required to be appropriated in the 2021/2022 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, 2019 audited excess surplus that was appropriated in the 2020/2021 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.

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

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

Designated for Subsequent Year's Budget – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2020/2021 District budget certified for taxes.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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)

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

In the general operating fund and other governmental funds (capital projects and debt service fund types), it is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

10. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the school district that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District has no committed fund balances at year end.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the School Business Administrator/Board Secretary to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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.

**NUTLEY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

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 2018-2019 and 2019-2020 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

4. *Proprietary Funds, Operating and 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 and extended day enterprise funds 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 of this are as follows:

Bonds Payable	\$ 34,655,000
Issuance Premium (To Be Amortized Over Life of Debt)	2,019,069
Deferred Amounts on Debt Refundings	(2,180,972)
Capital Leases Payable	242,606
Compensated Absences Payable	1,150,388
Net Pension Liability	
Public Employees' Retirement System	16,834,508
Essex County	125,757
Deferred Amounts on Net Pension Liability	
Deferred Outflows - Essex County	4,945
Deferred Outflows - Public Employees' Retirement System	(2,532,750)
Deferred Inflows - Public Employees' Retirement System	<u>7,221,040</u>
Net Adjustment to Reduce Fund Balance - Total Governmental Funds to Arrive at Net Position - Governmental Activities	<u>\$ 57,539,591</u>

**NUTLEY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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.

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. Districts that have their school board members elected in November do not have to submit their budgets for voter approval if they meet the levy requirement. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot.

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 2019/2020. Also, during 2019/2020 the Board increased the original budget of the General Fund by \$2,323,306 and the Special Revenue Fund budget by \$548,342. The increases were funded by the appropriation of capital reserve, the reappropriation of prior year encumbrances and additional grant awards.

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

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

B. Excess Expenditures Over Appropriations

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

	<u>Final</u>		<u>Unfavorable</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund			
Current Expenditures			
Regular Programs - Instruction			
Home Instruction			
Purchased Professional Educational Svcs	\$ 43,756	\$ 55,391	\$ 11,635
Undistributed Expenditures			
Other Support Services - Speech, OT, PT and Related Services			
Purchased Professional Educational Svcs	1,401,745	1,506,337	104,592

The above variances were offset with other available resources.

**NUTLEY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Deficit Fund Equity

The District has an unassigned fund deficit of \$188,904 in the General Fund as of June 30, 2020 as reported in the fund financial statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record these delayed state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", requires that intergovernmental transactions (revenue, expenditure, asset, liability) should be recognized in symmetry (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State of New Jersey is recording certain 2019/2020 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the General Fund deficit does not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund deficits in the future.

Pursuant to NJSA 18A:22-44.2, any negative unreserved, undesignated (i.e., unassigned) general fund balance that is reported as a direct result of a delay in the payment of state aid until the following fiscal year, is not considered as a violation of New Jersey Statute or regulation and is not considered an item in need of corrective action. The deficit in the GAAP (fund) financial statements is less than the delayed state aid payments at June 30, 2020.

D. 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.

The activity of the capital reserve for the fiscal year ended June 30, 2020 is as follows:

Balance, July 1, 2019		\$ 2,346,316
Increased by:		
Interest Earnings	\$ 21,550	
Funds Returned to Capital Reserve	49,508	
		<u>71,058</u>
		2,417,374
Decreased by:		
Withdrawals Approved by Board Resolution		
Capital Outlay	49,508	
Capital Projects Fund	1,100,000	
		<u>1,149,508</u>
Balance, June 30, 2020		<u>\$ 1,267,866</u>

**NUTLEY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

E. 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.

The activity of the maintenance reserve for the fiscal year ended June 30, 2020 is as follows:

Balance, July 1, 2019	\$ 514,773
Increased by:	
Funds Returned to Maintenance Reserve	<u>328,937</u>
	843,710
Decreased By:	
Withdrawals Approved by Board Resolution	<u>328,937</u>
Balance, June 30, 2020	<u>\$ 514,773</u>

F. Transfers to Capital Outlay

During the 2019/2020 school year, the district transferred \$48,070 to the non-equipment capital outlay accounts.

G. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2020 is \$1,126,261. Of this amount, \$869,617 was designated and appropriated in the 2020/2021 original budget certified for taxes and the remaining amount of \$256,644 will be appropriated in the 2021/2022 original budget certified for taxes.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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), National Credit Union Share Insurance Fund (NCUSIF), 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 and NCUSIF.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2020, the book value of the Board's deposits were \$10,375,069 and bank and brokerage firm balances of the Board's deposits amounted to \$11,445,921. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	<u>\$ 11,445,921</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2020 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; any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; 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; Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law," (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by school districts; Local Government investment pools; deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2020, the Board had no outstanding investments.

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

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2020 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>Food Service</u>	<u>Total</u>
Receivables:				
Accounts	\$ 650	\$ 6,180	\$ 32,024	\$ 38,854
Intergovernmental				
Federal		303,514	26,073	329,587
State	<u>-</u>	<u>811</u>	<u>2,757</u>	<u>3,568</u>
Gross Receivables	650	310,505	60,854	372,009
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 650</u>	<u>\$ 310,505</u>	<u>\$ 60,854</u>	<u>\$ 372,009</u>

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:

Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 176,131
Grant Draw Downs Reserved for Encumbrances	<u>15,716</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 191,847</u>

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

	<u>July 1, 2019</u>	<u>Adjustment</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2020</u>
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 79,932				\$ 79,932
Construction in Progress	<u>636,705</u>	-	\$ 1,156,824	\$ (1,690,875)	<u>102,654</u>
Total Capital Assets, Not Being Depreciated	<u>716,637</u>	-	<u>1,156,824</u>	<u>(1,690,875)</u>	<u>182,586</u>
Capital Assets, Being Depreciated:					
Buildings	81,613,887		1,690,875		83,304,762
Machinery and Equipment	<u>5,538,619</u>	\$ 61,236	155,563	(122,697)	<u>5,632,721</u>
Total Capital Assets Being Depreciated	<u>87,152,506</u>	<u>61,236</u>	<u>1,846,438</u>	<u>(122,697)</u>	<u>88,937,483</u>
Less Accumulated Depreciation for:					
Buildings	(24,819,927)		(1,840,863)		(26,660,790)
Machinery and Equipment	<u>(4,211,935)</u>	(30,255)	(262,904)	110,243	<u>(4,394,851)</u>
Total Accumulated Depreciation	<u>(29,031,862)</u>	<u>(30,255)</u>	<u>(2,103,767)</u>	<u>110,243</u>	<u>(31,055,641)</u>
Total Capital Assets, Being Depreciated, net	<u>58,120,644</u>	<u>30,981</u>	<u>(257,329)</u>	<u>(12,454)</u>	<u>57,881,842</u>
Governmental Activities Capital Assets, net	<u>\$ 58,837,281</u>	<u>\$ 30,981</u>	<u>\$ 899,495</u>	<u>\$ (1,703,329)</u>	<u>\$ 58,064,428</u>
	<u>Balance</u>	<u>Prior Period</u>			<u>Balance</u>
	<u>July 1, 2019</u>	<u>Adjustment</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2020</u>
Business-Type Activities:					
Capital Assets, Being Depreciated:					
Machinery and Equipment	\$ 290,456	\$ 1,821	-	\$ (4,515)	\$ 287,762
Total Capital Assets Being Depreciated	<u>290,456</u>	<u>1,821</u>	<u>-</u>	<u>(4,515)</u>	<u>287,762</u>
Less Accumulated Depreciation for:					
Machinery and Equipment	(193,199)	(16,196)	\$ (10,389)	4,515	(215,269)
Total Accumulated Depreciation	<u>(193,199)</u>	<u>(16,196)</u>	<u>(10,389)</u>	<u>4,515</u>	<u>(215,269)</u>
Total Capital Assets, Being Depreciated, net	<u>97,257</u>	<u>(14,375)</u>	<u>(10,389)</u>	<u>-</u>	<u>72,493</u>
Business-Type Activities Capital Assets, net	<u>\$ 97,257</u>	<u>\$ (14,375)</u>	<u>\$ (10,389)</u>	<u>\$ -</u>	<u>\$ 72,493</u>

**NUTLEY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

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

Governmental Activities:

Instruction	
Regular	\$ 414,272
Total Instruction	<u>414,272</u>
Support Services	
Student and Instruction Related Services	542,986
General Administration	656,171
School Administration	1,809
Operations and Maintenance of Plant	386,069
Student Transportation	<u>102,460</u>
Total Support Services	<u>1,689,495</u>
 Total Depreciation Expense - Governmental Activities	 \$ <u>2,103,767</u>

Business-Type Activities:

Food Service Fund	\$ <u>10,389</u>
 Total Depreciation Expense-Business-Type Activities	 \$ <u>10,389</u>

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2020:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Nutley High School Oval Project	\$ <u>72,427</u>	\$ <u>1,086,034</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2020, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Payroll Agency Fund	\$ <u>594</u>

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund.

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, 2020**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

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

Interfund Transfers

	Transfer In:		<u>Total</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	
Transfer Out:			
General Fund		\$ 1,100,000	\$ 1,100,000
Capital Projects Fund	\$ 48	-	48
 Total	<u>\$ 48</u>	<u>\$ 1,100,000</u>	<u>\$ 1,100,048</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

Operating Leases

The District leases chromebooks under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2020 were \$166,512. The future minimum lease payments for these operating leases are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2021	\$ 166,512
2022	<u>56,338</u>
 Total	 <u>\$ 222,850</u>

**NUTLEY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases (Continued)

Capital Leases

The District has entered into lease agreements for the acquisition of school buses. 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, 2020 were as follows:

Fiscal Year Ending June 30	Governmental Activities
2021	\$ 81,974
2022	68,940
2023	52,006
2024	32,662
2025	<u>32,662</u>
Total Minimum Lease Payments	268,244
Less: Amount Representing Interest	<u>(25,638)</u>
Present Value of Minimum Lease Payments	<u>\$ 242,606</u>

G. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets or other purposes permitted by statute. 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, 2020 are comprised of the following issues:

\$10,000,000, 2012 Refunding Bonds, due in annual installments of \$640,000 to \$660,000 through August 15, 2029, interest at 3.0% to 4.0%	\$ 6,500,000
\$1,860,000, 2013 Refunding Bonds, due in annual installments of \$185,000 to \$195,000 through August 15, 2023, interest at 2.25% to 3.00%	760,000
\$30,445,000, 2015 Refunding Bonds, due in annual installments of \$1,365,000 to \$3,380,000 through July 15, 2032, interest at 2.0% to 5.0%	<u>27,395,000</u>
	<u>\$ 34,655,000</u>

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

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

Governmental Activities:

Fiscal Year Ended <u>June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2021	\$ 2,205,000	\$ 1,257,300	\$ 3,462,300
2022	2,280,000	1,188,731	3,468,731
2023	2,340,000	1,111,275	3,451,275
2024	2,415,000	1,029,056	3,444,056
2025	2,305,000	943,825	3,248,825
2026-2030	13,995,000	3,223,738	17,218,738
2031-2033	9,115,000	583,100	9,698,100
	<u>\$ 34,655,000</u>	<u>\$ 9,337,025</u>	<u>\$ 43,992,025</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2020 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 153,956,554
Less: Net Debt Issued	<u>34,655,000</u>
Remaining Borrowing Power	<u>\$ 119,301,554</u>

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2020, was as follows:

	Balance			Balance	Due
	<u>July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2020</u>	<u>Within</u>
					<u>One Year</u>
Governmental Activities:					
Bonds Payable	\$ 36,795,000		\$ 2,140,000	\$ 34,655,000	\$ 2,205,000
Add: Unamortized Premium	<u>2,301,539</u>	-	<u>282,470</u>	<u>2,019,069</u>	<u>-</u>
	39,096,539	-	2,422,470	36,674,069	2,205,000
Capital Leases	156,850	\$ 155,563	69,807	242,606	71,838
Net Pension Liability - PERS	19,121,430		2,286,922	16,834,508	
Net Pension Liability - Essex County	102,557	36,656	13,456	125,757	
Compensated Absences Payable	<u>1,165,044</u>	<u>64,544</u>	<u>79,200</u>	<u>1,150,388</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 59,642,420</u>	<u>\$ 256,763</u>	<u>\$ 4,871,855</u>	<u>\$ 55,027,328</u>	<u>\$ 2,276,838</u>

For the governmental activities, the liabilities for compensated absences, capital leases and net pension liability are generally liquidated by the general fund.

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) renamed in 2020 to the Suburban Metro Joint Insurance Fund and the School Pool for Excess Liability Limits (SPELL). The Funds are risk sharing public entity pools 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 funds 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 funds, to report claims on a timely basis, cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which they were a member.

**NUTLEY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

The Funds provide 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>
2020	\$ 138,128	\$ 122,774	\$ 629,098
2019	113,304	82,425	605,706
2018	114,060	93,782	564,960

B. Contingent Liabilities

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

The District has received a penalty notice from the Internal Revenue Service (IRS) for the failure to file Form 1094-C, Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns and Form 1095-C, Employer-Provided Health Insurance Offer and Coverage for the year ended December 31, 2016. The IRS is also seeking additional information from the District for similar documents for the years ended December 31, 2017 and 2018. The potential IRS penalties could be in excess of \$500,000.

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, 2020, 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, 2020, the District has not estimated its arbitrage earnings due to the IRS, if any.

**NUTLEY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

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

Public Employees' Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, 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. PERS is a cost sharing multiple employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

Teachers' Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees. TPAF is a cost sharing multiple- employer defined benefit pension plan with a special funding situation, which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions. For additional information about TPAF, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

**NUTLEY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Teachers' Pension and Annuity Fund (TPAF) (Continued)

The following represent the membership tiers for TPAF:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement for his/her respective tier. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not earn the minimum salary required or do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. 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 (“Division”), 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.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Plan Amendments

The authority to amend the provisions of the above plans rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for TPAF and PERS, once a Target Funded Ratio (TFR) is met. The Pension Plan Design Committees will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation of final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committees will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period.

Measurement Focus and Basis of Accounting

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

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.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2019 is \$18.1 billion and the plan fiduciary net position as a percentage of the total pension liability is 56.27%. The collective net pension liability of the State funded TPAF at June 30, 2019 is \$61.5 billion and the plan fiduciary net position as a percentage of total pension liability is 26.95%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2018 which were rolled forward to June 30, 2019.

Actuarial Methods and Assumptions

In the July 1, 2018 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary’s report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

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 members 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 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee’s annual compensation for fiscal year 2020.

PERS employers’ and TPAF State’s nonemployer contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2020 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State’s annual pension contribution was less than the actuarial determined amount. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployer 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. All PERS and DCRP contributions made by the Board for fiscal years 2020, 2019 and 2018 were equal to the required contributions.

During the fiscal years ended June 30, 2020, 2019 and 2018 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, contributed for TPAF, respectively for normal cost pension and unfunded 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>
2020	\$ 908,795	\$ 6,266,389	\$ 10,307
2019	965,979	5,605,301	10,704
2018	869,826	4,104,186	12,425

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

In addition for fiscal years 2020, 2019 and 2018 the District contributed \$4,830, \$5,494 and \$13,957, respectively for PERS and the State contributed \$6,435, \$6,870 and \$7,056, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

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 Statement No. 85, *Omnibus 2017* (GASB No. 85). 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 \$2,268,646 during the fiscal year ended June 30, 2020 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 both a revenue and expense/expenditure in accordance with GASB No. 85.

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

Public Employees Retirement System (PERS)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the measurement period July 1, 2018 through June 30, 2019. Employer allocation percentages have been rounded for presentation purposes.

