

NUTLEY BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Nutley, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the
Nutley Board of Education
Nutley, New Jersey
For The Fiscal Year Ended June 30, 2018**

**Prepared by
Business Office**

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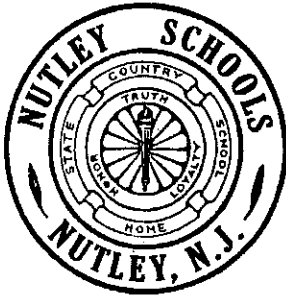
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INTRODUCTORY SECTION



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

January 23, 2019

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

Dear Trustees:

State Department of Education statutes require that all local governments publish within five months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) of the Nutley Board of Education for the fiscal year ended June 30, 2018.

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, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Nutley Board of Education's financial statements for the fiscal year ended June 30, 2018, 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 2017-18 fiscal year with an average daily enrollment of 4,058 students, which is 17 students less than the previous year's average. The following details the changes in the average daily enrollment of the District over the last five years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2017-18	4,058	(0.42%)
2016-17	4,075	1.22%
2015-16	4,026	0.52%
2014-15	4,005	(0.37%)
2013-14	4,020	(0.40%)

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 including security projects at Lincoln School and Spring Garden. The High School security project was completed in the fall of 2017 and the new main office and security entrance at Washington School was substantially completed in the spring of 2018. These projects complete the \$38.5M referendum.

The Long Range Facility Plan was amended in the 2017/2018 school year to include proposed additions and remaining security entrances at John H. Walker Middle School, Nutley High School, Washington Elementary and Yantacaw Elementary schools. A December 2017 referendum election took place and though it was not approved by the voters, the Board is reviewing the projects to propose another referendum election in the fall of 2018.

3) MAJOR INITIATIVES: During the 2017-18 school year, the Nutley Public Schools engaged in a variety of major initiatives outlined as follows:

Rotating Drop Schedule at Nutley High School: The district went to a rotating drop schedule. This schedule provides for 56 minute instructional periods, a common lunch, and a rotation of classes throughout a four-day cycle. Classes shifted from meeting 180 days a year to approximately 120 days.

Reading Intervention Initiative: The district implemented a daily reading intervention program for early elementary students reading below grade level.

1:1 Initiative: The district rolled out a 1:1 Chromebook in grade 6, and prepared to roll out Chromebooks to grades 9-12 during the 2018-19 school year.

Program Review: As part of the cycle of Curriculum, Instruction, and Assessment improvement the District engaged in scheduled Program Review for several programs:

- Math
- World Language
- Extended Day

Five Year Strategic Plan: The District completed the planning process for its second Five Year Strategic Plan. The plan will be implemented throughout 2018-2023. The focus areas are as follows: Health and Wellness, Safety and Security, Configuration and Infrastructure, and Curriculum and Programs.

The schools' academic program is further enhanced by a co-curricular program that includes twenty-five interscholastic athletic teams, and in an effort to engage as many students as possible in activities, we continue to expand offering a wide variety of extra-curricular activities at every level including, dramatics, student government, publications, service organizations, and clubs.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at the year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2018.

6) DEBT ADMINISTRATION: As of June 2018, the District's outstanding debt is \$38,865,000 of school bonds. In April 2003 the voters approved the issuance of \$2,923,000 of school bonds. These bonds were issued in August 2003. These proceeds were used to finance a district wide telephone and intercom system as well as renovations at Nutley High School, including acquisition and installation of furnishings and equipment.

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

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

The 2003 and 2005 school bonds were refunded during the 2012/2013 school year. The refunding reduced total debt service payments by \$1,045,664. The 2007 school bonds were refunded during the 2015/16 school year. This refunding reduced total debt service payments by \$2,733,139.

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

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

9) OTHER INFORMATION:

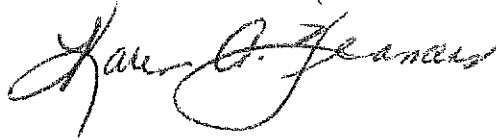
A) Independent Audit - State statutes require an annual audit by licensed public school accountants who are independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins, LLP was selected by the Board to perform the audit for the year ended June 30, 2018. 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.

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

Respectfully submitted,



JULIE GLAZER
Superintendent of Schools



KAREN A. YEAMANS
Business Administrator/
Board Secretary

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graph TD
    BOE[Board Of Education] --> BS[Board Secretary]
    BOE --> S[Superintendent]
    S --> DPK5[Director of Curriculum PK-5]
    S --> D612[Director of Curriculum 6-12]
    S --> DC[Director of Communications]
    S --> DSpecial[Director of Special Services]
    D612 --> DIT[Director of Instructional Tech]
    D612 --> CK12[Coordinators K-12]
    DIT --> MS[Media Specialists]
    DIT --> TC[Technology Coaches]
    CK12 --> ELA[English Language Arts]
    CK12 --> Math[Math]
    CK12 --> Science[Science]
    CK12 --> SS[Social Studies]
    CK12 --> WL[World Language/ESL]
    CK12 --> FPA[Fine, Performing, and Practical Arts]
    CK12 --> HPE[Health/PE]
    HPE --> NS[Nursing Services]

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graph TD; Teachers[Teachers] --- Students[Students];
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The diagram consists of two rectangular boxes. The top box is labeled "Teachers" and the bottom box is labeled "Students". A single vertical line connects the bottom of the "Teachers" box to the top of the "Students" box. From the left side of the "Teachers" box, several lines radiate outwards and upwards at various angles.

Accepted: 3 May 2004
 Revised: 10 September 2012
 Accepted: 31 August 2017

**NUTLEY BOARD OF EDUCATION
ROSTER OF OFFICIALS
JUNE 30, 2018**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Mr. Salavatore Balsamo	2018
Mr. Daniel Carnicella	2019
Mrs. Lis Danchak-Martin	2020
Mr. Salvatore Ferraro	2020
Mr. Ryan Kline	2018
Mr. Charles Kucinski	2019
Mrs. Deborah Russo	2018
Mr. Fredrick Scalera	2020
Ms. Brenda Sherman	2019

Other Officials

Julie Glazer, 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

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. LEIDIG, CPA, PSA
ROBERT LERCH, 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, 2018 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Nutley Board of Education as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2018 the Nutley Board of Education adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

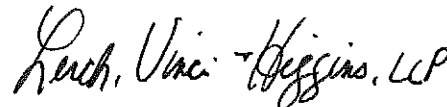
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Nutley Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 23, 2019 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 the effectiveness of the Nutley Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Nutley Board of Education's internal control over financial reporting and compliance.



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



Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
January 23, 2019

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, 2018. 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 2017-2018 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 \$5,791,642.
- Overall district revenues were \$93,907,112. General revenues accounted for \$62,766,560 or 67% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$31,140,552 or 33% of total revenues.
- The school district had \$92,417,228 in expenses for governmental activities; only \$29,095,033 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$62,761,541 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$7,296,082.
- The General Fund (GAAP Basis) fund balance at June 30, 2018 was \$6,708,659 a decrease of \$50,385 from the June 30, 2017 balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

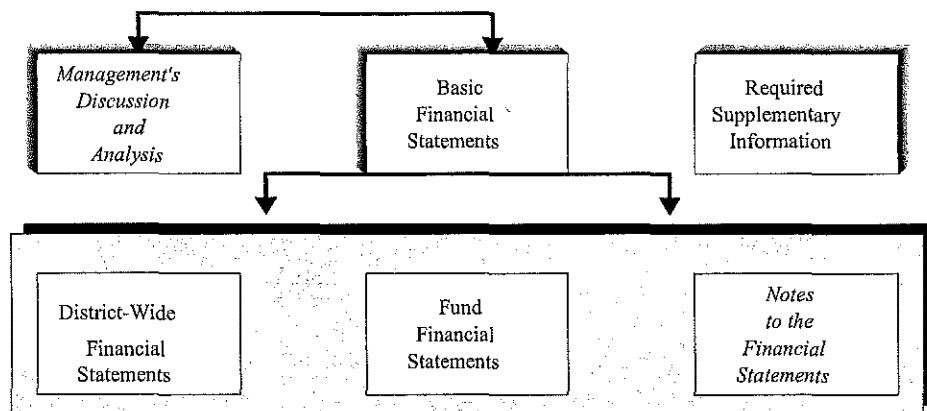
NUTLEY BOARD OF EDUCATION

Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

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



NUTLEY BOARD OF EDUCATION

Management's Discussion and Analysis

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

Major Features of the District-Wide and Fund Financial Statements

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

District-wide Financial Statements

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

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

NUTLEY BOARD OF EDUCATION

Management's Discussion and Analysis

District-wide Financial Statements (continued)

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

NUTLEY BOARD OF EDUCATION

Management's Discussion and Analysis

Fund Financial Statements (continued)

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

- Food Service (Cafeteria)
- Extended Day

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

Notes to the Financial Statements

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

Other Information

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

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

DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a Board's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$5,791,642 as of June 30, 2018.

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, 2018 and 2017

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Assets						
Current Assets	\$ 7,793,846	\$ 8,678,755	\$ 1,497,510	\$ 1,379,186	\$ 9,291,356	\$ 10,057,941
Capital Assets, Net	<u>59,453,868</u>	<u>60,842,064</u>	<u>109,349</u>	<u>77,694</u>	<u>59,563,217</u>	<u>60,919,758</u>
Total Assets	<u>67,247,714</u>	<u>69,520,819</u>	<u>1,606,859</u>	<u>1,456,880</u>	<u>68,854,573</u>	<u>70,977,699</u>
Deferred Outflows of Resources	<u>8,188,306</u>	<u>11,208,853</u>	<u>-</u>	<u>-</u>	<u>8,188,306</u>	<u>11,208,853</u>
Total Assets & Deferred Outflows of Resources	<u>75,436,020</u>	<u>80,729,672</u>	<u>1,606,859</u>	<u>1,456,880</u>	<u>77,042,879</u>	<u>82,186,552</u>
Liabilities						
Long-Term Liabilities	64,997,361	74,238,029			64,997,361	74,238,029
Other Liabilities	<u>1,130,654</u>	<u>1,350,603</u>	<u>78,663</u>	<u>136,877</u>	<u>1,209,317</u>	<u>1,487,480</u>
Total Liabilities	<u>66,128,015</u>	<u>75,588,632</u>	<u>78,663</u>	<u>136,877</u>	<u>66,206,678</u>	<u>75,725,509</u>
Deferred Inflows of Resources	<u>5,043,210</u>	<u>-</u>	<u>1,349</u>	<u>1,141</u>	<u>5,044,559</u>	<u>1,141</u>
Total Liabilities & Deferred Inflows of Resources	<u>71,171,225</u>	<u>75,588,632</u>	<u>80,012</u>	<u>138,018</u>	<u>71,251,237</u>	<u>75,726,650</u>
Net Position						
Net Investment in Capital Assets	20,707,017	20,801,024	109,349	77,694	20,816,366	20,878,718
Restricted	5,060,927	5,012,012			5,060,927	5,012,012
Unrestricted	<u>(21,503,149)</u>	<u>(20,671,996)</u>	<u>1,417,498</u>	<u>1,241,168</u>	<u>(20,085,651)</u>	<u>(19,430,828)</u>
Total Net Position	<u>\$ 4,264,795</u>	<u>\$ 5,141,040</u>	<u>\$ 1,526,847</u>	<u>\$ 1,318,862</u>	<u>\$ 5,791,642</u>	<u>\$ 6,459,902</u>

NUTLEY BOARD OF EDUCATION

Management's Discussion and Analysis

Change in Net Position
For The Fiscal Years Ended June 30, 2018 and 2017

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues						
Program Revenues						
Charges for Services	\$ 132,071	\$ 153,067	\$ 1,804,488	\$ 1,855,870	\$ 1,936,559	\$ 2,008,937
Operating Grants and Contributions	28,962,962	25,544,164	241,031	265,290	29,203,993	25,809,454
General Revenues						
Property Taxes	56,905,643	55,912,921			56,905,643	55,912,921
State Aid	5,363,247	5,179,816			5,363,247	5,179,816
Other	492,651	400,478	5,019	340	497,670	400,818
Total Revenues	<u>91,856,574</u>	<u>87,190,446</u>	<u>2,050,538</u>	<u>2,121,500</u>	<u>93,907,112</u>	<u>89,311,946</u>
Expenses						
Instruction						
Regular	39,630,862	39,615,017			39,630,862	39,615,017
Special Education	16,024,335	14,753,414			16,024,335	14,753,414
Other Instruction	1,891,637	1,845,551			1,891,637	1,845,551
School Sponsored Activities and Athletics	1,934,689	1,853,132			1,934,689	1,853,132
Community Services	10,711	10,053			10,711	10,053
Support Services						
Student and Instruction Related Services	10,983,302	10,525,535			10,983,302	10,525,535
General Administrative Services	2,451,486	2,255,573			2,451,486	2,255,573
School Administrative Services	5,860,531	5,732,435			5,860,531	5,732,435
Plant Operations and Maintenance	7,453,672	6,513,129			7,453,672	6,513,129
Pupil Transportation	2,843,524	2,441,456			2,843,524	2,441,456
Business and Other Support Services	1,772,934	1,796,514			1,772,934	1,796,514
Interest and Chgs on Long-Term Debt	1,559,545	1,633,618			1,559,545	1,633,618
Food Services			940,782	988,220	940,782	988,220
Extended Day			899,588	940,362	899,588	940,362
Athletic Camps			590	3,189	590	3,189
Loss on Disposal of Capital Assets	-	52,079	1,593	-	1,593	52,079
Total Expenses	<u>92,417,228</u>	<u>89,027,506</u>	<u>1,842,553</u>	<u>1,931,771</u>	<u>94,259,781</u>	<u>90,959,277</u>
Increase/(Decrease) in Net Position	(560,654)	(1,837,060)	207,985	189,729	(352,669)	(1,647,331)
Net Position, Beginning of Year	5,141,040	7,089,894	1,318,862	1,129,133	6,459,902	8,219,027
Prior Period Adjustment/Restatement	(315,591)	(111,794)	-	-	(315,591)	(111,794)
Net Position, End of Year	<u>\$ 4,264,795</u>	<u>\$ 5,141,040</u>	<u>\$ 1,526,847</u>	<u>\$ 1,318,862</u>	<u>\$ 5,791,642</u>	<u>\$ 6,459,902</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 \$91,856,574 for the fiscal year ended June 30, 2018. Property taxes of \$56,905,643 represented 62 percent of revenues. Another significant portion of revenues came from State aid; total State, Federal, Local and formula aid was \$34,326,209. 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 \$92,417,228. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$59,492,234 (64%) of total expenditures. Student support services, exclusive of general and school administration, total \$10,983,302 or (12%) of total expenditures.

Total governmental activities expenses surpassed revenues decreasing net position by \$560,654 from the previous year.

Net Cost of Governmental Activities. The District's total cost of services was \$92,417,228. After applying program revenues, derived from charges for services of \$132,071; and operating grants and contributions of \$28,962,962; the net cost of services of the District is \$63,322,195.

Total and Net Cost of Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Instruction				
Regular	\$ 39,630,862	\$ 39,615,017	\$ 24,896,757	\$ 26,201,403
Special Education	16,024,335	14,753,414	8,119,199	8,014,871
Other Instruction	1,891,637	1,845,551	1,186,500	259,311
School Sponsored Activities and Athletics	1,934,689	1,853,132	1,309,134	1,282,418
Community Services	10,711	10,053	6,685	6,338
Support Services				
Student and Instruction Related Services	10,983,302	10,525,535	8,370,613	8,485,571
General Administrative Services	2,451,486	2,255,573	2,236,963	2,133,477
School Administrative Services	5,860,531	5,732,435	4,601,916	4,837,640
Plant Operations and Maintenance	7,453,672	6,513,129	6,959,845	6,416,485
Pupil Transportation	2,843,524	2,441,456	2,538,960	2,328,317
Business and Other Support Services	1,772,934	1,796,514	1,536,078	1,678,747
Interest and Other Chgs on Long-Term Debt	1,559,545	1,633,618	1,559,545	1,633,618
Total	<u>\$ 92,417,228</u>	<u>\$ 88,975,427</u>	<u>\$ 63,322,195</u>	<u>\$ 63,278,196</u>

NUTLEY BOARD OF EDUCATION

Management's Discussion and Analysis

Business-Type Activities – The District's total business-type activities revenues were \$2,050,538 for the fiscal year ended June 30, 2018. Charges for services accounted for 88% of total revenues. Operating grants and contributions accounted for 12% of total revenue for the year.

The total cost of all business-type activities programs and services was \$1,842,553 (including the loss on the disposal of capital assets). 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 \$207,985 over the prior year balance.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental Funds

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$7,296,082 a decrease of \$696,535. The June 30, 2017, fund balance was \$7,992,617.

Revenues for the District's governmental funds were \$77,091,922, while total expenses were \$77,864,337.

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

The following schedule presents a summary of General Fund revenues.

	<u>Fiscal Year Ended</u>		<u>Increase</u>	<u>Percentage</u>
	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>(Decrease)</u>	<u>of Total</u>
Local Sources				
Property Tax Levy	\$ 54,216,429	\$ 53,153,362	\$ 1,063,067	2.0%
Tuition	132,071	143,067	(10,996)	-7.7%
Miscellaneous	484,920	407,042	77,878	19.1%
State Sources	16,878,023	15,256,945	1,621,078	10.6%
Federal Sources	<u>89,791</u>	<u>87,564</u>	<u>2,227</u>	2.5%
Total General Fund Revenues	<u>\$ 71,801,234</u>	<u>\$ 69,047,980</u>	<u>\$ 2,753,254</u>	4.0%

NUTLEY BOARD OF EDUCATION

Management's Discussion and Analysis

Total General Fund Revenues increased by \$2,753,254 or 4% over the previous year.

Property taxes increased 2% over the previous year, which is within the State-mandated CAP. State aid revenues increased \$1,621,078 primarily due to an increase in state formula aid and increases in the State's on-behalf TPAF pension contribution and Extraordinary Aid.

The following schedule presents a summary of General Fund expenditures.

	<u>Fiscal Year Ended</u>		<u>Increase (Decrease)</u>	<u>Percentage of Total</u>
	<u>June 30, 2018</u>	<u>June 30, 2017</u>		
Instruction	\$ 46,077,125	\$ 44,936,832	\$ 1,140,293	2.5%
Support Services	25,471,144	23,818,346	1,652,798	6.9%
Debt Service	134,310	118,815	15,495	13.0%
Capital Outlay	<u>252,651</u>	<u>1,664,637</u>	<u>(1,411,986)</u>	-84.8%
Total Expenditures	<u>\$ 71,935,230</u>	<u>\$ 70,538,630</u>	<u>\$ 1,396,600</u>	2.0%

Total General Fund expenditures increased \$1,396,600 from the previous year. A significant portion of the increase is attributed to increases in contractual salaries for the 2017/2018 school year and increases in on-behalf TPAF pension contributions.

In 2017-2018 General Fund expenditures and other financing uses exceeded revenues and other financing sources by \$50,385. As a result, total fund balance decreased to \$6,708,659 at June 30, 2018. After deducting statutory restrictions and committed and assigned encumbrances, the unassigned fund balance (GAAP Basis) at June 30, 2018 is \$287,560.

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 \$1,809,906 for the fiscal year ended June 30, 2018. Federal sources accounted for the majority of Special Revenue Fund's revenue which represented 73% of the total revenue for the year.

