

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

Closter, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Closter Board of Education

Closter, New Jersey

For The Fiscal Year Ended June 30, 2015

Prepared by

**Closter Board of Education
Business Office**

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INTRODUCTORY SECTION



Closter Board of Education
340 Homans Avenue • Closter, NJ 07624

December 16, 2015

Honorable President and
Members of the Board of Trustees
Closter Board of Education
Closter, New Jersey 07624

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Closter School District (the "District") for the fiscal year ended June 30, 2015 is hereby submitted. This Comprehensive Annual Financial Report includes the District's Basic Financial Statements prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", and the NJ OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

A Concern For Each Child • A Commitment To Excellence

1. REPORTING ENTITY AND ITS SERVICES: The Closter School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB No. 34. All funds of the District are included in this report. The Closter Board of Education, Hillside Elementary School and Tenakill Middle School constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. It completed the 2014-2015 fiscal year with an enrollment of 1,120 students, which is two more students than the previous year. The following details the changes in the District's student enrollment over the last 10 years.

| <u>Fiscal Year</u> | <u>Student Enrollment</u> | <u>Percent Change</u> |
|--------------------|---------------------------|-----------------------|
| 2005-2006 | 1,218 | (1.06) |
| 2006-2007 | 1,205 | (1.07) |
| 2007-2008 | 1,182 | (1.91) |
| 2008-2009 | 1,191 | 0.76 |
| 2009-2010 | 1,155 | (3.02) |
| 2010-2011 | 1,138 | (1.47) |
| 2011-2012 | 1,127 | (0.97) |
| 2012-2013 | 1,123 | (0.35) |
| 2013-2014 | 1,118 | (0.44) |
| 2014-2015 | 1,120 | 0.18 |

2. ECONOMIC CONDITION AND OUTLOOK: Known as, "The Historic Hub of the Northern Valley," the Borough of Closter is situated below the Palisades in the northeastern part of Bergen County, New Jersey. Closter is a stable, attractive community with an estimated population of 8,498. The median household income of its residents is \$119,485, and the average home is assessed at \$666,000. Approximately 90% of Closter's working residents are employed in the following job types: management, business and financial operations; professional and related; sales and office; service. Furthermore, 95% of Closter's adult population graduated from high school and 60% have a bachelor's degree or higher. As of the 2010 United States Census, nearly 32% of Closter's residents are of Asian origins. Although Closter is located just 15 miles from New York City, it maintains a local pride in its community, its schools, and in the many services that it offers its residents.

3. MAJOR INITIATIVES: In the upcoming 2015-16 school year; Tenakill Middle School will launch its first eighth-grade STEM class. Furthermore, the District's full-day inclusive preschool program continues to grow and a fourth class will be added in September. The program was successfully launched in the 2010-2011 school year to accommodate preschoolers that are identified as preschool disabled. The program also accepts typical 3-and 4- year-olds on a tuition basis. Another initiative the District continues to proud of is its dedicated science teacher and classroom at Hillside for STEM-based lessons.

The success of the Closter Public Schools is well documented and a variety of achievements have been earned over the years. In March of 2013, Hillside Elementary School was acknowledged as a Rewards School by the New Jersey Department of Education. Recently, JerseyCAN recognized Hillside as one of the Top Ten elementary schools in New Jersey.

During the 2013-2014 school year, Tenakill Middle School was identified as a Spotlight School by the New Jersey Schools to Watch program. Furthermore, the students of Tenakill published an award winning newspaper, *The Cougar Chronicles*; and Tenakill's Science Olympiad Team recently placed in the New Jersey State Finals.

The District's comprehensive instructional program is preparing its students for the Common Core State Standards (CCSS) and the challenge of the new PARCC (Partnership for Assessment of Readiness for College and Careers) assessments. To meet this challenge, a wireless network was installed in Hillside and preparations are underway to upgrade the wireless network in Tenakill. The networks are required to accommodate the growing number of devices (laptops, iPads, etc.) used for instructional purposes.

The Closter Public Schools continue to enjoy an excellent reputation and routinely work collaboratively with its Northern Valley neighbors. The eight school Districts of Northern Valley support a regional Office of Curriculum and Instruction. Administrators and teachers throughout the Valley meet regularly for staff and curriculum development.

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 accounting principles generally accepted in the United States of America (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 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 provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general, special revenue and debt service funds. Project-length budgets are approved for capital improvements and 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 year-end are either canceled or are included as a reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2015.

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

7. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, pollution liability, commercial automobile, school board legal liability, crime, workers compensation, and surety bonds.

8. OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The auditing firm selected by the Board is Lerch, Vinci, Higgins, LLP. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act and the related OMB Circular A-133 and NJ OMB Circular 15-08. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to Government Auditing Standards and the single audit are included in the single audit section of this report.

9. ACKNOWLEDGMENTS: We would like to express our sincere appreciation to the members of the Closter Board of Education for their prudent fiscal stewardship. Their concerns for fiscal accountability and transparency on behalf of the citizens and taxpayers of Closter should be commended. The preparation of this report could not have been accomplished without the efficient and dedicated services of our business office.

Respectfully submitted,



Joanne S. Newberry
Superintendent of Schools
Closter Public Schools



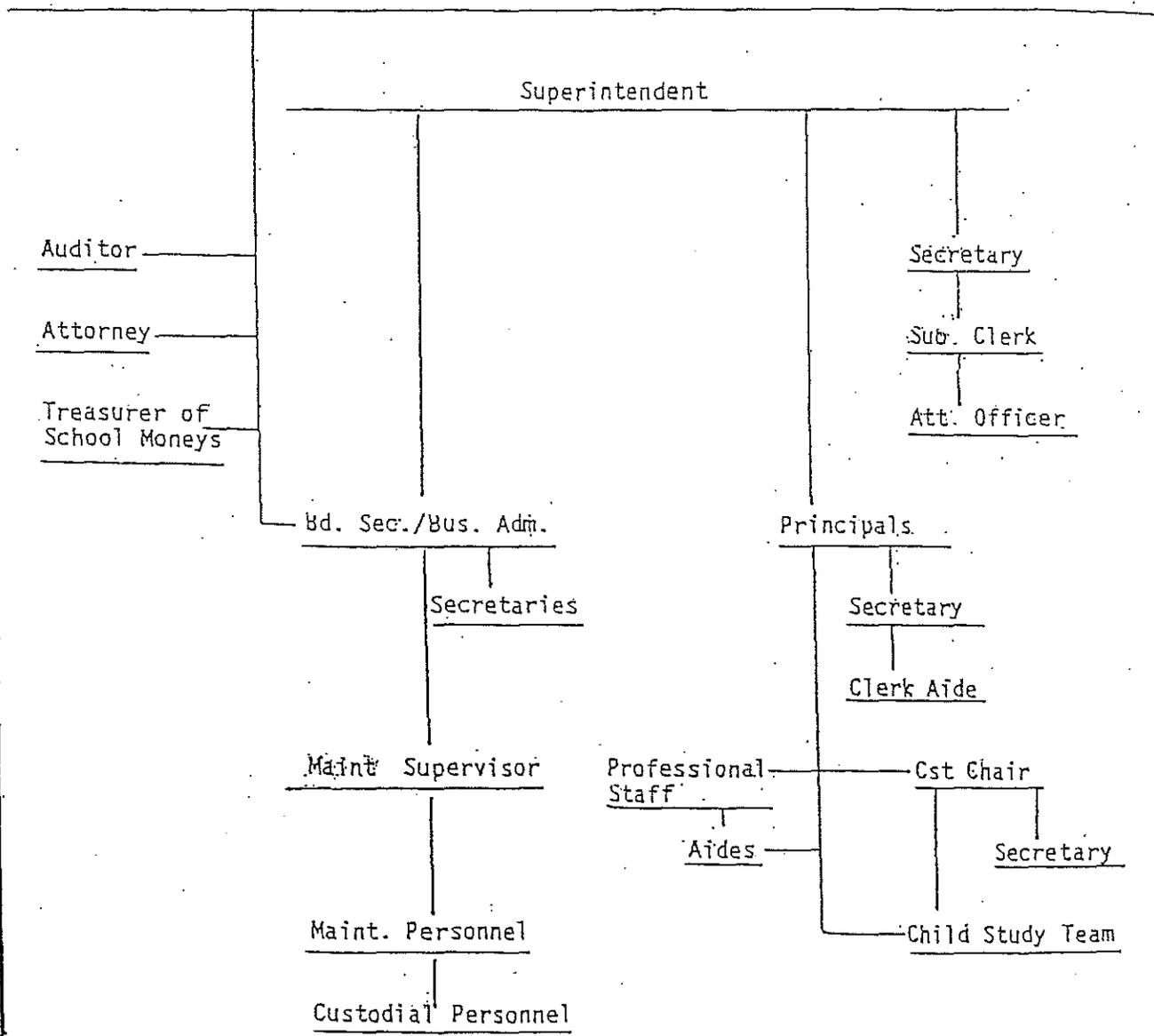
Peter C. Iappelli
Board Secretary/School Business Administrator
Closter Public Schools

CLOSTER BOARD OF EDUCATION
Closter, New Jersey 07624
Exhibit

File Code: 2120

ORGANIZATION CHARTS

Closter Board of Education



2188s



**CLOSTER BOARD OF EDUCATION
CLOSTER, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2015**

| <u>Member of the Board of Education</u> | <u>Term Expires January</u> |
|-----------------------------------------------------------|----------------------------------------|
| Anthony Linn, President | 2016 |
| Ann Ginsberg, Vice President | 2018 |
| Stephanie Lee | 2017 |
| Carmen Pfeiffer | 2017 |
| Dina Marinaccio | 2016 |
| Peter Micera | 2017 |
| Grace Park | 2016 |
| Chris Kwon | 2018 |
| Gregg Lambert | 2018 |
| <u>Other Officials</u> | |
| Joanne S. Newberry, Superintendent | |
| Peter C. Iappelli, Board Secretary/Business Administrator | |
| Norma Ketler, Treasurer | |

CLOSTER BOARD OF EDUCATION
Consultants and Advisors

Architect

Di Cara/Rubino
30 Galesi Drive – West Wing
Wayne, NJ 07470

Audit Firm

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

Attorney

Fogarty & Hara
16-00 Route 208 South
Fair Lawn, NJ 07410

Official Depository

Capital One Bank
710 Route 46 East
Fairfield, NJ 07004

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

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

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Closter Board of Education
Closter, 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 Closter Board of Education, as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Closter Board of Education as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Pronouncement

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

Other Matters

Required Supplementary Information

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

Other Information

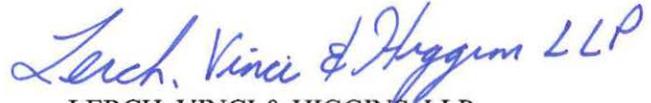
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Closter Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards, 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 Closter Board of Education.

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

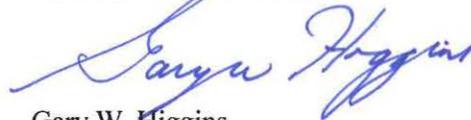
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 16, 2015 on our consideration of the Closter Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Closter Board of Education's internal control over financial reporting and compliance.



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
December 16, 2015

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CLOSTER SCHOOL DISTRICT
CLOSTER NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2015

This discussion and analysis of the Closter School District's financial performance provides an overall review of its financial activities for the fiscal year ended June 30, 2015. The intent of this is to look at the District's financial performance as a whole; readers should also review the basic financial statements including the notes to enhance their understanding of the District's financial performance.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. Certain comparative information between the current year (2014-2015) and the prior year (2013-2014) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2015 are as follows:

- General revenues accounted for \$17,640,668 or 75 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$5,737,393 or 25 percent of total revenues of \$23,378,061.
- The School District had \$22,177,745 in total expenses; only \$5,737,393 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$17,640,668 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$19,896,959 in revenues and \$19,253,577 in expenditures. The General Fund's fund balance increased \$643,382 from June 30, 2014.

**CLOSTER SCHOOL DISTRICT
CLOSTER NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2015

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so that the reader can understand the District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provides information about the activities of the entire District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements show how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at significant funds with all other non-major funds presented in one total column. The General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document reports on all funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2014/15." The Statement of Net Position and the Statement of Activities answer that question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in its position. This change is important because it tells the reader that, for the school district as a whole, its financial position improved or diminished. The causes of this change may be the result of many factors. Non-financial factors include the District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the District is divided into two distinct kinds of activities:

- Governmental Activities – All programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation, capital outlay, and debt service activities.