Although the NJ Division of Pensions and Benefits ("Division") administers one cost-sharing multiple employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2019 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2019.

At June 30, 2020, the District reported in the statement of net position (accrual basis) a liability of \$16,834,508 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2018. The District's proportionate share of the net pension liability was based on the ratio of the District's share of contributions to the pension plan relative to the total contributions of all participating governmental entities, for the year ended June 30, 2019. At June 30, 2019, the District's proportionate share was .09343 percent, which was a decrease of .00368 percent from its proportionate share measured as of June 30, 2018 of .09711 percent.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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)

For the fiscal year ended June 30, 2020, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$711,731 for PERS. The pension contribution made by the District during the current 2019/2020 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2020 with a measurement date of the prior fiscal year end of June 30, 2019. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2020 for contributions made subsequent to the measurement date. At June 30, 2020, 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>
Difference Between Expected and Actual Experience	\$ 302,157	\$ 74,367
Changes of Assumptions	1,680,987	5,843,204
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		265,739
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>549,606</u>	<u>1,037,730</u>
Total	<u>\$ 2,532,750</u>	<u>\$ 7,221,040</u>

At June 30, 2020, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense/(benefit) as follows:

<u>Year Ending June 30,</u>	<u>Total</u>
2021	\$ (556,581)
2022	(1,774,555)
2023	(1,531,300)
2024	(728,837)
2025	(97,017)
Thereafter	<u>-</u>
	<u>\$ (4,688,290)</u>

**NUTLEY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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)

Actuarial Assumptions

The District's total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00% Based on Years of Service
Thereafter	3.00%-7.00% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

**NUTLEY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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 rates 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 PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
US Equity	28.00%	8.26%
Non-US Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
High Yield	2.00%	5.37%
Real Assets	2.50%	9.31%
Private Credit	6.00%	7.92%
Real Estate	7.50%	8.33%
Private Equity	12.00%	10.85%

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2020	June 30, 2019	6.28%
2019	June 30, 2018	5.66%

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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)

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as an employee and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the measurement period July 1, 2018 through June 30, 2019. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2019, the State's pension contribution was less than the actuarial determined amount.

In accordance with GASB No. 68, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey, as a nonemployer contributing entity, 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 and the State's proportionate share is 100% of the net pension liability attributable to the District 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, 2020, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$10,105,043 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2020 the State's proportionate share of the net pension liability attributable to the District is \$171,322,226. The nonemployer allocation percentages are based on the ratio of the State's contributions made as a nonemployer attributable to the District adjusted for unpaid early retirement incentives relative to total contributions to TPAF during the year ended June 30, 2019. At June 30, 2019, the State's share of the net pension liability attributable to the District was .27916 percent, which was an increase of .00707 percent from its proportionate share measured as of June 30, 2018 of .27209 percent.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
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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)

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55-4.55% Based on Years of Service
Thereafter	2.75%-5.65% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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 TPAF's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
US Equity	28.00%	8.26%
Non-US Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
High Yield	2.00%	5.37%
Real Assets	2.50%	9.31%
Private Credit	6.00%	7.92%
Real Estate	7.50%	8.33%
Private Equity	12.00%	10.85%

**NUTLEY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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:

Fiscal Year	Measurement Date	Discount Rate
2020	June 30, 2019	5.60%
2019	June 30, 2018	4.86%

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

Period of Projected Benefit

Payments for which the Following
 Rates were Applied:

Long-Term Expected Rate of Return	Through June 30, 2054
Municipal Bond Rate *	From July 1, 2054 and Thereafter

* The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. 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 5.60%, 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 (4.60 percent) or 1-percentage-point higher (6.60 percent) than the current rate:

	1% Decrease (4.60%)	Current Discount Rate (5.60%)	1% Increase (6.60%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 202,026,824</u>	<u>\$ 171,322,226</u>	<u>\$ 145,847,105</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District as of the measurement date of June 30, 2019. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2019 was not provided by the pension system.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
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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.

Board of Education Employees' Pension Fund of Essex County (ECPF)

Plan Description

The Board of Education Employees' Pension Fund of Essex County (the "Plan"), is a multiple-employer contributory defined benefit pension plan that provides pension and life insurance benefits to employees of the Boards of Education within Essex County employed before July 1, 1981, except temporary employees and employees eligible for coverage under any New Jersey State administered pension plan created under New Jersey laws. The ECPF became effective April 16, 1929. The Plan provides for retirement, service, and non-service connected death and disability benefits for its members. The Plan is governed by New Jersey Statutes under Title 18A, and is administered by a Board of Trustees for the plan who is also responsible for the management and investment of Plan assets. The Board of Trustees consists of one active and five retirees elected Plan members.

Pursuant to New Jersey Public Law enacted in 1980, members were given the option to transfer their membership in the plan to the New Jersey Public Employees Retirement System (PERS). Approximately 2,775 members, 58% of the membership, elected to transfer to PERS effective July 1, 1981. The Plan is closed to new entrants.

Benefits Provided

Participants are eligible for retirement benefits on or after their normal retirement age (defined as the 60th birthday or 5th anniversary of joining the Plan, if later), which is equal to 2% of the member's average compensation during the highest three consecutive years of service from the date of hire multiplied by the number of years of credited service. The maximum monthly benefit is the lesser of \$15,457 and 100% of the highest three year average salary, subject to service requirements. Normally, benefits are calculated with payments guaranteed for 10 years.

Participants' beneficiaries will be entitled to death benefits equal to the actuarial equivalent to the participant's retirement benefit earned to the date of death.

Contributions

The Plan's contractually required contribution rate for the fiscal year ended June 30, 2019 was 100.77% of covered payroll, actuarially determined as an amount that is expected to finance costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Plan provisions and contribution requirements are established by contractually required provision. District contributions to the Plan amounted to \$13,456 for fiscal year 2020.

At June 30, 2020, the District reported in the statement of net position (accrual basis) a liability of \$125,757 for its proportionate share of the ECPF net pension liability. The net pension liability was measured as of June 30, 2019, 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 school districts, actuarially determined. At June 30, 2019, the District's proportionate share was 0.37685 percent, which was an increase of .05051 percent from its proportionate share measured as of June 30, 2018 of 0.32634.

**NUTLEY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
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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)

Board of Education Employees' Pension Fund of Essex County (ECPF) (Continued)

For the year ended June 30, 2020, the District recognized in the district wide statement of activities (accrual basis) a pension expense of \$45,257 for ECPF. At June 30, 2020, the District reported deferred inflows of resources related to ECPF from the following sources in the amount of \$4,945.

	<u>Deferred Inflows of Resources</u>
Net Difference Between Projected and Actual On Pension Plan Investments	\$ <u>4,945</u>

Actuarial Assumptions

The District's total pension liability was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Salary Increases	4.50%
Investment Rate of Return	6.00%
Cost-of-living adjustments	2.00%

• **Mortality rates:**

Active members, inactive members and healthy retirees:

110% of PubG-2010 mortality tables with MP-2018 mortality projection, in 2019.

RP-2000 separate annuitant and non-annuitant tables with static projections through the valuation year plus 7 years for annuitants and the valuation year plus 15 years for non-annuitants, in 2018.

Disabled retirees:

110% of PubNJ-2010 mortality tables with MP-2018 mortality projection, in 2019.

1994 Group Annuity Mortality Table set forward 10 years, in 2018.

Long-Term Rate of Return

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Plan 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 assets allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of June 30, 2019 and 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Real Rate of Return*</u>	
	<u>2019</u>	<u>2018</u>
U.S. Fixed Income	1.96%	1.75%
U.S. Large Cap Equity	6.41%	6.40%
U.S. Small Cap Equity	6.41%	6.40%

* Net of 2% inflation adjustment.

**NUTLEY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
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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)

Board of Education Employees' Pension Fund of Essex County (ECPF) (Continued)

Discount Rate

The discount rate used to measure the total pension liability of the ECPF was as follows:

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2020	June 30, 2019	6.00%
2019	June 30, 2018	6.00%

Sensitivity of Net Pension Liability

The following presents the District's proportionate share of the ECPF net pension liability calculated using the discount rate of 6.00% as well as what the District's proportionate share of the ECPF net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.0 percent) or 1-percentage-point higher (7.0 percent) than the current rate:

	Decrease (5.0%)	Discount Rate (6.0%)	Increase (7.0%)
District's Proportionate Share of the Net Pension Liability	\$ <u>169,942</u>	\$ <u>125,757</u>	\$ <u>87,495</u>

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for school districts.

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a single employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

Plan Description and Benefits Provided

The State of New Jersey sponsors and administers the following post-retirement health benefit program plan covering certain local school district employees, including those Board employees and retirees eligible for coverage.

**NUTLEY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

State Health Benefit Program Fund – Local Education Retired Employees Plan (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage, prescription drug benefits and Medicare Part B reimbursement to qualified retired education employees and their covered dependents. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member’s employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

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.

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2018:

Active Plan Members	216,892
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	148,051
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u> -</u>
Total	<u>364,943</u>

Measurement Focus and Basis of Accounting

The financial statements of the post-employment health benefit plans are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plans. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2019 is \$41.7 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2018 which were rolled forward to June 30, 2019.

Actuarial Methods and Assumptions

In the June 30, 2018 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contributions

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.28 billion to the OPEB plan in fiscal year 2019.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution an amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. over a period not to exceed thirty years. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2020, 2019 and 2018 were \$2,324,716, \$2,542,556 and \$2,650,806, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. The nonemployer allocation percentages presented are based on the ratio of the State's contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the measurement period July 1, 2018 through June 30, 2019. Nonemployer allocation percentages have been rounded for presentation purposes.

**NUTLEY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

In accordance with GASB No. 75, the District is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 75 is zero percent and the State's proportionate share is 100% of the OPEB liability attributable to the District. Therefore, in addition, the District does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

For the fiscal year ended June 30, 2020, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$2,648,167. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2020 the State's proportionate share of the OPEB liability attributable to the District is \$109,463,562. The nonemployer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the District at June 30, 2019 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2019. At June 30, 2019, the state's share of the OPEB liability attributable to the District was .26 percent, which a decrease of .01 percent from its proportionate share measured as of June 30, 2018 of .27 percent.

Actuarial Assumptions

The OPEB liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases*	
PERS:	
Initial Fiscal Year Applied Through	2026
Rate	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
TPAF:	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 3.05%
Rate Thereafter	1.55% to 3.05%
Mortality:	
PERS	Pre-retirement and Post-retirement based on Pub-2010 Healthy "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

**NUTLEY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial Assumptions (Continued)

TPAF Pre-retirement and Post-retirement based on Pub-2010 "Teachers" and "General" classifications respectively, headcount-weighted mortality tables with fully generational mortality improvement projections from the central year using Scale MP-2019.

Long-Term Rate of Return 2.00%

*Salary increases are based on the defined benefit pension plan that the member is enrolled in and the members years of service.

For the June 30, 2019 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2015 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

100% of active members are considered to participate in the plan upon retirement.

Long-Term Expected Rate of Return

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 2.00% as of June 30, 2019.

Discount Rate

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

Fiscal Year	Measurement Date	Discount Rate
2020	June 30, 2019	3.50%
2019	June 30, 2018	3.87%

The discount rate represents the municipal bond return rate as chosen by the Division. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Changes in the Total OPEB Liability

The change in the State’s proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2020 (measurement date June 30, 2019) is as follows:

	Total OPEB Liability <u>(State Share 100%)</u>
Balance, June 30, 2018 Measurement Date	\$ <u>122,432,675</u>
Changes Recognized for the Fiscal Year:	
Service Cost	4,711,430
Interest on the Total OPEB Liability	4,857,983
Differences Between Expected and Actual Experience	(20,910,038)
Changes of Assumptions	1,632,111
Gross Benefit Payments	(3,360,205)
Contributions from the Member	<u>99,606</u>
Net Changes	<u>(12,969,113)</u>
Balance, June 30, 2019 Measurement Date	\$ <u>109,463,562</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87% percent in 2018 to 3.50% percent in 2019.

The change in the total OPEB liability was based on the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2019.

**NUTLEY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 3.50%, as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 129,319,724	\$ 109,463,562	\$ 93,690,916

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability (School Retirees)	\$ 90,193,096	\$ 109,463,562	\$ 134,973,702

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2019. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2019 were not provided by the pension system.

F. Subsequent Events

On July 27, 2020 the Board authorized the appropriation of \$132,182 from the prior year unbudgeted extraordinary aid in order to offset a reduction in the District's 2020/2021 state aid.

On October 26, 2020 the Board authorized the withdrawal of \$1,000,000 from the General Fund Capital Reserve to fund improvements at the Nutley High School Oval .

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

G. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential school tax revenue must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district. The District's share of abated taxes resulting from the municipality and/or county having entered into a tax abatement agreement is indeterminate.

NOTE 6 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the "Pandemic") by the World Health Organization and is currently affecting many parts of the world, including the United States and the State of New Jersey. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President's Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

New Jersey Governor Phil Murphy has issued multiple Executive Orders since March 16, 2020 including but not limited to aggressive social distancing measures, restrictions on local elections, restrictions on foreclosure and evictions, suspension of all elective surgeries, closing of all schools and child care centers, the commandeering of property such as medical supplies, the cessation of all non-essential construction projects, extending insurance premium grace periods, the temporary reprieve to certain at-risk inmates and the extension of the permitted statutory grace period from May 11, 2020 to June 1, 2020 for quarterly property taxes due May 1, 2020. The Board expects ongoing actions will be taken by State, federal and local governments and private entities to mitigate the spread and impacts of COVID-19. The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. These negative impacts may reduce or negatively affect property values within the School District. The declaration of a public health emergency remains in effect as of the date of audit. As part of a planned multi-stage approach to restart the State's economy, Governor Murphy has signed a series of Executive Orders permitting the resumption of certain activities.

Because of the evolving nature of the outbreak and federal, state and local responses thereto, the Board cannot predict how the outbreak will impact the financial condition or operations of the School District, or if there will be any impact on the assessed values of property within the School District or deferral of tax payments to municipalities. The Board cannot predict costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs incurred to clean, sanitize and maintain its facilities either before or after an outbreak of an infectious disease.

