

NUTLEY BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Nutley, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Nutley Board of Education

Nutley, New Jersey

For The Fiscal Year Ended June 30, 2014

Prepared by

Business Office

**NUTLEY BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

INTRODUCTORY SECTION

Letter of Transmittal	i-vi
Organizational Chart	vii
Roster of Officials	viii
Consultants and Advisors	ix

FINANCIAL SECTION

Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-16

Basic Financial Statements

A. District-Wide Financial Statements

A-1	Statement of Net Position	17
A-2	Statement of Activities	18-19

B. Fund Financial Statements

Governmental Funds

B-1	Balance Sheet	20
B-2	Statement of Revenues, Expenditures, and Changes in Fund Balances	21
B-3	Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances with the District-Wide Statements	22

Proprietary Funds

B-4	Statement of Net Position	23
B-5	Statement of Revenues, Expenses, and Changes in Net Position	24
B-6	Statement of Cash Flows	25

Fiduciary Funds

B-7	Statement of Fiduciary Net Position	26
B-8	Statement of Changes in Fiduciary Net Position	27

Notes to the Financial Statements	28-53
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NUTLEY BOARD OF EDUCATION

TABLE OF CONTENTS

	<u>Page</u>
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule – General Fund	54-59
C-2 Budgetary Comparison Schedule - Budget (Non-GAAP) and Actual - Special Revenue Fund	60
C-3 Notes to the Required Supplementary Information	61
 OTHER SUPPLEMENTARY INFORMATION	
D. School Level Schedules (Not Applicable)	
E. Special Revenue Fund	
E-1 Combining Schedule of Program Revenues and Expenditures Special Revenue Fund – Budgetary Basis	62-63
E-2 Preschool Education Aid Schedule of Expenditures – Budgetary Basis – N/A	64
F. Capital Projects Fund	
F-1 Summary Schedule of Project Expenditures	65
F-2 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance	66
F-2a- Schedule of Project Revenues, Expenditures, Project Balance and Project Status – F-2g Budgetary Basis	67-73
G. Proprietary Funds	
<i>Enterprise Fund</i>	
G-1 Combining Statement of Net Position – N/A	74
G-2 Combining Statement of Revenues, Expenses and Changes in Net Position – N/A	74
G-3 Combining Statement of Cash Flows – N/A	74
<i>Internal Service Fund – N/A</i>	
H. Fiduciary Funds	
H-1 Combining Statement of Net Position	75
H-2 Combining Statement of Changes in Net Position – N/A	76
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	77
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	78

NUTLEY BOARD OF EDUCATION

TABLE OF CONTENTS

Page

I. Long-Term Debt

I-1	Schedule of Serial Bonds	79-80
I-2	Schedule of Obligations under Capital Leases	81
I-3	Debt Service Fund – Budgetary Comparison Schedule	82

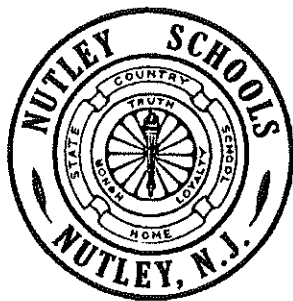
J. STATISTICAL SECTION (Unaudited)

J-1	Net Position by Component	83
J-2	Changes in Net Position	84-85
J-3	Fund Balances – Governmental Funds	86
J-4	Changes in Fund Balances - Governmental Funds	87
J-5	General Fund Other Local Revenue by Source	88
J-6	Assessed Value and Actual Value of Taxable Property	89
J-7	Property Tax Rates - Direct and Overlapping Governments	90
J-8	Principal Property Taxpayers	91
J-9	Property Tax Levies and Collections	92
J-10	Ratios of Outstanding Debt by Type	93
J-11	Ratios of Net General Bonded Debt Outstanding	94
J-12	Computation of Direct and Overlapping Debt	95
J-13	Legal Debt Margin Information	96
J-14	Demographic and Economic Statistics	97
J-15	Principal Employers	98
J-16	Full-Time Equivalent District Employees by Function/Program	99
J-17	Operating Statistics	100
J-18	School Building Information	101
J-19	Schedule of Required Maintenance for School Facilities	102
J-20	Schedule of Insurance	103

K. SINGLE AUDIT SECTION

K-1	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	104-105
K-2	Report on Compliance for each Major Federal and State Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by U.S. OMB Circular A-133 and Schedule of Expenditures of State Financial Assistance as Required by New Jersey OMB Circular 04-04 – Independent Auditor's Report	106-108
K-3	Schedule of Expenditures of Federal Awards	109
K-4	Schedule of Expenditures of State Financial Assistance	110-111
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	112-113
K-6	Schedule of Findings and Questioned Costs	114-117
K-7	Summary Schedule of Prior Year Audit Findings	118

INTRODUCTORY SECTION



THE NUTLEY PUBLIC SCHOOLS

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Superintendent of Schools
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**Karen A. Yeamans
Business Administrator/
Board Secretary
Phone: 973-661-8797
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November 4, 2014

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

Dear Trustees:

State Department of Education statutes require that all local governments publish within five months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) of the Nutley Board of Education for the fiscal year ended June 30, 2014.

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

The Nutley Board of Education's financial statements have been audited by Lerch, Vinci & Higgins, LLP, a firm of licensed certified public accountants and public school accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of

the Nutley Board of Education for the fiscal year ended June 30, 2014, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Nutley Board of Education's financial statements for the fiscal year ended June 30, 2014, 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 2013-14 fiscal year with an average daily enrollment of 4,020 students, which is 16 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>
2013-14	4,020	(0.40%)
2012-13	4,036	1.87%
2011-12	3,962	1.51%
2010-11	3,903	(3.30%)
2009-10	4,036	(0.25%)

2) ECONOMIC CONDITION AND OUTLOOK: The Board developed a plan for school expansion as was noted in the district's Long-Range Facility Plan, which was submitted to the Department of Education in 2006. In April 2003, voters approved a \$4.9 million referendum providing for renovations to Nutley High School as the first phase of implementation of this plan. The High School renovations were completed in September 2004. Voters then approved, also in September 2004, a \$23.7 million referendum which provided for renovations/additions to the John H. Walker Middle School. That project has been completed. Voters then approved a \$38.5 million referendum in December 2006 for renovations to all Elementary Schools and the Nutley High School for health and safety issues. The majority of the renovations have been completed. Additional projects at Lincoln School and Nutley High School are scheduled to be completed in 2014-2015. The remaining phases are scheduled to be completed in 2015 and 2016.

3) MAJOR INITIATIVES: During the 2013-14 school year, student performance on state assessments is outlined as follows:

The New Jersey Assessment of Skills and Knowledge – Grade 3 (NJ ASK 3) was given to third grade students. For the Spring 2014 assessment, the percentage of third grade students who passed the assessment, performing in either the proficient or advanced proficient ranges, are as follows: Language Arts – 80.0%; Mathematics – 82.0%.

The New Jersey Assessment of Skills and Knowledge – Grade 4 (NJ ASK 4) was given to fourth grade students. For the Spring 2014 assessment, the percentage of fourth grade students who passed the assessment, performing in either the proficient or advanced proficient ranges, are as follows: Language Arts: Language Arts – 70.6%; Mathematics – 80.0%; Science – 91.0%.

The New Jersey Assessment of Skills and Knowledge – Grade 5 (NJ ASK 5) was given to fifth grade students. For the Spring 2014 assessment, the percentage of fifth grade students who passed the assessment, performing in either the proficient or advanced proficient ranges, are as follows: Language Arts – 72.7%; Mathematics – 85.1%.

The New Jersey Assessment of Skills and Knowledge – Grade 6 (NJ ASK 6) was given to sixth grade students. For the Spring 2014 assessment, the percentage of sixth grade students who passed the assessment, performing in either the proficient or advanced proficient ranges, are as follows: Language Arts – 76.9%; Mathematics – 88.0%.

The New Jersey Assessment of Skills and Knowledge – Grade 7 (NJ ASK 7) was given to seventh grade students. For the Spring 2014 assessment, the percentage of seventh grade students who passed the assessment, performing in either the proficient or advanced proficient ranges, are as follows: Language Arts – 73.2%; Mathematics – 70.1%.

The New Jersey Assessment of Skills and Knowledge – Grade 8 (NJ ASK 8) was given to eighth grade students. For the Spring 2014 assessment, the percentage of eighth grade students who

passed the assessment, performing in either the proficient or advanced proficient ranges, are as follows: Language Arts – 82.2%; Mathematics – 64.2%; Science – 83.9%.

The High School Proficiency Assessment (HSPA) was administered in March 2014, with 95.1% of Nutley's grade 11 students passing the language arts section, and 80.4% of the grade 11 students passing the mathematics section.

The Scholastic Aptitude Test (SAT) scores mean average for the math section was 502, the verbal section was 473, and the writing section was 484.

The graduating class of 2014 had 90% of its members going on to post-secondary education. Of those students, 69% will be attending four-year colleges and universities. Scholarships and grants awarded to 2014 graduates were approximately \$3,014,187.00. The District had students that were realized in the National Merit Scholarship Program and 2013 AP Scholars.

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

The district once again demonstrated its ability to produce high results at a modest cost. As noted in the Department of Education's Taxpayer's Guide to Education Spending 2012, the district's budgetary per pupil spending was \$12,439. The district ranking was 43rd out of 106 districts in the same category of K-12 districts with populations over 3,500.

The school district was certified by the New Jersey State Board of Education (interim QSAC review) in November, 2013. This certification is in effect until 2015.

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provision embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at the year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2014.

6) DEBT ADMINISTRATION: As of June 2014, the District's outstanding debt is \$46,225,000 of school bonds. In April 2003 the voters approved the issuance of \$2,923,000 of school bonds. These bonds were issued in August 2003. These proceeds were used to finance a district wide telephone and intercom system as well as renovations at Nutley High School, including acquisition and installation of furnishings and equipment.

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

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

The 2003 and 2005 school bonds were refunded during the 2012/2013 school year. The

refunding reduced total debt service payments by \$1,045,664.

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

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

9) OTHER INFORMATION:

A) Independent Audit - State statutes require an annual audit by licensed public school accountants who are independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins, L.L.P. was selected by the Board at a public meeting held on June 24, 2013. In addition to meeting the requirements set forth in State Statutes, the audit was also designed to meet the requirements of the Single Audit Act Amendments of 1996 and related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditors' report on the financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

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

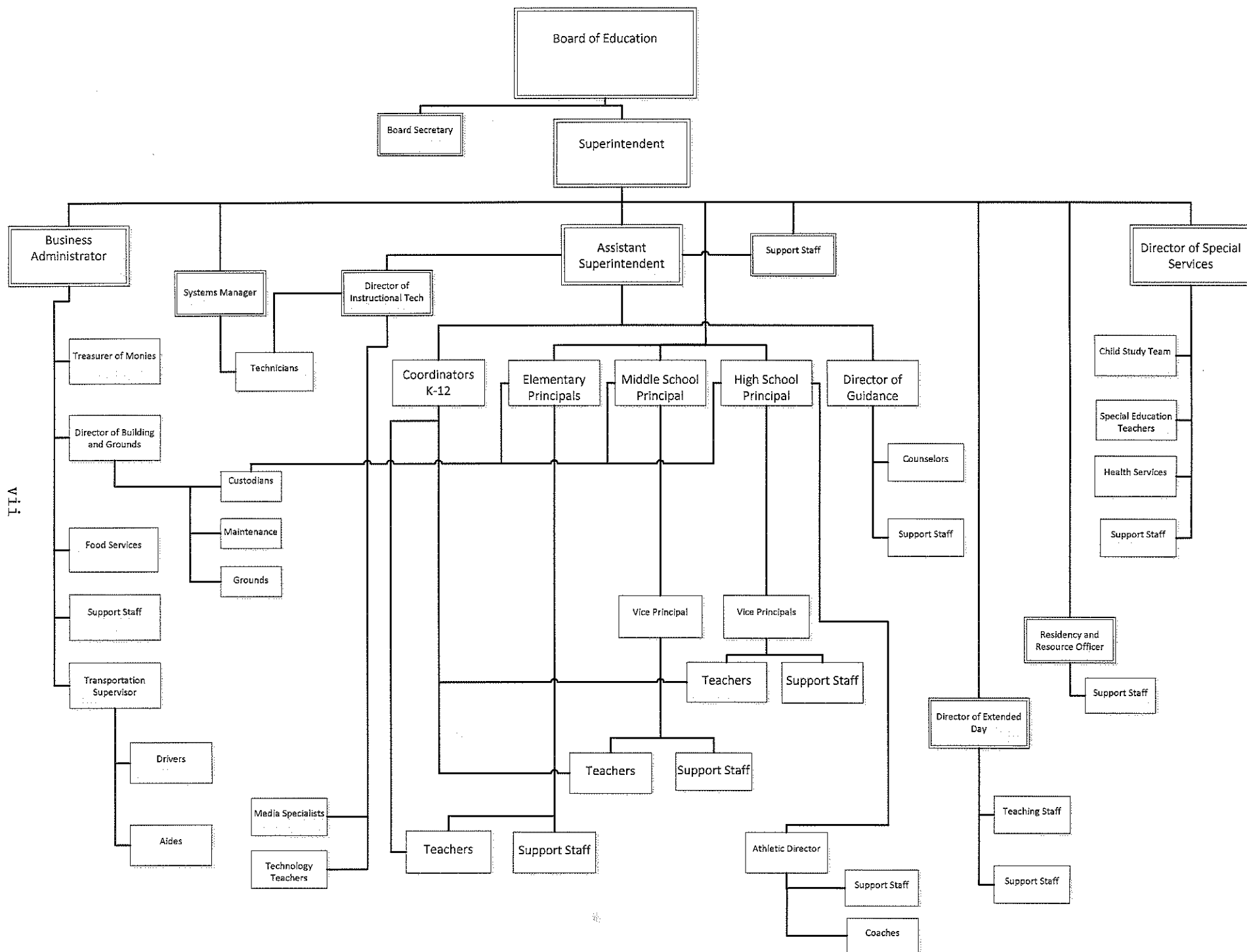
Respectfully submitted,



RUSSELL M. LAZOVICK
Superintendent of Schools



KAREN A. YEAMANS
Business Administrator/
Board Secretary



**NUTLEY BOARD OF EDUCATION
ROSTER OF OFFICIALS
JUNE 30, 2014**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Mr. Charles Kucinski, President	2016
Mr. Fredrick Scalera, Vice President	2014
Mr. Daniel Carnicella	2016
Mrs. Lisa Danchak-Martin	2014
Mr. Salvatore Ferraro	2014
Mr. Ryan Kline	2015
Mr. Kenneth Reilly	2016
Mrs. Deborah Russo	2015
Mr. Thomas Sposato	2015

Other Officials

Russell M. Lazovick, Superintendent
Karen A. Yeamans, Business Administrator/Board Secretary
Joanne Wilson, Treasurer of School Monies

**NUTLEY BOARD OF EDUCATION
Consultants and Advisors**

Board Attorney

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220 Park Avenue
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Special Construction Counsel

Connell Foley LLP
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Roseland, NJ 07068

Independent Auditors

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

Medical Inspector

Dr. Maryann Alessio
349 Passaic Avenue
Nutley, NJ 07110

Official Depository

TD Bank
575 Kingsland Street
Nutley, NJ 07110

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Nutley Board of Education as of and for the fiscal year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Nutley Board of Education as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 4, 2014 on our consideration of the Nutley Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Nutley Board of Education's internal control over financial reporting and compliance.


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


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
November 4, 2014

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, 2014. 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 2013-2014 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 \$24,107,328.
- Overall district revenues were \$70,061,561. General revenues accounted for \$58,523,988 or 84% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$11,537,573 or 16% of total revenues.
- The school district had \$66,491,429 in expenses for governmental activities; only \$9,583,129 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$58,523,866 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 \$9,488,238.
- The General Fund fund balance at June 30, 2014 was \$6,846,254, an increase of \$1,437,868 from the June 30, 2013 balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditors' Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.

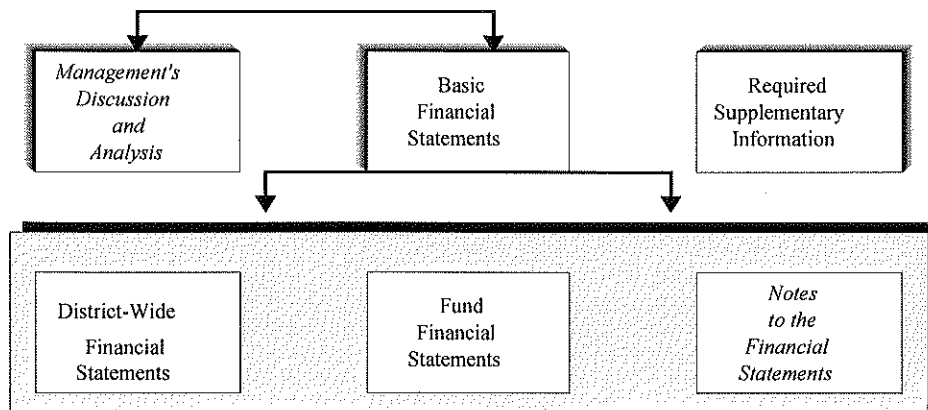
NUTLEY BOARD OF EDUCATION

Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

- The governmental funds statements tell how basic services were financed in the short term as well as what remains for future spending.
- Proprietary funds statements offer short-term and long-term financial information about the activities the district operated like businesses.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The various parts of this annual report are arranged and related to one another, as noted below.



NUTLEY BOARD OF EDUCATION

Management's Discussion and Analysis

The major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain are summarized below. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Major Features of the District-Wide and Fund Financial Statements

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

District-wide financial statements

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

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

NUTLEY BOARD OF EDUCATION

Management's Discussion and Analysis

District-wide financial statements (continued)

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

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

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

Fund financial statements

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

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

The District has three kinds of funds:

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

NUTLEY BOARD OF EDUCATION

Management's Discussion and Analysis

Fund financial statements (continued)

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

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

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

Notes to the financial statements

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

Other Information

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

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

DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a Board's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$24,107,328 as of June 30, 2014.