Expenditures of the Special Revenue Fund were \$1,809,906. Instructional expenditures were \$1,474,802, support services expenditures were \$291,158 and capital outlay expenditures were \$43,946.

NUTLEY BOARD OF EDUCATION

Management's Discussion and Analysis

Capital Projects – Expenditures and other financing uses were greater than revenues and other financing sources by \$646,161 resulting in a fund balance of \$587,410 at June 30, 2018.

Proprietary Funds

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

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

GENERAL FUND BUDGETARY HIGHLIGHTS

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

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

- Implementing budgets for specially funded projects, which include both federal and state grants.
- Reappropriation of prior year purchase orders (June 30, 2017 encumbrances).
- Appropriation of Capital Reserve and Maintenance Reserve Funds.

NUTLEY BOARD OF EDUCATION

Management's Discussion and Analysis

CAPITAL ASSETS

The District's investment in capital assets for its governmental and business type activities as of June 30, 2018 amounts to \$59,563,217 (net of accumulated depreciation). The capital assets consist of land, construction in progress, buildings, building improvements, specialized machinery and various other types of equipment. Depreciation charges for fiscal year 2017-2018 amounted to \$2,014,361 for governmental activities and \$11,990 for business-type activities.

Capital Assets at June 30, 2018 and 2017
(Net of Accumulated Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 79,932	\$ 79,932			\$ 79,932	\$ 79,932
Construction In Progress	550,855				550,855	
Buildings	57,595,228	59,250,195			57,595,228	59,250,195
Machinery and Equipment	<u>1,227,853</u>	<u>1,511,937</u>	<u>\$ 109,349</u>	<u>\$ 77,694</u>	<u>1,337,202</u>	<u>1,589,631</u>
Total Capital Assets (Net)	\$ 59,453,868	\$ 60,842,064	\$ 109,349	\$ 77,694	\$ 59,563,217	\$ 60,919,758

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

LONG TERM LIABILITIES

At year end, the District's long-term liabilities consisted of compensated absences payable of \$1,414,148, capital leases payable of \$131,033, net pension liability of \$21,988,453 and bonds payable of \$38,865,000.

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

Outstanding Long-Term Liabilities

	<u>2018</u>	<u>2017</u>
Serial Bonds Payable	\$ 38,865,000	\$ 40,865,000
Capital Leases	131,033	97,503
Net Pension Liability	21,988,453	29,092,757
Compensated Absences	<u>1,414,148</u>	<u>1,288,705</u>
Total Long-Term Liabilities	\$ 62,398,634	\$ 71,343,965

NUTLEY BOARD OF EDUCATION

Management's Discussion and Analysis

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 2018-2019 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, 2018**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 7,248,952	\$ 1,459,012	\$ 8,707,964
Receivables, net			
Receivables from Other Governments	541,517	15,187	556,704
Other	3,377	20,540	23,917
Inventory		2,771	2,771
Capital Assets			
Not Being Depreciated	630,787		630,787
Being Depreciated, Net	<u>58,823,081</u>	<u>109,349</u>	<u>58,932,430</u>
Total Assets	<u>67,247,714</u>	<u>1,606,859</u>	<u>68,854,573</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	5,377,807		5,377,807
Deferred Amounts on Refundings of Debt	<u>2,810,499</u>	<u>-</u>	<u>2,810,499</u>
Total Deferred Outflows of Resources	<u>8,188,306</u>	<u>-</u>	<u>8,188,306</u>
Total Assets and Deferred Outflows of Resources	<u>75,436,020</u>	<u>1,606,859</u>	<u>77,042,879</u>
LIABILITIES			
Accounts Payable	198,106	284	198,390
Payable to State and Federal Governments	50,979		50,979
Accrued Interest Payable	632,890		632,890
Unearned Revenue	248,679	78,379	327,058
Noncurrent Liabilities			
Due Within One Year	2,232,602		2,232,602
Due Beyond One Year	<u>62,764,759</u>	<u>-</u>	<u>62,764,759</u>
Total Liabilities	<u>66,128,015</u>	<u>78,663</u>	<u>66,206,678</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	5,043,210		5,043,210
Deferred Commodities Revenue	<u>-</u>	<u>1,349</u>	<u>1,349</u>
Total Deferred Inflows of Resources	<u>5,043,210</u>	<u>1,349</u>	<u>5,044,559</u>
Total Liabilities and Deferred Inflows of Resources	<u>71,171,225</u>	<u>80,012</u>	<u>71,251,237</u>
NET POSITION			
Net Investment in Capital Assets	20,707,017	109,349	20,816,366
Restricted for:			
Capital Projects	4,555,047		4,555,047
Debt Service	13		13
Other Purposes	505,867		505,867
Unrestricted	<u>(21,503,149)</u>	<u>1,417,498</u>	<u>(20,085,651)</u>
Total Net Position	<u>\$ 4,264,795</u>	<u>\$ 1,526,847</u>	<u>\$ 5,791,642</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, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 39,630,862	\$ 61,486	\$ 14,672,619		\$ (24,896,757)		\$ (24,896,757)
Special Education	16,024,335	70,585	7,834,551		(8,119,199)		(8,119,199)
Other Instruction	1,891,637		705,137		(1,186,500)		(1,186,500)
School Sponsored Activities and Athletics	1,934,689		625,555		(1,309,134)		(1,309,134)
Community Services	10,711		4,026		(6,685)		(6,685)
Support Services							
Student and Instruction Related Services	10,983,302		2,612,689		(8,370,613)		(8,370,613)
General Administrative Services	2,451,486		214,523		(2,236,963)		(2,236,963)
School Administrative Services	5,860,531		1,258,615		(4,601,916)		(4,601,916)
Plant Operations and Maintenance	7,453,672		493,827		(6,959,845)		(6,959,845)
Pupil Transportation	2,843,524		304,564		(2,538,960)		(2,538,960)
Business Services	1,772,934		236,856		(1,536,078)		(1,536,078)
Interest on Long-Term Debt and Other Charges	1,559,545	-	-	-	(1,559,545)	-	(1,559,545)
Total Governmental Activities	92,417,228	132,071	28,962,962	-	(63,322,195)	-	(63,322,195)
Business-Type Activities							
Food Service	940,782	678,410	241,032			\$ (21,340)	(21,340)
Extended Day	899,588	1,126,078				226,490	226,490
Athletic Camps	590	-	-	-	-	(590)	(590)
Total Business-Type Activities	1,840,960	1,804,488	241,032	-	-	204,560	204,560
Total Primary Government	\$ 94,258,188	\$ 1,936,559	\$ 29,203,994	\$ -	(63,322,195)	204,560	(63,117,635)

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

(Continued)

NUTLEY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Net (Expense) Revenue and Changes in Net Position		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Balance, Carry Forward	\$ (63,322,195)	\$ 204,560	\$ (63,117,635)
General Revenues			
Property Taxes			
General Purposes	54,216,429		54,216,429
Debt Service	2,689,214		2,689,214
State Aid			
Unrestricted	4,579,410		4,579,410
Restricted for Debt Service	783,837		783,837
Miscellaneous Income	492,651	5,018	497,669
Loss on Disposal of Assets	-	(1,593)	(1,593)
Total General Revenues	<u>62,761,541</u>	<u>3,425</u>	<u>62,764,966</u>
Change in Net Position	(560,654)	207,985	(352,669)
Net Position, Beginning of Year	5,141,040	1,318,862	6,459,902
Prior Year Adjustment - Capital Assets	(315,591)	-	(315,591)
Net Position, End of Year	<u>\$ 4,264,795</u>	<u>\$ 1,526,847</u>	<u>\$ 5,791,642</u>

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, 2018**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 6,591,143		\$ 657,796	\$ 13	\$ 7,248,952
Due from Other Funds	83,929				83,929
Receivables, Net					
Receivables from Other Governments	106,204	\$ 422,509	12,804		541,517
Other	-	2,845	-	-	2,845
Total Assets	<u>\$ 6,781,276</u>	<u>\$ 425,354</u>	<u>\$ 670,600</u>	<u>\$ 13</u>	<u>\$ 7,877,243</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 50,544	\$ 82,237	\$ 65,325		\$ 198,106
Intergovernmental Payable		50,979			50,979
Due to Other Funds		65,532	17,865		83,397
Unearned Revenue	22,073	226,606	-	-	248,679
Total Liabilities	<u>72,617</u>	<u>425,354</u>	<u>83,190</u>	<u>-</u>	<u>581,161</u>
Fund Balances					
Restricted					
Capital Reserve	4,005,047				4,005,047
Maintenance Reserve	505,867				505,867
Excess Surplus	875,248				875,248
Excess Surplus - Designated for Subsequent Year's Budget	875,559				875,559
Capital Projects			587,410		587,410
Debt Service				\$ 13	13
Assigned					
Encumbrances	159,378				159,378
Unassigned	287,560	-	-	-	287,560
Total Fund Balances	<u>6,708,659</u>	<u>-</u>	<u>587,410</u>	<u>13</u>	<u>7,296,082</u>
Total Liabilities and Fund Balances	<u>\$ 6,781,276</u>	<u>\$ 425,354</u>	<u>\$ 670,600</u>	<u>\$ 13</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 \$86,679,582 and the accumulated depreciation is \$27,225,714.

59,453,868

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

(632,890)

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)

(61,852,265)

\$ 4,264,795

**NUTLEY BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 54,216,429			\$ 2,689,214	\$ 56,905,643
Tuition	132,071				132,071
Interest	64,759		\$ 7,731		72,490
Miscellaneous	420,161	\$ 89,136	-	-	509,297
Total - Local Sources	54,833,420	89,136	7,731	2,689,214	57,619,501
State Sources	16,878,023	393,733		783,837	18,055,593
Federal Sources	89,791	1,327,037	-	-	1,416,828
Total Revenues	71,801,234	1,809,906	7,731	3,473,051	77,091,922
EXPENDITURES					
Current					
Regular Instruction	30,173,184	547,320			30,720,504
Special Education Instruction	12,862,051	927,482			13,789,533
Other Instruction	1,471,613				1,471,613
School-Sponsored Activities and Athletics	1,561,965				1,561,965
Community Services	8,312				8,312
Support Services					
Student and Instructional Related Services	8,409,395	260,974			8,670,369
General Administrative Services	1,634,925				1,634,925
School Administrative Services	4,874,592				4,874,592
Plant Operations and Maintenance	6,535,561		1,002		6,536,563
Pupil Transportation	2,500,399	30,184			2,530,583
Business Services	1,516,272				1,516,272
Debt Service					
Principal	42,350			2,000,000	2,042,350
Interest and Other Charges	91,960			1,473,040	1,565,000
Capital Outlay	252,651	43,946	645,159	-	941,756
Total Expenditures	71,935,230	1,809,906	646,161	3,473,040	77,864,337
Excess (Deficiency) of Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)	(133,996)	-	(638,430)	11	(772,415)
OTHER FINANCING SOURCES (USES)					
Proceeds from Capital Lease	75,880				75,880
Transfers In	7,731				7,731
Transfers Out	-	-	(7,731)	-	(7,731)
Total Other Financing Sources (Uses)	83,611	-	(7,731)	-	75,880
Net Change in Fund Balances	(50,385)	-	(646,161)	11	(696,535)
Fund Balance, Beginning of Year	6,759,044	-	1,233,571	2	7,992,617
Fund Balance, End of Year	\$ 6,708,659	\$ -	\$ 587,410	\$ 13	\$ 7,296,082

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, 2018**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) **\$ (696,535)**

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	\$ 941,756	
Depreciation Expense	<u>(2,014,361)</u>	
		(1,072,605)

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		(125,443)
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The issuance of long term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Capital Lease Payments	42,350	
Bond Principal Repayments	<u>2,000,000</u>	
		2,042,350

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	295,337	
Amortization of Deferred Amount on Refunding of Debt	(321,457)	
Capital Lease Proceeds	<u>(75,880)</u>	
		(102,000)

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		(669,138)
Decrease in Pension Expense - Essex County		31,142

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

Decrease in Accrued Interest		<u>31,575</u>
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Change in Net Position of Governmental Activities (Exhibit A-2) **\$ (560,654)**

**NUTLEY BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2018**

	<u>Food Service</u>	<u>Extended Day</u>	<u>Other Non-Major</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
ASSETS				
Cash and Cash Equivalents	\$ 356,457	\$ 1,102,555		\$ 1,459,012
Intergovernmental Accounts Receivable				
Federal	15,187			15,187
Other Accounts Receivable	11,463	9,077		20,540
Inventory	2,771	-	-	2,771
Total Current Assets	<u>385,878</u>	<u>1,111,632</u>	<u>-</u>	<u>1,497,510</u>
Capital Assets				
Machinery and Equipment	285,636			285,636
Less: Accumulated Depreciation	<u>(176,287)</u>	<u>-</u>	<u>-</u>	<u>(176,287)</u>
Total Capital Assets, Net	<u>109,349</u>	<u>-</u>	<u>-</u>	<u>109,349</u>
Total Assets	<u>495,227</u>	<u>1,111,632</u>	<u>-</u>	<u>1,606,859</u>
LIABILITIES				
Liabilities				
Accounts Payable		284		284
Unearned Revenue	-	78,379	-	78,379
Total Liabilities	<u>-</u>	<u>78,663</u>	<u>-</u>	<u>78,663</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Commodities Revenue	<u>1,349</u>	<u>-</u>	<u>-</u>	<u>1,349</u>
Total Deferred Inflows of Resources	<u>1,349</u>	<u>-</u>	<u>-</u>	<u>1,349</u>
Total Liabilities and Deferred Inflows of Resources	<u>1,349</u>	<u>78,663</u>	<u>-</u>	<u>80,012</u>
NET POSITION				
Net Investment in Capital Assets	109,349			109,349
Unrestricted	<u>384,529</u>	<u>1,032,969</u>	<u>-</u>	<u>1,417,498</u>
Total Net Position	<u>\$ 493,878</u>	<u>\$ 1,032,969</u>	<u>\$ -</u>	<u>\$ 1,526,847</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, 2018**

	<u>Food Service</u>	<u>Extended Day</u>	<u>Other Non-Major</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
OPERATING REVENUES				
Charges for Services				
Program Fees		\$ 1,126,078		\$ 1,126,078
Daily Sales				
Reimbursable Programs	\$ 360,148			360,148
Non-Reimbursable Programs	200,782			200,782
Special Functions	117,327			117,327
Miscellaneous	153	-	-	153
Total Operating Revenues	678,410	1,126,078	-	1,804,488
OPERATING EXPENSES				
Salaries and Wages	312,692	695,198		1,007,890
Employee Benefits	90,985	66,011		156,996
Cost of Sales				
Reimbursable Programs	313,771			313,771
Non-Reimbursable Programs	104,985			104,985
Supplies	10,034	12,756	\$ 590	23,380
Purchased Services	62,023	118,340		180,363
Other	34,302	7,283		41,585
Depreciation	11,990	-	-	11,990
Total Operating Expenses	940,782	899,588	590	1,840,960
Operating Income (Loss)	(262,372)	226,490	(590)	(36,472)
NONOPERATING REVENUES (EXPENSES)				
State Sources				
State School Lunch Program	7,602			7,602
Federal Sources				
Federal School Lunch Program	195,728			195,728
Food Distribution Program	30,314			30,314
School Breakfast Program	7,388			7,388
Interest Income	1,627	3,391		5,018
Loss on Disposal of Capital Assets	(1,593)	-	-	(1,593)
Total Nonoperating Revenues	241,066	3,391	-	244,457
Change in Net Position	(21,306)	229,881	(590)	207,985
Net Position, Beginning of Year	515,184	803,088	\$ 590	1,318,862
Net Position, End of Year	\$ 493,878	\$ 1,032,969	\$ -	\$ 1,526,847

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, 2018**

	<u>Food Service</u>	<u>Extended Day</u>	<u>Other Non-Major</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	\$ 710,628	\$ 1,139,075		\$ 1,849,703
Payments for Employees	(403,677)	(761,209)		(1,164,886)
Payments to Suppliers	<u>(554,740)</u>	<u>(138,144)</u>	\$ (590)	<u>(693,474)</u>
Net Cash Provided By (Used For) Operating Activities	<u>(247,789)</u>	<u>239,722</u>	<u>(590)</u>	<u>(8,657)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
State and Federal Sources	<u>210,343</u>	<u>-</u>	<u>-</u>	<u>210,343</u>
Net Cash Provided By Non-Capital Financing Activities	<u>210,343</u>	<u>-</u>	<u>-</u>	<u>210,343</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Acquisition of Capital Assets	<u>(45,238)</u>	<u>-</u>	<u>-</u>	<u>(45,238)</u>
Net Cash Provided by (Used for) Financing Activities	<u>(45,238)</u>	<u>-</u>	<u>-</u>	<u>(45,238)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	<u>1,628</u>	<u>3,391</u>	<u>-</u>	<u>5,019</u>
Net Cash Provided By Investing Activities	<u>1,628</u>	<u>3,391</u>	<u>-</u>	<u>5,019</u>
Net Change in Cash and Cash Equivalents	(81,056)	243,113	(590)	161,467
Cash and Cash Equivalents, Beginning of Year	<u>437,513</u>	<u>859,442</u>	<u>590</u>	<u>1,297,545</u>
Cash and Cash Equivalents, End of Year	<u>\$ 356,457</u>	<u>\$ 1,102,555</u>	<u>\$ -</u>	<u>\$ 1,459,012</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating Income (Loss)	\$ (262,372)	\$ 226,490	\$ (590)	\$ (36,472)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities				
Depreciation	11,990			11,990
USDA Commodities	30,314			30,314
(Increase) Decrease in Accounts Receivable	32,218	10,196		42,414
(Increase) Decrease in Inventories	1,103			1,103
Increase (Decrease) in Accounts Payable	(61,250)	235		(61,015)
Increase/(Decrease) in Deferred Commodities Revenue	208			208
Increase (Decrease) in Unearned Revenue	<u>-</u>	<u>2,801</u>	<u>-</u>	<u>2,801</u>
Total Adjustments	<u>14,583</u>	<u>13,232</u>	<u>-</u>	<u>27,815</u>
Net Cash Provided By (Used For) Operating Activities	<u>\$ (247,789)</u>	<u>\$ 239,722</u>	<u>\$ (590)</u>	<u>\$ (8,657)</u>
Non-Cash Financing Activities				
Fair Value of Food Distribution Program - National School Lunch	<u>\$ 30,522</u>			

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

**NUTLEY BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2018**

	<u>Private Purpose Trust Funds</u>	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 9,099	\$ 584,202	\$ 619,367
Total Assets	<u>9,099</u>	<u>584,202</u>	<u>\$ 619,367</u>
LIABILITIES			
Intergovernmental Payable		19,242	
Payroll Deductions and Withholdings Payable			\$ 390,116
Due to Other Funds			532
Due to Student Groups	<u>-</u>	<u>-</u>	<u>228,719</u>
Total Liabilities	<u>-</u>	<u>19,242</u>	<u>\$ 619,367</u>
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 9,099</u>	<u>\$ 564,960</u>	

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

**NUTLEY BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Private Purpose Trust Funds</u>	<u>Unemployment Compensation Trust</u>
ADDITIONS		
Contributions		
Employees		\$ 114,060
Investment Earnings		
Interest	\$ 183	6,027
	<u>183</u>	<u>120,087</u>
Total Additions		
	<u>183</u>	<u>120,087</u>
DEDUCTIONS		
Scholarships	31,598	
Unemployment Claims and Contributions	<u>-</u>	<u>93,782</u>
	<u>31,598</u>	<u>93,782</u>
Total Deductions		
	<u>31,598</u>	<u>93,782</u>
Change in Net Position	(31,415)	26,305
Net Position, Beginning of Year	<u>40,514</u>	<u>538,655</u>
Net Position, End of Year	<u>\$ 9,099</u>	<u>\$ 564,960</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, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Nutley Board of Education (the “Board” or the “District”) is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of nine elected officials and is responsible for the fiscal control of the District. A superintendent of schools is appointed by the Board and is responsible for the administrative control of the District. 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 2018, the District adopted the following GASB statements:

- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pensions and other post-employment benefits (OPEB)).
- GASB No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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. 84, *Fiduciary Activities*, will be effective with the fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.
- GASB No. 87, *Leases*, will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.
- GASB No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, will be effective beginning with the fiscal year ending June 30, 2019. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistently provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms association with debt will be disclosed.
- GASB No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, will be effective beginning with the fiscal year ending June 30, 2020. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

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, 2018**

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, 2018**

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 child care program.