REQUIRED SUPPLEMENTARY INFORMATION PART II

BUDGETARY COMPARISON SCHEDULES

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

EXHIBIT C-1

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
REVENUES					
Local Sources					
Property Tax Levy	\$ 57,653,751		\$ 57,653,751	\$ 57,653,751	
Tuition -					
Individuals	163,441		163,441	84,941	\$ (78,500)
Other LEAs Within the State			-	14,217	14,217
Interest on Capital Reserve	6,000		6,000	21,550	15,550
Interest			-	45,291	45,291
Other Restricted Miscellaneous	210,000		210,000	199,238	(10,762)
Unrestricted Miscellaneous	208,823	-	208,823	215,934	7,111
Total Revenues - Local Sources	58,242,015	-	58,242,015	58,234,922	(7,093)
State Sources					
Equalization Aid	4,878,663		4,878,663	4,878,663	
Special Education Aid	2,451,565		2,451,565	2,451,565	
Security Aid	81,159		81,159	81,159	
Transportation Aid	588,055		588,055	588,055	
Extraordinary Aid	794,200		794,200	1,499,772	705,572
On-Behalf TPAF					
Normal Pension			-	6,156,049	6,156,049
NCGI Contribution			-	110,340	110,340
Long Term Disability Insurance			-	6,435	6,435
Post Retirement Contribution			-	2,324,716	2,324,716
Social Security Contributions - Non Budget	-	-	-	2,268,646	2,268,646
Total State Sources	8,793,642	-	8,793,642	20,365,400	11,571,758
Federal Sources					
Medicaid Reimbursement	94,594	-	94,594	74,308	(20,286)
Total Federal Sources	94,594	-	94,594	74,308	(20,286)
Total Revenues	67,130,251	-	67,130,251	78,674,630	11,544,379
CURRENT EXPENDITURES					
Regular Programs - Instruction					
Salaries of Teachers:					
Kindergarten	1,332,360	\$ 7,286	1,339,646	1,316,831	22,815
Grades 1 - 5	7,032,061	96,253	7,128,314	7,128,314	-
Grades 6 - 8	4,525,166	(43,297)	4,481,869	4,391,442	90,427
Grades 9 - 12	6,286,419	7,434	6,293,853	5,984,672	309,181
Home Instruction:					
Salaries of Teachers	25,000	-	25,000	6,834	18,166
Purchased Professional-Educational Services	38,000	5,756	43,756	55,391	(11,635)
Regular Programs - Undistributed Instruction:					
Purchased Technical Services	171,291	(48,475)	122,816	122,816	-
Other Purchased Services	78,250	148,007	226,257	222,848	3,409
General Supplies	989,355	(237,947)	751,408	679,102	72,306
Textbooks	190,379	(941)	189,438	93,322	96,116
Other Objects	8,545	-	8,545	1,621	6,924
Total Instruction Regular Programs	20,676,826	(65,924)	20,610,902	20,003,193	607,709
Special Education					
Learning/Language Disabilities					
Salaries of Teachers	826,849	(72,560)	754,289	735,894	18,395
Other Salaries for Instruction	642,270	(21,001)	621,269	606,883	14,386
General Supplies	20,000	(4,710)	15,290	14,507	783
Textbooks	4,000	(4,000)	-	-	-
Other Objects	100	1,283	1,383	1,383	-
Total Learning/Language Disabilities	1,493,219	(100,988)	1,392,231	1,358,667	33,564
Resource Room/Resource Center					
Salaries of Teachers	3,129,534	49,657	3,179,191	3,179,191	-
General Supplies	17,500	5,827	23,327	23,327	-
Textbooks	4,000	(4,000)	-	-	-
Total Resource Room/Resource Center	3,151,034	51,484	3,202,518	3,202,518	-

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

EXHIBIT C-1

CURRENT EXPENDITURES (Continued)	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
Special Education (Continued)					
Autism					
Salaries of Teachers	\$ 669,939	\$ (46,551)	\$ 623,388	\$ 544,036	\$ 79,352
Other Salaries for Instruction	687,241	-	687,241	645,405	41,836
General Supplies	15,000	-	15,000	14,643	357
Other Objects	250	-	250	-	250
Total Autism	<u>1,372,430</u>	<u>(46,551)</u>	<u>1,325,879</u>	<u>1,204,084</u>	<u>121,795</u>
Preschool Disabilities - Part-Time					
Salaries of Teachers	130,320	4,177	134,497	134,497	-
Other Salaries for Instruction	133,414	42,127	175,541	175,541	-
General Supplies	15,000	(1,591)	13,409	13,409	-
Other Objects	100	(100)	-	-	-
Total Preschool Disabilities - Part-Time	<u>278,834</u>	<u>44,613</u>	<u>323,447</u>	<u>323,447</u>	<u>-</u>
Preschool Disabilities - Full-Time					
Salaries of Teachers	384,661	30,814	415,475	415,475	-
Other Salaries for Instruction	416,409	(6,555)	409,854	409,854	-
General Supplies	10,000	(2,333)	7,667	7,667	-
Total Preschool Disabilities - Full-Time	<u>811,070</u>	<u>21,926</u>	<u>832,996</u>	<u>832,996</u>	<u>-</u>
Total Special Education	<u>7,106,587</u>	<u>(29,516)</u>	<u>7,077,071</u>	<u>6,921,712</u>	<u>155,359</u>
Basic Skills/Remedial					
Salaries of Teachers	459,337	1,380	460,717	460,637	80
General Supplies	2,000	(1,415)	585	585	-
Total Basic Skills/Remedial	<u>461,337</u>	<u>(35)</u>	<u>461,302</u>	<u>461,222</u>	<u>80</u>
Bilingual Education					
Salaries of Teachers	321,618	-	321,618	320,174	1,444
Total Bilingual Education	<u>321,618</u>	<u>-</u>	<u>321,618</u>	<u>320,174</u>	<u>1,444</u>
School Sponsored Co-Curricular Activities					
Salaries of Teachers	241,815	106,820	348,635	348,635	-
Purchased Services	1,200	-	1,200	830	370
Supplies and Materials	16,500	(2,277)	14,223	14,180	43
Other Objects	14,500	-	14,500	13,802	698
Total Co-Curricular Activities	<u>274,015</u>	<u>104,543</u>	<u>378,558</u>	<u>377,447</u>	<u>1,111</u>
School Sponsored Athletics					
Salaries	566,649	12,643	579,292	533,116	46,176
Purchased Services	108,673	(2,027)	106,646	89,704	16,942
Supplies and Materials	61,325	46	61,371	55,474	5,897
Other Objects	156,473	(42,515)	113,958	94,214	19,744
Total Athletics	<u>893,120</u>	<u>(31,853)</u>	<u>861,267</u>	<u>772,508</u>	<u>88,759</u>
Other Instructional Programs - Instruction					
Salaries	65,455	11,696	77,151	77,151	-
Purchased Services	550	(300)	250	250	-
Supplies and Materials	15,000	(215)	14,785	14,651	134
Other Objects	4,150	-	4,150	3,924	226
Total Other Instructional Programs - Instruction	<u>85,155</u>	<u>11,181</u>	<u>96,336</u>	<u>95,976</u>	<u>360</u>
Community Services					
Salaries	8,000	(5,466)	2,534	2,534	-
Total Community Services	<u>8,000</u>	<u>(5,466)</u>	<u>2,534</u>	<u>2,534</u>	<u>-</u>
Total Instruction	<u>29,826,658</u>	<u>(17,070)</u>	<u>29,809,588</u>	<u>28,954,766</u>	<u>854,822</u>

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

EXHIBIT C-1

CURRENT EXPENDITURES (Continued)	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
Undistributed Expenditures					
Instruction					
Tuition to Other LEA's Within State - Regular		\$ 13,484	\$ 13,484	\$ 13,484	-
Tuition to Other LEA's Within State - Special	\$ 200,447	(52,000)	148,447	148,322	\$ 125
Tuition to County Sp Service and Regional Day School	400,000	(25,359)	374,641	374,641	-
Tuition to APSSD W/I State	4,070,000	(547,459)	3,522,541	3,506,941	15,600
Tuition - State Facilities	18,053	-	18,053	18,053	-
Total Tuition	4,688,500	(611,334)	4,077,166	4,061,441	15,725
Health Services					
Salaries	633,698	(17,308)	616,390	616,390	-
Purchased Professional and Technical Services	75,750	(1,589)	74,161	73,986	175
Supplies and Materials	50,371	(17,800)	32,571	26,001	6,570
Total Health Services	759,819	(36,697)	723,122	716,377	6,745
Other Supp. Svcs.-					
Speech, OT, PT and Related Services					
Salaries	738,620	(72,070)	666,550	666,550	-
Purchased Professional Educational Services	450,000	951,745	1,401,745	1,506,337	(104,592)
Supplies and Materials	8,500	1,910	10,410	10,225	185
Total Speech, OT, PT and Related Services	1,197,120	881,585	2,078,705	2,183,112	(104,407)
Other Supp. Svcs.-Extraord. Serv.					
Salaries	530,908	(30,546)	500,362	500,362	-
Purchased Professional-Educational Services	-	37,556	37,556	37,556	-
Total Other Support/Extraordinary Services	530,908	7,010	537,918	537,918	-
Other Supp. Svcs.-Guidance					
Salaries of Other Professional Staff	1,183,571	8,980	1,192,551	1,192,551	-
Salaries of Secretarial and Clerical Assistants	94,978	(923)	94,055	94,055	-
Other Purchased Professional and Technical Services	16,588	(6,782)	9,806	9,806	-
Other Purchased Services	2,230	(1,275)	955	780	175
Supplies and Materials	26,228	(17,438)	8,790	7,565	1,225
Other Objects	625	-	625	225	400
Total Other Support Services-Guidance	1,324,220	(17,438)	1,306,782	1,304,982	1,800
Other Supp. Svcs.-Child Study Teams					
Salaries of Other Professional Staff	1,377,112	(9,977)	1,367,135	1,363,905	3,230
Other Purchased Services	6,168	-	6,168	2,256	3,912
Supplies and Materials	12,800	100	12,900	12,071	829
Other Objects	100	-	100	-	100
Total Other Support Services-Child Study Teams	1,396,180	(9,877)	1,386,303	1,378,232	8,071
Improvement of Instruction					
Salaries of Other Professional Staff	30,000	-	30,000	12,003	17,997
Salaries of Secretarial and Clerical Assist.	134,962	798	135,760	135,760	-
Purchased Professional Educational Services	5,000	(798)	4,202	4,202	4,202
Other Purchased Services	5,546	-	5,546	3,286	2,260
Supplies and Materials	7,500	2,700	10,200	9,554	646
Other Objects	500	-	500	200	300
Total Improvement of Instruction	183,508	2,700	186,208	160,803	25,405
Educational Media Services/ School Library					
Salaries	464,274	3,085	467,359	465,614	1,745
Purchased Professional and Technical Services	20,650	(3,085)	17,565	14,788	2,777
Other Purchased Services	10,000	-	10,000	8,599	1,401
Supplies and Materials	42,510	1,886	44,396	19,449	24,947
Total Educational Media Services/ School Library	537,434	1,886	539,320	508,450	30,870
Instructional Staff Training Services					
Salaries of Other Professional Staff	5,000	-	5,000	-	5,000
Purchased Professional Educational Services	22,300	(7,196)	15,104	14,376	728
Other Purchased Services	22,000	(15,766)	6,234	5,054	1,180
Supplies and Materials	-	310	310	310	-
Total Instructional Staff Training Services	49,300	(22,652)	26,648	19,740	6,908

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

EXHIBIT C-1

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Support Services General Administration					
Salaries	\$ 698,738	-	\$ 698,738	\$ 680,559	\$ 18,179
Legal Services	165,000	(11,347)	153,653	145,591	8,062
Audit Fees	41,000	11,348	52,348	52,347	1
Purchased Technical Services	161,940	(6,188)	155,752	155,752	-
Communications/Telephone	101,615	(3,926)	97,689	94,574	3,115
BOE Other Purchased Services	11,000	(1,085)	9,915	5,044	4,871
Miscellaneous Purchased Services	1,300	244	1,544	1,544	-
General Supplies	13,500	-	13,500	5,743	7,757
Miscellaneous Expenditures	9,655	(144)	9,511	6,167	3,344
BOE Membership Dues and Fees	25,620	-	25,620	25,114	506
Total Support Services General Administration	1,229,368	(11,098)	1,218,270	1,172,435	45,835
Support Services School Administration					
Salaries of Principals and Assistant Principals	1,345,885	1,500	1,347,385	1,347,385	-
Salaries of Other Professional Staff	1,302,832	(1,500)	1,301,332	1,295,326	6,006
Salaries of Secretarial and Clerical Assistants	493,958	2,139	496,097	496,097	-
Other Purchased Services	91,224	(2,138)	89,086	82,899	6,187
Supplies and Materials	54,080	(10,834)	43,246	32,727	10,519
Other Objects	59,935	3,070	63,005	54,317	8,688
Total Support Services School Administration	3,347,914	(7,763)	3,340,151	3,308,751	31,400
Central Services					
Salaries	649,880	480	650,360	598,557	51,803
Purchased Professional Services	84,000	101,800	185,800	95,033	90,767
Purchased Technical Services	21,000	12,000	33,000	19,270	13,730
Miscellaneous Purchased Services	27,860	(6,469)	21,391	15,157	6,234
Supplies and Materials	10,000	5,000	15,000	10,696	4,304
Miscellaneous Expenditures	600	-	600	500	100
Total Undistributed Expenditures - Central Services	793,340	112,811	906,151	739,213	166,938
Admin. Info. Tech.					
Salaries	297,622	-	297,622	284,738	12,884
Purchased Technical Services	30,400	-	30,400	25,749	4,651
Supplies and Materials	35,000	(23,781)	11,219	11,218	1
Total Undistributed Expenditures - Admin. Info. Technology	363,022	(23,781)	339,241	321,705	17,536
Required Maintenance for School Facilities					
Salaries	436,518	12,480	448,998	414,177	34,821
Cleaning, Repair and Maintenance Services	312,500	235,032	547,532	445,831	101,701
General Supplies	215,000	521	215,521	114,913	100,608
Other Objects	3,650	-	3,650	462	3,188
Total Required Maint for School Facilities	967,668	248,033	1,215,701	975,383	240,318
Custodial Services					
Salaries	1,586,434	33,205	1,619,639	1,483,962	135,677
Salaries of Non-Instructional Aides	261,181	-	261,181	213,026	48,155
Purchased Professional and Technical Services	12,000	-	12,000	2,390	9,610
Cleaning, Repair and Maintenance Services	124,500	(29,303)	95,197	54,986	40,211
Rental of Land & Bldg. Oth. Than Lease Purch. Agreement	1,502	632	2,134	2,134	-
Property Insurance	313,514	17,500	331,014	330,991	23
Miscellaneous Purchased Services	7,500	(1,907)	5,593	5,593	-
General Supplies	130,000	(43,766)	86,234	86,234	-
Energy (Natural Gas)	243,000	(15,494)	227,506	227,506	-
Energy (Electricity)	830,000	76,960	906,960	739,976	166,984
Energy (Gasoline)	24,000	-	24,000	8,028	15,972
Other Objects	750	1,037	1,787	1,787	-
Total Custodial Services	3,534,381	38,864	3,573,245	3,156,613	416,632
Undistributed Expenditures - Care & Upkeep of Grounds					
Salaries	312,706	249	312,955	312,955	-
Cleaning, Repair, and Maintenance Services	45,750	(9,899)	35,851	35,851	-
General Supplies	24,657	(14,945)	9,712	9,712	-
Total Care & Upkeep of Grounds	383,113	(24,595)	358,518	358,518	-