**CLOSTER SCHOOL DISTRICT
CLOSTER NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2015

- **Business-Type Activities** – This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business-type activity.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's funds. The District's governmental funds include the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund.

Governmental Funds

The District's activities are reported in governmental funds. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Fund

The Enterprise Fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

The District as a Whole

The Statement of Net Position provides one perspective of the District as a whole.

Table 1 provides a summary of the District's net position as of June 30, 2015 and 2014.

**CLOSTER SCHOOL DISTRICT
CLOSTER NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2015

**Table 1
Net Position
as of June 30, 2015 and 2014**

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Totals</u> | |
|---------------------------------------------|--------------------------------|---------------------------|---------------------------------|-----------------|----------------------|---------------------------|
| | <u>2015</u> | <u>2014</u> (Restated) | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> (Restated) |
| Assets | | | | | | |
| Current and Other Assets | \$ 4,589,621 | \$ 4,903,557 | \$ 6,837 | \$ 7,490 | \$ 4,596,458 | \$ 4,911,047 |
| Capital Assets | <u>13,467,520</u> | <u>12,859,352</u> | <u>-</u> | <u>-</u> | <u>13,467,520</u> | <u>12,859,352</u> |
| Total Assets | <u>18,057,141</u> | <u>17,762,909</u> | <u>6,837</u> | <u>7,490</u> | <u>18,063,978</u> | <u>17,770,399</u> |
| Deferred Outflows of Resources | | | | | | |
| Deferred Amounts on Refunding | 34,355 | 38,649 | | | 34,355 | 38,649 |
| Deferred Amount on Pension Liability | <u>269,591</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>269,591</u> | <u>-</u> |
| Total Deferred Outflows of Resources | <u>303,946</u> | <u>38,649</u> | <u>-</u> | <u>-</u> | <u>303,946</u> | <u>38,649</u> |
| Liabilities | | | | | | |
| Long-Term Liabilities | 6,922,820 | 7,470,962 | | | 6,922,820 | 7,470,962 |
| Other Liabilities | <u>311,669</u> | <u>647,469</u> | <u>-</u> | <u>-</u> | <u>311,669</u> | <u>647,469</u> |
| Total Liabilities | <u>7,234,489</u> | <u>8,118,431</u> | <u>-</u> | <u>-</u> | <u>7,234,489</u> | <u>8,118,431</u> |
| Deferred Inflows of Resources | | | | | | |
| Deferred Amount on Pension Liability | <u>242,502</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>242,502</u> | <u>-</u> |
| Total Deferred Inflows of Resources | <u>242,502</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>242,502</u> | <u>-</u> |
| Net Position | | | | | | |
| Net Investment in Capital | | | | | | |
| Assets | 11,006,875 | 9,814,001 | | | 11,006,875 | 9,814,001 |
| Restricted | 2,826,876 | 2,590,536 | | | 2,826,876 | 2,590,536 |
| Unrestricted | <u>(2,949,655)</u> | <u>(2,721,410)</u> | <u>6,837</u> | <u>7,490</u> | <u>(2,942,818)</u> | <u>(2,713,920)</u> |
| Total Net Position | <u>\$ 10,884,096</u> | <u>\$ 9,683,127</u> | <u>\$ 6,837</u> | <u>\$ 7,490</u> | <u>\$ 10,890,933</u> | <u>\$ 9,690,617</u> |

The District's combined net position was \$10,890,933 and \$9,690,617 on June 30, 2015 and 2014, respectively.

Table 2 shows changes in net position for fiscal years 2015 and 2014.

**CLOSTER SCHOOL DISTRICT
CLOSTER NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2015

**Table 2
Changes in Net Position
For the Years Ended June 30, 2015 and 2014**

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Totals</u> | |
|-------------------------------------------------------------------|--------------------------------|---------------------------|---------------------------------|-----------------|----------------------|---------------------------|
| | <u>2015</u> | <u>2014</u> (Restated) | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> (Restated) |
| Revenues | | | | | | |
| Program Revenues | | | | | | |
| Charges for Services | \$ 394,577 | \$ 407,960 | \$ 20,802 | \$ 20,998 | \$ 415,379 | \$ 428,958 |
| Grants and Contributions | 4,982,587 | 2,533,652 | 12,691 | 13,507 | 4,995,278 | 2,547,159 |
| Capital Grants and Contributions | 326,736 | 22,314 | | | 326,736 | 22,314 |
| General Revenues | | | | | | |
| Property Taxes | 17,555,950 | 17,324,092 | | | 17,555,950 | 17,324,092 |
| State Aid | 19,984 | | | | 19,984 | |
| Other | 64,663 | 119,936 | 71 | 98 | 64,734 | 120,034 |
| Total Revenues | <u>23,344,497</u> | <u>20,407,954</u> | <u>33,564</u> | <u>34,603</u> | <u>23,378,061</u> | <u>20,442,557</u> |
| Expenses | | | | | | |
| Instruction | 14,774,866 | 12,412,792 | | | 14,774,866 | 12,412,792 |
| Support Services | | | | | | |
| Student and Instructional Related Svcs. | 2,535,342 | 2,278,238 | | | 2,535,342 | 2,278,238 |
| General and School Administration, Business / Central Services | 2,216,700 | 2,146,292 | | | 2,216,700 | 2,146,292 |
| Plant Operations and Maintenance | 2,344,995 | 2,163,304 | | | 2,344,995 | 2,163,304 |
| Pupil Transportation | 198,893 | 157,509 | | | 198,893 | 157,509 |
| Interest on Debt | 72,732 | 128,803 | | | 72,732 | 128,803 |
| Food Service | - | - | 34,217 | 31,722 | 34,217 | 31,722 |
| Total Expenses | <u>22,143,528</u> | <u>19,286,938</u> | <u>34,217</u> | <u>31,722</u> | <u>22,177,745</u> | <u>19,318,660</u> |
| Change in Net Position | 1,200,969 | 1,121,016 | (653) | 2,881 | 1,200,316 | 1,123,897 |
| Beginning of Year, Net Position | 9,683,127 | 12,548,241 | 7,490 | 4,609 | 9,690,617 | 12,552,850 |
| Prior Period Adjustment | - | (3,986,130) | - | - | - | (3,986,130) |
| Ending of Year, Net Position | <u>\$ 10,884,096</u> | <u>\$ 9,683,127</u> | <u>\$ 6,837</u> | <u>\$ 7,490</u> | <u>\$ 10,890,933</u> | <u>\$ 9,690,617</u> |

During the 2014/15 school year, the District implemented Government Accounting Standards Board ("GASB") Statement No. 68, "Accounting and Financial Reporting of Pensions". In conjunction with the implementation, the District was required to restate the June 30, 2014 financial statements.

**CLOSTER SCHOOL DISTRICT
CLOSTER NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2015

Governmental Activities

Property taxes made up 75 and 85 percent of revenues for governmental activities for the Closter School District in the fiscal years 2015 and 2014, respectively. The District's total governmental revenues were \$23,344,497 and \$20,407,954 for the years ended June 30, 2015 and 2014, respectively. Federal, state, and local grants and aid accounted for another 23 and 13 percent of governmental revenue for the years ended June 30, 2015 and 2014, respectively. The total costs of all governmental programs and services was \$22,143,528 and \$19,286,938 for the years ended June 30, 2015 and 2014, respectively. Instruction comprises 67 and 64 percent of District expenses for both the years ended June 30, 2015 and 2014, respectively.

In the District-wide financial statements, State Aid Program Expenses increased significantly in the 2014/15 fiscal year, due to the full accrual of TPAF on-behalf pension expense to comply with GASB 68.

Business-Type Activities

Revenues for the District's business-type activities (food service program) were comprised of charges for services and federal reimbursements.

- Food service expenses exceeded revenues by \$653.
- Charges for services of \$20,802 represent 62 percent of revenue. This represents amounts paid for daily milk service.
- Federal reimbursement for milk was \$12,691.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services for the fiscal years ended June 30, 2015 and 2014. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

**Table 3
Total and Net Cost of Services of Governmental Activities**

| | <u>Total Cost of Services</u> | | <u>Net Cost of Services</u> | |
|-------------------------------------------------------------------------------|-----------------------------------|-----------------------------|---------------------------------|-----------------------------|
| | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> |
| Instruction | 14,774,866 | \$ 12,412,792 | \$ 9,840,667 | \$ 9,764,404 |
| Support Services | | | | |
| Student and Instruction Related Svcs. | 2,535,342 | 2,278,238 | 2,486,577 | 2,237,031 |
| General Administration, School Administration, Business / Central Services | 2,216,700 | 2,146,292 | 1,831,829 | 1,932,526 |
| Plant Operations and Maintenance | 2,344,995 | 2,163,304 | 2,031,656 | 2,124,762 |
| Pupil Transportation | 198,893 | 157,509 | 176,167 | 135,486 |
| Interest and Other Charges | <u>72,732</u> | <u>128,803</u> | <u>72,732</u> | <u>128,803</u> |
| Total | <u>\$ 22,143,528</u> | <u>\$ 19,286,938</u> | <u>\$ 16,439,628</u> | <u>\$ 16,323,012</u> |

**CLOSTER SCHOOL DISTRICT
CLOSTER NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2015

Governmental Activities (Cont.)

Instruction expenses include activities directly dealing with the teaching of pupils and the interactions between teacher and student, including extracurricular activities.

Student and instruction related services include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration, and business/central services include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities involve keeping the school grounds, buildings, and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Interest on debt involves the transactions associated with the payment of interest and other related charges to debt of the District.

The District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$21,120,105 and \$20,375,691 and expenditures were \$21,105,226, and \$20,292,317 net of the costs related to the refunding of bonds for the years ended June 30, 2015 and 2014, respectively. During the fiscal year ended June 30, 2015, revenues exceeded expenditures by \$14,879

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a summary of the governmental fund revenues for the fiscal years ended June 30, 2015 and 2014.

| <u>Revenue</u> | <u>Year Ended</u> | | <u>Amount of Increase (Decrease)</u> | <u>Percent</u> |
|-----------------|----------------------|----------------------|----------------------------------------------|----------------|
| | <u>June 30, 2015</u> | <u>June 30, 2014</u> | | |
| Local Sources | \$ 18,015,190 | \$ 17,819,725 | \$ 195,465 | 1.10% |
| State Sources | 2,841,908 | 2,308,787 | 533,121 | 23.09% |
| Federal Sources | 263,007 | 247,179 | 15,828 | 6.40% |
| Total | <u>\$ 21,120,105</u> | <u>\$ 20,375,691</u> | <u>\$ 744,414</u> | 3.65% |

**CLOSTER SCHOOL DISTRICT
CLOSTER NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2015

The District's Funds (Cont.)

The following schedule represents a summary of the governmental fund expenditures for the fiscal years ended June 30, 2015 and 2014.

| <u>Expenditures</u> | <u>Year Ended</u> | | <u>Amount of Increase (Decrease)</u> | <u>Percent</u> |
|------------------------|--------------------------|--------------------------|----------------------------------------------|----------------|
| | <u>June 30, 2015</u> | <u>June 30, 2014</u> | | |
| Current | | | | |
| Instruction | \$ 12,689,938 | \$ 12,371,909 | \$ 318,029 | 2.57% |
| Support Services | 6,531,031 | 6,206,807 | 324,224 | 5.22% |
| Capital Outlay | 1,160,368 | 621,380 | 538,988 | 86.74% |
| Debt Service: | | | | |
| Principal | 648,466 | 946,942 | (298,476) | -31.52% |
| Interest | <u>75,423</u> | <u>145,279</u> | <u>(69,856)</u> | -48.08% |
| Total Expenditures | <u>\$ 21,105,226</u> | <u>\$ 20,292,317</u> | <u>\$ 812,909</u> | 4.01% |

General Fund Budgeting Highlights

The District's annual school budget is prepared according to New Jersey Statutes. The most significant budgetary fund is the General Fund. The school budget is subjected to the public's vote only after an exhaustive review of each appropriation account. The budget – first and foremost – supports student achievement and outstanding academic programs.

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over expenditures in specific line item accounts.

**CLOSTER SCHOOL DISTRICT
CLOSTER NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2015

Capital Assets

At the end of fiscal years 2015 and 2014, the District's governmental activities had \$13,467,520 and \$12,859,352, respectively invested in land, buildings, furniture, equipment and vehicles, net of accumulated depreciation for governmental activities. Table 4 shows fiscal year 2015 balances compared to 2014.