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, 2014 and 2013

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Assets						
Current Assets	\$ 10,034,638	\$ 9,071,981	\$ 701,225	\$ 352,440	\$ 10,735,863	\$ 9,424,421
Capital Assets, Net	<u>62,228,842</u>	<u>63,785,182</u>	<u>99,715</u>	<u>6,882</u>	<u>62,328,557</u>	<u>63,792,064</u>
Total Assets	<u>72,263,480</u>	<u>72,857,163</u>	<u>800,940</u>	<u>359,322</u>	<u>73,064,420</u>	<u>73,216,485</u>
Deferred Outflows of Resources						
Deferred Charges on Refundings of Debt	<u>926,605</u>	<u>1,031,484</u>	<u>-</u>	<u>-</u>	<u>926,605</u>	<u>1,031,484</u>
Total Assets & Deferred Outflows of Resource	<u>73,190,085</u>	<u>73,888,647</u>	<u>800,940</u>	<u>359,322</u>	<u>73,991,025</u>	<u>74,247,969</u>
Liabilities						
Long-Term Liabilities	48,329,068	50,038,999			48,329,068	50,038,999
Other Liabilities	<u>1,440,954</u>	<u>1,977,303</u>	<u>113,102</u>	<u>106,663</u>	<u>1,554,056</u>	<u>2,083,966</u>
Total Liabilities	<u>49,770,022</u>	<u>52,016,302</u>	<u>113,102</u>	<u>106,663</u>	<u>49,883,124</u>	<u>52,122,965</u>
Deferred Inflows of Resources						
Deferred Commodities Revenue	<u>-</u>	<u>-</u>	<u>573</u>	<u>3,153</u>	<u>573</u>	<u>3,153</u>
Total Liabilities & Deferred Inflows of Resou	<u>49,770,022</u>	<u>52,016,302</u>	<u>113,675</u>	<u>109,816</u>	<u>49,883,697</u>	<u>52,126,118</u>
Net Position						
Net Investment in Capital Assets	18,590,958	18,585,510	99,715	6,882	18,690,673	18,592,392
Restricted	2,676,310	1,175,583			2,676,310	1,175,583
Unrestricted	<u>2,152,795</u>	<u>2,111,252</u>	<u>587,550</u>	<u>242,624</u>	<u>2,740,345</u>	<u>2,353,876</u>
Total Net Position	<u>\$ 23,420,063</u>	<u>\$ 21,872,345</u>	<u>\$ 687,265</u>	<u>\$ 249,506</u>	<u>\$ 24,107,328</u>	<u>\$ 22,121,851</u>

NUTLEY BOARD OF EDUCATION

Management's Discussion and Analysis

Change in Net Position

For The Fiscal Years Ended June 30, 2014 and 2013

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues						
Program Revenues						
Charges for Services	\$ 210,556	\$ 209,129	\$ 1,717,812	\$ 1,385,431	\$ 1,928,368	\$ 1,594,560
Operating Grants and Contributions	9,372,573	10,130,902	236,632	225,396	9,609,205	10,356,298
Capital Grants and Contributions		567,532			-	567,532
General Revenues						
Property Taxes	52,931,802	52,016,386			52,931,802	52,016,386
State Aid	5,156,521	5,172,871			5,156,521	5,172,871
Other	435,543	414,967	122	104	435,665	415,071
Total Revenues	<u>68,106,995</u>	<u>68,511,787</u>	<u>1,954,566</u>	<u>1,610,931</u>	<u>70,061,561</u>	<u>70,122,718</u>
Expenses						
Instruction						
Regular	28,391,303	27,419,378			28,391,303	27,419,378
Special Education	10,727,289	10,429,282			10,727,289	10,429,282
Other Instruction	1,294,381	1,466,465			1,294,381	1,466,465
School Sponsored Activities and Athletics	1,329,760	1,260,343			1,329,760	1,260,343
Community Services	22,149	14,010			22,149	14,010
Support Services						
Student and Instruction Related Services	7,553,144	7,196,414			7,553,144	7,196,414
General Administrative Services	2,076,679	2,116,336			2,076,679	2,116,336
School Administrative Services	4,072,242	3,971,209			4,072,242	3,971,209
Plant Operations and Maintenance	5,544,444	5,348,366			5,544,444	5,348,366
Pupil Transportation	2,254,536	1,981,555			2,254,536	1,981,555
Business and Other Support Services	1,330,423	1,245,684			1,330,423	1,245,684
Interest on Long-Term Debt	1,895,079	2,402,651			1,895,079	2,402,651
Food Services			918,360	899,942	918,360	899,942
Extended Day			690,063	655,239	690,063	655,239
Athletic Camps	-	-	15,558	11,768	15,558	11,768
Total Expenses	<u>66,491,429</u>	<u>64,851,693</u>	<u>1,623,981</u>	<u>1,566,949</u>	<u>68,115,410</u>	<u>66,418,642</u>
Increase in Net Position	1,615,566	3,660,094	330,585	43,982	1,946,151	3,704,076
Net Position, Beginning of Year	21,872,345	18,077,327	249,506	205,524	22,121,851	18,282,851
Prior Period Adjustment	(67,848)	134,924	107,174	-	39,326	134,924
Net Position, End of Year	<u>\$ 23,420,063</u>	<u>\$ 21,872,345</u>	<u>\$ 687,265</u>	<u>\$ 249,506</u>	<u>\$ 24,107,328</u>	<u>\$ 22,121,851</u>

NUTLEY BOARD OF EDUCATION

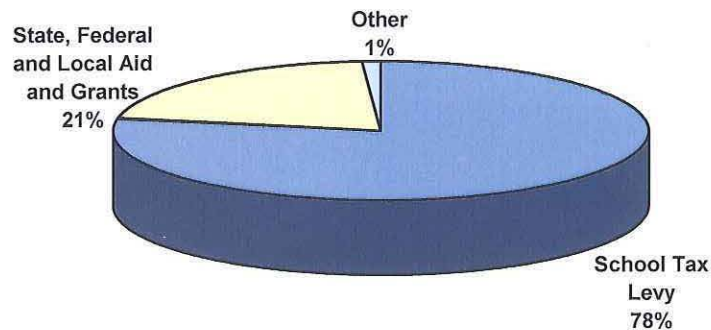
Management's Discussion and Analysis

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$68,106,995 for the fiscal year ended June 30, 2014. Property taxes of \$52,931,802 represented 78 percent of revenues. Another significant portion of revenues came from State aid; total State, Federal, Local and formula aid was \$14,529,094. 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.

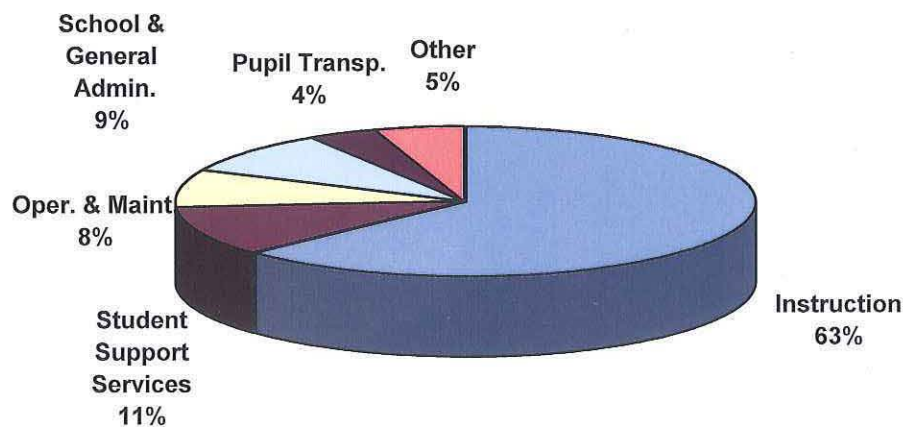
The total cost of all governmental activities programs and services was \$66,491,429. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$41,764,882 (63%) of total expenditures. Student support services, exclusive of administration, total \$7,553,144 or (11%) of total expenditures.

Total governmental activities revenues surpassed expenses, increasing net position by \$1,615,566 from the previous year.

Revenues by Source- Governmental Activities
For Fiscal Year 2013/14



Expenditures by Type- Governmental Activities
For Fiscal Year 2013/14



NUTLEY BOARD OF EDUCATION

Management's Discussion and Analysis

Net Cost of Governmental Activities. The District's total cost of services was \$66,491,429. After applying program revenues, derived from charges for services of \$210,556; and operating grants and contributions of \$9,372,573; the net cost of services of the District is \$56,908,300.

Total and Net Cost of Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Instruction				
Regular	\$ 28,391,303	\$ 27,419,378	\$ 24,276,196	\$ 22,686,221
Special Education	10,727,289	10,429,282	6,459,385	6,177,020
Other Instruction	1,294,381	1,466,465	1,226,835	1,376,276
School Sponsored Activities and Athletics	1,329,760	1,260,343	1,181,263	1,095,635
Community Services	22,149	14,010	19,080	14,010
Support Services				
Student and Instruction Related Services	7,553,144	7,196,414	6,999,118	6,537,178
General Administrative Services	2,076,679	2,116,336	2,076,679	2,116,336
School Administrative Services	4,072,242	3,971,209	3,848,943	3,712,426
Plant Operations and Maintenance	5,544,444	5,348,366	5,475,345	4,724,630
Pupil Transportation	2,254,536	1,981,555	2,119,954	1,856,063
Business and Other Support Services	1,330,423	1,245,684	1,330,423	1,245,684
Interest on Long-Term Debt	1,895,079	2,402,651	1,895,079	2,402,651
 Total	 <u>\$ 66,491,429</u>	 <u>\$ 64,851,693</u>	 <u>\$ 56,908,300</u>	 <u>\$ 53,944,130</u>

Business-Type Activities – The District's total business-type activities revenues were \$1,954,566 for the fiscal year ended June 30, 2014. Charges for services accounted for 88% of total revenues. Operating grants and contributions accounted for 12% of total revenue for the year.

The total cost of all business-type activities programs and services was \$1,623,981. The District's expenses are related to Food Service programs provided to all students, teachers and administrators within the District and the operation of the Extended Day and Athletic Camps programs.

Total business-type activities revenues surpassed expenses increasing net position by \$330,585 over the prior year balance.

NUTLEY BOARD OF EDUCATION

Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$9,488,238. At June 30, 2013, the fund balance was \$8,201,983.

Revenues for the District's governmental funds were \$68,106,995, while total expenses were \$66,820,740.

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

The following schedule presents a summary of General Fund revenues.

	<u>Fiscal Year Ended</u>		<u>Increase</u>	<u>Percentage</u>
	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>(Decrease)</u>	<u>of Total</u>
Local Sources				
Property Tax Levy	\$ 50,087,600	\$ 49,105,490	\$ 982,110	2.0%
Tuition	166,386	167,909	(1,523)	-0.9%
Miscellaneous	478,159	454,635	23,524	5.2%
State Sources	12,171,622	12,847,906	(676,284)	-5.3%
Federal Sources	<u>38,068</u>	<u>674</u>	<u>37,394</u>	
Total General Fund Revenues	<u>\$ 62,941,835</u>	<u>\$ 62,576,614</u>	<u>\$ 365,221</u>	0.6%

Total General Fund Revenues increased by \$365,221 or less than 1.0% over the previous year.

Local property taxes increased 2.0% over the previous year, which is within the State-mandated CAP. State aid revenues decreased \$676,284 primarily due to the State's decreased on-behalf TPAF pension contribution.

NUTLEY BOARD OF EDUCATION

Management's Discussion and Analysis

The following schedule presents a summary of General Fund expenditures.

	<u>Fiscal Year Ended</u>		<u>Increase (Decrease)</u>	<u>Percentage of Total</u>
	<u>June 30, 2014</u>	<u>June 30, 2013</u>		
Instruction	\$ 40,159,474	\$ 39,121,814	\$ 1,037,660	2.7%
Support Services	21,106,766	20,012,925	1,093,841	5.5%
Debt Service	153,333	460,612	(307,279)	-67%
Capital Outlay	<u>85,948</u>	<u>194,358</u>	<u>(108,410)</u>	-55.8%
Total Expenditures	<u>\$ 61,505,521</u>	<u>\$ 59,789,709</u>	<u>\$ 1,715,812</u>	2.9%

Total General Fund expenditures increased \$1,715,812 from the previous year. A significant portion of the increase is attributed to increases in contractual salaries for the 2013/2014 school year.

In 2013-2014 General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$1,437,868. As a result, total fund balance increased to \$6,846,254 at June 30, 2014. After deducting statutory restrictions and committed and assigned encumbrances, the unassigned fund balance (GAAP Basis) at June 30, 2014 is \$463,377.

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 \$1,495,704, for the fiscal year ended June 30, 2014. 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 \$1,495,704. Instructional expenditures were \$1,360,806, support services expenditures were \$114,152 and capital outlay expenditures were \$20,746.

Capital Projects – Expenditures and other financing uses were greater than revenues and other financing sources by \$151,615 resulting in a fund balance of \$2,579,267 at June 30, 2014.

NUTLEY BOARD OF EDUCATION

Management's Discussion and Analysis

Proprietary Funds

The District maintains Enterprise Funds to account for activities that are supported in part through user fees.

Enterprise Funds - The District uses Enterprise Funds to report activities related to the Food Services program as well as the Extended Day and Athletic Camps programs. The District's Enterprise Funds provide the same type of information found in the district-wide financial statements, business-type activities, but in more detail. Factors concerning the finances of these Funds have already been addressed in the discussion of the District's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared according to New Jersey Department of Education guidelines, and is based on accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The most significant budgetary fund is the General Fund.

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into the following categories:

- Implementing budgets for specially funded projects, which include both federal and state grants.
- Reappropriation of prior year purchase orders (June 30, 2013 encumbrances).

CAPITAL ASSETS

The District's investment in capital assets for its governmental and business type activities as of June 30, 2014 amounts to \$62,328,557 (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 2013-2014 amounted to \$1,732,467 for governmental activities and \$14,341 for business-type activities.

Capital Assets at June 30, 2014 and 2013 (Net of Accumulated Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land	\$ 79,932	\$ 79,932			\$ 79,932	\$ 79,932
Construction in Progress	137,281	11,155,217			137,281	11,155,217
Buildings	60,078,070	50,290,600			60,078,070	50,290,600
Machinery and Equipment	<u>1,933,559</u>	<u>2,191,585</u>	<u>\$ 99,715</u>	<u>\$ 114,056</u>	<u>2,033,274</u>	<u>2,305,641</u>
Total Capital Assets (Net)	<u>\$ 62,228,842</u>	<u>\$ 63,717,334</u>	<u>\$ 99,715</u>	<u>\$ 114,056</u>	<u>\$ 62,328,557</u>	<u>\$ 63,831,390</u>

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

NUTLEY BOARD OF EDUCATION

Management's Discussion and Analysis

LONG TERM LIABILITIES

At year end, the District's long-term liabilities consisted of compensated absences payable of \$1,185,312, capital leases payable of \$78,298, and bonds payable of \$46,225,000.

Additional information of the District's long-term liabilities is presented in Note 3 of this report.

Table A-7
Outstanding Long-Term Liabilities

	<u>2014</u>	<u>2013</u>
Serial Bonds Payable	\$ 46,225,000	\$ 47,890,000
Capital Leases	78,298	137,979
Compensated Absences	<u>1,185,312</u>	<u>1,076,961</u>
Total Long-Term Liabilities	<u>\$ 47,488,610</u>	<u>\$ 49,104,940</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Currently, the District is in good financial condition. Everyone associated with the Nutley Board of Education is grateful for the community support.

Many factors were considered by the District's administration during the process of developing the fiscal year 2014-2015 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, 2014**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 9,175,780	\$ 666,580	\$ 9,842,360
Receivables, net			
Receivables from Other Governments	836,360	16,606	852,966
Other	20,031	17,468	37,499
Inventory		3,038	3,038
Internal Balances	2,467	(2,467)	-
Capital Assets			
Not Being Depreciated	217,213		217,213
Being Depreciated, Net	<u>62,011,629</u>	<u>99,715</u>	<u>62,111,344</u>
Total Assets	<u>72,263,480</u>	<u>800,940</u>	<u>73,064,420</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges on Refundings of Debt	<u>926,605</u>	<u>-</u>	<u>926,605</u>
Total Assets and Deferred Outflows of Resources	<u>73,190,085</u>	<u>800,940</u>	<u>73,991,025</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	465,975	79,077	545,052
Payable to State Government	42,633		42,633
Accrued Interest Payable	894,554		894,554
Unearned Revenue	37,792	34,025	71,817
Noncurrent Liabilities			
Due Within One Year	1,906,924		1,906,924
Due Beyond One Year	<u>46,422,144</u>	<u>-</u>	<u>46,422,144</u>
Total Liabilities	<u>49,770,022</u>	<u>113,102</u>	<u>49,883,124</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue	<u>-</u>	<u>573</u>	<u>573</u>
Total Liabilities and Deferred Inflows of Resources	<u>49,770,022</u>	<u>113,675</u>	<u>49,883,697</u>
NET POSITION			
Net Investment in Capital Assets	18,590,958	99,715	18,690,673
Restricted for:			
Capital Projects	2,613,593		2,613,593
Debt Service	62,717		62,717
Unrestricted	<u>2,152,795</u>	<u>587,550</u>	<u>2,740,345</u>
Total Net Position	<u>\$ 23,420,063</u>	<u>\$ 687,265</u>	<u>\$ 24,107,328</u>

**NUTLEY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities							
Instruction							
Regular	\$ 28,391,303	\$ 52,086	\$ 4,063,021		\$ (24,276,196)		\$ (24,276,196)
Special Education	10,727,289	114,300	4,153,604		(6,459,385)		(6,459,385)
Other Instruction	1,294,381		67,546		(1,226,835)		(1,226,835)
School Sponsored Activities and Athletics	1,329,760		148,497		(1,181,263)		(1,181,263)
Community Services	22,149		3,069		(19,080)		(19,080)
Support Services							
Student and Instruction Related Services	7,553,144		554,026		(6,999,118)		(6,999,118)
General Administrative Services	2,076,679				(2,076,679)		(2,076,679)
School Administrative Services	4,072,242		223,299		(3,848,943)		(3,848,943)
Plant Operations and Maintenance	5,544,444		69,099		(5,475,345)		(5,475,345)
Pupil Transportation	2,254,536	44,170	90,412		(2,119,954)		(2,119,954)
Business Services	1,330,423				(1,330,423)		(1,330,423)
Interest on Long-Term Debt and Other Charges	1,895,079	-	-	-	(1,895,079)	-	(1,895,079)
 Total Governmental Activities	 66,491,429	 210,556	 9,372,573	 -	 (56,908,300)	 -	 (56,908,300)
Business-Type Activities							
Food Service	918,360	785,006	236,632			\$ 103,278	103,278
Extended Day	690,063	916,906				226,843	226,843
Athletic Camps	15,558	15,900	-	-	-	342	342
 Total Business-Type Activities	 1,623,981	 1,717,812	 236,632	 -	 -	 330,463	 330,463
 Total Primary Government	 \$ 68,115,410	 \$ 1,928,368	 \$ 9,609,205	 \$ -	 (56,908,300)	 330,463	 (56,577,837)

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, 2014**

	Net (Expense) Revenue and Changes in Net Position		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Balance, Carry Forward	\$ (56,908,300)	\$ 330,463	\$ (56,577,837)
General Revenues			
Property Taxes Levied for General Purposes	50,087,600		50,087,600
Property Taxes Levied for Debt Service	2,844,202		2,844,202
State Aid - Unrestricted	4,332,821		4,332,821
State Aid - Restricted for Debt Service	823,700		823,700
Miscellaneous Income	435,543	122	435,665
Total General Revenues	58,523,866	122	58,523,988
Change in Net Position	1,615,566	330,585	1,946,151
Net Position, Beginning of Year	21,872,345	249,506	22,121,851
Prior Period Adjustment	(67,848)	107,174	39,326
Net Position, End of Year	\$ 23,420,063	\$ 687,265	\$ 24,107,328

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, 2014**

	<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	\$ 6,914,587		\$ 2,198,476	\$ 62,717	\$ 9,175,780
Due from Other Funds	53,346				53,346
Receivables, Net					
Receivables from Other Governments	122,388	\$ 233,777	480,195		836,360
Other	19,722	-	-	-	19,722
Total Assets	<u>\$ 7,110,043</u>	<u>\$ 233,777</u>	<u>\$ 2,678,671</u>	<u>\$ 62,717</u>	<u>\$ 10,085,208</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 263,789	\$ 105,887	\$ 96,299		\$ 465,975
Intergovernmental Payable		42,633			42,633
Due to Other Funds		47,465	3,105		50,570
Unearned Revenue	-	37,792	-	-	37,792
Total Liabilities	<u>263,789</u>	<u>233,777</u>	<u>99,404</u>	<u>-</u>	<u>596,970</u>
Fund Balances					
Restricted					
Capital Reserve	2,613,593				2,613,593
Maintenance Reserve	500,000				500,000
Excess Surplus	692,187				692,187
Excess Surplus - Designated for Subsequent Year's Budget	805,740				805,740
Capital Projects			2,579,267		2,579,267
Debt Service				\$ 62,717	62,717
Committed					
Year End Encumbrances	1,017,859				1,017,859
Assigned					
Year End Encumbrances	753,498				753,498
Unassigned	463,377	-	-	-	463,377
Total Fund Balances	<u>6,846,254</u>	<u>-</u>	<u>2,579,267</u>	<u>62,717</u>	<u>9,488,238</u>
Total Liabilities and Fund Balances	<u>\$ 7,110,043</u>	<u>\$ 233,777</u>	<u>\$ 2,678,671</u>	<u>\$ 62,717</u>	

Amounts reported for governmental activities in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$81,901,264 and the accumulated depreciation is \$19,672,422.

