

**NUTLEY BOARD OF EDUCATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Nutley, New Jersey**

**COMPREHENSIVE ANNUAL**

**FINANCIAL REPORT**

**of the**

**Nutley Board of Education**

**Nutley, New Jersey**

**For The Fiscal Year Ended June 30, 2016**

**Prepared by**

**Business Office**

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## **INTRODUCTORY SECTION**



# **THE NUTLEY PUBLIC SCHOOLS**

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

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

**Karen A. Yeamans  
Business Administrator/  
Board Secretary  
Phone: 973-661-8797  
Fax: 973-320-8475**

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November 15, 2016

Honorable President and  
Trustees of the Board of Education  
Nutley School District  
Nutley, 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, 2016.

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, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Nutley Board of Education's financial statements for the fiscal year ended June 30, 2016, 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 2015-16 fiscal year with an average daily enrollment of 4,026 students, which is 21 students more than the previous year's average. The following details the changes in the average daily enrollment of the District over the last five years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2015-16	4,026	.52%
2014-15	4,005	(0.37%)
2013-14	4,020	(0.40%)
2012-13	4,036	1.87%
2011-12	3,962	1.51%

**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 the High School were completed in 2014-15 and 2015-16, respectively. The remaining phases of these renovations will be completed in 2016-17.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at the year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2016.

**5) DEBT ADMINISTRATION:** As of June 2016, the District's outstanding debt is \$42,805,000 of school bonds. The proceeds of these bonds were used to provide funds for major capital improvements to the District's buildings and grounds.

**6) CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 4. The District's cash management plan has all public funds deposited in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protections Act (GUDPA). GUDPA was enacted 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.


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


**8) OTHER INFORMATION:**

**A) Independent Audit -** State statutes require an annual audit by licensed public school accountants who are independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins, LLP was selected by the Board to perform the audit for the year ended June 30, 2016. In addition to meeting the requirements set forth in State Statutes, the audit was also designed to meet the requirements of the U.S. Uniform Guidance and State Treasury Circular Letter 15-08 OMB. The auditors' report on the financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

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

Respectfully submitted,

  
**JULIE GLAZER**  
Superintendent of Schools

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

Board of Education

Board Secretary

Superintendent

Business Administrator

Systems Manager

Director of Instructional Tech

Assistant Superintendent

Support Staff

Director of Special Services

Treasurer of Monies

Technicians

Coordinators K-12

Elementary Principals

Middle School Principal

High School Principal

Director of Guidance

Child Study Team

Special Education Teachers

Health Services

Support Staff

Director of Building and Grounds

Custodians

Maintenance

Grounds

Food Services

Support Staff

Transportation Supervisor

Drivers

Aides

Media Specialists

Technology Teachers

Vice Principal

Vice Principals

Counselors

Support Staff

Residency and Resource Officer

Support Staff

Director of Extended Day

Teaching Staff

Support Staff

Teachers

Support Staff

Teachers

Support Staff

Teachers

Support Staff

Athletic Director

Support Staff

Coaches

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**NUTLEY BOARD OF EDUCATION  
ROSTER OF OFFICIALS  
JUNE 30, 2016**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
<b>Mr. Salvatore Balsamo</b>	<b>2018</b>
<b>Mr. Daniel Carnicella</b>	<b>2016</b>
<b>Mrs. Lisa Danchak-Martin</b>	<b>2017</b>
<b>Mr. Salvatore Ferraro</b>	<b>2017</b>
<b>Mr. Ryan Kline</b>	<b>2018</b>
<b>Mr. Charles Kucinski</b>	<b>2016</b>
<b>Mrs. Deborah Russo</b>	<b>2018</b>
<b>Mr. Fredrick Scalera</b>	<b>2017</b>
<b>Ms. Brenda Sherman</b>	<b>2016</b>

**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**

Schenck, Price, Smith & King, LLP  
220 Park Avenue  
PO Box 991  
Florham Park, NJ 07932

**Special Construction Counsel**

Connell Foley LLP  
85 Livingston Avenue  
Roseland, NJ 07068

**Independent Auditors**

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

**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  
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, 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  
MARK SACO, CPA  
SHERYL M. NICOLosi, CPA  
ROBERT AMPONSAH, 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, 2016 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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



## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Nutley Board of Education as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

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

### *Other Information*


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Nutley Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Nutley Board of Education.


The combining 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 15, 2016 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 15, 2016

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

# NUTLEY BOARD OF EDUCATION

## Management's Discussion and Analysis

This section of the Nutley Board of Education's comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2016. 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 2015-2016 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 \$8,398,012.
- Overall district revenues were \$82,302,197. General revenues accounted for \$60,459,858 or 73% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$21,842,339 or 27% of total revenues.
- The school district had \$78,660,101 in expenses for governmental activities; only \$19,827,200 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$60,459,644 were adequate to provide for these programs. The district also had a loss on the disposal of capital assets of \$27,173.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$10,005,489.
- The General Fund (GAAP Basis) fund balance at June 30, 2016 was \$8,796,258, an increase of \$1,748,315 from the June 30, 2015 balance.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

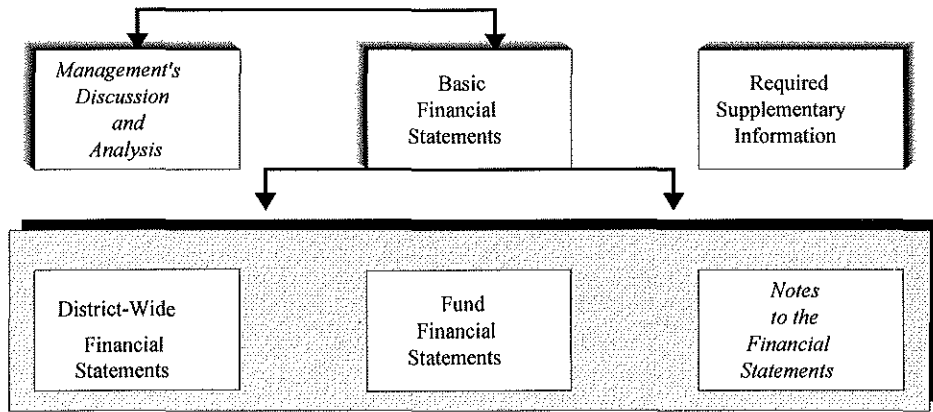
# NUTLEY BOARD OF EDUCATION

## Management's Discussion and Analysis

### OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

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



# NUTLEY BOARD OF EDUCATION

## Management's Discussion and Analysis

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

**Major Features of the District-Wide and Fund Financial Statements**

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

### District-wide Financial Statements

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

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

# NUTLEY BOARD OF EDUCATION

## Management's Discussion and Analysis

### District-wide Financial Statements (continued)

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

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

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

### Fund Financial Statements

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

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

The District has three kinds of funds:

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



# NUTLEY BOARD OF EDUCATION

## Management's Discussion and Analysis

### Fund Financial Statements (continued)

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

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

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

### Notes to the Financial Statements

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

### Other Information

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

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

### DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a Board's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$8,398,012 as of June 30, 2016.

# 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, 2016 and 2015

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Assets</b>						
Current Assets	\$ 10,775,912	\$ 9,366,287	\$ 1,159,127	\$ 858,587	\$ 11,935,039	\$ 10,224,874
Capital Assets, Net	<u>60,768,652</u>	<u>61,906,175</u>	<u>90,147</u>	<u>98,186</u>	<u>60,858,799</u>	<u>62,004,361</u>
<b>Total Assets</b>	<u>71,544,564</u>	<u>71,272,462</u>	<u>1,249,274</u>	<u>956,773</u>	<u>72,793,838</u>	<u>72,229,235</u>
<b>Deferred Outflows of Resources</b>	<u>6,714,038</u>	<u>4,636,353</u>	<u>-</u>	<u>-</u>	<u>6,714,038</u>	<u>4,636,353</u>
<b>Total Assets &amp; Deferred Outflows of Resources</b>	<u>78,258,602</u>	<u>75,908,815</u>	<u>1,249,274</u>	<u>956,773</u>	<u>79,507,876</u>	<u>76,865,588</u>
<b>Liabilities</b>						
Long-Term Liabilities	69,175,037	67,735,362			69,175,037	67,735,362
Other Liabilities	<u>1,464,766</u>	<u>1,432,130</u>	<u>117,058</u>	<u>68,399</u>	<u>1,581,824</u>	<u>1,500,529</u>
<b>Total Liabilities</b>	<u>70,639,803</u>	<u>69,167,492</u>	<u>117,058</u>	<u>68,399</u>	<u>70,756,861</u>	<u>69,235,891</u>
<b>Deferred Inflows of Resources</b>	<u>349,920</u>	<u>1,072,014</u>	<u>3,083</u>	<u>3,526</u>	<u>353,003</u>	<u>1,075,540</u>
<b>Total Liabilities &amp; Deferred Inflows of Resources</b>	<u>70,989,723</u>	<u>70,239,506</u>	<u>120,141</u>	<u>71,925</u>	<u>71,109,864</u>	<u>70,311,431</u>
<b>Net Position</b>						
Net Investment in Capital Assets	19,313,537	18,540,094	90,147	98,186	19,403,684	18,638,280
Restricted	4,864,909	3,492,729			4,864,909	3,492,729
Unrestricted	<u>(16,909,567)</u>	<u>(16,363,514)</u>	<u>1,038,986</u>	<u>786,662</u>	<u>(15,870,581)</u>	<u>(15,576,852)</u>
<b>Total Net Position</b>	<u>\$ 7,268,879</u>	<u>\$ 5,669,309</u>	<u>\$ 1,129,133</u>	<u>\$ 884,848</u>	<u>\$ 8,398,012</u>	<u>\$ 6,554,157</u>

# NUTLEY BOARD OF EDUCATION

## Management's Discussion and Analysis

### Change in Net Position

For The Fiscal Years Ended June 30, 2016 and 2015

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 162,976	\$ 287,118	\$ 1,758,073	\$ 1,654,447	\$ 1,921,049	\$ 1,941,565
Operating Grants and Contributions	19,664,224	16,734,781	257,066	230,530	19,921,290	16,965,311
General Revenues						
Property Taxes	54,765,838	53,867,824			54,765,838	53,867,824
State Aid	5,258,126	5,243,316			5,258,126	5,243,316
Other	435,680	391,327	214	140	435,894	391,467
<u>Total Revenues</u>	<u>80,286,844</u>	<u>76,524,366</u>	<u>2,015,353</u>	<u>1,885,117</u>	<u>82,302,197</u>	<u>78,409,483</u>
<b>Expenses</b>						
Instruction						
Regular	34,587,775	33,504,690			34,587,775	33,504,690
Special Education	12,965,002	12,894,166			12,965,002	12,894,166
Other Instruction	1,598,362	1,411,766			1,598,362	1,411,766
School Sponsored Activities and Athletics	1,777,672	1,666,089			1,777,672	1,666,089
Community Services	8,178	14,725			8,178	14,725
Support Services						
Student and Instruction Related Services	9,071,293	8,502,186			9,071,293	8,502,186
General Administrative Services	2,038,030	2,177,346			2,038,030	2,177,346
School Administrative Services	5,013,306	4,639,417			5,013,306	4,639,417
Plant Operations and Maintenance	5,807,656	5,647,257			5,807,656	5,647,257
Pupil Transportation	2,463,922	2,499,702			2,463,922	2,499,702
Business and Other Support Services	1,650,848	1,436,409			1,650,848	1,436,409
Interest and Chgs on Long-Term Debt	1,678,057	1,843,704			1,678,057	1,843,704
Food Services			916,514	846,273	916,514	846,273
Extended Day			854,554	836,125	854,554	836,125
Loss on Disposal of Capital Assets	27,173	22,215	-	5,136	27,173	27,351
<u>Total Expenses</u>	<u>78,687,274</u>	<u>76,259,672</u>	<u>1,771,068</u>	<u>1,687,534</u>	<u>80,458,342</u>	<u>77,947,206</u>
Increase in Net Position	1,599,570	264,694	244,285	197,583	1,843,855	462,277
Net Position, Beginning of Year	5,669,309	5,426,483	884,848	687,265	6,554,157	6,113,748
Prior Period Adjustment	-	(21,868)	-	-	-	(21,868)
Net Position, End of Year	<u>\$ 7,268,879</u>	<u>\$ 5,669,309</u>	<u>\$ 1,129,133</u>	<u>\$ 884,848</u>	<u>\$ 8,398,012</u>	<u>\$ 6,554,157</u>

# NUTLEY BOARD OF EDUCATION

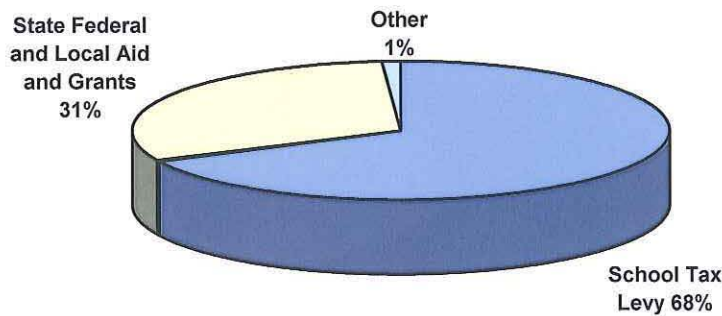
## Management's Discussion and Analysis

**Governmental Activities.** The District's total governmental activities' revenues, which includes State and Federal grants, were \$80,286,844 for the fiscal year ended June 30, 2016. Property taxes of \$54,765,838 represented 68 percent of revenues. Another significant portion of revenues came from State aid; total State, Federal, Local and formula aid was \$24,922,350. 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.

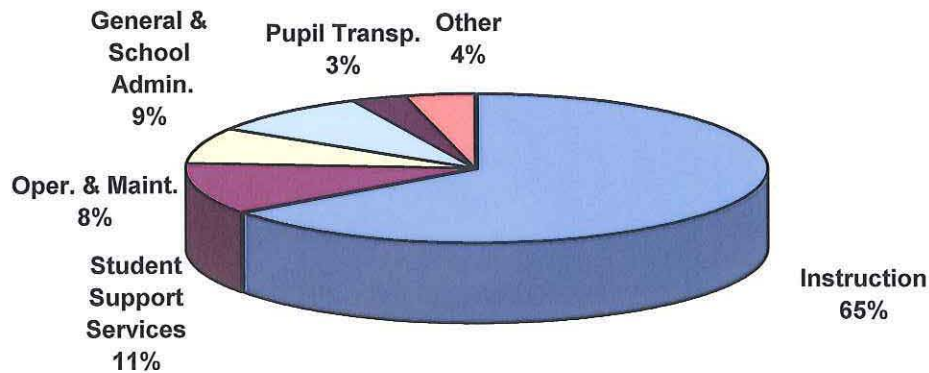
The total cost of all governmental activities programs and services was \$78,660,101. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$50,936,989 (65%) of total expenditures. Student support services, exclusive of general and school administration, total \$9,071,293 or (11%) of total expenditures. The district also had a loss on the disposal of capital assets of \$27,173.

Total governmental activities revenues surpassed expenses, increasing net position by \$1,599,570 from the previous year.

Revenues by Source- Governmental Activities  
For Fiscal Year 2015/16



Expenditures by Type- Governmental Activities  
For Fiscal Year 2015/16



## NUTLEY BOARD OF EDUCATION

### Management's Discussion and Analysis

**Net Cost of Governmental Activities.** The District's total cost of services was \$78,660,101. After applying program revenues, derived from charges for services of \$162,976; and operating grants and contributions of \$19,664,224; the net cost of services of the District is \$58,832,901.

#### Total and Net Cost of Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Instruction				
Regular	\$ 34,587,775	\$ 33,504,690	\$ 24,283,288	\$ 24,893,214
Special Education	12,965,002	12,894,166	6,872,858	7,267,842
Other Instruction	1,598,362	1,411,766	1,122,596	1,049,900
School Sponsored Activities and Athletics	1,777,672	1,666,089	1,319,749	1,296,079
Community Services	8,178	14,725	5,677	10,802
Support Services				
Student and Instruction Related Services	9,071,293	8,502,186	7,700,332	7,400,605
General Administrative Services	2,038,030	2,177,346	1,871,703	2,041,287
School Administrative Services	5,013,306	4,639,417	4,352,094	4,103,897
Plant Operations and Maintenance	5,807,656	5,647,257	5,721,776	5,577,111
Pupil Transportation	2,463,922	2,499,702	2,339,599	2,364,155
Business and Other Support Services	1,650,848	1,436,409	1,565,172	1,366,962
Interest and Other Chgs on Long-Term Debt	<u>1,678,057</u>	<u>1,843,704</u>	<u>1,678,057</u>	<u>1,843,704</u>
 Total	 <u>\$ 78,660,101</u>	 <u>\$ 76,237,457</u>	 <u>\$ 58,832,901</u>	 <u>\$ 59,215,558</u>

**Business-Type Activities** – The District's total business-type activities revenues were \$2,015,353 for the fiscal year ended June 30, 2016. Charges for services accounted for 87% of total revenues. Operating grants and contributions accounted for 13% of total revenue for the year.

The total cost of all business-type activities programs and services was \$1,771,068. 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 \$244,285 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 \$10,005,489 an increase of \$1,587,556. The June 30, 2015, the fund balance was \$8,417,933.

Revenues for the District's governmental funds were \$72,159,768, while total expenses were \$70,657,212.

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

The following schedule presents a summary of General Fund revenues.

	Fiscal Year Ended		Increase (Decrease)	Percentage of Total
	June 30, 2016	June 30, 2015		
Local Sources				
Property Tax Levy	\$ 52,111,139	\$ 51,089,352	\$ 1,021,787	2.0%
Tuition	153,876	242,148	(88,272)	-36.5%
Miscellaneous	442,672	434,814	7,858	1.8%
State Sources	14,169,166	13,062,997	1,106,169	8.5%
Federal Sources	<u>53,986</u>	<u>64,807</u>	<u>(10,821)</u>	-16.7%
Total General Fund Revenues	<u>\$ 66,930,839</u>	<u>\$ 64,894,118</u>	<u>\$ 2,036,721</u>	3.1%

Total General Fund Revenues increased by \$2,036,721 or 3% over the previous year.

Property taxes increased 2% over the previous year, which is within the State-mandated CAP. State aid revenues increased \$1,106,169 primarily due to the State's increased 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, 2016</u>	<u>June 30, 2015</u>		
Instruction	\$ 42,136,096	\$ 42,095,815	\$ 40,281	0.1%
Support Services	22,346,845	22,020,142	326,703	1.5%
Debt Service	147,585	181,310	(33,725)	-19%
Capital Outlay	<u>639,106</u>	<u>532,406</u>	<u>106,700</u>	20.0%
Total Expenditures	<u>\$ 65,269,632</u>	<u>\$ 64,829,673</u>	<u>\$ 439,959</u>	0.7%

Total General Fund expenditures increased \$439,959 from the previous year. A significant portion of the increase is attributed to increases in contractual salaries for the 2015/2016 school year and in on-behalf TPAF pension contributions.

In 2015-2016 General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$1,748,315. As a result, total fund balance increased to \$8,796,258 at June 30, 2016. After deducting statutory restrictions and committed and assigned encumbrances, the unassigned fund balance (GAAP Basis) at June 30, 2016 is \$396,003.

**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 \$1,750,193, for the fiscal year ended June 30, 2016. Federal sources accounted for the majority of Special Revenue Fund's revenue which represented 79% of the total revenue for the year.

Expenditures of the Special Revenue Fund were \$1,750,193. Instructional expenditures were \$1,537,288, support services expenditures were \$183,089 and capital outlay expenditures were \$29,816.

**Capital Projects** – Expenditures and other financing uses were greater than revenues and other financing sources by \$160,758 resulting in a fund balance of \$1,209,229 at June 30, 2016.

# 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, 2015 encumbrances).
- Appropriation of Capital Reserve and Maintenance Reserve Funds.

### CAPITAL ASSETS

The District's investment in capital assets for its governmental and business type activities as of June 30, 2016 amounts to \$60,858,799 (net of accumulated depreciation). The capital assets consist of land, buildings, building improvements, specialized machinery and various other types of equipment. Depreciation charges for fiscal year 2015-2016 amounted to \$1,940,030 for governmental activities and \$13,276 for business-type activities.