**Table 4
Capital Assets**

| | June 30 | |
|-----------------------------------|--------------------------|--------------------------|
| | <u>2015</u> | <u>2014</u> |
| Land | \$ 26,600 | \$ 26,600 |
| Construction in Progress | 174,200 | 69,234 |
| Improvements Other Than Buildings | 243,107 | 243,107 |
| Buildings and Improvements | 20,710,992 | 19,695,619 |
| Machinery and Equipment | 890,209 | 890,015 |
| | 22,045,108 | 20,924,575 |
| Less: Accumulated Depreciation | (8,577,588) | (8,065,223) |
| Total | \$ 13,467,520 | \$ 12,859,352 |

Overall capital assets, net of accumulated depreciation, increased \$608,168 from fiscal year 2014 to fiscal year 2015.

Additional information on Closter School District's Capital Assets can be found in Note 4 of this report.

Debt Administration

At June 30, 2015 and 2014, the District had \$6,922,820 and \$7,470,962 (restated), respectively of long-term liabilities. Of these amounts, \$358,620 and \$341,366 are for compensated absences; and \$2,495,000 and \$3,084,000 are for serial bonds and \$4,069,200 and \$3,986,130 are for net pension liability and \$-0- and \$59,466 are for capital leases for computers, as of June 30, 2015 and 2014, respectively.

**CLOSTER SCHOOL DISTRICT
CLOSTER NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2015

**Table 5
Outstanding Liabilities**

| | June 30 | |
|-------------------------------|---------------------|----------------------------------|
| | <u>2015</u> | <u>2014</u> (Restated) |
| 2013 Refunding Bonds | \$ 2,495,000 | \$ 2,790,000 |
| 1994 General Obligation Bonds | | 294,000 |
| Net Pension Liability | 4,069,200 | 3,986,130 |
| Capital Leases | | 59,466 |
| Compensated Absences | 358,620 | 341,366 |
| Total | \$ 6,922,820 | \$ 7,470,962 |

At June 30, 2015, the District's overall remaining legal debt margin was \$58,861,710.

Additional information on Closter School District's Long-Term Debt can be found in Note 4 of this report.

For the Future

The Closter Public Schools are thankful for the community's support and for the continued generosity of the Closter PTO. The district's most important goal is student achievement. To that end, the Closter Public Schools make every effort to meet the needs of all its children, despite significant cuts in state aid and unfunded mandates.

The Closter Public Schools are committed to educational excellence and fiscal integrity. Our system for financial planning, budgeting, and internal financial controls is audited annually. The Closter Public Schools shall continue to manage its financial resources prudently in order to meet the education challenges of the 21st century.

Contacting the District's Financial Management

If you have questions about this report or need additional information, please contact Mr. Peter Iappelli, School Business Administrator, Closter Board of Education, 340 Homans Avenue, Closter, NJ 07624.

DISTRICT WIDE FINANCIAL STATEMENTS

**CLOSTER BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2015**

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|------------------------------------------|------------------------------------|-------------------------------------|----------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 4,244,143 | \$ 5,918 | \$ 4,250,061 |
| Receivables, net | | | |
| Other Accounts Receivable | 12,581 | | 12,581 |
| Receivables from Other Governments | 332,813 | 919 | 333,732 |
| Due from Other Funds | 84 | | 84 |
| Capital Assets Not Being Depreciated | 200,800 | | 200,800 |
| Capital Assets Being Depreciated | 13,266,720 | | 13,266,720 |
| | <u>18,057,141</u> | <u>6,837</u> | <u>18,063,978</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred Amounts on Refunding | 34,355 | | 34,355 |
| Deferred Amount on Net Pension Liability | 269,591 | | 269,591 |
| | <u>303,946</u> | <u>-</u> | <u>303,946</u> |
| LIABILITIES | | | |
| Accounts Payable | 24,209 | | 24,209 |
| Unearned Revenue | 272,802 | | 272,802 |
| Accrued Interest Payable | 14,658 | | 14,658 |
| Noncurrent Liabilities | | | |
| Due Within One Year | 522,162 | | 522,162 |
| Due Beyond One Year | 6,400,658 | | 6,400,658 |
| | <u>7,234,489</u> | <u>-</u> | <u>7,234,489</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Amount on Net Pension Liability | 242,502 | | 242,502 |
| | <u>242,502</u> | <u>-</u> | <u>242,502</u> |
| NET POSITION | | | |
| Net Investment in Capital Assets | 11,006,875 | | 11,006,875 |
| Restricted for: | | | |
| Capital Projects | 2,817,889 | | 2,817,889 |
| Debt Service | 8,987 | | 8,987 |
| Unrestricted | (2,949,655) | 6,837 | (2,942,818) |
| Total Net Position | <u>\$ 10,884,096</u> | <u>\$ 6,837</u> | <u>\$ 10,890,933</u> |

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

CLOSTER BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| 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 | \$ 10,553,914 | \$ 194,465 | \$ 2,818,914 | \$ 30,165 | \$ (7,510,370) | | \$ (7,510,370) |
| Special Education | 3,021,629 | 200,112 | 1,343,829 | | (1,477,688) | | (1,477,688) |
| Other Instruction | 1,095,323 | | 318,064 | | (777,259) | | (777,259) |
| School Sponsored Activities and Athletics | | | | | | | |
| | 104,000 | | 28,650 | | (75,350) | | (75,350) |
| Support Services | | | | | | | |
| Student and Instruction Related Svcs. | 2,535,342 | | 48,765 | | (2,486,577) | | (2,486,577) |
| General Administration Services | 843,106 | | 98,999 | | (744,107) | | (744,107) |
| School Administration Services | 912,043 | | 164,994 | | (747,049) | | (747,049) |
| Business/Central Services | 461,551 | | 120,878 | | (340,673) | | (340,673) |
| Plant Operations and Maintenance | 2,344,995 | | 16,768 | \$ 296,571 | (2,031,656) | | (2,031,656) |
| Pupil Transportation | 198,893 | | 22,726 | | (176,167) | | (176,167) |
| Interest on Long-Term debt | 72,732 | | | | (72,732) | | (72,732) |
| Total Governmental Activities | <u>22,143,528</u> | <u>394,577</u> | <u>4,982,587</u> | <u>326,736</u> | <u>(16,439,628)</u> | <u>-</u> | <u>(16,439,628)</u> |
| Business-Type Activities | | | | | | | |
| Food Service | <u>34,217</u> | <u>20,802</u> | <u>12,691</u> | <u>-</u> | <u>-</u> | <u>\$ (724)</u> | <u>(724)</u> |
| Total Business-Type Activities | <u>34,217</u> | <u>20,802</u> | <u>12,691</u> | <u>-</u> | <u>-</u> | <u>(724)</u> | <u>(724)</u> |
| Total Primary Government | <u>\$ 22,177,745</u> | <u>\$ 415,379</u> | <u>\$ 4,995,278</u> | <u>\$ 326,736</u> | <u>(16,439,628)</u> | <u>(724)</u> | <u>(16,440,352)</u> |
| General Revenues: | | | | | | | |
| Property Taxes, Levied for General Purposes | | | | | 16,892,382 | | 16,892,382 |
| Property Taxes Levied for Debt Service | | | | | 663,568 | | 663,568 |
| Federal and State Aid - Unrestricted | | | | | 19,984 | | 19,984 |
| Interest Earnings | | | | | 10,436 | 71 | 10,507 |
| Miscellaneous Income | | | | | 54,227 | - | 54,227 |
| Total General Revenues and Special Items | | | | | <u>17,640,597</u> | <u>71</u> | <u>17,640,668</u> |
| Change in Net Position | | | | | 1,200,969 | (653) | 1,200,316 |
| Net Position, Beginning of Year (Restated) | | | | | <u>9,683,127</u> | <u>7,490</u> | <u>9,690,617</u> |
| Net Position, End of Year | | | | | <u>\$ 10,884,096</u> | <u>\$ 6,837</u> | <u>\$ 10,890,933</u> |

FUND FINANCIAL STATEMENTS

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

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Capital Projects Fund</u> | <u>Debt Service Fund</u> | <u>Total Governmental Funds</u> |
|--------------------------------------------------------------------|-------------------------|-------------------------------------|--------------------------------------|----------------------------------|-----------------------------------------|
| ASSETS | | | | | |
| Cash and Cash Equivalents | \$ 3,828,462 | | \$ 406,694 | \$ 8,987 | \$ 4,244,143 |
| Receivables | | | | | |
| Due From Other Funds | 84 | | | | 84 |
| Receivables From Governments | 40,813 | | 292,000 | | 332,813 |
| Receivables From Others | 12,581 | - | - | - | 12,581 |
| | | | | | |
| Total Assets | <u>\$ 3,881,940</u> | <u>\$ -</u> | <u>\$ 698,694</u> | <u>\$ 8,987</u> | <u>\$ 4,589,621</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities | | | | | |
| Accounts Payable | \$ 24,209 | | | | \$ 24,209 |
| Unearned Revenue | - | - | \$ 272,802 | - | 272,802 |
| | | | | | |
| Total Liabilities | <u>24,209</u> | <u>-</u> | <u>272,802</u> | <u>-</u> | <u>297,011</u> |
| Restricted Fund Balance | | | | | |
| Emergency Reserve | 250,000 | | | | 250,000 |
| Capital Reserve | 2,216,997 | | | | 2,216,997 |
| Capital Reserve - Designated for Subsequent Year's Expenditures | 175,000 | | | | 175,000 |
| Excess Surplus - Designated for Subsequent Year's Expenditures | 325,000 | | | | 325,000 |
| Excess Surplus Capital Projects | 325,000 | | 425,892 | | 325,000 |
| Debt Service | | | | \$ 8,987 | 8,987 |
| Committed Fund Balance | | | | | |
| Year-End Encumbrances | 213,708 | | | | 213,708 |
| Assigned Fund Balance | | | | | |
| Year-End Encumbrances | 24,669 | | | | 24,669 |
| Designated for Subsequent Year's Expenditures | 4,048 | | | | 4,048 |
| Unassigned Fund Balance | | | | | |
| General Fund | 323,309 | - | - | - | 323,309 |
| | | | | | |
| Total Fund Balances | <u>3,857,731</u> | <u>-</u> | <u>425,892</u> | <u>8,987</u> | <u>4,292,610</u> |
| Total Liabilities and Fund Balances | <u>\$ 3,881,940</u> | <u>\$ -</u> | <u>\$ 698,694</u> | <u>\$ 8,987</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 \$22,045,108 and the accumulated depreciation is \$8,577,588. 13,467,520

The District has financed capital assets through the issuance of Serial Bonds. The interest accrual at year end is: (14,658)

Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt. 34,355

Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.

| | | |
|--------------------------------|------------|--------|
| Deferred Outflows of Resources | \$ 269,591 | |
| Deferred Inflows of Resources | (242,502) | |
| | | 27,089 |

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.
Long-term liabilities at year end consist of the following:

| | | |
|-----------------------|-----------|-------------|
| Bonds Payable | 2,495,000 | |
| Compensated Absences | 358,620 | |
| Net Pension Liability | 4,069,200 | |
| | | (6,922,820) |