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

The *athletic camps fund* accounts for the activities of the District's summer athletic camps. The athletic camps fund has been discontinued by the district.

Additionally, the government reports the following fund types:

The *fiduciary trust funds* are used to account for resources legally held in trust for state unemployment insurance claims and for private donations for scholarship awards. All resources of the funds, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

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

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

Reclassifications

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

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. *Inventories*

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

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

4. *Capital Assets*

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

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

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

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

5. *Deferred Outflows/Inflows of Resources*

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

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. Deferred Outflows/Inflows of Resources (Continued)

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

6. Compensated Absences

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused vacation and sick leave benefits. A long-term liability of accumulated vacation and sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. The District's proprietary funds do not permit the accrual of accumulated vacation and sick leave and salary related payments in the period that they are earned. 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.

8. Long-Term Obligations

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

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 (Continued)*

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.

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.

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, 2018 audited excess surplus that is required to be appropriated in the 2019/2020 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, 2017 audited excess surplus that was appropriated in the 2018/2019 original budget certified for taxes.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 (Continued)

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

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

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

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

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

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

10. *Fund Balance Policies*

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the government that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. *Fund Balance Policies (Continued)*

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

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

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

2. *Property Taxes*

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

3. *Tuition Revenues and Expenditures*

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

Tuition Expenditures - Tuition charges for the fiscal years 2016-2017 and 2017-2018 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, and the extended day 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, 2018**

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	\$ 38,865,000
Issuance Premium (To Be Amortized Over Life of Debt)	2,598,727
Deferred Amounts on Debt Refundings	(2,810,499)
Capital Leases Payable	131,033
Compensated Absences Payable	1,414,148
Net Pension Liability - Public Employees' Retirement System	21,856,981
Net Pension Liability - Essex County	131,472
Deferred Amounts on Net Pension Liability	
Deferred Outflows - Public Employees' Retirement System	(5,365,839)
Deferred Inflows - Public Employees' Retirement System	5,043,210
Deferred Outflows - Essex County	(11,968)
Net Adjustment to Reduce Fund Balance - Total Governmental Funds to Arrive at Net Position - Governmental Activities	<u>\$ 61,852,265</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. Districts that have their school board members elected in November do not have to submit budgets that meet levy cap requirements for voter approval. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2017/2018. Also, during 2017/2018 the Board increased the original budget by \$1,383,735. The increase was funded by additional surplus appropriated, grant awards, the reappropriation of prior year general fund encumbrances and withdrawals from the 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.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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

B. Excess Expenditures Over Appropriations

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Current Expenditures			
Undistributed Expenditures			
Unallocated Employee Benefits			
Other Employee Benefits	364,560	366,215	1,655

The above variances were offset with other available resources.

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, 2018 is as follows:

Balance, July 1, 2017	\$ 3,979,215
Increased by:	
Interest Earnings	<u>25,832</u>
Balance, June 30, 2018	<u>\$ 4,005,047</u>

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2018 is as follows:

Balance, July 1, 2017	\$ 482,795
Increased by:	
Deposits Approved by Board Resolution	<u>144,000</u>
	626,795
Decreased By:	
Withdrawal Approved by Board Resolution	<u>120,928</u>
Balance, June 30, 2018	<u>\$ 505,867</u>

E. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to 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, 2018 is \$1,750,807. Of this amount, \$875,559 was designated and appropriated in the 2018/2019 original budget certified for taxes and the remaining amount of \$875,248 will be appropriated in the 2019/2020 original budget certified for taxes.

NOTE 4 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2018, the book value of the Board's deposits were \$9,920,632 and bank and brokerage firm balances of the Board's deposits amounted to \$11,241,889. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ <u>11,241,889</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, 2018 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; any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located; Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law," (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by school districts; Local Government investment pools; deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2018, the Board had no outstanding investments.

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, 2018**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2018 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		\$ 2,845		\$ 11,463	\$ 9,077	\$ 23,385
Intergovernmental						
Federal		415,186		15,187		430,373
State	\$ 106,204	7,323	\$ 12,804			126,331
Local	-	-	-	-	-	-
Gross Receivables	106,204	425,354	12,804	26,650	9,077	580,089
Less: Allowance for Uncollectibles	-	-	-	-	-	-
Net Total Receivables	<u>\$ 106,204</u>	<u>\$ 425,354</u>	<u>\$ 12,804</u>	<u>\$ 26,650</u>	<u>\$ 9,077</u>	<u>\$ 580,089</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:

General Fund	
Receipts Collected for Future Expenditures	\$ 22,073
Special Revenue Fund	
Unencumbered Grant Draw Downs	168,534
Grant Draw Downs Reserved for Encumbrances	<u>58,072</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 248,679</u>

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

	Balance <u>July 1, 2017</u>	Prior Period <u>Adjustment</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2018</u>
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 79,932				\$ 79,932
Construction in Progress	-	-	\$ 550,855	-	550,855
Total Capital Assets, Not Being Depreciated	<u>79,932</u>	<u>-</u>	<u>550,855</u>	<u>-</u>	<u>630,787</u>
Capital Assets, Being Depreciated:					
Buildings	80,534,217		103,630		80,637,847
Machinery and Equipment	<u>5,131,499</u>	\$ 168,427	<u>287,271</u>	\$ (176,249)	<u>5,410,948</u>
Total Capital Assets Being Depreciated	<u>85,665,716</u>	<u>168,427</u>	<u>390,901</u>	<u>(176,249)</u>	<u>86,048,795</u>
Less Accumulated Depreciation for:					
Buildings	(21,284,022)		(1,758,597)		(23,042,619)
Machinery and Equipment	<u>(3,619,562)</u>	<u>(484,018)</u>	<u>(255,764)</u>	<u>176,249</u>	<u>(4,183,095)</u>
Total Accumulated Depreciation	<u>(24,903,584)</u>	<u>(484,018)</u>	<u>(2,014,361)</u>	<u>176,249</u>	<u>(27,225,714)</u>
Total Capital Assets, Being Depreciated, net	<u>60,762,132</u>	<u>(315,591)</u>	<u>(1,623,460)</u>	<u>-</u>	<u>58,823,081</u>
Governmental Activities Capital Assets, net	<u>\$ 60,842,064</u>	<u>\$ (315,591)</u>	<u>\$ (1,072,605)</u>	<u>\$ -</u>	<u>\$ 59,453,868</u>

Prior Period Adjustment

During the 2017/18 school year, the District utilized an independent appraisal company to value the capital assets. A prior period adjustment was recorded to reflect the July 1, 2017 valuations, including accumulated depreciation amounts.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance <u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2018</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 242,673	\$ 45,238	\$ (2,275)	\$ 285,636
Total Capital Assets Being Depreciated	<u>242,673</u>	<u>45,238</u>	<u>(2,275)</u>	<u>285,636</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(164,979)	(11,990)	682	(176,287)
Total Accumulated Depreciation	<u>(164,979)</u>	<u>(11,990)</u>	<u>682</u>	<u>(176,287)</u>
Total Capital Assets, Being Depreciated, net	<u>77,694</u>	<u>33,248</u>	<u>(1,593)</u>	<u>109,349</u>
Business-Type Activities Capital Assets, net	<u>\$ 77,694</u>	<u>\$ 33,248</u>	<u>\$ (1,593)</u>	<u>\$ 109,349</u>

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

Governmental Activities:

Instruction	
Regular	\$ 444,419
Total Instruction	<u>444,419</u>

Support Services

Student and Instruction Related Services	591,234
General Administration	618,234
School Administration	1,429
Operations and Maintenance of Plant	289,782
Student Transportation	69,263
Total Support Services	<u>1,569,942</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 2,014,361</u>
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Business-Type Activities:

Food Service Fund	\$ 11,990
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Total Depreciation Expense-Business-Type Activities	<u>\$ 11,990</u>
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**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2018:

<u>Project</u>	<u>Remaining Commitment</u>
Various Renovations and Improvements to Nutley High School and Elementary Schools	\$ 37,410

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2018, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 65,532
General Fund	Capital Projects Fund	17,865
General Fund	Payroll Agency Fund	532
		<u>\$ 83,929</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>
	General <u>Fund</u>
Transfer Out:	
Capital Projects Fund	\$ <u>7,731</u>

The above transfers are the result of revenues earned 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, 2018**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases

Capital Leases

The District has entered into five year lease agreements for the acquisition of school buses.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2018 were as follows:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Governmental</u> <u>Activities</u>
2019	\$ 47,100
2020	47,099
2021	29,968
2022	<u>16,934</u>
Total Minimum Lease Payments	141,101
Less: Amount Representing Interest	<u>(10,068)</u>
Present Value of Minimum Lease Payments	<u>\$ 131,033</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.

Bonds payable at June 30, 2018 are comprised of the following issues:

\$10,000,000, 2012 Refunding Bonds, due in annual installments of \$640,000 to \$665,000 through August 15, 2029, interest at 3.0% to 4.0%	\$ 7,820,000
\$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 3.0%	1,125,000
\$30,445,000, 2015 Refunding Bonds, due in annual installments of \$1,225,000 to \$3,380,000 through July 15, 2032, interest at 2.0% to 5.0%	<u>29,920,000</u>
	<u>\$ 38,865,000</u>

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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>	
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	2,280,000	1,188,731	3,468,731
2023	2,340,000	1,111,275	3,451,275
2024-2028	12,825,000	4,229,619	17,054,619
2029-2033	<u>15,005,000</u>	<u>1,550,100</u>	<u>16,555,100</u>
	<u>\$ 38,865,000</u>	<u>\$ 12,063,425</u>	<u>\$ 50,928,425</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2018 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 145,881,342
Less: Net Debt Issued	<u>38,865,000</u>
Remaining Borrowing Power	<u>\$ 107,016,342</u>

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2018, was as follows:

	Balance <u>July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2018</u>	Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable	\$ 40,865,000		\$ 2,000,000	\$ 38,865,000	\$ 2,070,000
Add: Unamortized Premium	<u>2,894,064</u>	<u>-</u>	<u>295,337</u>	<u>2,598,727</u>	<u>-</u>
	43,759,064	-	2,295,337	41,463,727	2,070,000
Capital Leases	97,503	\$ 75,880	42,350	131,033	42,602
Net Pension Liability - PERS	28,898,604	669,138	7,710,761	21,856,981	
Net Pension Liability - Essex County	194,153		62,681	131,472	
Compensated Absences Payable	<u>1,288,705</u>	<u>208,077</u>	<u>82,634</u>	<u>1,414,148</u>	<u>120,000</u>
Governmental Activity Long-Term Liabilities	<u>\$ 74,238,029</u>	<u>\$ 953,095</u>	<u>\$ 10,193,763</u>	<u>\$ 64,997,361</u>	<u>\$ 2,232,602</u>

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

NOTE 5 OTHER INFORMATION

A. Risk Management

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

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

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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

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

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

Fiscal Year Ended June 30,	Employee Contributions	Amount Reimbursed	Ending Balance
2018	\$ 114,060	\$ 93,782	\$ 564,960
2017	114,301	91,608	538,655
2016	104,761	88,858	511,050

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.

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, 2018, 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, 2018, the District has not estimated its arbitrage earnings due to the IRS, if any.

D. Subsequent Events

In July and October 2018, the Board authorized withdrawals from the Maintenance Reserve totaling \$267,659 to fund projects at various schools within the District and boiler replacements at Radcliffe School.

In September and November 2018, the Board authorized withdrawals from the Capital Reserve totaling \$441,738 to fund various capital projects in the District.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

E. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all 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. PERS is a cost sharing multiple employer defined benefit pension plan.

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

The following represents the membership tiers for PERS:

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

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

Teachers' Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage 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. TPAF is a cost sharing multiple employer defined benefit pension plan with a special funding situation, by which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions.

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

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

E. Employee Retirement Systems and Pension Plans (Continued)

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

The following represent the membership tiers for TPAF:

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

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

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected, 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 ("Division"), issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

E. Employee Retirement Systems and Pension Plans (Continued)

Plan Amendments

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

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Investments are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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

Funding Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 33 percent with an unfunded actuarial accrued liability of 90.90 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 25.41 percent and \$67.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 48.10 percent and \$23.3 billion, respectively.

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

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

E. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress (Continued)

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

Actuarial Methods and Assumptions

In the July 1, 2016 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 7.00 percent and (b) projected salary increases applied through the year 2026 of 1.65-5.15 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 7.34% for PERS, 7.34% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2018.

Annual Pension Costs (APC)

For the fiscal year ended June 30, 2018 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the fiscal years ended June 30, 2018, 2017 and 2016 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, was required to contribute for TPAF, respectively 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>
2018	\$ 869,826	\$ 4,104,186	\$ 12,425
2017	866,833	3,081,677	9,209
2016	833,527	2,169,660	14,417

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

E. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC) (Continued)

In addition for fiscal years 2017/2018 and 2016/2017 the District contributed \$13,957 and \$6,711, respectively for PERS and the State contributed \$7,056 and \$7,591, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB Statement No. 85, *Omnibus 2017* (GASB No. 85). The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$2,127,839 during the fiscal year ended June 30, 2018 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. 85.

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

Public Employees Retirement System (PERS)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the fiscal year ended June 30, 2017. Employer allocation percentages have been rounded for presentation purposes.

Although the NJ Division of Pensions and Benefits ("Division") administers one cost-sharing multiple employer defined benefit pension plan, separate actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2017 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2017.

At June 30, 2018, the District reported in the statement of net position (accrual basis) a liability of \$21,856,981 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017 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, 2017, the District's proportionate share was .09389 percent, which was a decrease of .00368 percent from its proportionate share measured as of June 30, 2016 of .09757 percent.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

E. 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, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,538,964 for PERS. The pension contribution made by the District during the current 2017/2018 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2018 with a measurement date of the prior fiscal year end of June 30, 2017. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2018 for contributions made subsequent to the current fiscal year end. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 514,656	
Changes of Assumptions	4,403,429	\$ 4,387,285
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	148,831	
Changes in Proportion and Differences Between Board Contributions and Proportionate Share of Contributions	<u>298,923</u>	<u>655,925</u>
Total	<u>\$ 5,365,839</u>	<u>\$ 5,043,210</u>

At June 30, 2018, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Total</u>
2019	\$ 482,635
2020	750,639
2021	427,349
2022	(790,625)
2023	(547,369)
Thereafter	<u>-</u>
	<u>\$ 322,629</u>

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

E. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The District's total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2000

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5 OTHER INFORMATION (Continued)

E. 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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
US Equities	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%
Emerging Market Equities	6.50%	11.64%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	5.00%
2017	June 30, 2016	3.98%

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5 OTHER INFORMATION (Continued)

E. 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, 2040

Municipal Bond Rate * From July 1, 2040
and Thereafter

* The municipal bond return rate used is 3.58% as of the measurement date of June 30, 2017. 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 5.00%, 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 (4.00 percent) or 1-percentage-point higher (6.00 percent) than the current rate:

	1% Decrease <u>(4.00%)</u>	Current Discount Rate <u>(5.00%)</u>	1% Increase <u>(6.00%)</u>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 27,115,068</u>	<u>\$ 21,856,981</u>	<u>\$ 17,476,343</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2017. 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.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5 OTHER INFORMATION (Continued)

E. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as a non-employer toward the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the fiscal year ended June 30, 2017. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2017, the State's pension contribution was less than the actuarial determined amount.

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

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$12,796,721 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. 85.

At June 30, 2018 the State's proportionate share of the net pension liability attributable to the District is \$184,723,672. 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, 2017. At June 30, 2017, the state's share of the net pension liability attributable to the District was .27397 percent, which was an increase of .00298 percent from its proportionate share measured as of June 30, 2016 of .27099 percent.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5 OTHER INFORMATION (Continued)

E. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.25%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

Assumptions for mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational bases based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5 OTHER INFORMATION (Continued)

E. 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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5 OTHER INFORMATION (Continued)

E. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	4.25%
2017	June 30, 2016	3.22%

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, 2036
Municipal Bond Rate *	From July 1, 2036 and Thereafter

* The municipal bond return rate used is 3.58% as of the measurement date of June 30, 2017. 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 4.25%, 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 (3.25 percent) or 1-percentage-point higher (5.25 percent) than the current rate:

	<u>1% Decrease (3.25%)</u>	<u>Current Discount Rate (4.25%)</u>	<u>1% Increase (5.25%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 219,457,517</u>	<u>\$ 184,723,672</u>	<u>\$ 156,109,780</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2017. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2017 was not provided by the pension system.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5 OTHER INFORMATION (Continued)

E. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

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

Plan Description

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

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

Benefits Provided

Regular service retirement benefits are determined as $1/45^{\text{th}}$ of the highest 3 year average salary multiplied by the member's years of credited service. A member may elect early retirement benefits if they are under age 60 and have at least 25 years of credited services. The Plan also offers a special veterans benefits, disability and deferred benefits. Group life insurance benefits and death benefits are available to be paid to beneficiaries if elected by the member.

For more complete information about the Plan agreement and vesting and benefit provisions, participants are referred to the pamphlet, *A Summary of Benefits*. Copies of this pamphlet are available from the Pension Fund Administration Office.

Contributions

Contributions are made by the members at 3%, the maximum contribution rate required by statute, of their annual compensation. Contributions made by the Boards are determined annually based upon actuarial valuations. The Boards are required to reimburse the Plan for administrative expenses and cost of living increases associated with its retirees. Plan provisions and contribution requirements are established by New Jersey state statute assets. District contributions to the Plan amounted to \$18,966 for fiscal year 2018.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5 OTHER INFORMATION (Continued)

E. Employee Retirement Systems and Pension Plans (Continued)

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

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

At June 30, 2018, the District reported in the statement of net position (accrual basis) a liability of \$131,472 for its proportionate share of the ECPF net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2017, the District's proportionate share was 0.46000 percent, which was a decrease of .07636 percent from its proportionate share measured as of June 30, 2016 of 0.53636.

For the fiscal year ended June 30, 2018, the District recognized in the district wide statement of activities (accrual basis) a pension expense credit of \$18,339 for ECPF. At June 30, 2018, the District reported deferred outflows of resources related to ECPF from the following sources:

	Deferred Outflows of Resources
Net Difference Between Projected and Actual On Pension Plan Investments	\$ <u>11,968</u>

At June 30, 2018, the amounts reported as deferred outflows of resources related to ECPF pension will be recognized as pension expense of \$2,394 per year for the fiscal years ended June 30, 2019 through June 30, 2023.