Capital Assets at June 30, 2016 and 2015  
(Net of Accumulated Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 79,932	\$ 79,932			\$ 79,932	\$ 79,932
Buildings	59,053,290	60,114,860			59,053,290	60,114,860
Machinery and Equipment	<u>1,635,430</u>	<u>1,711,383</u>	<u>\$ 90,147</u>	<u>\$ 98,186</u>	<u>1,725,577</u>	<u>1,809,569</u>
<b>Total Capital Assets (Net)</b>	<u>\$ 60,768,652</u>	<u>\$ 61,906,175</u>	<u>\$ 90,147</u>	<u>\$ 98,186</u>	<u>\$ 60,858,799</u>	<u>\$ 62,004,361</u>

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



# NUTLEY BOARD OF EDUCATION

## Management's Discussion and Analysis

### LONG TERM LIABILITIES

At year end, the District's long-term liabilities consisted of compensated absences payable of \$1,282,452, capital leases payable of \$124,635, net pension liability of \$21,763,777 and bonds payable of \$42,805,000.

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

#### Outstanding Long-Term Liabilities

	<u>2016</u>	<u>2015</u>
Serial Bonds Payable	\$ 42,805,000	\$ 44,930,000
Capital Leases	124,635	96,374
Net Pension Liability	21,763,777	17,988,448
Compensated Absences	<u>1,282,452</u>	<u>1,251,724</u>
Total Long-Term Liabilities	<u>\$ 65,975,864</u>	<u>\$ 64,266,546</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 2016-2017 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, 2016**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 9,841,568	\$ 1,074,230	\$ 10,915,798
Receivables, net			
Receivables from Other Governments	924,168	11,377	935,545
Other	10,176	68,256	78,432
Inventory		5,264	5,264
Capital Assets			
Not Being Depreciated	79,932		79,932
Being Depreciated, Net	<u>60,688,720</u>	<u>90,147</u>	<u>60,778,867</u>
Total Assets	<u>71,544,564</u>	<u>1,249,274</u>	<u>72,793,838</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amounts on Net Pension Liability	3,249,574		3,249,574
Deferred Amounts on Refundings of Debt	<u>3,464,464</u>	-	<u>3,464,464</u>
Total Deferred Outflows of Resources	<u>6,714,038</u>	-	<u>6,714,038</u>
Total Assets and Deferred Outflows of Resources	<u>78,258,602</u>	<u>1,249,274</u>	<u>79,507,876</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	537,261	54,680	591,941
Payable to State Government	20,803		20,803
Accrued Interest Payable	694,343		694,343
Unearned Revenue	212,359	62,378	274,737
Noncurrent Liabilities			
Due Within One Year	2,087,132		2,087,132
Due Beyond One Year	<u>67,087,905</u>	-	<u>67,087,905</u>
Total Liabilities	<u>70,639,803</u>	<u>117,058</u>	<u>70,756,861</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Amounts on Net Pension Liability	349,920		349,920
Deferred Commodities Revenue	-	<u>3,083</u>	<u>3,083</u>
Total Deferred Inflows of Resources	<u>349,920</u>	<u>3,083</u>	<u>353,003</u>
Total Liabilities and Deferred Inflows of Resources	<u>70,989,723</u>	<u>120,141</u>	<u>71,109,864</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	19,313,537	90,147	19,403,684
Restricted for:			
Capital Projects	4,073,067		4,073,067
Debt Service	2		2
Other Purposes	791,840		791,840
Unrestricted	<u>(16,909,567)</u>	<u>1,038,986</u>	<u>(15,870,581)</u>
Total Net Position	<u>\$ 7,268,879</u>	<u>\$ 1,129,133</u>	<u>\$ 8,398,012</u>

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

**NUTLEY BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Governmental Activities</b>							
Instruction							
Regular	\$ 34,587,775	\$ 61,439	\$ 10,243,048		\$ (24,283,288)		\$ (24,283,288)
Special Education	12,965,002	92,437	5,999,707		(6,872,858)		(6,872,858)
Other Instruction	1,598,362		475,766		(1,122,596)		(1,122,596)
School Sponsored Activities and Athletics	1,777,672		457,923		(1,319,749)		(1,319,749)
Community Services	8,178		2,501		(5,677)		(5,677)
Support Services							
Student and Instruction Related Services	9,071,293		1,370,961		(7,700,332)		(7,700,332)
General Administrative Services	2,038,030		166,327		(1,871,703)		(1,871,703)
School Administrative Services	5,013,306		661,212		(4,352,094)		(4,352,094)
Plant Operations and Maintenance	5,807,656		85,880		(5,721,776)		(5,721,776)
Pupil Transportation	2,463,922	9,100	115,223		(2,339,599)		(2,339,599)
Business Services	1,650,848		85,676		(1,565,172)		(1,565,172)
Interest on Long-Term Debt and Other Charges	1,678,057	-	-	-	(1,678,057)	-	(1,678,057)
<b>Total Governmental Activities</b>	<b>78,660,101</b>	<b>162,976</b>	<b>19,664,224</b>	<b>-</b>	<b>(58,832,901)</b>	<b>-</b>	<b>(58,832,901)</b>
<b>Business-Type Activities</b>							
Food Service	916,514	741,578	257,066			\$ 82,130	82,130
Extended Day	854,554	1,016,495	-	-	-	161,941	161,941
<b>Total Business-Type Activities</b>	<b>1,771,068</b>	<b>1,758,073</b>	<b>257,066</b>	<b>-</b>	<b>-</b>	<b>244,071</b>	<b>244,071</b>
<b>Total Primary Government</b>	<b>\$ 80,431,169</b>	<b>\$ 1,921,049</b>	<b>\$ 19,921,290</b>	<b>\$ -</b>	<b>(58,832,901)</b>	<b>244,071</b>	<b>(58,588,830)</b>

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, 2016**

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Balance, Carry Forward	\$ (58,832,901)	\$ 244,071	\$ (58,588,830)
<b>General Revenues</b>			
Property Taxes			
General Purposes	52,111,139		52,111,139
Debt Service	2,654,699		2,654,699
State Aid			
Unrestricted	4,436,197		4,436,197
Restricted for Debt Service	821,929		821,929
Miscellaneous Income	435,680	214	435,894
Loss on Disposal of Capital Assets	(27,173)	-	(27,173)
	60,432,471	214	60,432,685
Total General Revenues			
Change in Net Position	1,599,570	244,285	1,843,855
Net Position, Beginning of Year	5,669,309	884,848	6,554,157
Net Position, End of Year	\$ 7,268,879	\$ 1,129,133	\$ 8,398,012

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, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 9,020,835		\$ 735,731	\$ 2	\$ 9,756,568
Due from Other Funds	7,101				7,101
Receivables, Net					
Receivables from Other Governments	116,252	\$ 327,721	480,195		924,168
Other	9,793				9,793
Cash with Fiscal Agents	<u>85,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,000</u>
Total Assets	<u>\$ 9,238,981</u>	<u>\$ 327,721</u>	<u>\$ 1,215,926</u>	<u>\$ 2</u>	<u>\$ 10,782,630</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts Payable	\$ 442,723	\$ 94,538			\$ 537,261
Intergovernmental Payable		20,803			20,803
Due to Other Funds		21	\$ 6,697		6,718
Unearned Revenue	<u>-</u>	<u>212,359</u>	<u>-</u>	<u>-</u>	<u>212,359</u>
Total Liabilities	<u>442,723</u>	<u>327,721</u>	<u>6,697</u>	<u>-</u>	<u>777,141</u>
Fund Balances					
Restricted					
Capital Reserve	3,073,067				3,073,067
Capital Reserve, Designated for Subsequent Year's Budget	1,000,000				1,000,000
Maintenance Reserve	791,840				791,840
Excess Surplus	502,638				502,638
Excess Surplus - Designated for Subsequent Year's Budget	517,232				517,232
Capital Projects			1,209,229		1,209,229
Debt Service				\$ 2	2
Committed					
Encumbrances	1,163,964				1,163,964
Assigned					
Encumbrances	1,351,514				1,351,514
Unassigned	<u>396,003</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>396,003</u>
Total Fund Balances	<u>8,796,258</u>	<u>-</u>	<u>1,209,229</u>	<u>2</u>	<u>10,005,489</u>
Total Liabilities and Fund Balances	<u>\$ 9,238,981</u>	<u>\$ 327,721</u>	<u>\$ 1,215,926</u>	<u>\$ 2</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 \$84,251,269 and the accumulated depreciation is \$23,482,617. 60,768,652

The District has financed capital assets through the issuance of serial bonds. The interest accrual at year end is: (694,343)

Long term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. (See Note 2) (62,810,919)

\$ 7,268,879

**NUTLEY BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 52,111,139			\$ 2,654,699	\$ 54,765,838
Tuition	153,876				153,876
Transportation Fees	9,100				9,100
Miscellaneous	433,572	\$ 35,332	\$ 2,108	-	471,012
<b>Total - Local Sources</b>	<b>52,707,687</b>	<b>35,332</b>	<b>2,108</b>	<b>2,654,699</b>	<b>55,399,826</b>
State Sources	14,169,166	335,018		821,929	15,326,113
Federal Sources	53,986	1,379,843	-	-	1,433,829
<b>Total Revenues</b>	<b>66,930,839</b>	<b>1,750,193</b>	<b>2,108</b>	<b>3,476,628</b>	<b>72,159,768</b>
<b>EXPENDITURES</b>					
Current					
Regular Instruction	28,545,496	512,117			29,057,613
Special Education Instruction	10,717,555	1,025,171			11,742,726
Other Instruction	1,338,495				1,338,495
School-Sponsored Activities and Athletics	1,527,737				1,527,737
Community Services	6,813				6,813
Support Services					
Student and Instructional Related Services	7,406,550	142,977			7,549,527
General Administrative Services	1,497,630				1,497,630
School Administrative Services	4,474,823				4,474,823
Plant Operations and Maintenance	5,421,334	15,617			5,436,951
Pupil Transportation	2,007,776	24,495			2,032,271
Business Services	1,538,732				1,538,732
Debt Service					
Principal	56,739			2,125,000	2,181,739
Interest and Other Charges	90,846			1,351,629	1,442,475
Capital Outlay	639,106	29,816	160,758	-	829,680
<b>Total Expenditures</b>	<b>65,269,632</b>	<b>1,750,193</b>	<b>160,758</b>	<b>3,476,629</b>	<b>70,657,212</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)	1,661,207	-	(158,650)	(1)	1,502,556
<b>OTHER FINANCING SOURCES (USES)</b>					
Capital Lease Proceeds	85,000				85,000
Transfers In	2,108				2,108
Transfers Out	-	-	(2,108)	-	(2,108)
<b>Total Other Financing Sources (Uses)</b>	<b>87,108</b>	<b>-</b>	<b>(2,108)</b>	<b>-</b>	<b>85,000</b>
<b>Net Change in Fund Balances</b>	<b>1,748,315</b>	<b>-</b>	<b>(160,758)</b>	<b>(1)</b>	<b>1,587,556</b>
Fund Balance, Beginning of Year	7,047,943	-	1,369,987	3	8,417,933
<b>Fund Balance, End of Year</b>	<b>\$ 8,796,258</b>	<b>\$ -</b>	<b>\$ 1,209,229</b>	<b>\$ 2</b>	<b>\$ 10,005,489</b>

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, 2016**

**Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2)** **\$ 1,587,556**

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expense.

Capital Outlay	\$ 829,680	
Depreciation Expense	<u>(1,940,030)</u>	
		(1,110,350)
Loss on Disposal Of Capital Assets		(27,173)

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		(30,728)
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The issuance of long term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Capital Lease Proceeds	(85,000)	
Capital Lease Payments	56,739	
Bond Principal Repayments	<u>2,125,000</u>	
		2,096,739

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

Amortization of Premium	269,643	
Amortization of Deferred Amount on Refunding of Debt	<u>(294,658)</u>	
		(25,015)

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

Increase in Pension Expense- Public Employees' Retirement System		(680,892)
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Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

Increase in Accrued Interest		<u>(210,567)</u>
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**Change in Net Position of Governmental Activities (Exhibit A-2)** **\$ 1,599,570**

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

**NUTLEY BOARD OF EDUCATION  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2016**

	<u>Food Service</u>	<u>Extended Day</u>	<u>Other Non-Major</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 348,461	\$ 721,990	\$ 3,779	\$ 1,074,230
Intergovernmental Accounts Receivable				
State	379			379
Federal	10,998			10,998
Other Accounts Receivable	41,758	26,498		68,256
Inventory	5,264	-	-	5,264
	<u>406,860</u>	<u>748,488</u>	<u>3,779</u>	<u>1,159,127</u>
<b>Capital Assets</b>				
Machinery and Equipment	242,673			242,673
Less: Accumulated Depreciation	(152,526)	-	-	(152,526)
	<u>90,147</u>	<u>-</u>	<u>-</u>	<u>90,147</u>
<b>Total Assets</b>	<u>497,007</u>	<u>748,488</u>	<u>3,779</u>	<u>1,249,274</u>
<b>LIABILITIES</b>				
Liabilities				
Accounts Payable	44,784	9,896		54,680
Unearned Revenue	-	62,378	-	62,378
	<u>44,784</u>	<u>72,274</u>	<u>-</u>	<u>117,058</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Commodities Revenue	3,083	-	-	3,083
	<u>3,083</u>	<u>-</u>	<u>-</u>	<u>3,083</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>47,867</u>	<u>72,274</u>	<u>-</u>	<u>120,141</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	90,147			90,147
Unrestricted	358,993	676,214	3,779	1,038,986
	<u>449,140</u>	<u>676,214</u>	<u>3,779</u>	<u>1,129,133</u>

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

**NUTLEY BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Food Service</u>	<u>Extended Day</u>	<u>Other Non-Major</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
<b>OPERATING REVENUES</b>				
Charges for Services				
Program Fees		\$ 1,016,495		\$ 1,016,495
Daily Sales				
Reimbursable Programs	\$ 337,176			337,176
Non-Reimbursable Programs	200,949			200,949
Special Functions	201,820			201,820
Miscellaneous	1,633	-	-	1,633
 Total Operating Revenues	 <u>741,578</u>	 <u>1,016,495</u>	 <u>-</u>	 <u>1,758,073</u>
<b>OPERATING EXPENSES</b>				
Salaries and Wages	274,740	648,166		922,906
Employee Benefits	75,768	85,879		161,647
Cost of Sales				
Reimbursable Programs	287,123			287,123
Non-Reimbursable Programs	160,652			160,652
Supplies	7,344	22,546		29,890
Purchased Services	61,474	89,909		151,383
Other	36,137	8,054		44,191
Depreciation	13,276	-	-	13,276
 Total Operating Expenses	 <u>916,514</u>	 <u>854,554</u>	 <u>-</u>	 <u>1,771,068</u>
 Operating Income (Loss)	 <u>(174,936)</u>	 <u>161,941</u>	 <u>-</u>	 <u>(12,995)</u>
<b>NONOPERATING REVENUES</b>				
State Sources				
State School Lunch Program	7,143			7,143
Federal Sources				
Federal School Lunch Program	198,680			198,680
Food Distribution Program	51,243			51,243
Interest Income	75	139	-	214
 Total Nonoperating Revenues	 <u>257,141</u>	 <u>139</u>	 <u>-</u>	 <u>257,280</u>
 Change in Net Position	 82,205	 162,080	 -	 244,285
Net Position, Beginning of Year	<u>366,935</u>	<u>514,134</u>	<u>\$ 3,779</u>	<u>884,848</u>
Net Position, End of Year	<u>\$ 449,140</u>	<u>\$ 676,214</u>	<u>\$ 3,779</u>	<u>\$ 1,129,133</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, 2016**

	<u>Food Service</u>	<u>Extended Day</u>	<u>Other Non-Major</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers	\$ 745,340	\$ 984,247		\$ 1,729,587
Payments for Employees	(350,508)	(734,045)		(1,084,553)
Payments to Suppliers	<u>(457,173)</u>	<u>(110,884)</u>	<u>-</u>	<u>(568,057)</u>
Net Cash Provided By (Used For) Operating Activities	<u>(62,341)</u>	<u>139,318</u>	<u>-</u>	<u>76,977</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
State and Federal Sources	<u>210,991</u>	<u>-</u>	<u>-</u>	<u>210,991</u>
Net Cash Provided By Non-Capital Financing Activities	<u>210,991</u>	<u>-</u>	<u>-</u>	<u>210,991</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Payments for Acquisition of Capital Assets	<u>(5,237)</u>	<u>-</u>	<u>-</u>	<u>(5,237)</u>
Net Cash Provided by (Used for) Financing Activities	<u>(5,237)</u>	<u>-</u>	<u>-</u>	<u>(5,237)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest Received	<u>75</u>	<u>139</u>	<u>-</u>	<u>214</u>
Net Cash Provided By Investing Activities	<u>75</u>	<u>139</u>	<u>-</u>	<u>214</u>
Net Change in Cash and Cash Equivalents	143,488	139,457	-	282,945
Cash and Cash Equivalents, Beginning of Year	<u>204,973</u>	<u>582,533</u>	<u>\$ 3,779</u>	<u>791,285</u>
Cash and Cash Equivalents, End of Year	<u>\$ 348,461</u>	<u>\$ 721,990</u>	<u>\$ 3,779</u>	<u>\$ 1,074,230</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>				
Operating Income (Loss)	\$ (174,936)	\$ 161,941	\$ -	\$ (12,995)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities				
Depreciation	13,276			13,276
USDA Commodities	51,243			51,243
(Increase) Decrease in Accounts Receivable	3,762	(26,498)		(22,736)
(Increase) Decrease in Inventories	(27)			(27)
Increase (Decrease) in Accounts Payable	44,784	9,625		54,409
Increase/(Decrease) in Deferred Commodities Revenue	(443)			(443)
Increase (Decrease) in Unearned Revenue	<u>-</u>	<u>(5,750)</u>	<u>-</u>	<u>(5,750)</u>
Total Adjustments	<u>112,595</u>	<u>(22,623)</u>	<u>-</u>	<u>89,972</u>
Net Cash Provided By (Used For) Operating Activities	<u>\$ (62,341)</u>	<u>\$ 139,318</u>	<u>\$ -</u>	<u>\$ 76,977</u>
Non-Cash Financing Activities				
Fair Value of Food Distribution Program - National School Lunch	\$ 50,799			\$ 50,799

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, 2016**

	<u>Private Purpose Trust Funds</u>	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 70,362	\$ 536,930	\$ 511,061
Total Assets	<u>70,362</u>	<u>536,930</u>	<u>\$ 511,061</u>
<b>LIABILITIES</b>			
Intergovernmental Payable		25,880	
Payroll Deductions and Withholdings Payable			\$ 341,462
Due to Other Funds			383
Due to Student Groups	-	-	<u>169,216</u>
Total Liabilities	<u>-</u>	<u>25,880</u>	<u>\$ 511,061</u>
<b>NET POSITION</b>			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 70,362</u>	<u>\$ 511,050</u>	

**NUTLEY BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Private Purpose Trust Funds</u>	<u>Unemployment Compensation Trust</u>
<b>ADDITIONS</b>		
Contributions		
Employees		\$ 104,761
Investment Earnings		
Interest	\$ 145	5,089
	<u>145</u>	<u>109,850</u>
Total Additions		
<b>DEDUCTIONS</b>		
Scholarships	30,000	
Unemployment Claims and Contributions	<u>-</u>	88,858
	<u>30,000</u>	<u>88,858</u>
Total Deductions		
Change in Net Position	(29,855)	20,992
Net Position, Beginning of Year	<u>100,217</u>	<u>490,058</u>
Net Position, End of Year	<u>\$ 70,362</u>	<u>\$ 511,050</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

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

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

**B. New Accounting Standards**

During fiscal year 2016, the District adopted the following GASB statements:

- GASB No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement applies to donated capital assets, donated works of art, donated historical treasures, and also to similar assets and capital assets received in a service concession arrangement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.



**NUTLEY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**B. New Accounting Standards (Continued)**

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

- GASB No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.
- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB No. 77, *Tax Abatement Disclosures*, will be effective beginning with the fiscal year ending June 30, 2017. The requirements of this Statement will improve financial reporting by providing disclosure of information about the nature and magnitude of tax abatements that will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.
- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No.67, No.68, and No.73*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pension*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

**C. Basis of Presentation - Financial Statements**

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

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**C. Basis of Presentation - Financial Statements (Continued)**

**District-Wide Financial Statements**

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, unrestricted state aid, and other items not properly included among program revenues are reported instead as general revenues.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the Board's proprietary and fiduciary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**Fund Financial Statements**

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

The District reports the following major governmental funds:

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

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal, state and local financial programs, with the exception of grants for major capital projects and the child nutrition programs.

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of capital facilities and other capital assets, other than those financed by the proprietary funds.

The *debt service fund* accounts for the accumulation of resources that are restricted, committed or assigned for the payment of principal and interest on long-term general obligation debt of governmental funds.