Net position of governmental activities \$ 10,884,096

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

| | General Fund | Special Revenue Fund | Capital Projects Fund | Debt Service Fund | Total Governmental Funds |
|--------------------------------------------------------------|-----------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| REVENUES | | | | | |
| Local Sources | | | | | |
| Property Taxes | \$ 16,892,382 | | | \$ 663,568 | \$ 17,555,950 |
| Tuition Charges | 394,577 | | | | 394,577 |
| Interest | 10,436 | | | | 10,436 |
| Miscellaneous | 54,227 | - | - | - | 54,227 |
| Total - Local Sources | 17,351,622 | - | - | 663,568 | 18,015,190 |
| State Sources | 2,545,337 | | \$ 296,571 | | 2,841,908 |
| Federal Sources | - | \$ 263,007 | - | - | 263,007 |
| Total Revenues | 19,896,959 | 263,007 | 296,571 | 663,568 | 21,120,105 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Instruction | | | | | |
| Regular Instruction | 8,983,534 | 19,047 | | | 9,002,581 |
| Special Education Instruction | 2,487,649 | 195,195 | | | 2,682,844 |
| Other Instruction | 915,663 | | | | 915,663 |
| School Sponsored Activities and Athletics | 88,850 | | | | 88,850 |
| Support Services | | | | | |
| Student and Instruction Related Services | 2,487,806 | 44,197 | | | 2,532,003 |
| General Administration Services | 787,190 | | | | 787,190 |
| School Administration Services | 814,011 | | | | 814,011 |
| Business/Central Services | 396,875 | | | | 396,875 |
| Plant Operations and Maintenance | 1,802,229 | | | | 1,802,229 |
| Pupil Transportation | 198,723 | | | | 198,723 |
| Debt Service | | | | | |
| Principal | 59,466 | | | 589,000 | 648,466 |
| Interest and Other Charges | 854 | | | 74,569 | 75,423 |
| Capital Outlay | 230,727 | 4,568 | 925,073 | - | 1,160,368 |
| Total Expenditures | 19,253,577 | 263,007 | 925,073 | 663,569 | 21,105,226 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 643,382 | - | (628,502) | (1) | 14,879 |
| Net Changes in Fund Balances | 643,382 | - | (628,502) | (1) | 14,879 |
| Fund Balance, Beginning of Year | 3,214,349 | - | 1,054,394 | 8,988 | 4,277,731 |
| Fund Balance, End of Year | \$ 3,857,731 | \$ - | \$ 425,892 | \$ 8,987 | \$ 4,292,610 |

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

**CLOSTER BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

| | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| Total net change in fund balances - governmental funds (Exhibit B-2) | \$ | 14,879 |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| <p>Capital Outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions exceeds depreciation expense in the period.</p> | | |
| Depreciation Expense | \$ (582,365) | |
| Capital Outlays | <u>1,160,368</u> | 578,003 |
| <p>Donations of capital assets increase net assets in the statement of activities, however they have no affect in the governmental funds because they are not financial resources.</p> | | |
| | | 30,165 |
| <p>The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p> | | |
| Principal Repayments | | |
| Leases Payable | 59,466 | |
| Bonds Payable | <u>589,000</u> | 648,466 |
| <p>Also, governmental funds report the loss of debt refunding, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (Note 2)</p> | | |
| | | <u>(70,544)</u> |
| Change in net position of governmental activities | \$ | <u>1,200,969</u> |

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

| | Business- Type Activities Enterprise Funds <hr/> Non - Major <hr/> |
|---------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|
| ASSETS | |
| Current Assets | |
| Cash and Cash Equivalents | \$ 5,918 |
| Intergovernmental Accounts Receivable | <u>919</u> |
| Total Current Assets | <u>6,837</u> |
| Noncurrent Assets | |
| Machinery and Equipment | 15,173 |
| Less Accumulated Depreciation | <u>(15,173)</u> |
| Total Noncurrent Assets | <u>-</u> |
| Total Assets | <u>6,837</u> |
| NET POSITION | |
| Unrestricted | <u>6,837</u> |
| Total Net Position | <u><u>\$ 6,837</u></u> |

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

**CLOSTER BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

| | Business-Type Activities Enterprise Fund Non-Major |
|---------------------------------|-------------------------------------------------------------------|
| Operating Revenues | |
| Charges for services | |
| Daily Sales | \$ 20,802 |
| Total Operating Revenues | 20,802 |
| Operating Expenses | |
| Cost of Sales | 15,717 |
| Salaries and Wages | 18,500 |
| Total Operating Expenses | 34,217 |
| Operating Loss | (13,415) |
| Nonoperating Revenues | |
| Federal Sources | |
| Special Milk Program | 12,691 |
| Interest Earnings | 71 |
| Total Nonoperating Revenues | 12,762 |
| Net Change in Net Position | (653) |
| Net Position, Beginning of Year | 7,490 |
| Net Position, End of Year | \$ 6,837 |

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

**CLOSTER BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

| | Business-Type Activities |
|-----------------------------------------------------------------------------------|---------------------------------|
| | Enterprise Funds |
| | Non-Major |
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Receipts from Customers | \$ 20,802 |
| Salaries and Wages | (18,500) |
| Payments to Suppliers | (15,717) |
| | (13,415) |
| Net Cash Used By Operating Activities | (13,415) |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | |
| Federal Sources | 12,753 |
| | 12,753 |
| Net Cash Provided By Non-Capital Financing Activities | 12,753 |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Interest | 71 |
| | 71 |
| Net Cash Provided By Investing Activities | 71 |
| Net Decrease in Cash and Cash Equivalents | (591) |
| Cash and Cash Equivalents—Beginning of Year | 6,509 |
| | 6,509 |
| Cash and Cash Equivalents—End of Year | \$ 5,918 |
| Reconciliation of Operating Loss to Net Cash Used by Operating Activities: | |
| Operating Loss | \$ (13,415) |
| Net Cash Used By Operating Activities | \$ (13,415) |

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

**CLOSTER BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015**

| | <u>Private Purpose Trust Funds</u> | <u>Unemployment Compensation Trust Fund</u> | <u>Agency Fund</u> |
|-------------------------------------------------------------|--------------------------------------------|-----------------------------------------------------|------------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 2,807 | \$ 151,251 | \$ 55,585 |
| Total Assets | <u>2,807</u> | <u>151,251</u> | <u>\$ 55,585</u> |
| LIABILITIES | | | |
| Due To Other Funds | | | \$ 84 |
| Due To Student Groups | | | 52,508 |
| Payable to State Government | | 2,961 | |
| Accrued Salaries and Wages | | | 58 |
| Payroll Deductions and Withholdings | | - | 2,935 |
| Total Liabilities | <u>-</u> | <u>2,961</u> | <u>\$ 55,585</u> |
| NET POSITION | | | |
| Held In Trust For Unemployment Claims and Other Purposes | <u>\$ 2,807</u> | <u>\$ 148,290</u> | |

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

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

| | Private Purpose Trust Funds | Unemployment Compensation Trust Fund |
|----------------------------------------|--------------------------------------------|-------------------------------------------------|
| ADDITIONS | | |
| Interest on Deposits | | \$ 502 |
| Employee Contributions | - | 26,535 |
| Donations | \$ 57,471 | - |
| Total Additions | <u>57,471</u> | <u>27,037</u> |
| DEDUCTIONS | | |
| Unemployment Claims and Contributions | - | 17,856 |
| Other | 56,315 | - |
| Total Deductions | <u>56,315</u> | <u>17,856</u> |
| Change in Net Position | 1,156 | 9,181 |
| Net Position, Beginning of Year | <u>\$ 1,651</u> | <u>139,109</u> |
| Net Position, End of Year | <u><u>\$ 2,807</u></u> | <u><u>\$ 148,290</u></u> |

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

NOTES TO THE FINANCIAL STATEMENTS

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. New Accounting Standards

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

- GASB 68, *Accounting and Financial Reporting for Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.
- GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, should be applied simultaneously with the provisions of Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

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

C. Basis of Presentation - Financial Statements

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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

The *food service fund* accounts for the activities of the school milk program.

Additionally, the government reports the following fund type:

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

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. *Capital Assets*

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

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

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

| <u>Assets</u> | <u>Years</u> |
|-----------------------------------|--------------|
| Improvements Other Than Buildings | 5-20 |
| Buildings | 50 |
| Building Improvements | 10-20 |
| Machinery and Equipment | 5-20 |

4. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amounts on refunding of debt which results from the loss on a debt refunding reported in the district-wide statement of net position. Deferred amounts on debt refunding result from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt.

The other item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has one type which arises only under the accrual basis of accounting that qualify for reporting in this category. The one item that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

5. Compensated Absences

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused sick leave benefits. A long-term liability of accumulated 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. 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.

6. 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.

7. Long-Term Obligations

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Losses resulting from debt refundings are reported as deferred outflows or resources. 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. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. *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.

Excess Surplus – Designated for Subsequent Year's Expenditures – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2014 audited excess surplus that was appropriated in the 2015/2016 original budget certified for taxes.

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

Emergency Reserve – This restriction was created in accordance with NJAC 6A:23A-14.4(A)1 to accumulate funds in accordance with State statute to finance unanticipated general fund expenditures required for a thorough and efficient education.

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

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

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

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

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.

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

3. Tuition Revenues and Expenditures

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

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

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

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

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

NOTE 2 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the district-wide statement of activities

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds”. The details of this \$(70,544) difference are as follows:

| | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| Compensated absences | \$(17,254) |
| Accrued interest | 6,985 |
| Amortization of deferred charge on refunding | (4,294) |
| Net Pension Expense | <u>(55,981)</u> |
| Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities | <u>\$(70,544)</u> |

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2014/2015. Also, during 2014/2015 the Board increased the original budget by \$688,104. The increase was funded by additional capital reserve, grant awards and the reappropriation of prior year general fund encumbrances.

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

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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

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

B. Capital Reserve

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

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

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

| | | |
|---------------------------------------|------------------|---------------------|
| Balance, July 1, 2014 | | \$ 1,527,154 |
| Increased by: | | |
| Interest earnings | \$ 4,378 | |
| Deposits approved by Board Resolution | <u>1,001,215</u> | |
| Total Increases | | <u>1,005,593</u> |
| | | 2,532,747 |
| Withdrawals: | | |
| Approved by Board Resolution | <u>140,750</u> | |
| Total Withdrawals | | <u>140,750</u> |
| Balance, June 30, 2015 | | <u>\$ 2,391,997</u> |

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

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Emergency Reserve

An emergency reserve account was established by the District. The accumulation of funds will be used to finance unanticipated General Fund current expenditures required for a thorough and efficient education in subsequent fiscal years.

Funds placed in the emergency reserve are restricted to finance reasonably unforeseeable costs and shall not include additional costs due to poor planning. A District may appropriate funds into the emergency 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. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent. Pursuant to NJAC 6A:23A-14.4(A), the balance in the reserve cannot at any time exceed the greater of \$250,000 or one percent of the school district's General Fund budget as certified for taxes up to a maximum of \$1,000,000.

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

| | |
|------------------------|-------------------|
| Balance, July 1, 2014 | <u>\$ 250,000</u> |
| Balance, June 30, 2015 | <u>\$ 250,000</u> |

D. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Reserved Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2015 is \$650,000. Of this amount, \$325,000 was designated and appropriated in the 2015/2016 original budget certified for taxes and the remaining amount of \$325,000 will be appropriated in the 2016/2017 original budget certified for taxes.

NOTE 4 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

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

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2015, the book value of the Board's deposits were \$4,459,704 and bank and brokerage firm balances of the Board's deposits amounted to \$4,829,428. 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>4,829,428</u> |
|---------|---------------------|

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2015 the Board had no bank balances exposed to custodial credit risk.

Investments

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

As of June 30, 2015, the Board had no outstanding investments.

Interest Rate Risk – The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Board places no limit in the amount the District may invest in any one issuer.