Actuarial Assumptions

The District's total pension liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Salary Increases	4.50%
Investment Rate of Return	6.50%, net of pension plan investment expense, including inflation
Cost-of-living adjustments	2.00%

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, 2018**

NOTE 5 OTHER INFORMATION (Continued)

E. Employee Retirement Systems and Pension Plans (Continued)

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

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

Actuarial Assumptions (Continued)

Long-Term 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 rates of return (expected returns, net of pension plan investments expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing 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 plan's target asset allocation as of June 30, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
U.S. Large Cap Equity	50.00%	6.71%
U.S. Small Cap Equity	10.00%	6.71%
U.S. Fixed Income	40.00%	2.11%

Discount Rate

The discount rate used to measure the total pension liability of the ECPF was 6.50% (measurement date June 30, 2017).

Sensitivity of Net Pension Liability

The following presents the District's proportionate share of the ECPF net pension liability calculated using the discount rate of 6.50% as well as what the District's proportionate share of the ECPF net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5 percent) or 1-percentage-point higher (7.5 percent) than the current rate:

	Decrease (5.5%)	Discount Rate (6.5%)	Increase (7.5%)
District's Proportionate Share of the Net Pension Liability	<u>\$ 165,120</u>	<u>\$ 131,472</u>	<u>\$ 87,499</u>

Pension Plan Fiduciary Net Position

Detailed information about the ECPF pension plan's fiduciary net position is available in the separately issued financial report for the Board of Education Employees' Pension Fund of Essex County.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

F. Post-Retirement Medical Benefits

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

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report effective for the fiscal year ended June 30, 2017. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a single employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

Plan Description and Benefits Provided

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

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

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

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

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

F. Post-Retirement Medical Benefits (Continued)

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2016:

Active Plan Members	\$223,747
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	142,331
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u>-</u>
Total	<u>\$366,078</u>

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

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

Funded Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, the State had a \$69.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$25.5 billion for state active and retired members and \$43.8 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.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

F. Post-Retirement Medical Benefits (Continued)

Funded Status and Funding Progress (Continued)

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal 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, 2016, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2017, there were 112,966, retirees receiving post-retirement medical benefits and the State contributed \$1.39 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 (ABP) who retired from a board of education or county college with 25 years of service. The State paid \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in Fiscal Year 2017.

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, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2018, 2017 and 2016 were \$2,650,806, \$2,567,738 and \$2,583,465, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

F. Post-Retirement Medical Benefits (Continued)

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

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense excluding that attributable to retiree-paid member contributions. The nonemployer allocation percentages presented are based on the ratio of the State's contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal year ended June 30, 2017. Nonemployer allocation percentages have been rounded for presentation purposes.

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

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$8,722,923. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2018 the State's proportionate share of the OPEB liability attributable to the District is \$141,934,059. The nonemployer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2017. At June 30, 2017, the state's share of the OPEB liability attributable to the District was .26461 percent, which was an decrease of .00048 percent from its proportionate share measured as of June 30, 2016 of .26509 percent.

Actuarial Assumptions

The OPEB liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases *	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 4.55%
Rate Thereafter	2.00% to 5.45%
Mortality	RP-2014 Headcount-Weighted Healthy Employee, Health Annuitant and Disabled Male/Female Mortality Table with Fully Generational Mortality Improvement Projections from the Central Year Using Scale MP-2017
Long-Term Rate of Return	1.00%

*Salary increases are based on the defined benefit plan that the individual is enrolled in and his or her year of service for TPAF or his or her age for PERS..

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

F. Post-Retirement Medical Benefits (Continued)

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

Actuarial Assumptions (Continued)

Healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5 percent. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5 percent and decreases to a 5.0 percent long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0 percent. This reflects the known underlying cost of the Part B premium. The Medicare Advantage trend rate is 4.5 percent and will continue in all future years.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2012 to June 30, 2015 and July 1, 2011 to June 30, 2014, respectively.

Long-Term Expected Rate of Return

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 1.00% as of June 30, 2017.

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	3.58%
2017	June 30, 2016	2.85%

The discount rate represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

F. Post-Retirement Medical Benefits (Continued)

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

Changes in the Total OPEB Liability

The change in the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2018 (measurement date June 30, 2017) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2016 Measurement Date	\$ 153,303,543
Changes Recognized for the Fiscal Year:	
Service Cost	\$ 6,183,524
Interest on the Total OPEB Liability	4,504,970
Changes of Assumptions	(18,751,543)
Gross Benefit Payments	(3,432,841)
Contributions from the Member	126,406
Net Changes	\$ (11,369,484)
Balance, June 30, 2017 Measurement Date	\$ 141,934,059

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85 percent in 2016 to 3.58 percent in 2017.

The change in the total OPEB liability was based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017. A change in the total OPEB liability specific to the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2017 was not provided by the pension system.

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 3.58%, as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage-point higher (4.58 percent) than the current rate:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 168,485,968	\$ 141,934,059	\$ 120,872,832

**NUTLEY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 OTHER INFORMATION (Continued)

F. Post-Retirement Medical Benefits (Continued)

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

Sensitivity of OPEB Liability (Continued)

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

	<u>1%</u> <u>Decrease</u>	<u>Healthcare</u> <u>Cost Trend</u> <u>Rates</u>	<u>1%</u> <u>Increase</u>
Total OPEB Liability (School Retirees)	\$ <u>116,727,043</u>	\$ <u>141,934,059</u>	\$ <u>175,408,680</u>

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017 were not provided by the pension system.

REQUIRED SUPPLEMENTARY INFORMATION PART II

BUDGETARY COMPARISON SCHEDULES

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

EXHIBIT C-1

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
REVENUES					
Local Sources					
Property Tax Levy	\$ 54,216,429		\$ 54,216,429	\$ 54,216,429	
Tuition -					
Individuals	53,086		53,086	61,486	\$ 8,400
Other LEAs Within the State	80,168		80,168	70,585	(9,583)
Transportation Fees from Other LEAs	9,000		9,000		(9,000)
Interest on Capital Reserve	2,000		2,000	25,832	23,832
Interest	9,500		9,500	38,927	29,427
Other Restricted Miscellaneous	156,650		156,650	198,579	41,929
Unrestricted Miscellaneous	154,000	-	154,000	221,582	67,582
Total Revenues - Local Sources	54,680,833	-	54,680,833	54,833,420	152,587
State Sources					
Equalization Aid	4,336,516	\$ 142,157	4,478,673	4,478,673	
Special Education Aid	2,451,565		2,451,565	2,451,565	
Security Aid	81,159		81,159	81,159	
Transportation Aid	104,457		104,457	104,457	
PARCC Readiness Aid	40,380		40,380	40,380	
Per Pupil Growth Aid	40,380		40,380	40,380	
Professional Learning Community Aid	40,640		40,640	40,640	
Host District Support Aid	319		319	319	
Extraordinary Aid	275,000		275,000	943,006	668,006
Lead Testing for Schools Aid	-		-	8,730	8,730
On-Behalf TPAF					
Normal Pension			-	4,006,947	4,006,947
NCGI Contribution			-	97,239	97,239
Long Term Disability Insurance			-	7,056	7,056
Post Retirement Contribution			-	2,650,806	2,650,806
Social Security Contributions - Non Budget	-	-	-	2,127,839	2,127,839
Total State Sources	7,370,416	142,157	7,512,573	17,079,196	9,566,623
Federal Sources					
Medicaid Reimbursement	57,145	-	57,145	89,791	32,646
Total Federal Sources	57,145	-	57,145	89,791	32,646
Total Revenues	62,108,394	142,157	62,250,551	72,002,407	9,751,856
CURRENT EXPENDITURES					
Regular Programs - Instruction					
Salaries of Teachers:					
Kindergarten	1,175,752	6,929	1,182,681	1,182,681	-
Grades 1 - 5	7,279,079	67,885	7,346,964	7,346,964	-
Grades 6 - 8	4,437,049	(156,784)	4,280,265	4,280,265	-
Grades 9 - 12	5,699,147	32,459	5,731,606	5,731,606	-
Home Instruction:					
Salaries of Teachers	45,800	(21,464)	24,336	24,336	-
Purchased Professional-Educational Services	35,000	14,508	49,508	49,508	-
Regular Programs - Undistributed Instruction:					
Purchased Technical Services	77,815	1,663	79,478	79,478	-
Other Purchased Services	53,800	11,307	65,107	64,723	384
General Supplies	990,569	(243,865)	746,704	746,335	369
Textbooks	90,984	(26,787)	64,197	64,197	-
Other Objects	11,000	(3,321)	7,679	7,554	125
Total Instruction Regular Programs	19,895,995	(317,470)	19,578,525	19,577,647	878
Special Education					
Learning/Language Disabilities					
Salaries of Teachers	1,411,588	(124,719)	1,286,869	1,286,178	691
Other Salaries for Instruction	646,873	(89,381)	557,492	557,043	449
General Supplies	15,000	(400)	14,600	14,481	119
Textbooks	2,000	(2,000)			-
Other Objects	100	2,000	2,100	1,553	547
Total Learning/Language Disabilities	2,075,561	(214,500)	1,861,061	1,859,255	1,806
Resource Room/Resource Center					
Salaries of Teachers	2,230,653	96,754	2,327,407	2,327,407	-
General Supplies	15,000	300	15,300	15,286	14
Textbooks	1,500	(1,000)	500	18	482
Other Objects	100	-	100	-	100
Total Resource Room/Resource Center	2,247,253	96,054	2,343,307	2,342,711	596

NUTLEY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
Autism					
Salaries of Teachers	\$ 496,434	\$ 31,987	\$ 528,421	\$ 524,322	\$ 4,099
Other Salaries for Instruction	312,946	94,438	407,384	407,384	-
General Supplies	11,000	-	11,000	10,695	305
Other Objects	250	-	250	-	250
Total Autism	820,630	126,425	947,055	942,401	4,654
Preschool Disabilities - Part-Time					
Salaries of Teachers	134,023	-	134,023	130,841	3,182
Other Salaries for Instruction	86,180	6,936	93,116	92,238	878
General Supplies	9,400	1,100	10,500	10,444	56
Other Objects	100	-	100	-	100
Total Preschool Disabilities - Part-Time	229,703	-8,036	237,739	233,523	4,216
Preschool Disabilities - Full-Time					
Salaries of Teachers	242,986	(29,769)	213,217	212,116	1,101
Other Salaries for Instruction	270,319	16,563	286,882	284,382	2,500
Total Preschool Disabilities - Full-Time	513,305	(13,206)	500,099	496,498	3,601
Total Special Education	5,886,452	2,809	5,889,261	5,874,388	14,873
Basic Skills/Remedial					
Salaries of Teachers	516,025	100	516,125	515,956	169
General Supplies	2,000	-	2,000	827	1,173
Other Objects	100	(100)	-	-	-
Total Basic Skills/Remedial	518,125	-	518,125	516,783	1,342
Bilingual Education					
Salaries of Teachers	298,351	2,800	301,151	300,496	655
General Supplies	4,500	(2,800)	1,700	176	1,524
Textbooks	500	-	500	-	500
Total Bilingual Education	303,351	-	303,351	300,672	2,679
School Sponsored Co-Curricular Activities					
Salaries of Teachers	244,815	18,874	263,689	263,689	-
Supplies and Materials		60,000	60,000		60,000
Other Objects	5,125	922	6,047	6,047	-
Total Co-Curricular Activities	249,940	79,796	329,736	269,736	60,000
School Sponsored Athletics					
Salaries	581,171	(20,083)	561,088	561,088	-
Purchased Services	76,365	(3,078)	73,287	72,164	1,123
Supplies and Materials	63,900	(861)	63,039	50,683	12,356
Other Objects	151,495	(7,626)	143,869	141,246	2,623
Total Athletics	872,931	(31,648)	841,283	825,181	16,102
Other Instructional Programs - Instruction					
Salaries	113,250	-	113,250	113,250	-
Purchased Services	600	-	600	279	321
Supplies and Materials	32,000	(10,610)	21,390	10,110	11,280
Other Objects	3,100	1,055	4,155	4,055	100
Total Other Instructional Programs - Instruction	148,950	(9,555)	139,395	127,694	11,701
Community Services					
Salaries	8,000	-	8,000	5,307	2,693
Total Community Services	8,000	-	8,000	5,307	2,693
Total Instruction	27,883,744	(276,068)	27,607,676	27,497,408	110,268

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

EXHIBIT C-1

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures					
Instruction					
Tuition to Other LEA's Within State - Special	\$ 185,000	\$ 61,541	\$ 246,541	\$ 246,541	-
Tuition to County Sp Service and Regional Day School	275,809	(92,639)	183,170	183,170	-
Tuition to Private School for the Disabled W/I State	3,400,000	67,269	3,467,269	3,462,961	\$ 4,308
Total Tuition	3,860,809	36,171	3,896,980	3,892,672	4,308
Health Services					
Salaries	638,026	(17,719)	620,307	620,307	-
Purchased Professional and Technical Services	60,975	29,446	90,421	90,421	-
Supplies and Materials	47,000	(17,927)	29,073	28,677	396
Other Objects	150	(150)	-	-	-
Total Health Services	746,151	(6,350)	739,801	739,405	396
Other Supp. Svcs.-					
Speech, OT, PT and Related Services					
Salaries	621,449	63,672	685,121	684,636	485
Purchased Professional Educational Services	350,000	48,309	398,309	398,309	-
Supplies and Materials	6,500	(44)	6,456	6,425	31
Total Speech, OT, PT and Related Services	977,949	111,937	1,089,886	1,089,370	516
Other Supp. Svcs.-Extraord. Serv.					
Salaries	735,176	(56,970)	678,206	673,008	5,198
Total Other Support/Extraordinary Services	735,176	(56,970)	678,206	673,008	5,198
Other Supp. Svcs.-Guidance					
Salaries of Other Professional Staff	1,140,528	(8,000)	1,132,528	1,130,675	1,853
Salaries of Secretarial and Clerical Assistants	149,886	(34,000)	115,886	114,339	1,547
Other Purchased Professional and Technical Services	17,500	(1,808)	15,692	15,573	119
Other Purchased Services	3,150	(153)	2,997	870	2,127
Supplies and Materials	12,000	902	12,902	12,670	232
Other Objects	1,000	(749)	251	225	26
Total Other Support Services-Guidance	1,324,064	(43,808)	1,280,256	1,274,352	5,904
Other Supp. Svcs.-Child Study Teams					
Salaries of Other Professional Staff	1,141,145	36,665	1,177,810	1,177,104	706
Miscellaneous Purchased Services	2,500	595	3,095	3,061	34
Supplies and Materials	10,900	1,843	12,743	12,587	156
Other Objects	100	-	100	-	100
Total Other Support Services-Child Study Teams	1,154,645	39,103	1,193,748	1,192,752	996
Improvement of Instruction					
Salaries of Other Professional Staff	46,750	(1,344)	45,406	21,190	24,216
Salaries of Secretarial and Clerical Assist.	124,946	750	125,696	125,696	-
Purchased Professional Educational Services	5,000	(2,000)	3,000	-	3,000
Other Purchased Professional and Technical Services	2,795	-	2,795	-	2,795
Other Purchased Services	6,970	-	6,970	5,033	1,937
Supplies and Materials	7,500	(750)	6,750	6,357	393
Other Objects	500	-	500	212	288
Total Improvement of Instruction	194,461	(3,344)	191,117	158,488	32,629
Educational Media Services/ School Library					
Salaries	654,781	(48,440)	606,341	606,341	-
Purchased Professional and Technical Services	19,250	(1,028)	18,222	18,222	-
Other Purchased Services	11,710	(3,211)	8,499	8,499	-
Supplies and Materials	56,600	(24,929)	31,671	31,651	20
Total Educational Media Services/ School Library	742,341	(77,608)	664,733	664,713	20
Instructional Staff Training Services					
Salaries of Other Professional Staff	50,000	(45,232)	4,768	4,768	-
Purchased Professional Educational Services	20,000	29,232	49,232	45,377	3,855
Other Purchased Services	32,700	7	32,707	32,109	598
Supplies and Materials	1,500	-	1,500	1,473	27
Total Instructional Staff Training Services	104,200	(15,993)	88,207	83,727	4,480

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

EXHIBIT C-1

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Support Services General Administration					
Salaries	\$ 716,369	\$ 26,041	\$ 742,410	\$ 742,405	\$ 5
Legal Services	175,000	(36,282)	138,718	138,718	-
Audit Fees	48,500	(3,400)	45,100	45,100	-
Other Purchased Professional Services	25,000	(18,000)	7,000	7,000	-
Purchased Technical Services	128,700	21,673	150,373	147,436	2,937
Miscellaneous Purchased Services	46,500	(2)	46,498	45,953	545
Communications/Telephone	98,270	(5,224)	93,046	87,529	5,517
BOE Other Purchased Services	4,900	3,570	8,470	8,470	-
Supplies and Materials	12,800	(1,129)	11,671	9,795	1,876
Judgments Against School District		35,405	35,405	34,550	855
Miscellaneous Expenditures	8,000	960	8,960	8,960	-
BOE Membership Dues and Fees	27,950	(2,836)	25,114	25,114	-
Total Support Services General Administration	1,291,989	20,776	1,312,765	1,301,030	11,735
Support Services School Administration					
Salaries of Principals and Assistant Principals	1,266,523	14,101	1,280,624	1,280,390	234
Salaries of Other Professional Staff	1,414,018	(32,138)	1,381,880	1,381,880	-
Salaries of Secretarial and Clerical Assistants	511,001	-	511,001	507,459	3,542
Other Purchased Services	100,350	(7,343)	93,007	91,112	1,895
Supplies and Materials	58,950	(13,030)	45,920	45,795	125
Other Objects	61,500	(1,064)	60,436	57,324	3,112
Total Support Services School Administration	3,412,342	(39,474)	3,372,868	3,363,960	8,908
Central Services					
Salaries	639,582	132	639,714	639,714	-
Purchased Professional Services	81,391	72,933	154,324	104,041	50,283
Purchased Technical Services	28,144	(2,365)	25,779	25,779	-
Miscellaneous Purchased Services	34,398	(9,094)	25,304	24,505	799
Supplies and Materials	10,000	(900)	9,100	8,263	837
Miscellaneous Expenditures	750	(132)	618	300	318
Total Undistributed Expenditures - Central Services	794,265	60,574	854,839	802,602	52,237
Admin. Info. Tech.					
Salaries	295,278	(22,158)	273,120	273,120	-
Purchased Technical Services	15,361	8,121	23,482	23,481	1
Other Purchased Services	800	-	800	170	630
Supplies and Materials	36,375	(23,076)	13,299	13,034	265
Other Objects	500	-	500	-	500
Total Undistributed Expenditures - Admin. Info. Technology	348,314	(37,113)	311,201	309,805	1,396
Required Maintenance for School Facilities					
Salaries	470,016	(466)	469,550	468,481	1,069
Cleaning, Repair and Maintenance Services	302,433	151,591	454,024	445,422	8,602
General Supplies	221,600	(32,875)	188,725	181,790	6,935
Other Objects	3,650	(1,571)	2,079	2,079	-
Total Required Maint for School Facilities	997,699	116,679	1,114,378	1,097,772	16,606
Custodial Services					
Salaries	1,604,098	(53,325)	1,550,773	1,550,773	-
Salaries of Non-Instructional Aides	290,181	(42,720)	247,461	247,461	-
Purchased Professional and Technical Services	25,000	(12,167)	12,833	12,833	-
Cleaning, Repair and Maintenance Services	132,500	(22,968)	109,532	109,532	-
Rental of Land & Bldg. Oth. Than Lease Purch. Agreement	1,425	37	1,462	1,462	-
Property Insurance	297,293	24,686	321,979	321,979	-
Miscellaneous Purchased Services	9,500	(6,846)	2,654	2,654	-
General Supplies	110,000	11,318	121,318	120,866	452
Energy (Natural Gas)	275,000	(33,620)	241,380	212,798	28,582
Energy (Electricity)	835,000	(4,000)	831,000	777,085	53,915
Energy (Gasoline)	22,200	(11,520)	10,680	10,680	-
Other Objects	800	89	889	889	-
Total Custodial Services	3,602,997	(151,036)	3,451,961	3,369,012	82,949