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**C. Basis of Presentation - Financial Statements (Continued)**

**Fund Financial Statements (Continued)**

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

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

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

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

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

Additionally, the government reports the following fund type:

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

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

**Reclassifications**

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

**D. Measurement Focus and Basis of Accounting**

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

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

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**D. Measurement Focus and Basis of Accounting (Continued)**

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

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

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

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

***1. Cash, Cash Equivalents and Investments***

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

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

***2. Receivables***

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

***3. Inventories***

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

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities at year-end is reported as deferred inflows of resources.

**NUTLEY BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

**4. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

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

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

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

**5. Deferred Outflows/Inflows of Resources**

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

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board has two types of items which arise only under the accrual basis of accounting that qualify for reporting in this category. The one item that qualifies for reporting in this category is the deferred amounts on pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years. The other item that qualifies for reporting in this category is the deferred commodities revenue, reported in both the district-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

***6. Compensated Absences***

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

***7. Pensions***

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

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

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

***8. Long-Term Obligations***

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

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

***9. Net Position/Fund Balance***

**District-Wide Statements**

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

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

**Governmental Fund Statements**

Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

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

**Governmental Fund Statements (Continued)**

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

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

*Capital Reserve - Designated for Subsequent Year's Budget* – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2016/2017 District budget certified for taxes.

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

*Excess Surplus* – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2016 audited excess surplus that is required to be appropriated in the 2017/2018 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, 2015 audited excess surplus that was appropriated in the 2016/2017 original budget certified for taxes.

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

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

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

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

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

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

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



**NUTLEY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**F. Revenues and Expenditures/Expenses**

***1. Program Revenues***

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

***2. Property Taxes***

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

***3. 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 2014-2015 and 2015-2016 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

***4. Proprietary Funds, Operating and Nonoperating Revenues and Expenses***

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

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 2 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS**

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

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

Bonds Payable	\$ 42,805,000
Issuance Premium (To Be Amortized Over Life of Debt)	3,199,173
Deferred Amounts on Debt Refundings	(3,464,464)
Capital Leases Payable	124,635
Compensated Absences Payable	1,282,452
Net Pension Liability	21,763,777
Deferred Amounts on Net Pension Liability	
Deferred Inflows	349,920
Deferred Outflows	<u>(3,249,574)</u>
Net Adjustment to Reduce Fund Balance - Total Governmental Funds to Arrive at Net Position - Governmental Activities	<u>\$ 62,810,919</u>

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

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.

**NUTLEY BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**A. Budgetary Information (Continued)**

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 2015/2016. Also, during 2015/2016 the Board increased the original budget by \$3,333,471. The increase was funded by grant awards, the reappropriation of prior year general fund encumbrances and withdrawals from the capital and maintenance reserves.

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

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

**B. 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			
Instruction			
Special Education			
Preschool Disabilities - Full-Time			
Salaries of Teachers	\$ 139,035	\$ 145,019	\$ 5,984
Undistributed Expenditures			
Custodial Services			
General Supplies	121,637	121,916	279
Unallocated Employee Benefits			
Social Security Contributions	791,970	792,951	981
Other Retirement Contributions - Regular	42,136	42,309	173

The above variances were offset with other available resources.

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**C. Capital Reserve**

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

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

The activity of the capital reserve for the fiscal year ended June 30, 2016 is as follows:

Balance, July 1, 2015		\$ 3,492,726
Increased by:		
Interest Earnings	\$ 3,909	
Budgeted Increase	100,000	
Budgeted Withdrawal Returned to Capital Reserve	900,000	
Deposits Approved by Board Resolution	<u>1,500,000</u>	
Total Increases		<u>2,503,909</u>
		5,996,635
Decreased by:		
Approved Transfers to Capital Outlay	1,023,568	
Budgeted Withdrawal	<u>900,000</u>	
		<u>1,923,568</u>
Balance, June 30, 2016		<u>\$ 4,073,067</u>
	<u>Analysis of Balance</u>	
	Designated for Subsequent Year's Budget	\$ 1,000,000
	Undesignated	<u>3,073,067</u>
		<u>\$ 4,073,067</u>

The capital reserve withdrawals were used for approved facilities projects.

**NUTLEY BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**D. Maintenance Reserve**

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

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance reserve in the annual General Fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

The activity of the maintenance reserve for the fiscal year ended June 30, 2016 is as follows:

Balance, July 1, 2015	\$ 545,875
Increased By:	
Deposits Approved by Board Resolution	<u>420,000</u>
	965,875
Decreased By:	
Withdrawal Approved by Board Resolution	<u>174,035</u>
Balance, June 30, 2016	<u>\$ 791,840</u>

The maintenance reserve withdrawals were used for required maintenance activities for various school facilities.

**E. Transfers to Capital Outlay**

During the 2015/2016 school year, the district transferred \$1,106,118 to the non-equipment capital outlay accounts. The transfer was made from the capital reserve account (\$1,023,568) and maintenance reserve account (\$82,550). The transfers were approved by the County Superintendent.

**F. 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, 2016 is \$1,019,870. Of this amount, \$517,232 was designated and appropriated in the 2016/2017 original budget certified for taxes and the remaining amount of \$502,638 will be appropriated in the 2017/2018 original budget certified for taxes.

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 DETAILED NOTES ON ALL FUNDS**

**A. Cash Deposits and Investments**

**Cash Deposits**

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

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, 2016, the book value of the Board's deposits were \$12,034,151 and bank and brokerage firm balances of the Board's deposits amounted to \$12,495,088. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

**Depository Account**

Insured	<u>\$ 12,495,088</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2016 the Board's bank balances were not 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, 2016, the Board had no outstanding investments.

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

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**B. Receivables**

Receivables as of June 30, 2016 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>Extended Day</u>	<u>Total</u>
Receivables:						
Accounts	\$ 9,793			\$ 41,758	\$ 26,498	\$ 78,049
Intergovernmental						
Federal		\$ 323,056		10,998		334,054
State	100,218	1,965	\$ 480,195	379		582,757
Local	16,034	2,700	-	-	-	18,734
Gross Receivables	126,045	327,721	480,195	53,135	26,498	1,013,594
Less: Allowance for Uncollectibles	-	-	-	-	-	-
Net Total Receivables	<u>\$ 126,045</u>	<u>\$ 327,721</u>	<u>\$ 480,195</u>	<u>\$ 53,135</u>	<u>\$ 26,498</u>	<u>\$ 1,013,594</u>

**C. Unearned Revenue**

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

	<u>Unearned</u>
Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 179,672
Grant Draw Downs Reserved for Encumbrances	32,687
	<hr/>
Total Unearned Revenue for Governmental Funds	<u>\$ 212,359</u>

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2016 was as follows:

	Balance <u>July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2016</u>
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 79,932	-	-	\$ 79,932
Total Capital Assets, Not Being Depreciated	<u>79,932</u>	<u>-</u>	<u>-</u>	<u>79,932</u>
Capital Assets, Being Depreciated:				
Buildings	78,260,017	\$ 626,686		78,886,703
Machinery and Equipment	<u>5,190,569</u>	<u>202,994</u>	\$ (108,929)	<u>5,284,634</u>
Total Capital Assets Being Depreciated	<u>83,450,586</u>	<u>829,680</u>	<u>(108,929)</u>	<u>84,171,337</u>
Less Accumulated Depreciation for:				
Buildings	(18,145,157)	(1,688,256)		(19,833,413)
Machinery and Equipment	<u>(3,479,186)</u>	<u>(251,774)</u>	81,756	<u>(3,649,204)</u>
Total Accumulated Depreciation	<u>(21,624,343)</u>	<u>(1,940,030)</u>	<u>81,756</u>	<u>(23,482,617)</u>
Total Capital Assets, Being Depreciated, net	<u>61,826,243</u>	<u>(1,110,350)</u>	<u>(27,173)</u>	<u>60,688,720</u>
Governmental Activities Capital Assets, net	<u>\$ 61,906,175</u>	<u>\$ (1,110,350)</u>	<u>\$ (27,173)</u>	<u>\$ 60,768,652</u>
	Balance <u>July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2016</u>
<b>Business-Type Activities:</b>				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 237,436	\$ 5,237	-	\$ 242,673
Total Capital Assets Being Depreciated	<u>237,436</u>	<u>5,237</u>	<u>-</u>	<u>242,673</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(139,250)	(13,276)	-	(152,526)
Total Accumulated Depreciation	<u>(139,250)</u>	<u>(13,276)</u>	<u>-</u>	<u>(152,526)</u>
Total Capital Assets, Being Depreciated, net	<u>98,186</u>	<u>(8,039)</u>	<u>-</u>	<u>90,147</u>
Business-Type Activities Capital Assets, net	<u>\$ 98,186</u>	<u>\$ (8,039)</u>	<u>\$ -</u>	<u>\$ 90,147</u>



**NUTLEY BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets (Continued)**

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

**Governmental Activities:**

Instruction	
Regular	\$ 275,747
Total Instruction	<u>275,747</u>
Support Services	
Student and Instruction Related Services	668,177
General Administration	418,367
School Administration	1,056
Operations and Maintenance of Plant	220,622
Student Transportation	<u>356,061</u>
Total Support Services	<u>1,664,283</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 1,940,030</u>

**Business-Type Activities:**

Food Service Fund	\$ <u>13,276</u>
 Total Depreciation Expense-Business-Type Activities	 <u>\$ 13,276</u>

**Construction and Other Significant Commitments**

The District has the following active construction projects as of June 30, 2016:

<u>Project</u>	<u>Remaining Commitment</u>
Various Renovations and Improvements to Nutley High School and Elementary Schools	\$ 532,571
Nutley High School Lockers	91,485
Modular Classrooms - Washington and Yantacaw Elementary Schools	<u>945,100</u>
	 <u>\$ 1,569,156</u>

**NUTLEY BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

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

The composition of interfund balances as of June 30, 2016, is as follows:

**Due To/From Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 21
General Fund	Capital Projects Fund	6,697
General Fund	Payroll Agency Fund	<u>383</u>
		<u>\$ 7,101</u>

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

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

**Interfund Transfers**

	<u>Transfer In:</u>	
	<u>General Fund</u>	<u>Total</u>
Transfer Out:		
Capital Projects Fund	\$ <u>2,108</u>	\$ <u>2,108</u>
Total Transfers Out	<u>\$ 2,108</u>	<u>\$ 2,108</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, 2016**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Leases**

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016 were as follows:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Governmental</u> <u>Activities</u>
2017	\$ 30,166
2018	30,166
2019	30,166
2020	30,164
2021	<u>13,034</u>
Total Minimum Lease Payments	133,696
Less: Amount Representing Interest	<u>(9,061)</u>
Present Value of Minimum Lease Payments	<u>\$ 124,635</u>

**G. Long-Term Debt**

**General Obligation Bonds**

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

\$38,500,000, 2007 Bonds, due in annual installments of \$995,000 to \$1,060,000 through July 15, 2017, interest rate at 4.5%	\$ 2,055,000
\$10,000,000, 2012 Refunding Bonds, due in annual installments of \$640,000 to \$675,000 through August 15, 2029, interest at 3.0% to 4.0%	9,165,000
\$1,860,000, 2013 Refunding Bonds, due in annual installments of \$180,000 to \$195,000 through August 15, 2023, interest at 2.0% to 2.25%	1,485,000
\$30,445,000, 2015 Refunding Bonds, due in annual installments of \$90,000 to \$3,380,000 through July 15, 2032, interest at 1.0% to 5.0%	<u>30,100,000</u>
	<u>\$ 42,805,000</u>

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

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

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

**Governmental Activities:**

Fiscal Year Ended June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2017	\$ 1,940,000	\$ 1,544,413	\$ 3,484,413
2018	2,000,000	1,473,050	3,473,050
2019	2,070,000	1,400,175	3,470,175
2020	2,140,000	1,326,225	3,466,225
2021	2,205,000	1,257,300	3,462,300
2022-2026	11,960,000	5,123,013	17,083,013
2027-2031	13,850,000	2,688,713	16,538,713
2032-2033	6,640,000	268,000	6,908,000
	<u>\$ 42,805,000</u>	<u>\$ 15,080,889</u>	<u>\$ 57,885,889</u>

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2016 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 145,714,626
Less: Net Debt Issued	<u>42,805,000</u>
Remaining Borrowing Power	<u>\$ 102,909,626</u>

**H. Other Long-Term Liabilities**

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2016, was as follows:

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Due Within One Year
<b>Governmental Activities:</b>					
Bonds Payable	\$ 44,930,000		\$ 2,125,000	\$ 42,805,000	\$ 1,940,000
Add: Unamortized Premium	3,468,816	-	269,643	3,199,173	-
	48,398,816	-	2,394,643	46,004,173	1,940,000
Capital Leases	96,374	\$ 85,000	56,739	124,635	27,132
Net Pension Liability	17,988,448	4,608,856	833,527	21,763,777	
Compensated Absences Payable	1,251,724	156,498	125,770	1,282,452	120,000
Governmental Activity Long-Term Liabilities	<u>\$ 67,735,362</u>	<u>\$ 4,850,354</u>	<u>\$ 3,410,679</u>	<u>\$ 69,175,037</u>	<u>\$ 2,087,132</u>

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

**NUTLEY BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 5 OTHER INFORMATION**

**A. Risk Management**

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The District is a member of the Suburban Essex Joint Insurance Fund (SEJIF) and the School Pool for Excess Liability Limits (SPELL). The Funds are risk sharing public entity pools, established for the purpose of insuring these events and minimizing the District's exposure should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

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

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

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

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

Fiscal Year Ended <u>June 30,</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016	\$ 104,761	\$ 88,858	\$ 511,050
2015	104,798	76,317	490,058
2014	102,853	103,281	458,877

**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, 2016**

**NOTE 5 OTHER INFORMATION (Continued)**

**B. Contingent Liabilities (Continued)**

**Federal and State Awards** – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2016, 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, 2016, the District has not estimated its arbitrage earnings due to the IRS, if any.

**D. Employee Retirement Systems and Pension Plans**

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

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

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

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

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

**Other Pension Funds**

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

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

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

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

**Basis of Accounting**

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

**Investment Valuation**

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

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290 or at [www.state.nj.us/treasury/doinvest](http://www.state.nj.us/treasury/doinvest).

**Funding Status and Funding Progress**

As of July 1, 2014, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 35 percent with an unfunded actuarial accrued liability of \$86 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 28.71 percent and \$63.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 47.93 percent and \$22.4 billion, respectively.

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 5 OTHER INFORMATION (Continued)**

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

**Funding Status and Funding Progress (Continued)**

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

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

**Actuarial Methods and Assumptions**

In the July 1, 2014 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.90 percent and (b) projected salary increases of 2.60-9.48 percent based on age for the PERS and varying percentages based on experience 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 6.92% for PERS, 6.92% 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, 2016 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.



**NUTLEY BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 5 OTHER INFORMATION (Continued)**

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

**Annual Pension Costs (APC) (Continued)**

During the fiscal years ended June 30, 2016, 2015 and 2014 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-Behalf <u>TPAF</u>	<u>DCRP</u>
2016	\$ 833,527	\$ 2,169,660	\$ 14,417
2015	792,054	1,442,477	11,134
2014	709,387	1,160,972	7,145

For fiscal years 2015/2016 and 2014/2015, the state contributed \$2,169,660 and \$1,442,477, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$1,160,972 for normal cost pension and NCGI premium.

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$2,009,942 during the fiscal year ended June 30, 2016 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

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

**Public Employees Retirement System (PERS)**

At June 30, 2016, the District reported in the statement of net position (accrual basis) a liability of \$21,763,777 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the District's proportionate share was .09695 percent, which was an increase of .00087 percent from its proportionate share measured as of June 30, 2014 of .09608 percent.

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

**Public Employees Retirement System (PERS) (Continued)**

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,514,419 for PERS. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 519,207	
Changes of Assumptions	2,337,256	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 349,920
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>393,111</u>	<u>-</u>
Total	<u>\$ 3,249,574</u>	<u>\$ 349,920</u>

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

Fiscal Year Ending <u>June 30,</u>	
2017	\$ 543,554
2018	543,554
2019	543,554
2020	811,558
2021	<u>457,434</u>
	<u>\$ 2,899,654</u>

**NUTLEY BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

**Public Employees Retirement System (PERS) (Continued)**

*Actuarial Assumptions*

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15-4.40%
Thereafter	Based on Age 3.15-5.40%
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2008 -
Study Upon Which Actuarial	June 30, 2011
Assumptions were Based	

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

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

**Public Employees Retirement System (PERS) (Continued)**

***Long-Term Expected Rate of Return***

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

***Discount Rate***

The discount rate used to measure the total pension liabilities of the PERS plan was 4.90%.

**NUTLEY BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

**Public Employees Retirement System (PERS) (Continued)**

***Discount Rate (Continued)***

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

Period of Projected Benefit	
Payments for which the Following	
Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2033
Municipal Bond Rate *	From July 1, 2033 and Thereafter

\* The municipal bond return rate used is 3.80%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

***Sensitivity of Net Pension Liability***

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 4.90%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

	<b>1% Decrease (3.90%)</b>	<b>Current Discount Rate (4.90%)</b>	<b>1% Increase (5.90%)</b>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 27,049,712</u>	<u>\$ 21,763,777</u>	<u>\$ 17,332,087</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2015. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

***Pension Plan Fiduciary Net Position***

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

**NUTLEY BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

**Teachers Pension and Annuity Fund (TPAF)**

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% of the net pension liability attributable to the District for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$10,296,736 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2016 the State's proportionate share of the net pension liability attributable to the District is \$168,635,838. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2015. At June 30, 2015, the state's share of the net pension liability attributable to the District was .26681 percent, which was a decrease of .00762 percent from its proportionate share measured as of June 30, 2014 of .27443 percent.

**Actuarial Assumptions**

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

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

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

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

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

**Long-Term Expected Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

**NUTLEY BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

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

***Discount Rate***

The discount rate used to measure the total pension liabilities of the TPAF plan was 4.13%.

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

Period of Projected Benefit

Payments for which the Following  
 Rates were Applied:

Long-Term Expected Rate of Return	Through June 30, 2027
Municipal Bond Rate *	From July 1, 2027 and Thereafter

\* The municipal bond return rate used is 3.80%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

***Sensitivity of Net Pension Liability***

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.13%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13 percent) or 1-percentage-point higher (5.13 percent) than the current rate:

	<b>1% Decrease <u>(3.13%)</u></b>	<b>Current Discount Rate <u>(4.13%)</u></b>	<b>1% Increase <u>(5.13%)</u></b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 200,417,390</u>	<u>\$ 168,635,838</u>	<u>\$ 141,254,129</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2015. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2015 was not provided by the pension system.



**NUTLEY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

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

***Pension Plan Fiduciary Net Position***

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

**E. Post-Retirement Medical Benefits**

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

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 590 state and local participating employers and contributing entities for Fiscal Year 2015.

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

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 5 OTHER INFORMATION (Continued)**

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

**Basis of Accounting**

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

**Significant Legislation**

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

**Investment Valuation**

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

**Funded Status and Funding Progress**

As of July 1, 2014, the most recent actuarial valuation date, the State had a \$65.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$24.4 billion for state active and retired members and \$40.6 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, 2014, 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, 2016**

**NOTE 5 OTHER INFORMATION (Continued)**

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

**Post-Retirement Medical Benefits Contributions**

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2015, there were 107,314, retirees receiving post-retirement medical benefits and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>.

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, 2016, 2015 and 2014 were \$2,583,465, \$2,289,933 and \$1,903,557, 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. Subsequent Events**

In July, August and October 2016, the Board authorized withdrawals from the Capital Reserve totaling \$119,655 for temporary classroom units.

In July and August 2016, the Board authorized withdrawals from the Maintenance Reserve totaling \$295,050 to fund projects at various schools in the District.