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

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

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2015 for the district's individual major fund and nonmajor fund in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

| | <u>General</u> | <u>Capital Projects</u> | <u>Food Service</u> | <u>Total</u> |
|---------------------------------------|------------------|-----------------------------|-------------------------|-------------------|
| Receivables: | | | | |
| Intergovernmental | | | | |
| State | \$ 40,813 | \$ 292,000 | | \$ 332,813 |
| Federal | | | \$ 919 | 919 |
| Other | <u>12,581</u> | <u>-</u> | <u>-</u> | <u>12,581</u> |
| Gross Receivables | 53,394 | 292,000 | 919 | 346,313 |
| Less: Allowance for Uncollectibles | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Total Receivables | <u>\$ 53,394</u> | <u>\$ 292,000</u> | <u>\$ 919</u> | <u>\$ 346,313</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, there was one component of unearned revenue reported in the governmental funds which is as follows:

| | |
|-------------------------------------|-------------------|
| Capital Projects Fund | |
| Unrealized School Facilities Grants | <u>\$ 272,802</u> |

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

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

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

| | Balance July 1, 2014 | Increases | Decreases | Transfers | Balance June 30, 2015 |
|----------------------------------------------|-------------------------|-------------------|-----------------|------------------|--------------------------|
| Governmental Activities: | | | | | |
| Capital Assets, Not Being Depreciated: | | | | | |
| Land | \$ 26,600 | | | | \$ 26,600 |
| Construction In Progress | 69,234 | \$ 1,051,278 | - | \$ (946,312) | 174,200 |
| Total Capital Assets, Not Being Depreciated | <u>95,834</u> | <u>1,051,278</u> | <u>-</u> | <u>(946,312)</u> | <u>200,800</u> |
| Capital Assets, Being Depreciated: | | | | | |
| Buildings and Improvements | 19,695,619 | 69,061 | | 946,312 | 20,710,992 |
| Improvements Other Than Buildings | 243,107 | | | | 243,107 |
| Machinery and Equipment | 890,015 | 70,194 | \$ (70,000) | - | 890,209 |
| Total Capital Assets Being Depreciated | <u>20,828,741</u> | <u>139,255</u> | <u>(70,000)</u> | <u>946,312</u> | <u>21,844,308</u> |
| Less Accumulated Depreciation for: | | | | | |
| Buildings and Improvements | (7,159,884) | (510,562) | | | (7,670,446) |
| Improvements Other Than Buildings | (172,383) | (10,955) | | | (183,338) |
| Machinery and Equipment | (732,956) | (60,848) | 70,000 | - | (723,804) |
| Total Accumulated Depreciation | <u>(8,065,223)</u> | <u>(582,365)</u> | <u>70,000</u> | <u>-</u> | <u>(8,577,588)</u> |
| Total Capital Assets, Being Depreciated, Net | <u>12,763,518</u> | <u>(443,110)</u> | <u>-</u> | <u>946,312</u> | <u>13,266,720</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 12,859,352</u> | <u>\$ 608,168</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 13,467,520</u> |

| | Balance July 1, 2014 | Increases | Decreases | Balance June 30, 2015 |
|----------------------------------------------|-------------------------|-------------|-------------|--------------------------|
| Business-Type Activities: | | | | |
| Capital Assets, Being Depreciated: | | | | |
| Machinery and Equipment | \$ 15,173 | - | - | \$ 15,173 |
| Total Capital Assets Being Depreciated | <u>15,173</u> | <u>-</u> | <u>-</u> | <u>15,173</u> |
| Less Accumulated Depreciation for: | | | | |
| Machinery and Equipment | (15,173) | - | - | (15,173) |
| Total Accumulated Depreciation | <u>(15,173)</u> | <u>-</u> | <u>-</u> | <u>(15,173)</u> |
| Total Capital Assets, Being Depreciated, Net | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Business-Type Activities Capital Assets, Net | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

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

Governmental Activities:

| | |
|------------------------------------------------------|-------------------|
| Instruction | |
| Regular | \$ 28,802 |
| Total Instruction | <u>28,802</u> |
| Support Services | |
| Students and Instruction Related | 16,065 |
| School Administration | 13,509 |
| Operations and Maintenance of Plant | <u>523,989</u> |
| Total Support Services | <u>553,563</u> |
| Total Depreciation Expense - Governmental Activities | <u>\$ 582,365</u> |

Construction and Other Significant Commitments

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

| <u>Project</u> | <u>Remaining Commitment</u> |
|------------------------------------------------|---------------------------------|
| Window and Door Replacement at Hillside School | \$ 656,240 |
| Gym Floor Replacement at Tenakill School | 167,593 |
| Window Sash Replacement at Tenakill School | <u>46,115</u> |
| Total | <u>\$ 869,948</u> |

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

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

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

Due to/from other funds

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|---------------------|---------------|
| General Fund | Agency Fund | <u>\$ 84</u> |

The above balance is the result of revenues earned in one fund which are due to another fund.

The District expects the interfund balance to be liquidated within one year.

F. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2015 is comprised of the following issue:

| | |
|----------------------------------------------------------------------------------------------------------------------------------|--------------------|
| \$2,790,000, 2013 Refunding Bonds, due in annual installments of \$270,000 to \$290,000 through April 1, 2014, interest at 2.35% | <u>\$2,495,000</u> |
|----------------------------------------------------------------------------------------------------------------------------------|--------------------|

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

Governmental Activities:

| <u>Fiscal Year Ending June 30,</u> | <u>Serial Bonds</u> | | <u>Total</u> |
|--------------------------------------------|---------------------|-------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> | |
| 2016 | \$ 290,000 | \$ 58,632 | \$ 348,632 |
| 2017 | 285,000 | 51,818 | 336,818 |
| 2018 | 285,000 | 45,120 | 330,120 |
| 2019 | 280,000 | 38,422 | 318,422 |
| 2020 | 275,000 | 31,842 | 306,842 |
| 2021-2024 | <u>1,080,000</u> | <u>63,450</u> | <u>1,143,450</u> |
| Total | <u>\$ 2,495,000</u> | <u>\$ 289,284</u> | <u>\$ 2,784,284</u> |

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

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2015 was as follows:

| | |
|---------------------------------------------|----------------------|
| 3% of Equalized Valuation Basis (Municipal) | \$ 61,356,710 |
| Less: Net Debt | <u>2,495,000</u> |
| Remaining Borrowing Power | <u>\$ 58,861,710</u> |

G. Other Long-Term Liabilities

Changes in Long-Term Liabilities

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

| | <u>Balance</u> <u>July 1, 2014</u> (Restated) | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u> <u>June 30, 2015</u> | <u>Due</u> <u>Within</u> <u>One Year</u> |
|------------------------------------------------|-----------------------------------------------------|-------------------|-------------------|----------------------------------------|------------------------------------------------|
| Governmental activities: | | | | | |
| Bonds Payable | \$ 3,084,000 | | \$ 589,000 | \$ 2,495,000 | \$ 290,000 |
| Net Pension Liability | 3,986,130 | \$ 83,070 | | 4,069,200 | 196,300 |
| Capital Lease Payable | 59,466 | | 59,466 | | |
| Compensated Absences | <u>341,366</u> | <u>17,254</u> | <u>-</u> | <u>358,620</u> | <u>35,862</u> |
| Governmental Activity Long-Term Liabilities | <u>\$ 7,470,962</u> | <u>\$ 100,324</u> | <u>\$ 648,466</u> | <u>\$ 6,922,820</u> | <u>\$ 522,162</u> |

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

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

NOTE 5 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The District is a member of the Northeast Bergen County School Board Insurance Group (NESBIG). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

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

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

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

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

| <u>Fiscal Year Ended June 30,</u> | <u>District Contributions</u> | <u>Employee Contributions</u> | <u>Amount Reimbursed</u> | <u>Ending Balance</u> |
|-------------------------------------------|-----------------------------------|-----------------------------------|------------------------------|---------------------------|
| 2015 | None | \$ 26,535 | \$ 17,856 | \$ 148,290 |
| 2014 | None | 26,436 | 30,675 | 139,109 |
| 2013 | None | 25,988 | 42,861 | 142,654 |

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

NOTE 5 OTHER INFORMATION (Continued)

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, 2015, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2015, the District has not estimated its arbitrage earnings due to the IRS, if any.

D. Employee Retirement Systems and Pension Plans

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

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

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

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

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Other Pension Funds

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

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

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

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

Basis of Accounting

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

Investment Valuation

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

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

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress

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

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

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

Actuarial Methods and Assumptions

In the July 1, 2013 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.90 percent and (b) projected salary increases of 4.24 percent for the PERS and 3.33 percent for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.9% for PERS, 6.9% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

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

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

During the fiscal years ended June 30, 2015, 2014 and 2013 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

| Fiscal Year Ended <u>June 30,</u> | <u>PERS</u> | On-behalf <u>TPAF</u> | <u>DCRP</u> |
|-----------------------------------------|-------------|--------------------------|-------------|
| 2015 | \$ 180,567 | \$ 492,808 | \$ 10,324 |
| 2014 | 158,190 | 395,254 | 9,163 |
| 2013 | 145,531 | 599,227 | 9,521 |

For fiscal years 2014/2015 and 2012/2013, the state contributed \$492,808 and \$599,227, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$395,254 for normal cost pension and NCGI premium.

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$680,015 during the fiscal year ended June 30, 2015 for the employer’s share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

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

Public Employees Retirement System (PERS)

At June 30, 2015, the District reported in the statement of net position (accrual basis) a liability of \$4,069,200 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportionate share of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2014, the District’s proportionate share was .02173 percent, which was an increase of .00087 percent from its proportionate share measured as of June 30, 2013.

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

For the fiscal year ended June 30, 2015, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$236,548 for PERS. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---------------------------------------------------------------------------------------------------------------|--------------------------------------------------|-------------------------------------------------|
| Changes of Assumptions | \$ 127,957 | |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | | \$ 242,502 |
| Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions | <u>141,634</u> | <u>-</u> |
| Total | <u>\$ 269,591</u> | <u>\$ 242,502</u> |

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

| Fiscal Year Ending <u>June 30,</u> | <u>Total</u> |
|------------------------------------------|------------------|
| 2016 | \$ (11,068) |
| 2017 | (11,068) |
| 2018 | (11,068) |
| 2019 | (11,068) |
| 2020 | 49,557 |
| Thereafter | <u>21,804</u> |
| | <u>\$ 27,089</u> |

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

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

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

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

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

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

Discount Rate

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

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

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

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

For the fiscal year ended June 30, 2015, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$2,687,035 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2015 the State's proportionate share of the net pension liability attributable to the District is \$49,936,169. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2014.

Actuarial Assumptions

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

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

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

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

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

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

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

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

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

TPAF

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

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

Sensitivity of Net Pension Liability

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

| | 1% Decrease <u>(3.68%)</u> | Current Discount Rate <u>(4.68%)</u> | 1% Increase <u>(5.68%)</u> |
|--------------------------------------------------------------------------------------------------|-------------------------------------------|-----------------------------------------------------|-------------------------------------------|
| State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District | <u>\$ 60,060,228</u> | <u>\$ 49,936,169</u> | <u>\$ 41,515,932</u> |

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

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

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

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 590 state and local participating employers and contributing entities for Fiscal Year 2014.

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

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

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

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

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Basis of Accounting

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

Significant Legislation

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

Investment Valuation

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

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the State had a \$53.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$19.7 billion for state active and retired members and \$33.3 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

Actuarial Methods and Assumptions

In the July 1, 2013, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

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

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Funded Status and Funding Progress (Continued)

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2014, there were 103,432, retirees receiving post-retirement medical benefits and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2015, 2014 and 2013 were \$782,333, \$648,068 and \$677,574, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

NOTE 6 RESTATEMENT

On July 1, 2014, the Closter Board of Education implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions. The Closter Board of Education has determined that the effect of implementing this accounting change on the financial statements previously reported as of and for the fiscal year ended June 30, 2014 was to recognize the District's proportionate share of the Public Employees' Retirement System's (PERS) net pension liability, deferred outflows of resources and deferred inflows of resources with a corresponding reduction in the unrestricted component of net position in the amount of \$3,986,130. The result of this restatement is to reduce total net position of Governmental Activities at June 30, 2014 from \$13,669,257 as originally reported to \$9,683,127 as adjusted for the effects of the change in accounting principle.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