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

EXHIBIT C-1

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures - Care & Upkeep of Grounds					
Salaries	\$ 276,837	\$ (5,083)	\$ 271,754	\$ 271,754	-
Cleaning, Repair, and Maintenance Services	51,850	11,722	63,572	56,375	7,197
General Supplies	23,000	(486)	22,514	22,272	242
Total Care & Upkeep of Grounds	351,687	6,153	357,840	350,401	7,439
Undistributed Expenditures - Security					
Salaries	116,742	195	116,937	116,936	1
Purchased Professional and Technical Services	12,725	446,459	459,184	448,379	10,805
General Supplies	4,500	21,712	26,212	25,153	1,059
Total Security	133,967	468,366	602,333	590,468	11,865
Student Transportation Services					
Salaries for Pupil Trans (Bet Home & Sch)-Sp Ed.	1,082,031	(57,320)	1,024,711	1,024,711	-
Salaries for Pupil Trans (Bet Home & Sch)-Regular	97,043	(3,834)	93,209	93,081	128
Other Purchased Professional and Technical Services	1,200	410	1,610	1,609	1
Cleaning, Repair and Maintenance Services	154,500	22,248	176,748	176,748	-
Rental Payments - School Buses	12,000	(12,000)	-	-	-
Lease Purchase Payments - School Buses	103,889	(58,228)	45,661	45,661	-
Contract. Serv. - Aid in Lieu Pymts-Charter Sch	5,304	(2,652)	2,652	2,652	-
Contr Serv(Oth. Than Bet Home & Sch)-Vend	27,500	(2,731)	24,769	24,769	-
Contr Serv(Special Education)-Vendors	250,800	345,676	596,476	596,476	-
Contr Serv(Special Education)-Joint Agreements	1,000	(1,000)	-	-	-
Miscellaneous Purch. Services- Transportation	35,106	479	35,585	35,585	-
General Supplies	79,000	(13,325)	65,675	65,675	-
Other Objects	14,000	318	14,318	14,318	-
Total Student Transportation Services	1,863,373	218,041	2,081,414	2,081,285	129
Unallocated Employee Benefits					
Social Security Contributions	790,796	14,725	805,521	805,521	-
Other Retirement Contributions - PERS	942,488	(58,705)	883,783	883,783	-
Other Retirement Contributions - Regular (DCRP and ECPF)	33,466	(8,238)	25,228	25,228	-
Workmens Compensation	161,803	14,251	176,054	176,054	-
Health Benefits	9,456,437	306,904	9,763,341	9,762,960	381
Tuition Reimbursements	50,000	(20,397)	29,603	29,603	-
Other Employee Benefits	349,560	15,000	364,560	366,215	(1,655)
Unused Sick Payments to Terminated/Retired Staff	120,000	(35,711)	84,289	82,634	1,655
Total Unallocated Employee Benefits	11,904,550	227,829	12,132,379	12,131,998	381
On-Behalf TPAF					
Pension System Contributions-Normal				4,006,947	(4,006,947)
NCCI Premium				97,239	(97,239)
Long Term Disability Insurance				7,056	(7,056)
Post Retirement Benefits				2,650,806	(2,650,806)
Social Security Contributions - Non Budget	-	-	-	2,127,839	(2,127,839)
Total TPAF Pension and Social Security Contributions	-	-	-	8,889,887	(8,889,887)
Total Undistributed Expenditures	34,540,979	873,933	35,414,912	44,056,707	(8,641,795)
Total Current Expenditures	62,424,723	597,865	63,022,588	71,554,115	(8,531,527)
CAPITAL OUTLAY					
Equipment					
Grades 9-12		423	423	423	-
Instruction					
Learning and/or Language Disabilities		3,521	3,521	3,521	-
School-Sponsored and Other Instructional Program		3,642	3,642	3,642	-
Undistributed Expenditures					
Instruction	10,000	43,088	53,088	53,088	-
Care and Upkeep	10,000	16,303	26,303	17,155	9,148
Required Maintenance for School Facilities		30,433	30,433	30,433	-
Assets Acquired Under Capital Leases - School Bus (Non-Budgeted)				75,880	(75,880)
School Buses - Special	-	59,183	59,183	59,183	-
Total Equipment	20,000	156,593	176,593	243,325	(66,732)

**NUTLEY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
CAPITAL OUTLAY (Continued)					
Facilities Acquisition and Construction Services					
Land and Improvements		\$ 18,326	\$ 18,326	\$ 9,326	\$ 9,000
Assessment for Debt Service on SDA Funding	\$ 88,649	-	88,649	88,649	-
Total Facilities Acquisition and Construction	88,649	18,326	106,975	97,975	9,000
Interest Deposit to Capital Reserve	2,000	-	2,000	-	2,000
Total Expenditures - Capital Outlay	110,649	174,919	285,568	341,300	(55,732)
Transfer of Funds to Charter Schools	75,660	(35,845)	39,815	39,815	-
Total Expenditures - General Fund	62,611,032	736,939	63,347,971	71,935,230	(8,587,259)
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	(502,638)	(594,782)	(1,097,420)	67,177	1,164,597
Other Financing Sources (Uses)					
Proceeds from Capital Lease Transfers In	-	-	-	75,880 7,731	75,880 7,731
Total Other Financing Sources	-	-	-	83,611	83,611
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(502,638)	(594,782)	(1,097,420)	150,788	1,248,208
Fund Balance, Beginning of Year	8,197,706	-	8,197,706	8,197,706	-
Fund Balance, End of Year	\$ 7,695,068	\$ (594,782)	\$ 7,100,286	\$ 8,348,494	\$ 1,248,208
Recapitulation of Fund Balance					
Restricted					
Capital Reserve				\$ 4,005,047	
Maintenance Reserve				505,867	
Excess Surplus				875,248	
Excess Surplus - Designated for Subsequent Year's Budget				875,559	
Assigned					
Encumbrances				159,378	
Unassigned				<u>1,927,395</u>	
Fund Balance (Budgetary Basis)				8,348,494	
Reconciliation to Governmental Fund Statements (GAAP)					
2017/2018 State Aid Payments Not Recognized on a GAAP Basis				<u>(1,639,835)</u>	
Fund Balance per Governmental Funds (GAAP Basis)				<u>\$ 6,708,659</u>	

**NUTLEY BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 439,203	\$ 14,499	\$ 453,702	\$ 407,577	\$ (46,125)
Federal	1,046,943	411,762	1,458,705	1,347,239	(111,466)
Local Sources					
Miscellaneous	-	220,535	220,535	65,495	(155,040)
Total Revenues	<u>1,486,146</u>	<u>646,796</u>	<u>2,132,942</u>	<u>1,820,311</u>	<u>(312,631)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	284,432	(68,604)	215,828	212,659	3,169
Purchased Professional/Educational Services	280,812	(26,526)	254,286	215,917	38,369
Tuition	308,141	88,610	396,751	396,751	-
General Supplies	22,661	207,924	230,585	157,019	73,566
Textbooks	35,218	225	35,443	34,725	718
Other Objects	-	148,661	148,661	8,704	139,957
Total Instruction	<u>931,264</u>	<u>350,290</u>	<u>1,281,554</u>	<u>1,025,775</u>	<u>255,779</u>
Support Services					
Salaries of Program Directors		4,000	4,000	4,000	-
Other Salaries	375	17,008	17,383	16,093	1,290
Employee Benefits	29	56,757	56,786	50,847	5,939
Purchased Professional/Educational Services	493,454	119,514	612,968	580,277	32,691
Travel		23,577	23,577	16,255	7,322
Other Purchased Services	22,707	18,916	41,623	37,623	4,000
Supplies and Materials	30,600	12,747	43,347	37,740	5,607
Other Objects	700	-	700	700	-
Total Support Services	<u>547,865</u>	<u>252,519</u>	<u>800,384</u>	<u>743,535</u>	<u>56,849</u>
Facilities Acquisition and Construction					
Instructional Equipment	<u>7,017</u>	<u>43,987</u>	<u>51,004</u>	<u>51,001</u>	<u>3</u>
Total Facilities Acquisition	<u>7,017</u>	<u>43,987</u>	<u>51,004</u>	<u>51,001</u>	<u>3</u>
Total Expenditures	<u>1,486,146</u>	<u>646,796</u>	<u>2,132,942</u>	<u>1,820,311</u>	<u>312,631</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, 2018**

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual revenues (budgetary basis)	C-1 \$ 72,002,407	C-2 \$ 1,820,311
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, 2017 Encumbrances		72,790
Less: June 30, 2018 Encumbrances		(83,195)
State Aid payments recognized for GAAP Statements, not recognized for budgetary purposes,	1,438,662	
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements.	<u>(1,639,835)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	B-2 \$ <u>71,801,234</u>	B-2 \$ <u>1,809,906</u>
Uses/Outflows of Resources		
Actual expenditures (budgetary basis)	C-1 \$ 71,935,230	C-2 \$ 1,820,311
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, 2017 Encumbrances		72,790
Less: June 30, 2018 Encumbrances	<u>-</u>	<u>(83,195)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	B-2 \$ <u>71,935,230</u>	B-2 \$ <u>1,809,906</u>

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.09389%	0.09757%	0.09695%	0.09608%	0.09415%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 21,856,981	\$ 28,898,604	\$ 21,763,777	\$ 17,988,448	\$ 17,993,580
District's Covered-Employee Payroll	\$ 6,633,093	\$ 6,498,740	\$ 6,571,992	\$ 6,569,878	\$ 6,550,921
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	329.51%	444.68%	331.16%	273.80%	274.67%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.93%	52.08%	48.72%

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

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

NUTLEY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
Last Five Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 869,826	\$ 866,833	\$ 833,527	\$ 792,054	\$ 709,387
Contributions in Relation to the Contractually Required Contributions	<u>869,826</u>	<u>866,833</u>	<u>833,527</u>	<u>792,054</u>	<u>709,387</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered- Employee Payroll	\$ 6,633,093	\$ 6,498,740	\$ 6,571,992	\$ 6,569,878	\$ 6,550,921
Contributions as a Percentage of Covered-Employee Payroll	13.11%	13.34%	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 Five Fiscal Years ***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.00%	0.00%	0.00%	0.00%	0.00%
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>184,723,672</u>	<u>213,178,883</u>	<u>168,635,838</u>	<u>146,676,355</u>	<u>139,153,451</u>
Total	<u>\$ 184,723,672</u>	<u>\$ 213,178,883</u>	<u>\$ 168,635,838</u>	<u>\$ 146,676,355</u>	<u>\$ 139,153,451</u>
District's Covered-Employee Payroll	\$ 29,130,675	\$ 27,882,556	\$ 27,968,425	\$ 26,006,174	\$ 26,393,487
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	22.33%	28.71%	33.64%	33.76%

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

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

**NUTLEY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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.

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

Postemployment Health Benefit Plan

Last One Fiscal Year*

	<u>2018</u>
Total OPEB Liability	
Service Cost	\$ 6,183,524
Interest on Total OPEB Liability	4,504,970
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions	(18,751,543)
Gross Benefit Payments	(3,432,841)
Contribution from the Member	<u>126,406</u>
Net Change in Total OPEB Liability	(11,369,484)
Total OPEB Liability - Beginning	<u>153,303,543</u>
Total OPEB Liability - Ending	<u>\$ 141,934,059</u>
District's Proportionate Share of OPEB Liability	\$ -
State's Proportionate Share of OPEB Liability	<u>141,934,059</u>
Total OPEB Liability - Ending	<u>\$ 141,934,059</u>
District's Covered-Employee Payroll	<u>\$ 35,763,768</u>
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	<u>0%</u>

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

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

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 75. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**NUTLEY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Changes in Benefit Terms:

None.

Changes of Assumptions

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

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

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, 2018

	Nonpublic Textbooks	N.J. Nonpublic Auxiliary				NJ Nonpublic Handicapped			Nonpublic Nursing	Nonpublic Technology	Sub-Total
		Compensatory Education	ESL	Transportation	Home Instruction	Supplemental Instruction	Examination/ Classification	Corrective Speech			
REVENUES											
State Sources	\$ 34,725	\$ 104,702	\$ 903	\$ 30,184	\$ 7,323	\$ 40,919	\$ 42,965	\$ 17,499	\$ 62,856	\$ 22,507	\$ 364,583
Federal Sources	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	<u>\$ 34,725</u>	<u>\$ 104,702</u>	<u>\$ 903</u>	<u>\$ 30,184</u>	<u>\$ 7,323</u>	<u>\$ 40,919</u>	<u>\$ 42,965</u>	<u>\$ 17,499</u>	<u>\$ 62,856</u>	<u>\$ 22,507</u>	<u>\$ 364,583</u>
EXPENDITURES											
Instruction:											
Salaries of Teachers											-
Purchased Prof. and Technical Services											-
Purchased Professional Educational Services		\$ 104,702	\$ 903		\$ 7,323	\$ 40,919	\$ 42,965	\$ 17,499			\$ 214,311
Tuition											-
General Supplies										\$ 22,507	22,507
Textbooks	\$ 34,725										34,725
Other Objects	-	-	-	-	-	-	-	-	-	-	-
Total Instruction	<u>34,725</u>	<u>104,702</u>	<u>903</u>	<u>-</u>	<u>7,323</u>	<u>40,919</u>	<u>42,965</u>	<u>17,499</u>	<u>-</u>	<u>22,507</u>	<u>271,543</u>
Support Services											
Employee Benefits											-
Purchased Professional Educational Services									\$ 62,856		62,856
Other Purchased Services				\$ 30,184							30,184
Supplies and Materials	-	-	-	-	-	-	-	-	-	-	-
Total Support Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,184</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,856</u>	<u>-</u>	<u>93,040</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>\$ 34,725</u>	<u>\$ 104,702</u>	<u>\$ 903</u>	<u>\$ 30,184</u>	<u>\$ 7,323</u>	<u>\$ 40,919</u>	<u>\$ 42,965</u>	<u>\$ 17,499</u>	<u>\$ 62,856</u>	<u>\$ 22,507</u>	<u>\$ 364,583</u>

**NUTLEY BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Title I	Title II A	Title III	Perkins Vocational Education	IDEA B Basic	IDEA B Preschool	Nonpublic Security	Other	Page 1 Subtotal	Total
REVENUES										
State Sources							\$ 42,994		\$ 364,583	\$ 407,577
Federal Sources	\$ 282,620	\$ 77,944	\$ 28,719	\$ 22,277	\$ 895,340	\$ 40,339				1,347,239
Other	-	-	-	-	-	-	-	\$ 65,495	-	65,495
Total Revenues	\$ 282,620	\$ 77,944	\$ 28,719	\$ 22,277	\$ 895,340	\$ 40,339	\$ 42,994	\$ 65,495	\$ 364,583	\$ 1,820,311
EXPENDITURES										
Instruction:										
Salaries of Teachers	\$ 153,636	\$ 43,880	\$ 13,445					\$ 1,698		\$ 212,659
Purchased Professional Educational Services				\$ 1,606					\$ 214,311	215,917
Tuition					356,412	\$ 40,339				396,751
General Supplies	67,431		9,414	6,036	34,395			17,236	22,507	157,019
Textbooks									34,725	34,725
Other Objects	-	-	-	-	-	-	-	8,704	-	8,704
Total Instruction	221,067	43,880	22,859	7,642	390,807	40,339	-	27,638	271,543	1,025,775
Support Services										
Salaries of Program Directors	4,000									4,000
Other Salaries	15,447		351	295						16,093
Employee Benefits	37,826	9,243	3,755	23						50,847
Purchased Professional Educational Services	3,200	17,823		6,600	489,798				62,856	580,277
Other Purchased Services					1,105		6,334		30,184	37,623
Travel		6,998	1,754		7,503					16,255
Supplies and Materials	1,080						36,660		-	37,740
Other Objects	-	-	-	700	-	-	-	-	-	700
Total Support Services	61,553	34,064	5,860	7,618	498,406	-	42,994	-	93,040	743,535
Facilities Acquisition and Construction Services										
Instructional Equipment	-	-	-	7,017	6,127	-	-	37,857	-	51,001
Total Facilities Acquisition	-	-	-	7,017	6,127	-	-	37,857	-	51,001
Total Expenditures	\$ 282,620	\$ 77,944	\$ 28,719	\$ 22,277	\$ 895,340	\$ 40,339	\$ 42,994	\$ 65,495	\$ 364,583	\$ 1,820,311

CAPITAL PROJECTS FUND

**NUTLEY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Project Description</u>	<u>Appropriation</u>	<u>Additional Appropriation</u>	<u>Expenditures to Date</u>		<u>Balance June 30, 2018</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	\$ 38,295,429	\$ 646,161	\$ 37,410
John Walker Middle School Parking Lot	<u>550,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>550,000</u>
	<u>\$ 39,050,000</u>	<u>\$ 479,000</u>	<u>\$ 38,295,429</u>	<u>\$ 646,161</u>	<u>\$ 587,410</u>
Fund Balance, June 30, 2018 (Budgetary Basis and GAAP Basis)					<u>\$ 587,410</u>
Recapitulation of Fund Balance					
Restricted for Capital Projects					
Year End Encumbrances					\$ 37,410
Available for Capital Projects					<u>550,000</u>
Total Fund Balance - Restricted for Capital Projects					<u>\$ 587,410</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, 2018

Revenues and Other Financing Sources

Interest on Investments	\$ <u>7,731</u>
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Total Revenues and Other Financing Sources	<u>7,731</u>
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Expenditures and Other Financing Uses