**REQUIRED SUPPLEMENTARY INFORMATION PART II**

**BUDGETARY COMPARISON SCHEDULES**

**NUTLEY BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 52,111,139		\$ 52,111,139	\$ 52,111,139	
Tuition -					
Individuals				61,439	\$ 61,439
Other LEAs Within the State	126,926		126,926	92,437	(34,489)
Transportation Fees from Other LEAs	35,220		35,220	9,100	(26,120)
Interest on Capital Reserve	400		400	3,909	3,509
Interest				11,268	11,268
Other Restricted Miscellaneous	135,000		135,000	188,564	53,564
Unrestricted Miscellaneous	211,800	-	211,800	229,831	18,031
<b>Total Revenues - Local Sources</b>	<b>52,620,485</b>	<b>-</b>	<b>52,620,485</b>	<b>52,707,687</b>	<b>87,202</b>
State Sources					
Equalization Aid	4,348,391		4,348,391	4,348,391	
Special Education Aid	2,412,726		2,412,726	2,412,726	
Security Aid	70,151		70,151	70,151	
Transportation Aid	90,584		90,584	90,584	
PARCC Readiness Aid	40,380		40,380	40,380	
Per Pupil Growth Aid	40,380		40,380	40,380	
Extraordinary Aid	110,000		110,000	427,718	317,718
On-Behalf TPAF					
Normal Pension			-	2,066,710	2,066,710
NCGI Contribution			-	102,950	102,950
Post Retirement Contribution			-	2,583,465	2,583,465
Social Security Contributions - Non Budget	-	-	-	2,009,942	2,009,942
<b>Total State Sources</b>	<b>7,112,612</b>	<b>-</b>	<b>7,112,612</b>	<b>14,193,397</b>	<b>7,080,785</b>
Federal Sources					
Medicaid Reimbursement	37,329	-	37,329	53,986	16,657
<b>Total Federal Sources</b>	<b>37,329</b>	<b>-</b>	<b>37,329</b>	<b>53,986</b>	<b>16,657</b>
<b>Total Revenues</b>	<b>59,770,426</b>	<b>-</b>	<b>59,770,426</b>	<b>66,955,070</b>	<b>7,184,644</b>
<b>CURRENT EXPENDITURES</b>					
Regular Programs - Instruction					
Salaries of Teachers:					
Kindergarten	1,119,297	\$ 13,448	1,132,745	1,132,745	-
Grades 1 - 5	7,275,610	(255,923)	7,019,687	7,019,687	-
Grades 6 - 8	4,542,855	(260,746)	4,282,109	4,282,109	-
Grades 9 - 12	5,557,976	(137,862)	5,420,114	5,420,114	-
Home Instruction:					
Salaries of Teachers	45,800	(18,582)	27,218	27,218	
Purchased Professional-Educational Services	35,000	16,067	51,067	51,067	-
Regular Programs - Undistributed Instruction:					
Purchased Technical Services	36,730	29,979	66,709	65,659	1,050
Other Purchased Services	54,800	(6,635)	48,165	48,100	65
General Supplies	1,033,766	1,257,208	2,290,974	1,423,987	866,987
Textbooks	391,984	352,539	744,523	351,092	393,431
Other Objects	11,000	(5,832)	5,168	5,168	-
<b>Total Instruction Regular Programs</b>	<b>20,104,818</b>	<b>983,661</b>	<b>21,088,479</b>	<b>19,826,946</b>	<b>1,261,533</b>
Special Education					
Learning/Language Disabilities					
Salaries of Teachers	1,342,402	(27,344)	1,315,058	1,250,720	64,338
Other Salaries for Instruction	707,800	13,003	720,803	720,803	-
General Supplies	16,500	-	16,500	11,673	4,827
Textbooks	2,500	-	2,500	280	2,220
Other Objects	100	-	100	-	100
<b>Total Learning/Language Disabilities</b>	<b>2,069,302</b>	<b>(14,341)</b>	<b>2,054,961</b>	<b>1,983,476</b>	<b>71,485</b>
Auditory Impairments					
Salaries of Teachers	28,071	(28,071)	-	-	-
<b>Total Auditory Impairments</b>	<b>28,071</b>	<b>(28,071)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Resource Room/Resource Center					
Salaries of Teachers	1,671,895	280,678	1,952,573	1,952,573	-
General Supplies	14,000	(2,131)	11,869	11,869	-
Textbooks	1,800	(279)	1,521	919	602
Other Objects	100	-	100	-	100
<b>Total Resource Room/Resource Center</b>	<b>1,687,795</b>	<b>278,268</b>	<b>1,966,063</b>	<b>1,965,361</b>	<b>702</b>

NUTLEY BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
<b>CURRENT EXPENDITURES (Continued)</b>					
Special Education (Continued)					
Autism					
Salaries of Teachers	\$ 539,634	\$ (163,007)	\$ 376,627	\$ 370,113	\$ 6,514
Other Salaries for Instruction	809,449	(304,118)	505,331	501,079	4,252
General Supplies	15,000	2,023	17,023	6,563	10,460
Textbooks	250	-	250	-	250
Total Autism	<u>1,364,333</u>	<u>(465,102)</u>	<u>899,231</u>	<u>877,755</u>	<u>21,476</u>
Preschool Disabilities - Part-Time					
Salaries of Teachers	358,219	(226,130)	132,089	132,089	-
Other Salaries for Instruction	100,726	(39,641)	61,085	56,437	4,648
General Supplies	9,400	(3,999)	5,401	5,286	115
Other Objects	100	-	100	-	100
Total Preschool Disabilities - Part-Time	<u>468,445</u>	<u>(269,770)</u>	<u>198,675</u>	<u>193,812</u>	<u>4,863</u>
Preschool Disabilities - Full-Time					
Salaries of Teachers	-	139,035	139,035	145,019	(5,984)
Other Salaries for Instruction	-	186,529	186,529	180,428	6,101
Total Preschool Disabilities - Full-Time	<u>-</u>	<u>325,564</u>	<u>325,564</u>	<u>325,447</u>	<u>117</u>
Total Special Education	<u>5,617,946</u>	<u>(173,452)</u>	<u>5,444,494</u>	<u>5,345,851</u>	<u>98,643</u>
Basic Skills/Remedial					
Salaries of Teachers	476,666	(7,445)	469,221	469,221	-
General Supplies	2,400	-	2,400	1,192	1,208
Other Objects	100	-	100	-	100
Total Basic Skills/Remedial	<u>479,166</u>	<u>(7,445)</u>	<u>471,721</u>	<u>470,413</u>	<u>1,308</u>
Bilingual Education					
Salaries of Teachers	304,123	-	304,123	300,296	3,827
General Supplies	4,895	-	4,895	2,195	2,700
Other Objects	500	-	500	-	500
Total Bilingual Education	<u>309,518</u>	<u>-</u>	<u>309,518</u>	<u>302,491</u>	<u>7,027</u>
Vocational Programs- Local - Instruction					
Salaries of Teachers	2,500	(2,500)	-	-	-
Total Vocational Programs-Local-Instruction	<u>2,500</u>	<u>(2,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>
School Sponsored Co-Curricular Activities					
Salaries of Teachers	217,689	44,217	261,906	261,906	-
Other Objects	5,125	2,509	7,634	7,634	-
Total Co-Curricular Activities	<u>222,814</u>	<u>46,726</u>	<u>269,540</u>	<u>269,540</u>	<u>-</u>
School Sponsored Athletics					
Salaries	597,098	(16,545)	580,553	580,553	-
Purchased Services	76,365	(2,160)	74,205	73,980	225
Supplies and Materials	54,100	254	54,354	49,834	4,520
Other Objects	150,576	6,004	156,580	148,717	7,863
Total Athletics	<u>878,139</u>	<u>(12,447)</u>	<u>865,692</u>	<u>853,084</u>	<u>12,608</u>
Other Instruction Programs - Gifted and Talented					
Salaries	106,902	(1,133)	105,769	105,769	-
Purchased Services	600	(121)	479	479	-
Supplies and Materials	2,000	(137)	1,863	1,863	-
Other Objects	100	(100)	-	-	-
Total Other Instruction Programs	<u>109,602</u>	<u>(1,491)</u>	<u>108,111</u>	<u>108,111</u>	<u>-</u>
Other Instruction Programs - Music					
Supplies and Materials	30,000	3,348	33,348	33,346	2
Other Objects	3,000	235	3,235	3,235	-
Total Other Instruction Programs	<u>33,000</u>	<u>3,583</u>	<u>36,583</u>	<u>36,581</u>	<u>2</u>
Community Services					
Salaries	10,000	(5,399)	4,601	4,601	-
Total Community Services	<u>10,000</u>	<u>(5,399)</u>	<u>4,601</u>	<u>4,601</u>	<u>-</u>
Total Instruction	<u>27,767,503</u>	<u>831,236</u>	<u>28,598,739</u>	<u>27,217,618</u>	<u>1,381,121</u>

**NUTLEY BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures					
Instruction					
Tuition to Other LEA's Within State - Special	\$ 98,986	\$ 61,294	\$ 160,280	\$ 157,079	\$ 3,201
Tuition to County Vocational - Regular	6,029	(118)	5,911	2,364	3,547
Tuition to County Vocational - Special	13,929	(13,929)			-
Tuition to County Sp Service and Regional Day School	160,000	(7,360)	152,640	152,640	-
Tuition to Private School for the Disabled W/ State	3,057,000	(41,375)	3,015,625	2,640,182	375,443
<b>Total Tuition</b>	<b>3,335,944</b>	<b>(1,488)</b>	<b>3,334,456</b>	<b>2,952,265</b>	<b>382,191</b>
Health Services					
Salaries	605,778	(1,841)	603,937	602,612	1,325
Purchased Professional and Technical Services	60,975	(2,832)	58,143	38,360	19,783
Supplies and Materials	17,900	18,953	36,853	36,826	27
Other Objects	150	-	150	55	95
<b>Total Health Services</b>	<b>684,803</b>	<b>14,280</b>	<b>699,083</b>	<b>677,853</b>	<b>21,230</b>
Other Supp. Svcs.-					
Speech, OT, PT and Related Services					
Salaries	623,910	(35,183)	588,727	588,627	100
Purchased Professional Educational Services	255,000	23,318	278,318	275,318	3,000
Supplies and Materials	6,500	-	6,500	6,287	213
<b>Total Speech, OT, PT and Related Services</b>	<b>885,410</b>	<b>(11,865)</b>	<b>873,545</b>	<b>870,232</b>	<b>3,313</b>
Other Supp. Svcs.-Extraord. Serv.					
Salaries	330,611	116,448	447,059	447,059	-
<b>Total Other Support/Extraordinary Services</b>	<b>330,611</b>	<b>116,448</b>	<b>447,059</b>	<b>447,059</b>	<b>-</b>
Other Supp. Svcs.-Guidance					
Salaries of Other Professional Staff	1,096,108	10,403	1,106,511	1,106,511	-
Salaries of Secretarial and Clerical Assistants	161,926	(3,100)	158,826	158,826	-
Other Purchased Professional and Technical Services	14,904	10,229	25,133	7,023	18,110
Other Purchased Services	4,550	(3,378)	1,172	1,172	-
Supplies and Materials	22,500	(12,673)	9,827	9,382	445
Other Objects	1,200	(946)	254	254	-
<b>Total Other Support Services-Guidance</b>	<b>1,301,188</b>	<b>535</b>	<b>1,301,723</b>	<b>1,283,168</b>	<b>18,555</b>
Other Supp. Svcs.-Child Study Teams					
Salaries of Other Professional Staff	1,108,546	-	1,108,546	1,108,371	175
Miscellaneous Purchased Services	2,500	-	2,500	2,308	192
Supplies and Materials	10,900	681	11,581	10,017	1,564
Other Objects	100	-	100	-	100
<b>Total Other Support Services-Child Study Teams</b>	<b>1,122,046</b>	<b>681</b>	<b>1,122,727</b>	<b>1,120,696</b>	<b>2,031</b>
Improvement of Instruction					
Salaries of Other Professional Staff	56,750	(2,500)	54,250	17,174	37,076
Salaries of Secretarial and Clerical Assist.	113,166	2,760	115,926	115,926	-
Purchased Professional Educational Services	5,000	-	5,000	2,161	2,839
Other Purchased Professional and Technical Services	4,795	(2,131)	2,664	2,664	-
Other Purchased Services	6,970	(239)	6,731	4,994	1,737
Supplies and Materials	7,000	-	7,000	6,802	198
Other Objects	500	-	500	362	138
<b>Total Improvement of Instruction</b>	<b>194,181</b>	<b>(2,110)</b>	<b>192,071</b>	<b>147,419</b>	<b>44,652</b>
Educational Media Services/ School Library					
Salaries	623,439	-	623,439	620,872	2,567
Purchased Professional and Technical Services	19,250	(630)	18,620	18,281	339
Other Purchased Services	11,710	-	11,710	8,243	3,467
Supplies and Materials	68,450	(2,502)	65,948	45,177	20,771
<b>Total Educational Media Services/ School Library</b>	<b>722,849</b>	<b>(3,132)</b>	<b>719,717</b>	<b>692,573</b>	<b>27,144</b>



NUTLEY BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
<b>CURRENT EXPENDITURES (Continued)</b>					
Instructional Staff Training Services					
Salaries of Other Professional Staff	\$ 80,000	\$ (30,080)	\$ 49,920	\$ 35,662	\$ 14,258
Purchased Professional Educational Services	20,000	10,000	30,000	20,130	9,870
Other Purchased Services	22,700	10,638	33,338	30,030	3,308
Supplies and Materials	1,500	166	1,666	1,533	133
Other Objects	250	(47)	203	7	196
<b>Total Instructional Staff Training Services</b>	<b>124,450</b>	<b>(9,323)</b>	<b>115,127</b>	<b>87,362</b>	<b>27,765</b>
Support Services General Administration					
Salaries	630,566	-	630,566	627,794	2,772
Legal Services	175,000	103,744	278,744	268,599	10,145
Audit Fees	48,500	(7,004)	41,496	41,496	-
Other Purchased Professional Services	-	8,000	8,000	8,000	-
Purchased Technical Services	133,785	8,271	142,056	142,056	-
Miscellaneous Purchased Services	4,000	500	4,500	3,841	659
Communications/Telephone	100,270	(19,486)	80,784	80,092	692
BOE Other Purchased Services	4,900	(1,844)	3,056	3,056	-
Supplies and Materials	15,300	(3,733)	11,567	11,567	-
Judgments Against School District	-	-	-	-	-
Miscellaneous Expenditures	8,000	1,584	9,584	9,584	-
BOE Membership Dues and Fees	27,950	664	28,614	28,614	-
<b>Total Support Services General Administration</b>	<b>1,148,271</b>	<b>90,696</b>	<b>1,238,967</b>	<b>1,224,699</b>	<b>14,268</b>
Support Services School Administration					
Salaries of Principals and Assistant Principals	1,217,476	-	1,217,476	1,216,459	1,017
Salaries of Other Professional Staff	1,262,390	(32,940)	1,229,450	1,229,450	-
Salaries of Secretarial and Clerical Assistants	566,376	(3,759)	562,617	562,617	-
Other Purchased Services	109,609	(1,298)	108,311	88,506	19,805
Supplies and Materials	58,950	(10,372)	48,578	43,012	5,566
Other Objects	65,500	(8,778)	56,722	49,323	7,399
<b>Total Support Services School Administration</b>	<b>3,280,301</b>	<b>(57,147)</b>	<b>3,223,154</b>	<b>3,189,367</b>	<b>33,787</b>
Central Services					
Salaries	616,007	3,785	619,792	619,792	-
Purchased Professional Services	81,391	174,674	256,065	194,073	61,992
Purchased Technical Services	22,625	(8,849)	13,776	13,776	-
Miscellaneous Purchased Services	35,667	(6,362)	29,305	28,520	785
Supplies and Materials	12,000	(1,799)	10,201	9,993	208
Miscellaneous Expenditures	750	209	959	959	-
<b>Total Undistributed Expenditures - Central Services</b>	<b>768,440</b>	<b>161,658</b>	<b>930,098</b>	<b>867,113</b>	<b>62,985</b>
Admin. Info. Tech.					
Salaries	273,497	(3,584)	269,913	269,913	-
Purchased Technical Services	7,500	(7,500)	-	-	-
Other Purchased Services	800	-	800	800	-
Supplies and Materials	44,375	(883)	43,492	39,748	3,744
Other Objects	500	-	500	-	500
<b>Total Undistributed Expenditures - Admin. Info. Technology</b>	<b>326,672</b>	<b>(11,967)</b>	<b>314,705</b>	<b>309,661</b>	<b>5,044</b>
Required Maintenance for School Facilities					
Salaries	471,884	(65,796)	406,088	373,379	32,709
Cleaning, Repair and Maintenance Services	302,433	77,885	380,318	307,832	72,486
General Supplies	221,600	15,714	237,314	219,234	18,080
Other Objects	650	1,930	2,580	311	2,269
<b>Total Required Maint for School Facilities</b>	<b>996,567</b>	<b>29,733</b>	<b>1,026,300</b>	<b>900,756</b>	<b>125,544</b>

**NUTLEY BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
<b>CURRENT EXPENDITURES (Continued)</b>					
Custodial Services					
Salaries	\$ 1,555,771	\$ 26,856	\$ 1,582,627	\$ 1,582,627	
Salaries of Non-Instructional Aides	300,181	(28,856)	271,325	248,365	\$ 22,960
Purchased Professional and Technical Services	25,000	(17,536)	7,464	7,380	84
Cleaning, Repair and Maintenance Services	132,500	(12,186)	120,314	120,314	-
Rental of Land & Bldg. Oth. Than Lease Purch. Agreement	1,425	-	1,425	1,419	6
Property Insurance	92,332	(353)	91,979	91,878	101
Miscellaneous Purchased Services	9,500	3,332	12,832	12,582	250
General Supplies	110,000	11,637	121,637	121,916	(279)
Other Objects	800	70	870	838	32
Energy (Natural Gas)	275,000	-	275,000	220,669	54,331
Energy (Electricity)	805,000	30,080	835,080	625,739	209,341
Energy (Gasoline)	22,200	(960)	21,240	14,400	6,840
<b>Total Custodial Services</b>	<b>3,329,709</b>	<b>12,084</b>	<b>3,341,793</b>	<b>3,048,127</b>	<b>293,666</b>
Undistributed Expenditures - Care & Upkeep of Grounds					
Salaries	267,121	17,196	284,317	284,317	-
Cleaning, Repair, and Maintenance Services	51,850	-	51,850	40,574	11,276
General Supplies	23,000	(3,389)	19,611	19,611	-
<b>Total Care &amp; Upkeep of Grounds</b>	<b>341,971</b>	<b>13,807</b>	<b>355,778</b>	<b>344,502</b>	<b>11,276</b>
Undistributed Expenditures - Security					
Salaries	110,417	(3,282)	107,135	107,135	-
Purchased Professional and Technical Services	20,000	(11,995)	8,005	6,138	1,867
<b>Total Security</b>	<b>130,417</b>	<b>(15,277)</b>	<b>115,140</b>	<b>113,273</b>	<b>1,867</b>
Student Transportation Services					
Salaries for Pupil Trans (Bet Home & Sch)-Regular		-			-
Salaries for Pupil Trans (Bet Home & Sch)-Sp Ed.	1,000,269	(54,167)	946,102	926,422	19,680
Salaries for Pupil Trans (Other than Bet Home & Sch).	95,643	-	95,643	88,849	6,794
Cleaning, Repair and Maintenance Services	154,500	1,885	156,385	156,385	-
Other Purchased Professional and Technical Services	1,200	66	1,266	1,266	-
Lease Purchase Payments - School Buses	113,936	(55,000)	58,936	58,936	-
Rental Payments - School Buses	21,600	(8,291)	13,309	10,800	2,509
Contr Serv(Oth. Than Bet Home & Sch)-Vend	27,500	-	27,500	26,358	1,142
Contr Serv(Special Education)-Vendors	250,800	59,724	310,524	310,524	-
Contr Serv(Bet. Home & Sch)-Joint Agreements		850	850	850	-
Contr Serv(Special Education)-Joint Agreements	1,000	-	1,000		1,000
Miscellaneous Purch. Services- Transportation	34,563	(141)	34,422	32,506	1,916
General Supplies	101,000	(186)	100,814	42,767	58,047
Other Objects	14,000	192	14,192	14,192	-
<b>Total Student Transportation Services</b>	<b>1,816,011</b>	<b>(55,068)</b>	<b>1,760,943</b>	<b>1,669,855</b>	<b>91,088</b>
Unallocated Employee Benefits					
Group Insurance	199,131	-	199,131	198,150	981
Social Security Contributions	764,796	27,174	791,970	792,951	(981)
Other Retirement Contributions - PERS	908,865	(54,089)	854,776	833,527	21,249
Other Retirement Contributions - Regular (DCRP and ECPF)	9,000	33,136	42,136	42,309	(173)
Workmens Compensation	158,630	-	158,630	157,848	782
Health Benefits	9,090,012	(234,195)	8,855,817	8,034,250	821,567
Tuition Reimbursements	70,000	-	70,000	20,082	49,918
Unused Sick Payments	120,000	5,770	125,770	125,770	-
Other Employee Benefits	292,650	48,319	340,969	340,969	-
<b>Total Unallocated Employee Benefits</b>	<b>11,613,084</b>	<b>(173,885)</b>	<b>11,439,199</b>	<b>10,545,856</b>	<b>893,343</b>
On-Behalf TPAF					
Pension System Contributions-Normal				2,066,710	(2,066,710)
NCGI Premium				102,950	(102,950)
Post Retirement Benefits				2,583,465	(2,583,465)
Social Security Contributions - Non Budget	-	-	-	2,009,942	(2,009,942)
<b>Total TPAF Pension and Social Security Contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,763,067</b>	<b>(6,763,067)</b>
<b>Total Undistributed Expenditures</b>	<b>32,452,925</b>	<b>98,660</b>	<b>32,551,585</b>	<b>37,254,903</b>	<b>(4,703,318)</b>
<b>Total Current Expenditures</b>	<b>60,220,428</b>	<b>929,896</b>	<b>61,150,324</b>	<b>64,472,521</b>	<b>(3,322,197)</b>