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

| | Original Budget | Adjustments | Final Budget | Actual | Variance Final Budget To Actual |
|----------------------------------------------------------|--------------------|-----------------|-------------------|-------------------|---------------------------------------|
| REVENUES | | | | | |
| Local Sources | | | | | |
| Property Taxes | \$ 16,892,382 | | \$ 16,892,382 | \$ 16,892,382 | |
| Tuition from Individuals | 61,319 | | 61,319 | 194,465 | \$ 133,146 |
| Tuition from LEAs Within the State | 88,681 | | 88,681 | 200,112 | 111,431 |
| Interest - Capital Reserve | 2,000 | | 2,000 | 4,378 | 2,378 |
| Interest | | | | 6,058 | 6,058 |
| Miscellaneous | - | - | - | 54,227 | 54,227 |
| Total Local Sources | 17,044,382 | - | 17,044,382 | 17,351,622 | 307,240 |
| State Sources | | | | | |
| Extraordinary Aid | | | | 117,139 | 117,139 |
| Categorical Special Education Aid | 381,600 | | 381,600 | 381,600 | |
| Security Aid | 16,303 | | 16,303 | 16,303 | |
| Transportation Aid | 15,420 | | 15,420 | 15,420 | |
| PARCC Readiness Aid | 10,720 | | 10,720 | 10,720 | |
| Per Pupil Growth Aid | 10,720 | | 10,720 | 10,720 | |
| Non Public Transportation Reimbursement | | | | 6,867 | 6,867 |
| TPAF Social Security Contributions (Non-Budgeted) | | | | 680,015 | 680,015 |
| TPAF Post Retirement Medical Contribution (Non-Budgeted) | | | | 782,333 | 782,333 |
| TPAF Pension - Normal Costs (Non-Budgeted) | | | | 459,732 | 459,732 |
| TPAF Pension - NCGI Premium | - | - | - | 33,076 | 33,076 |
| Total State Sources | 434,763 | - | 434,763 | 2,513,925 | 2,079,162 |
| Total Revenues | 17,479,145 | - | 17,479,145 | 19,865,547 | 2,386,402 |
| EXPENDITURES | | | | | |
| CURRENT EXPENDITURES | | | | | |
| Instruction - Regular Programs | | | | | |
| Salaries of Teachers | | | | | |
| Preschool | 89,105 | | 89,105 | 83,299 | 5,806 |
| Kindergarten | 470,190 | \$ 4,500 | 474,690 | 443,367 | 31,323 |
| Grades 1-5 | 3,080,695 | (114,482) | 2,966,213 | 2,919,698 | 46,515 |
| Grades 6-8 | 2,233,980 | (194,121) | 2,039,859 | 2,039,067 | 792 |
| Regular Programs - Home Instruction | | | | | |
| Salaries of Teachers | 3,750 | 5,000 | 8,750 | 7,170 | 1,580 |
| Purchased Professional/Educational Services | 3,750 | | 3,750 | | 3,750 |
| Regular Programs - Undistributed Instruction | | | | | |
| Other Salaries for Instruction | 378,000 | (25,000) | 353,000 | 306,427 | 46,573 |
| Purchased Professional/Educational Services | 26,250 | 5,400 | 31,650 | 20,418 | 11,232 |
| Purchased Technical Services | 31,500 | (3,745) | 27,755 | 26,310 | 1,445 |
| Other Purchased Services | 161,250 | (4,061) | 157,189 | 149,245 | 7,944 |
| General Supplies | 296,523 | 129,431 | 425,954 | 389,161 | 36,793 |
| Textbooks | 7,900 | 100,733 | 107,733 | 107,732 | 1 |
| Other Objects | 2,750 | 4,400 | 7,150 | 7,101 | 49 |
| Total Regular Programs | 6,784,743 | (91,945) | 6,692,798 | 6,498,995 | 193,803 |
| Learning and/or Language Disabilities | | | | | |
| Salaries of Teachers | 71,660 | 64,525 | 136,185 | 136,184 | 1 |
| Other Salaries for Instruction | 24,950 | | 24,950 | 24,339 | 611 |
| General Supplies | 1,500 | (50) | 1,450 | 1,445 | 5 |
| Total Learning and/or Language Disabilities | 98,110 | 64,475 | 162,585 | 161,968 | 617 |
| Resource Room/Resource Center | | | | | |
| Salaries of Teachers | 1,107,540 | (102,700) | 1,004,840 | 992,733 | 12,107 |
| General Supplies | 27,845 | (7,501) | 20,344 | 20,207 | 137 |
| Textbooks | - | 14,708 | 14,708 | 11,708 | 3,000 |
| Total Resource Room/Resource Center | 1,135,385 | (95,493) | 1,039,892 | 1,024,648 | 15,244 |
| Preschool Disabilities - Full - Time | | | | | |
| Salaries of Teachers | 87,105 | | 87,105 | 83,300 | 3,805 |
| Other Salaries for Instruction | 88,000 | 38,300 | 126,300 | 124,364 | 1,936 |
| General Supplies | 10,000 | - | 10,000 | 5,246 | 4,754 |
| Total Preschool Disabilities - Full-Times | 185,105 | 38,300 | 223,405 | 212,910 | 10,495 |
| Total Special Education | 1,418,600 | 7,282 | 1,425,882 | 1,399,526 | 26,356 |

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

| | Original Budget | Adjustments | Final Budget | Actual | Variance Final Budget To Actual |
|--------------------------------------------------------------------------|--------------------|-----------------|------------------|------------------|---------------------------------------|
| EXPENDITURES | | | | | |
| CURRENT EXPENDITURES (Continued) | | | | | |
| Basic Skills/Remedial | | | | | |
| Salaries of Teachers | \$ 387,362 | \$ 3,160 | \$ 390,522 | \$ 390,518 | \$ 4 |
| General Supplies | 3,800 | (60) | 3,740 | 1,142 | 2,598 |
| Total Basic Skills/Remedial | <u>391,162</u> | <u>3,100</u> | <u>394,262</u> | <u>391,660</u> | <u>2,602</u> |
| Bilingual Education | | | | | |
| Salaries of Teachers | 230,240 | 4,627 | 234,867 | 229,975 | 4,892 |
| General Supplies | 2,500 | 4,071 | 6,571 | 6,570 | 1 |
| Total Bilingual Education | <u>232,740</u> | <u>8,698</u> | <u>241,438</u> | <u>236,545</u> | <u>4,893</u> |
| School Sponsored Co/Extra Curricular Activities-Instruction | | | | | |
| Salaries | 48,400 | | 48,400 | 44,099 | 4,301 |
| Supplies and Materials | 3,500 | 510 | 4,010 | 4,005 | 5 |
| Other Objects | 3,100 | (510) | 2,590 | 650 | 1,940 |
| Total School Sponsored Co/Extra Curricular Activities-Instruction | <u>55,000</u> | <u>-</u> | <u>55,000</u> | <u>48,754</u> | <u>6,246</u> |
| School Sponsored Athletics-Instruction | | | | | |
| Salaries | 13,750 | | 13,750 | 12,105 | 1,645 |
| Purchased Services | 3,250 | | 3,250 | 2,647 | 603 |
| Supplies and Materials | 1,500 | - | 1,500 | 290 | 1,210 |
| Total School Sponsored Athletics-Instruction | <u>18,500</u> | <u>-</u> | <u>18,500</u> | <u>15,042</u> | <u>3,458</u> |
| Summer School-Instruction | | | | | |
| Salaries of Teachers | 17,000 | (1,300) | 15,700 | 3,465 | 12,235 |
| Other Salaries for Instruction | 5,500 | 300 | 5,800 | 2,193 | 3,607 |
| Supplies and Materials | 1,150 | - | 1,150 | - | 1,150 |
| Total Summer School-Instruction | <u>23,650</u> | <u>(1,000)</u> | <u>22,650</u> | <u>5,658</u> | <u>16,992</u> |
| Total Instruction | <u>8,924,395</u> | <u>(73,865)</u> | <u>8,850,530</u> | <u>8,596,180</u> | <u>254,350</u> |
| Summer School-Support Services | | | | | |
| Salaries | 2,000 | 1,000 | 3,000 | 2,970 | 30 |
| Total Summer School-Support Services | <u>2,000</u> | <u>1,000</u> | <u>3,000</u> | <u>2,970</u> | <u>30</u> |
| Undistributed Expenditures | | | | | |
| Instruction | | | | | |
| Tuition to Other LEAs w/in State - Special | 309,462 | 98,553 | 408,015 | 378,437 | 29,578 |
| Tuition to CSSD and Regional Day Schools | - | 122,520 | 122,520 | 122,520 | - |
| Tuition to Priv. Sch. for the Disabled - W/ State | 147,140 | (147,073) | 67 | - | 67 |
| Total Undistributed Expenditures - Instruction | <u>456,602</u> | <u>74,000</u> | <u>530,602</u> | <u>500,957</u> | <u>29,645</u> |
| Attendance and Social Work | | | | | |
| Salaries | 65,350 | 2,865 | 68,215 | 68,164 | 51 |
| Purchased Professional and Technical Services | 7,550 | (643) | 6,907 | 6,907 | - |
| Total Attendance and Social Work | <u>72,900</u> | <u>2,222</u> | <u>75,122</u> | <u>75,071</u> | <u>51</u> |
| Health Services | | | | | |
| Salaries | 165,855 | (22,255) | 143,600 | 143,600 | - |
| Purchased Professional and Technical Services | 5,000 | (722) | 4,278 | 3,883 | 395 |
| Supplies and Materials | 6,000 | (172) | 5,828 | 5,826 | 2 |
| Total Health Services | <u>176,855</u> | <u>(23,149)</u> | <u>153,706</u> | <u>153,309</u> | <u>397</u> |
| Speech, OT, PT & Related Services | | | | | |
| Salaries | 311,920 | (100) | 311,820 | 272,672 | 39,148 |
| Supplies and Materials | 1,400 | 1,091 | 2,491 | 2,491 | - |
| Total Speech, OT, PT & Related Services | <u>313,320</u> | <u>991</u> | <u>314,311</u> | <u>275,163</u> | <u>39,148</u> |
| Other Support Services - Students - Extra Services | | | | | |
| Salaries | 90,000 | 40,310 | 130,310 | 129,663 | 647 |
| Purchased Professional-Educational Services | 195,000 | 7,773 | 202,773 | 202,190 | 583 |
| Supplies and Materials | 7,500 | (4,620) | 2,880 | 2,580 | 300 |
| Other Objects | 1,000 | - | 1,000 | 180 | 820 |
| Total Other Supp.Serv. Student - Extra Services | <u>293,500</u> | <u>43,463</u> | <u>336,963</u> | <u>334,613</u> | <u>2,350</u> |
| Other Supp. Serv. - Students - Regular (Guidance) | | | | | |
| Salaries of Other Professional Staff | 173,310 | (31,345) | 141,965 | 123,985 | 17,980 |
| Supplies and Materials | 1,250 | 981 | 2,231 | 1,784 | 447 |
| Total Guidance | <u>174,560</u> | <u>(30,364)</u> | <u>144,196</u> | <u>125,769</u> | <u>18,427</u> |

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

| | Original Budget | Adjustments | Final Budget | Actual | Variance Final Budget To Actual |
|------------------------------------------------------|--------------------|-----------------|-----------------|----------------|---------------------------------------|
| EXPENDITURES | | | | | |
| CURRENT EXPENDITURES (Continued) | | | | | |
| Child Study Teams | | | | | |
| Salaries of Other Professional Staff | \$ 401,290 | \$ (53,485) | \$ 347,805 | \$ 340,787 | \$ 7,018 |
| Salaries of Secretarial and Clerical Assistants | 80,145 | | 80,145 | 74,069 | 6,076 |
| Purchased Professional-Educational Services | 30,000 | (3,678) | 26,322 | 26,322 | |
| Other Purchased Professional and Technical Services | 10,000 | 6,513 | 16,513 | 16,262 | 251 |
| Supplies and Materials | 8,500 | | 8,500 | 6,455 | 2,045 |
| Other Objects | 1,500 | 250 | 1,750 | 1,189 | 561 |
| Total Child Study Teams | 531,435 | (50,400) | 481,035 | 465,084 | 15,951 |
| Improvement of Instructional Services | | | | | |
| Salaries of Supervisor of Instruction | | 80,000 | 80,000 | 80,000 | |
| Purchased Professional-Educational Services | 47,000 | (962) | 46,038 | 45,969 | 69 |
| Other Purchased Professional and Technical Services | | 46,645 | 46,645 | 46,645 | |
| Other Objects | - | 284 | 284 | 284 | - |
| Total Improvement of Instructional Services | 47,000 | 125,967 | 172,967 | 172,898 | 69 |
| Educational Media/School Library | | | | | |
| Salaries | 212,440 | | 212,440 | 211,610 | 830 |
| Purchased Professional and Technical Services | 3,400 | (105) | 3,295 | 3,190 | 105 |
| Other Purchased Services | 5,150 | 465 | 5,615 | 5,014 | 601 |
| Supplies and Materials | 17,525 | 1,490 | 19,015 | 16,106 | 2,909 |
| Total Educational Media/School Library | 238,515 | 1,850 | 240,365 | 235,920 | 4,445 |
| Instructional Staff Training Services | | | | | |
| Salaries of Supervisor of Instruction | | 114,621 | 114,621 | 106,901 | 7,720 |
| Purchased Professional-Educational Services | 37,000 | (4,165) | 32,835 | 32,815 | 20 |
| Other Purchased Professional and Technical Services | 12,000 | (1,900) | 10,100 | 4,206 | 5,894 |
| Other Purchased Services | 4,400 | 50 | 4,450 | 3,882 | 568 |
| Supplies and Materials | 5,500 | - | 5,500 | 2,642 | 2,858 |
| Total Instructional Staff Training Services | 58,900 | 108,606 | 167,506 | 150,446 | 17,060 |
| Support Services General Administration | | | | | |
| Salaries | 428,720 | 200 | 428,920 | 428,907 | 13 |
| Legal Services | 30,000 | (1,888) | 28,112 | 28,111 | 1 |
| Audit Fees | 22,500 | (3,885) | 18,615 | 18,615 | |
| Architectural/Engineering Services | 15,000 | 90,213 | 105,213 | 73,563 | 31,650 |
| Other Purchased Professional Services | 12,000 | 900 | 12,900 | 12,900 | |
| Purchased Technical Services | | 4,000 | 4,000 | 4,000 | |
| Communications/Telephone | 25,000 | (1,518) | 23,482 | 23,476 | 6 |
| BOE Other Purchased Services | 5,500 | (5,176) | 324 | 298 | 26 |
| Miscellaneous Purchased Services | 3,000 | 1,192 | 4,192 | 4,191 | 1 |
| General Supplies | 5,000 | (68) | 4,932 | 4,932 | |
| BOE In-House Training/Meeting Supplies | 1,500 | (715) | 785 | 784 | 1 |
| Miscellaneous Expenditures | 4,000 | (250) | 3,750 | 3,740 | 10 |
| BOE Membership Dues and Fees | 10,000 | (1,700) | 8,300 | 8,296 | 4 |
| Total Support Services General Administration | 562,220 | 81,305 | 643,525 | 611,813 | 31,712 |
| Support Services School Administration | | | | | |
| Salaries of Principals/Asst. Principals | 430,695 | (27,980) | 402,715 | 323,674 | 79,041 |
| Salaries of Other Professional Staff | 184,000 | (46,793) | 137,207 | 137,207 | |
| Salaries of Secretarial and Clerical Assistants | 111,500 | | 111,500 | 111,045 | 455 |
| Other Purchased Services | 3,000 | 130 | 3,130 | 2,263 | 867 |
| Supplies and Materials | 14,000 | 2,250 | 16,250 | 13,452 | 2,798 |
| Other Objects | 2,800 | 1,200 | 4,000 | 3,957 | 43 |
| Total Support Services School Administration | 745,995 | (71,193) | 674,802 | 591,598 | 83,204 |
| Central Services | | | | | |
| Salaries | 156,500 | | 156,500 | 156,498 | 2 |
| Purchased Technical Services | 20,000 | 1,696 | 21,696 | 20,846 | 850 |
| Miscellaneous Purchased Services | 5,250 | (743) | 4,507 | 4,504 | 3 |
| Supplies and Materials | 6,000 | 100 | 6,100 | 6,099 | 1 |
| Miscellaneous Expenditures | 500 | (475) | 25 | 24 | 1 |
| Total Central Services | 188,250 | 578 | 188,828 | 187,971 | 857 |