Construction Services	\$ 645,159
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Supplies	1,002
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Transfer Out	<u>7,731</u>
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Total Expenditures and Other Financing Uses	<u>653,892</u>
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Excess of Expenditures and Other Financing Uses Over Revenues and Other Financing Sources	(646,161)
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Fund Balance, Beginning of Year	<u>1,233,571</u>
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Fund Balance, End of Year	<u>\$ 587,410</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, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources				
Bond Proceeds and Transfers	\$ 9,089,292	(12,000)	\$ 9,077,292	\$ 9,077,292
Total Revenues and Other Financing Sources	<u>9,089,292</u>	<u>(12,000)</u>	<u>9,077,292</u>	<u>9,077,292</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	1,383,083		1,383,083	1,372,104
Legal Fees	21,705		21,705	
Construction Services	7,365,151	\$ 94,304	7,459,455	7,659,680
Other Purchased Services	7,106		7,106	45,508
Supplies	1,505	167	1,672	
Equipment	<u>204,271</u>	<u>-</u>	<u>204,271</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>8,982,821</u>	<u>94,471</u>	<u>9,077,292</u>	<u>9,077,292</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ 106,471</u>	<u>\$ (106,471)</u>	<u>\$ -</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	\$ 337,292
Revised Authorized Cost	\$ 9,077,292
Percentage Completion	100%
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, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources				
Bond Proceeds and Transfers	\$ 4,818,195	-	\$ 4,818,195	\$ 4,818,195
Total Revenues and Other Financing Sources	<u>4,818,195</u>	<u>-</u>	<u>4,818,195</u>	<u>4,818,195</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	899,239		899,239	765,610
Legal Fees	8,036		8,036	
Construction Services	3,801,431		3,801,431	4,012,903
Other Purchased Services	(621)		(621)	39,682
Supplies	1,505	\$ 167	1,672	
Equipment	<u>108,438</u>	<u>-</u>	<u>108,438</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>4,818,028</u>	<u>167</u>	<u>4,818,195</u>	<u>4,818,195</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ 167</u>	<u>\$ (167)</u>	<u>\$ -</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	\$ (711,805)
Revised Authorized Cost	\$ 4,818,195
Percentage Completion	100%
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, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources				
Bond Proceeds and Transfers	\$ 8,081,231	13,428	\$ 8,094,659	\$ 8,081,232
Total Revenues and Other Financing Sources	<u>8,081,231</u>	<u>13,428</u>	<u>8,094,659</u>	<u>8,081,232</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	1,213,707		1,213,707	1,051,751
Legal Fees	17,149		17,149	
Construction Services	6,110,731	\$ 550,855	6,661,586	6,994,918
Other Purchased Services	8,223		8,223	34,563
Supplies	1,505	167	1,672	
Equipment	<u>154,912</u>	<u>-</u>	<u>154,912</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>7,506,227</u>	<u>551,022</u>	<u>8,057,249</u>	<u>8,081,232</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ 575,004</u>	<u>\$ (537,594)</u>	<u>\$ 37,410</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	\$ 481,232
Revised Authorized Cost	\$ 8,081,232
Percentage Completion	100%
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, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources				
Bond Proceeds and Transfers	\$ 6,083,236	-	\$ 6,083,236	\$ 6,088,005
Total Revenues and Other Financing Sources	6,083,236	-	6,083,236	6,088,005
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	915,826		915,826	964,363
Legal Fees	8,036		8,036	
Construction Services	5,041,254		5,041,254	5,083,960
Other Purchased Services	7,635		7,635	39,682
Supplies	1,505	\$ 167	1,672	
Miscellaneous	375		375	
Equipment	108,438	-	108,438	-
Total Expenditures and Other Financing Uses	6,083,069	167	6,083,236	6,088,005
Excess (Deficiency) of Revenues over (under) Expenditures	\$ 167	\$ (167)	\$ -	\$ -

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	\$ 558,005
Revised Authorized Cost	\$ 6,088,005
Percentage Completion	100%
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, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources				
Bond Proceeds and Transfers	\$ 3,045,155	\$ -	\$ 3,045,155	\$ 3,182,461
Total Revenues and Other Financing Sources	<u>3,045,155</u>	<u>-</u>	<u>3,045,155</u>	<u>3,182,461</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	521,752		521,752	471,333
Legal Fees	441		441	
Construction Services	2,452,495		2,452,495	2,687,671
Other Purchased Services	(915)		(915)	23,457
Supplies	1,505	\$ 167	1,672	
Equipment	<u>69,710</u>	<u>-</u>	<u>69,710</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>3,044,988</u>	<u>167</u>	<u>3,045,155</u>	<u>3,182,461</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ 167</u>	<u>\$ (167)</u>	<u>\$ -</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	\$ (217,539)
Revised Authorized Cost	\$ 3,182,461
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, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources				
Bond Proceeds and Transfers	\$ 7,382,891	\$ (1,428)	\$ 7,381,463	\$ 7,381,463
U.S. Department of Energy Grant	479,000	-	479,000	479,000
 Total Revenues and Other Financing Sources	 7,861,891	 (1,428)	 7,860,463	 7,860,463
 Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	1,165,259		1,165,259	1,062,087
Legal Fees	17,149		17,149	
Construction Services	6,504,790		6,504,790	6,756,580
Other Purchased Services	16,681		16,681	41,796
Supplies	1,505	\$ 167	1,672	
Equipment	154,912	-	154,912	-
 Total Expenditures and Other Financing Uses	 7,860,296	 167	 7,860,463	 7,860,463
 Excess (Deficiency) of Revenues over (under) Expenditures	 \$ 1,595	 \$ (1,595)	 \$ -	 \$ -

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
Revised Authorized Cost	\$ 7,860,463

Percentage Completion	100%
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
PARKING LOT - JOHN WALKER MIDDLE SCHOOL
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenues and Other Financing Sources				
Transfer from Capital Reserve	\$ 550,000	\$ -	\$ 550,000	\$ 550,000
 Total Revenues and Other Financing Sources	 550,000	 -	 550,000	 550,000
 Expenditures and Other Financing Uses				
Purchased Professional and Technical Services				
Legal Fees				
Construction Services	-	-	-	550,000
 Total Expenditures and Other Financing Uses	 -	 -	 -	 550,000
 Excess (Deficiency) of Revenues over (under) Expenditures	 \$ 550,000	 \$ -	 \$ 550,000	 \$ -

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bonds Authorization Date	N/A
Original Authorized Cost	\$ 1,000,000
Change Orders/Revisions	\$ (450,000)
Revised Authorized Cost	\$ 550,000

Percentage Completion	0%
Original Target Completion Date	June 30, 2017
Revised Target Completion Date	June 30, 2019

PROPRIETARY FUND

**NUTLEY BOARD OF EDUCATION
PROPRIETARY FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2018**

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, 2018**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2018**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 228,719	\$ 390,648	\$ 619,367
Total Assets	<u>\$ 228,719</u>	<u>\$ 390,648</u>	<u>\$ 619,367</u>
LIABILITIES			
Payroll Deductions and Withholdings Payable		\$ 390,116	\$ 390,116
Due To Other Funds		532	532
Due to Student Groups	<u>\$ 228,719</u>	<u>-</u>	<u>228,719</u>
Total Liabilities	<u>\$ 228,719</u>	<u>\$ 390,648</u>	<u>\$ 619,367</u>

**NUTLEY BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2018**

	<u>Balance July 1, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disburse- ments</u>	<u>Balance June 30, 2018</u>
ELEMENTARY SCHOOLS				
Lincoln	\$ 834	\$ 13,725	\$ 10,731	\$ 3,828
Radcliffe	1,731	9,624	10,947	408
Spring Garden	9,741	9,323	12,289	6,775
Washington	1,314	17,309	17,722	901
Yantacaw	13,466	8,917	8,583	13,800
	<u>27,086</u>	<u>58,898</u>	<u>60,272</u>	<u>25,712</u>
MIDDLE SCHOOL				
John Walker	<u>18,023</u>	<u>18,317</u>	<u>18,435</u>	<u>17,905</u>
HIGH SCHOOL				
Nutley High School	<u>150,291</u>	<u>264,255</u>	<u>229,444</u>	<u>185,102</u>
TOTAL ALL SCHOOLS	<u>\$ 195,400</u>	<u>\$ 341,470</u>	<u>\$ 308,151</u>	<u>\$ 228,719</u>

**NUTLEY BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Balance, July 1, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2018</u>
Payroll Deductions, Withholdings and Accrued Salaries and Wages	\$ 366,468	\$ 46,461,292	\$ 46,437,644	\$ 390,116
Due To Other Funds	<u>451</u>	<u>35,390</u>	<u>35,309</u>	<u>532</u>
Total	<u>\$ 366,919</u>	<u>\$ 46,496,682</u>	<u>\$ 46,472,953</u>	<u>\$ 390,648</u>

LONG-TERM DEBT

**NUTLEY BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<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, 2017</u>	<u>Issued</u>	<u>Paid</u>	<u>Balance June 30, 2018</u>
Construction of an Addition and Renovation at the Nutley High School and Elementary Schools	7/15/2007	\$ 38,500,000				\$ 1,060,000		\$ 1,060,000	\$ -
Series 2012 Refunding Bonds	12/27/2012	\$ 10,000,000	8/15/18	665,000	3.00 %				
			8/15/19	655,000	3.00				
			8/15/20	650,000	3.00				
			8/15/21-23	650,000	4.00				
			8/15/24	645,000	4.00				
			8/15/25	660,000	3.50				
			8/15/26	660,000	3.25				
			8/15/27	650,000	3.25				
			8/15/28	645,000	4.00				
			8/15/29	640,000	4.00	8,490,000		670,000	7,820,000
Series 2013 Refunding Bonds	01/03/2013	1,860,000	8/15/18	180,000	2.00				
			8/15/19	185,000	2.00				
			8/15/20	190,000	3.00				
			8/15/21	195,000	2.25				
			8/15/22	190,000	2.25				
			8/15/23	185,000	2.25	1,305,000		180,000	1,125,000

NUTLEY BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<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, 2017</u>	<u>Issued</u>	<u>Paid</u>	<u>Balance June 30, 2018</u>
Series 2015 Refunding Bonds	04/08/15	\$ 30,445,000	7/15/18	1,225,000	4.00 %				
			7/15/19	1,300,000	4.00				
			7/15/20	1,365,000	2.00-4.00				
			7/15/21	1,435,000	2.50-5.00				
			7/15/22	1,500,000	2.50-5.00				
			7/15/23	1,580,000	2.50-5.00				
			7/15/24	1,660,000	2.75-5.00				
			7/15/25	1,960,000	3.00-5.00				
			7/15/26	2,040,000	3.50				
			7/15/27	2,135,000	4.00				
			7/15/28	2,245,000	4.00				
			7/15/29	2,360,000	4.00				
			7/15/30	2,475,000	4.00				
			7/15/31	3,260,000	4.00				
			7/15/32	3,380,000	4.00				
						\$ 30,010,000	-	\$ 90,000	\$ 29,920,000
						\$ 40,865,000	\$ -	\$ 2,000,000	\$ 38,865,000

**NUTLEY BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Purpose</u>	<u>Original Issue</u>	<u>Balance, July 1, 2017</u>	<u>Issued</u>	<u>Paid</u>	<u>Balance, June 30, 2018</u>
School Buses (2)	135,761	\$ 49,042		\$ 15,965	\$ 33,077
2017 School Bus	85,000	48,461		11,585	36,876
School Bus	75,880	-	\$ 75,880	14,800	61,080
		<u>\$ 97,503</u>	<u>\$ 75,880</u>	<u>\$ 42,350</u>	<u>\$ 131,033</u>

**NUTLEY BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 2,689,214		\$ 2,689,214	\$ 2,689,214	
State Sources					
Debt Service Aid	<u>783,837</u>	<u>-</u>	<u>783,837</u>	<u>783,837</u>	<u>-</u>
Total Revenues	<u>3,473,051</u>	<u>-</u>	<u>3,473,051</u>	<u>3,473,051</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	2,000,000		2,000,000	2,000,000	\$ -
Interest	<u>1,473,052</u>	<u>-</u>	<u>1,473,052</u>	<u>1,473,040</u>	<u>12</u>
Total Expenditures	<u>3,473,052</u>	<u>-</u>	<u>3,473,052</u>	<u>3,473,040</u>	<u>12</u>
Excess (Deficit) of Revenues Over (Under) Expenditu	(1)	-	(1)	11	12
Fund Balance, Beginning of Year	<u>2</u>	<u>-</u>	<u>2</u>	<u>2</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 13</u>	<u>\$ 12</u>

Analysis of Restricted Fund Balance

Designated for Subsequent Year's Budget	\$ 1
Available for Debt Service	<u>12</u>
	<u>\$ 13</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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Net Investment In Capital Assets	\$ 15,636,633	\$ 16,312,379	\$ 17,533,190	\$ 17,943,222	\$ 18,517,662	\$ 18,590,958	\$ 18,540,094	\$ 19,313,537	\$ 20,801,024	\$ 20,707,017
Restricted	126,032	127,084	98,770	124,182	1,175,583	2,676,310	3,492,729	4,864,909	5,012,012	5,060,927
Unrestricted	(4,035,534)	(2,608,168)	(2,166,905)	9,923	2,111,252	(15,840,785)	(16,363,514)	(16,909,567)	(20,671,996)	(21,503,149)
Total Governmental Activities Net Position	<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>	<u>\$ 5,141,040</u>	<u>\$ 4,264,795</u>
Business-Type Activities										
Net Investment In Capital Assets	\$ 13,056	\$ 11,337	\$ 9,844	\$ 8,363	\$ 114,056	\$ 99,715	\$ 98,186	\$ 90,147	\$ 77,694	\$ 109,349
Unrestricted	166,709	128,685	79,524	197,161	373,744	587,550	786,662	1,038,986	1,241,168	1,417,498
Total Business-Type Activities Net Position	<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>	<u>\$ 1,318,862</u>	<u>\$ 1,526,847</u>
District-Wide										
Net Investment In Capital Assets	\$ 15,649,689	\$ 16,323,716	\$ 17,543,034	\$ 17,951,585	\$ 18,631,718	\$ 18,690,673	\$ 18,638,280	\$ 19,403,684	\$ 20,878,718	\$ 20,816,366
Restricted	126,032	127,084	98,770	124,182	1,175,583	2,676,310	3,492,729	4,864,909	5,012,012	5,060,927
Unrestricted	(3,868,825)	(2,479,483)	(2,087,381)	207,084	2,484,996	(15,253,235)	(15,576,852)	(15,870,581)	(19,430,828)	(20,085,651)
Total District Net Position	<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>	<u>\$ 6,459,902</u>	<u>\$ 5,791,642</u>

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 26,145,394	\$ 26,623,533	\$ 27,081,240	\$ 26,758,166	\$ 27,419,378	\$ 28,391,303	\$ 33,504,690	\$ 34,587,775	\$ 39,615,017	\$ 39,630,862
Special Education	8,975,941	8,850,271	8,725,614	9,528,464	10,429,282	10,727,289	12,894,166	12,965,002	14,753,414	16,024,335
Other Instruction	968,273	1,402,851	1,233,574	1,389,023	1,466,465	1,294,381	1,411,766	1,598,362	1,845,551	1,891,637
School Sponsored Activities And Athletics	1,400,875	1,148,210	1,168,815	1,235,319	1,260,343	1,329,760	1,666,089	1,777,672	1,853,132	1,934,689
Community Services	7,627	5,567	7,487	11,555	14,010	22,149	14,725	8,178	10,053	10,711
Support Services										
Student And Instruction Related Services	6,143,456	6,990,705	6,565,253	6,865,496	7,196,414	7,553,144	8,502,186	9,071,293	10,525,535	10,983,302
General Administration	1,436,551	1,368,301	1,743,098	1,981,393	2,116,336	2,076,679	2,177,346	2,038,030	2,255,573	2,451,486
School Administrative Services	3,784,784	3,970,094	4,213,992	4,013,565	3,971,209	4,072,242	4,639,417	5,013,306	5,732,435	5,860,531
Plant Operations And Maintenance	6,042,339	5,531,637	5,428,247	5,147,653	5,348,366	5,544,444	5,647,257	5,807,656	6,513,129	7,453,672
Pupil Transportation	2,129,792	2,011,330	2,086,203	2,033,798	1,981,555	2,254,536	2,499,702	2,463,922	2,441,456	2,843,524
Business Services	1,400,267	1,480,215	1,500,226	1,267,237	1,245,684	1,330,423	1,436,409	1,650,848	1,796,514	1,772,934
Increase in Deferred Pension Liability	227,063									
Interest On Long-Term Debt	2,433,786	2,337,249	2,281,324	2,241,443	2,402,651	1,895,079	1,843,704	1,678,057	1,633,618	1,559,545
Total Governmental Activities Expenses	61,096,148	61,719,963	62,035,073	62,473,112	64,851,693	66,491,429	76,237,457	78,660,101	88,975,427	92,417,228
Business-Type Activities:										
Food Service	946,090	861,182	1,110,276	960,177	899,942	918,360	846,273	916,514	988,220	940,782
Extended Day	1,013,512	841,234	613,967	623,930	655,239	690,063	836,125	854,554	940,362	899,588
Athletic Camps	14,384	15,477	17,690	16,836	11,768	15,558	-	-	3,189	590
Total Business-Type Activities Expense	1,973,986	1,717,893	1,741,933	1,600,943	1,566,949	1,623,981	1,682,398	1,771,068	1,931,771	1,840,960
Total District Expenses	\$ 63,070,134	\$ 63,437,856	\$ 63,777,006	\$ 64,074,055	\$ 66,418,642	\$ 68,115,410	\$ 77,919,855	\$ 80,431,169	\$ 90,907,198	\$ 94,258,188
Program Revenues										
Governmental Activities:										
Charges For Services:										
Instruction (Tuition)	\$ 149,048	\$ 145,554	\$ 158,071	\$ 130,494	\$ 167,909	\$ 166,386	\$ 242,148	\$ 153,876	\$ 143,067	\$ 132,071
Pupil Transportation	77,995	76,215	42,300	53,493	41,220	44,170	44,970	9,100	10,000	
Operating Grants And Contributions	8,108,728	10,285,697	8,482,649	8,677,804	10,130,902	9,372,573	16,734,781	19,664,224	25,544,164	28,962,962
Capital Grants And Contributions	13,595	29,167	65,814	-	567,532					
Total Governmental Activities Program Revenues	8,349,366	10,536,633	8,748,834	8,861,791	10,907,563	9,583,129	17,021,899	19,827,200	25,697,231	29,095,033
Business-Type Activities:										
Charges For Services										
Food Service	731,200	630,926	736,107	768,611	688,996	785,006	761,257	741,578	788,858	678,410
Extended Day	857,797	789,565	647,590	714,196	818,730	916,906	891,490	1,016,495	1,067,012	1,126,078
Athletic Camps	14,805	15,485	18,975	19,330	8,825	15,900	1,700			
Operating Grants And Contributions	136,231	156,667	188,453	214,863	225,396	236,632	230,530	257,066	265,290	241,031
Total Business Type Activities Program Revenues	1,740,033	1,592,643	1,591,125	1,717,000	1,741,947	1,954,444	1,884,977	2,015,139	2,121,160	2,045,519
Total District Program Revenues	\$ 10,089,399	\$ 12,129,276	\$ 10,339,959	\$ 10,578,791	\$ 12,649,510	\$ 11,537,573	\$ 18,906,876	\$ 21,842,339	\$ 27,818,391	\$ 31,140,552