NUTLEY BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
<b>CAPITAL OUTLAY</b>					
Increase in Capital Reserve	\$ 100,000		\$ 100,000		\$ 100,000
Interest Deposit to Capital Reserve	400		400		400
Equipment					
Instruction					
Grades 6 - 8		\$ 4,009	4,009	\$ 4,009	
Grades 9 - 12		8,041	8,041	8,041	
Preschool Disabilities - Part-Time		3,999	3,999	3,999	
School Sponsored Athletics		5,860	5,860	5,860	
Undistributed Expenditures					
Instruction	10,000	181,530	191,530	144,505	47,025
Admin. Info. Tech		9,871	9,871		9,871
Custodial Services	10,000	109,021	119,021	27,536	91,485
Required Maintenance		213,425	213,425	213,425	
School Buses - Special		55,069	55,069	55,069	
Assets Acquired Under Capital Lease-School Bus (Non-Budgeted)	-	-	-	85,000	(85,000)
Total Equipment	<u>120,400</u>	<u>590,825</u>	<u>711,225</u>	<u>547,444</u>	<u>163,781</u>
Facilities Acquisition and Construction Services					
Construction Services		1,023,568	1,023,568	78,468	945,100
Land and Improvements		91,550	91,550	82,550	9,000
Assessment for Debt Service on SDA Funding	88,649	-	88,649	88,649	-
Total Facilities Acquisition and Construction	<u>88,649</u>	<u>1,115,118</u>	<u>1,203,767</u>	<u>249,667</u>	<u>954,100</u>
Total Expenditures - Capital Outlay	<u>209,049</u>	<u>1,705,943</u>	<u>1,914,992</u>	<u>797,111</u>	<u>1,117,881</u>
Total Expenditures - General Fund	<u>60,429,477</u>	<u>2,635,839</u>	<u>63,065,316</u>	<u>65,269,632</u>	<u>(2,204,316)</u>
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	<u>(659,051)</u>	<u>(2,635,839)</u>	<u>(3,294,890)</u>	<u>1,685,438</u>	<u>4,980,328</u>
Other Financing Sources (Uses)					
Proceeds from Capital Lease				85,000	85,000
Transfers In				2,108	2,108
Transfers Out	<u>(900,000)</u>	<u>-</u>	<u>(900,000)</u>	<u>-</u>	<u>900,000</u>
Total Other Financing Sources	<u>(900,000)</u>	<u>-</u>	<u>(900,000)</u>	<u>87,108</u>	<u>987,108</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>(1,559,051)</u>	<u>(2,635,839)</u>	<u>(4,194,890)</u>	<u>1,772,546</u>	<u>5,967,436</u>
Fund Balance, Beginning of Year	<u>8,113,858</u>	<u>-</u>	<u>8,113,858</u>	<u>8,113,858</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 6,554,807</u>	<u>\$ (2,635,839)</u>	<u>\$ 3,918,968</u>	<u>\$ 9,886,404</u>	<u>\$ 5,967,436</u>
<b>Recapitulation of Fund Balance</b>					
<b>Restricted</b>					
Capital Reserve				\$ 3,073,067	
Capital Reserve, Designated for Subsequent Year's Budget				1,000,000	
Maintenance Reserve				791,840	
Excess Surplus				502,638	
Excess Surplus - Designated for Subsequent Year's Budget				517,232	
<b>Committed</b>					
Encumbrances				1,163,964	
<b>Assigned</b>					
Encumbrances				1,351,514	
<b>Unassigned</b>				<u>1,486,149</u>	
Fund Balance (Budgetary Basis)				9,886,404	
<b>Reconciliation to Governmental Fund Statements (GAAP)</b>					
2015/2016 State Aid Payments Not Recognized on a GAAP Basis				<u>(1,090,146)</u>	
Fund Balance per Governmental Funds (GAAP Basis)				<u>\$ 8,796,258</u>	

**NUTLEY BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
BUDGET (NON-GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Intergovernmental					
State	\$ 383,207	\$ (8,980)	\$ 374,227	\$ 355,389	\$ (18,838)
Federal	1,023,734	490,973	1,514,707	1,383,063	(131,644)
Local Sources					
Miscellaneous	-	215,639	215,639	44,013	(171,626)
Total Revenues	<u>1,406,941</u>	<u>697,632</u>	<u>2,104,573</u>	<u>1,782,465</u>	<u>(322,108)</u>
<b>EXPENDITURES</b>					
Instruction					
Salaries of Teachers	199,247	94,571	293,818	221,035	72,783
Purchased Professional/Educational Services	634,136	4,445	638,581	620,397	18,184
Tuition	314,615	216,556	531,171	531,171	-
General Supplies	37,790	123,647	161,437	97,895	63,542
Textbooks	34,437	1,365	35,802	34,600	1,202
Other Objects	500	169,283	169,783	25,615	144,168
Total Instruction	<u>1,220,725</u>	<u>609,867</u>	<u>1,830,592</u>	<u>1,530,713</u>	<u>299,879</u>
Support Services					
Salaries of Program Directors		4,000	4,000	4,000	-
Employee Benefits	49,079	6,165	55,244	47,342	7,902
Purchased Professional/Educational Services	105,642	39,853	145,495	139,936	5,559
Other Purchased Professional Services		-			-
Travel	500	(500)			-
Other Purchased Services	28,995	8,456	37,451	29,284	8,167
Supplies and Materials	2,000	(26)	1,974	1,374	600
Total Support Services	<u>186,216</u>	<u>57,948</u>	<u>244,164</u>	<u>221,936</u>	<u>22,228</u>
Facilities Acquisition and Construction					
Instructional Equipment	-	29,817	29,817	29,816	1
Total Facilities Acquisition	<u>-</u>	<u>29,817</u>	<u>29,817</u>	<u>29,816</u>	<u>1</u>
Total Expenditures	<u>1,406,941</u>	<u>697,632</u>	<u>2,104,573</u>	<u>1,782,465</u>	<u>322,108</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, 2016**

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.

	<b>General Fund</b>	<b>Special Revenue Fund</b>
<b>Sources/Inflows of Resources</b>		
Actual revenues (budgetary basis)	C-1 \$ 66,955,070	C-2 \$ 1,782,465
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, 2015 Encumbrances (net of cancellation)		10,512
Less: June 30, 2016 Encumbrances		(42,784)
State Aid payments recognized for GAAP Statements, not recognized for budgetary purposes.	1,065,915	
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements.	<u>(1,090,146)</u>	<u>-</u>
 Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	 B-2 \$ <u>66,930,839</u>	 B-2 \$ <u>1,750,193</u>
 <b>Uses/Outflows of Resources</b>		
Actual expenditures (budgetary basis)	C-1 \$ 65,269,632	C-2 \$ 1,782,465
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, 2015 Encumbrances		10,512
Less: June 30, 2016 Encumbrances	<u>-</u>	<u>(42,784)</u>
 Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	 B-2 \$ <u>65,269,632</u>	 B-2 \$ <u>1,750,193</u>

**REQUIRED SUPPLEMENTARY INFORMATION PART III**

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

**PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
Last Three Fiscal Years \***

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.09695%	0.09608%	0.09415%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 21,763,777	\$ 17,988,448	\$ 17,993,580
District's Covered-Employee Payroll	\$ 6,571,992	\$ 6,569,878	\$ 6,550,921
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	331.16%	273.80%	274.67%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

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

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

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

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 833,527	\$ 792,054	\$ 709,387
Contributions in Relation to the Contractually Required Contributions	<u>833,527</u>	<u>792,054</u>	<u>709,387</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered- Employee Payroll	\$ 6,571,992	\$ 6,569,878	\$ 6,550,921
Contributions as a Percentage of Covered-Employee Payroll	12.68%	12.06%	10.83%

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



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

**TEACHERS' PENSION AND ANNUITY FUND  
Last Three Fiscal Years \***

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.00%	0.00%	0.00%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability (Asset) Associated With the District	<u>168,635,838</u>	<u>146,676,355</u>	<u>139,153,451</u>
Total	<u>\$ 168,635,838</u>	<u>\$ 146,676,355</u>	<u>\$ 139,153,451</u>
District's Covered-Employee Payroll	\$ 27,968,425	\$ 26,006,174	\$ 26,393,487
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0	0	0
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	33.64%	33.76%

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

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

**NUTLEY BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
AND SCHEDULE OF DISTRICT CONTRIBUTIONS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Change of Benefit Terms:**

None.

**Change of Assumptions:**

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

**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, 2016

	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			
<b>REVENUES</b>											
State Sources	\$ 34,600	\$ 110,657	\$ 3,106	\$ 24,495	\$ 1,965	\$ 30,071	\$ 45,165	\$ 17,054	\$ 56,610	\$ 16,049	\$ 339,772
Federal Sources											-
Other	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	<u>\$ 34,600</u>	<u>\$ 110,657</u>	<u>\$ 3,106</u>	<u>\$ 24,495</u>	<u>\$ 1,965</u>	<u>\$ 30,071</u>	<u>\$ 45,165</u>	<u>\$ 17,054</u>	<u>\$ 56,610</u>	<u>\$ 16,049</u>	<u>\$ 339,772</u>
<b>EXPENDITURES</b>											
Instruction:											
Salaries of Teachers											-
Purchased Prof. and Technical Services											-
Purchased Professional Educational Services		\$ 110,657	\$ 3,106		\$ 1,965	\$ 30,071		\$ 17,054			\$ 162,853
Tuition											-
General Supplies										\$ 16,049	16,049
Textbooks	\$ 34,600										34,600
Other Objects	-	-	-	-	-	-	-	-	-	-	-
Total Instruction	<u>34,600</u>	<u>110,657</u>	<u>3,106</u>	<u>-</u>	<u>1,965</u>	<u>30,071</u>	<u>-</u>	<u>17,054</u>	<u>-</u>	<u>16,049</u>	<u>213,502</u>
Support Services											
Employee Benefits											-
Purchased Professional Educational Services							\$ 45,165		\$ 56,610		101,775
Other Purchased Services				\$ 24,495							24,495
Supplies and Materials											-
Total Support Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,495</u>	<u>-</u>	<u>-</u>	<u>45,165</u>	<u>-</u>	<u>56,610</u>	<u>-</u>	<u>126,270</u>
Facilities Acquisition and Instructional Equipment											
	-	-	-	-	-	-	-	-	-	-	-
Total Facilities Acquisition	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 34,600</u>	<u>\$ 110,657</u>	<u>\$ 3,106</u>	<u>\$ 24,495</u>	<u>\$ 1,965</u>	<u>\$ 30,071</u>	<u>\$ 45,165</u>	<u>\$ 17,054</u>	<u>\$ 56,610</u>	<u>\$ 16,049</u>	<u>\$ 339,772</u>

**NUTLEY BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Title I</u>	<u>Title II A</u>	<u>Title III</u>	<u>Perkins Vocational Education</u>	<u>IDEA B Basic</u>	<u>IDEA B Preschool</u>	<u>Nonpublic Security</u>	<u>Other</u>	<u>Page 1 Subtotal</u>	<u>Total</u>
<b>REVENUES</b>										
State Sources							\$ 15,617		\$ 339,772	\$ 355,389
Federal Sources	\$ 187,848	\$ 102,750	\$ 28,036	\$ 17,382	\$ 1,004,376	\$ 42,671				1,383,063
Other	-	-	-	-	-	-	-	\$ 44,013	-	44,013
<b>Total Revenues</b>	<b>\$ 187,848</b>	<b>\$ 102,750</b>	<b>\$ 28,036</b>	<b>\$ 17,382</b>	<b>\$ 1,004,376</b>	<b>\$ 42,671</b>	<b>\$ 15,617</b>	<b>\$ 44,013</b>	<b>\$ 339,772</b>	<b>\$ 1,782,465</b>
<b>EXPENDITURES</b>										
Instruction:										
Salaries of Teachers	\$ 152,002	\$ 53,297	\$ 14,038					\$ 1,698		\$ 221,035
Purchased Professional Educational Services				\$ 1,340	\$ 456,204				\$ 162,853	620,397
Tuition					491,418	\$ 39,753				531,171
General Supplies			8,836	2,897	34,878	2,918	\$ 15,617	16,700	16,049	97,895
Textbooks									34,600	34,600
Other Objects	-	-	-	-	-	-	-	25,615	-	25,615
<b>Total Instruction</b>	<b>152,002</b>	<b>53,297</b>	<b>22,874</b>	<b>4,237</b>	<b>982,500</b>	<b>42,671</b>	<b>15,617</b>	<b>44,013</b>	<b>213,502</b>	<b>1,530,713</b>
Support Services										
Salaries of Program Directors	4,000									4,000
Employee Benefits	31,122	13,292	2,928							47,342
Purchased Professional Educational Services		36,161		2,000					101,775	139,936
Other Purchased Services			1,584		3,205				24,495	29,284
Supplies and Materials	724	-	650	-	-	-	-	-	-	1,374
<b>Total Support Services</b>	<b>35,846</b>	<b>49,453</b>	<b>5,162</b>	<b>2,000</b>	<b>3,205</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>126,270</b>	<b>221,936</b>
Facilities Acquisition and Construction Services										
Instructional Equipment	-	-	-	11,145	18,671	-	-	-	-	29,816
<b>Total Facilities Acquisition</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,145</b>	<b>18,671</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29,816</b>
<b>Total Expenditures</b>	<b>\$ 187,848</b>	<b>\$ 102,750</b>	<b>\$ 28,036</b>	<b>\$ 17,382</b>	<b>\$ 1,004,376</b>	<b>\$ 42,671</b>	<b>\$ 15,617</b>	<b>\$ 44,013</b>	<b>\$ 339,772</b>	<b>\$ 1,782,465</b>

**NUTLEY BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
PRESCHOOL EDUCATION AID  
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

**CAPITAL PROJECTS FUND**

**NUTLEY BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Project Description</u>	<u>Appropriation</u>	<u>Additional Appropriation</u>	<u>Expenditures to Date</u>		<u>Balance June 30, 2016</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Various renovations and improvements to the Nutley High School, Lincoln Elementary School, Radcliffe Elementary School, Washington Elementary School and Yantacaw Elementary School and to undertake the construction of an addition and renovations to the Spring Garden School and to acquire the necessary furnishings and equipment and undertake any associated site work.	\$ 38,500,000	\$ 479,000	\$ 37,609,013	\$ 160,758	\$ 1,209,229
	<u>\$ 38,500,000</u>	<u>\$ 479,000</u>	<u>\$ 37,609,013</u>	<u>\$ 160,758</u>	<u>\$ 1,209,229</u>
Fund Balance, June 30, 2016 (Budgetary Basis and GAAP Basis)					<u>\$ 1,209,229</u>
<b>Recapitulation of Fund Balance</b>					
Restricted for Capital Projects					
Year End Encumbrances					\$ 532,571
Available for Capital Projects					<u>676,658</u>
Total Fund Balance - Restricted for Capital Projects					<u>\$ 1,209,229</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, 2016**

**Revenues and Other Financing Sources**

Interest on Investments	\$ <u>2,108</u>
 Total Revenues	 <u>2,108</u>

**Expenditures and Other Financing Uses**

Purchased Professional And Technical Services	100,000
Construction Services	60,758
Transfers Out	<u>2,108</u>
 Total Expenditures	 <u>162,866</u>

Excess Of Expenditures and Other Financing Uses Over Revenues and Other Financing Sources	(160,758)
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Fund Balance, Beginning of Year	<u>1,369,987</u>
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Fund Balance, End of Year	<u>\$ 1,209,229</u>
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**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, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
<b>Revenues and Other Financing Sources</b>				
Bond Proceeds and Transfers	\$ 8,986,250	-	\$ 8,986,250	\$ 8,986,250
Total Revenues	<u>8,986,250</u>	<u>-</u>	<u>8,986,250</u>	<u>8,986,250</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	1,383,083		1,383,083	1,372,104
Legal Fees	21,705		21,705	
Construction Services	7,232,866	\$ 5,605	7,238,471	7,568,638
Other Purchased Services	7,106		7,106	45,508
Supplies	1,505		1,505	
Equipment	204,271	-	204,271	-
Total Expenditures	<u>8,850,536</u>	<u>5,605</u>	<u>8,856,141</u>	<u>8,986,250</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ 135,714</u>	<u>\$ (5,605)</u>	<u>\$ 130,109</u>	<u>\$ -</u>

**Additional Project Information:**

Project Number	3310-050-07-1000
Grant Date	N/A
Bonds Authorization Date	July 15, 2007
Bonds Authorized	\$ 8,740,000
Bonds Issued	\$ 8,740,000
Original Authorized Cost	\$ 8,740,000
Change Orders/Revisions	\$ 246,250
Revised Authorized Cost	\$ 8,986,250
Percentage Completion	99%
Original Target Completion Date	September 1, 2009
Revised Target Completion Date	September 1, 2016

**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, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
<b>Revenues and Other Financing Sources</b>				
Bond Proceeds and Transfers	\$ 5,283,750	-	\$ 5,283,750	\$ 5,283,750
Total Revenues	<u>5,283,750</u>	<u>-</u>	<u>5,283,750</u>	<u>5,283,750</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	818,330	\$ 80,909	899,239	765,610
Legal Fees	8,036		8,036	
Construction Services	3,800,002		3,800,002	4,478,458
Other Purchased Services	(621)		(621)	39,682
Supplies	1,505		1,505	
Equipment	108,438	-	108,438	-
Total Expenditures	<u>4,735,690</u>	<u>80,909</u>	<u>4,816,599</u>	<u>5,283,750</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ 548,060</u>	<u>\$ (80,909)</u>	<u>\$ 467,151</u>	<u>\$ -</u>

**Additional Project Information:**

Project Number	3750-050-07-1000
Grant Date	N/A
Bonds Authorization Date	July 15, 2007
Bonds Authorized	\$ 5,530,000
Bonds Issued	\$ 5,530,000
Original Authorized Cost	\$ 5,530,000
Change Orders/Revisions	\$ (246,250)
Revised Authorized Cost	\$ 5,283,750
Percentage Completion	91%
Original Target Completion Date	September 1, 2009
Revised Target Completion Date	September 1, 2016

**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, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
<b>Revenues and Other Financing Sources</b>				
Bond Proceeds and Transfers	\$ 7,620,382	-	\$ 7,620,382	\$ 7,620,382
Total Revenues	<u>7,620,382</u>	<u>-</u>	<u>7,620,382</u>	<u>7,620,382</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	1,213,707		1,213,707	1,051,751
Legal Fees	17,149		17,149	
Construction Services	6,109,302		6,109,302	6,534,068
Other Purchased Services	8,223		8,223	34,563
Supplies	1,505		1,505	
Equipment	154,912	-	154,912	-
Total Expenditures	<u>7,504,798</u>	<u>-</u>	<u>7,504,798</u>	<u>7,620,382</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ 115,584</u>	<u>\$ -</u>	<u>\$ 115,584</u>	<u>\$ -</u>

**Additional Project Information:**

Project Number	3750-100-07-1000
Grant Date	N/A
Bonds Authorization Date	July 15, 2007
Bonds Authorized	\$ 7,600,000
Bonds Issued	\$ 7,600,000
Original Authorized Cost	\$ 7,600,000
Change Orders/Revisions	\$ 20,382
Revised Authorized Cost	\$ 7,620,382
Percentage Completion	98%
Original Target Completion Date	September 1, 2009
Revised Target Completion Date	September 1, 2016

**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, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
<b>Revenues and Other Financing Sources</b>				
Bond Proceeds and Transfers	\$ 6,148,227	-	\$ 6,148,227	\$ 6,148,227
Total Revenues	<u>6,148,227</u>	<u>-</u>	<u>6,148,227</u>	<u>6,148,227</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	896,735	\$ 19,091	915,826	964,363
Legal Fees	8,036		8,036	
Construction Services	5,039,825		5,039,825	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>6,062,549</u>	<u>19,091</u>	<u>6,081,640</u>	<u>6,148,227</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ 85,678</u>	<u>\$ (19,091)</u>	<u>\$ 66,587</u>	<u>\$ -</u>