62,228,842

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

(894,554)

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

926,605

Long term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Serial Bonds Payable (Net) \$ 47,065,458
Capital Leases 78,298
Compensated Absences Payable 1,185,312

(48,329,068)

\$ 23,420,063

**NUTLEY BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 50,087,600			\$ 2,844,202	\$ 52,931,802
Tuition	166,386				166,386
Transportation Fees	44,170				44,170
Miscellaneous	433,989	\$ 72,763	\$ 1,554	-	508,306
Total - Local Sources	50,732,145	72,763	1,554	2,844,202	53,650,664
State Sources	12,171,622	324,601		823,700	13,319,923
Federal Sources	38,068	1,098,340	-	-	1,136,408
Total Revenues	62,941,835	1,495,704	1,554	3,667,902	68,106,995
EXPENDITURES					
Current					
Regular Instruction	27,599,892	554,990			28,154,882
Special Education Instruction	9,913,290	805,816			10,719,106
Other Instruction	1,294,381				1,294,381
School-Sponsored Activities and Athletics	1,329,760				1,329,760
Community Services	22,149				22,149
Support Services					
Student and Instructional Related Services	6,894,183	114,152			7,008,335
General Administrative Services	1,427,271				1,427,271
School Administrative Services	4,058,543				4,058,543
Plant Operations and Maintenance	5,401,579		14,334		5,415,913
Pupil Transportation	2,003,893				2,003,893
Business Services	1,321,299				1,321,299
Debt Service					
Principal	59,681			1,665,000	1,724,681
Interest and Other Charges	93,652			2,002,900	2,096,552
Capital Outlay	85,948	20,746	137,281	-	243,975
Total Expenditures	61,505,521	1,495,704	151,615	3,667,900	66,820,740
Excess (Deficiency) of Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)	1,436,314	-	(150,061)	2	1,286,255
OTHER FINANCING SOURCES (USES)					
Transfers In	1,554				1,554
Transfers Out	-	-	(1,554)	-	(1,554)
Total Other Financing Sources (Uses)	1,554	-	(1,554)	-	-
Net Change in Fund Balances	1,437,868	-	(151,615)	2	1,286,255
Fund Balance, Beginning of Year	5,408,386	-	2,730,882	62,715	8,201,983
Fund Balance, End of Year	\$ 6,846,254	\$ -	\$ 2,579,267	\$ 62,717	\$ 9,488,238

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, 2014**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) **\$ 1,286,255**

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expense. This is the amount by which depreciation exceeds capital outlay in the current period.

Capital Outlay	\$ 243,975	
Depreciation Expense	<u>(1,732,467)</u>	
		(1,488,492)

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	(108,351)
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The issuance of long term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Principal Repayments	1,665,000
----------------------	-----------

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

Add: Amortization of Premium	93,601	
Less: Amortization of Deferred Amount on Refunding of Debt	<u>(104,879)</u>	
		(11,278)

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

Capital Lease Payments	59,681
------------------------	--------

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>212,751</u>
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Change in Net Position of Governmental Activities (Exhibit A-2) **\$ 1,615,566**

**NUTLEY BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014**

	<u>Food Service</u>	<u>Extended Day</u>	<u>Other Non-Major</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
ASSETS				
Cash and Cash Equivalents	\$ 170,806	\$ 493,695	\$ 2,079	\$ 666,580
Intergovernmental Accounts Receivable				
State	928			928
Federal	15,678			15,678
Other Accounts Receivable	17,468			17,468
Inventory	3,038	-	-	3,038
	<u>207,918</u>	<u>493,695</u>	<u>2,079</u>	<u>703,692</u>
Total Current Assets				
Capital Assets				
Machinery and Equipment	235,802			235,802
Less: Accumulated Depreciation	(136,087)	-	-	(136,087)
	<u>99,715</u>	<u>-</u>	<u>-</u>	<u>99,715</u>
Total Capital Assets				
Total Assets	<u>307,633</u>	<u>493,695</u>	<u>2,079</u>	<u>803,407</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	78,102	975		79,077
Due to Other Funds	2,467			2,467
Unearned Revenue	-	34,025	-	34,025
	<u>80,569</u>	<u>35,000</u>	<u>-</u>	<u>115,569</u>
Total Current Liabilities				
DEFERRED INFLOWS OF RESOURCES				
Deferred Commodities Revenue	573	-	-	573
	<u>573</u>	<u>-</u>	<u>-</u>	<u>573</u>
Total Deferred Inflows of Resources				
Total Liabilities and Deferred Inflows of Resources	<u>81,142</u>	<u>35,000</u>	<u>-</u>	<u>116,142</u>
NET POSITION				
Net Investment in Capital Assets	99,715			99,715
Unrestricted	126,776	458,695	2,079	587,550
	<u>226,491</u>	<u>458,695</u>	<u>2,079</u>	<u>687,265</u>
Total Net Position				

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, 2014**

	<u>Food Service</u>	<u>Extended Day</u>	<u>Other Non-Major</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
OPERATING REVENUES				
Charges for Services				
Program Fees	\$ 298,653	\$ 916,906	\$ 15,900	\$ 1,231,459
School Lunch Program	299,451			299,451
Special Functions	186,902	-	-	186,902
Total Operating Revenues	<u>785,006</u>	<u>916,906</u>	<u>15,900</u>	<u>1,717,812</u>
OPERATING EXPENSES				
Salaries and Wages	247,388	547,267	13,835	808,490
Employee Benefits	79,657	71,114		150,771
Cost of Sales	425,359			425,359
Supplies	3,284	7,021	1,723	12,028
Purchased Services	81,922	63,195		145,117
Other	66,409	1,466		67,875
Depreciation	14,341	-	-	14,341
Total Operating Expenses	<u>918,360</u>	<u>690,063</u>	<u>15,558</u>	<u>1,623,981</u>
Operating Income (Loss)	<u>(133,354)</u>	<u>226,843</u>	<u>342</u>	<u>93,831</u>
NONOPERATING REVENUES				
State Sources				
State School Lunch Program	7,376			7,376
Federal Sources				
Federal School Lunch Program	229,256			229,256
Interest Income	47	75	-	122
Total Nonoperating Revenues	<u>236,679</u>	<u>75</u>	<u>-</u>	<u>236,754</u>
Change in Net Position	103,325	226,918	342	330,585
Net Position, Beginning of Year	<u>123,166</u>	<u>231,777</u>	<u>1,737</u>	<u>356,680</u>
Net Position, End of Year	<u>\$ 226,491</u>	<u>\$ 458,695</u>	<u>\$ 2,079</u>	<u>\$ 687,265</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, 2014**

	<u>Food Service</u>	<u>Extended Day</u>	<u>Other Non-Major</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	\$ 834,445	\$ 907,811	\$ 15,900	\$ 1,758,156
Payments for Employees	(327,045)	(618,381)	(13,835)	(959,261)
Payments to Suppliers	(520,199)	(71,272)	(1,723)	(593,194)
Net Cash Provided By (Used For) Operating Activities	(12,799)	218,158	342	205,701
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Cash Payments/Receipts for Interfund Transactions	(38,182)	38,182		-
State and Federal Sources	221,298	-	-	221,298
Net Cash Provided By Non-Capital Financing Activities	183,116	38,182	-	221,298
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	47	75	-	122
Net Cash Provided By Investing Activities	47	75	-	122
Net Increase in Cash and Cash Equivalents	170,364	256,415	342	427,121
Cash and Cash Equivalents, Beginning of Year	442	237,280	1,737	239,459
Cash and Cash Equivalents, End of Year	\$ 170,806	\$ 493,695	\$ 2,079	\$ 666,580
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating Income (Loss)	\$ (133,354)	\$ 226,843	\$ 342	\$ 93,831
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities				
Depreciation	14,341			14,341
USDA Commodities	40,070			40,070
(Increase) Decrease in Accounts Receivable	49,439			49,439
(Increase) Decrease in Inventories	4,161			4,161
Increase (Decrease) in Accounts Payable	15,124	410		15,534
Increase/(Decrease) in Deferred Commodities Revenue	(2,580)			(2,580)
Increase (Decrease) in Unearned Revenue	-	(9,095)	-	(9,095)
Total Adjustments	120,555	(8,685)	-	111,870
Net Cash Provided By (Used For) Operating Activities	\$ (12,799)	\$ 218,158	\$ 342	\$ 205,701
Non-Cash Financing Activities				
Fair Value of Food Distribution Program - National School Lunch	\$ 37,490			\$ 37,490

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, 2014**

	<u>Private Purpose Trust Funds</u>	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 130,039	\$ 478,518	\$ 690,079
Total Assets	<u>130,039</u>	<u>478,518</u>	<u>\$ 690,079</u>
LIABILITIES			
Intergovernmental Payable		19,641	
Accrued Salaries and Wages			\$ 493,418
Due to Other Funds			309
Due to Student Groups	-	-	<u>196,352</u>
Total Liabilities	<u>-</u>	<u>19,641</u>	<u>\$ 690,079</u>
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 130,039</u>	<u>\$ 458,877</u>	

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

**NUTLEY BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Private Purpose <u>Trust Funds</u>	Unemployment <u>Compensation Trust</u>
ADDITIONS		
Contributions		
Employees		\$ 102,853
Investment Earnings		
Interest	\$ 300	1,559
Total Additions	300	104,412
DEDUCTIONS		
Scholarships	20,000	
Unemployment Claims and Contributions	-	103,281
Total Deductions	20,000	103,281
Change in Net Position	(19,700)	1,131
Net Position, Beginning of Year	149,739	457,746
Net Position, End of Year	\$ 130,039	\$ 458,877

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, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Nutley Board of Education (the "Board" or the "District") is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of nine elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

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

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

B. New Accounting Standards

During fiscal year 2014, the District adopted the following GASB statement:

- GASB 66, *Technical Corrections – 2012, an Amendment of GASB Statements 10 and 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

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

- GASB 68, *Accounting and Financial Reporting for Pensions*, will be effective beginning with the fiscal year ending June 30, 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB 69, *Government Combinations and Disposals of Government Operations* will be effective beginning with the fiscal year ending June 30, 2015. The objective of this Statement is to establish accounting and financial reporting standards for mergers, acquisitions, and transfers of operations (i.e., government combinations). The Statement also provides guidance on how to determine the gain or loss on a disposal of government operations. This Statement applies to all state and local governmental entities. The District does not expect this statement to impact its financial statements.

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 the food service and extended day enterprise funds to be major funds.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements

Fund Financial Statements (Continued)

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal, 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 teachers and special events.

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

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

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

Additionally, the government reports the following fund type:

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

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

Reclassifications

Certain amounts presented in the prior year data 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, 2014**

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

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

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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 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 estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20-50
Building Improvements	20
Heavy Equipment	10-20
Office Equipment and Furniture	7-10
Computer Equipment	5

5. *Deferred Outflows/Inflows of Resources*

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

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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 only one type of item, which arises only under the accrual basis of accounting that qualifies for reporting in this category. It is the deferred commodities revenue, reported in both the district-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

6. *Compensated Absences*

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

7. *Long-Term Obligations*

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

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

8. *Net Position/Fund Balance*

District-Wide Statements

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

- **Net Investment in Capital Assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.

NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

District-Wide Statements (Continued)

- **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.

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

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

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

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2014 audited excess surplus that is required to be appropriated in the 2015/2016 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, 2013 audited excess surplus that was appropriated in the 2014/2015 original budget certified for taxes.

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

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

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

Year-End Encumbrances – Represents outstanding purchase orders at year end for contracts awarded by formal action of the Board of Trustee's for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental Fund Statements (Continued)

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

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

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

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

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

2. *Property Taxes*

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenue is recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred inflows of resources. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1st in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual “in rem” tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

3. *Tuition Revenues and Expenditures*

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

Tuition Expenditures - Tuition charges for the fiscal years 2012-2013 and 2013-2014 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service enterprise fund, extended day enterprise fund and athletic camp enterprise fund are charges to customers for sales and services. Operating expenses for the 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 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

In accordance with the requirements of the New Jersey Department of Education ("the Department"), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the notes to the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them. Capital lease transactions are accounted for on the GAAP basis.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On February 13, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2013/2014. Also, during 2013/2014 the Board increased the original budget by \$2,212,691. The increase was funded by grant awards and the reappropriation of prior year general fund encumbrances.

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

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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

B. Excess Expenditures Over Appropriations

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Current Expenditures			
Support Services School Administration			
Salaries of Other Professional Staff	\$ 1,096,596	\$ 1,099,350	\$ 2,754
Custodial Services			
Energy (Electricity)	730,000	809,507	79,507
Student Transportation Services			
Salaries for Pupil Trans (Bet. Home and Sch) - Sp. Ed.	1,001,041	1,001,594	553
Unallocated Employee Benefits			
Social Security Contributions	803,732	810,460	6,728
Other Retirement Contributions - PERS	742,882	743,637	755

The above variances were offset with other available resources.

C. Capital Reserve

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

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

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Capital Reserve (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2014 is as follows:

Balance, July 1, 2013		\$ 1,112,868
Increased by:		
Interest Earnings	\$ 725	
Budgeted Increase	500,000	
Deposits Approved by Board Resolution	<u>1,000,000</u>	
Total Increases		<u>1,500,725</u>
Balance, June 30, 2014		<u>\$ 2,613,593</u>

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

D. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2014 is \$1,497,927. Of this amount, \$805,740 was designated and appropriated in the 2014/2015 original budget certified for taxes and the remaining amount of \$692,187 will be appropriated in the 2015/2016 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2014, the book value of the Board's deposits were \$11,140,996 and bank and brokerage firm balances of the Board's deposits amounted to \$12,129,763. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ 12,129,763
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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, 2014 none of the Board's bank balances were exposed to custodial credit risk.

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2014, the Board had no outstanding investments.

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

B. Receivables

Receivables as of June 30, 2014 for the district's individual major funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Total</u>
Receivables:					
Accounts	\$ 19,722				\$ 19,722
Intergovernmental					
Federal		\$ 226,251		\$ 15,678	241,929
State	102,442	7,526	\$ 480,195	928	591,091
Other	19,946	-	-	17,468	37,414
Gross Receivables	142,110	233,777	480,195	34,074	890,156
Less: Allowance for Uncollectibles	-	-	-	-	-
Net Total Receivables	<u>\$ 142,110</u>	<u>\$ 233,777</u>	<u>\$ 480,195</u>	<u>\$ 34,074</u>	<u>\$ 890,156</u>

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

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

	<u>Unearned</u>
Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 36,767
Grant Draw Downs Reserved for Encumbrances	<u>1,025</u>
Total Unearned Revenue for Governmental Funds	<u>\$ 37,792</u>

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2014 was as follows:

	Balance <u>July 1, 2013</u>	Prior Period <u>Adjustment</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2014</u>
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 79,932				\$ 79,932
Construction in Progress	11,155,217	-	\$ 137,281	\$ (11,155,217)	137,281
Total Capital Assets, Not Being Depreciated	<u>11,235,149</u>	<u>-</u>	<u>137,281</u>	<u>(11,155,217)</u>	<u>217,213</u>
Capital Assets, Being Depreciated:					
Buildings	65,421,829		11,155,217		76,577,046
Machinery and Equipment	5,274,943	\$ (185,716)	106,694	(88,916)	5,107,005
Total Capital Assets Being Depreciated	<u>70,696,772</u>	<u>(185,716)</u>	<u>11,261,911</u>	<u>(88,916)</u>	<u>81,684,051</u>
Less Accumulated Depreciation for:					
Buildings	(15,131,229)		(1,367,747)		(16,498,976)
Machinery and Equipment	(3,015,510)	117,868	(364,720)	88,916	(3,173,446)
Total Accumulated Depreciation	<u>(18,146,739)</u>	<u>117,868</u>	<u>(1,732,467)</u>	<u>88,916</u>	<u>(19,672,422)</u>
Total Capital Assets, Being Depreciated, net	<u>52,550,033</u>	<u>(67,848)</u>	<u>9,529,444</u>	<u>-</u>	<u>62,011,629</u>
Governmental Activities Capital Assets, net	<u>\$ 63,785,182</u>	<u>\$ (67,848)</u>	<u>\$ 9,666,725</u>	<u>\$ (11,155,217)</u>	<u>\$ 62,228,842</u>

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance July 1, 2013	Prior Period Adjustment	Increases	Decreases	Balance June 30, 2014
Business-Type Activities:					
Capital Assets, Being Depreciated:					
Machinery and Equipment	\$ 137,947	\$ 97,855	-	-	\$ 235,802
Total Capital Assets Being Depreciated	<u>137,947</u>	<u>97,855</u>	<u>-</u>	<u>-</u>	<u>235,802</u>
Less Accumulated Depreciation for:					
Machinery and Equipment	(131,065)	9,319	\$ (14,341)	-	(136,087)
Total Accumulated Depreciation	<u>(131,065)</u>	<u>9,319</u>	<u>(14,341)</u>	<u>-</u>	<u>(136,087)</u>
Total Capital Assets, Being Depreciated, net	<u>6,882</u>	<u>107,174</u>	<u>(14,341)</u>	<u>-</u>	<u>99,715</u>
Business-Type Activities Capital Assets, net	<u>\$ 6,882</u>	<u>\$ 107,174</u>	<u>\$ (14,341)</u>	<u>\$ -</u>	<u>\$ 99,715</u>

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

Governmental Activities:

Instruction

Regular

Total Instruction \$ 183,816

Support Services

Student and Instruction Related Services 540,004

General Administration 643,509

School Administration 651

Operations and Maintenance of Plant 117,200

Student Transportation 247,287

Total Support Services 1,548,651

Total Depreciation Expense - Governmental Activities \$ 1,732,467

Business-Type Activities:

Food Service Fund

Total Depreciation Expense-Business-Type Activities \$ 14,341

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2014:

<u>Project</u>	<u>Remaining Commitment</u>
Various Renovations and Improvements to Nutley High School and Elementary Schools	\$ 577,918
Nutley High School Stair Tower Door Replacement	125,871
Nutley High School Roof Replacement	273,008
Lincoln School Change-In-Use	79,150
Wireless Communications	77,385
	<u>\$ 1,133,332</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2014, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 47,465
General Fund	Capital Projects Fund	3,105
General Fund	Food Service Enterprise Fund	2,467
General Fund	Payroll Agency Fund	309
		<u>\$ 53,346</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 to cover cash balances which were in an overdraft position.

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

Interfund Transfers

	<u>Transfer In:</u> <u>General</u> <u>Fund</u>	<u>Total</u>
Transfer Out:		
Capital Projects Fund	\$ 1,554	\$ 1,554
Total Transfers out	<u>\$ 1,554</u>	<u>\$ 1,554</u>

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

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases

Capital Leases

The District is leasing school buses totaling \$307,328 under capital leases. The leases are for terms of 5 years.

The capital assets acquired through capital leases are as follows:

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

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2014 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2015	\$ 64,684
2016	<u>16,805</u>
Total Minimum Lease Payments	81,489
Less: Amount Representing Interest	<u>(3,191)</u>
Present Value of Minimum Lease Payments	<u>\$ 78,298</u>

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2014 are comprised of the following issues:

\$14,930,000, 2005 Bonds, due in annual installment of \$650,000 on February 15, 2015, interest rate of 4.00%	\$ 650,000
\$38,500,000, 2007 Bonds, due in annual installments of \$890,000 to \$3,515,000 through July 15, 2032, variable interest rates	33,885,000
\$10,000,000, 2012 Refunding Bonds, due in annual installments of \$20,000 to \$680,000 through August 15, 2029, variable interest rates	9,865,000
\$1,860,000, 2013 Refunding Bonds, due in annual installments of \$170,000 to \$195,000 through August 15, 2023, variable interest rates	1,825,000
	<u>\$ 46,225,000</u>

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

Governmental Activities:

Fiscal Year Ended June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2015	\$ 1,730,000	\$ 1,930,438	\$ 3,660,438
2016	1,780,000	1,852,688	3,632,688
2017	1,850,000	1,785,550	3,635,550
2018	1,910,000	1,715,538	3,625,538
2019	1,980,000	1,642,525	3,622,525
2020-2024	11,090,000	6,959,900	18,049,900
2025-2029	13,390,000	4,411,200	17,801,200
2030-2033	12,495,000	1,233,256	13,728,256
	<u>\$ 46,225,000</u>	<u>\$ 21,531,095</u>	<u>\$ 67,756,095</u>

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2014 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 153,352,090
Less: Net Debt Issued	<u>46,225,000</u>
Remaining Borrowing Power	<u>\$ 107,127,090</u>

Prior-Year Defeasance of Debt

In prior years, the District defeased certain serial bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. On June 30, 2014, \$9,845,000 of bonds outstanding are considered defeased.

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2014, was as follows:

	Balance <u>July 1, 2013</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2014</u>	Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable	\$ 47,890,000		\$ 1,665,000	\$ 46,225,000	\$ 1,730,000
Add: Unamortized Premium	<u>934,059</u>	<u>-</u>	<u>93,601</u>	<u>840,458</u>	<u>-</u>
	48,824,059	-	1,758,601	47,065,458	1,730,000
Capital Leases	137,979		59,681	78,298	61,924
Compensated Absences Payable	<u>1,076,961</u>	<u>\$ 108,351</u>	<u>-</u>	<u>1,185,312</u>	<u>115,000</u>
Governmental Activity Long-Term Liabilities	<u>\$ 50,038,999</u>	<u>\$ 108,351</u>	<u>\$ 1,818,282</u>	<u>\$ 48,329,068</u>	<u>\$ 1,906,924</u>

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

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 4 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The District is a member of the Suburban Essex Joint Insurance Fund (SEJIF).