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net (Expense)/Revenue										
Governmental Activities	\$ (52,746,782)	\$ (51,183,330)	\$ (53,286,239)	\$ (53,611,321)	\$ (53,944,130)	\$ (56,908,300)	\$ (59,215,558)	\$ (58,832,901)	\$ (63,278,196)	\$ (63,322,195)
Business-Type Activities	(233,953)	(125,250)	(150,808)	116,057	174,998	330,463	202,579	244,071	189,389	204,559
Total District-Wide Net Expense	\$ (52,980,735)	\$ (51,308,580)	\$ (53,437,047)	\$ (53,495,264)	\$ (53,769,132)	\$ (56,577,837)	\$ (59,012,979)	\$ (58,588,830)	\$ (63,088,807)	\$ (63,117,636)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 46,431,396	\$ 48,149,095	\$ 50,112,604	\$ 51,056,143	\$ 52,016,386	\$ 52,931,802	\$ 53,867,824	\$ 54,765,838	\$ 55,912,921	\$ 56,905,643
State Aid Unrestricted	1,311,714	3,972,780	3,119,283	3,936,364	4,348,256	4,332,821	4,421,065	4,436,197	4,454,961	4,579,410
Restricted Grants And Contributions	4,214,887	975,985	828,388	826,730	824,615	823,700	822,251	821,929	724,855	783,837
Investment Earnings	277,389	10,250	-	-	-	-	-	-	-	-
Miscellaneous Income	320,431	264,384	210,434	461,504	414,967	435,543	391,327	435,680	400,478	492,651
Donated Capital Assets										
Loss on Disposal of Capital Assets				(57,148)	-	-	(22,215)	(27,173)	(52,079)	-
Transfers	(100,000)	(85,000)	(100,000)	-	-	-	-	-	-	-
Total Governmental Activities	52,455,817	53,287,494	54,170,709	56,223,593	57,604,224	58,523,866	59,480,252	60,432,471	61,441,136	62,761,541
Business-Type Activities:										
Investment Earnings	\$ 220	\$ 507	\$ 154	\$ 99	\$ 104	\$ 122	\$ 140	\$ 214	\$ 340	\$ 5,019
Loss on Disposal of Capital Assets							(5,136)			(1,593)
Transfers	100,000	85,000	100,000	-	-	-	-	-	-	-
Total Business-Type Activities	100,220	85,507	100,154	99	104	122	(4,996)	214	340	3,426
Total District-Wide	\$ 52,556,037	\$ 53,373,001	\$ 54,270,863	\$ 56,223,692	\$ 57,604,328	\$ 58,523,988	\$ 59,475,256	\$ 60,432,685	\$ 61,441,476	\$ 62,764,967
Change in Net Position										
Governmental Activities	\$ (290,965)	\$ 2,104,164	\$ 884,470	\$ 2,612,272	\$ 3,660,094	\$ 1,615,566	\$ 264,694	\$ 1,599,570	\$ (1,837,060)	\$ (560,654)
Business-Type Activities	(133,733)	(39,743)	(50,654)	116,156	175,102	330,585	197,583	244,285	189,729	207,985
Total District	\$ (424,698)	\$ 2,064,421	\$ 833,816	\$ 2,728,428	\$ 3,835,196	\$ 1,946,151	\$ 462,277	\$ 1,843,855	\$ (1,647,331)	\$ (352,669)

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

		Fiscal Year Ended June 30,									
		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund											
Reserved	\$	181,364	\$ 973,343								
Unreserved		(251,591)	213,705								
Restricted				\$ 876,583	\$ 2,010,762	\$ 3,563,000	\$ 4,611,520	\$ 5,248,019	\$ 5,884,777	\$ 5,840,207	\$ 6,261,721
Committed						768,085	1,017,859	999,913	1,163,964	273,620	
Assigned				142,244	346,862	782,558	753,498	405,188	1,351,514	199,860	159,378
Unassigned		-	-	440,335	349,037	294,743	463,377	394,823	396,003	445,357	287,560
Total General Fund	\$	<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>	<u>\$ 6,759,044</u>	<u>\$ 6,708,659</u>
All Other Governmental Funds											
Reserved	\$	14,149,281	\$ 11,156,675								
Unreserved		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	\$ 1,233,573	\$ 587,423
Total All Other Governmental Funds	\$	<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>	<u>\$ 1,233,573</u>	<u>\$ 587,423</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,										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tax Levy	\$ 46,431,396	\$ 48,149,095	\$ 50,112,604	\$ 51,056,143	\$ 52,016,386	\$ 52,931,802	\$ 53,867,824	\$ 54,765,838	\$ 55,912,921	\$ 56,905,643
Tuition Charges	149,048	145,554	158,071	130,494	167,909	166,386	242,148	153,876	143,067	132,071
Transportation Fees	77,995	76,215	42,300	53,493	41,220	44,170	44,970	9,100	10,000	
Miscellaneous	673,236	336,983	220,231	515,818	456,955	508,306	413,059	471,012	470,029	581,787
State Sources	12,411,474	12,285,868	10,770,909	12,198,392	14,056,089	13,319,923	14,187,967	15,326,113	16,379,031	18,055,593
Federal Sources	1,162,034	2,915,412	1,715,428	1,188,192	1,773,228	1,136,408	1,318,310	1,433,829	1,339,648	1,416,828
Total Revenues	60,905,183	63,909,127	63,019,543	65,142,532	68,511,787	68,106,995	70,074,278	72,159,768	74,254,696	77,091,922
Expenditures										
Instruction										
Regular Instruction	25,689,846	26,397,254	27,042,139	27,111,748	27,368,714	28,154,882	29,014,834	29,057,613	30,934,879	30,720,504
Special Education Instruction	8,917,403	8,827,396	8,734,423	9,597,730	10,444,298	10,719,106	11,863,284	11,742,726	12,595,281	13,789,533
Other Instruction	968,273	1,402,851	1,233,574	1,389,023	1,466,465	1,294,381	1,193,421	1,338,495	1,422,373	1,471,613
School Sponsored Activities And Athletics	1,345,077	1,092,413	1,168,815	1,235,319	1,260,343	1,329,760	1,470,857	1,527,737	1,496,122	1,561,965
Community Services	7,552	5,492	7,487	11,555	14,010	22,149	12,655	6,813	7,729	8,312
Support Services										
Student & Inst. Related Services	6,026,731	6,894,921	6,250,234	6,573,596	6,671,377	7,008,335	7,211,891	7,549,527	8,231,471	8,670,369
General Administration	1,410,723	1,360,877	1,258,021	1,526,592	1,346,143	1,427,271	1,430,737	1,497,630	1,522,821	1,634,925
School Administration	3,720,492	3,969,974	4,218,808	4,115,123	3,988,349	4,058,543	4,366,535	4,474,823	4,781,406	4,874,592
Plant Operations And Maintenance	5,909,053	5,447,737	5,371,825	5,182,274	5,190,641	5,415,913	5,495,831	5,436,951	5,700,202	6,536,563
Pupil Transportation	1,948,256	1,844,421	1,913,148	1,881,001	1,739,700	2,003,893	2,170,794	2,032,271	2,191,583	2,530,583
Other Support Services	1,365,114	1,484,826	1,510,049	1,344,469	1,262,427	1,321,299	1,456,747	1,538,732	1,567,357	1,516,272
Capital Outlay	7,424,175	10,989,910	9,621,939	2,416,195	542,478	243,975	1,748,011	829,680	2,213,115	941,756
Debt Service:										
Principal	1,328,318	1,401,850	1,475,263	1,586,442	1,964,707	1,724,681	1,821,106	2,181,739	1,967,132	2,042,350
Interest And Other Charges	3,298,716	2,362,646	2,307,851	2,269,127	2,286,927	2,096,552	2,242,733	1,442,475	1,636,097	1,565,000
Total Expenditures	69,359,729	73,482,568	72,113,576	66,240,194	65,546,579	66,820,740	71,499,436	70,657,212	76,267,568	77,864,337
Excess (Deficiency) Of Revenues										
Over (Under) Expenditures	(8,454,546)	(9,573,441)	(9,094,033)	(1,097,662)	2,965,208	1,286,255	(1,425,158)	1,502,556	(2,012,872)	(772,415)
Other Financing Sources (Uses)										
Serial Bonds Issued										
Payments to Escrow Agent					(12,688,407)		(32,947,950)			
Refunding Bond Proceeds					11,860,000		30,445,000			
Capital Leases (Non-Budgeted)		121,867	87,439	98,022	-		135,761	85,000		75,880
Premium On Bonds					946,633		2,722,042			
Cancellation of State Grant Receivable					(88,615)					
Transfers In	871,526	13,151	17,720	2,837	88,284	1,554	1,483	2,108	553,436	7,731
Transfers Out	(971,526)	(98,151)	(117,720)	(2,837)	(88,284)	(1,554)	(1,483)	(2,108)	(553,436)	(7,731)
Total Other Financing Sources (Uses)	(100,000)	36,867	(12,561)	98,022	29,611	-	354,853	85,000	-	75,880
Net Change In Fund Balances	\$ (8,554,546)	\$ (9,536,574)	\$ (9,106,594)	\$ (999,640)	\$ 2,994,819	\$ 1,286,255	\$ (1,070,305)	\$ 1,587,556	\$ (2,012,872)	\$ (696,535)
Debt Service As A Percentage Of										
Noncapital Expenditures	7.47%	6.02%	6.05%	6.04%	6.54%	5.74%	5.83%	5.19%	4.87%	4.69%

* Noncapital expenditures are total expenditures less capital outlay.

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

Fiscal Year Ended June 30	<u>Interest</u>	<u>Tuition</u>	<u>Transportation</u>	<u>Rentals</u>	<u>Admissions</u>	<u>Miscellaneous</u>	<u>Total</u>
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
2017	38,732	143,067	10,000	195,668	9,553	153,089	550,109
2018	64,759	132,071		198,579	12,727	208,855	616,991

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
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
2017	30,582,100	2,610,651,100	430,209,400	11,831,600	170,801,200	3,254,075,400		3,254,075,400	3,655,443,047	1.679
2018	30,197,000	2,620,553,600	434,442,300	12,545,700	171,143,400	3,268,882,000	9,100	3,268,891,100	3,733,731,582	1.697

Source: County Abstract of Ratables

^a Tax rates are per \$100

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

<u>Year</u>	<u>School District</u>	<u>Township</u>	<u>County</u>	<u>County Open Space</u>	<u>Total</u>
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
2017	1.679	1.190	0.550	0.017	3.473
2018	1.697	1.256	0.541	0.017	3.511

Source: Township of Nutley, Tax Assessor

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

Taxpayer	2018	
	Taxable Assessed Value	% of Total District Net Assessed Value
PB Nutcliff Master, LLC	\$ 98,463,900	3.01%
GI TC Nutley, LLC	22,532,000	0.69%
PB Nutcliff Med, LLC	18,637,100	0.57%
Public Service Electric & Gas	17,788,600	0.54%
M&M @ E Centre St	17,609,400	0.54%
Village Manor Associates	16,669,000	0.51%
432 Owners Inc.	16,320,000	0.50%
Nutley Properties	15,192,000	0.46%
Nutley Shop-Rite	11,293,600	0.35%
SSEF, LLC	10,502,200	0.32%
Total	<u>\$ 245,007,800</u>	<u>7.50%</u>

	2009	
	Taxable Assessed Value	% of Total District Net Assessed Value
Hoffman-LaRoche, Inc	\$ 303,318,696	7.33%
432 Owners Inc.	33,000,000	0.80%
492 River Road Reckson	26,035,600	0.63%
Nutley Properties	18,624,500	0.45%
Public Service Electric & Gas	18,574,600	0.45%
Village Manor Associates	17,324,300	0.42%
East Coast Apartments	14,637,800	0.35%
Nutley Shop-Rite	12,458,700	0.30%
NSP Management Co	7,947,500	0.19%
River Road Associates	7,000,000	0.17%
Total	<u>\$ 458,921,696</u>	<u>11.09%</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	
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
2017	55,912,921	55,912,921	100.00%	N/A
2018	56,905,643	56,905,643	100.00%	N/A

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

Fiscal Year Ended <u>June 30,</u>	<u>Governmental Activities</u>		<u>Total District</u>	<u>Population</u>	<u>Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Capital Leases</u>			
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	28,400	1,797
2012	49,363,000	195,505	49,558,505	28,522	1,738
2013	47,890,000	137,979	48,027,979	28,541	1,683
2014	46,225,000	78,298	46,303,298	28,642	1,617
2015	44,930,000	96,374	45,026,374	28,770	1,565
2016	42,805,000	124,635	42,929,635	28,844	1,488
2017	40,865,000	97,503	40,962,503	28,914	1,417
2018	38,865,000	131,033	38,996,033	28,928	1,348

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			
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%	1,678
2014	46,225,000		46,225,000	1.4%	1,614
2015	44,930,000		44,930,000	1.4%	1,562
2016	42,805,000		42,805,000	1.3%	1,484
2017	40,865,000		40,865,000	1.3%	1,413
2018	38,865,000		38,865,000	1.2%	1,344

Source: District records

**NUTLEY BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2018
(Unaudited)**

Net Direct Debt of School District as of June 30, 2018		\$ 38,865,000
Net Overlapping Debt of School District		
Township of Nutley	\$ 14,020,182	
Essex County	17,612,159	
Essex County Utilities Authority (A)	1,902,413	
Passaic Valley Sewerage Commission (B)	5,858,849	
North Jersey District Water Supply Commission (B)	<u>328,348</u>	
		<u>39,721,951</u>
Total Direct and Overlapping Debt as of June 30, 2018		<u>\$ 78,586,951</u>

- (A) The debt for this entity was apportioned by dividing the Municipality's 2018 equalized value by the total 2018 equalized value for Essex County.
- (B) Overlapping debt was computed based upon usage

Sources:

- (1) Township of Nutley 2017 Annual Debt Statement
- (2) Essex County 2017 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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	\$ 172,705,021	\$ 173,514,287	\$ 169,927,836	\$ 164,911,330	\$ 158,545,501	\$ 153,352,090	\$ 148,988,680	\$ 145,714,626	\$ 144,771,418	\$ 145,881,342
Total Net Debt Applicable To Limit	<u>53,683,987</u>	<u>52,303,987</u>	<u>50,863,987</u>	<u>49,363,087</u>	<u>47,890,604</u>	<u>46,225,000</u>	<u>44,930,000</u>	<u>42,805,000</u>	<u>40,865,000</u>	<u>38,865,000</u>
Legal Debt Margin	<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>	<u>\$ 103,906,418</u>	<u>\$ 107,016,342</u>
Total net debt applicable to the limit as a percentage of debt limit	31.08%	30.14%	29.93%	29.93%	30.21%	30.14%	30.16%	29.38%	28.23%	26.64%

Legal Debt Margin Calculation for Fiscal Year 2018

Equalized Valuation Basis

2017	\$ 3,716,819,417
2016	3,649,453,494
2015	<u>3,574,827,761</u>
	<u>\$ 10,941,100,672</u>

Average Equalized Valuation of Taxable Property	\$ 3,647,033,557
Debt Limit (4 % of Average Equalization Value)	\$ 145,881,342
Total Net Debt Applicable to Limit	<u>38,865,000</u>
Legal Debt Margin	<u>\$ 107,016,342</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>
2009	26,064	\$ 52,603	8.1%
2010	26,111	51,448	9.0%
2011	28,400	51,866	8.5%
2012	28,522	54,345	8.2%
2013	28,541	54,842	7.1%
2014	28,642	55,455	6.0%
2015	28,770	57,541	5.1%
2016	28,844	59,863	4.5%
2017	28,914	60,887	4.3%
2018	28,928	N/A	N/A

Source: New Jersey State Department of Education

N/A - Information Not Available

**NUTLEY BOARD OF EDUCATION
PRINCIPAL EMPLOYERS,
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

INFORMATION NOT AVAILABLE

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

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2012</u>	<u>2013</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Instruction										
Regular	303	271	271	257	257	226	231	240	240	239
Special Education	40	43	43	50	50	53	56	57	66	64
Support Services										
Student and Instruction Related Services	62	85	86	107	107	138	141	161	140	147
General Administration	3	3	3	3	3	5	5	5	5	5
School Administrative Services	11	10	10	10	10	10	10	10	10	10
Other Administrative Services	11	7	7	9	9	9	12	12	12	12
Central Services	19	13	13	11	11	9	8	8	10	10
Administrative Information Technology	4	4	4	4	4	4	4	4	4	3
Plant Operations and Maintenance	42	42	40	40	40	36	37	39	41	42
Pupil Transportation	32	32	31	31	31	31	31	31	31	31
Other Support Services	69	66	58	23	23	23	23	23	24	22
Food Service	12	11	11	-	-	-	-	-	-	-
Total	<u>606</u>	<u>587</u>	<u>577</u>	<u>545</u>	<u>545</u>	<u>543</u>	<u>558</u>	<u>590</u>	<u>583</u>	<u>585</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment	Teacher/Pupil Ratio										Student Attendance Percentage
		Operating Expenditures (A)	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Elementary	Middle School	Senior High School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	
2009	4,091	\$ 57,308,520	\$ 14,008	-0.58%	407.0	8	10	10	4,046	3,846	0.77%	95.06%
2010	4,080	58,728,162	14,394	2.75%	396.0	10	12	12	4,036	3,841	-0.25%	95.17%
2011	3,946	58,708,523	14,878	3.36%	358.0	11	12	14	3,903	3,710	-3.30%	95.06%
2012	3,980	59,968,430	15,067	1.27%	336.4	12	13	15	3,962	3,762	1.51%	94.95%
2013	4,045	60,752,467	15,019	-0.32%	308.9	13	14	17	4,036	3,832	1.87%	94.95%
2014	4,015	62,755,532	15,630	4.07%	311.4	15	15	15	4,020	3,820	-0.40%	95.02%
2015	4,003	65,687,586	16,410	4.99%	305.0	13	13	15	4,005	3,807	-0.37%	95.06%
2016	4,038	66,203,318	16,395	-0.09%	334.0	14	13	15	4,026	3,826	0.52%	95.03%
2017	4,076	70,451,224	17,284	5.42%	319.0	12	13	14	4,075	3,856	1.22%	94.63%
2018	4,051	73,315,231	18,098	4.71%	316.0	10	12	13	4,058	3,832	-0.42%	94.43%