**Additional Project Information:**

Project Number	3750-070-07-1000
Grant Date	N/A
Bonds Authorization Date	July 15, 2007
Bonds Authorized	\$ 5,530,000
Bonds Issued	\$ 5,530,000
Original Authorized Cost	\$ 5,530,000
Change Orders/Revisions	\$ 618,227
Revised Authorized Cost	\$ 6,148,227
Percentage Completion	99%
Original Target Completion Date	September 1, 2009
Revised Target Completion Date	September 1, 2016

**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, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
<b>Revenues and Other Financing Sources</b>				
Bond Proceeds and Transfers	\$ 3,180,865	-	\$ 3,180,865	\$ 3,180,865
 Total Revenues	 <u>3,180,865</u>	 <u>-</u>	 <u>3,180,865</u>	 <u>3,180,865</u>
 <b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	521,752		521,752	471,333
Legal Fees	441		441	
Construction Services	2,445,060	\$ 6,006	2,451,066	2,686,075
Other Purchased Services	(915)		(915)	23,457
Supplies	1,505		1,505	
Equipment	69,710	-	69,710	-
 Total Expenditures	 <u>3,037,553</u>	 <u>6,006</u>	 <u>3,043,559</u>	 <u>3,180,865</u>
 Excess (Deficiency) of Revenues over (under) Expenditures	 <u>\$ 143,312</u>	 <u>\$ (6,006)</u>	 <u>\$ 137,306</u>	 <u>\$ -</u>

**Additional Project Information:**

Project Number	3750-080-07-1000
Grant Date	N/A
Bonds Authorization Date	July 15, 2007
Bonds Authorized	\$ 3,400,000
Bonds Issued	\$ 3,400,000
Original Authorized Cost	\$ 3,400,000
Change Orders/Revisions	\$ (219,135)
Revised Authorized Cost	\$ 3,180,865
 Percentage Completion	 96%
Original Target Completion Date	September 1, 2009
Revised Target Completion Date	September 1, 2016

**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, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
<b>Revenues and Other Financing Sources</b>				
Bond Proceeds and Transfers	\$ 7,280,526		\$ 7,280,526	\$ 7,280,526
U.S. Department of Energy Grant	479,000	-	479,000	479,000
	<u>7,759,526</u>	<u>-</u>	<u>7,759,526</u>	<u>7,759,526</u>
<b>Total Revenues</b>				
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	1,165,259		1,165,259	1,062,087
Legal Fees	17,149		17,149	
Construction Services	6,062,381	\$ 49,147	6,111,528	6,655,643
Other Purchased Services	16,681		16,681	41,796
Supplies	1,505		1,505	
Equipment	154,912	-	154,912	-
	<u>7,417,887</u>	<u>49,147</u>	<u>7,467,034</u>	<u>7,759,526</u>
<b>Total Expenditures</b>				
Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ 341,639</u>	<u>\$ (49,147)</u>	<u>\$ 292,492</u>	<u>\$ -</u>

**Additional Project Information:**

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

Percentage Completion	96%
Original Target Completion Date	September 1, 2009
Revised Target Completion Date	September 1, 2016

**PROPRIETARY FUND**



**NUTLEY BOARD OF EDUCATION  
PROPRIETARY FUND  
COMBINING STATEMENT OF NET POSITION  
AS OF JUNE 30, 2016**

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, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

**FIDUCIARY FUNDS**

**NUTLEY BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES  
AS OF JUNE 30, 2016**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash	\$ 169,216	\$ 341,845	\$ 511,061
Total Assets	<u>\$ 169,216</u>	<u>\$ 341,845</u>	<u>\$ 511,061</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings Payable		\$ 341,462	\$ 341,462
Due To Other Funds		383	383
Due to Student Groups	<u>\$ 169,216</u>	<u>-</u>	<u>169,216</u>
Total Liabilities	<u>\$ 169,216</u>	<u>\$ 341,845</u>	<u>\$ 511,061</u>

**NUTLEY BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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, 2016**

	<u>Balance</u> <u>July 1, 2015</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disburse-</u> <u>ments</u>	<u>Balance</u> <u>June 30, 2016</u>
<b>ELEMENTARY SCHOOLS</b>				
Lincoln	\$ 4,712	\$ 14,309	\$ 16,348	\$ 2,673
Radcliffe	2,337	8,471	8,487	2,321
Spring Garden	13,584	10,708	12,583	11,709
Washington	2,813	12,865	12,293	3,385
Yantacaw	<u>11,556</u>	<u>7,565</u>	<u>6,512</u>	<u>12,609</u>
	<u>35,002</u>	<u>53,918</u>	<u>56,223</u>	<u>32,697</u>
<b>MIDDLE SCHOOL</b>				
John Walker	<u>15,670</u>	<u>28,696</u>	<u>27,289</u>	<u>17,077</u>
<b>HIGH SCHOOL</b>				
Nutley High School	<u>139,890</u>	<u>227,678</u>	<u>248,126</u>	<u>119,442</u>
<b>TOTAL ALL SCHOOLS</b>	<u>\$ 190,562</u>	<u>\$ 310,292</u>	<u>\$ 331,638</u>	<u>\$ 169,216</u>

NUTLEY BOARD OF EDUCATION  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<b>Balance, July 1, <u>2015</u></b>	<b>Cash <u>Receipts</u></b>	<b>Cash <u>Disbursements</u></b>	<b>Balance, June 30, <u>2016</u></b>
Payroll Deductions, Withholdings and Accrued Salaries and Wages Due To Other Funds	\$ 331,396 <u>360</u>	\$ 43,052,562 <u>29,807</u>	\$ 43,042,496 <u>29,784</u>	\$ 341,462 <u>383</u>
Total	\$ <u>331,756</u>	\$ <u>43,082,369</u>	\$ <u>43,072,280</u>	\$ <u>341,845</u>

**LONG-TERM DEBT**

**NUTLEY BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<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, 2015</u>	<u>Issued</u>	<u>Paid</u>	<u>Balance June 30, 2016</u>
Construction of an Addition and Renovation at the Nutley High School and Elementary Schools	7/15/2007	\$ 38,500,000	7/15/16	\$ 995,000	4.500 %	\$ 2,985,000		\$ 930,000	\$ 2,055,000
			7/15/17	1,060,000	4.500				
Series 2012 Refunding Bonds	12/27/2012	\$ 10,000,000	8/15/16	675,000	3.000	9,845,000		680,000	9,165,000
			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				
Series 2013 Refunding Bonds	01/03/2013	1,860,000	8/15/16-18	180,000	2.000	1,655,000		170,000	1,485,000
			8/15/19	185,000	2.000				
			8/15/20	190,000	3.000				
			8/15/21	195,000	2.250				
			8/15/22	190,000	2.250				
			8/15/23	185,000	2.250				



**NUTLEY BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<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, 2015</u>	<u>Issued</u>	<u>Paid</u>	<u>Balance June 30, 2016</u>
Series 2015 Refunding Bonds	04/08/15	\$ 30,445,000	7/15/16	90,000	1.000 %				
			7/15/17	90,000	2.000				
			7/15/18	1,225,000	4.000				
			7/15/19	1,300,000	4.000				
			7/15/20	1,365,000	2.000-4.000				
			7/15/21	1,435,000	2.500-5.000				
			7/15/22	1,500,000	2.500-5.000				
			7/15/23	1,580,000	2.500-5.000				
			7/15/24	1,660,000	2.750-5.000				
			7/15/25	1,960,000	3.000-5.000				
			7/15/26	2,040,000	3.500				
			7/15/27	2,135,000	4.000				
			7/15/28	2,245,000	4.000				
			7/15/29	2,360,000	4.000				
			7/15/30	2,475,000	4.000				
			7/15/31	3,260,000	4.000				
			7/15/32	3,380,000	4.000				
						\$ 30,445,000	-	\$ 345,000	\$ 30,100,000
						<u>\$ 44,930,000</u>	<u>\$ -</u>	<u>\$ 2,125,000</u>	<u>\$ 42,805,000</u>

**NUTLEY BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Purpose</u>	<u>Original Issue</u>	<u>Balance, July 1, 2015</u>	<u>Issued</u>	<u>Paid</u>	<u>Balance, June 30, 2016</u>
School Buses (2)	98,022	\$ 16,374		\$ 16,374	
School Buses (2)	135,761	80,000		15,365	\$ 64,635
2017 School Bus	85,000	-	\$ 85,000	25,000	60,000
		<u>\$ 96,374</u>	<u>\$ 85,000</u>	<u>\$ 56,739</u>	<u>\$ 124,635</u>

**NUTLEY BOARD OF EDUCATION  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 2,654,699		\$ 2,654,699	\$ 2,654,699	
State Sources					
Debt Service Aid	<u>821,929</u>	<u>-</u>	<u>821,929</u>	<u>821,929</u>	<u>-</u>
Total Revenues	<u>3,476,628</u>	<u>-</u>	<u>3,476,628</u>	<u>3,476,628</u>	<u>-</u>
<b>EXPENDITURES</b>					
Regular Debt Service					
Principal	2,125,000		2,125,000	2,125,000	
Interest	<u>1,351,630</u>	<u>-</u>	<u>1,351,630</u>	<u>1,351,629</u>	<u>\$ 1</u>
Total Expenditures	<u>3,476,630</u>	<u>-</u>	<u>3,476,630</u>	<u>3,476,629</u>	<u>1</u>
Excess of Revenues	(2)	-	(2)	(1)	1
Fund Balance, Beginning of Year	<u>3</u>	<u>-</u>	<u>3</u>	<u>3</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 2</u>	<u>\$ 1</u>

## Analysis of Restricted Fund Balance

Designated for Subsequent Year's Budget	\$ 1
Available for Debt Service	<u>1</u>
	<u>\$ 2</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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Governmental Activities</b>							Restated			
Net Investment In Capital Assets	\$ 13,609,118	\$ 14,475,397	\$ 15,636,633	\$ 16,312,379	\$ 17,533,190	\$ 17,943,222	\$ 18,517,662	\$ 18,590,958	\$ 18,540,094	\$ 19,313,537
Restricted	489,609	736,150	126,032	127,084	98,770	124,182	1,175,583	2,676,310	3,492,729	4,864,909
Unrestricted	(1,337,831)	(3,193,451)	(4,035,534)	(2,608,168)	(2,166,905)	9,923	2,111,252	(15,840,785)	(16,363,514)	(16,909,567)
<b>Total Governmental Activities Net Position</b>	<u>\$ 12,760,896</u>	<u>\$ 12,018,096</u>	<u>\$ 11,727,131</u>	<u>\$ 13,831,295</u>	<u>\$ 15,465,055</u>	<u>\$ 18,077,327</u>	<u>\$ 21,804,497</u>	<u>\$ 5,426,483</u>	<u>\$ 5,669,309</u>	<u>\$ 7,268,879</u>
<b>Business-Type Activities</b>										
Net Investment In Capital Assets	\$ 16,493	\$ 14,775	\$ 13,056	\$ 11,337	\$ 9,844	\$ 8,363	\$ 114,056	\$ 99,715	\$ 98,186	\$ 90,147
Unrestricted	266,897	298,723	166,709	128,685	79,524	197,161	373,744	587,550	786,662	1,038,986
<b>Total Business-Type Activities Net Position</b>	<u>\$ 283,390</u>	<u>\$ 313,498</u>	<u>\$ 179,765</u>	<u>\$ 140,022</u>	<u>\$ 89,368</u>	<u>\$ 205,524</u>	<u>\$ 487,800</u>	<u>\$ 687,265</u>	<u>\$ 884,848</u>	<u>\$ 1,129,133</u>
<b>District-Wide</b>										
Net Investment In Capital Assets	\$ 13,625,611	\$ 14,490,172	\$ 15,649,689	\$ 16,323,716	\$ 17,543,034	\$ 17,951,585	\$ 18,631,718	\$ 18,690,673	\$ 18,638,280	\$ 19,403,684
Restricted	489,609	736,150	126,032	127,084	98,770	124,182	1,175,583	2,676,310	3,492,729	4,864,909
Unrestricted	(1,070,934)	(2,894,728)	(3,868,825)	(2,479,483)	(2,087,381)	207,084	2,484,996	(15,253,235)	(15,576,852)	(15,870,581)
<b>Total District Net Position</b>	<u>\$ 13,044,286</u>	<u>\$ 12,331,594</u>	<u>\$ 11,906,896</u>	<u>\$ 13,971,317</u>	<u>\$ 15,554,423</u>	<u>\$ 18,282,851</u>	<u>\$ 22,292,297</u>	<u>\$ 6,113,748</u>	<u>\$ 6,554,157</u>	<u>\$ 8,398,012</u>

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
<b>Governmental Activities</b>										
Instruction										
Regular	\$ 25,354,876	\$ 26,888,106	\$ 26,145,394	\$ 26,623,533	\$ 27,081,240	\$ 26,758,166	\$ 27,419,378	\$ 28,391,303	\$ 33,504,690	\$ 34,587,775
Special Education	7,275,548	8,294,047	8,975,941	8,850,271	8,725,614	9,528,464	10,429,282	10,727,289	12,894,166	12,965,002
Other Instruction	926,241	1,265,638	968,273	1,402,851	1,233,574	1,389,023	1,466,465	1,294,381	1,411,766	1,598,362
School Sponsored Activities And Athletics	1,059,524	1,145,844	1,400,875	1,148,210	1,168,815	1,235,319	1,260,343	1,329,760	1,666,089	1,777,672
Community Services	7,109	16,514	7,627	5,567	7,487	11,555	14,010	22,149	14,725	8,178
Support Services										
Student And Instruction Related Services	5,455,907	6,146,618	6,143,456	6,990,705	6,565,253	6,865,496	7,196,414	7,553,144	8,502,186	9,071,293
General Administration	1,176,740	1,231,115	1,436,551	1,368,301	1,743,098	1,981,393	2,116,336	2,076,679	2,177,346	2,038,030
School Administrative Services	3,568,411	4,065,977	3,784,784	3,970,094	4,213,992	4,013,565	3,971,209	4,072,242	4,639,417	5,013,306
Plant Operations And Maintenance	5,570,366	5,753,722	6,042,339	5,531,637	5,428,247	5,147,653	5,348,366	5,544,444	5,647,257	5,807,656
Pupil Transportation	1,980,529	2,259,307	2,129,792	2,011,330	2,086,203	2,033,798	1,981,555	2,254,536	2,499,702	2,463,922
Business Services	1,349,793	1,403,132	1,400,267	1,480,215	1,500,226	1,267,237	1,245,684	1,330,423	1,436,409	1,650,848
Increase in Deferred Pension Liability			227,063							
Interest On Long-Term Debt	728,493	2,378,802	2,433,786	2,337,249	2,281,324	2,241,443	2,402,651	1,895,079	1,843,704	1,678,057
<b>Total Governmental Activities Expenses</b>	<b>54,453,537</b>	<b>60,848,822</b>	<b>61,096,148</b>	<b>61,719,965</b>	<b>62,035,073</b>	<b>62,473,112</b>	<b>64,851,693</b>	<b>66,491,429</b>	<b>76,237,457</b>	<b>78,660,101</b>
<b>Business-Type Activities:</b>										
Food Service	915,379	912,017	946,090	861,182	1,110,276	960,177	899,942	918,360	846,273	916,514
Extended Day	804,495	819,850	1,013,512	841,234	613,967	623,930	655,239	690,063	836,125	854,554
Athletic Camps		17,143	14,384	15,477	17,690	16,836	11,768	15,558	-	-
<b>Total Business-Type Activities Expense</b>	<b>1,719,874</b>	<b>1,749,010</b>	<b>1,973,986</b>	<b>1,717,893</b>	<b>1,741,933</b>	<b>1,600,943</b>	<b>1,566,949</b>	<b>1,623,981</b>	<b>1,682,398</b>	<b>1,771,068</b>
<b>Total District Expenses</b>	<b>\$ 56,173,411</b>	<b>\$ 62,597,832</b>	<b>\$ 63,070,134</b>	<b>\$ 63,437,856</b>	<b>\$ 63,777,006</b>	<b>\$ 64,074,055</b>	<b>\$ 66,418,642</b>	<b>\$ 68,115,410</b>	<b>\$ 77,919,855</b>	<b>\$ 80,431,169</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges For Services:										
Instruction (Tuition)	\$ 73,703	\$ 149,591	\$ 149,048	\$ 145,554	\$ 158,071	\$ 130,494	\$ 167,909	\$ 166,386	\$ 242,148	\$ 153,876
Pupil Transportation	98,884	111,952	77,995	76,215	42,300	53,493	41,220	44,170	44,970	9,100
Operating Grants And Contributions	10,039,612	10,921,349	8,108,728	10,285,697	8,482,649	8,677,804	10,130,902	9,372,573	16,734,781	19,664,224
Capital Grants And Contributions	4,472,504	613,873	13,595	29,167	65,814	-	567,532			
<b>Total Governmental Activities Program Revenues</b>	<b>14,684,703</b>	<b>11,796,765</b>	<b>8,349,366</b>	<b>10,536,633</b>	<b>8,748,834</b>	<b>8,861,791</b>	<b>10,907,563</b>	<b>9,583,129</b>	<b>17,021,899</b>	<b>19,827,200</b>
<b>Business-Type Activities:</b>										
Charges For Services:										
Food Service	640,493	650,501	731,200	630,926	736,107	768,611	688,996	785,006	761,257	741,578
Extended Day	794,541	815,868	857,797	789,565	647,590	714,196	818,730	916,906	891,490	1,016,495
Athletic Camps		17,615	14,805	15,485	18,975	19,330	8,825	15,900	1,700	
Operating Grants And Contributions	107,500	119,035	136,231	156,667	188,453	214,863	225,396	236,632	230,530	257,066
<b>Total Business Type Activities Program Revenues</b>	<b>1,542,534</b>	<b>1,603,019</b>	<b>1,740,033</b>	<b>1,592,643</b>	<b>1,591,125</b>	<b>1,717,000</b>	<b>1,741,947</b>	<b>1,954,444</b>	<b>1,884,977</b>	<b>2,015,139</b>
<b>Total District Program Revenues</b>	<b>\$ 16,227,237</b>	<b>\$ 13,399,784</b>	<b>\$ 10,089,399</b>	<b>\$ 12,129,276</b>	<b>\$ 10,339,959</b>	<b>\$ 10,578,791</b>	<b>\$ 12,649,510</b>	<b>\$ 11,537,573</b>	<b>\$ 18,906,876</b>	<b>\$ 21,842,339</b>

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (39,768,834)	\$ (49,052,057)	\$ (52,746,782)	\$ (51,183,330)	\$ (53,286,239)	\$ (53,611,321)	\$ (53,944,130)	\$ (56,908,300)	\$ (59,215,558)	\$ (58,832,901)
Business-Type Activities	(177,340)	(145,991)	(233,953)	(125,250)	(150,808)	116,057	174,998	330,463	202,579	244,071
<b>Total District-Wide Net Expense</b>	<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>	<u>\$ (59,012,979)</u>	<u>\$ (58,588,830)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes	\$ 41,346,944	\$ 43,339,146	\$ 46,431,396	\$ 48,149,095	\$ 50,112,604	\$ 51,056,143	\$ 52,016,386	\$ 52,931,802	\$ 53,867,824	\$ 54,765,838
State Aid Unrestricted	11,714	11,020	1,311,714	3,972,780	3,119,283	3,936,364	4,348,256	4,332,821	4,421,065	4,436,197
Restricted Grants And Contributions	3,439,053	3,632,148	4,214,887	975,985	828,388	826,730	824,615	823,700	822,251	821,929
Investment Earnings	382,866	1,337,719	277,389	10,250	-	-	-	-	-	-
Miscellaneous Income	292,070	164,224	320,431	264,384	210,434	461,504	414,967	435,543	391,327	435,680
Donated Capital Assets	765,718	-	-	-	-	-	-	-	-	-
Loss on Disposal of Capital Assets	-	-	-	-	-	(57,148)	-	-	(22,215)	(27,173)
Transfers	(156,766)	(175,000)	(100,000)	(85,000)	(100,000)	-	-	-	-	-
<b>Total Governmental Activities</b>	<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>	<u>59,480,252</u>	<u>60,432,471</u>
Business-Type Activities:										
Investment Earnings	\$ 4,652	\$ 1,099	\$ 220	\$ 507	\$ 154	\$ 99	\$ 104	\$ 122	\$ 140	\$ 214
Loss on Disposal of Capital Assets	-	-	-	-	-	-	-	-	(5,136)	-
Transfers	156,766	175,000	100,000	85,000	100,000	-	-	-	-	-
<b>Total Business-Type Activities</b>	<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>	<u>(4,996)</u>	<u>214</u>
<b>Total District-Wide</b>	<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>	<u>\$ 59,475,256</u>	<u>\$ 60,432,685</u>
<b>Change in Net Position</b>										
Governmental Activities	\$ 6,312,765	\$ (742,800)	\$ (290,965)	\$ 2,104,164	\$ 884,470	\$ 2,612,272	\$ 3,660,094	\$ 1,615,566	\$ 264,694	\$ 1,599,570
Business-Type Activities	(15,922)	30,108	(133,733)	(39,743)	(50,654)	116,156	175,102	330,585	197,583	244,285
<b>Total District</b>	<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>	<u>\$ 462,277</u>	<u>\$ 1,843,855</u>