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

| | Original Budget | Adjustments | Final Budget | Actual | Variance Final Budget To Actual |
|---------------------------------------------------------------------|--------------------|-----------------|------------------|----------------|---------------------------------------|
| EXPENDITURES | | | | | |
| CURRENT EXPENDITURES (Continued) | | | | | |
| Admin. Info. Tech. | | | | | |
| Salaries | \$ 78,000 | \$ 2,635 | \$ 80,635 | \$ 80,635 | |
| Purchased Technical Services | | 10,282 | 10,282 | 10,281 | \$ 1 |
| Supplies and Materials | 4,000 | 8,285 | 12,285 | 12,282 | 3 |
| Total Admin. Info. Tech. | 82,000 | 21,202 | 103,202 | 103,198 | 4 |
| Required Maintenance for School Facilities | | | | | |
| Salaries | 199,220 | (2,910) | 196,310 | 192,504 | 3,806 |
| Cleaning, Repair and Maintenance Services | 150,000 | (51,220) | 98,780 | 98,684 | 96 |
| General Supplies | 30,000 | 7,305 | 37,305 | 36,158 | 1,147 |
| Other Objects | 1,500 | - | 1,500 | 1,010 | 490 |
| Total Required Maintenance for School Facilities | 380,720 | (46,825) | 333,895 | 328,356 | 5,539 |
| Custodial Services | | | | | |
| Salaries | 434,700 | (2,455) | 432,245 | 414,006 | 18,239 |
| Salaries of Non-Instructional Aides | 115,000 | 14,720 | 129,720 | 126,710 | 3,010 |
| Purchased Professional and Technical Services | 5,500 | 445 | 5,945 | 3,295 | 2,650 |
| Cleaning, Repair and Maintenance Services | 10,000 | (2,088) | 7,912 | 7,638 | 274 |
| Other Purchased Property Services | 13,000 | 2,088 | 15,088 | 15,085 | 3 |
| Insurance | 134,330 | (4,669) | 129,661 | 129,661 | |
| Miscellaneous Purchased Services | 500 | (68) | 432 | 432 | |
| General Supplies | 40,000 | 2,335 | 42,335 | 42,331 | 4 |
| Energy (Natural Gas) | 110,000 | (11,115) | 98,885 | 79,370 | 19,515 |
| Energy (Electricity) | 190,000 | (9,400) | 180,600 | 124,802 | 55,798 |
| Energy (Gasoline) | 3,150 | - | 3,150 | 3,150 | |
| Other Objects | 500 | 1,852 | 2,352 | 2,311 | 41 |
| Total Custodial Services | 1,056,680 | (8,355) | 1,048,325 | 945,641 | 102,684 |
| Care and Upkeep of Grounds | | | | | |
| Cleaning, Repair and Maintenance Service | 50,000 | 5,325 | 55,325 | 55,325 | |
| General Supplies | 5,000 | 5,600 | 10,600 | 9,332 | 1,268 |
| Total Care and Upkeep of Grounds | 55,000 | 10,925 | 65,925 | 64,657 | 1,268 |
| Security | | | | | |
| Purchased Professional and Technical Services | 3,750 | (575) | 3,175 | 1,504 | 1,671 |
| Cleaning, Repair and Maintenance Service | 11,000 | (2,450) | 8,550 | 8,550 | |
| General Supplies | 10,250 | (7,900) | 2,350 | 2,263 | 87 |
| Total Security | 25,000 | (10,925) | 14,075 | 12,317 | 1,758 |
| Student Transportation Services | | | | | |
| Salaries of Non-Instructional Aides | 7,000 | 3,362 | 10,362 | 9,995 | 367 |
| Contracted Services - Aid In Lieu of Payments-Non-Public Schools | 20,000 | 15,362 | 35,362 | 35,360 | 2 |
| Contracted Services (Between Home and School) - Vendors | 32,000 | (1,512) | 30,488 | 30,488 | |
| Contracted Services (Other Than Between Home and School) - Vendors | 17,500 | | 17,500 | 10,240 | 7,260 |
| Contracted Services (Between Home and School) - Joint Agreements | 25,000 | (20,000) | 5,000 | 2,078 | 2,922 |
| Contracted Services (Special Education Students) - Joint Agreements | 120,000 | (6,270) | 113,730 | 107,416 | 6,314 |
| Total Student Transportation Services | 221,500 | (9,058) | 212,442 | 195,577 | 16,865 |

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

| | Original Budget | Adjustments | Final Budget | Actual | Variance Final Budget To Actual |
|-----------------------------------------------------------------|--------------------|-----------------|-------------------|---------------------|---------------------------------------|
| EXPENDITURES | | | | | |
| CURRENT EXPENDITURES (Continued) | | | | | |
| Unallocated Benefits- Employee Benefits | | | | | |
| Social Security Contributions | \$ 171,903 | | \$ 171,903 | \$ 166,085 | \$ 5,818 |
| Other Retirement Contributions - PERS | 190,000 | \$ (9,000) | 181,000 | 180,567 | 433 |
| Other Retirement Contribution - Regular | 11,500 | | 11,500 | 10,324 | 1,176 |
| Worker's Compensation | 106,491 | (20,200) | 86,291 | 86,202 | 89 |
| Health Benefits | 2,593,413 | (11,000) | 2,582,413 | 2,237,792 | 344,621 |
| Tuition Reimbursement | 20,000 | (13,000) | 7,000 | 7,000 | |
| Other Employee Benefits | 28,700 | (1,000) | 27,700 | 14,775 | 12,925 |
| Total Unallocated Benefits | 3,122,007 | (54,200) | 3,067,807 | 2,702,745 | 365,062 |
| TPAF Post-Retirement Medical Contribution (Non-Budgeted) | | | | 782,333 | (782,333) |
| TPAF Pension Contribution-Normal Costs (Non-Budgeted) | | | | 459,732 | (459,732) |
| TPAF Pension Contribution-NCGL Premium (Non-Budgeted) | | | | 33,076 | (33,076) |
| TPAF Social Security Contributions (Non-Budgeted) | - | - | - | 680,015 | (680,015) |
| Total Undistributed Expenditures | 8,804,959 | 167,640 | 8,972,599 | 10,191,229 | (1,218,630) |
| Total Current Expenditures | 17,729,354 | 93,775 | 17,823,129 | 18,787,409 | (964,280) |
| CAPITAL OUTLAY | | | | | |
| EQUIPMENT | | | | | |
| Undistributed Expenditures | | | | | |
| Instruction | | 7,905 | 7,905 | 7,905 | |
| Support Services - Regular | | 2,800 | 2,800 | | 2,800 |
| Support Services - Extra Services | | 3,374 | 3,374 | 3,374 | |
| Support Services - Edu Media Sys | | 4,981 | 4,981 | 4,981 | |
| Support Services - Admin Info Tech | | 48,061 | 48,061 | 44,511 | 3,550 |
| Instruction | | | | | |
| Grades 1-5 | | 6,720 | 6,720 | 6,720 | |
| Grades 6-8 | | 7,961 | 7,961 | 7,961 | |
| Resource Room/Resource Center | - | 4,520 | 4,520 | 4,520 | - |
| Total Equipment | - | 86,322 | 86,322 | 79,972 | 6,350 |
| Facilities Acquisition and Construction Services | | | | | |
| Architectural/Engineering Services | 20,000 | 20,290 | 40,290 | 23,955 | 16,335 |
| Other Purchased Professional and Technical Services | 25,000 | | 25,000 | 24,550 | 450 |
| Construction Services | 130,000 | 422,460 | 552,460 | 322,750 | 229,710 |
| Assessment for Debt Service on SDA Funding | 14,941 | - | 14,941 | 14,941 | - |
| Total Facilities Acquisition and Construction Services | 189,941 | 442,750 | 632,691 | 386,196 | 246,495 |
| Interest Deposit to Capital Reserve | 2,000 | - | 2,000 | - | 2,000 |
| Total Capital Outlay | 191,941 | 529,072 | 721,013 | 466,168 | 254,845 |
| Total General Fund Expenditures | 17,921,295 | 622,847 | 18,544,142 | 19,253,577 | (709,435) |
| Excess (Deficiency) of Revenues Over/(Under) Expenditures | (442,150) | (622,847) | (1,064,997) | 611,970 | 1,676,967 |
| Fund Balance, Beginning of Year | 3,392,426 | - | 3,392,426 | 3,392,426 | - |
| Fund Balance, End of Year | \$ 2,950,276 | \$ (622,847) | \$ 2,327,429 | \$ 4,004,396 | \$ 1,676,967 |
| Recapitulation | | | | | |
| Restricted: | | | | | |
| Emergency Reserve | | | | \$ 250,000 | |
| Capital Reserve | | | | 2,216,997 | |
| Capital Reserve - Designated for Subsequent Year's Expenditures | | | | 175,000 | |
| Excess Surplus - Designated for Subsequent Year's Expenditures | | | | 325,000 | |
| Excess Surplus | | | | 325,000 | |
| Committed: | | | | | |
| Year-End Encumbrances | | | | 213,708 | |
| Assigned: | | | | | |
| Year End Encumbrances | | | | 24,669 | |
| Designated for Subsequent Years Expenditures | | | | 4,048 | |
| Unassigned Fund Balance | | | | 469,974 | |
| | | | | 4,004,396 | |
| Reconciliation to Governmental Fund Statements (GAAP) | | | | | |
| Receivables Not Recognized by GAAP | | | | (29,526) | |
| Final State Aid Payments | | | | (117,139) | |
| Extraordinary Aid | | | | (117,139) | |
| Fund Balance, Governmental Statements (GAAP Basis) | | | | \$ 3,857,731 | |