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

EXHIBIT C-1

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures - Security					
Salaries	\$ 220,602	\$ (12,745)	\$ 207,857	\$ 207,857	-
Purchased Professional and Technical Services	12,725	(7,510)	5,215	5,215	-
General Supplies	50,321	(19,126)	31,195	31,195	-
Total Security	283,648	(39,381)	244,267	244,267	-
Student Transportation Services					
Salaries for Pupil Trans (Bet Home & Sch)-Sp Ed.	1,134,000	(5,429)	1,128,571	1,086,172	\$ 42,399
Salaries for Pupil Trans (Other Than Bet Home & Sch)	82,905	6,187	89,092	61,874	27,218
Other Purchased Professional and Technical Services	1,200	49	1,249	1,249	-
Cleaning, Repair and Maintenance Services	186,981	-	186,981	144,498	42,483
Lease Purchase Payments - School Buses	77,139	(10,000)	67,139	67,115	24
Contract. Serv. - Aid in Lieu Pymts-Charter Sch	2,000	-	2,000	2,000	-
Contr Serv(Oth. Than Bet Home & Sch)-Vend	22,500	-	22,500	15,205	7,295
Contr Serv(Special Education)-Vendors	380,000	350,000	730,000	637,137	92,863
Miscellaneous Purch. Services- Transportation	24,642	1,350	25,992	25,079	913
General Supplies	79,000	-	79,000	39,894	39,106
Other Objects	14,000	-	14,000	7,326	6,674
Total Student Transportation Services	2,004,367	342,157	2,346,524	2,087,549	258,975
Unallocated Employee Benefits					
Group Insurance	-	-	-	-	-
Social Security Contributions	790,796	9,536	800,332	800,332	-
Other Retirement Contributions - PERS	999,750	-	999,750	913,625	86,125
Other Retirement Contributions - Regular	27,456	(3,693)	23,763	23,763	-
Workmens Compensation	185,596	10,500	196,096	195,970	126
Health Benefits	11,855,973	(718,010)	11,137,963	11,035,331	102,632
Tuition Reimbursements	50,000	-	50,000	43,762	6,238
Other Employee Benefits	404,000	3,462	407,462	348,980	58,482
Unused Sick Payments to Terminated/Retired Staff	125,000	-	125,000	79,200	45,800
Total Unallocated Employee Benefits	14,438,571	(698,205)	13,740,366	13,440,963	299,403
On-Behalf TPAF - Non Budget					
Pension System Contributions-Normal	-	-	-	6,156,049	(6,156,049)
NCGI Premium	-	-	-	110,340	(110,340)
Long Term Disability Insurance	-	-	-	6,435	(6,435)
Post Retirement Benefits	-	-	-	2,324,716	(2,324,716)
Social Security Contributions	-	-	-	2,268,646	(2,268,646)
Total TPAF Pension and Social Security Contributions	-	-	-	10,866,186	(10,866,186)
Total Undistributed Expenditures	38,012,381	132,225	38,144,606	47,542,638	(9,398,032)
Total Current Expenditures	67,839,039	115,155	67,954,194	76,497,404	(8,543,210)
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures					
Instruction	10,000	3,777	13,777	13,777	-
Admin. Info. Tech	-	2,398	2,398	-	2,398
Care and Upkeep of Grounds	40,000	-	40,000	8,228	31,772
School Buses Acquired by Capital Lease (Non Budget)	-	-	-	155,563	(155,563)
School Buses - Special	-	10,000	10,000	10,000	-
Total Equipment	50,000	16,175	66,175	187,568	(121,393)
Facilities Acquisition and Construction Services					
Construction Services	-	1,071,196	1,071,196	1,071,196	-
Assessment for Debt Service on SDA Funding	88,649	-	88,649	88,649	-
Total Facilities Acquisition and Construction	88,649	1,071,196	1,159,845	1,159,845	-
Interest Deposit to Capital Reserve	6,000	-	6,000	-	6,000
Total Expenditures - Capital Outlay	144,649	1,087,371	1,232,020	1,347,413	(115,393)
Transfer of Funds to Charter Schools	21,811	20,780	42,591	42,591	-
Total Expenditures - General Fund	68,005,499	1,223,306	69,228,805	77,887,408	(8,658,603)

NUTLEY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	\$ (875,248)	\$ (1,223,306)	\$ (2,098,554)	\$ 787,222	\$ 2,885,776
Other Financing Sources (Uses)					
Proceeds from Capital Lease				155,563	155,563
Transfers In				48	48
Transfers Out	-	(1,100,000)	(1,100,000)	(1,100,000)	-
Total Other Financing Sources	-	(1,100,000)	(1,100,000)	(944,389)	155,611
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(875,248)	(2,323,306)	(3,198,554)	(157,167)	3,041,387
Fund Balance, Beginning of Year	7,834,126	-	7,834,126	7,834,126	-
Fund Balance, End of Year	\$ 6,958,878	\$ (2,323,306)	\$ 4,635,572	\$ 7,676,959	\$ 3,041,387
Recapitulation of Fund Balance					
Restricted					
Capital Reserve				\$ 1,267,866	
Maintenance Reserve				514,773	
Excess Surplus				256,644	
Excess Surplus - Designated for Subsequent Year's Budget				869,617	
Assigned					
Encumbrances				62,213	
Designated for Subsequent Year's Budget				2,640,961	
Unassigned				<u>2,064,885</u>	
Fund Balance (Budgetary Basis)				7,676,959	
Reconciliation to Governmental Fund Statements (GAAP)					
2019/2020 State Aid Payments Not Recognized on a GAAP Basis				<u>(2,253,789)</u>	
Fund Balance per Governmental Funds (GAAP Basis)				<u>\$ 5,423,170</u>	

**NUTLEY BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 531,192	\$ (25,844)	\$ 505,348	\$ 366,345	\$ (139,003)
Federal	1,127,530	334,854	1,462,384	1,211,442	(250,942)
Local Sources					
Miscellaneous	-	239,332	239,332	83,114	(156,218)
Total Revenues	<u>1,658,722</u>	<u>548,342</u>	<u>2,207,064</u>	<u>1,660,901</u>	<u>(546,163)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	337,945	(119,063)	218,882	169,687	49,195
Other Salaries for Instruction		566	566	566	-
Purchased Professional/Educational Services	318,679	(114,029)	204,650	154,948	49,702
Tuition	320,000	47,820	367,820	331,074	36,746
Other Purchased Services		-			-
General Supplies	22,968	99,037	122,005	78,980	43,025
Textbooks	34,070	(916)	33,154	32,476	678
Other Objects	-	199,072	199,072	60,630	138,442
Total Instruction	<u>1,033,662</u>	<u>112,487</u>	<u>1,146,149</u>	<u>828,361</u>	<u>317,788</u>
Support Services					
Salaries of Program Directors		5,245	5,245	4,000	1,245
Other Salaries		25,048	25,048	12,212	12,836
Employee Benefits		45,424	45,424	44,946	478
Purchased Professional/Educational Services	507,266	283,191	790,457	648,012	142,445
Other Purchased Services		30,333	30,333	13,027	-
Cleaning, Repairs and Maintenance		6,577	6,577	13,027	(6,450)
Travel		52,873	52,873	30,025	22,848
Supplies and Materials	117,794	(22,678)	95,116	44,647	50,469
Other Objects	-	2,407	2,407	700	1,707
Total Support Services	<u>625,060</u>	<u>428,420</u>	<u>1,053,480</u>	<u>827,902</u>	<u>225,578</u>
Facilities Acquisition and Construction					
Instructional Equipment		7,435	7,435	4,638	2,797
Non-Instructional Equipment	-	-	-	-	-
Total Facilities Acquisition	<u>-</u>	<u>7,435</u>	<u>7,435</u>	<u>4,638</u>	<u>2,797</u>
Total Expenditures	<u>1,658,722</u>	<u>548,342</u>	<u>2,207,064</u>	<u>1,660,901</u>	<u>546,163</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NUTLEY BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 revenues (budgetary basis)	C-1	\$ 78,674,630	C-2	\$ 1,660,901
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, 2019 Encumbrances				13,554
Less: June 30, 2020 Encumbrances				(29,593)
State Aid payments recognized for GAAP Statements, not recognized for budgetary purposes.		1,912,098		
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements.		<u>(2,253,789)</u>		<u>-</u>
 Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	 B-2	 <u>\$ 78,332,939</u>	 B-2	 <u>\$ 1,644,862</u>
 Uses/Outflows of Resources				
Actual expenditures (budgetary basis)	C-1	\$ 77,887,408	C-2	\$ 1,660,901
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, 2019 Encumbrances				13,554
Less: June 30, 2020 Encumbrances		<u>-</u>		<u>(29,593)</u>
 Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	 B-2	 <u>\$ 77,887,408</u>	 B-2	 <u>\$ 1,644,862</u>

REQUIRED SUPPLEMENTARY INFORMATION PART III
PENSION AND OTHER POST-EMPLOYMENT BENEFITS INFORMATION

**NUTLEY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
Last Seven Fiscal Years ***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.09343%	0.09711%	0.09389%	0.09757%	0.09695%	0.09608%	0.09415%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 16,834,508	\$ 19,121,430	\$ 21,856,981	\$ 28,898,604	\$ 21,763,777	\$ 17,988,448	\$ 17,993,580
District's Covered-Employee Payroll	\$ 6,647,060	\$ 6,638,316	\$ 6,633,093	\$ 6,498,740	\$ 6,571,992	\$ 6,569,878	\$ 6,550,921
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	253.26%	288.05%	329.51%	444.68%	331.16%	273.80%	274.67%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.27%	53.60%	48.10%	40.14%	47.93%	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 Seven Fiscal Years**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 908,795	\$ 965,979	\$ 869,826	\$ 866,833	\$ 833,527	\$ 792,054	\$ 709,387
Contributions in Relation to the Contractually Required Contributions	<u>908,795</u>	<u>965,979</u>	<u>869,826</u>	<u>866,833</u>	<u>833,527</u>	<u>792,054</u>	<u>709,387</u>
Contribution Deficiency (Excess)	<u>\$ -</u>						
District's Covered- Employee Payroll	\$ 6,739,622	\$ 6,647,060	\$ 6,638,316	\$ 6,633,093	\$ 6,498,740	\$ 6,571,992	\$ 6,569,878
Contributions as a Percentage of Covered-Employee Payroll	13.48%	14.53%	13.10%	13.07%	12.83%	12.05%	10.80%

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 Seven Fiscal Years ***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.00%	0.00%	0.00%	0.00%	0.00%	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>171,322,226</u>	<u>173,098,747</u>	<u>184,723,672</u>	<u>213,178,883</u>	<u>168,635,838</u>	<u>146,676,355</u>	<u>139,153,451</u>
Total	<u>\$ 171,322,226</u>	<u>\$ 173,098,747</u>	<u>\$ 184,723,672</u>	<u>\$ 213,178,883</u>	<u>\$ 168,635,838</u>	<u>\$ 146,676,355</u>	<u>\$ 139,153,451</u>
District's Covered-Employee Payroll	\$ 29,324,891	\$ 29,838,161	\$ 29,130,675	\$ 27,882,556	\$ 27,968,425	\$ 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%	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.95%	26.49%	25.41%	22.33%	28.71%	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, 2020**

Change of Benefit Terms: None.

Change of Assumptions: Assumptions used in calculating the net pension liability and statutorily required employer contribution are presented in Note 5d.

**NUTLEY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF
TOTAL OTHER POSTEMPLOYMENT BENEFIT LIABILITY**

Postemployment Health Benefit Plan

Last Three Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service Cost	\$ 4,711,430	\$ 5,145,343	\$ 6,183,524
Interest on Total OPEB Liability	4,857,983	5,209,364	4,504,970
Changes of Benefit Terms			-
Differences Between Expected and Actual Experience	(20,910,038)	(12,645,671)	-
Changes of Assumptions	1,632,111	(14,049,762)	(18,751,543)
Gross Benefit Payments	(3,360,205)	(3,273,806)	(3,432,841)
Contribution from the Member	<u>99,606</u>	<u>113,148</u>	<u>126,406</u>
Net Change in Total OPEB Liability	(12,969,113)	(19,501,384)	(11,369,484)
Total OPEB Liability - Beginning of Year	<u>122,432,675</u>	<u>141,934,059</u>	<u>153,303,543</u>
Total OPEB Liability - End of Year	<u>\$ 109,463,562</u>	<u>\$ 122,432,675</u>	<u>\$ 141,934,059</u>
District's Proportionate Share of OPEB Liability	-	-	-
State's Proportionate Share of OPEB Liability	<u>\$ 109,463,562</u>	<u>\$ 122,432,675</u>	<u>\$ 141,934,059</u>
Total OPEB Liability - Ending	<u>\$ 109,463,562</u>	<u>\$ 122,432,675</u>	<u>\$ 141,934,059</u>
District's Covered-Employee Payroll	<u>\$ 35,971,951</u>	<u>\$ 36,476,477</u>	<u>\$ 35,763,768</u>
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	<u>0%</u>	<u>0%</u>	<u>0%</u>

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

*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. 75. 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 CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Changes in Benefit Terms:

None.

Changes of Assumptions

Assumptions used in calculating the OPEB liability are presented in Note 5e.

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, 2020

	Nonpublic Textbooks	N.J. Nonpublic Auxiliary			NJ Nonpublic Handicapped			Nonpublic Nursing	Nonpublic Technology	Sub-Total	
		Compensatory Education	ESL	Transportation	Home Instruction	Supplemental Instruction	Examination/ Classification				Corrective Speech
REVENUES											
State Sources	\$ 32,476	\$ 90,773	\$ 414	\$ 30,333	\$ 811	\$ 36,994	\$ 25,081	\$ 14,582	\$ 61,013	\$ 22,644	\$ 315,121
Federal Sources	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	<u>\$ 32,476</u>	<u>\$ 90,773</u>	<u>\$ 414</u>	<u>\$ 30,333</u>	<u>\$ 811</u>	<u>\$ 36,994</u>	<u>\$ 25,081</u>	<u>\$ 14,582</u>	<u>\$ 61,013</u>	<u>\$ 22,644</u>	<u>\$ 315,121</u>
EXPENDITURES											
Instruction:											
Salaries of Teachers											-
Purchased Prof. and Technical Services											-
Purchased Professional Educational Services		\$ 90,773	\$ 414		\$ 811	\$ 36,994		\$ 14,582			\$ 143,574
Tuition											-
General Supplies										\$ 22,644	22,644
Textbooks	\$ 32,476										32,476
Other Objects	-	-	-	-	-	-	-	-	-	-	-
Total Instruction	<u>32,476</u>	<u>90,773</u>	<u>414</u>	<u>-</u>	<u>811</u>	<u>36,994</u>	<u>-</u>	<u>14,582</u>	<u>-</u>	<u>22,644</u>	<u>198,694</u>
Support Services											
Employee Benefits											-
Purchased Professional Educational Services							\$ 25,081		\$ 61,013		86,094
Other Purchased Services				\$ 30,333							30,333
Supplies and Materials	-	-	-	-	-	-	-	-	-	-	-
Total Support Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,333</u>	<u>-</u>	<u>-</u>	<u>25,081</u>	<u>-</u>	<u>61,013</u>	<u>-</u>	<u>116,427</u>
Facilities Acquisition and Instructional Equipment	-	-	-	-	-	-	-	-	-	-	-
Total Facilities Acquisition	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 32,476</u>	<u>\$ 90,773</u>	<u>\$ 414</u>	<u>\$ 30,333</u>	<u>\$ 811</u>	<u>\$ 36,994</u>	<u>\$ 25,081</u>	<u>\$ 14,582</u>	<u>\$ 61,013</u>	<u>\$ 22,644</u>	<u>\$ 315,121</u>