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

	Fiscal Year Ended June 30.									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>General Fund</b>										
Reserved	\$ 1,459,108	\$ 979,517	\$ 181,364	\$ 973,343						
Unreserved	197,126	798,154	(251,591)	213,705						
Restricted					\$ 876,583	\$ 2,010,762	\$ 3,563,000	\$ 4,611,520	\$ 5,248,019	\$ 5,884,777
Committed							768,085	1,017,859	999,913	1,163,964
Assigned					142,244	346,862	782,558	753,498	405,188	1,351,514
Unassigned	-	-	-	-	440,335	349,037	294,743	463,377	394,823	396,003
<b>Total General Fund</b>	<u>\$ 1,656,234</u>	<u>\$ 1,777,671</u>	<u>\$ (70,227)</u>	<u>\$ 1,187,048</u>	<u>\$ 1,459,162</u>	<u>\$ 2,706,661</u>	<u>\$ 5,408,386</u>	<u>\$ 6,846,254</u>	<u>\$ 7,047,943</u>	<u>\$ 8,796,258</u>
<b>All Other Governmental Funds</b>										
Reserved	\$ 6,399,493	\$ 10,187,357	\$ 14,149,281	\$ 11,156,675						
Unreserved	(6,054,402)	21,439,490	10,770,918	2,969,675						
Restricted	-	-	-	-	\$ 4,747,642	\$ 2,500,503	\$ 2,793,597	\$ 2,641,984	\$ 1,369,990	\$ 1,209,231
<b>Total All Other Governmental Funds</b>	<u>\$ 345,091</u>	<u>\$ 31,626,847</u>	<u>\$ 24,920,199</u>	<u>\$ 14,126,350</u>	<u>\$ 4,747,642</u>	<u>\$ 2,500,503</u>	<u>\$ 2,793,597</u>	<u>\$ 2,641,984</u>	<u>\$ 1,369,990</u>	<u>\$ 1,209,231</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,

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues</b>										
Tax Levy	\$ 41,346,944	\$ 43,339,146	\$ 46,431,396	\$ 48,149,095	\$ 50,112,604	\$ 51,056,143	\$ 52,016,386	\$ 52,931,802	\$ 53,867,824	\$ 54,765,838
Tuition Charges	73,703	149,591	149,048	145,554	158,071	130,494	167,909	166,386	242,148	153,876
Transportation Fees	98,884	111,952	77,995	76,215	42,300	53,493	41,220	44,170	44,970	9,100
Miscellaneous	688,559	1,519,187	673,236	336,983	220,231	515,818	456,955	508,306	413,059	471,012
State Sources	16,663,301	13,883,304	12,411,474	12,285,868	10,770,909	12,198,392	14,056,089	13,319,923	14,187,967	15,326,113
Federal Sources	1,285,959	1,277,842	1,162,034	2,915,412	1,715,428	1,188,192	1,773,228	1,136,408	1,318,310	1,433,829
<b>Total Revenues</b>	<b>60,157,350</b>	<b>60,281,022</b>	<b>60,905,183</b>	<b>63,909,127</b>	<b>63,019,543</b>	<b>65,142,532</b>	<b>68,511,787</b>	<b>68,106,995</b>	<b>70,074,278</b>	<b>72,159,768</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	25,240,736	26,535,273	25,689,846	26,397,254	27,042,139	27,111,748	27,368,714	28,154,882	29,014,834	29,057,613
Special Education Instruction	7,261,192	8,250,847	8,917,403	8,827,396	8,734,423	9,597,730	10,444,298	10,719,106	11,863,284	11,742,726
Other Instruction	926,241	1,265,638	968,273	1,402,851	1,233,574	1,389,023	1,466,465	1,294,381	1,193,421	1,338,495
School Sponsored Activities And Athletics	1,044,070	1,087,272	1,345,077	1,092,413	1,168,815	1,235,319	1,260,343	1,329,760	1,470,857	1,527,737
Community Services	7,085	16,442	7,552	5,492	7,487	11,555	14,010	22,149	12,655	6,815
<b>Support Services</b>										
Student & Inst. Related Services	5,420,690	6,040,444	6,026,731	6,894,921	6,250,234	6,573,596	6,671,377	7,008,335	7,211,891	7,549,527
General Administration	1,168,098	1,215,791	1,410,723	1,360,877	1,258,021	1,526,592	1,346,143	1,427,271	1,430,737	1,497,630
School Administration	3,552,671	4,021,619	3,720,492	3,969,974	4,218,808	4,115,123	3,988,349	4,058,543	4,366,535	4,474,823
Plant Operations And Maintenance	5,483,907	5,632,810	5,909,053	5,447,737	5,371,825	5,182,274	5,190,641	5,415,913	5,495,831	5,436,951
Pupil Transportation	1,916,150	2,063,100	1,948,256	1,844,421	1,913,148	1,881,001	1,739,700	2,003,893	2,170,794	2,032,271
Other Support Services	1,342,790	1,384,060	1,365,114	1,484,826	1,510,049	1,344,469	1,262,427	1,321,299	1,456,747	1,538,732
Capital Outlay	14,484,261	8,307,853	7,424,175	10,989,910	9,621,939	2,416,195	542,478	243,975	1,748,011	829,680
<b>Debt Service:</b>										
Principal	659,469	693,032	1,328,318	1,401,850	1,475,263	1,586,442	1,964,707	1,724,681	1,821,106	2,181,739
Interest And Other Charges	733,483	705,413	3,298,716	2,362,646	2,307,851	2,269,127	2,286,927	2,096,552	2,242,733	1,442,475
<b>Total Expenditures</b>	<b>69,240,843</b>	<b>67,219,594</b>	<b>69,359,729</b>	<b>73,482,568</b>	<b>72,113,576</b>	<b>66,240,194</b>	<b>65,546,579</b>	<b>66,820,740</b>	<b>71,499,436</b>	<b>70,657,212</b>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(9,083,493)	(6,938,572)	(8,454,546)	(9,573,441)	(9,094,033)	(1,097,662)	2,965,208	1,286,255	(1,425,158)	1,502,556
<b>Other Financing Sources (Uses)</b>										
Serial Bonds Issued		38,500,000								
Payments to Escrow Agent							(12,688,407)		(32,947,950)	
Refunding Bond Proceeds							11,860,000		30,445,000	
Capital Leases (Non-Budgeted)	17,100	16,765		121,867	87,439	98,022	-		135,761	85,000
Premium On Bonds							946,633		2,722,042	
Cancellation of State Grant Receivable							(88,615)			
Transfers In	179,742	1,314,038	871,526	13,151	17,720	2,837	88,284	1,554	1,483	2,108
Transfers Out	(336,508)	(1,489,038)	(971,526)	(98,151)	(117,720)	(2,837)	(88,284)	(1,554)	(1,483)	(2,108)
<b>Total Other Financing Sources (Uses)</b>	<b>(139,666)</b>	<b>38,341,765</b>	<b>(100,000)</b>	<b>36,867</b>	<b>(12,561)</b>	<b>98,022</b>	<b>29,611</b>	<b>-</b>	<b>354,853</b>	<b>85,000</b>
<b>Net Change In Fund Balances</b>	<b>\$ (9,223,159)</b>	<b>\$ 31,403,193</b>	<b>\$ (8,554,546)</b>	<b>\$ (9,536,574)</b>	<b>\$ (9,106,594)</b>	<b>\$ (999,640)</b>	<b>\$ 2,994,819</b>	<b>\$ 1,286,255</b>	<b>\$ (1,070,305)</b>	<b>\$ 1,587,556</b>
<b>Debt Service As A Percentage Of Noncapital Expenditures</b>	<b>2.54%</b>	<b>2.37%</b>	<b>7.47%</b>	<b>6.02%</b>	<b>6.05%</b>	<b>6.04%</b>	<b>6.54%</b>	<b>5.74%</b>	<b>5.83%</b>	<b>5.19%</b>

\* Noncapital expenditures are total expenditures less capital outlay.

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

<b>Fiscal Year Ended June 30</b>	<b><u>Interest</u></b>	<b><u>Tuition</u></b>	<b><u>Transportation</u></b>	<b><u>Rentals</u></b>	<b><u>Admissions</u></b>	<b><u>Miscellaneous</u></b>	<b><u>Total</u></b>
2007	\$ 382,866	\$ 73,703	\$ 98,884	\$ 15,803	\$ 11,995	\$ 264,272	\$ 847,523
2008	97,482	149,591	111,952	19,337	14,224	130,663	523,249
2009	19,136	149,048	77,995	11,776	10,284	298,371	566,610
2010	10,250	145,554	76,215	12,965	14,765	223,503	483,252
2011	4,742	158,071	42,300	66,581	8,724	112,667	393,085
2012	5,979	130,494	53,493	161,626	8,485	282,577	642,654
2013	8,725	167,909	41,220	133,693	9,776	261,221	622,544
2014	9,969	166,386	44,170	161,089	14,796	248,135	644,545
2015	10,160	242,148	44,970	184,488	6,627	188,569	676,962
2016	15,177	153,876	9,100	188,564	10,442	219,389	596,548

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>a</sup>
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	\$ 1.020
2008	29,946,400	3,336,628,400	625,622,300	22,841,600	156,053,000	4,171,091,700	6,432,300	4,177,524,000	4,426,428,051	1.075
2009	28,640,900	3,297,532,600	627,915,900	22,718,200	154,256,000	4,131,063,600	8,295,500	4,139,359,100	4,332,449,559	1.142
2010	26,073,300	2,900,930,800	629,682,000	19,997,000	154,924,400	3,731,607,500	6,781,700	3,738,389,200	4,348,470,726	1.314
2011	25,612,700	2,825,485,200	628,463,200	19,955,100	156,726,800	3,656,243,000	5,941,300	3,662,184,300	4,026,699,339	1.381
2012	24,517,100	2,691,525,000	626,050,300	17,871,800	157,079,300	3,517,043,500	6,245,100	3,523,288,600	3,839,000,008	1.463
2013	24,137,700	2,595,694,900	626,196,900	17,188,700	156,756,200	3,419,974,400	9,206	3,419,983,606	3,736,274,900	1.535
2014	25,436,700	2,595,229,600	537,704,700	14,281,700	157,518,900	3,330,171,600	9,200	3,330,180,800	3,642,872,019	1.564
2015	25,537,800	2,600,236,500	433,136,000	12,845,700	168,110,400	3,239,866,400	9,200	3,239,875,600	3,554,993,213	1.596
2016	25,383,100	2,604,434,300	433,441,600	11,831,600	173,652,900	3,248,743,500		3,248,743,500	3,584,622,642	1.622

Source: County Abstract of Ratables

<sup>a</sup> 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>
2007	\$ 1.020	\$ 0.750	\$ 0.400	\$0.010	\$ 2.180
2008	1.075	0.795	0.398	0.016	2.284
2009	1.142	0.830	0.395	0.016	2.383
2010	1.314	0.987	0.458	0.018	2.777
2011	1.381	1.040	0.471	0.017	2.909
2012	1.463	1.078	0.491	0.017	3.049
2013	1.535	1.129	0.522	0.017	3.203
2014	1.564	1.153	0.540	0.017	3.274
2015	1.596	1.176	0.527	0.017	3.316
2016	1.622	1.197	0.534	0.017	3.370

Source: Township of Nutley, Tax Assessor

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

Taxpayer	2016		2007	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Hoffman-LaRoche, Inc.	\$ 125,258,200	3.86%	\$ 304,149,696	7.31%
492 River Road Reckson	22,532,000	0.69%	26,035,600	0.63%
Nutley Properties	18,616,000	0.57%	20,356,800	0.49%
Public Service Electric & Gas			16,874,600	0.41%
Village Manor Associates	17,324,300	0.53%	17,324,300	0.42%
432 Owners Inc.	16,320,000	0.50%	33,000,000	0.79%
M&M @ E Centre St	17,609,400	0.54%		
Nutley Shop-Rite	11,293,600	0.35%	12,458,700	0.30%
Jerc Partners III	8,006,800	0.25%		
NSP Management Co.	7,045,300	0.22%	8,074,300	0.19%
Preponent Federal Credit Union				
Arla Associates			8,031,200	0.19%
River Road Associates	6,750,000	0.21%	7,267,700	0.17%
Total	<u>\$ 250,755,600</u>	<u>7.72%</u>	<u>\$ 453,572,896</u>	<u>10.90%</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	
2007	\$ 41,346,944	\$ 41,346,944	100.00%	N/A
2008	43,339,146	43,339,146	100.00%	N/A
2009	46,431,396	46,431,396	100.00%	N/A
2010	48,149,095	48,149,095	100.00%	N/A
2011	50,112,604	50,112,604	100.00%	N/A
2012	51,056,143	51,056,143	100.00%	N/A
2013	52,016,386	52,016,386	100.00%	N/A
2014	52,931,802	52,931,802	100.00%	N/A
2015	53,867,824	53,867,824	100.00%	N/A
2016	54,765,838	54,765,838	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			
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	28,402	1,797
2012	49,363,000	195,505	49,558,505	28,512	1,738
2013	47,890,000	137,979	48,027,979	28,500	1,685
2014	46,225,000	78,298	46,303,298	28,587	1,620
2015	44,930,000	96,374	45,026,374	28,698	1,569
2016	42,805,000	124,635	42,929,635	28,748	1,493

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			
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%	1,791
2012	49,363,000		49,363,000	1.4%	1,731
2013	47,890,000		47,890,000	1.4%	1,680
2014	46,225,000		46,225,000	1.4%	1,617
2015	44,930,000		44,930,000	1.4%	1,566
2016	42,805,000		42,805,000	1.3%	1,489

Source: District records

N/A - Information Not Available



**NUTLEY BOARD OF EDUCATION  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
AS OF JUNE 30, 2016  
(Unaudited)**

Net Direct Debt of School District as of June 30, 2016		\$ 42,805,000
Net Overlapping Debt of School District		
Township of Nutley	\$ 15,472,551	
Essex County	20,965,526	
Essex County Utilities Authority (A)	2,289,091	
Passaic Valley Sewerage Commission (B)	6,452,735	
North Jersey District Water Supply Commission (B)	<u>686,437</u>	
		<u>45,866,340</u>
 Total Direct and Overlapping Debt as of June 30, 2016		 <u>\$ 88,671,340</u>

(A) The debt for this entity was apportioned by dividing the Municipality's 2016 equalized value by the total 2016 equalized value for Essex County.

(B) Overlapping debt was computed based upon usage

Sources:

- (1) Township of Nutley 2015 Annual Debt Statement
- (2) Essex County 2015 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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 155,061,050	\$ 166,956,137	\$ 172,705,021	\$ 173,514,287	\$ 169,927,836	\$ 164,911,330	\$ 158,545,501	\$ 153,352,090	\$ 148,988,680	\$ 145,714,626
Total Net Debt Applicable To Limit	55,563,987	54,968,987	53,683,987	52,303,987	50,863,987	49,363,087	47,890,604	46,225,000	44,930,000	42,805,000
Legal Debt Margin	<u>\$ 99,497,063</u>	<u>\$ 111,987,150</u>	<u>\$ 119,021,034</u>	<u>\$ 121,210,300</u>	<u>\$ 119,063,849</u>	<u>\$ 115,548,243</u>	<u>\$ 110,654,897</u>	<u>\$ 107,127,090</u>	<u>\$ 104,058,680</u>	<u>\$ 102,909,626</u>
Total net debt applicable to the limit as a percentage of debt limit	35.83%	32.92%	31.08%	30.14%	29.93%	29.93%	30.21%	30.14%	30.16%	29.38%

**Legal Debt Margin Calculation for Fiscal Year 2016**

Equalized Valuation Basis

2015	\$ 3,574,827,761
2014	3,633,575,123
2013	3,720,194,061
	<u>\$ 10,928,596,945</u>

Average Equalized Valuation of Taxable Property	\$ 3,642,865,648
Debt Limit (4 % of Average Equalization Value)	\$ 145,714,626
Total Net Debt Applicable to Limit	<u>42,805,000</u>
Legal Debt Margin	<u>\$ 102,909,626</u>

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

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

<u>Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2007	26,519	\$ 51,568	3.6%
2008	26,188	53,136	4.7%
2009	26,064	51,288	8.1%
2010	26,111	52,324	9.0%
2011	28,402	55,014	8.5%
2012	28,512	55,404	8.2%
2013	28,500	55,692	7.1%
2014	28,587	58,319	6.0%
2015	28,698	N/A	5.1%
2016	28,748	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)

<b>Function/Program</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Instruction										
Regular	251	303	303	271	271	257	226	225	231	240
Special Education	35	40	40	43	43	50	53	52	56	57
Support Services										
Student and Instruction Related Services	51	62	62	85	86	107	138	147	141	161
General Administration	3	3	3	3	3	3	5	5	5	5
School Administrative Services	10	10	11	10	10	10	10	10	10	10
Other Administrative Services	9	11	11	7	7	9	9	11	12	12
Central Services	19	19	19	13	13	11	9	9	8	8
Administrative Information Technology	3	4	4	4	4	4	4	4	4	4
Plant Operations and Maintenance	42	42	42	42	40	40	36	38	37	39
Pupil Transportation	31	31	32	32	31	31	31	31	31	31
Other Support Services	71	69	69	66	58	23	23	23	23	23
Food Service	14	12	12	11	11	-	-			
<b>Total</b>	<b>539</b>	<b>606</b>	<b>606</b>	<b>587</b>	<b>577</b>	<b>545</b>	<b>543</b>	<b>555</b>	<b>558</b>	<b>590</b>

Source: District Personnel Records

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

Teacher/Pupil Ratio

Fiscal Year	Enrollment	Operating Expenditures (A)	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Teacher/Pupil Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2007	4,104	\$ 53,363,630	\$ 13,003	9.77%	336.0	11	13	14	4,065	3,854	-2.75%	94.81%
2008	4,082	57,513,296	14,089	8.36%	406.0	8	10	11	4,015	3,814	-1.23%	94.99%
2009	4,091	57,308,520	14,008	-0.58%	407.0	8	10	10	4,046	3,846	0.77%	95.06%
2010	4,080	58,728,162	14,394	2.75%	396.0	10	12	12	4,056	3,841	-0.25%	95.17%
2011	3,946	58,708,523	14,878	3.36%	358.0	11	12	14	3,903	3,710	-3.30%	95.06%
2012	3,980	59,968,430	15,067	1.27%	336.4	12	13	15	3,962	3,762	1.51%	94.95%
2013	4,045	60,752,467	15,019	-0.32%	308.9	13	14	17	4,036	3,832	1.87%	94.95%
2014	4,015	62,755,532	15,630	4.07%	311.4	15	15	15	4,020	3,820	-0.40%	95.02%
2015	4,003	65,687,586	16,410	4.99%	305.0	13	13	15	4,005	3,807	-0.37%	95.06%
2016	4,038	66,203,318	16,395	-0.09%	334.0	14	13	15	4,026	3,826	0.52%	95.03%