The Fund is a risk sharing public entity pool, established for the purpose of insuring these events and minimizing the District's exposure should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The relationship between the Board and the insurance fund is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the 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.

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

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

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

<u>Fiscal Year Ended June 30,</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2014	\$ 102,853	\$ 103,281	\$ 458,877
2013	96,018	112,400	457,746
2012	89,674	181,844	471,554

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.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 4 OTHER INFORMATION (Continued)

B. Contingent Liabilities (Continued)

Pending Litigation – The Board’s former engineering firm (the “Firm”) has filed a lawsuit in the Superior Court of New Jersey, Law Division, Essex County, seeking judgment of approximately \$1,975,000 enforcing a May, 2008 written settlement agreement. The Board counterclaimed for rescission of the settlement agreement and return of \$750,000 paid to this Firm pursuant to the settlement. On February 17, 2009, the Law Division entered a judgment rescinding the settlement agreement on the basis of unilateral mistake and ordering the Firm to pay the Board \$750,000 representing the return of the money paid to the Firm pursuant to the settlement agreement. The Firm appealed that judgment to the Appellate Division, and on August 30, 2010 the Appellate Division reversed the Law Division’s judgment and remanded the matter for a plenary hearing. On February 22, 2011 the Firm filed a second amended complaint asserting additional causes of action. On May 18, 2011, the District filed a motion to dismiss certain claims as being subject to arbitration between the District and the Firm. The District’s motion was granted on August 19, 2011. The Firm filed a motion for reconsideration, which was denied on December 15, 2011. The Firm then filed an appeal whereby it seeks to compel the District to arbitrate the enforceability of the settlement agreement. On January 25, 2013 the Appellate Division affirmed the Judge’s previous decisions. In March 2013, the District filed a motion for summary judgement seeking to declare the settlement agreement and underlying construction management contract void and unenforceable. The matter was settled on August 24, 2014 and a settlement of \$465,000 to the engineering Firm was approved by the District. The settlement terms require the amount to be paid by November 8, 2014. On January 25, 2013, the Firm filed a Demand for Arbitration against the Board. This Demand sought \$3,000,000 in damages. Under the terms of the settlement with the engineering firm, described above, this arbitration is to be withdrawn with prejudice by the claimant.

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2014, 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, 2014, 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, 2014**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

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

Public Employees' Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage. PERS is a cost sharing multi-employer defined benefit pension plan.

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

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

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

Other Pension Funds

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

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems, but are currently suspended as a result of reform legislation.

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

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

Basis of Accounting

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

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Significant Legislation

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

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

- For new members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS increased from age 62 to 65 for Tier 5 members.
- It increased the TPAF and PERS active member rates from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years for members hired or reappointed on or after June 28, 2011. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members takes place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension system's unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

Investment Valuation

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

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.

Funding Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 64.5 percent with an unfunded actuarial accrued liability of \$47.2 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 56.7 percent and \$34.4 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 76.1 percent and \$12.8 billion.

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

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress (Continued)

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

Actuarial Methods and Assumptions

In the July 1, 2012 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems from 7.95 percent to 7.90 percent and (b) projected salary increases of 4.22 percent for the PERS and 3.51 % percent for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.6% for PERS, 6.6% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2014 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the fiscal years ended June 30, 2014, 2013 and 2012 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

<u>Fiscal Year Ended June 30,</u>	<u>PERS</u>	<u>On-Behalf TPAF</u>	<u>DCRP</u>
2014	\$ 709,387	\$ 1,160,972	\$ 7,145
2013	741,485	1,779,108	
2012	763,799	848,506	

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC) (Continued)

During fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$1,160,972 for normal cost pension and NCGI premium. For fiscal years 2012/2013 and 2011/2012, the state contributed \$1,779,108 and \$848,506, respectively for normal cost pension, accrued liability and the NCGI premium.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$2,007,409 during the fiscal year ended June 30, 2014 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 585 state and local participating employers and contributing entities for Fiscal Year 2013.

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

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

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

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Basis of Accounting

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

Significant Legislation

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

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

Funded Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the State had a \$51.5 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$19.3 billion for state active and retired members and \$32.2 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

Actuarial Methods and Assumptions

In the July 1, 2012, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2013, there were 100,134, retirees receiving post-retirement medical benefits and the State contributed \$1.07 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$173.8 million toward Chapter 126 benefits for 17,356 eligible retired members in Fiscal Year 2013.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2014, 2013 and 2012 were \$1,903,557, \$2,011,721 and \$1,705,718, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

F. Prior Period Adjustment

During the 2013/14 school year, the District hired an independent appraisal company to perform an update of its capital asset valuation. The appraisal company noted that there were certain unrecorded additions and deletions. The District has recorded a prior period adjustment to its July 1, 2013 capital assets values, including depreciation amounts in the Governmental and Business-Type Activities Funds to correct the valuation.

G. Subsequent Events

In July, 2014, the Board authorized the withdrawal of \$241,950 from the Capital Reserve to fund bleacher repairs at Nutley High School and the paving of the parking lot at Radcliffe School.

BUDGETARY COMPARISON SCHEDULES

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 50,087,600		\$ 50,087,600	\$ 50,087,600	
Tuition -					
Individuals				52,086	\$ 52,086
Other LEAs Within the State	97,072		97,072	114,300	17,228
Transportation Fees from Other LEAs	42,300		42,300	41,220	(1,080)
Transportation Fees - Individuals				2,950	2,950
Interest on Capital Reserve	400		400	725	325
Other Restricted Miscellaneous	110,000		110,000	161,089	51,089
Unrestricted Miscellaneous	204,000	-	204,000	272,175	68,175
Total Revenues - Local Sources	50,541,372	-	50,541,372	50,732,145	190,773
State Sources					
Equalization Aid	4,348,391		4,348,391	4,348,391	
Categorical Special Education Aid	2,412,726		2,412,726	2,412,726	
Categorical Security Aid	70,151		70,151	70,151	
Categorical Transportation Aid	90,584		90,584	90,584	
Extraordinary Aid				294,337	294,337
On-Behalf TPAF					
Normal Pension			-	1,066,808	1,066,808
NCGI Contribution			-	94,164	94,164
Post Retirement Contribution			-	1,903,557	1,903,557
Social Security Contributions	-	-	-	2,007,409	2,007,409
Total State Sources	6,921,852	-	6,921,852	12,288,127	5,366,275
Federal Sources					
Medicaid Reimbursement	28,578	-	28,578	38,068	9,490
Total Federal Sources	28,578	-	28,578	38,068	9,490
Total Revenues	57,491,802	-	57,491,802	63,058,340	5,566,538
CURRENT EXPENDITURES					
Regular Programs - Instruction					
Salaries of Teachers:					
Preschool/Kindergarten	1,015,222	\$ 76,007	1,091,229	1,091,229	-
Grades 1 - 5	7,082,128	(9,807)	7,072,321	7,072,320	1
Grades 6 - 8	4,226,498	(77,969)	4,148,529	4,082,663	65,866
Grades 9 - 12	5,577,940	(154,267)	5,423,673	5,423,673	-
Home Instruction:					
Salaries of Teachers	58,800	(31,855)	26,945	26,945	
Purchased Professional-Educational Services	19,500	-	19,500	15,637	3,863
Regular Programs - Undistributed Instruction:					
Purchased Technical Services	50,550	(13,850)	36,700	36,700	
Other Purchased Services	47,500	(11,714)	35,786	26,629	9,157
General Supplies	836,028	2,003,775	2,839,803	1,546,363	1,293,440
Textbooks	848,031	133,758	981,789	761,392	220,397
Other Objects	19,700	(6,080)	13,620	6,281	7,339
Total Instruction Regular Programs	19,781,897	1,907,998	21,689,895	20,089,832	1,600,063
Special Education					
Learning/Language Disabilities					
Salaries of Teachers	1,414,259	(111,358)	1,302,901	1,291,553	11,348
Other Salaries for Instruction	727,491	-	727,491	703,789	23,702
General Supplies	11,500	-	11,500	10,409	1,091
Textbooks	3,460	(3,100)	360	323	37
Other Objects	100	-	100	-	100
Total Learning/Language Disabilities	2,156,810	(114,458)	2,042,352	2,006,074	36,278
Resource Room/Resource Center					
Salaries of Teachers	1,420,168	7,894	1,428,062	1,420,255	7,807
General Supplies	12,000	3,000	15,000	14,881	119
Textbooks	1,800	-	1,800	1,378	422
Other Objects	100	-	100	-	100
Total Resource Room/Resource Center	1,434,068	10,894	1,444,962	1,436,514	8,448

(Continued)

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
Autism					
Salaries of Teachers	\$ 620,943	\$ 4,503	\$ 625,446	\$ 615,557	\$ 9,889
Other Salaries for Instruction	854,606	(35,216)	819,390	793,603	25,787
General Supplies	10,000	(3,530)	6,470	2,324	4,146
Other Objects	250	-	250	-	250
Total Autism	1,485,799	(34,243)	1,451,556	1,411,484	40,072
Preschool Disabilities - Part-Time					
Salaries of Teachers	206,596	30,329	236,925	236,925	-
Other Salaries for Instruction	107,926	384	108,310	108,310	-
General Supplies	3,400	-	3,400	1,687	1,713
Other Objects	100	-	100	-	100
Total Preschool Disabilities	318,022	30,713	348,735	346,922	1,813
Total Special Education	5,394,699	(107,094)	5,287,605	5,200,994	86,611
Basic Skills/Remedial					
Salaries of Teachers	619,675	(31,382)	588,293	568,525	19,768
General Supplies	2,200	-	2,200	1,473	727
Other Objects	200	-	200	-	200
Total Basic Skills/Remedial	622,075	(31,382)	590,693	569,998	20,695
Bilingual Education					
Salaries of Teachers	251,539	-	251,539	239,518	12,021
General Supplies	4,895	-	4,895	1,872	3,023
Textbooks	500	-	500	-	500
Total Bilingual Education	256,934	-	256,934	241,390	15,544
Vocational Programs- Local - Instruction					
Salaries of Teachers	2,500	-	2,500	-	2,500
Total Vocational Programs-Local-Instruction	2,500	-	2,500	-	2,500
School Sponsored Co-Curricular Activities					
Salaries of Teachers	173,199	18,807	192,006	192,006	-
Other Objects	5,000	(5,000)	-	-	-
Total Co-Curricular Activities	178,199	13,807	192,006	192,006	-
School Sponsored Athletics					
Salaries	570,951	(9,382)	561,569	561,569	-
Purchased Services	45,496	19,450	64,946	62,783	2,163
Supplies and Materials	40,461	12,886	53,347	52,234	1,113
Other Objects	141,845	4,523	146,368	143,106	3,262
Total Athletics	798,753	27,477	826,230	819,692	6,538
Other Instruction Programs - Gifted and Talented					
Salaries	93,816	9,442	103,258	103,258	-
Supplies and Materials	1,600	365	1,965	1,227	738
Other Purchased Services	600	(242)	358	358	-
Other Objects	500	(250)	250	250	-
Total Other Instruction Programs	96,516	9,315	105,831	105,093	738
Other Instruction Programs - Music					
Supplies and Materials	24,500	(2,817)	21,683	19,978	1,705
Other Objects	5,000	1,960	6,960	6,960	-
Total Other Instruction Programs	29,500	(857)	28,643	26,938	1,705
Community Services					
Salaries	8,000	7,576	15,576	15,575	1
Total Community Services	8,000	7,576	15,576	15,575	1
Total Instruction	27,169,073	1,826,840	28,995,913	27,261,518	1,734,395

(Continued)

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures					
Instruction					
Tuition to Other LEA's Within State - Special	\$ 102,986	\$ (20,300)	\$ 82,686	\$ 72,604	\$ 10,082
Tuition to County Vocational - Regular	12,414	-	12,414	5,911	6,503
Tuition to County Vocational - Special	23,900	(10,450)	13,450	4,552	8,898
Tuition to County Sp Service and Regional Day School	118,373	30,750	149,123	117,919	31,204
Tuition to Private School for the Disabled W/I State	2,899,449	(106,261)	2,793,188	2,430,218	362,970
Total Tuition	3,157,122	(106,261)	3,050,861	2,631,204	419,657
Health Services					
Salaries	624,959	4,067	629,026	629,026	-
Purchased Professional Services	62,975	925	63,900	30,525	33,375
Supplies and Materials	17,400	49,971	67,371	16,243	51,128
Other Objects	250	-	250	-	250
Total Health Services	705,584	54,963	760,547	675,794	84,753
Other Supp. Svcs.-					
Speech, OT, PT and Related Services					
Salaries	555,768	134,281	690,049	688,850	1,199
Purchased Professional Educational Services	255,000	40,100	295,100	246,609	48,491
Supplies and Materials	5,000	530	5,530	5,330	200
Total Speech, OT, PT and Related Services	815,768	174,911	990,679	940,789	49,890
Other Supp. Svcs.-Extraord. Serv.					
Salaries	366,318	(64,587)	301,731	301,731	-
Total Other Support/Extraordinary Services	366,318	(64,587)	301,731	301,731	-
Other Supp. Svcs.-Guidance					
Salaries of Other Professional Staff	1,016,947	73,393	1,090,340	1,090,340	-
Salaries of Secretarial and Clerical Assistants	182,813	(1,119)	181,694	180,531	1,163
Other Purchased Professional and Technical Services	26,904	(9,796)	17,108	8,042	9,066
Other Purchased Services	7,150	482	7,632	7,632	-
Supplies and Materials	34,500	460	34,960	4,073	30,887
Other Objects	1,200	-	1,200	780	420
Total Other Support Services-Guidance	1,269,514	63,420	1,332,934	1,291,398	41,536
Other Supp. Svcs.-Child Study Teams					
Salaries of Other Professional Staff	1,016,861	(23,545)	993,316	992,431	885
Miscellaneous Purchased Services	1,800	610	2,410	2,310	100
Supplies and Materials	12,900	3,213	16,113	16,083	30
Other Objects	100	-	100	-	100
Total Other Support Services-Child Study Teams	1,031,661	(19,722)	1,011,939	1,010,824	1,115
Improvement of Instruction					
Salaries of Other Professional Staff	56,250	-	56,250	2,209	54,041
Salaries of Secretarial and Clerical Assist.	105,926	3,982	109,908	109,908	-
Purchased Professional Educational Services	7,500	-	7,500	-	7,500
Other Purchased Professional and Technical Services	4,795	-	4,795	-	4,795
Other Purchased Services	6,180	390	6,570	4,929	1,641
Supplies and Materials	7,000	286	7,286	6,459	827
Other Objects	500	-	500	376	124
Total Improvement of Instruction	188,151	4,658	192,809	123,881	68,928
Educational Media Services/ School Library					
Salaries	591,987	20,625	612,612	612,612	-
Purchased Professional and Technical Services	17,350	2,656	20,006	18,606	1,400
Other Purchased Services	23,500	-	23,500	16,698	6,802
Supplies and Materials	77,300	(20,000)	57,300	44,814	12,486
Total Educational Media Services/ School Library	710,137	3,281	713,418	692,730	20,688

(Continued)

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CURRENT EXPENDITURES (Continued)					
Instructional Staff Training Services					
Salaries of Other Professional Staff	\$ 104,000	\$ (6,371)	\$ 97,629	\$ 23,364	\$ 74,265
Purchased Professional Educational Services	4,200	17,395	21,595	7,178	14,417
Other Purchased Services	14,500	10,290	24,790	13,690	11,100
Supplies and Materials	1,500	328	1,828	1,828	-
Other Objects	500	(328)	172	40	132
Total Instructional Staff Training Services	124,700	21,314	146,014	46,100	99,914
Support Services General Administration					
Salaries	647,152	-	647,152	646,853	299
Legal Services	165,000	12,762	177,762	149,694	28,068
Audit Fees	50,500	-	50,500	41,283	9,217
Purchased Technical Services	105,987	18,449	124,436	124,435	1
Communications/Telephone	179,425	(1,794)	177,631	160,005	17,626
BOE Other Purchased Services	6,500	-	6,500	2,225	4,275
Other Purchased Services	5,900	319	6,219	1,690	4,529
Supplies and Materials	19,000	157	19,157	9,092	10,065
Judgments Against School District		81,091	81,091	22,526	58,565
Miscellaneous Expenditures	8,000	212	8,212	7,397	815
BOE Membership Dues and Fees	27,605	-	27,605	27,364	241
Total Support Services General Administration	1,215,069	111,196	1,326,265	1,192,564	133,701
Support Services School Administration					
Salaries of Principals and Assistant Principals	1,150,680	112,044	1,262,724	1,133,168	129,556
Salaries of Other Professional Staff	994,681	101,915	1,096,596	1,099,350	(2,754)
Salaries of Secretarial and Clerical Assistants	551,671	3,160	554,831	551,995	2,836
Other Purchased Services	109,838	2,890	112,728	90,162	22,566
Supplies and Materials	60,950	(1,634)	59,316	52,486	6,830
Other Objects	64,150	(2,259)	61,891	53,924	7,967
Total Support Services School Administration	2,931,970	216,116	3,148,086	2,981,085	167,001
Central Services					
Salaries	582,079	23,067	605,146	600,443	4,703
Purchased Professional Services	66,391	84,065	150,456	82,244	68,212
Purchased Technical Services	30,890	(27,667)	3,223	3,223	0
Miscellaneous Purchased Services	36,117	385	36,502	30,066	6,436
Supplies and Materials	12,800	1,004	13,804	8,749	5,055
Miscellaneous Expenditures	500	500	1,000	999	1
Total Undistributed Expenditures - Central Services	728,777	81,354	810,131	722,501	87,630
Admin. Info. Tech.					
Salaries	261,182	8,465	269,647	259,094	10,553
Purchased Professional Services		6,750	6,750	6,750	0
Purchased Technical Services	11,820	(10,215)	1,605	1,605	0
Other Purchased Services	800	-	800	800	0
Supplies and Materials	40,375	(18,449)	21,926	21,076	850
Other Objects	500	(312)	188	-	188
Total Undistributed Expenditures - Admin. Info. Technology	314,677	(13,761)	300,916	286,920	13,996
Required Maintenance for School Facilities					
Salaries	484,380	-	484,380	428,593	55,787
Cleaning, Repair and Maintenance Services	246,200	110,444	356,644	294,205	62,439
General Supplies	256,600	(95,281)	161,319	122,614	38,705
Other Objects	500	1,998	2,498	1,390	1,108
Total Required Maint for School Facilities	987,680	17,161	1,004,841	846,802	158,039