**NUTLEY BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Title I</u>	<u>Title II A</u>	<u>Title III</u>	<u>Title III Immigrant</u>	<u>Title IV</u>	<u>Perkins Vocational Education</u>	<u>IDEA B Basic</u>	<u>IDEA B Preschool</u>	<u>CARES</u>	<u>Sub-Total</u>
REVENUES										
State Sources										
Federal Sources	\$ 238,071	\$ 60,538	\$ 20,074	\$ 2,186	\$ 1,059	\$ 15,481	\$ 825,672	\$ 41,911	\$ 6,450	\$ 1,211,442
Other	-	-	-	-	-	-	-	-	-	-
Total Revenues	<u>\$ 238,071</u>	<u>\$ 60,538</u>	<u>\$ 20,074</u>	<u>\$ 2,186</u>	<u>\$ 1,059</u>	<u>\$ 15,481</u>	<u>\$ 825,672</u>	<u>\$ 41,911</u>	<u>\$ 6,450</u>	<u>\$ 1,211,442</u>
EXPENDITURES										
Instruction:										
Salaries of Teachers	\$ 154,739		\$ 12,512			\$ 1,000				\$ 168,251
Other Salaries for Instruction										-
Purchased Professional Educational Services	9,860					1,514				11,374
Tuition							\$ 289,163	\$ 41,911		331,074
Other Purchased Services										-
General Supplies	6,452		2,839	\$ 2,186		5,754	18,623			35,854
Textbooks										-
Other Objects	-	-	-	-	-	-	-	-	-	-
Total Instruction	<u>171,051</u>	<u>-</u>	<u>15,351</u>	<u>2,186</u>	<u>-</u>	<u>8,268</u>	<u>307,786</u>	<u>41,911</u>	<u>-</u>	<u>546,553</u>
Support Services										
Salaries of Program Directors	4,000									4,000
Other Salaries	11,603		234			375				12,212
Employee Benefits	40,457		4,489							44,946
Purchased Professional Educational Services		\$ 47,500			\$ 1,059		513,359			561,918
Other Purchased Services										-
Cleaning, Repairs and Maintenance									\$ 6,450	6,450
Travel	10,960	13,038				1,500	4,527			30,025
Supplies and Materials										-
Other Objects	-	-	-	-	-	700	-	-	-	700
Total Support Services	<u>67,020</u>	<u>60,538</u>	<u>4,723</u>	<u>-</u>	<u>1,059</u>	<u>2,575</u>	<u>517,886</u>	<u>-</u>	<u>6,450</u>	<u>660,251</u>
Facilities Acquisition and Construction Services										
Instructional Equipment						4,638				4,638
Non-Instructional Equipment	-	-	-	-	-	-	-	-	-	-
Total Facilities Acquisition	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,638</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,638</u>
Total Expenditures	<u>\$ 238,071</u>	<u>\$ 60,538</u>	<u>\$ 20,074</u>	<u>\$ 2,186</u>	<u>\$ 1,059</u>	<u>\$ 15,481</u>	<u>\$ 825,672</u>	<u>\$ 41,911</u>	<u>\$ 6,450</u>	<u>\$ 1,211,442</u>

NUTLEY BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Nonpublic Security</u>	<u>Other</u>	<u>Page 1 Subtotal</u>	<u>Page 2 Subtotal</u>	<u>Total</u>
REVENUES					
State Sources	\$ 51,224		\$ 315,121		\$ 366,345
Federal Sources				\$ 1,211,442	1,211,442
Other	-	\$ 83,114	-	-	83,114
Total Revenues	<u>\$ 51,224</u>	<u>\$ 83,114</u>	<u>\$ 315,121</u>	<u>\$ 1,211,442</u>	<u>\$ 1,660,901</u>
EXPENDITURES					
Instruction:					
Salaries of Teachers		\$ 1,436		\$ 168,251	\$ 169,687
Other Salaries for Instruction		566			566
Purchased Professional Educational Services			\$ 143,574	11,374	154,948
Tuition				331,074	331,074
Other Purchased Services					-
General Supplies		20,482	22,644	35,854	78,980
Textbooks			32,476		32,476
Other Objects	-	60,630	-	-	60,630
Total Instruction	<u>-</u>	<u>83,114</u>	<u>198,694</u>	<u>546,553</u>	<u>828,361</u>
Support Services					
Salaries of Program Directors				4,000	4,000
Other Salaries				12,212	12,212
Employee Benefits				44,946	44,946
Purchased Professional Educational Services			86,094	561,918	648,012
Other Purchased Services			30,333		30,333
Cleaning, Repairs and Maintenance	\$ 6,577			6,450	13,027
Travel				30,025	30,025
Supplies and Materials	44,647				44,647
Other Objects	-	-	-	700	700
Total Support Services	<u>51,224</u>	<u>-</u>	<u>116,427</u>	<u>660,251</u>	<u>827,902</u>
Facilities Acquisition and Construction Services					
Instructional Equipment				4,638	4,638
Non-Instructional Equipment	-	-	-	-	-
Total Facilities Acquisition	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,638</u>	<u>4,638</u>
Total Expenditures	<u>\$ 51,224</u>	<u>\$ 83,114</u>	<u>\$ 315,121</u>	<u>\$ 1,211,442</u>	<u>\$ 1,660,901</u>

CAPITAL PROJECTS FUND

**NUTLEY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<u>Project Description</u>	<u>Appropriation</u>	<u>Expenditures to Date</u>		<u>Balance June 30, 2020</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Nutley High School Oval Project	\$ 300,000		\$ 72,427	\$ 227,573
Yantacaw School Secure Entrance	600,000			600,000
Nutley High School Media Center	200,000			200,000
John Walker Middle School Parking Lot	<u>550,000</u>	<u>\$ 17,026</u>	<u>13,201</u>	<u>519,773</u>
	<u>\$ 1,650,000</u>	<u>\$ 17,026</u>	<u>\$ 85,628</u>	<u>\$ 1,547,346</u>
Project Balances, June 30, 2020				\$ 1,547,346
Cancelled SDA Grant				<u>(12,804)</u>
Fund Balance, June 30, 2020				<u>\$ 1,534,542</u>
 Recapitulation of Fund Balance				
Restricted for Capital Projects				
Encumbrances				\$ 1,086,034
Available for Capital Projects				<u>448,508</u>
Total Fund Balance - Restricted for Capital Projects				<u>\$ 1,534,542</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, 2020**

Revenues and Other Financing Sources	
Transfer from Capital Reserve	\$ 1,100,000
Interest on Investments	<u>48</u>
 Total Revenues and Other Financing Sources	 <u>1,100,048</u>
 Expenditures and Other Financing Uses	
Purchased Professional and Technical Services	85,628
SDA Grant Receivable Cancelled	12,804
Transfer Out	<u>48</u>
 Total Expenditures and Other Financing Uses	 <u>98,480</u>
 Excess of Expenditures and Other Financing Uses Over Revenues and Other Financing Sources	 1,001,568
 Fund Balance, Beginning of Year	 <u>532,974</u>
 Fund Balance, End of Year	 <u>\$ 1,534,542</u>

**NUTLEY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
NUTLEY HIGH SCHOOL OVAL PROJECT
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources				
Transfer from Capital Reserve	\$ -	\$ 300,000	\$ 300,000	\$ 300,000
Total Revenues and Other Financing Sources	<u>-</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services		72,427	72,427	80,000
Construction Services	-	-	-	220,000
Total Expenditures and Other Financing Uses	<u>-</u>	<u>72,427</u>	<u>72,427</u>	<u>300,000</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ -</u>	<u>\$ 227,573</u>	<u>\$ 227,573</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bonds Authorization Date	N/A
Original Authorized Cost	\$ 300,000
Revised Authorized Cost	\$ 300,000
Percentage Completion	24%
Original Target Completion Date	6/30/2021
Revised Target Completion Date	6/30/2021

**NUTLEY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
YANTACAW SCHOOL SECURE ENTRANCE
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources				
Transfer from Capital Reserve	\$ -	\$ 600,000	\$ 600,000	\$ 600,000
Total Revenues and Other Financing Sources	<u>-</u>	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services				-
Construction Services	-	-	-	<u>600,000</u>
Total Expenditures and Other Financing Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>600,000</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ -</u>	<u>\$ 600,000</u>	<u>\$ 600,000</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bonds Authorization Date	N/A
Original Authorized Cost	\$ 600,000
Revised Authorized Cost	\$ 600,000
Percentage Completion	0%
Original Target Completion Date	6/30/2021
Revised Target Completion Date	6/30/2021

**NUTLEY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
NUTLEY HIGH SCHOOL MEDIA CENTER
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources				
Transfer from Capital Reserve	\$ -	\$ 200,000	\$ 200,000	\$ 200,000
Total Revenues and Other Financing Sources	-	200,000	200,000	200,000
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services				-
Construction Services	-	-	-	200,000
Total Expenditures and Other Financing Uses	-	-	-	200,000
Excess (Deficiency) of Revenues over (under) Expenditures	\$ -	\$ 200,000	\$ 200,000	\$ -

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bonds Authorization Date	N/A
Original Authorized Cost	\$ 200,000
Revised Authorized Cost	\$ 200,000
Percentage Completion	0%
Original Target Completion Date	6/30/2021
Revised Target Completion Date	6/30/2021

**NUTLEY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
PARKING LOT - JOHN WALKER MIDDLE SCHOOL
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources				
Transfer from Capital Reserve	\$ 550,000	-	\$ 550,000	\$ 550,000
Total Revenues and Other Financing Sources	<u>550,000</u>	<u>-</u>	<u>550,000</u>	<u>550,000</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	17,026	\$ 13,201	30,227	50,000
Construction Services	-	-	-	<u>500,000</u>
Total Expenditures and Other Financing Uses	<u>17,026</u>	<u>13,201</u>	<u>30,227</u>	<u>550,000</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ 532,974</u>	<u>\$ (13,201)</u>	<u>\$ 519,773</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bonds Authorization Date	N/A
Original Authorized Cost	\$ 1,000,000
Revised Authorized Cost	\$ 550,000
Percentage Completion	5%
Original Target Completion Date	June 30, 2017
Revised Target Completion Date	June 30, 2021

PROPRIETARY FUND

EXHIBIT G-1

**NUTLEY BOARD OF EDUCATION
PROPRIETARY FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2020**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2020**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 190,884	\$ 444,705	\$ 635,589
Total Assets	<u>\$ 190,884</u>	<u>\$ 444,705</u>	<u>\$ 635,589</u>
LIABILITIES			
Payroll Deductions and Withholdings Payable		\$ 444,111	\$ 444,111
Due To Other Funds		594	594
Due to Student Groups	<u>\$ 190,884</u>	<u>-</u>	<u>190,884</u>
Total Liabilities	<u>\$ 190,884</u>	<u>\$ 444,705</u>	<u>\$ 635,589</u>

**NUTLEY BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2020**

	<u>Balance</u> <u>July 1, 2019</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disburse-</u> <u>ments</u>	<u>Balance</u> <u>June 30, 2020</u>
ELEMENTARY SCHOOLS				
Lincoln	\$ 2,744	\$ 9,733	\$ 10,013	\$ 2,464
Radcliffe	724	8,818	4,900	4,642
Spring Garden	5,191	5,460	4,069	6,582
Washington	1,044	10,084	9,469	1,659
Yantacaw	<u>13,958</u>	<u>2,939</u>	<u>2,100</u>	<u>14,797</u>
	<u>23,661</u>	<u>37,034</u>	<u>30,551</u>	<u>30,144</u>
MIDDLE SCHOOL				
John Walker	<u>16,264</u>	<u>27,986</u>	<u>31,853</u>	<u>12,397</u>
HIGH SCHOOL				
Nutley High School	<u>186,163</u>	<u>71,172</u>	<u>108,992</u>	<u>148,343</u>
TOTAL ALL SCHOOLS	<u>\$ 226,088</u>	<u>\$ 136,192</u>	<u>\$ 171,396</u>	<u>\$ 190,884</u>

EXHIBIT H-4

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Balance,</u> <u>July 1,</u> <u>2019</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance,</u> <u>June 30,</u> <u>2020</u>
Payroll Deductions, Withholdings and Accrued Salaries and Wages	\$ 315,670	\$ 48,004,591	\$ 47,876,150	\$ 444,111
Due To Other Funds	<u>532</u>	<u>3,177</u>	<u>3,115</u>	<u>594</u>
Total	<u>\$ 316,202</u>	<u>\$ 48,007,768</u>	<u>\$ 47,879,265</u>	<u>\$ 444,705</u>

LONG-TERM DEBT

**NUTLEY BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<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, 2019</u>	<u>Issued</u>	<u>Paid</u>	<u>Balance June 30, 2020</u>
Series 2012 Refunding Bonds	12/27/2012	\$ 10,000,000	8/15/20	\$ 650,000	3.00 %				
			8/15/21-23	650,000	4.00				
			8/15/24	645,000	4.00				
			8/15/25	660,000	3.50				
			8/15/26	660,000	3.25				
			8/15/27	650,000	3.25				
			8/15/28	645,000	4.00				
			8/15/29	640,000	4.00	\$ 7,155,000	\$ 655,000	\$ 6,500,000	
Series 2013 Refunding Bonds	01/03/2013	1,860,000	8/15/20	190,000	3.00				
			8/15/21	195,000	2.25				
			8/15/22	190,000	2.25				
			8/15/23	185,000	2.25	945,000	185,000	760,000	
Series 2015 Refunding Bonds	04/08/15	\$ 30,445,000	7/15/20	1,365,000	2.00-4.00 %				
			7/15/21	1,435,000	2.50-5.00				
			7/15/22	1,500,000	2.50-5.00				
			7/15/23	1,580,000	2.50-5.00				
			7/15/24	1,660,000	2.75-5.00				
			7/15/25	1,960,000	3.00-5.00				
			7/15/26	2,040,000	3.50				
			7/15/27	2,135,000	4.00				
			7/15/28	2,245,000	4.00				
			7/15/29	2,360,000	4.00				
			7/15/30	2,475,000	4.00				
			7/15/31	3,260,000	4.00				
			7/15/32	3,380,000	4.00	\$ 28,695,000	-	\$ 1,300,000	\$ 27,395,000
			\$ 36,795,000	\$ -	\$ 2,140,000	\$ 34,655,000			

**NUTLEY BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<u>Purpose</u>	<u>Original Issue</u>	<u>Balance, July 1, 2019</u>	<u>Issued</u>	<u>Paid</u>	<u>Balance, June 30, 2020</u>
School Buses (2)	135,761	\$ 16,733		\$ 16,733	\$ -
2017 School Bus	85,000	24,944		12,288	12,656
School Bus	75,880	46,754		14,938	31,816
School Bus	78,419	68,419		15,848	52,571
School Buses (2)	155,563	-	\$ 155,563	10,000	145,563
		\$ 156,850	\$ 155,563	\$ 69,807	\$ 242,606

**NUTLEY BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<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	\$ 2,795,308		\$ 2,795,308	\$ 2,795,308	
State Sources					
Debt Service Aid	<u>800,920</u>	<u>-</u>	<u>800,920</u>	<u>800,920</u>	<u>-</u>
Total Revenues	<u>3,596,228</u>	<u>-</u>	<u>3,596,228</u>	<u>3,596,228</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	2,140,000		2,140,000	2,140,000	
Interest	<u>1,456,240</u>	<u>-</u>	<u>1,456,240</u>	<u>1,326,226</u>	<u>\$ 130,014</u>
Total Expenditures	<u>3,596,240</u>	<u>-</u>	<u>3,596,240</u>	<u>3,466,226</u>	<u>130,014</u>
Excess (Deficit) of Revenues Over (Under) Expenditures	(12)	-	(12)	130,002	130,014
Fund Balance, Beginning of Year (Deficit)	<u>(129,999)</u>	<u>-</u>	<u>(129,999)</u>	<u>(129,999)</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (130,011)</u>	<u>\$ -</u>	<u>\$ (130,011)</u>	<u>\$ 3</u>	<u>\$ 130,014</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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities										
Net Investment In Capital Assets	\$ 17,533,190	\$ 17,943,222	\$ 18,517,662	\$ 18,590,958	\$ 18,540,094	\$ 19,313,537	\$ 20,801,024	\$ 20,707,017	\$ 22,071,442	\$ 23,328,725
Restricted	98,770	124,182	1,175,583	2,676,310	3,492,729	4,864,909	5,012,012	5,060,927	3,394,063	3,317,184
Unrestricted	(2,166,905)	9,923	2,111,252	(15,840,785)	(16,363,514)	(16,909,567)	(20,671,996)	(21,503,149)	(20,654,477)	(19,732,367)
Total Governmental Activities Net Position	\$ 15,465,055	\$ 18,077,327	\$ 21,804,497	\$ 5,426,483	\$ 5,669,309	\$ 7,268,879	\$ 5,141,040	\$ 4,264,795	\$ 4,811,028	\$ 6,913,542
Business-Type Activities										
Net Investment In Capital Assets	\$ 9,844	\$ 8,363	\$ 114,056	\$ 99,715	\$ 98,186	\$ 90,147	\$ 77,694	\$ 109,349	\$ 97,257	\$ 72,493
Unrestricted	79,524	197,161	373,744	587,550	786,662	1,038,986	1,241,168	1,417,498	1,270,929	825,345
Total Business-Type Activities Net Position	\$ 89,368	\$ 205,524	\$ 487,800	\$ 687,265	\$ 884,848	\$ 1,129,133	\$ 1,318,862	\$ 1,526,847	\$ 1,368,186	\$ 897,838
District-Wide										
Net Investment In Capital Assets	\$ 17,543,034	\$ 17,951,585	\$ 18,631,718	\$ 18,690,673	\$ 18,638,280	\$ 19,403,684	\$ 20,878,718	\$ 20,816,366	\$ 22,168,699	\$ 23,401,218
Restricted	98,770	124,182	1,175,583	2,676,310	3,492,729	4,864,909	5,012,012	5,060,927	3,394,063	3,317,184
Unrestricted	(2,087,381)	207,084	2,484,996	(15,253,235)	(15,576,852)	(15,870,581)	(19,430,828)	(20,085,651)	(19,383,548)	(18,907,022)
Total District Net Position	\$ 15,554,423	\$ 18,282,851	\$ 22,292,297	\$ 6,113,748	\$ 6,554,157	\$ 8,398,012	\$ 6,459,902	\$ 5,791,642	\$ 6,179,214	\$ 7,811,380