Sources: District records

(A) Excludes Debt Service and Capital Outlay Expenditures

N/A - Not Available

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>District Building</b>										
<b>Nutley High School</b>										
Square Feet	192,260.00	192,260.00	192,260.00	192,260.00	192,260.00	192,260.00	192,260.00	192,260.00	192,260.00	192,260.00
Capacity (students)	909.62	909.62	909.62	909.62	906.62	906.62	909.62	909.62	909.62	909.62
Enrollment	1,355.00	1,338.50	1,276.00	1,296.00	1,296.00	1,296.00	1,283.00	1,246.00	1,242.00	1,244.00
<b>John H. Walker Middle School</b>										
Square Feet	128,036.00	128,036.00	128,036.00	128,036.00	128,036.00	128,036.00	128,036.00	128,036.00	128,036.00	128,036.00
Capacity (students)	412.99	412.99	412.99	412.99	412.99	412.99	412.99	412.99	412.99	412.99
Enrollment *	581.00	638.00	674.00	642.00	642.00	642.00	647.00	637.00	618.00	612.00
<b>Radcliffe Elementary School</b>										
Square Feet	45,305.00	45,305.00	45,305.00	45,305.00	45,305.00	45,305.00	45,305.00	45,305.00	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	349.00	346.00	345.00	372.00	372.00	372.00	336.00	342.00	338.00	326.00
<b>Yantacaw Elementary School</b>										
Square Feet	49,512.00	49,512.00	49,512.00	49,512.00	49,512.00	49,512.00	49,512.00	49,512.00	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	492.00	476.00	487.00	469.00	469.00	469.00	491.00	470.00	487.00	461.00
<b>Washington Elementary School</b>										
Square Feet	49,097.00	49,067.00	49,067.00	49,067.00	49,067.00	49,067.00	49,067.00	49,067.00	49,067.00	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	396.00	363.00	377.00	394.00	394.00	394.00	423.00	453.00	483.00	546.00
<b>Spring Garden Elementary School</b>										
Square Feet	43,955.00	43,955.00	43,955.00	43,955.00	43,955.00	43,955.00	51,155.00	51,155.00	51,155.00	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	391.00	380.00	397.00	381.00	381.00	381.00	384.00	356.00	351.00	359.00
<b>Lincoln Elementary School</b>										
Square Feet	56,342.00	56,342.00	56,342.00	56,342.00	56,342.00	56,342.00	56,342.00	56,342.00	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	492.00	497.00	473.00	495.00	495.00	495.00	482.00	511.00	484.00	490.00
<b>Other</b>										
<b>Maintenance Warehouse</b>										
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
<b>Demuro Park Field House</b>										
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
<b>Oval Refreshment Stand</b>										
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
<b>Storage Shed</b>										
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, 2016										
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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Nutley High School	\$ 301,115	\$ 267,526	\$ 321,106	\$ 250,152	\$ 261,637	\$ 239,747	\$ 263,863	\$ 279,224	\$ 277,532	\$ 274,644
Franklin Middle School	95,214	196,710	190,734	202,379	165,035	151,226	195,781	157,652	167,526	164,414
Lincoln Elementary School	50,957	62,993	80,561	67,766	83,263	76,296	70,451	65,199	85,767	68,938
Radcliffe Elementary School	106,810	63,389	70,247	58,309	74,111	67,910	84,036	85,308	108,058	133,787
Spring Garden Elementary School	56,796	52,385	65,985	54,025	69,175	63,387	72,135	61,936	75,250	89,235
Washington Elementary School	64,067	65,176	77,750	64,824	98,554	90,308	97,322	118,943	87,238	78,377
Yantacaw Elementary School	<u>123,260</u>	<u>57,382</u>	<u>74,153</u>	<u>58,396</u>	<u>63,486</u>	<u>58,174</u>	<u>80,635</u>	<u>78,540</u>	<u>66,747</u>	<u>91,361</u>
Grand Total	<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>	<u>\$ 868,118</u>	<u>\$ 900,756</u>



**NUTLEY BOARD OF EDUCATION  
SCHEDULE OF INSURANCE  
JUNE 30, 2016  
(Unaudited)**

	<u>Insurance Company</u>	<u>Coverage</u>	<u>Deductible</u>
All Real and Personal Property and Theft of Contents	Suburban Essex JIF	\$ 250,000	\$ 500
	Multiple Carriers - Shared Layers	149,749,500	250,000
Money and Security Loss	Suburban Essex JIF	250,000	500
	Selective Insurance Company of America	249,500	250,000
General Liability (BI and PD)	Suburban Essex JIF	250,000	N/A
	Selective Insurance Company of America	9,750,000	250,000
Automobile Liability	Suburban Essex JIF	250,000	N/A
	Selective Insurance Company of America	9,750,000	250,000
School Board Legal Liability	Suburban Essex JIF	100,000	N/A
	Selective Insurance Company of America	9,900,000	100,000
Excess Liability (GL / AL / SBLL)	General Reinsurance Corporation	5,000,000	N/A
Athletic Accident Insurance	Monumental Life Insurance Company	5,000,000	N/A
Interscholastic Sports Disability	Monumental Life Insurance Company	550,000	N/A
Voluntary Student Coverage - Excluding Athletes	Monumental Life Insurance Company	500,000	N/A
Worker's Compensation	Suburban Essex JIF	250,000	N/A
	Selective Insurance Company of America	Statutory Cov A 9,750,000 Cov B	250,000 250,000
Public Official Bonds Joanne Wilson Karen A. Yeamans	Selective	325,000	N/A
	RLI Insurance Company	3,000	N/A

Source: School District's records

**SINGLE AUDIT SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

ELIZABETH A. SHICK, 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  
MARK SACO, CPA  
SHERYL M. NICOLOSI, CPA  
ROBERT AMPONSAH, 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, 2016 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 15, 2016.

***Internal Control Over Financial Reporting***

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

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

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


***Compliance and Other Matters***


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

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Nutley Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 15, 2016.

***Purpose of this Report***

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

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

  
Gary J. Vinci  
Public School Accountant  
PSA Number CS00829

Fair Lawn, New Jersey  
November 15, 2016



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
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RALPH M. PICONE, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
MARK SACO, CPA  
SHERYL M. NICOLOSI, CPA  
ROBERT AMPONSAH, CPA

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT  
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE  
U.S. UNIFORM GUIDANCE AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL  
ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

**INDEPENDENT AUDITOR’S REPORT**

Honorable President and Members  
of the Board of Trustees  
Nutley Board of Education  
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) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Nutley Board of Education’s major federal and state programs for the fiscal year ended June 30, 2016. 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 federal and state statutes, regulations, and the terms and conditions of its federal awards and state financial assistance applicable to its federal and state programs.

***Auditor’s Responsibility***

Our responsibility is to express an opinion on compliance for each of the Nutley Board of Education’s major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, U.S. Uniform Guidance and New Jersey Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Nutley Board of Education’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on Each Major Federal and State Program***

In our opinion, the Nutley Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2016.

### ***Report on Internal Control Over Compliance***

Management of the Nutley Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Nutley Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Nutley Board of Education's internal control over compliance.


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


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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by the U.S. Uniform Guidance and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Nutley Board of Education as of and for the fiscal year ended June 30, 2016 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 15, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

  
Gary J. Vinci  
Public School Accountant  
PSA Number CS00829

Fair Lawn, New Jersey  
November 15, 2016

**NUTLEY BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Federal FAIN Number	Grant Period	Award Amount	Balance July 1, 2015			Cash Received	Budgetary Expenditures	Adjustment	Balance June 30, 2016		Memo GAAP Receivable
					(Accounts Receivable)	Unearned Revenue	Due to Grantor				(Accounts Receivable)	Unearned Revenue	
<b>U.S. Department of Education Passed Through State Department of Education General Fund</b>													
Medicaid Reimbursement	93.778		7/1/14 - 6/30/15	\$ 51,407	\$ (22,167)			\$ 22,167					\$ -
Medicaid Assistance Program	93.778	1605NI5MAP	7/1/15-6/30/16	53,986	-	-	-	53,986	53,986	-	-	-	-
Total General Fund - Medicaid Assistance					(22,167)	-	-	76,153	53,986	-	-	-	-
<b>Special Revenue Fund</b>													
Title I	84.010		7/1/14-6/30/15	210,952	(80,649)	\$ 34,734		45,915		\$ 34,734			\$ -
Title I	84.010	S010A150030	7/1/15-6/30/16	248,515	-	-	34,734	146,488	187,848	(34,734)	(136,781)	95,401	(41,380)
Total Title I					(80,649)	34,734	-	192,383	187,848	-	(136,781)	95,401	-
Title III	84.365		7/1/14-6/30/15	22,506	(18,533)	12,850		5,683		12,850			
Title III	84.365	S365A150030	7/1/15-6/30/16	20,957	-	-	12,850	16,104	28,036	(12,850)	(17,703)	5,771	(6,767)
Total Title III					(18,533)	12,850	-	21,787	28,036	-	(17,703)	5,771	-
IDEA Part B	84.027		7/1/14-6/30/15	880,924	(274,473)	96,060		178,413		96,060			
IDEA Part B	84.027	H027A150100	7/1/15-6/30/16	923,429	-	-	96,060	755,657	1,004,376	(96,060)	(263,832)	15,113	(246,587)
IDEA Part B Preschool	84.173		7/1/14-6/30/15	38,593	(14,553)	3,154		11,399		3,154			
IDEA Part B Preschool	84.173	H173A150114	7/1/15-6/30/16	39,753	-	-	3,154	42,671	42,671	(3,154)	(236)	236	-
Total IDEA					(289,026)	99,214	-	988,140	1,047,047	-	(264,068)	15,349	-
Carl D. Perkins - Secondary	84.048		7/1/14-6/30/15	21,098	(4,290)	2,263		2,027					
Carl D. Perkins - Secondary	84.048	V048A140030	7/1/15-6/30/16	17,698	-	-	-	16,042	17,382	-	(1,656)	316	(1,340)
Total Carl D. Perkins					(4,290)	2,263	-	18,069	17,382	-	(1,656)	316	-
Title II	84.367		7/1/14-6/30/15	83,843	(37,528)	27,446		10,082		27,446			
Title II	84.367	S367A150029	7/1/15-6/30/16	82,704	-	-	27,446	72,968	102,750	(27,446)	(37,182)	7,400	(26,982)
Total Title II					(37,528)	27,446	-	83,050	102,750	-	(37,182)	7,400	-
Total Special Revenue Fund					(430,026)	176,507	-	1,303,429	1,383,063	-	(457,390)	124,237	(323,056)
<b>U.S.D.A. Department of Agriculture Passed Through State Department of Education Enterprise Fund:</b>													
National School Lunch Program	10.555												
Non-Cash Assistance (Food Distribution)		16161NI304N1099	9/1/15-6/30/16	50,800				50,800	47,717			3,083	
Non-Cash Assistance (Food Distribution)			9/1/14-6/30/15	36,774		3,526			3,526				
Cash Assistance		16161NI304N1099	9/1/15-6/30/16	198,680				187,682	198,680		(10,998)		(10,998)
Cash Assistance			9/1/14-6/30/15	189,574	(15,760)			15,760					
Total Enterprise Fund - National School Lunch Program					(15,760)	3,526	-	254,242	249,923	-	(10,998)	3,083	(10,998)
Total Federal Financial Awards					\$ (467,953)	\$ 180,033	\$ -	\$ 1,633,824	\$ 1,686,972	\$ -	\$ (468,388)	\$ 127,320	\$ (334,054)



NUTLEY BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Department of Education	Grant or State Project Number	Grant	Award Amount	Balance July 1, 2015	Carryover Amount	Cash Received	Budgetary Encumbrances	Repayment of Prior Year Balances	Balance June 30, 2016		Memorandum	
									GAAP Receivable	Budgetary Encumbrances	GAAP Receivable	Budgetary Encumbrances
General Fund	15-495-034-5120-078	7/1/14-6/30/15	\$ 4,348,391	\$ (418,264)	\$	418,264	\$ 4,348,391					\$ 4,348,391
Equization Aid	16-495-034-5120-078	7/1/15-6/30/16	4,348,391	(232,076)	3,957,045							
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	2,412,726	(232,076)	2,184,489							2,412,726
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	70,151	(6,748)	6,748							70,151
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	70,151	(3,884)	3,884							70,151
PARCC Readiness	15-495-034-5120-098	7/1/14-6/30/15	40,380	(3,884)	36,560							40,380
PARCC Readiness	16-495-034-5120-098	7/1/15-6/30/16	40,380	(3,884)	36,560							40,380
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	40,380	(3,884)	36,560							40,380
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	40,380	(3,884)	36,560							40,380
Total State Aid Public			102,950	(654,855)	6,973,025							6,973,025
TPAF Pension Contribution - NCCI	16-495-034-5094-004	7/1/15-6/30/16	102,950		102,950							102,950
TPAF Pension Contribution	16-495-034-5094-002	7/1/15-6/30/16	2,066,710		2,066,710							2,066,710
TPAF Pension Contribution	16-100-034-5094-001	7/1/15-6/30/16	2,583,465		2,583,465							2,583,465
Total On-Behalf TPAF Pension			4,733,125		4,733,125							4,733,125
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	90,584	(8,713)	8,713							90,584
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	90,584	(392,346)	392,346							90,584
Extraordinary Aid	15-495-034-5120-044	7/1/14-6/30/15	427,718	(100,862)	100,862							427,718
Extraordinary Aid	16-495-034-5120-044	7/1/15-6/30/16	2,041,912	(1,909,724)	1,909,724							2,041,912
TPAF Social Security Contribution	15-495-034-5094-003	7/1/14-6/30/15	2,009,942		2,009,942							2,009,942
TPAF Social Security Contribution	16-495-034-5094-003	7/1/15-6/30/16	14,169,810	(1,166,777)	14,169,810							14,169,810
Total General Fund			34,600	\$ 344	34,600	\$ 344						34,600
New Jersey Nonpublic Aid	16-100-034-5120-064	7/1/15-6/30/16	34,600		34,600							34,600
Textbooks	15-100-034-5120-064	7/1/14-6/30/15	111,253	8,621	111,253							111,253
Auxiliary Services	16-100-034-5120-067	7/1/15-6/30/16	125,412	4,567	125,412							125,412
Compensatory Education	15-100-034-5120-067	7/1/14-6/30/15	7,308	24,495	31,803							31,803
English as a Second Language	15-100-034-5120-067	7/1/14-6/30/15	24,495	25,181	49,676							49,676
English as a Second Language	16-100-034-5120-067	7/1/15-6/30/16	1,965	(587)	1,378							1,378
Transportation	15-100-034-5120-067	7/1/14-6/30/15	50,362	31,039	81,401							81,401
Transportation	16-100-034-5120-067	7/1/15-6/30/16	1,965	235	2,200							2,200
Home Instruction	15-100-034-5120-067	7/1/14-6/30/15	587	10,978	11,565							11,565
Home Instruction	16-100-034-5120-067	7/1/15-6/30/16	31,039	13,960	45,000							45,000
Handicapped Services	16-100-034-5120-066	7/1/15-6/30/16	25,816	235	26,051							26,051
Supplemental Instruction	15-100-034-5120-066	7/1/14-6/30/15	50,261	10,978	61,239							61,239
Supplemental Instruction	16-100-034-5120-066	7/1/15-6/30/16	45,165	13,960	59,125							59,125
Examination and Classification	15-100-034-5120-066	7/1/14-6/30/15	28,426	13,960	42,386							42,386
Examination and Classification	16-100-034-5120-066	7/1/15-6/30/16	15,725	32,951	48,676							48,676
Corrective Speech	15-100-034-5120-066	7/1/14-6/30/15	36,224	1,363	37,587							37,587
Corrective Speech	16-100-034-5120-066	7/1/15-6/30/16	13,725	16,302	29,027							29,027
Nonpublic Security Aid	16-100-034-5120-070	7/1/15-6/30/16	56,610		56,610							56,610
Nonpublic Nursing	15-100-034-5120-070	7/1/14-6/30/15	54,918		54,918							54,918
Nonpublic Nursing	16-100-034-5120-070	7/1/15-6/30/16	16,302		16,302							16,302
Nonpublic Technology Initiative	15-100-034-5120-373	7/1/14-6/30/15	18,496		18,496							18,496
Nonpublic Technology Initiative	16-100-034-5120-373	7/1/15-6/30/16	96,200		96,200							96,200
Total Special Revenue Fund			97,613		374,814							374,814
			355,389		355,389							355,389
			(1,965)		(1,965)							(1,965)
			20,802		20,802							20,802

**NUTLEY BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

State Department of Education	Grant or State Project Number	Grant	Award Amount	Balance July 1, 2015	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year Balances	Balance June 30, 2016			Memorandum		
									(Accts. Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Budgetary Expenditures	
* * * * *														
Capital Projects Fund														
Educational Facilities														
Construction and Financing Act	3750-050-03-1027	7/1/03-6/30/07	\$ 10,718,686	\$ (480,195)	-	-	-	-	\$ (480,195)	-	-	\$ (480,195)	-	
* * * * *														
Debt Service Fund:														
Debt Service Aid	16-495-034-5120-075	7/1/15-6/30/16	821,929	-	-	\$ 821,929	\$ 821,929	-	-	-	-	-	\$ 821,929	
* * * * *														
State Department of Agriculture														
Enterprise Fund:														
National School Lunch Program	16-100-010-3350-023	7/1/15-6/30/16	7,143			6,764	7,143		(379)			(379)	7,143	
National School Lunch Program	15-100-010-3350-023	7/1/14-6/30/15	7,135	(785)	-	785	-	-	-	-	-	-	-	
				(785)	-	7,549	7,143	-	(379)	-	-	(379)	7,143	
* * * * *														
<b>Total State Financial Assistance Subject to Single Audit Determination</b>				\$ (1,550,144)	\$ -	15,374,102	15,377,858	\$ 98,200	\$ (1,672,903)	\$ -	\$ 20,803	\$ (582,757)	\$ 15,377,858	
* * * * *														
Less On-Behalf TPAF Pension and Annuity Aid														
T.P.A.F. - Pension- Post Ret. Medical						2,583,465	2,583,465						\$ 2,583,465	
T.P.A.F. Pension & Annuity Fund - NCGI						102,950	102,950						102,950	
T.P.A.F. Pension & Annuity Fund						2,066,710	2,066,710						2,066,710	
* * * * *														
Subject to Single Audit						4,753,125	4,753,125						4,753,125	
* * * * *														
<b>Total for State Financial Assistance Subject to Major Program Determination</b>				\$ (1,550,144)	\$ -	\$ 10,620,977	\$ 10,624,733	\$ 98,200	\$ (1,672,903)	\$ -	\$ 20,803	\$ (582,757)	\$ 10,624,733	

**NUTLEY BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 GENERAL**

The accompanying schedules present the activity of all federal and state financial assistance programs of the Nutley Board of Education. The Board of Education is defined in Note 1(A) to the Board's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with the requirements of 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Uniform Guidance) and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

The financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on a modified accrual basis with the exception of the revenue recognition of the delayed state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of certain state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, which may include the delayed state aid payments, whereas the GAAP basis does not. The special revenue fund also recognizes the delayed state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$24,231 for the general fund and a decrease of \$32,272 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	\$ 53,986	\$ 14,169,166	\$ 14,223,152
Special Revenue Fund	1,379,843	335,018	1,714,861
Debt Service Fund		821,929	821,929
Food Service Fund	249,923	7,143	257,066
	<hr/>	<hr/>	<hr/>
Total Financial Assistance	<u>\$ 1,683,752</u>	<u>\$ 15,333,256</u>	<u>\$ 17,017,008</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, 2016**

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

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

**NOTE 5 OTHER INFORMATION**

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$2,009,942 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, 2016. The amount reported as TPAF Pension System Contributions in the amount of \$2,169,660 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$2,583,465 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2016.

**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.

**NOTE 7 DE MINIMIS INDIRECT COST RATE**

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

**NUTLEY BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

*Part I – Summary of Auditor’s Results*

**Financial Statement Section**

Type of auditors' report issued Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? \_\_\_\_\_ yes  X  no

2) Significant deficiencies identified? \_\_\_\_\_ 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? \_\_\_\_\_ 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 2 CFR200 Section .516(a) of Uniform Guidance? \_\_\_\_\_ yes  X  no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027</u>	<u>H027A150100</u>	<u>IDEA Basic</u>
<u>84.173</u>	<u>H173A150114</u>	<u>IDEA Preschool</u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?  X  yes \_\_\_\_\_ no

NUTLEY BOARD OF EDUCATION  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)

Part I – Summary of Auditor’s Results

**State Awards Section**

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?  X  yes   no

Internal Control over major programs:

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

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

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

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

Identification of major state programs:

GMIS Number(s)	Name of State Program
495-034-5094-003	TPAF Social Security Contributions
495-034-5120-044	Extraordinary Aid

**NUTLEY BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

***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, 2016**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required to be reported by 2 CFR 200 Section .516 of the Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards and N.J. OMB Circular Letter 15-08.

**CURRENT YEAR FEDERAL AWARDS**

THERE ARE NONE.

**CURRENT YEAR STATE AWARDS**

THERE ARE NONE.



**NUTLEY BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards and N.J. OMB Circular Letter 15-08.

**STATUS OF PRIOR YEAR FINDINGS**

There were none.