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CURRENT EXPENDITURES (Continued)					
Custodial Services					
Salaries	\$ 1,590,138	\$ (50,000)	\$ 1,540,138	\$ 1,508,227	\$ 31,911
Salaries of Non-Instructional Aides	320,766	(60,000)	260,766	256,112	4,654
Purchased Professional and Technical Services	44,000	(40,400)	3,600	3,600	-
Cleaning, Repair and Maintenance Services	186,750	(52,181)	134,569	128,938	5,631
Rental of Land & Bldg. Oth. Than Lease Purch. Agreements	1,400	-	1,400	1,393	7
Property Insurance	90,684	(2,300)	88,384	88,311	73
Miscellaneous Purchased Services	9,000	-	9,000	8,993	7
General Supplies	110,000	40,574	150,574	125,789	24,785
Other Objects	800	80	880	880	-
Energy (Natural Gas)	225,000	100,000	325,000	283,255	41,745
Energy (Electricity)	680,000	50,000	730,000	809,507	(79,507)
Energy (Gasoline)	22,200	-	22,200	16,824	5,376
Total Custodial Services	<u>3,280,738</u>	<u>(14,227)</u>	<u>3,266,511</u>	<u>3,231,829</u>	<u>34,682</u>
Undistributed Expenditures - Care & Upkeep of Grounds					
Salaries	255,319	868	256,187	256,187	-
Cleaning, Repair, and Maintenance Services	51,850	(4,612)	47,238	38,593	8,645
General Supplies	23,000	(5,263)	17,737	15,447	2,290
Total Care & Upkeep of Grounds	<u>330,169</u>	<u>(9,007)</u>	<u>321,162</u>	<u>310,227</u>	<u>10,935</u>
Undistributed Expenditures - Security					
Salaries	71,788	-	71,788	71,788	-
Purchased Professional and Technical Services	20,000	(1,000)	19,000	16,236	2,764
Total Security	<u>91,788</u>	<u>(1,000)</u>	<u>90,788</u>	<u>88,024</u>	<u>2,764</u>
Student Transportation Services					
Salaries for Pupil Trans (Bet Home & Sch)-Sp Ed.	901,826	99,215	1,001,041	1,001,594	(553)
Salaries for Pupil Trans (Other than Bet Home & Sch).	95,354	(56,493)	38,861	26,608	12,253
Cleaning, Repair and Maintenance Services	142,500	11,532	154,032	154,031	1
Other Purchased Professional and Technical Services	1,200	702	1,902	1,902	-
Lease Purchase Payments - School Buses	64,684	-	64,684	64,684	-
Rental Payments - School Buses	20,700	(15,525)	5,175	5,175	-
Contr Serv(Oth. Than Bet Home & Sch)-Vend	37,000	(15,484)	21,516	21,516	-
Contr Serv(Special Education)-Vendors	189,800	108,748	298,548	274,847	23,701
Contr Serv(Special Education)-Joint Agreements	1,000	(1,000)	-	-	-
Miscellaneous Purch. Services- Transportation	34,245	(2,154)	32,091	32,090	1
General Supplies	103,800	(4,750)	99,050	99,049	1
Other Objects	13,000	1,004	14,004	14,004	-
Total Student Transportation Services	<u>1,605,109</u>	<u>125,795</u>	<u>1,730,904</u>	<u>1,695,500</u>	<u>35,404</u>
Unallocated Employee Benefits					
Group Insurance	196,856	-	196,856	190,456	6,400
Social Security Contributions	749,800	53,932	803,732	810,460	(6,728)
Other Retirement Contributions - PERS	879,679	(136,797)	742,882	743,637	(755)
Other Retirement Contributions - Deferred PERS Payment	34,192	(34,192)	-	-	-
Workmens Compensation	153,759	-	153,759	151,719	2,040
Health Benefits	9,119,013	(845,330)	8,273,683	7,813,579	460,104
Tuition Reimbursements	70,000	-	70,000	34,832	35,168
Other Employee Benefits	197,801	-	197,801	172,882	24,919
Total Unallocated Employee Benefits	<u>11,401,100</u>	<u>(962,387)</u>	<u>10,438,713</u>	<u>9,917,565</u>	<u>521,148</u>
On-Behalf TPAF					
Pension System Contributions-Normal	-	-	-	1,066,808	(1,066,808)
NCGI Premium	-	-	-	94,164	(94,164)
Post Retirement Benefits	-	-	-	1,903,557	(1,903,557)
Social Security Contributions	-	-	-	2,007,409	(2,007,409)
Total TPAF Pension and Social Security Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,071,938</u>	<u>(5,071,938)</u>
Total Undistributed Expenditures	<u>31,256,032</u>	<u>(316,783)</u>	<u>30,939,249</u>	<u>34,059,406</u>	<u>(3,120,157)</u>
Total Current Expenditures	<u>58,425,105</u>	<u>1,510,057</u>	<u>59,935,162</u>	<u>61,320,924</u>	<u>(1,385,762)</u>

(Continued)

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CAPITAL OUTLAY					
Increase in Capital Reserve	\$ 500,000	-	\$ 500,000		\$ 500,000
Interest Deposit to Capital Reserve	400	-	400		400
Equipment					
Grades 9 - 12		\$ 15,676	15,676	\$ 15,676	
Instruction	10,000	22,925	32,925	30,716	2,209
School Admin		3,110	3,110	3,110	-
Admin. Info. Tech		15,723	15,723	15,723	-
Custodial	64,000	18,294	82,294	30,723	51,571
Total Equipment	<u>574,400</u>	<u>75,728</u>	<u>650,128</u>	<u>95,948</u>	<u>554,180</u>
Facilities Acquisition and Construction Services					
Construction Services		12,898	12,898		12,898
Assessment for Debt Service on SDA Funding	136,689	(48,040)	88,649	88,649	-
Total Facilities Acquisition and Construction	<u>136,689</u>	<u>(35,142)</u>	<u>101,547</u>	<u>88,649</u>	<u>12,898</u>
Total Expenditures - Capital Outlay	<u>711,089</u>	<u>40,586</u>	<u>751,675</u>	<u>184,597</u>	<u>567,078</u>
Total Expenditures - General Fund	<u>59,136,194</u>	<u>1,550,643</u>	<u>60,686,837</u>	<u>61,505,521</u>	<u>(818,684)</u>
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	<u>(1,644,392)</u>	<u>(1,550,643)</u>	<u>(3,195,035)</u>	<u>1,552,819</u>	<u>4,747,854</u>
Other Financing Sources (Uses)					
Transfers In	-	-	-	1,554	1,554
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,554</u>	<u>1,554</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>(1,644,392)</u>	<u>(1,550,643)</u>	<u>(3,195,035)</u>	<u>1,554,373</u>	<u>4,749,408</u>
Fund Balance, Beginning of Year	<u>6,251,513</u>	<u>-</u>	<u>6,251,513</u>	<u>6,251,513</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 4,607,121</u>	<u>\$ (1,550,643)</u>	<u>\$ 3,056,478</u>	<u>\$ 7,805,886</u>	<u>\$ 4,749,408</u>
Recapitulation of Fund Balance					
Restricted					
Capital Reserve				\$ 2,613,593	
Maintenance Reserve				500,000	
Excess Surplus				692,187	
Excess Surplus - Designated for Subsequent Year's Budget				805,740	
Committed					
Encumbrances				1,017,859	
Assigned					
Encumbrances				753,498	
Unassigned				<u>1,423,009</u>	
Fund Balance (Budgetary Basis)				7,805,886	
Reconciliation to Governmental Fund Statements (GAAP)					
2013/2014 State Aid Payments Not Recognized on a GAAP Basis				<u>(959,632)</u>	
Fund Balance per Governmental Funds (GAAP Basis)				<u>\$ 6,846,254</u>	

**NUTLEY BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 319,834	\$ 40,575	\$ 360,409	\$ 324,601	\$ (35,808)
Federal	927,941	550,781	1,478,722	1,077,156	(401,566)
Local Sources					
Miscellaneous	-	70,692	70,692	38,596	(32,096)
Total Revenues	<u>1,247,775</u>	<u>662,048</u>	<u>1,909,823</u>	<u>1,440,353</u>	<u>(469,470)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	243,180	92,900	336,080	176,301	159,779
Purchased Professional/Educational Services	508,152	133,455	641,607	631,972	9,635
Tuition	398,000	(4,033)	393,967	371,185	22,782
General Supplies	30,261	160,958	191,219	128,861	62,358
Textbooks	29,891	496	30,387	24,504	5,883
Other Objects	-	44,988	44,988	24,349	20,639
Total Instruction	<u>1,209,484</u>	<u>428,764</u>	<u>1,638,248</u>	<u>1,357,172</u>	<u>281,076</u>
Support Services					
Employee Benefits	19,215	35,862	55,077	30,685	24,392
Purchased Professional/Educational Services	-	110,213	110,213	22,600	87,613
Travel		750	750	250	500
Other Purchased Services	3,530	80,458	83,988	8,217	75,771
Supplies and Materials	-	801	801	683	118
Total Support Services	<u>22,745</u>	<u>228,084</u>	<u>250,829</u>	<u>62,435</u>	<u>188,394</u>
Facilities Acquisition and Construction					
Instructional Equipment	<u>15,546</u>	<u>5,200</u>	<u>20,746</u>	<u>20,746</u>	<u>-</u>
Total Facilities Acquisition	<u>15,546</u>	<u>5,200</u>	<u>20,746</u>	<u>20,746</u>	<u>-</u>
Total Expenditures	<u>1,247,775</u>	<u>662,048</u>	<u>1,909,823</u>	<u>1,440,353</u>	<u>469,470</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, 2014**

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules	C-1 \$ 63,058,340	C-2 \$ 1,440,353
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, 2013 Encumbrances		57,520
Less: June 30, 2014 Encumbrances		(2,169)
State Aid payments recognized for GAAP Statements, not recognized for budgetary purposes.	843,127	
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements.	<u>(959,632)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	B-2 \$ <u>62,941,835</u>	B-2 \$ <u>1,495,704</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	C-1 \$ 61,505,521	C-2 \$ 1,440,353
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, 2013 Encumbrances		57,520
Less: June 30, 2014 Encumbrances	<u>-</u>	<u>(2,169)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	B-2 \$ <u>61,505,521</u>	B-2 \$ <u>1,495,704</u>

SPECIAL REVENUE FUND

NUTLEY BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	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	\$ 24,504	\$ 114,445	\$ 2,531	\$ 46,637	\$ 7,526	\$ 19,636	\$ 32,162	\$ 23,670	\$ 42,846	\$ 10,644	\$ 324,601
Federal Sources	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	<u>\$ 24,504</u>	<u>\$ 114,445</u>	<u>\$ 2,531</u>	<u>\$ 46,637</u>	<u>\$ 7,526</u>	<u>\$ 19,636</u>	<u>\$ 32,162</u>	<u>\$ 23,670</u>	<u>\$ 42,846</u>	<u>\$ 10,644</u>	<u>\$ 324,601</u>
EXPENDITURES											
Instruction:											
Salaries of Teachers											-
Purchased Prof. and Technical Services											-
Purchased Professional Educational Services		\$ 114,445	\$ 2,531	\$ 46,637	\$ 7,526	\$ 19,636	\$ 32,162	\$ 23,670	\$ 42,846		\$ 289,453
Tuition											-
General Supplies										\$ 10,644	10,644
Textbooks	\$ 24,504										24,504
Other Objects	-	-	-	-	-	-	-	-	-	-	-
Total Instruction	<u>24,504</u>	<u>114,445</u>	<u>2,531</u>	<u>46,637</u>	<u>7,526</u>	<u>19,636</u>	<u>32,162</u>	<u>23,670</u>	<u>42,846</u>	<u>10,644</u>	<u>324,601</u>
Support Services											
Employee Benefits										-	-
Purchased Professional Educational Services										-	-
Other Purchased Services										-	-
Supplies and Materials	-	-	-	-	-	-	-	-	-	-	-
Total Support Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Facilities Acquisition and Instructional Equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Facilities Acquisition											
Total Expenditures	<u>\$ 24,504</u>	<u>\$ 114,445</u>	<u>\$ 2,531</u>	<u>\$ 46,637</u>	<u>\$ 7,526</u>	<u>\$ 19,636</u>	<u>\$ 32,162</u>	<u>\$ 23,670</u>	<u>\$ 42,846</u>	<u>\$ 10,644</u>	<u>\$ 324,601</u>

**NUTLEY BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Title I	Title II A	Title III	Title III Immig	Perkins Vocational Education	IDEA B Basic	IDEA B Preschool	Other	Page 1 Subtotal	Total
REVENUES										
State Sources									\$ 324,601	\$ 324,601
Federal Sources	\$ 150,347	\$ 75,092	\$ 21,913	\$ 655	\$ 19,885	\$ 776,832	\$ 32,432			1,077,156
Other	-	-	-	-	-	-	-	\$ 38,596	-	38,596
Total Revenues	\$ 150,347	\$ 75,092	\$ 21,913	\$ 655	\$ 19,885	\$ 776,832	\$ 32,432	\$ 38,596	\$ 324,601	\$ 1,440,353
EXPENDITURES										
Instruction:										
Salaries of Teachers	\$ 126,029	\$ 39,964	\$ 10,308							\$ 176,301
Purchased Professional Educational Services					\$ 1,775	\$ 340,744			\$ 289,453	631,972
Tuition						338,753	\$ 32,432			371,185
General Supplies	2,532		7,320	\$ 655	4,826	93,887		\$ 8,997	10,644	128,861
Textbooks									24,504	24,504
Other Objects	-	-	-	-	125	-	-	24,224	-	24,349
Total Instruction	128,561	39,964	17,628	655	6,726	773,384	32,432	33,221	324,601	1,357,172
Support Services										
Employee Benefits	21,103	7,617	1,965							30,685
Purchased Professional Educational Services		22,600								22,600
Travel					250					250
Other Purchased Services		4,911	2,320			986				8,217
Supplies and Materials	683	-	-	-	-	-	-	-	-	683
Total Support Services	21,786	35,128	4,285	-	250	986	-	-	-	62,435
Facilities Acquisition and Construction Services										
Instructional Equipment	-	-	-	-	12,909	2,462	-	5,375	-	20,746
Total Facilities Acquisition	-	-	-	-	12,909	2,462	-	5,375	-	20,746
Total Expenditures	\$ 150,347	\$ 75,092	\$ 21,913	\$ 655	\$ 19,885	\$ 776,832	\$ 32,432	\$ 38,596	\$ 324,601	\$ 1,440,353

**NUTLEY BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOT APPLICABLE

CAPITAL PROJECTS FUND

NUTLEY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

<u>Project Description</u>	<u>Appropriation</u>	<u>Additional Appropriation</u>	<u>Expenditures to Date</u>		<u>Cancelled</u>	<u>Balance June 30, 2014</u>
			<u>Prior Years</u>	<u>Current Year</u>		
Renovations at Nutley High School , including acquisition and installation of furnishings, equipment, and a district wide telephone intercom system and site work	\$ 4,872,673	\$ 12	\$ 4,872,081		\$ 604	
Various renovations and improvements to the Nutley High School, Lincoln Elementary School, Radcliffe Elementary School, Washington Elementary School and Yantacaw Elementary School and to undertake the construction of an addition and renovations to the Spring Garden School and to acquire the necessary furnishings and equipment and undertake any associated site work.	38,500,000	479,000	36,248,118	\$ 151,615	-	\$ 2,579,267
	<u>\$ 43,372,673</u>	<u>\$ 479,012</u>	<u>\$ 41,120,199</u>	<u>\$ 151,615</u>	<u>\$ 604</u>	<u>\$ 2,579,267</u>
Reconciliation of Fund Balance						
Project Balances, June 30, 2014						<u>\$ 2,579,267</u>
Fund Balance, June 30, 2014 (Budgetary Basis)						<u>\$ 2,579,267</u>
Fund Balance, June 30, 2014 (GAAP Basis)						<u>\$ 2,579,267</u>
Recapitulation of Fund Balance						
Restricted for Capital Projects						
Year End Encumbrances						\$ 1,133,332
Available for Capital Projects						<u>1,445,935</u>
Total Fund Balance - Restricted for Capital Projects						<u>\$ 2,579,267</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, 2014**

Revenues and Other Financing Sources

Interest on Investments	\$ <u>1,554</u>
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Total Revenues	<u>1,554</u>
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Expenditures and Other Financing Uses

Purchased Professional And Technical Services	42,414
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Construction Services	108,826
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Miscellaneous	375
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Transfers Out	<u>1,554</u>
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Total Expenditures	<u>153,169</u>
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Excess Of Expenditures and Other Financing Uses Over Revenues and Other Financing Sources	(151,615)
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Fund Balance, Beginning of Year	<u>2,730,882</u>
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Fund Balance, End of Year	<u>\$ 2,579,267</u>
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**NUTLEY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
ADDITION & REHABILITATION TO NUTLEY HIGH SCHOOL
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$ 1,949,069		\$ 1,949,069	\$ 1,949,069
Transfer from Capital Reserve	12		12	12
Bond Proceeds and Transfers	<u>2,923,000</u>	<u>-</u>	<u>2,923,000</u>	<u>2,923,000</u>
 Total Revenues	 <u>4,872,081</u>	 <u>-</u>	 <u>4,872,081</u>	 <u>4,872,081</u>
 Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	537,444		537,444	351,963
Land and Improvements	197,900		197,900	594,080
Construction Services	3,717,256		3,717,256	3,519,038
Supplies	9,658		9,658	
Equipment	<u>409,823</u>	<u>-</u>	<u>409,823</u>	<u>407,000</u>
 Total Expenditures	 <u>4,872,081</u>	 <u>-</u>	 <u>4,872,081</u>	 <u>4,872,081</u>
 Excess (Deficiency) of Revenues over (under) Expenditures	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

Additional Project Information:

Project Number	3750-050-03-1027
Grant Date	Not Available
Bonds Authorization Date	August 15, 2003
Bonds Authorized	\$ 2,923,000
Bonds Issued	\$ 2,923,000
Original Authorized Cost	\$ 4,872,673
Decreases	\$ (592)
Revised Authorized Cost	\$ 4,872,081
 Change Order Percentage	 -0.01%
Percentage Completion	100%
Original Target Completion Date	September 1, 2004
Revised Target Completion Date	December 1, 2006

**NUTLEY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
VARIOUS RENOVATIONS AND IMPROVEMENTS - HIGH SCHOOL
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources				
Bond Proceeds and Transfers	\$ 8,740,000	\$ 100,000	\$ 8,840,000	\$ 8,840,000
 Total Revenues	 8,740,000	 100,000	 8,840,000	 8,840,000
 Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	1,235,801	35,280	1,271,081	1,225,854
Legal Fees	21,705		21,705	
Construction Services	6,665,774	99,920	6,765,694	7,568,638
Other Purchased Services	7,106		7,106	45,508
Supplies	1,505		1,505	
Equipment	204,271	-	204,271	-
 Total Expenditures	 8,136,162	 135,200	 8,271,362	 8,840,000
 Excess (Deficiency) of Revenues over (under) Expenditures	 \$ 603,838	 \$ (35,200)	 \$ 568,638	 \$ -

Additional Project Information:

Project Number	3310-050-07-1000
Grant Date	N/A
Bonds Authorization Date	July 15, 2007
Bonds Authorized	\$ 8,740,000
Bonds Issued	\$ 8,740,000
Original Authorized Cost	\$ 8,740,000
Change Orders/Revisions	\$ 100,000
Revised Authorized Cost	\$ 8,840,000

Change Order Percentage	
Percentage Completion	94%
Original Target Completion Date	September 1, 2009
Revised Target Completion Date	September 1, 2014

**NUTLEY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
VARIOUS RENOVATIONS AND IMPROVEMENTS - YANTACAW ELEMENTARY SCHOOL
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources				
Bond Proceeds and Transfers	\$ 5,530,000	\$ (100,000)	\$ 5,430,000	\$ 5,430,000
Total Revenues	<u>5,530,000</u>	<u>(100,000)</u>	<u>5,430,000</u>	<u>5,430,000</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	753,230		753,230	765,610
Legal Fees	8,036		8,036	
Construction Services	3,782,902	3,665	3,786,567	4,624,708
Other Purchased Services	(621)		(621)	39,682
Supplies	1,505		1,505	
Equipment	<u>108,438</u>	<u>-</u>	<u>108,438</u>	<u>-</u>
Total Expenditures	<u>4,653,490</u>	<u>3,665</u>	<u>4,657,155</u>	<u>5,430,000</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ 876,510</u>	<u>\$ (103,665)</u>	<u>\$ 772,845</u>	<u>\$ -</u>

Additional Project Information:

Project Number	3750-050-07-1000
Grant Date	N/A
Bonds Authorization Date	July 15, 2007
Bonds Authorized	\$ 5,530,000
Bonds Issued	\$ 5,530,000
Original Authorized Cost	\$ 5,530,000
Change Orders/Revisions	\$ (100,000)
Revised Authorized Cost	\$ 5,430,000
Change Order Percentage	
Percentage Completion	86%
Original Target Completion Date	September 1, 2009
Revised Target Completion Date	September 1, 2014

**NUTLEY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
VARIOUS RENOVATIONS AND IMPROVEMENTS - WASHINGTON ELEMENTARY SCHOOL
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources				
Bond Proceeds and Transfers	\$ 7,600,000	-	\$ 7,600,000	\$ 7,600,000
 Total Revenues	 7,600,000	 -	 7,600,000	 7,600,000
 Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	1,120,707		1,120,707	1,031,369
Legal Fees	17,149		17,149	
Construction Services	6,095,217	\$ 111	6,095,328	6,534,068
Other Purchased Services	8,223		8,223	34,563
Supplies	1,505		1,505	
Equipment	154,912	-	154,912	-
 Total Expenditures	 7,397,713	 111	 7,397,824	 7,600,000
 Excess (Deficiency) of Revenues over (under) Expenditures	 \$ 202,287	 \$ (111)	 \$ 202,176	 \$ -

Additional Project Information:

Project Number	3750-100-07-1000
Grant Date	N/A
Bonds Authorization Date	July 15, 2007
Bonds Authorized	\$ 7,600,000
Bonds Issued	\$ 7,600,000
Original Authorized Cost	\$ 7,600,000
Change Orders/Revisions	\$ -
Revised Authorized Cost	\$ 7,600,000
 Change Order Percentage	
Percentage Completion	97%
Original Target Completion Date	September 1, 2009
Revised Target Completion Date	September 1, 2014

**NUTLEY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
VARIOUS RENOVATIONS AND IMPROVEMENTS - LINCOLN ELEMENTARY SCHOOL
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources				
Bond Proceeds and Transfers	\$ 5,530,000	\$ 419,474	\$ 5,949,474	\$ 5,949,474
Total Revenues	<u>5,530,000</u>	<u>419,474</u>	<u>5,949,474</u>	<u>5,949,474</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	822,019	7,134	829,153	765,610
Legal Fees	8,036		8,036	
Construction Services	4,826,035	111	4,826,146	5,144,182
Other Purchased Services	7,635		7,635	39,682
Supplies	1,505		1,505	
Miscellaneous		375	375	
Equipment	<u>108,438</u>	<u>-</u>	<u>108,438</u>	<u>-</u>
Total Expenditures	<u>5,773,668</u>	<u>7,620</u>	<u>5,781,288</u>	<u>5,949,474</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ (243,668)</u>	<u>\$ 411,854</u>	<u>\$ 168,186</u>	<u>\$ -</u>

Additional Project Information:

Project Number	3750-070-07-1000
Grant Date	N/A
Bonds Authorization Date	July 15, 2007
Bonds Authorized	\$ 5,530,000
Bonds Issued	\$ 5,530,000
Original Authorized Cost	\$ 5,530,000
Change Orders/Revisions	\$ 419,474
Revised Authorized Cost	\$ 5,949,474
Change Order Percentage	
Percentage Completion	97%
Original Target Completion Date	September 1, 2009
Revised Target Completion Date	September 1, 2014

**NUTLEY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
VARIOUS RENOVATIONS AND IMPROVEMENTS - RADCLIFFE ELEMENTARY SCHOOL
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources				
Bond Proceeds and Transfers	\$ 3,400,000	-	\$ 3,400,000	\$ 3,400,000
 Total Revenues	 3,400,000	 -	 3,400,000	 3,400,000
 Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	479,902		479,902	471,333
Legal Fees	441		441	
Construction Services	2,425,640	\$ 4,908	2,430,548	2,905,210
Other Purchased Services	(915)		(915)	23,457
Supplies	1,505		1,505	
Equipment	69,710	-	69,710	-
 Total Expenditures	 2,976,283	 4,908	 2,981,191	 3,400,000
 Excess (Deficiency) of Revenues over (under) Expenditures	 \$ 423,717	 \$ (4,908)	 \$ 418,809	 \$ -

Additional Project Information:

Project Number	3750-080-07-1000
Grant Date	N/A
Bonds Authorization Date	July 15, 2007
Bonds Authorized	\$ 3,400,000
Bonds Issued	\$ 3,400,000
Original Authorized Cost	\$ 3,400,000
Change Orders/Revisions	\$ -
Revised Authorized Cost	\$ 3,400,000

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

**NUTLEY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
ADDITION AND RENOVATIONS - SPRING GARDEN ELEMENTARY SCHOOL
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources				
Bond Proceeds and Transfers	\$ 7,700,000	\$ (419,474)	\$ 7,280,526	\$ 7,280,526
U.S. Department of Energy Grant	479,000	-	479,000	479,000
 Total Revenues	 8,179,000	 (419,474)	 7,759,526	 7,759,526
 Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	1,072,259		1,072,259	1,062,087
Legal Fees	17,149		17,149	
Construction Services	6,048,296	111	6,048,407	6,655,643
Other Purchased Services	16,681		16,681	41,796
Supplies	1,505		1,505	
Equipment	154,912	-	154,912	-
 Total Expenditures	 7,310,802	 111	 7,310,913	 7,759,526
 Excess (Deficiency) of Revenues over (under) Expenditures	 \$ 868,198	 \$ (419,585)	 \$ 448,613	 \$ -

Additional Project Information:

Project Number	3750-090-07-1000
Grant Date	N/A
Bonds Authorization Date	July 15, 2007
Bonds Authorized	\$ 7,700,000
Bonds Issued	\$ 7,700,000
Original Authorized Cost	\$ 7,700,000
Federal Services	\$ 479,000
Change Orders/Revisions	\$ (419,474)
Revised Authorized Cost	\$ 7,759,526
 Change Order Percentage	
Percentage Completion	94%
Original Target Completion Date	September 1, 2009
Revised Target Completion Date	September 1, 2014

PROPRIETARY FUND

**NUTLEY BOARD OF EDUCATION
PROPRIETARY FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2014**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

NUTLEY BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2014

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 196,352	\$ 493,727	\$ 690,079
Total Assets	<u>\$ 196,352</u>	<u>\$ 493,727</u>	<u>\$ 690,079</u>
LIABILITIES			
Payroll Deductions and Withholdings Payable		\$ 493,418	\$ 493,418
Due To Other Funds		309	309
Due to Student Groups	<u>\$ 196,352</u>	<u>-</u>	<u>196,352</u>
Total Liabilities	<u>\$ 196,352</u>	<u>\$ 493,727</u>	<u>\$ 690,079</u>

**NUTLEY BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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, 2014**

	<u>Balance July 1, 2013</u>	<u>Cash Receipts</u>	<u>Cash Disburse- ments</u>	<u>Balance June 30, 2014</u>
ELEMENTARY SCHOOLS				
Lincoln	\$ 205	\$ 13,091	\$ 12,327	\$ 969
Radcliffe	3,515	5,046	5,639	2,922
Spring Garden	12,260	10,708	9,828	13,140
Washington	770	10,679	9,718	1,731
Yantacaw	<u>9,168</u>	<u>10,067</u>	<u>8,783</u>	<u>10,452</u>
	<u>25,918</u>	<u>49,591</u>	<u>46,295</u>	<u>29,214</u>
MIDDLE SCHOOL				
John Walker	<u>17,802</u>	<u>34,692</u>	<u>38,601</u>	<u>13,893</u>
HIGH SCHOOL				
Nutley High School	<u>164,859</u>	<u>251,373</u>	<u>262,987</u>	<u>153,245</u>
TOTAL ALL SCHOOLS	<u>\$ 208,579</u>	<u>\$ 335,656</u>	<u>\$ 347,883</u>	<u>\$ 196,352</u>

NUTLEY BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Balance, July 1, <u>2013</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2014</u>
Payroll Deductions, Withholdings and Accrued Salaries and Wages	\$ 1,608	\$ 42,700,829	\$ 42,209,019	\$ 493,418
Due To Other Funds	<u>81,854</u>	<u>103,389</u>	<u>184,934</u>	<u>309</u>
Total	<u>\$ 83,462</u>	<u>\$ 42,804,218</u>	<u>\$ 42,393,953</u>	<u>\$ 493,727</u>

LONG-TERM DEBT

**NUTLEY BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

<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, 2013</u>	<u>Issued</u>	<u>Paid</u>	<u>Balance June 30, 2014</u>
Renovations at Nutley High School, Telephone Intercom System and Site Work	8/15/2003	\$ 2,923,000	8/15/13	\$ 145,000	4.000 %	\$ 145,000		\$ 145,000	
Construction of an Addition and Renovation to the Franklin Middle School and Acquisition of Equipment and Site Work	2/1/2005	14,930,000	2/15/15	650,000	4.000 %	1,275,000		625,000	\$ 650,000
Construction of an Addition and Renovation at the Nutley High School and Elementary Schools	7/15/2007	\$ 38,500,000	7/15/14	890,000	4.500 %				
			7/15/15	930,000	4.500				
			7/15/16	995,000	4.500				
			7/15/17	1,060,000	4.500				
			7/15/18	1,135,000	4.500				
			7/15/19	1,210,000	4.500				
			7/15/20	1,290,000	4.500				
			7/15/21	1,375,000	4.500				
			7/15/22	1,460,000	4.500				
			7/15/23	1,555,000	4.500				
			7/15/24	1,650,000	4.500				
			7/15/25	1,960,000	4.500				
			7/15/26	2,060,000	4.500				
			7/15/27	2,170,000	4.500				
			7/15/28	2,290,000	4.500				
			7/15/29	2,420,000	4.500				
			7/15/30	2,555,000	4.750				
			7/15/31	3,365,000	4.750				
			7/15/32	3,515,000	4.750	34,740,000		855,000	33,885,000

**NUTLEY BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

<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, 2013</u>	<u>Issued</u>	<u>Paid</u>	<u>Balance June 30, 2014</u>
Series 2012 Refunding Bonds	12/27/2012	\$ 10,000,000	8/15/14	\$ 20,000	2.000 %				
			8/15/15	680,000	3.000				
			8/15/16	675,000	3.000				
			8/15/17	670,000	3.000				
			8/15/18	665,000	3.000				
			8/15/19	655,000	3.000				
			8/15/20	650,000	3.000				
			8/15/21-23	650,000	4.000				
			8/15/24	645,000	4.000				
			8/15/25	660,000	3.500				
			8/15/26	660,000	3.250				
			8/15/27	650,000	3.250				
			8/15/28	645,000	4.000				
			8/15/29	640,000	4.000	\$ 9,885,000		\$ 20,000	\$ 9,865,000
Series 2013 Refunding Bonds	01/03/2013	\$ 1,860,000	8/15/14-15	170,000	2.000 %				
			8/15/16-18	180,000	2.000				
			8/15/19	185,000	2.000				
			8/15/20	190,000	3.000				
			8/15/21	195,000	2.250				
			8/15/22	190,000	2.250				
			8/15/23	185,000	2.250	1,845,000	-	20,000	1,825,000
						<u>\$ 47,890,000</u>	<u>\$ -</u>	<u>\$ 1,665,000</u>	<u>\$ 46,225,000</u>

**NUTLEY BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

<u>Purpose</u>	<u>Original Issue</u>	<u>Balance, July 1, 2013</u>	<u>Issued</u>	<u>Paid</u>	<u>Balance, June 30, 2014</u>
School Buses (2)	\$ 121,867	\$ 52,007		\$ 25,428	\$ 26,579
School Bus	87,439	38,098		18,708	19,390
School Buses (2)	98,022	<u>47,874</u>	<u>-</u>	<u>15,545</u>	<u>32,329</u>
		<u>\$ 137,979</u>	<u>\$ -</u>	<u>\$ 59,681</u>	<u>\$ 78,298</u>

**NUTLEY BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 2,844,202		\$ 2,844,202	\$ 2,844,202	
State Sources					
Debt Service Aid	<u>823,700</u>	<u>-</u>	<u>823,700</u>	<u>823,700</u>	<u>-</u>
Total Revenues	<u>3,667,902</u>	<u>-</u>	<u>3,667,902</u>	<u>3,667,902</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	1,665,000		1,665,000	1,665,000	
Interest	<u>2,002,902</u>	<u>-</u>	<u>2,002,902</u>	<u>2,002,900</u>	<u>\$ 2</u>
Total Expenditures	<u>3,667,902</u>	<u>-</u>	<u>3,667,902</u>	<u>3,667,900</u>	<u>2</u>
Excess of Revenues	-	-	-	2	2
Fund Balance, Beginning of Year	<u>62,715</u>	<u>-</u>	<u>62,715</u>	<u>62,715</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 62,715</u>	<u>\$ -</u>	<u>\$ 62,715</u>	<u>\$ 62,717</u>	<u>\$ 2</u>
Analysis of Restricted Fund Balance					
Designated for Subsequent Year's Budget				\$ 62,715	
Available for Debt Service				<u>2</u>	
				<u>\$ 62,717</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,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
Net Investment In Capital Assets	\$ 2,845,719	\$ 6,629,772	\$ 13,609,118	\$ 14,475,397	\$ 15,636,633	\$ 16,312,379	\$ 17,533,190	\$ 17,943,222	\$ 18,517,662	\$ 18,590,958
Restricted	121,878	174,518	489,609	736,150	126,032	127,084	98,770	124,182	1,175,583	2,676,310
Unrestricted	(1,276,649)	(356,159)	(1,337,831)	(3,193,451)	(4,035,534)	(2,608,168)	(2,166,905)	9,923	2,111,252	2,152,795
Total Governmental Activities Net Position	\$ 1,690,948	\$ 6,448,131	\$ 12,760,896	\$ 12,018,096	\$ 11,727,131	\$ 13,831,295	\$ 15,465,055	\$ 18,077,327	\$ 21,804,497	\$ 23,420,063
Business-Type Activities										
Net Investment In Capital Assets	\$ 10,489	\$ 16,034	\$ 16,493	\$ 14,775	\$ 13,056	\$ 11,337	\$ 9,844	\$ 8,363	\$ 114,056	\$ 99,715
Unrestricted	203,000	283,278	266,897	298,723	166,709	128,685	79,524	197,161	373,744	587,550
Total Business-Type Activities Net Position	\$ 213,489	\$ 299,312	\$ 283,390	\$ 313,498	\$ 179,765	\$ 140,022	\$ 89,368	\$ 205,524	\$ 487,800	\$ 687,265
District-Wide										
Net Investment In Capital Assets	\$ 2,856,208	\$ 6,645,806	\$ 13,625,611	\$ 14,490,172	\$ 15,649,689	\$ 16,323,716	\$ 17,543,034	\$ 17,951,585	\$ 18,631,718	\$ 18,690,673
Restricted	121,878	174,518	489,609	736,150	126,032	127,084	98,770	124,182	1,175,583	2,676,310
Unrestricted	(1,073,649)	(72,881)	(1,070,934)	(2,894,728)	(3,868,825)	(2,479,483)	(2,087,381)	207,084	2,484,996	2,740,345
Total District Net Position	\$ 1,904,437	\$ 6,747,443	\$ 13,044,286	\$ 12,331,594	\$ 11,906,896	\$ 13,971,317	\$ 15,554,423	\$ 18,282,851	\$ 22,292,297	\$ 24,107,328

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

	Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 23,414,355	\$ 23,959,344	\$ 25,354,876	\$ 26,888,106	\$ 26,145,394	\$ 26,623,533	\$ 27,081,240	\$ 26,758,166	\$ 27,419,378	\$ 28,391,303
Special Education	5,601,278	6,022,468	7,275,548	8,294,047	8,975,941	8,850,271	8,725,614	9,528,464	10,429,282	10,727,289
Other Instruction	1,376,348	719,701	926,241	1,265,638	968,273	1,402,851	1,233,574	1,389,023	1,466,465	1,294,381
School Sponsored Activities And Athletics	1,022,645	1,008,341	1,059,524	1,145,844	1,400,875	1,148,210	1,168,815	1,235,319	1,260,343	1,329,760
Community Services	6,779	7,376	7,109	16,514	7,627	5,567	7,487	11,555	14,010	22,149
Support Services										
Student And Instruction Related Services	4,112,190	5,610,289	5,455,907	6,146,618	6,143,456	6,990,705	6,565,253	6,865,496	7,196,414	7,553,144
General Administration	1,234,261	1,050,539	1,176,740	1,231,115	1,436,551	1,368,301	1,743,098	1,981,393	2,116,336	2,076,679
School Administrative Services	3,008,732	3,212,514	3,568,411	4,065,977	3,784,784	3,970,094	4,213,992	4,013,565	3,971,209	4,072,242
Plant Operations And Maintenance	5,128,519	5,386,167	5,570,366	5,753,722	6,042,339	5,531,637	5,428,247	5,147,653	5,348,366	5,544,444
Pupil Transportation	1,887,946	1,942,437	1,980,529	2,259,307	2,129,792	2,011,330	2,086,203	2,033,798	1,981,555	2,254,536
Business Services	1,207,607	1,189,966	1,349,793	1,403,132	1,400,267	1,480,215	1,500,226	1,267,237	1,245,684	1,330,423
Increase in Deferred Pension Liability					227,063					
Interest On Long-Term Debt	414,810	753,496	728,493	2,378,802	2,433,786	2,337,249	2,281,324	2,241,443	2,402,651	1,895,079
Total Governmental Activities Expenses	48,415,470	50,862,638	54,453,537	60,848,822	61,096,148	61,719,963	62,035,073	62,473,112	64,851,693	66,491,429
Business-Type Activities:										
Food Service	934,786	964,209	915,379	912,017	946,090	861,182	1,110,276	960,177	899,942	918,360
Extended Day	921,460	774,368	804,495	819,850	1,013,512	841,234	613,967	623,930	655,239	690,063
Athletic Camps				17,143	14,384	15,477	17,690	16,836	11,768	15,558
Total Business-Type Activities Expense	1,856,246	1,738,577	1,719,874	1,749,010	1,973,986	1,717,893	1,741,933	1,600,943	1,566,949	1,623,981
Total District Expenses	\$ 50,271,716	\$ 52,601,215	\$ 56,173,411	\$ 62,597,832	\$ 63,070,134	\$ 63,437,856	\$ 63,777,006	\$ 64,074,055	\$ 66,418,642	\$ 68,115,410
Program Revenues										
Governmental Activities:										
Charges For Services:										
Instruction (Tuition)	\$ 99,750	\$ 90,842	\$ 73,703	\$ 149,591	\$ 149,048	\$ 145,554	\$ 158,071	\$ 130,494	\$ 167,909	\$ 166,386
Pupil Transportation	113,283	112,160	98,884	111,952	77,995	76,215	42,300	53,493	41,220	44,170
Operating Grants And Contributions	7,556,423	7,948,034	10,039,612	10,921,349	8,108,728	10,285,697	8,482,649	8,677,804	10,130,902	9,372,573
Capital Grants And Contributions	1,054,715	3,351,456	4,472,504	613,873	13,595	29,167	65,814	-	567,532	
Total Governmental Activities Program Revenues	8,824,171	11,502,492	14,684,703	11,796,765	8,349,366	10,536,633	8,748,834	8,861,791	10,907,563	9,583,129
Business-Type Activities:										
Charges For Services										
Food Service	582,788	596,965	640,493	650,501	731,200	630,926	736,107	768,611	688,996	785,006
Extended Day	861,812	839,583	794,541	815,868	857,797	789,565	647,590	714,196	818,730	916,906
Athletic Camps				17,615	14,805	15,485	18,975	19,330	8,825	15,900
Operating Grants And Contributions	117,204	121,372	107,500	119,035	136,231	156,667	188,453	214,863	225,396	236,632
Total Business Type Activities Program Revenues	1,561,804	1,557,920	1,542,534	1,603,019	1,740,033	1,592,643	1,591,125	1,717,000	1,741,947	1,954,444
Total District Program Revenues	\$ 10,385,975	\$ 13,060,412	\$ 16,227,237	\$ 13,399,784	\$ 10,089,399	\$ 12,129,276	\$ 10,339,959	\$ 10,578,791	\$ 12,649,510	\$ 11,537,573