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

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 27,081,240	\$ 26,758,166	\$ 27,419,378	\$ 28,391,303	\$ 33,504,690	\$ 34,587,775	\$ 39,615,017	\$ 39,630,862	\$ 36,846,477	\$ 36,022,418
Special Education	8,725,614	9,528,464	10,429,282	10,727,289	12,894,166	12,965,002	14,753,414	16,024,335	15,955,511	16,067,749
Other Instruction	1,233,574	1,389,023	1,466,465	1,294,381	1,411,766	1,598,362	1,845,551	1,891,637	1,587,816	1,556,551
School Sponsored Activities And Athletics	1,168,815	1,235,319	1,260,343	1,329,760	1,666,089	1,777,672	1,853,132	1,934,689	1,962,757	1,860,377
Community Services	7,487	11,555	14,010	22,149	14,725	8,178	10,053	10,711	5,262	4,543
Support Services										
Student And Instruction Related Services	6,565,253	6,865,496	7,196,414	7,553,144	8,502,186	9,071,293	10,525,535	10,983,302	10,760,509	11,057,920
General Administration	1,743,098	1,981,393	2,116,336	2,076,679	2,177,346	2,038,030	2,255,573	2,451,486	2,155,337	2,194,904
School Administrative Services	4,213,992	4,013,565	3,971,209	4,072,242	4,639,417	5,013,306	5,732,435	5,860,531	5,279,558	5,121,879
Plant Operations And Maintenance	5,428,247	5,147,653	5,348,366	5,544,444	5,647,257	5,807,656	6,513,129	7,453,672	6,973,333	6,271,313
Pupil Transportation	2,086,203	2,033,798	1,981,555	2,254,536	2,499,702	2,463,922	2,441,456	2,843,524	2,679,826	2,643,556
Business Services	1,500,226	1,267,237	1,245,684	1,330,423	1,436,409	1,650,848	1,796,514	1,772,934	1,669,012	1,450,238
Interest On Long-Term Debt	2,281,324	2,241,443	2,402,651	1,895,079	1,843,704	1,678,057	1,633,618	1,559,545	1,487,793	1,413,201
Total Governmental Activities Expenses	<u>62,035,073</u>	<u>62,473,112</u>	<u>64,851,693</u>	<u>66,491,429</u>	<u>76,237,457</u>	<u>78,660,101</u>	<u>88,975,427</u>	<u>92,417,228</u>	<u>87,363,191</u>	<u>85,664,649</u>
Business-Type Activities:										
Food Service	1,110,276	960,177	899,942	918,360	846,273	916,514	988,220	940,782	1,112,733	895,514
Extended Day	613,967	623,930	655,239	690,063	836,125	854,554	940,362	899,588	1,057,490	1,102,030
Athletic Camps	17,690	16,836	11,768	15,558	-	-	3,189	590	-	-
Total Business-Type Activities Expense	<u>1,741,933</u>	<u>1,600,943</u>	<u>1,566,949</u>	<u>1,623,981</u>	<u>1,682,398</u>	<u>1,771,068</u>	<u>1,931,771</u>	<u>1,840,960</u>	<u>2,170,223</u>	<u>1,997,544</u>
Total District Expenses	<u>\$ 63,777,006</u>	<u>\$ 64,074,055</u>	<u>\$ 66,418,642</u>	<u>\$ 68,115,410</u>	<u>\$ 77,919,855</u>	<u>\$ 80,431,169</u>	<u>\$ 90,907,198</u>	<u>\$ 94,258,188</u>	<u>\$ 89,533,414</u>	<u>\$ 87,662,193</u>
Program Revenues										
Governmental Activities:										
Charges For Services:										
Instruction (Tuition)	\$ 158,071	\$ 130,494	\$ 167,909	\$ 166,386	\$ 242,148	\$ 153,876	\$ 143,067	\$ 132,071	\$ 148,273	\$ 99,158
Pupil Transportation	42,300	53,493	41,220	44,170	44,970	9,100	10,000			
Operating Grants And Contributions	8,482,649	8,677,804	10,130,902	9,372,573	16,734,781	19,664,224	25,544,164	28,962,962	23,778,116	21,064,189
Capital Grants And Contributions	65,814	-	567,532						275,552	
Total Governmental Activities Program Revenues	<u>8,748,834</u>	<u>8,861,791</u>	<u>10,907,563</u>	<u>9,583,129</u>	<u>17,021,899</u>	<u>19,827,200</u>	<u>25,697,231</u>	<u>29,095,033</u>	<u>24,201,941</u>	<u>21,163,347</u>
Business-Type Activities:										
Charges For Services										
Food Service	736,107	768,611	688,996	785,006	761,257	741,578	788,858	678,410	732,606	632,133
Extended Day	647,590	714,196	818,730	916,906	891,490	1,016,495	1,067,012	1,126,078	1,036,410	629,092
Athletic Camps	18,975	19,330	8,825	15,900	1,700					
Operating Grants And Contributions	188,453	214,863	225,396	236,632	230,530	257,066	265,290	241,031	226,275	272,525
Total Business Type Activities Program Revenues	<u>1,591,125</u>	<u>1,717,000</u>	<u>1,741,947</u>	<u>1,954,444</u>	<u>1,884,977</u>	<u>2,015,139</u>	<u>2,121,160</u>	<u>2,045,519</u>	<u>1,995,291</u>	<u>1,533,750</u>
Total District Program Revenues	<u>\$ 10,339,959</u>	<u>\$ 10,578,791</u>	<u>\$ 12,649,510</u>	<u>\$ 11,537,573</u>	<u>\$ 18,906,876</u>	<u>\$ 21,842,339</u>	<u>\$ 27,818,391</u>	<u>\$ 31,140,552</u>	<u>\$ 26,197,232</u>	<u>\$ 22,697,097</u>

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

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net (Expense)/Revenue										
Governmental Activities	\$ (53,286,239)	\$ (53,611,321)	\$ (53,944,130)	\$ (56,908,300)	\$ (59,215,558)	\$ (58,832,901)	\$ (63,278,196)	\$ (63,322,195)	\$ (63,161,250)	\$ (64,501,302)
Business-Type Activities	(150,808)	116,057	174,998	330,463	202,579	244,071	189,389	204,559	(174,932)	(463,794)
Total District-Wide Net Expense	<u>\$ (53,437,047)</u>	<u>\$ (53,495,264)</u>	<u>\$ (53,769,132)</u>	<u>\$ (56,577,837)</u>	<u>\$ (59,012,979)</u>	<u>\$ (58,588,830)</u>	<u>\$ (63,088,807)</u>	<u>\$ (63,117,636)</u>	<u>\$ (63,336,182)</u>	<u>\$ (64,965,096)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 50,112,604	\$ 51,056,143	\$ 52,016,386	\$ 52,931,802	\$ 53,867,824	\$ 54,765,838	\$ 55,912,921	\$ 56,905,643	\$ 57,983,872	\$ 60,449,059
State Aid Unrestricted	3,119,283	3,936,364	4,348,256	4,332,821	4,421,065	4,436,197	4,454,961	4,579,410	4,499,607	4,840,795
Restricted Grants And Contributions	828,388	826,730	824,615	823,700	822,251	821,929	724,855	783,837	792,590	800,920
Miscellaneous Income	210,434	461,504	414,967	435,543	391,327	435,680	400,478	492,651	431,414	482,061
Loss on Disposal of Capital Assets		(57,148)	-	-	(22,215)	(27,173)	(52,079)			
Transfers	(100,000)	-	-	-						
Total Governmental Activities	<u>54,170,709</u>	<u>56,223,593</u>	<u>57,604,224</u>	<u>58,523,866</u>	<u>59,480,252</u>	<u>60,432,471</u>	<u>61,441,136</u>	<u>62,761,541</u>	<u>63,707,483</u>	<u>66,572,835</u>
Business-Type Activities:										
Investment Earnings	\$ 154	\$ 99	\$ 104	\$ 122	\$ 140	\$ 214	\$ 340	\$ 5,019	\$ 16,271	\$ 7,821
Loss on Disposal of Capital Assets					(5,136)			(1,593)		
Transfers	100,000	-	-	-	-	-	-	-	-	-
Total Business-Type Activities	<u>100,154</u>	<u>99</u>	<u>104</u>	<u>122</u>	<u>(4,996)</u>	<u>214</u>	<u>340</u>	<u>3,426</u>	<u>16,271</u>	<u>7,821</u>
Total District-Wide	<u>\$ 54,270,863</u>	<u>\$ 56,223,692</u>	<u>\$ 57,604,328</u>	<u>\$ 58,523,988</u>	<u>\$ 59,475,256</u>	<u>\$ 60,432,685</u>	<u>\$ 61,441,476</u>	<u>\$ 62,764,967</u>	<u>\$ 63,723,754</u>	<u>\$ 66,580,656</u>
Change in Net Position										
Governmental Activities	\$ 884,470	\$ 2,612,272	\$ 3,660,094	\$ 1,615,566	\$ 264,694	\$ 1,599,570	\$ (1,837,060)	\$ (560,654)	\$ 546,233	\$ 2,071,533
Business-Type Activities	(50,654)	116,156	175,102	330,585	197,583	244,285	189,729	207,985	(158,661)	(455,973)
Total District	<u>\$ 833,816</u>	<u>\$ 2,728,428</u>	<u>\$ 3,835,196</u>	<u>\$ 1,946,151</u>	<u>\$ 462,277</u>	<u>\$ 1,843,855</u>	<u>\$ (1,647,331)</u>	<u>\$ (352,669)</u>	<u>\$ 387,572</u>	<u>\$ 1,615,560</u>

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

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Restricted	\$ 876,583	\$ 2,010,762	\$ 3,563,000	\$ 4,611,520	\$ 5,248,019	\$ 5,884,777	\$ 5,840,207	\$ 6,261,721	\$ 4,605,954	\$ 2,908,900
Committed			768,085	1,017,859	999,913	1,163,964	273,620		1,023,126	
Assigned	142,244	346,862	782,558	753,498	405,188	1,351,514	199,860	159,378	200,180	2,703,174
Unassigned	440,335	349,037	294,743	463,377	394,823	396,003	445,357	287,560	92,768	(188,904)
Total General Fund	\$ 1,459,162	\$ 2,706,661	\$ 5,408,386	\$ 6,846,254	\$ 7,047,943	\$ 8,796,258	\$ 6,759,044	\$ 6,708,659	\$ 5,922,028	\$ 5,423,170
All Other Governmental Funds										
Restricted	\$ 4,747,642	\$ 2,500,503	\$ 2,793,597	\$ 2,641,984	\$ 1,369,990	\$ 1,209,231	\$ 1,233,573	\$ 587,423	\$ 532,974	\$ 1,534,545
Unassigned									(129,999)	
Total All Other Governmental Funds	\$ 4,747,642	\$ 2,500,503	\$ 2,793,597	\$ 2,641,984	\$ 1,369,990	\$ 1,209,231	\$ 1,233,573	\$ 587,423	\$ 402,975	\$ 1,534,545

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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Tax Levy	\$ 50,112,604	\$ 51,056,143	\$ 52,016,386	\$ 52,931,802	\$ 53,867,824	\$ 54,765,838	\$ 55,912,921	\$ 56,905,643	\$ 57,983,872	\$ 60,449,059
Tuition Charges	158,071	130,494	167,909	166,386	242,148	153,876	143,067	132,071	148,273	99,158
Transportation Fees	42,300	53,493	41,220	44,170	44,970	9,100	10,000			
Miscellaneous	220,231	515,818	456,955	508,306	413,059	471,012	470,029	581,787	490,797	566,455
State Sources	10,770,909	12,198,392	14,056,089	13,319,923	14,187,967	15,326,113	16,379,031	18,055,593	20,013,850	21,180,318
Federal Sources	1,715,428	1,188,192	1,773,228	1,136,408	1,318,310	1,433,829	1,339,648	1,416,828	1,491,597	1,279,087
Total Revenues	63,019,543	65,142,532	68,511,787	68,106,995	70,074,278	72,159,768	74,254,696	77,091,922	80,128,389	83,574,077
Expenditures										
Instruction										
Regular Instruction	27,042,139	27,111,748	27,368,714	28,154,882	29,014,834	29,057,613	30,934,879	30,720,504	32,237,099	32,952,481
Special Education Instruction	8,734,423	9,597,730	10,444,298	10,719,106	11,863,284	11,742,726	12,595,281	13,789,533	14,703,075	15,390,586
Other Instruction	1,233,574	1,389,023	1,466,465	1,294,381	1,193,421	1,338,495	1,422,373	1,471,613	1,396,479	1,437,930
School Sponsored Activities And Athletics	1,168,815	1,235,319	1,260,343	1,329,760	1,470,857	1,527,737	1,496,122	1,561,965	1,768,294	1,734,171
Community Services	7,487	11,555	14,010	22,149	12,655	6,813	7,729	8,312	4,812	4,189
Support Services										
Student & Inst. Related Services	6,250,234	6,573,596	6,671,377	7,008,335	7,211,891	7,549,527	8,231,471	8,670,369	9,461,514	10,228,745
General Administration	1,258,021	1,526,592	1,346,143	1,427,271	1,430,737	1,497,630	1,522,821	1,634,925	1,548,708	1,523,749
School Administration	4,218,808	4,115,123	3,988,349	4,058,543	4,366,535	4,474,823	4,781,406	4,874,592	4,855,625	4,966,646
Plant Operations And Maintenance	5,371,825	5,182,274	5,190,641	5,415,913	5,495,831	5,436,951	5,700,202	6,536,563	6,467,137	5,906,324
Pupil Transportation	1,913,148	1,881,001	1,739,700	2,003,893	2,170,794	2,032,271	2,191,583	2,530,583	2,498,252	2,549,577
Other Support Services	1,510,049	1,344,469	1,262,427	1,321,299	1,456,747	1,538,732	1,567,357	1,516,272	1,565,601	1,458,653
Capital Outlay	9,621,939	2,416,195	542,478	243,975	1,748,011	829,680	2,213,115	941,756	1,330,919	1,312,387
Debt Service:										
Principal	1,475,263	1,586,442	1,964,707	1,724,681	1,821,106	2,181,739	1,967,132	2,042,350	2,122,602	2,209,807
Interest And Other Charges	2,307,851	2,269,127	2,286,927	2,096,552	2,242,733	1,442,475	1,636,097	1,565,000	1,493,322	1,421,683
Total Expenditures	72,113,576	66,240,194	65,546,579	66,820,740	71,499,436	70,657,212	76,267,568	77,864,337	81,453,439	83,096,928
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(9,094,033)	(1,097,662)	2,965,208	1,286,255	(1,425,158)	1,502,556	(2,012,872)	(772,415)	(1,325,050)	477,149
Other Financing Sources (Uses)										
Payments to Escrow Agent			(12,688,407)		(32,947,950)					
Refunding Bond Proceeds			11,860,000		30,445,000					
Capital Leases (Non-Budgeted)	87,439	98,022	-		135,761	85,000		75,880	78,419	155,563
Proceeds from Insurance Recoveries									275,552	
Premium On Bonds			946,633		2,722,042					
Cancellation of State Grant Receivable			(88,615)							
Transfers In	17,720	2,837	88,284	1,554	1,483	2,108	553,436	7,731	101,906	1,100,048
Transfers Out	(117,720)	(2,837)	(88,284)	(1,554)	(1,483)	(2,108)	(553,436)	(7,731)	(101,906)	(1,100,048)
Total Other Financing Sources (Uses)	(12,561)	98,022	29,611	-	354,853	85,000	-	75,880	353,971	155,563
Net Change In Fund Balances	\$ (9,106,594)	\$ (999,640)	\$ 2,994,819	\$ 1,286,255	\$ (1,070,305)	\$ 1,587,556	\$ (2,012,872)	\$ (696,535)	\$ (971,079)	\$ 632,712
Debt Service As A Percentage Of Noncapital Expenditures	6.05%	6.04%	6.54%	5.74%	5.83%	5.19%	4.87%	4.69%	4.51%	4.44%