Sources: District records

(A) Excludes Debt Service and Capital Outlay Expenditures

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>District Building</u>										
<u>Nutley High School</u>										
Square Feet	192,260.00	192,260.00	192,260.00	192,260.00	192,260.00	192,260.00	192,260.00	192,260.00	192,260.00	192,260.00
Capacity (students)	909.62	909.62	906.62	906.62	909.62	909.62	909.62	909.62	909.62	909.62
Enrollment	1,276.00	1,296.00	1,296.00	1,296.00	1,283.00	1,246.00	1,242.00	1,244.00	1,230.00	1,210.00
<u>John H. Walker Middle School</u>										
Square Feet	128,036.00	128,036.00	128,036.00	128,036.00	128,036.00	128,036.00	128,036.00	128,036.00	128,036.00	128,036.00
Capacity (students)	412.99	412.99	412.99	412.99	412.99	412.99	412.99	412.99	412.99	412.99
Enrollment *	674.00	642.00	642.00	642.00	647.00	637.00	618.00	612.00	637.00	602.00
<u>Radcliffe Elementary School</u>										
Square Feet	45,305.00	45,305.00	45,305.00	45,305.00	45,305.00	45,305.00	45,305.00	45,305.00	45,305.00	45,305.00
Capacity (students)	412.69	412.69	412.69	412.69	412.69	412.69	412.69	412.69	412.69	412.69
Enrollment	345.00	372.00	372.00	372.00	336.00	342.00	338.00	326.00	330.00	357.00
<u>Yantacaw Elementary School</u>										
Square Feet	49,512.00	49,512.00	49,512.00	49,512.00	49,512.00	49,512.00	49,512.00	49,512.00	49,512.00	49,512.00
Capacity (students)	439.76	439.76	439.76	439.76	439.76	439.76	439.76	439.76	439.76	439.76
Enrollment	487.00	469.00	469.00	469.00	491.00	470.00	487.00	461.00	481.00	486.00
<u>Washington Elementary School</u>										
Square Feet	49,067.00	49,067.00	49,067.00	49,067.00	49,067.00	49,067.00	49,067.00	49,067.00	49,067.00	49,067.00
Capacity (students)	351.65	351.65	351.65	351.65	351.65	351.65	351.65	351.65	351.65	351.65
Enrollment	377.00	394.00	394.00	394.00	423.00	453.00	483.00	546.00	561.00	543.00
<u>Spring Garden Elementary School</u>										
Square Feet	43,955.00	43,955.00	43,955.00	43,955.00	51,155.00	51,155.00	51,155.00	51,155.00	51,155.00	51,155.00
Capacity (students)	378.62	378.62	378.62	378.62	378.62	378.62	378.62	378.62	378.62	378.62
Enrollment	397.00	381.00	381.00	381.00	384.00	356.00	351.00	359.00	366.00	367.00
<u>Lincoln Elementary School</u>										
Square Feet	56,342.00	56,342.00	56,342.00	56,342.00	56,342.00	56,342.00	56,342.00	56,342.00	56,342.00	56,342.00
Capacity (students)	462.62	462.62	462.62	462.62	462.62	462.62	462.62	462.62	462.62	462.62
Enrollment	473.00	495.00	495.00	495.00	482.00	511.00	484.00	490.00	471.00	486.00
<u>Other</u>										
Maintenance Warehouse										
Square Feet	5,386.00	5,386.00	5,386.00	5,386.00	5,386.00	5,386.00	5,386.00	5,386.00	5,386.00	5,386.00
Demuro Park Field House										
Square Feet	4,848.00	4,848.00	4,848.00	4,848.00	4,848.00	4,848.00	4,848.00	4,848.00	4,848.00	4,848.00
Oval Refreshment Stand										
Square Feet	1,309.00	1,309.00	1,309.00	1,309.00	1,309.00	1,309.00	1,309.00	1,309.00	1,309.00	1,309.00
Storage Shed										
Square Feet	912.00	912.00	912.00	912.00	912.00	912.00	912.00	912.00	912.00	912.00

Number of Schools at June 30, 2018

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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Nutley High School	\$ 321,106	\$ 250,152	\$ 261,637	\$ 239,747	\$ 263,863	\$ 279,224	\$ 277,532	\$ 274,644	\$ 293,700	\$ 411,831
Franklin Middle School	190,734	202,379	165,035	151,226	195,781	157,652	167,526	164,414	156,293	196,580
Lincoln Elementary School	80,561	67,766	83,263	76,296	70,451	65,199	85,767	68,938	83,988	136,898
Radcliffe Elementary School	70,247	58,309	74,111	67,910	84,036	85,308	108,058	133,787	90,723	101,274
Spring Garden Elementary School	65,985	54,025	69,175	63,387	72,135	61,936	75,250	89,235	128,955	81,319
Washington Elementary School	77,750	64,824	98,554	90,308	97,322	118,943	87,238	78,377	175,288	89,794
Yantacaw Elementary School	<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>	<u>81,481</u>	<u>80,076</u>
Grand Total	<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>	<u>\$ 1,010,428</u>	<u>\$ 1,097,772</u>

**NUTLEY BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2018
(Unaudited)**

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

Source: School District's records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA
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. LEIDIG, CPA, PSA
ROBERT LERCH, 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, 2018 and the related notes to the financial statements, which collectively comprise the Nutley Board of Education's basic financial statements and have issued our report thereon dated January 23, 2019.

Internal Control Over Financial Reporting

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

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

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


Compliance and Other Matters


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

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Nutley Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated January 23, 2019.

Purpose of this Report

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


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


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
January 23, 2019



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, 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, 2018. 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 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, 2018.

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.

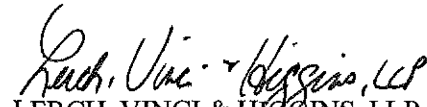
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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, 2018 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 January 23, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.


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


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
January 23, 2019

NUTLEY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Federal FAIN Number	Grant Period	Award Amount	Balance July 1, 2017			Carryover	Cash Received	Budgetary Expenditures	Adjustment	Prior Year Adjustments	Balance June 30, 2018			Memo GAAP Receivable
					(Accounts Receivable)	Unearned Revenue	Due to Grantor						(Accounts Receivable)	Unearned Revenue	Due to Grantor	
U.S. Department of Education																
Passed Through State Department of Education																
General Fund																
Medicaid Reimbursement	93.778	1805NUSMAP	7/1/17-6/30/18	\$ 82,973	-	-	-	-	\$ 82,973	\$ 82,973	-	-	-	-	-	-
Medicaid Administrative Cost Reimbursement	93.778	1805NUSMAP	7/1/17-6/30/18	6,818	-	-	-	-	6,818	6,818	-	-	-	-	-	-
Total - Medicaid Assistance					-	-	-	-	89,791	89,791	-	-	-	-	-	-
Total - General Fund					-	-	-	-	89,791	89,791	-	-	-	-	-	-
Special Revenue Fund:																
Title I	84.010	S010A160030	7/1/16-6/30/17	248,620	\$ (134,291)	\$ 73,721	-	\$ (37,212)	60,169	-	\$ 37,212	\$ 401	-	-	-	(127,010)
Title I	84.010	S010A170030	7/1/17-6/30/18	291,488	-	-	-	37,212	140,694	282,620	(37,212)	-	\$ (188,006)	\$ 46,080	-	(127,010)
Total Title I					(134,291)	73,721	-	-	200,863	282,620	-	401	(188,006)	46,080	-	(127,010)
Title III	84.365	S365A170030	7/1/17-6/30/18	20,963	-	-	-	14,348	19,323	28,719	(14,348)	-	(15,988)	6,592	-	(8,099)
Title III	84.365	S365A160030	7/1/16-6/30/17	29,273	(18,264)	14,212	-	(14,348)	3,916	-	14,348	136	-	-	-	-
Title III	84.365	S365A150030	7/1/15-6/30/16	20,957	-	-	\$ 166	-	-	-	-	-	-	-	\$ 166	-
Title III, Immigrant	84.365	S365A160030	7/1/16-6/30/17	6,778	-	-	-	(6,778)	-	-	6,778	-	-	-	-	-
Title III, Immigrant	84.365	S365A170030	7/1/17-6/30/18	6,753	-	-	-	6,778	-	-	(6,778)	-	(13,531)	13,531	-	-
Total Title III					(18,264)	14,212	166	-	23,239	28,719	-	136	(29,519)	20,123	166	(8,099)
IDEA Part B	84.027	H027S160100	7/1/16-6/30/17	892,302	(106,567)	27,283	-	(25,152)	81,415	-	25,152	(2,131)	(252,696)	32,249	-	(215,516)
IDEA Part B	84.027	H027A170100	7/1/17-6/30/18	902,437	-	-	-	25,152	674,893	895,340	(25,152)	-	-	-	-	-
IDEA Part B Preschool	84.173	H173A160114	7/1/16-6/30/17	40,272	(32,508)	-	-	-	32,508	-	-	-	(40,339)	-	-	(40,339)
IDEA Part B Preschool	84.173	H173A170114	7/1/17-6/30/18	40,339	-	-	-	-	-	40,339	-	-	-	-	-	-
Total IDEA					(139,075)	27,283	-	-	788,816	935,679	-	(2,131)	(293,035)	32,249	-	(255,855)
Carl D. Perkins- Secondary	84.048	V048A160030	7/1/16-6/30/17	20,565	(11,107)	222	-	-	10,886	-	-	(1)	-	-	-	-
Carl D. Perkins- Secondary	84.048	V048A170030	7/1/17-6/30/18	23,496	-	-	-	-	18,298	22,277	-	-	(3,979)	-	-	-
Total Carl D. Perkins					(11,107)	222	-	-	29,184	22,277	-	(1)	(3,979)	-	-	-
Title II	84.367	S367A160029	7/1/16-6/30/17	77,648	(27,595)	6,287	-	(3,487)	24,108	-	3,487	(2,800)	(36,017)	11,795	-	-
Title II	84.367	S367A170029	7/1/17-6/30/18	86,252	-	-	-	3,487	53,722	77,944	(3,487)	-	-	-	-	(24,222)
Total Title II					(27,595)	6,287	-	-	77,830	77,944	-	(2,800)	(36,017)	11,795	-	(24,222)
Total Special Revenue Fund					(330,332)	121,725	166	-	1,119,932	1,347,239	-	(4,395)	(550,556)	110,247	166	(415,186)
U.S.D.A. Department of Agriculture																
Passed Through State Department of Education																
Enterprise Fund:																
National School Lunch Program	10.555															
Non-Cash Assistance (Food Distribution)		181N304N1099	9/1/17-6/30/18	30,522	-	-	-	-	30,522	29,173	-	-	-	1,349	-	-
Non-Cash Assistance (Food Distribution)		171N304N1099	9/1/16-6/30/17	46,414	-	-	1,141	-	-	1,141	-	-	-	-	-	-
Cash Assistance		181N304N1099	9/1/17-6/30/18	195,728	-	-	-	-	181,085	195,728	-	-	(14,643)	-	-	(14,643)
Cash Assistance		171N304N1099	9/1/16-6/30/17	209,338	(14,294)	-	-	-	14,294	-	-	-	-	-	-	-
School Breakfast Program	10.553	181N304N1099	9/1/17-6/30/18	7,388	-	-	-	-	6,844	7,388	-	-	(544)	-	-	(544)
Total Enterprise Fund - National School Lunch Program					(14,294)	1,141	-	-	232,745	233,430	-	-	(15,187)	1,349	-	(15,187)
Total Federal Financial Awards					\$ (344,626)	\$ 122,866	\$ 166	\$ -	\$ 1,442,468	\$ 1,670,460	\$ -	\$ (4,395)	\$ (565,743)	\$ 111,596	\$ 166	\$ (430,373)

NUTLEY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Department of Education	Grant or State Project Number	Grant	Award Amount	Balance July 1, 2017	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year Balances	Balance June 30, 2018			Memorandum	
									(Accts. Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Budgetary Expenditures
General Fund:													
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	\$ 4,336,516	\$ (410,451)		\$ 410,451						*	
Equalization Aid	18-495-034-5120-078	7/1/17-6/30/18	4,478,673			4,047,469	\$ 4,478,673		\$ (431,204)			*	\$ 4,478,673
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	2,451,565	(232,041)		232,041						*	-
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	2,451,565			2,215,530	2,451,565		(236,035)			*	2,451,565
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	81,159	(7,682)		7,682						*	-
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	81,159			73,345	81,159		(7,814)			*	81,159
PARCC Readiness	17-495-034-5120-098	7/1/16-6/30/17	40,380	(3,822)		3,822						*	-
PARCC Readiness	18-495-034-5120-098	7/1/17-6/30/18	40,380			36,492	40,380		(3,888)			*	40,380
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	40,380	(3,822)		3,822						*	-
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	40,380			36,492	40,380		(3,888)			*	40,380
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	40,640	(3,846)		3,846						*	-
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	40,640			36,727	40,640		(3,913)			*	40,640
Host District Support Aid	18-495-034-5120-102	7/1/17-6/30/18	319	-	-	289	319	-	(30)	-	-	*	319
Total State Aid Public				(661,664)	-	7,108,008	7,133,116	-	(686,772)	-	-	*	7,133,116
TPAF Pension Contribution - NCGI	18-495-034-5094-004	7/1/17-6/30/18	97,239			97,239	97,239					*	97,239
TPAF Pension Contribution - Normal	18-495-034-5094-002	7/1/17-6/30/18	4,006,947			4,006,947	4,006,947					*	4,006,947
TPAF Pension Contribution - LTDI	18-495-034-5094-004	7/1/17-6/30/18	7,056			7,056	7,056					*	7,056
TPAF Pension Contribution- Post Retirement	18-495-034-5094-001	7/1/17-6/30/18	2,650,806	-	-	2,650,806	2,650,806	-	-	-	-	*	2,650,806
Total On-Behalf TPAF Pension				-	-	6,762,048	6,762,048	-	-	-	-	*	6,762,048
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	104,457	(9,887)		9,887						*	-
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	104,457			94,400	104,457		(10,057)			*	104,457
Extraordinary Aid	17-495-034-5120-044	7/1/16-6/30/17	767,111	(767,111)		767,111						*	-
Extraordinary Aid	18-495-034-5120-044	7/1/17-6/30/18	943,006			943,006	943,006		(943,006)			*	943,006
Lead Testing for Schools Aid	18-495-034-5120-104	7/1/17-6/30/18	8,730			8,730	8,730					*	8,730
TPAF Social Security Contribution	17-495-034-5094-003	7/1/16-6/30/17	2,086,247	(103,772)		103,772						*	-
TPAF Social Security Contribution	18-495-034-5094-003	7/1/17-6/30/18	2,127,839	-	-	2,021,635	2,127,839	-	(106,204)	-	-	*	2,127,839
Total General Fund				(1,542,434)	-	16,875,591	17,079,196	-	(1,746,039)	-	-	*	17,079,196
Special Revenue Fund:													
New Jersey Nonpublic Aid:													
Textbooks	18-100-034-5120-064	7/1/17-6/30/18	35,443			35,443	34,725			\$	718	*	34,725
Textbooks	17-100-034-5120-064	7/1/16-6/30/17	35,218	3,624				\$ 3,624				*	-
Auxiliary Services													
Compensatory Education	18-100-034-5120-067	7/1/17-6/30/18	123,132			123,132	104,702				18,430	*	104,702
Compensatory Education	17-100-034-5120-067	7/1/16-6/30/17	146,015	22,743				22,743				*	-
English as a Second Language	18-100-034-5120-067	7/1/17-6/30/18	5,420			5,420	903				4,517	*	903
English as a Second Language	17-100-034-5120-067	7/1/16-6/30/17	2,741	1,919				1,919				*	-
Transportation	18-100-034-5120-067	7/1/17-6/30/18	30,184			30,184	30,184					*	30,184
Home Instruction	18-100-034-5120-067	7/1/17-6/30/18	7,323			7,323			(7,323)			*	7,323
Home Instruction	17-100-034-5120-067	7/1/16-6/30/17	2,634	(2,634)	-	2,634		-	-	-	-	*	-
				22,028	-	161,370	143,112	24,662	(7,323)	-	22,947	*	143,112
Handicapped Services													
Supplemental Instruction	18-100-034-5120-066	7/1/17-6/30/18	41,551			41,551	40,919				632	*	40,919
Supplemental Instruction	17-100-034-5120-066	7/1/16-6/30/17	52,575	10,428				10,428				*	-
Examination and Classification	18-100-034-5120-066	7/1/17-6/30/18	54,051			54,051	42,965				11,086	*	42,965
Examination and Classification	17-100-034-5120-066	7/1/16-6/30/17	69,859	16,363				16,363				*	-
Corrective Speech	18-100-034-5120-066	7/1/17-6/30/18	25,891			25,891	17,499				8,392	*	17,499
Corrective Speech	17-100-034-5120-066	7/1/16-6/30/17	25,622	8,160	-			8,160		-	-	*	-
				34,951	-	121,493	101,383	34,951	-	-	20,110	*	101,383
Nonpublic Security Aid	18-100-034-5120-509	7/1/17-6/30/18	48,600			48,600	42,994				5,606	*	42,994
Nonpublic Security Aid	17-100-034-5120-509	7/1/16-6/30/17	30,600	10,274				10,274				*	-
Nonpublic Nursing	18-100-034-5120-070	7/1/17-6/30/18	62,856			62,856	62,856					*	62,856
Nonpublic Technology Initiative	18-100-034-5120-373	7/1/17-6/30/18	23,939			23,939	22,507				1,432	*	22,507
Nonpublic Technology Initiative	17-100-034-5120-373	7/1/16-6/30/17	15,886	316	-			316		-	-	*	-
Total Special Revenue Fund				71,193	-	453,701	407,577	73,827	(7,323)	-	50,813	*	407,577

NUTLEY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Grant or State Project Number	Grant	Award Amount	Balance July 1, 2017	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year Balances	Balance June 30, 2018			Memorandum	
									(Accts. Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Budgetary Expenditures
State Department of Education													
Capital Projects Fund													
Educational Facilities													
Construction and Financing Act	3750-050-03-1027	7/1/03-6/30/07	\$ 10,718,686	\$ (12,804)	-	\$ -	-	-	\$ (12,804)	-	-	\$ (12,804)	-
Debt Service Fund													
Debt Service Aid	18-495-034-5120-075	7/1/17-6/30/18	783,837	-	-	783,837	\$ 783,837	-	-	-	-	-	\$ 783,837
State Department of Agriculture													
Enterprise Fund													
National School Lunch Program	18-100-010-3350-023	7/1/17-6/30/18	7,602			7,602	7,602		-			-	7,602
National School Lunch Program	17-100-010-3350-023	7/1/16-6/30/17	7,576	(519)	-	519	-	-	-	-	-	-	-
				(519)	-	8,121	7,602	-	-	-	-	-	7,602
Total State Financial Assistance Subject to Single Audit Determination				\$ (1,484,564)	\$ -	18,121,250	18,278,212	\$ 73,827	\$ (1,766,166)	\$ -	\$ 50,813	\$ (126,331)	\$ 18,278,212
Less On-Behalf TPAF Pension and Annuity Aid													
NCGI - Contribution						97,239	97,239						97,239
Normal Pension						4,006,947	4,006,947						4,006,947
LTDI						7,056	7,056						7,056
Post Retirement Medical				-	-	2,650,806	2,650,806	-	-	-	-	-	2,650,806
Subject to Single Audit				-	-	6,762,048	6,762,048	-	-	-	-	-	6,762,048
Total for State Financial Assistance Subject to Major Program Determination				\$ (1,484,564)	\$ -	\$ 11,359,202	\$ 11,516,164	\$ 73,827	\$ (1,766,166)	\$ -	\$ 50,813	\$ (126,331)	\$ 11,516,164

**NUTLEY BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$201,173 for the general fund and a decrease of \$10,405 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	\$ 89,791	\$ 16,878,023	\$ 16,967,814
Special Revenue Fund	1,327,037	393,733	1,720,770
Debt Service Fund		783,837	783,837
Food Service Fund	<u>233,430</u>	<u>7,602</u>	<u>241,032</u>
Total Financial Assistance	<u>\$ 1,650,258</u>	<u>\$ 18,063,195</u>	<u>\$ 19,713,453</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, 2018**

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 \$2,127,839 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, 2018. The amount reported as TPAF Pension System Contributions in the amount of \$4,104,186, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$2,650,806 and TPAF Long-Term Disability Insurance in the amount of \$7,056 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2018.

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

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

NOTE 7 DE MINIMIS INDIRECT COST RATE

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

**NUTLEY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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>H027A170100</u>	<u>IDEA Basic</u>
<u>84.173</u>	<u>H173A170114</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

State Awards Section

\$750,000

X yes no

yes X no

yes X none reported

Unmodified

yes X no

GMIS Number(s)
495-034-5094-003
495-034-5120-075

Name of State Program
Reimbursed TPAF Social Security
Debt Service Aid

**NUTLEY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2018**

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, 2018**

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.