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

	Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net (Expense)/Revenue										
Governmental Activities	\$ (39,591,299)	\$ (39,360,146)	\$ (39,768,834)	\$ (49,052,057)	\$ (52,746,782)	\$ (51,183,330)	\$ (53,286,239)	\$ (53,611,321)	\$ (53,944,130)	\$ (56,908,300)
Business-Type Activities	(294,442)	(180,657)	(177,340)	(145,991)	(233,953)	(125,250)	(150,808)	116,057	174,998	330,463
Total District-Wide Net Expense	<u>\$ (39,885,741)</u>	<u>\$ (39,540,803)</u>	<u>\$ (39,946,174)</u>	<u>\$ (49,198,048)</u>	<u>\$ (52,980,735)</u>	<u>\$ (51,308,580)</u>	<u>\$ (53,437,047)</u>	<u>\$ (53,495,264)</u>	<u>\$ (53,769,132)</u>	<u>\$ (56,577,837)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 37,221,009	\$ 40,168,989	\$ 41,346,944	\$ 43,339,146	\$ 46,431,396	\$ 48,149,095	\$ 50,112,604	\$ 51,056,143	\$ 52,016,386	\$ 52,931,802
State Aid Unrestricted	13,101	12,407	11,714	11,020	1,311,714	3,972,780	3,119,283	3,936,364	4,348,256	4,332,821
Restricted Grants And Contributions	3,446,325	3,461,681	3,439,053	3,632,148	4,214,887	975,985	828,388	826,730	824,615	823,700
Accrued Interest And Premium On Bonds	15,255	-	-	-	-	-	-	-	-	-
Investment Earnings	231,777	663,207	382,866	1,337,719	277,389	10,250	-	-	-	-
Miscellaneous Income	253,085	76,045	292,070	164,224	320,431	264,384	210,434	461,504	414,967	435,543
Donated Capital Assets	-	-	765,718	-	-	-	-	-	-	-
Loss on Disposal of Capital Assets	-	-	-	-	-	-	-	(57,148)	-	-
Transfers	(276,805)	(265,000)	(156,766)	(175,000)	(100,000)	(85,000)	(100,000)	-	-	-
Total Governmental Activities	<u>40,903,747</u>	<u>44,117,329</u>	<u>46,081,599</u>	<u>48,309,257</u>	<u>52,455,817</u>	<u>53,287,494</u>	<u>54,170,709</u>	<u>56,223,593</u>	<u>57,604,224</u>	<u>58,523,866</u>
Business-Type Activities:										
Investment Earnings	\$ 2,336	\$ 1,480	\$ 4,652	\$ 1,099	\$ 220	\$ 507	\$ 154	\$ 99	\$ 104	\$ 122
Transfers	273,400	265,000	156,766	175,000	100,000	85,000	100,000	-	-	-
Total Business-Type Activities	<u>275,736</u>	<u>266,480</u>	<u>161,418</u>	<u>176,099</u>	<u>100,220</u>	<u>85,507</u>	<u>100,154</u>	<u>99</u>	<u>104</u>	<u>122</u>
Total District-Wide	<u>\$ 41,179,483</u>	<u>\$ 44,383,809</u>	<u>\$ 46,243,017</u>	<u>\$ 48,485,356</u>	<u>\$ 52,556,037</u>	<u>\$ 53,373,001</u>	<u>\$ 54,270,863</u>	<u>\$ 56,223,692</u>	<u>\$ 57,604,328</u>	<u>\$ 58,523,988</u>
Change in Net Position										
Governmental Activities	\$ 1,312,448	\$ 4,757,183	\$ 6,312,765	\$ (742,800)	\$ (290,965)	\$ 2,104,164	\$ 884,470	\$ 2,612,272	\$ 3,660,094	\$ 1,615,566
Business-Type Activities	(18,706)	85,823	(15,922)	30,108	(133,733)	(39,743)	(50,654)	116,156	175,102	330,585
Total District	<u>\$ 1,293,742</u>	<u>\$ 4,843,006</u>	<u>\$ 6,296,843</u>	<u>\$ (712,692)</u>	<u>\$ (424,698)</u>	<u>\$ 2,064,421</u>	<u>\$ 833,816</u>	<u>\$ 2,728,428</u>	<u>\$ 3,835,196</u>	<u>\$ 1,946,151</u>

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

	Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved	\$ 575,786	\$ 1,508,438	\$ 1,459,108	\$ 979,517	\$ 181,364	\$ 973,343				
Unreserved	886,742	782,259	197,126	798,154	(251,591)	213,705				
Restricted							\$ 876,583	\$ 2,010,762	\$ 3,563,000	\$ 4,611,520
Committed									768,085	1,017,859
Assigned							142,244	346,862	782,558	753,498
Unassigned	-	-	-	-	-	-	440,335	349,037	294,743	463,377
Total General Fund	<u>\$ 1,462,528</u>	<u>\$ 2,290,697</u>	<u>\$ 1,656,234</u>	<u>\$ 1,777,671</u>	<u>\$ (70,227)</u>	<u>\$ 1,187,048</u>	<u>\$ 1,459,162</u>	<u>\$ 2,706,661</u>	<u>\$ 5,408,386</u>	<u>\$ 6,846,254</u>
All Other Governmental Funds										
Reserved	\$ 666,809	\$ 13,568,681	\$ 6,399,493	\$ 10,187,357	\$ 14,149,281	\$ 11,156,675				
Unreserved	13,415,459	(4,634,894)	(6,054,402)	21,439,490	10,770,918	2,969,675				
Restricted	-	-	-	-	-	-	\$ 4,747,642	\$ 2,500,503	\$ 2,793,597	\$ 2,641,984
Total All Other Governmental Funds	<u>\$ 14,082,268</u>	<u>\$ 8,933,787</u>	<u>\$ 345,091</u>	<u>\$ 31,626,847</u>	<u>\$ 24,920,199</u>	<u>\$ 14,126,350</u>	<u>\$ 4,747,642</u>	<u>\$ 2,500,503</u>	<u>\$ 2,793,597</u>	<u>\$ 2,641,984</u>

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

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

	Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Tax Levy	\$ 37,221,009	\$ 40,168,989	\$ 41,346,944	\$ 43,339,146	\$ 46,431,396	\$ 48,149,095	\$ 50,112,604	\$ 51,056,143	\$ 52,016,386	\$ 52,931,802
Tuition Charges	99,750	90,842	73,703	149,591	149,048	145,554	158,071	130,494	167,909	166,386
Transportation Fees	113,283	112,160	98,884	111,952	77,995	76,215	42,300	53,493	41,220	44,170
Miscellaneous	484,862	742,044	688,559	1,519,187	673,236	336,983	220,231	515,818	456,955	508,306
State Sources	10,913,026	13,686,119	16,663,301	13,883,304	12,411,474	12,285,868	10,770,909	12,198,392	14,056,089	13,319,923
Federal Sources	1,157,538	979,667	1,285,959	1,277,842	1,162,034	2,915,412	1,715,428	1,188,192	1,773,228	1,136,408
County Sources		105,000	-	-	-	-	-	-	-	-
Total Revenues	49,989,468	55,884,821	60,157,350	60,281,022	60,905,183	63,909,127	63,019,543	65,142,532	68,511,787	68,106,995
Expenditures										
Instruction										
Regular Instruction	23,417,459	23,875,216	25,240,736	26,535,273	25,689,846	26,397,254	27,042,139	27,111,748	27,368,714	28,154,882
Special Education Instruction	5,599,902	6,027,973	7,261,192	8,250,847	8,917,403	8,827,396	8,734,423	9,597,730	10,444,298	10,719,106
Other Instruction	1,376,348	719,701	926,241	1,265,638	968,273	1,402,851	1,233,574	1,389,023	1,466,465	1,294,381
School Sponsored Activities And Athletics	1,004,949	996,633	1,044,070	1,087,272	1,345,077	1,092,413	1,168,815	1,235,319	1,260,343	1,329,760
Community Services	6,776	7,371	7,085	16,442	7,552	5,492	7,487	11,555	14,010	22,149
Support Services										
Student & Inst. Related Services	4,109,036	5,600,901	5,420,690	6,040,444	6,026,731	6,894,921	6,250,234	6,573,596	6,671,377	7,008,335
School Administration	3,003,895	3,212,463	3,552,671	4,021,619	3,720,492	3,969,974	4,218,808	4,115,123	3,988,349	4,058,543
General Administration	1,237,401	1,062,993	1,168,098	1,215,791	1,410,723	1,360,877	1,258,021	1,526,592	1,346,143	1,427,271
Plant Operations And Maintenance	5,111,664	5,375,082	5,483,907	5,632,810	5,909,053	5,447,737	5,371,825	5,182,274	5,190,641	5,415,913
Pupil Transportation	1,828,446	1,885,159	1,916,150	2,063,100	1,948,256	1,844,421	1,913,148	1,881,001	1,739,700	2,003,893
Other Support Services	1,206,096	1,199,898	1,342,790	1,384,060	1,365,114	1,484,826	1,510,049	1,344,469	1,262,427	1,321,299
Capital Outlay	3,068,306	8,700,301	14,484,261	8,307,853	7,424,175	10,989,910	9,621,939	2,416,195	542,478	243,975
Debt Service:										
Principal	164,210	635,671	659,469	693,032	1,328,318	1,401,850	1,475,263	1,586,442	1,964,707	1,724,681
Interest And Other Charges	209,560	779,567	733,483	705,413	3,298,716	2,362,646	2,307,851	2,269,127	2,286,927	2,096,552
Total Expenditures	51,344,048	60,078,929	69,240,843	67,219,594	69,359,729	73,482,568	72,113,576	66,240,194	65,546,579	66,820,740
Excess (Deficiency) Of Revenues										
Over (Under) Expenditures	(1,354,580)	(4,194,108)	(9,083,493)	(6,938,572)	(8,454,546)	(9,573,441)	(9,094,033)	(1,097,662)	2,965,208	1,286,255
Other Financing Sources (Uses)										
Serial Bonds Issued	14,930,000			38,500,000						
Payments to Escrow Agent									(12,688,407)	
Refunding Bond Proceeds									11,860,000	
Capital Leases (Non-Budgeted)	79,165	138,796	17,100	16,765		121,867	87,439	98,022	-	
Premium On Bonds	15,255								946,633	
Cancellation of State Grant Receivable									(88,615)	
Transfers In	37,914		179,742	1,314,038	871,526	13,151	17,720	2,837	88,284	1,554
Transfers Out	(311,314)	(265,000)	(336,508)	(1,489,038)	(971,526)	(98,151)	(117,720)	(2,837)	(88,284)	(1,554)
Total Other Financing Sources (Uses)	14,751,020	(126,204)	(139,666)	38,341,765	(100,000)	36,867	(12,561)	98,022	29,611	-
Net Change In Fund Balances	\$ 13,396,440	\$ (4,320,312)	\$ (9,223,159)	\$ 31,403,193	\$ (8,554,546)	\$ (9,536,574)	\$ (9,106,594)	\$ (999,640)	\$ 2,994,819	\$ 1,286,255
Debt Service As A Percentage Of										
Noncapital Expenditures	0.77%	2.75%	2.54%	2.37%	7.47%	6.02%	6.05%	6.04%	6.54%	5.74%

* 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>
2005	\$ 231,777	\$ 99,750	\$ 113,283	\$ 169,667	\$ 16,938	\$ 64,978	\$ 696,393
2006	663,207	90,842	112,160	10,698	13,029	52,318	942,254
2007	382,866	73,703	98,884	15,803	11,995	264,272	847,523
2008	97,482	149,591	111,952	19,337	14,224	130,663	523,249
2009	19,136	149,048	77,995	11,776	10,284	298,371	566,610
2010	10,250	145,554	76,215	12,965	14,765	223,503	483,252
2011	4,742	158,071	42,300	66,581	8,724	112,667	393,085
2012	5,979	130,494	53,493	161,626	8,485	282,577	642,654
2013	8,725	167,909	41,220	133,693	9,776	261,221	622,544
2014	9,969	166,386	44,170	161,089	14,796	248,135	644,545

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2005	\$ 1,674,300	\$ 386,726,300	\$ 40,693,900	\$ 68,394,900	\$ 19,652,100	\$ 517,141,500	\$ 862,200	\$ 518,003,700	\$3,506,748,212	\$ 7.46
2006	29,733,900	3,313,319,200	622,048,000	21,881,600	162,432,800	4,149,415,500	5,526,600	4,154,942,100	3,877,304,526	0.98
2007	27,407,900	3,320,422,800	624,338,700	22,841,600	162,549,200	4,157,560,200	5,503,300	4,163,063,500	4,278,081,024	1.02
2008	29,946,400	3,336,628,400	625,622,300	22,841,600	156,053,000	4,171,091,700	6,432,300	4,177,524,000	4,426,428,051	1.075
2009	28,640,900	3,297,532,600	627,915,900	22,718,200	154,256,000	4,131,063,600	8,295,500	4,139,359,100	4,332,449,559	1.142
2010	26,073,300	2,900,930,800	629,682,000	19,997,000	154,924,400	3,731,607,500	6,781,700	3,738,389,200	4,348,470,726	1.314
2011	25,612,700	2,825,485,200	628,463,200	19,955,100	156,726,800	3,656,243,000	5,941,300	3,662,184,300	4,026,699,339	1.381
2012	24,517,100	2,691,525,000	626,050,300	17,871,800	157,079,300	3,517,043,500	6,245,100	3,523,288,600	3,839,000,008	1.463
2013	24,137,700	2,595,694,900	626,196,900	17,188,700	156,756,200	3,419,974,400	9,206	3,419,983,606	3,736,274,900	1.535
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

Source: County Abstract of Ratables

^a Tax rates are per \$100

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

<u>Assessment Year</u>	<u>School District</u>	<u>Township</u>	<u>County</u>	<u>County Open Space</u>	<u>Total</u>
2005	\$7.460	\$4.950	\$3.180	\$0.070	\$15.660
2006	0.980	0.660	0.400	0.010	2.050
2007	1.020	0.750	0.400	0.010	2.180
2008	1.075	0.795	0.398	0.016	2.284
2009	1.142	0.830	0.395	0.016	2.383
2010	1.314	0.987	0.458	0.018	2.777
2011	1.381	1.040	0.471	0.017	2.909
2012	1.463	1.078	0.491	0.017	3.049
2013	1.535	1.129	0.522	0.017	3.203
2014	1.564	1.153	0.540	0.017	3.274

Source: Township of Nutley, Tax Assessor

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

Taxpayer	2014		2005	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Hoffman-LaRoche, Inc.	\$ 227,682,104	6.84%	\$ 65,846,300	12.72%
492 River Road Reckson	22,532,000	0.68%		
Nutley Properties	18,616,000	0.56%	2,395,000	0.46%
Public Service Electric & Gas	17,788,600	0.53%	1,951,800	0.38%
Village Manor Associates	17,324,300	0.52%	2,430,000	0.47%
432 Owners Inc.	16,320,000	0.49%	3,048,200	0.59%
M&M @ E Centre St	13,458,800	0.40%		
Nutley Shop-Rite	11,293,600	0.34%	2,082,400	0.40%
Jerc Partners III	8,006,800	0.24%		
NSP Management Co.	7,190,300	0.22%	1,069,400	0.21%
Preponent Federal Credit Union			1,073,000	0.21%
Arla Associates			973,700	0.19%
Verizon Communications			912,200	0.18%
Total	<u>\$ 360,212,504</u>	<u>10.82%</u>	<u>\$ 81,782,000</u>	<u>15.81%</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	
2005	\$ 37,221,009	\$ 37,221,009	100.00%	N/A
2006	40,168,989	40,168,989	100.00%	N/A
2007	41,346,944	41,346,944	100.00%	N/A
2008	43,339,146	43,339,146	100.00%	N/A
2009	46,431,396	46,431,396	100.00%	N/A
2010	48,149,095	48,149,095	100.00%	N/A
2011	50,112,604	50,112,604	100.00%	N/A
2012	51,056,143	51,056,143	100.00%	N/A
2013	52,016,386	52,016,386	100.00%	N/A
2014	52,931,802	52,931,802	100.00%	N/A

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

Fiscal Year Ended June 30,	Governmental Activities		Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases			
2005	\$ 18,183,000	\$ 160,919	\$ 18,343,919	27,469	\$ 668
2006	17,633,000	218,804	17,851,804	27,022	661
2007	17,063,000	146,435	17,209,435	26,519	649
2008	54,968,000	65,168	55,033,168	26,188	2,101
2009	53,683,000	21,850	53,704,850	26,064	2,060
2010	52,303,000	121,867	52,424,867	26,111	2,008
2011	50,863,000	174,043	51,037,043	28,375	1,799
2012	49,363,000	195,505	49,558,505	28,414	1,744
2013	47,890,000	137,979	48,027,979	28,561	1,682
2014	46,225,000	78,298	46,303,298	28,540	1,622

Source: District records

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions			
2005	\$ 18,183,000		\$ 18,183,000	3.5%	\$ 662
2006	17,633,000		17,633,000	0.4%	653
2007	17,063,000		17,063,000	0.4%	643
2008	54,968,000		54,968,000	1.3%	2,099
2009	53,683,000		53,683,000	1.3%	2,060
2010	52,303,000		52,303,000	1.4%	2,003
2011	50,863,000		50,863,000	1.4%	1,793
2012	49,363,000		49,363,000	1.4%	1,737
2013	47,890,000		47,890,000	1.4%	1,677
2014	46,225,000		46,225,000	1.4%	1,620

Source: District records

N/A - Information Not Available

**NUTLEY BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2014
(Unaudited)**

Net Direct Debt of School District as of June 30, 2014	\$ 46,225,000
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Net Overlapping Debt of School District	
Township of Nutley	\$ 10,788,683 -
Essex County	14,692,859
Essex County Utilities Authority (A)	3,316,664
Passaic Valley Sewerage Commission (B)	6,725,957
North Jersey District Water Supply Commission (B)	948,412
	36,472,575

Total Direct and Overlapping Debt as of June 30, 2014	\$ <u>82,697,575</u>
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(A) The debt for this entity was apportioned by dividing the Municipality's 2014 equalized value by the total 2014 equalized value for Essex County.

(B) Overlapping debt was computed based upon usage

Sources:

- (1) Township of Nutley 2013 Annual Debt Statement
- (2) Essex County 2013 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,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit	\$ 116,085,384	\$ 118,610,242	\$ 155,061,050	\$ 166,956,137	\$ 172,705,021	\$ 173,514,287	\$ 169,927,836	\$ 164,911,330	\$ 158,545,501	\$ 153,352,090
Total Net Debt Applicable To Limit	18,183,987	17,633,987	55,563,987	54,968,987	53,683,987	52,303,987	50,863,987	49,363,087	47,890,604	46,225,000
Legal Debt Margin	<u>\$ 97,901,397</u>	<u>\$ 100,976,255</u>	<u>\$ 99,497,063</u>	<u>\$ 111,987,150</u>	<u>\$ 119,021,034</u>	<u>\$ 121,210,300</u>	<u>\$ 119,063,849</u>	<u>\$ 115,548,243</u>	<u>\$ 110,654,897</u>	<u>\$ 107,127,090</u>
Total net debt applicable to the limit as a percentage of debt limit	15.66%	14.87%	35.83%	32.92%	31.08%	30.14%	29.93%	29.93%	30.21%	30.14%

Legal Debt Margin Calculation for Fiscal Year 2014

Equalized Valuation Basis

2013	\$ 3,720,194,061
2012	3,820,381,816
2011	3,960,830,896
	<u>\$ 11,501,406,773</u>

Average Equalized Valuation of Taxable Property \$ 3,833,802,258

Debt Limit (4 % of Average Equalization Value) 153,352,090

Total Net Debt Applicable to Limit 46,225,000

Legal Debt Margin \$ 107,127,090

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>
2005	27,469	\$ 43,986	3.6%
2006	27,022	47,627	3.9%
2007	26,519	49,978	3.6%
2008	26,188	51,039	4.7%
2009	26,064	49,634	8.1%
2010	26,111	51,448	9.0%
2011	28,375	53,538	8.5%
2012	28,414	54,879	8.2%
2013	28,561	N/A	7.1%
2014	28,540	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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Instruction										
Regular	231	251	303	303	271	271	257	257	226	225
Special Education	31	35	40	40	43	43	50	50	53	52
Support Services										
Student and Instruction Related Services	47	51	62	62	85	86	107	107	138	147
General Administration		3	3	3	3	3	3	3	5	5
School Administrative Services	10	10	10	11	10	10	10	10	10	10
Other Administrative Services	12	9	11	11	7	7	9	9	9	11
Central Services	19	19	19	19	13	13	11	11	9	9
Administrative Information Technology	3	3	4	4	4	4	4	4	4	4
Plant Operations and Maintenance	42	42	42	42	42	40	40	40	36	38
Pupil Transportation	31	31	31	32	32	31	31	31	31	31
Other Support Services	65	71	69	69	66	58	23	23	23	23
Food Service	16	14	12	12	11	11	-	-	-	-
Total	<u>507</u>	<u>539</u>	<u>606</u>	<u>606</u>	<u>587</u>	<u>577</u>	<u>545</u>	<u>545</u>	<u>543</u>	<u>555</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment	Operating Expenditures (A)	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Teacher/Pupil Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2005	4,235	\$ 48,460,759	\$ 11,443	5.11%	N/A	N/A	N/A	N/A	4,235	4,022	0.86%	94.97%
2006	4,180	51,585,485	12,341	7.85%	308.3	11	22	14	4,180	3,978	-1.30%	95.17%
2007	4,104	57,513,296	14,014	13.56%	336.0	11	13	14	4,065	3,854	-2.75%	94.81%
2008	4,082	57,513,296	14,089	0.54%	406.0	8	10	11	4,015	3,814	-1.23%	94.99%
2009	4,091	57,458,946	14,045	-0.31%	407.0	8	10	10	4,046	3,846	0.77%	95.06%
2010	4,080	58,728,162	14,394	2.48%	396.0	10	12	12	4,036	3,841	-0.25%	95.17%
2011	3,946	58,708,523	14,878	3.36%	358.0	11	12	14	3,903	3,710	-3.30%	95.06%
2012	3,980	59,968,430	15,067	1.27%	336.4	12	13	15	3,962	3,762	1.51%	94.95%
2013	4,045	61,213,079	15,133	0.44%	308.9	13	14	17	4,036	3,832	1.87%	94.95%
2014	4,015	62,755,532	15,630	3.29%	311.4	15	15	15	4,020	3,820	-0.40%	95.02%