* 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>
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
2016	15,177	153,876	9,100	188,564	10,442	219,389	596,548
2017	38,732	143,067	10,000	195,668	9,553	153,089	550,109
2018	64,759	132,071		198,579	12,727	208,855	616,991
2019	105,403	148,273		189,736	12,331	116,806	572,549
2020	66,841	99,158		199,238	9,354	206,580	581,171

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 Valuation	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Valuation	Total Direct School Tax Rate ^a
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
2016	25,383,100	2,604,434,300	433,441,600	11,831,600	173,652,900	3,248,743,500		3,248,743,500	3,584,622,642	1.622
2017	30,582,100	2,610,651,100	430,209,400	11,831,600	170,801,200	3,254,075,400		3,254,075,400	3,655,443,047	1.679
2018	30,197,000	2,620,553,600	434,442,300	12,545,700	171,143,400	3,268,882,000	9,100	3,268,891,100	3,733,731,582	1.697
2019	30,168,900	2,629,433,000	420,826,700	12,545,700	171,143,400	3,264,117,700		3,264,117,700	3,821,256,966	1.768
2020	31,788,900	2,635,963,300	390,260,600	12,545,700	171,143,400	3,241,701,900	9,100	3,241,711,000	3,995,080,858	1.806

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>Year</u>	<u>School District</u>	<u>Township</u>	<u>County</u>	<u>County Open Space</u>	<u>Total</u>
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
2016	1.622	1.197	0.534	0.017	3.370
2017	1.679	1.190	0.550	0.017	3.473
2018	1.697	1.256	0.541	0.017	3.511
2019	1.768	1.283	0.539	0.018	3.608
2020	1.806	1.292	0.565	0.019	3.682

Source: Township of Nutley, Tax Assessor

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

Taxpayer	2020	
	Taxable Assessed Value	% of Total District Net Assessed Value
PB Nutcliff Master, LLC	\$ 97,819,600	3.02%
GI TC Nutley LLC	22,532,000	0.70%
Public Service Electric & Gas	17,788,600	0.55%
M&M @ E Centre St	17,609,400	0.54%
Village Manor Associates	16,669,000	0.51%
432 Owners Inc.	16,320,000	0.50%
SF Nutley Properties	15,192,000	0.47%
Nutley Shop-Rite	11,293,600	0.35%
SSEF, LLC	10,502,200	0.32%
JERC Partners III, LLC	8,006,800	0.25%
Total	<u>\$ 233,733,200</u>	<u>7.21%</u>

	2011	
	Taxable Assessed Value	% of Total District Net Assessed Value
Hoffman-LaRoche, Inc	\$ 306,597,196	8.37%
432 Owners Inc.	28,028,700	0.77%
492 River Road Reckson	22,532,000	0.62%
Public Service Electric & Gas	18,678,600	0.51%
Nutley Properties	18,616,000	0.51%
Village Manor Associates	17,324,300	0.47%
East Coast Apartments	14,912,300	0.41%
Nutley Shop-Rite	11,293,600	0.31%
JERC Partners III	8,006,800	0.22%
NSP Management Co	7,777,500	0.21%
Total	<u>\$ 453,766,996</u>	<u>12.39%</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	
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
2016	54,765,838	54,765,838	100.00%	N/A
2017	55,912,921	55,912,921	100.00%	N/A
2018	56,905,643	56,905,643	100.00%	N/A
2019	57,983,872	57,983,872	100.00%	N/A
2020	60,449,059	60,449,059	100.00%	N/A

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

Fiscal Year Ended <u>June 30,</u>	Governmental Activities		Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases			
2011	\$ 50,863,000	\$ 174,043	\$ 51,037,043	28,390	\$ 1,798
2012	49,363,000	195,505	49,558,505	28,464	1,741
2013	47,890,000	137,979	48,027,979	28,408	1,691
2014	46,225,000	78,298	46,303,298	28,433	1,629
2015	44,930,000	96,374	45,026,374	28,472	1,581
2016	42,805,000	124,635	42,929,635	28,494	1,507
2017	40,865,000	97,503	40,962,503	28,511	1,437
2018	38,865,000	131,033	38,996,033	28,504	1,368
2019	36,795,000	156,850	36,951,850	28,464	1,298
2020	34,655,000	242,606	34,897,606	28,434	1,227

Source: District records

NUTLEY BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	<u>General Bonded Debt Outstanding</u>		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions			
2011	\$ 50,863,000		\$ 50,863,000	1.4%	\$ 1,792
2012	49,363,000		49,363,000	1.4%	1,734
2013	47,890,000		47,890,000	1.4%	1,686
2014	46,225,000		46,225,000	1.4%	1,626
2015	44,930,000		44,930,000	1.4%	1,578
2016	42,805,000		42,805,000	1.3%	1,502
2017	40,865,000		40,865,000	1.3%	1,433
2018	38,865,000		38,865,000	1.2%	1,363
2019	36,795,000		36,795,000	1.1%	1,293
2020	34,655,000		34,655,000	1.1%	1,219

Source: District records

**NUTLEY BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2020
(Unaudited)**

Net Direct Debt of School District as of June 30, 2020		\$ 34,655,000
Net Overlapping Debt of School District		
Township of Nutley	\$ 13,717,393	
Essex County	22,661,542	
Essex County Utilities Authority (A)	1,024,208	
Passaic Valley Sewerage Commission (B)	4,729,915	
North Jersey District Water Supply Commission (B)	<u>382,414</u>	
		<u>42,515,472</u>
 Total Direct and Overlapping Debt as of June 30, 2020		 <u>\$ 77,170,472</u>

(A) The debt for this entity was apportioned by dividing the Municipality's 2019 equalized value by the total 2019 equalized value for Essex County.

(B) Overlapping debt was computed based upon usage

Sources:

- (1) Township of Nutley 2019 Annual Debt Statement
- (2) Essex County 2019 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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt Limit	\$ 169,927,836	\$ 164,911,330	\$ 158,545,501	\$ 153,352,090	\$ 148,988,680	\$ 145,714,626	\$ 144,771,418	\$ 145,881,342	\$ 149,241,432	\$ 153,956,554
Total Net Debt Applicable To Limit	<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>	<u>42,805,000</u>	<u>40,865,000</u>	<u>38,865,000</u>	<u>36,795,000</u>	<u>34,655,000</u>
Legal Debt Margin	<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>	<u>\$ 102,909,626</u>	<u>\$ 103,906,418</u>	<u>\$ 107,016,342</u>	<u>\$ 112,446,432</u>	<u>\$ 119,301,554</u>
Total net debt applicable to the limit as a percentage of debt limit	29.93%	29.93%	30.21%	30.14%	30.16%	29.38%	28.23%	26.64%	24.65%	22.51%

Legal Debt Margin Calculation for Fiscal Year 2020

Equalized Valuation Basis

2019	\$ 4,003,087,687
2018	3,826,834,465
2017	<u>3,716,819,417</u>
	<u>\$ 11,546,741,569</u>

Average Equalized Valuation of Taxable Property	\$ 3,848,913,856
Debt Limit (4 % of Average Equalization Value)	\$ 153,956,554
Total Net Debt Applicable to Limit	<u>34,655,000</u>
Legal Debt Margin	<u>\$ 119,301,554</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>
2011	28,390	\$ 51,947	8.5%
2012	28,464	54,225	8.2%
2013	28,408	55,049	7.1%
2014	28,433	55,797	6.0%
2015	28,472	58,470	5.1%
2016	28,494	60,836	4.5%
2017	28,511	62,253	4.3%
2018	28,504	64,232	3.8%
2019	28,464	67,459	3.2%
2020	28,434	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>2011</u>	<u>2012</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Instruction										
Regular	271	257	257	226	225	231	240	239	245	Not
Special Education	43	50	50	53	52	56	66	64	67	Available
Support Services										
Student and Instruction Related Services	86	107	107	138	147	141	140	147	144	
General Administration	3	3	3	5	5	5	5	5	5	
School Administrative Services	10	10	10	10	10	10	10	10	10	
Other Administrative Services	7	9	9	9	11	12	12	12	11	
Central Services	13	11	11	9	9	8	10	10	9	
Administrative Information Technology	4	4	4	4	4	4	4	3	3	
Plant Operations and Maintenance	40	40	40	36	38	37	41	42	43	
Pupil Transportation	31	31	31	31	31	31	31	31	31	
Other Support Services	58	23	23	23	23	23	24	22	24	
Food Service	11	-	-	-						
Total	<u>577</u>	<u>545</u>	<u>545</u>	<u>543</u>	<u>555</u>	<u>558</u>	<u>583</u>	<u>585</u>	<u>592</u>	<u>-</u>

Source: District Personnel Records

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

Teacher/Pupil Ratio

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				
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%
2016	4,038	66,203,318	16,395	-0.09%	334.0	14	13	15	4,026	3,826	0.52%	95.03%
2017	4,076	70,451,224	17,284	5.42%	319.0	12	13	14	4,075	3,856	1.22%	94.63%
2018	4,051	73,315,231	18,098	4.71%	316.0	10	12	13	4,058	3,832	-0.42%	94.43%
2019	4,063	76,506,596	18,830	4.04%	312.0	13	11	13	4,068	3,849	0.25%	94.62%
2020	4,046	78,153,051	19,316	6.73%		Information Not Available			4,043	3,886	-0.37%	96.12%

Sources: District records

(A) Excludes Debt Service and Capital Outlay Expenditures

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>District Building</u>										
<u>Nutley High School</u>										
Square Feet	192,260.00	192,260.00	192,260.00	192,260.00	192,260.00	192,260.00	192,260.00	192,260.00	192,260.00	192,260.00
Capacity (students)	906.62	906.62	909.62	909.62	909.62	909.62	909.62	909.62	909.62	909.62
Enrollment	1,296.00	1,296.00	1,283.00	1,246.00	1,242.00	1,244.00	1,230.00	1,210.00	1,216.00	1,179.00
<u>John H. Walker Middle School</u>										
Square Feet	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	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 ^a	642.00	642.00	647.00	637.00	618.00	612.00	637.00	602.00	551.00	620.00
<u>Radcliffe Elementary School</u>										
Square Feet	45,305.00	45,305.00	45,305.00	45,305.00	45,305.00	45,305.00	45,305.00	45,305.00	45,305.00	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	372.00	372.00	336.00	342.00	338.00	326.00	330.00	357.00	352.00	353.00
<u>Yantacaw Elementary School</u>										
Square Feet	49,512.00	49,512.00	49,512.00	49,512.00	49,512.00	49,512.00	49,512.00	49,512.00	49,512.00	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	469.00	469.00	491.00	470.00	487.00	461.00	481.00	486.00	494.00	476.00
<u>Washington Elementary School</u>										
Square Feet	49,067.00	49,067.00	49,067.00	49,067.00	49,067.00	49,067.00	49,067.00	49,067.00	49,067.00	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	394.00	394.00	423.00	453.00	483.00	546.00	561.00	543.00	556.00	560.00
<u>Spring Garden Elementary School</u>										
Square Feet	43,955.00	43,955.00	51,155.00	51,155.00	51,155.00	51,155.00	51,155.00	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	381.00	381.00	384.00	356.00	351.00	359.00	366.00	367.00	397.00	396.00
<u>Lincoln Elementary School</u>										
Square Feet	56,342.00	56,342.00	56,342.00	56,342.00	56,342.00	56,342.00	56,342.00	56,342.00	56,342.00	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	495.00	495.00	482.00	511.00	484.00	490.00	471.00	486.00	497.00	462.00
<u>Other</u>										
Maintenance Warehouse										
Square Feet	5,386.00	5,386.00	5,386.00	5,386.00	5,386.00	5,386.00	5,386.00	5,386.00	5,386.00	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, 2020										
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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Nutley High School	\$ 261,637	\$ 239,747	\$ 263,863	\$ 279,224	\$ 277,532	\$ 274,644	\$ 293,700	\$ 411,831	\$ 309,880	\$ 328,030
Franklin Middle School	165,035	151,226	195,781	157,652	167,526	164,414	156,293	196,580	220,633	218,452
Lincoln Elementary School	83,263	76,296	70,451	65,199	85,767	68,938	83,988	136,898	117,322	96,130
Radcliffe Elementary School	74,111	67,910	84,036	85,308	108,058	133,787	90,723	101,274	329,350	77,298
Spring Garden Elementary School	69,175	63,387	72,135	61,936	75,250	89,235	128,955	81,319	92,092	87,280
Washington Elementary School	98,554	90,308	97,322	118,943	87,238	78,377	175,288	89,794	121,051	83,717
Yantacaw Elementary School	<u>63,486</u>	<u>58,174</u>	<u>80,635</u>	<u>78,540</u>	<u>66,747</u>	<u>91,361</u>	<u>81,481</u>	<u>80,076</u>	<u>97,389</u>	<u>84,476</u>
Grand Total	<u>\$ 815,261</u>	<u>\$ 747,048</u>	<u>\$ 864,223</u>	<u>\$ 846,802</u>	<u>\$ 868,118</u>	<u>\$ 900,756</u>	<u>\$ 1,010,428</u>	<u>\$ 1,097,772</u>	<u>\$ 1,287,717</u>	<u>\$ 975,383</u>

**NUTLEY BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2020
(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 Business Administrator	Selective RLI Insurance Company	400,000	N/A
		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
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
RALPH M. PICONE, III, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRIS SOHN, CPA
CHRISTOPHER M. VINCI, CPA

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Nutley Board of Education
315 Franklin Avenue
Nutley, New Jersey 07110

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, 2020 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 January 27, 2021.

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.

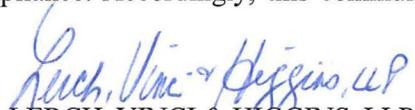
Compliance and Other Matters

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 January 27, 2021.