Sources: District records

(A) Includes General and Special Revenue Funds

N/A - Not Available

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<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)	909.62	909.62	909.62	909.62	909.62	909.62	906.62	906.62	909.62	909.62
Enrollment	1,366.50	1,357.50	1,355.00	1,338.50	1,276.00	1,296.00	1,296.00	1,296.00	1,283.00	1,246.00
<u>John H. Walker Middle School</u>										
Square Feet	92,010.00	92,010.00	128,036.00	128,036.00	128,036.00	128,036.00	128,036.00	128,036.00	128,036.00	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	683.00	665.00	581.00	638.00	674.00	642.00	642.00	642.00	647.00	637.00
<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	363.00	366.00	349.00	346.00	345.00	372.00	372.00	372.00	336.00	342.00
<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	507.00	507.00	492.00	476.00	487.00	469.00	469.00	469.00	491.00	470.00
<u>Washington Elementary School</u>										
Square Feet	49,097.00	49,097.00	49,097.00	49,067.00	49,067.00	49,067.00	49,067.00	49,067.00	49,067.00	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	399.00	387.00	396.00	363.00	377.00	394.00	394.00	394.00	423.00	453.00
<u>Spring Garden Elementary School</u>										
Square Feet	43,955.00	43,955.00	43,955.00	43,955.00	43,955.00	43,955.00	43,955.00	43,955.00	51,155.00	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	421.00	394.00	391.00	380.00	397.00	381.00	381.00	381.00	384.00	356.00
<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	510.00	503.00	492.00	497.00	473.00	495.00	495.00	495.00	482.00	511.00
<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, 2014

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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Nutley High School	\$ 290,851	\$ 349,696	\$ 301,115	\$ 267,526	\$ 321,106	\$ 250,152	\$ 261,637	\$ 239,746	\$ 263,863	\$ 279,224
Franklin Middle School	109,741	83,399	95,214	196,710	190,734	202,379	165,035	151,226	195,781	157,652
Lincoln Elementary School	32,516	119,064	50,957	62,993	80,561	67,766	83,263	76,296	70,451	65,199
Radcliffe Elementary School	100,198	46,072	106,810	63,389	70,247	58,309	74,111	67,910	84,036	85,308
Spring Garden Elementary School	70,098	71,788	56,796	52,385	65,985	54,025	69,175	63,387	72,135	61,936
Washington Elementary School	116,780	81,374	64,067	65,176	77,750	64,824	98,554	90,308	97,322	118,943
Yantacaw Elementary School	84,551	74,337	123,260	57,382	74,153	58,396	63,486	58,174	80,635	78,540
Grand Total	<u>\$ 804,735</u>	<u>\$ 825,730</u>	<u>\$ 798,219</u>	<u>\$ 765,561</u>	<u>\$ 880,536</u>	<u>\$ 755,851</u>	<u>\$ 815,261</u>	<u>\$ 747,048</u>	<u>\$ 864,223</u>	<u>\$ 846,802</u>

**NUTLEY BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2014
(Unaudited)**

	<u>Insurance Company</u>	<u>Coverage</u>	<u>Deductible</u>
All Real and Personal Property and Theft of Contents	Suburban Essex JIF Multiple Carriers - Shared Layers	\$ 250,000 149,749,500	\$ 500 200,500
Money and Security Loss	Suburban Essex JIF Selective Insurance Company of America	250,000 249,500	500 250,000
General Liability (BI and PD)	Suburban Essex JIF Selective Insurance Company of America	250,000 9,750,000	N/A 250,000
Automobile Liability	Suburban Essex JIF Selective Insurance Company of America	250,000 9,750,000	N/A 250,000
School Board Legal Liability	Suburban Essex JIF Selective Insurance Company of America	100,000 9,900,000	N/A 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 Selective Insurance Company of America	250,000 Statutory Cov A 9,750,000 Cov B	N/A 250,000 250,000
Public Official Bonds			
Joanne Wilson	Selective	325,000	N/A
Karen A. Yeamans	RLI Insurance Company	3,000	N/A

Source: School District's records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

**CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS**

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA

DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
LORI T. MANUKIAN, CPA, PSA
MARK SACO, CPA
VOLNEY V. JACKSON, CPA
CHYNNA C. DESTEFANO, CPA, PSA
KEVIN LOMSKI, CPA
EDWARD P. MURPHY, CPA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Nutley Board of Education as of and for the fiscal year ended June 30, 2014 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 November 4, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Nutley 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Nutley Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

We noted certain matters that 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 November 4, 2014.

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
 November 4, 2014



CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY
U.S. OMB CIRCULAR A-133 AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL
ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 04-04**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the Nutley Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Nutley Board of Education's major federal and state programs for the fiscal year ended June 30, 2014. The Nutley Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Nutley Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; U.S. OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and Circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Nutley Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Nutley Board of Education's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Nutley Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the Nutley Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Nutley Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with U.S. OMB Circular A-133 and New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Nutley Board of Education's internal control over compliance.

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Nutley Board of Education as of and for the fiscal year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated November 4, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by U.S. OMB Circular A-133 and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing

and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.


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


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
November 4, 2014

NUTLEY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Grant Period	Award Amount	Balance July 1, 2013			Carryover	Cash Received	Budgetary Expenditures	Adjustment	Prior Year Adjustments	Other Adjustments	Balance June 30, 2014		Memo GAAP Receivable
				(Accounts Receivable)	Unearned Revenue	Due to Grantor							(Accounts Receivable)	Unearned Revenue	
U.S. Department of Education															
Passed Through State Department of Education															
General Fund															
Medicaid Reimbursement	93.778	7/1/13 - 6/30/14	\$ 37,408					\$ 37,408	\$ 37,408						
Medicaid Reimbursement (MAC)	93.778	7/1/13 - 6/30/14	660					660	660						\$ -
Education Jobs Fund	84.410	7/1/12-8/31/12	674	\$ (674)	-	-	-	674	-	-	-	-	-	-	-
Total General Fund				(674)	-	-	-	38,742	38,068	-	-	-	-	-	-
Special Revenue Fund:															
Title I	84.010	7/1/13-6/30/14	216,387				\$ 126,777	121,724	150,347	\$ (126,777)			\$ (221,440)	\$ 192,817	\$ (28,623)
Title I	84.010	9/1/12-8/31/13	255,841	(218,083)	\$ 127,203		(126,777)	90,636		126,777	\$ 244		-	-	-
Title I	84.010	9/1/11-8/31/12	242,613		1,639						(1,639)		-	-	-
Title III	84.365	7/1/13-6/30/14	22,919				9,004	16,596	21,913	(9,004)			(15,327)	10,010	(5,317)
Title III	84.365	9/1/11-8/31/12	22,198	(10,463)	6,948.00		(9,004)	1,459			29	\$ 2,027	a	-	-
Title III Immigrant	84.365	7/1/13-6/30/14	29,178				29,718		655	(29,718)			(58,896)	58,241	(655)
Title III Immigrant	84.365	9/1/12-8/31/13	36,654	(39,296)	27,419		(29,718)	9,046			(91)		-	-	-
Title III Immigrant	84.365	9/1/11-8/31/12	24,850		1,368						(1,368)		2,922	a	-
Title V Part A, Carryover	84.298	9/1/07-8/31/08	5,390		417						(417)		-	-	-
IDEA Part B	84.027	7/1/13-6/30/14	845,199			71,835	616,596	776,832		(71,835)			(300,438)	140,202	(160,236)
IDEA Part B	84.027	9/1/12-8/31/13	854,808	(175,738)	71,833		(71,835)	103,903			2		-	-	-
IDEA Part B	84.027	9/1/11-8/31/12	862,523		9,683						(9,683)		-	-	-
IDEA Part B Preschool	84.173	7/1/13-6/30/14	38,696				1,537	10,392	32,432	(1,537)			(29,841)	7,801	(22,040)
IDEA Part B Preschool	84.173	9/1/12-8/31/13	40,446	(1,536)	1,536		(1,537)			1,537			-	-	-
Carl D. Perkins- Secondary	84.048	7/1/13-6/30/14	21,633				16,571	19,885					(3,314)	-	(2,170)
Carl D. Perkins- Secondary	84.048	9/1/12-8/31/13	22,212	(4,741)	3,057		1,684						-	-	-
Title IV (Drug Education), Carryover	84.188	9/1/10-8/31/11		(1,058)	1,636						(578)		-	-	-
Title IV (Drug Education), Carryover	84.188	9/1/06-8/31/07	11,218		570						(570)		-	-	-
Title II Part A	84.367	7/1/13-6/30/14	82,828			12,079	67,882	75,092		(12,079)			(27,025)	19,815	(7,210)
Title II Part A	84.367	9/1/12-8/31/13	83,525	(46,758)	12,909		(12,079)	34,679		12,079	(2,617)		-	-	-
Title II Part A	84.367	9/1/11-8/31/12	93,470		8,652						(8,652)		-	-	-
Title II Part D, Carryover	84.367	9/1/10-8/31/11	281	(1,690)	1,667						23		-	-	-
Race to the Top	84.413	9/1/11-11/30/15	19,322	(19,322)	3	-	19,319	-	-				-	-	-
Technology Literacy Challenge	84.318	4/1/99-3/31/00	95,000	(441)	-	-	-	-	-		441	-	-	-	-
Total Special Revenue Fund				(519,126)	276,540	-	-	1,110,487	1,077,156	-	(24,876)	6,736	(656,281)	428,886	(226,251)
U.S.D.A. Department of Agriculture															
Passed Through State Department of Education															
Enterprise Fund:															
National School Lunch Program	10.555														
Non-Cash Assistance (Food Distribution)		9/1/13-6/30/14	37,490					37,490	36,917	-	-			573	
Non-Cash Assistance (Food Distribution)		9/1/12-6/30/13	39,310		3,153				3,153	-	-			-	
Cash Assistance		9/1/13-6/30/14	189,186					173,508	189,186	-	-		(15,678)	-	(15,678)
Cash Assistance		9/1/12-6/30/13	181,583	(39,986)	-	-	-	39,986	-	-	-	-	-	-	-
Total Enterprise Fund				(39,986)	3,153	-	-	250,984	229,256	-	-	-	(15,678)	573	(15,678)
Total Federal Financial Awards				\$ (559,786)	\$ 279,693	\$ -	\$ -	\$ 1,400,213	\$ 1,344,480	\$ -	\$ (24,876)	\$ 6,736	\$ (671,959)	\$ 429,459	\$ (241,929)

a cancelled encumbrances

NUTLEY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

State Department of Education	Grant or State Project Number	Grant	Award Amount	Balance July 1, 2013	Carryover Amount	Cash Received	Budgetary Expenditures	Cancellation	Repayment of Prior Year Balances	Balance June 30, 2014			Memorandum GAAP Receivable	Budgetary Expenditures
										(Accts. Receivable)	Unearned Revenue	Due to Grantor		
General Fund:														
Equalization Aid	14-495-034-5120-078	7/1/13-6/30/14	\$ 4,348,391			\$ 3,930,445	\$ 4,348,391			\$ (417,946)			\$ -	\$ 4,348,391
Equalization Aid	13-495-034-5120-078	7/1/12-6/30/13	4,376,014	(402,376)		402,376								-
Special Education Categorical Aid	14-495-034-5120-089	7/1/13-6/30/14	2,412,726			2,180,826	2,412,726			(231,900)			2,412,726	
Special Education Categorical Aid	13-495-034-5120-089	7/1/12-6/30/13	2,391,136	(219,866)		219,866								-
Transportation Aid	14-495-034-5120-014	7/1/13-6/30/14	90,584			81,878	90,584			(8,706)			90,584	
Transportation Aid	13-495-034-5120-014	7/1/12-6/30/13	92,806	(8,534)		8,534								-
Security Aid	14-495-034-5120-084	7/1/13-6/30/14	70,151			65,408	70,151			(6,743)			70,151	
Security Aid	13-495-034-5120-084	7/1/12-6/30/13	61,895	(5,691)		5,691								-
Extraordinary Aid	14-495-034-5120-044	7/1/13-6/30/14	294,337			206,660	294,337			(294,337)			294,337	
Extraordinary Aid	13-495-034-5120-044	7/1/12-6/30/13	206,660	(206,660)										-
TPAF Social Security Contribution	14-495-034-5095-002	7/1/13-6/30/14	2,007,409			1,904,967	2,007,409			(102,442)			\$ -	2,007,409
TPAF Social Security Contribution	13-495-034-5095-002	7/1/12-6/30/13	2,025,129	(100,989)		100,989								-
TPAF Pension Contribution - NCGI	14-495-034-5095-007	7/1/13-6/30/14	94,164			94,164	94,164						94,164	
TPAF Pension Contribution - NCGI	13-495-034-5095-007	7/1/12-6/30/13	1,066,808			1,066,808	1,066,808						1,066,808	
TPAF Pension Contribution - NCGI	14-495-034-5095-006	7/1/13-6/30/14	1,066,808											-
TPAF Pension Contribution - NCGI	13-495-034-5095-006	7/1/12-6/30/13	1,903,557			1,903,557	1,903,557						1,903,557	
Post Retirement	14-100-034-5095-001	7/1/13-6/30/14	1,903,557											-
				(944,116)		12,170,169	12,288,127			(1,062,074)			(102,442)	12,288,127
Total General Fund														
Special Revenue Fund:														
New Jersey Nonpublic Aid:														
Textbooks	14-100-034-5120-064	7/1/13-6/30/14	30,387			30,387	24,504		\$ 1,105			\$ 5,883		24,504
Textbooks	13-100-034-5120-064	7/1/12-6/30/13	28,375	1,105										-
Auxiliary Services														
Compensatory Education	14-100-034-5120-067	7/1/13-6/30/14	119,837			119,837	114,445					5,392	114,445	
Compensatory Education	13-100-034-5120-067	7/1/12-6/30/13	112,871	17,809				340	17,809					-
Compensatory Education	00-100-034-5120-067	7/1/99-6/30/00	90,611	(340)										-
English as a Second Language	14-100-034-5120-067	7/1/13-6/30/14	6,983			6,983	2,531					4,452	2,531	
English as a Second Language	13-100-034-5120-067	7/1/12-6/30/13	7,844	1,449					1,449					-
Transportation	14-100-034-5120-067	7/1/13-6/30/14	46,637			46,637	46,637			(7,526)			46,637	
Transportation	13-100-034-5120-067	7/1/12-6/30/13	7,526	(1,550)		1,550								-
Home Instruction	09-100-034-5120-067	7/1/08-6/30/09	5,176	(107)				107						-
Home Instruction	08-100-034-5120-067	7/1/07-6/30/08	1,858	(1,858)				1,858						-
Handicapped Services														
Supplemental Instruction	14-100-034-5120-066	7/1/13-6/30/14	26,366			26,366	19,656					6,730	19,656	
Supplemental Instruction	13-100-034-5120-066	7/1/12-6/30/13	21,023	1,595					1,595					-
Examination and Classification	14-100-034-5120-066	7/1/13-6/30/14	43,152			43,152	32,162					10,990	32,162	
Examination and Classification	13-100-034-5120-066	7/1/12-6/30/13	26,117	4,137					4,137					-
Corrective Speech	14-100-034-5120-066	7/1/13-6/30/14	32,420			32,420	23,670					8,750	23,670	
Corrective Speech	13-100-034-5120-066	7/1/12-6/30/13	30,154	1,933					1,933					-
Nonpublic Nursing	14-100-034-5120-070	7/1/13-6/30/14	42,846			42,846	42,846					436	42,846	
Nonpublic Technology Initiative	14-100-034-5120-373	7/1/13-6/30/14	11,080			11,080	10,644						10,644	
Nonpublic Technology Initiative	14-100-034-5120-373	7/1/12-6/30/13	10,472	528					528					-
Nonpublic Technology Initiative	00-100-034-5120-373	7/1/99-6/30/00	27,000	(354)				354						-
Teacher Mentoring	N/A		6,384	108										-
				24,475		361,258	324,601	2,551	28,576	(7,526)		42,633	(7,526)	324,601
Total Special Revenue Fund														

NUTLEY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Grant or State Project Number	Grant	Award Amount	Balance July 1, 2013	Carryover Amount	Cash Received	Budgetary Expenditures	Cancellation	Repayment of Prior Year Balances	Balance June 30, 2014			Memorandum	
										(Accts. Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Budgetary Expenditures
<u>Capital Projects Fund</u>														*
Educational Facilities														*
Construction and Financing Act	3750-050-03-1027	7/1/03-6/30/07	\$ 10,718,686	\$ (480,195)	-	-	-	\$ -	-	\$ (480,195)	-	-	\$ (480,195)	-
<u>Debt Service Fund:</u>														*
Debt Service Aid	14-495-034-5120-075	7/1/13-6/30/14	823,700	-	-	\$ 823,700	\$ 823,700	-	-	-	-	-	-	\$ 823,700
<u>State Department of Agriculture</u>														*
<u>Enterprise Fund:</u>														*
National School Lunch Program	14-100-034-5120-122	7/1/13-6/30/14	7,376			6,448	7,376			(928)			(928)	7,376
National School Lunch Program	13-100-034-5120-122	7/1/12-6/30/13	6,376	(1,356)	-	1,356	-	-	-	-	-	-	-	-
				(1,356)	-	7,804	7,376	-	-	(928)	-	-	(928)	7,376
Total State Financial Assistance				\$ (1,401,192)	\$ -	\$ 13,362,931	\$ 13,443,804	\$ 2,551	\$ 28,576	\$ (1,550,723)	\$ -	\$ 42,633	\$ (591,091)	\$ 13,443,804
</														

**NUTLEY BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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 bases of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with requirements of U.S. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the 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 \$116,505 for the general fund and an increase of \$55,351 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	\$ 38,068	\$ 12,171,622	\$ 12,209,690
Special Revenue Fund	1,098,340	324,601	1,422,941
Debt Service Fund		823,700	823,700
Food Service Fund	<u>229,256</u>	<u>7,376</u>	<u>236,632</u>
Total Financial Assistance	<u>\$ 1,365,664</u>	<u>\$ 13,327,299</u>	<u>\$ 14,692,963</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, 2014**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$2,007,409 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, 2014. The amount reported as TPAF Pension System Contributions in the amount of \$1,160,972 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,903,557 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2014.

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

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

**NUTLEY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Part I – Summary of Auditor's Results

Financial Statement Section

Type of auditors' report issued on financial statements

Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified:

_____ yes X no

2) Significant deficiencies identified that are not considered to be material weaknesses?

_____ yes X none reported

Noncompliance material to the basic financial statements noted?

_____ yes X no

Federal Awards Section

Internal Control over major programs:

1) Material weakness(es) identified:

_____ yes X no

2) Significant deficiencies identified that are not considered to be material weaknesses?

_____ yes X none reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133?

_____ yes X no

Identification of major federal programs:

CFDA Number(s)

Name of Federal Program or Cluster

84.027

IDEA Basic

84.173

IDEA Preschool

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

\$300,000

Auditee qualified as low-risk auditee?

114

_____ yes X no

**NUTLEY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Part I – Summary of Auditor's Results

State Awards Section

Internal Control over major programs:

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

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

Unmodified

Any audit findings disclosed that are required to be reported
in accordance with N.J. Circular Letter 04-04?

_____ yes X no

Identification of major state programs:

GMIS Number(s)	Name of State Program
<u>14-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>14-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>14-495-034-5120-084</u>	<u>Security Aid</u>
<u>14-495-034-5095-002</u>	<u>TPAF Social Security Contributions</u>
<u>14-495-034-5120-044</u>	<u>Extraordinary Aid</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

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

\$ 311,378

Auditee qualified as low-risk auditee?

_____ yes X no

**NUTLEY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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, 2014**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR FEDERAL AWARDS

THERE ARE NONE.

CURRENT YEAR STATE AWARDS

THERE ARE NONE.

**NUTLEY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-135 (section .315(a)(b)) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR YEAR FINDINGS

NOT APPLICABLE