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
January 27, 2021



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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CHRIS SOHN, CPA
CHRISTOPHER M. VINCI, CPA

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE
U.S. UNIFORM GUIDANCE 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
315 Franklin Avenue
Nutley, New Jersey 07110

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) 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, 2020. 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 federal and state statutes, regulations, and the terms and conditions of its federal awards and state financial assistance 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; Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, U.S. Uniform Guidance and New Jersey Circular 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, 2020.

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 the U.S. Uniform Guidance 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.

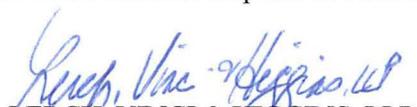
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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 the U.S. Uniform Guidance 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 the U.S. Uniform Guidance 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, 2020, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We have issued our report thereon dated January 27, 2021, 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 the U.S. Uniform Guidance 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
January 27, 2021

NUTLEY BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Federal FAIN Number	Grant Period	Award Amount	Balance July 1, 2019			Cash Received	Budgetary Expenditures	Adjustment	Prior Year Adjustments	Repayment of Prior Year Balances	Balance June 30, 2020			Memo GAAP Receivable
					(Accounts Receivable)	Unearned Revenue	Due to Grantor						(Accounts Receivable)	Unearned Revenue	Due to Grantor	
U.S. Department of Education																
Passed Through State Department of Education																
General Fund																
Medicaid Reimbursement	93.778	2005NJSMAP	7/1/18-6/30/20	\$ 63,705				\$ 63,705	\$ 63,705							
Medicaid Administrative Cost Reimbursement	93.778	2005NJSMAP	7/1/19-9/30/20	10,603	-	-	-	10,603	10,603	-	-	-	-	-	-	-
Total - Medicaid Assistance/General Fund								74,308	74,308							
Special Revenue Fund:																
Title I	84.010	S010A180030	7/1/18-6/30/19	291,940	\$ (92,034)	\$ 26,031	\$ (26,031)	66,003		\$ 26,031						
Title I	84.010	S010A190030	7/1/19-9/30/20	273,957	-	-	26,031	-	238,071	(26,031)	-	-	\$ (299,988)	\$ 61,917	-	\$ (238,071)
Total Title I					(92,034)	26,031	-	66,003	238,071	-	-	-	(299,988)	61,917	-	(238,071)
Title II	84.367	S367A180029	7/1/18-6/30/19	91,887	(47,326)	12,812	(12,812)	34,514		12,812						
Title II	84.367	S367A190029	7/1/19-9/30/20	71,275	-	-	-	26,801	60,538	(12,812)	-	-	(57,286)	23,549	-	(33,737)
Total Title II					(47,326)	12,812	-	61,315	60,538	-	-	-	(57,286)	23,549	-	(33,737)
Title III	84.365	S365A180030	7/1/18-6/30/19	22,385	(14,569)	7,913	(7,912)	6,657		7,912	\$ (1)					
Title III	84.365	S365A190030	7/1/19-9/30/20	19,610	-	-	-	-	20,074	(7,912)	-	-	(27,522)	7,448	-	(20,074)
Title III	84.365	S365A150030	7/1/15-6/30/16	20,957	-	\$ 166	-	-	-	-	\$ 166	-	-	-	-	-
Title III, Immigrant	84.365	S365A180030	7/1/18-6/30/19		(6,753)	6,753	(7,790)			7,790						
Title III, Immigrant	84.365	S365A190030	7/1/19-9/30/20	7,790	-	-	7,790	-	2,186	(7,790)	-	-	(15,580)	13,394	-	(1,470)
Total Title III					(21,322)	14,666	166	6,657	22,260	-	(1)	166	(43,102)	20,842	-	(21,544)
Title IV	84.424	S424A190031	7/1/19-9/30/20	17,107	-	-	-	-	1,059	-	-	-	(17,107)	16,048	-	(1,059)
CARES	84.425D	S425D00027	3/13/20-9/30/22	220,144	-	-	-	-	6,450	-	-	-	(220,144)	213,694	-	-
IDEA Part B	84.027	H027A180100	7/1/18-6/30/19	912,555	(217,127)	42,341	(42,319)	174,788		42,319	(2)					
IDEA Part B	84.027	H027A190100	7/1/19-9/30/20	923,488	-	-	-	42,319	825,672	(42,319)	-	-	(154,174)	140,135	-	(9,103)
IDEA Part B	84.027	H027A170100	7/1/17-6/30/18	902,437	-	-	45	-	-	-	-	-	-	\$ 45	-	-
IDEA Part B Preschool	84.173	H173A190114	7/1/19-9/30/20	41,911	-	-	-	41,911	41,911	-	-	-	-	-	-	-
Total IDEA					(217,127)	42,341	45	1,028,332	867,583	-	(2)	-	(154,174)	140,135	45	(9,103)
Carl D. Perkins- Secondary	84.048	V048A180030	7/1/18-6/30/19	23,654	(5,049)	-	-	5,049		-	-	-	-	-	-	-
Carl D. Perkins- Secondary	84.048	V048A190030	7/1/19-6/30/20	24,900	-	-	-	17,128	15,481	-	-	-	-	-	1,647	-
Total Carl D. Perkins					(5,049)	-	-	22,177	15,481	-	-	-	-	-	1,647	-
Total Special Revenue Fund					(382,858)	95,850	211	1,184,484	1,211,442	-	(3)	166	(791,801)	476,185	1,692	(303,514)
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)		201NJ04N1099	9/1/19-6/30/20	37,538	-	-	-	37,538	32,430	-	-	-	-	5,108	-	-
Cash Assistance		201NJ04N1099	9/1/19-6/30/20	199,754	-	-	-	182,699	199,754	-	-	-	(17,055)	-	-	(17,055)
Cash Assistance		191NJ04N1099	9/1/18-6/30/19	178,527	(14,024)	-	-	14,024	-	-	-	-	-	-	-	-
School Breakfast Program	10.553	191NJ04N1099	9/1/18-6/30/19	4,991	(475)	-	-	475	-	-	-	-	(9,018)	-	-	(9,018)
School Breakfast Program	10.553	201NJ04N1099	9/1/19-6/30/20	30,213	-	-	-	21,195	30,213	-	-	-	-	-	-	-
Total Enterprise Fund - National School Lunch Program					(14,499)	-	-	255,931	262,397	-	-	-	(26,073)	5,108	-	(26,073)
Total Federal Financial Awards					\$ (397,357)	\$ 95,850	\$ 211	\$ 1,514,723	\$ 1,548,147	\$ -	\$ (3)	\$ 166	\$ (817,874)	\$ 481,293	\$ 1,692	\$ (329,587)

a - cancelled payable and encumbrance

NUTLEY BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

State Department of Education	Grant or State Project Number	Grant	Award Amount	Balance July 1, 2019	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year Balances	Adjustments	Balance June 30, 2020			Memorandum		
										(Accts. Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Budgetary Expenditures	
General Fund:															
Equalization Aid	19-495-034-5120-078	7/1/18-6/30/19	\$ 4,478,673	\$ (421,989)		\$ 421,989									
Equalization Aid	20-495-034-5120-078	7/1/19-6/30/20	4,878,663			4,418,806	\$ 4,878,663			\$ (459,857)				\$ 4,878,663	
Special Education Aid	19-495-034-5120-089	7/1/18-6/30/19	2,451,565	(230,991)		230,991	-							-	
Special Education Aid	20-495-034-5120-089	7/1/19-6/30/20	2,451,565			2,220,484	2,451,565			(231,081)				2,451,565	
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	81,159	(7,647)		7,647								-	
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	81,159			73,509	81,159			(7,650)				81,159	
Total State Aid Public				(660,627)		7,373,426	7,411,387			(698,588)				7,411,387	
TPAF Pension Contribution - NCGI	20-495-034-5094-004	7/1/19-6/30/20	110,340			110,340	110,340							110,340	
TPAF Pension Contribution - Normal	20-495-034-5094-002	7/1/19-6/30/20	6,156,049			6,156,049	6,156,049							6,156,049	
TPAF Pension Contribution - LTDI	20-495-034-5094-004	7/1/19-6/30/20	6,435			6,435	6,435							6,435	
TPAF Pension Contribution- Post Retirement	20-495-034-5094-001	7/1/19-6/30/20	2,324,716			2,324,716	2,324,716							2,324,716	
Total On-Behalf TPAF Pension						8,597,540	8,597,540							8,597,540	
Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	588,055	(55,408)		55,408								-	
Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	588,055			532,626	588,055			(55,429)				588,055	
Extraordinary Aid	19-495-034-5120-044	7/1/18-6/30/19	1,196,063	(1,196,063)		1,196,063								-	
Extraordinary Aid	20-495-034-5120-044	7/1/19-6/30/20	1,499,772				1,499,772			(1,499,772)				1,499,772	
TPAF Social Security Contribution	19-495-034-5094-003	7/1/18-6/30/19	2,083,602	(102,414)		102,414								-	
TPAF Social Security Contribution	20-495-034-5094-003	7/1/19-6/30/20	2,268,646			2,268,646	2,268,646							2,268,646	
Total General Fund				(2,014,512)		20,126,123	20,365,400			(2,253,789)				20,365,400	
Special Revenue Fund:															
New Jersey Nonpublic Aid:															
Textbooks	20-100-034-5120-064	7/1/19-6/30/20	33,154			33,154	32,476					\$ 678		32,476	
Textbooks	19-100-034-5120-064	7/1/18-6/30/19	34,070	18				\$ 18						-	
Auxiliary Services															
Compensatory Education	20-100-034-5120-067	7/1/19-6/30/20	115,189			115,189	90,773					24,416		90,773	
Compensatory Education	19-100-034-5120-067	7/1/18-6/30/19	131,135	38,413				38,413						-	
English as a Second Language	20-100-034-5120-067	7/1/19-6/30/20	3,309			3,309	414					2,895		414	
English as a Second Language	19-100-034-5120-067	7/1/18-6/30/19	863	863				863						-	
Transportation	20-100-034-5120-067	7/1/19-6/30/20	30,333			30,333	30,333							30,333	
Home Instruction	20-100-034-5120-067	7/1/19-6/30/20	811				811			(811)			\$ (811)	811	
Home Instruction	19-100-034-5120-067	7/1/18-6/30/19	4,480	(4,480)		4,480								-	
				34,796		153,311	122,331	39,276		(811)		27,311		(811)	
Handicapped Services															
Supplemental Instruction	20-100-034-5120-066	7/1/19-6/30/20	46,140			46,140	36,994					9,146		36,994	
Supplemental Instruction	19-100-034-5120-066	7/1/18-6/30/19	49,956	12,685				12,685						-	
Examination and Classification	20-100-034-5120-066	7/1/19-6/30/20	67,627			67,627	25,081					42,546		25,081	
Examination and Classification	19-100-034-5120-066	7/1/18-6/30/19	57,699	10,013				10,013						-	
Corrective Speech	20-100-034-5120-066	7/1/19-6/30/20	27,341			27,341	14,582					12,759		14,582	
Corrective Speech	19-100-034-5120-066	7/1/18-6/30/19	24,106	5,804				5,804						-	
				28,502		141,108	76,657	28,502				64,451		76,657	
Nonpublic Security Aid	20-100-034-5120-509	7/1/19-6/30/20	94,350			94,350	51,224					43,126		51,224	
Nonpublic Security Aid	19-100-034-5120-509	7/1/18-6/30/19	95,700	4,473				4,473						-	
Nonpublic Nursing	20-100-034-5120-070	7/1/19-6/30/20	61,013			61,013	61,013							61,013	
Nonpublic Technology Initiative	20-100-034-5120-373	7/1/19-6/30/20	22,644			22,644	22,644							22,644	
Nonpublic Technology Initiative	19-100-034-5120-373	7/1/18-6/30/19	22,968	3,724				3,724	\$ -					-	
Total Special Revenue Fund				71,513		505,580	366,345	75,993		(811)		135,566		(811)	

**NUTLEY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

State Department of Education	Grant or State Project Number	Grant	Award Amount	Balance July 1, 2019	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year Balances	Adjustments	Balance June 30, 2020			Memorandum		
										(Accts. Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Budgetary Expenditures	
Capital Projects Fund															
Educational Facilities															
Construction and Financing Act	3750-050-03-1027	7/1/03-6/30/07	\$ 10,718,686	\$ (12,804)	-	-	-	-	\$ 12,804	-	-	-	-	-	-
Debt Service Fund:															
Debt Service Aid	20-495-034-5120-075	7/1/19-6/30/20	800,920	-	-	\$ 800,920	\$ 800,920	-	-	-	-	-	-	\$ 800,920	-
State Department of Agriculture															
Enterprise Fund:															
National School Lunch Program	20-100-010-3350-023	7/1/19-6/30/20	10,130			7,373	10,130			\$ (2,757)			\$ (2,757)	10,130	
National School Lunch Program	19-100-010-3350-023	7/1/18-6/30/19	7,950	(633)	-	633	-	-	-	-	-	-	-	-	-
				(633)	-	8,006	10,130	-	-	(2,757)	-	-	(2,757)	10,130	
Total State Financial Assistance Subject to Single Audit Determination				\$ (1,956,436)	\$ -	21,440,629	21,542,795	\$ 75,993	\$ 12,804	\$ (2,257,357)	\$ -	\$ 135,566	\$ (3,568)	\$ 21,542,795	
Less On-Behalf TPAF Pension and Annuity Aid															
NCGI - Contribution						110,340	110,340								110,340
Normal Pension						6,156,049	6,156,049								6,156,049
LTDI						6,435	6,435								6,435
Post Retirement Medical						2,324,716	2,324,716								2,324,716
Subject to Single Audit						8,597,540	8,597,540								8,597,540
Total for State Financial Assistance Subject to Major Program Determination				\$ (1,956,436)	\$ -	\$ 12,843,089	\$ 12,945,255	\$ 75,993	\$ 12,804	\$ (2,257,357)	\$ -	\$ 135,566	\$ (3,568)	\$ 12,945,255	

**NUTLEY BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Uniform Guidance) 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 \$341,691 for the general fund and a decrease of \$16,039 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	\$ 74,308	\$ 20,023,709	\$ 20,098,017
Special Revenue Fund	1,204,779	355,689	1,560,468
Debt Service Fund		800,920	800,920
Food Service Fund	<u>262,396</u>	<u>10,129</u>	<u>272,525</u>
Total Financial Assistance	<u>\$ 1,541,483</u>	<u>\$ 21,190,447</u>	<u>\$ 22,731,930</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, 2020**

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 Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$2,268,646 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, 2020. The amount reported as TPAF Pension System Contributions in the amount of \$6,266,389, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$2,324,716 and TPAF Long-Term Disability Insurance in the amount of \$6,435 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2020.

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

On-behalf State Programs for TPAF Pension, Post-Retirement Medical Benefits and Long-Term Disability Insurance Contributions payments 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.

NOTE 7 DE MINIMIS INDIRECT COST RATE

The District has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**NUTLEY BOARD OF EDUCATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Part I – Summary of Auditor’s Results

State Awards Section

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

\$750,000 _____

Auditee qualified as low-risk auditee?

X yes _____ no

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)
20-495-034-5120-078
20-495-034-5120-089
20-495-034-5120-084

Name of State Program
Equalization Aid
Special Education Aid
Security Aid

**NUTLEY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2020**

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 to be reported by 2 CFR 200 Section .516 of the Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards and N.J. OMB Circular Letter 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, 2020**

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 Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards and N.J. OMB Circular Letter 15-08.

STATUS OF PRIOR YEAR FINDINGS

There were none.