**CLOSTER BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

| | Original Budget | Adjustments | Final Budget | Actual | Variance Final Budget to Actual |
|--------------------------------------------------------------|--------------------|---------------|-----------------|----------------|------------------------------------|
| REVENUES | | | | | |
| Federal Sources | \$ 197,750 | \$ 65,257 | \$ 263,007 | \$ 263,007 | - |
| Total Revenues | <u>197,750</u> | <u>65,257</u> | <u>263,007</u> | <u>263,007</u> | <u>-</u> |
| EXPENDITURES | | | | | |
| Instruction | | | | | |
| Tuition - Other Purchased Services | 151,800 | 43,395 | 195,195 | 195,195 | - |
| Supplies and Materials | 15,950 | 3,097 | 19,047 | 19,047 | - |
| Total Instruction | <u>167,750</u> | <u>46,492</u> | <u>214,242</u> | <u>214,242</u> | <u>-</u> |
| Support Services | | | | | |
| Other Purchased Services | 30,000 | 13,353 | 43,353 | 43,353 | - |
| Supplies and Materials | - | 844 | 844 | 844 | - |
| Total Support Services | <u>30,000</u> | <u>14,197</u> | <u>44,197</u> | <u>44,197</u> | <u>-</u> |
| CAPITAL OUTLAY | | | | | |
| Equipment | | | | | |
| Instructional Equipment | - | 4,568 | 4,568 | 4,568 | - |
| Total Facilities Acquisition and Construction Services | <u>-</u> | <u>4,568</u> | <u>4,568</u> | <u>4,568</u> | <u>-</u> |
| Total Expenditures | <u>197,750</u> | <u>65,257</u> | <u>263,007</u> | <u>263,007</u> | <u>-</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balances, Beginning of Year | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balances, End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

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

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

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

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

Note A: Explanation of Differences between Budgetary Inflows and Outflows
and GAAP Revenues and Expenditures

| | <u>General Fund</u> | <u>Special Revenue Fund</u> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------------------|
| Sources/Inflows of Resources | | |
| Actual amounts (budgetary basis) revenue from the budgetary comparison schedule (Exhibits C-1 and C-2) | \$ 19,865,547 | \$ 263,007 |
| Difference - Budget to GAAP: | | |
| Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized. | | |
| Encumbrances - June 30, 2014 | | |
| Encumbrances - June 30, 2015 | | |
| State Aid payments recognized for GAAP statements, not recognized for budgetary purposes - Prior Year | 178,077 | |
| State Aid payments recognized for budgetary purposes, not recognized for GAAP statements - Current Year | <u>(146,665)</u> | <u>-</u> |
| Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds | <u>\$ 19,896,959</u> | <u>\$ 263,007</u> |
| Uses/Outflows of Resources | | |
| Actual amounts (budgetary basis) total outflows from the budgetary comparison schedule | \$ 19,253,577 | \$ 263,007 |
| 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 - Prior Year | | |
| | <u>-</u> | <u>-</u> |
| Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds | <u>\$ 19,253,577</u> | <u>\$ 263,007</u> |

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

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

| | <u>2015</u> | <u>2014</u> |
|---------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| District's Proportion of the Net Position Liability (Asset) | 0.02173% | 0.02086% |
| District's Proportionate Share of the Net Pension Liability (Asset) | <u>\$ 4,069,200</u> | <u>\$ 3,986,130</u> |
| District's Covered-Employee Payroll | <u>\$ 1,438,877</u> | <u>\$ 1,444,074</u> |
| District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll | 283% | 276% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 52.08% | 48.72% |

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

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

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

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

| | <u>2015</u> | <u>2014</u> |
|--------------------------------------------------------------------------|---------------------|---------------------|
| Contractually Required Contribution | \$ 180,567 | \$ 158,190 |
| Contributions in Relation to the Contractually Required Contributions | <u>180,567</u> | <u>158,190</u> |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> |
| District's Covered- Employee Payroll | <u>\$ 1,438,877</u> | <u>\$ 1,444,074</u> |
| Contributions as a Percentage of Covered-Employee Payroll | 12.55% | 10.95% |

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.

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

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

| | <u>2015</u> | <u>2014</u> |
|---------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| District's Proportion of the Net Position Liability (Asset) | 0% | 0% |
| 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>49,936,169</u> | <u>46,868,652</u> |
| Total | <u>\$ 49,936,169</u> | <u>\$ 46,868,652</u> |
| District's Covered-Employee Payroll | <u>\$ 17,507,751</u> | <u>\$ 17,298,380</u> |
| District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll | 0% | 0% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 33.64% | 33.76% |

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

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

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

Change of Benefit Terms: None.

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

SCHOOL LEVEL SCHEDULES

EXHIBITS D-1, D-2 AND D-3

NOT APPLICABLE

SPECIAL REVENUE FUND

**CLOSTER BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

| REVENUES | IDEA Part B- Basic | IDEA Pre- School | NCLB Title III | NCLB Title III Immigrant | Total |
|------------------------------------|--------------------------|------------------------|-------------------|--------------------------------|-------------------|
| Intergovernmental Federal | \$ 228,176 | \$ 10,372 | \$ 19,047 | \$ 5,412 | \$ 263,007 |
| Total Revenues | <u>\$ 228,176</u> | <u>\$ 10,372</u> | <u>\$ 19,047</u> | <u>\$ 5,412</u> | <u>\$ 263,007</u> |
| EXPENDITURES | | | | | |
| Instruction | | | | | |
| Tuition - Other Purchased Services | \$ 184,823 | \$ 10,372 | | | \$ 195,195 |
| Supplies and Materials | - | - | \$ 19,047 | - | 19,047 |
| Total Instruction | <u>184,823</u> | <u>10,372</u> | <u>19,047</u> | <u>-</u> | <u>214,242</u> |
| Support Services | | | | | |
| Other Purchased Services | 43,353 | - | | - | 43,353 |
| Supplies and Materials | - | - | - | 844 | 844 |
| Total Support Services | <u>43,353</u> | <u>-</u> | <u>-</u> | <u>844</u> | <u>44,197</u> |
| CAPITAL OUTLAY | | | | | |
| Equipment | | | | | |
| Instructional Equipment | - | - | - | 4,568 | 4,568 |
| Total Capital Outlay | <u>-</u> | <u>-</u> | <u>-</u> | <u>4,568</u> | <u>4,568</u> |
| Total Expenditures | <u>\$ 228,176</u> | <u>\$ 10,372</u> | <u>\$ 19,047</u> | <u>\$ 5,412</u> | <u>\$ 263,007</u> |

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

NOT APPLICABLE

CAPITAL PROJECTS FUND

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

| <u>Project Title</u> | <u>Appropriation</u> | <u>Expended</u> | | <u>Cancelled</u> | <u>Balance June 30, 2015</u> |
|--------------------------------------|----------------------|-------------------|----------------------------------------------|------------------|----------------------------------|
| | | <u>Prior Year</u> | <u>Current Year</u> | | |
| Tenakill HVAC Unit in Auditorium | \$ 462,000 | \$ 23,550 | \$ 438,450 | | |
| Tenakill Window Replacement | 73,125 | 7,200 | 59,675 | \$ 4,143 | \$ 2,107 |
| Hillside Door and Window Replacement | 730,000 | | 47,995 | | 682,005 |
| Tenakill Door Replacement | 135,740 | 2,185 | 78,974 | 45,170 | 9,411 |
| Hillside HVAC Unit in Auditorium | <u>328,000</u> | <u>22,850</u> | <u>299,979</u> | <u>-</u> | <u>5,171</u> |
| | <u>\$ 1,728,865</u> | <u>\$ 55,785</u> | <u>\$ 925,073</u> | <u>\$ 49,313</u> | <u>\$ 698,694</u> |
| | | | Budgetary Balance at 6/30/2015 | | \$ 698,694 |
| | | | Less: Unearned Revenue | | <u>272,802</u> |
| | | | GAAP Balance at 6/30/2015 | | <u>\$ 425,892</u> |
| | | | <u>Recapitulation of Fund Balance - GAAP</u> | | |
| | | | Year End Encumbrances | | \$ 652,240 |
| | | | Available for Capital Projects | | <u>(226,348)</u> |
| | | | | | <u>\$ 425,892</u> |

**CLOSTER BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

| | |
|--------------------------------------------|-------------------|
| Expenditures | |
| Purchased Professional Services | \$ 61,395 |
| Construction Services | 863,678 |
| Cancelled SDA Receivable - Budgetary Basis | <u>49,313</u> |
| Total Expenditures | <u>974,386</u> |
| Excess Revenues Over Expenditures | (974,386) |
| Fund Balance - Beginning of Year | <u>1,673,080</u> |
| Fund Balance- End of Year | <u>\$ 698,694</u> |
| Budgetary Fund Balance at 6/30/2015 | \$ 698,694 |
| Less: Unearned Revenue | <u>272,802</u> |
| GAAP Fund Balance at 6/30/2015 | <u>\$ 425,892</u> |

**CLOSTER BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
TENAKILL HVAC UNIT IN AUDITORIUM
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

| | <u>Prior Periods</u> | <u>Current Period</u> | <u>Totals</u> | <u>Revised Authorized Cost</u> |
|-----------------------------------------------------------|----------------------|-----------------------|----------------|----------------------------------------|
| REVENUES AND OTHER FINANCING SOURCES | | | | |
| SDA Grant | \$ 130,800 | | \$ 130,800 | \$ 130,800 |
| Capital Reserve | 331,200 | - | 331,200 | 331,200 |
| | <u>462,000</u> | <u>-</u> | <u>462,000</u> | <u>462,000</u> |
| EXPENDITURES AND OTHER FINANCING SOURCES | | | | |
| Purchased Professional Services | 23,550 | \$ 6,450 | 30,000 | 30,000 |
| Construction Services | - | 432,000 | 432,000 | 432,000 |
| | <u>23,550</u> | <u>438,450</u> | <u>462,000</u> | <u>462,000</u> |
| Excess (deficiency) of Revenues over (under) Expenditures | <u>\$ 438,450</u> | <u>\$ (438,450)</u> | <u>\$ -</u> | <u>\$ -</u> |

Additional Project Information:

| | |
|--------------------------|------------------------|
| Project Number | #0930-060-14-1006-G-04 |
| Grant Date | 1/6/2014 |
| Bond Authorization Date | N/A |
| Bonds Authorized | N/A |
| Bonds Issued | N/A |
| SDA Grant Authorized | \$ 130,800 |
| Capital Reserve | 331,200 |
| Original Authorized Cost | 462,000 |
| Increase/(Decrease) | |
| Revised Authorized Cost | 462,000 |

Percentage Increase Over Original

| | |
|---------------------------------|-------------------|
| Authorized Cost | 0.00% |
| Percentage Completion | 100.00% |
| Original Target Completion Date | November 30, 2014 |
| Revised Completion Date | November 30, 2014 |

**CLOSTER BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
TENAKILL WINDOW REPLACEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

| | <u>Prior Periods</u> | <u>Current Period</u> | <u>Totals</u> | <u>Revised Authorized Cost</u> |
|------------------------------------------------------------------|----------------------|-----------------------|-----------------|----------------------------------------|
| REVENUES AND OTHER FINANCING SOURCES | | | | |
| SDA Grant | \$ 31,200 | | \$ 31,200 | \$ 31,200 |
| Capital Reserve | <u>41,925</u> | <u>-</u> | <u>41,925</u> | <u>41,925</u> |
| Total Revenues | <u>73,125</u> | <u>-</u> | <u>73,125</u> | <u>73,125</u> |
| EXPENDITURES AND OTHER FINANCING SOURCES | | | | |
| Purchased Professional Services | 7,200 | \$ 1,800 | 9,000 | 12,250 |
| Construction Services | - | 57,875 | 57,875 | 60,875 |
| Cancelled SDA Receivable | <u>-</u> | <u>4,143</u> | <u>4,143</u> | <u>-</u> |
| Total Expenditures and Other Financing Uses | <u>7,200</u> | <u>63,818</u> | <u>71,018</u> | <u>73,125</u> |
| Excess (deficiency) of Revenues over (under) Expenditures | <u>\$ 65,925</u> | <u>\$ (63,818)</u> | <u>\$ 2,107</u> | <u>\$ -</u> |

Additional Project Information:

| | |
|------------------------------------------------------|------------------------|
| Project Number | #0930-060-14-1005-G-04 |
| Grant Date | 1/6/2014 |
| Bond Authorization Date | N/A |
| Bonds Authorized | N/A |
| Bonds Issued | N/A |
| SDA Grant Authorized | \$ 31,200 |
| Capital Reserve | 41,925 |
| Original Authorized Cost | 73,125 |
| Increase/(Decrease) | |
| Revised Authorized Cost | 73,125 |
| | |
| Percentage Increase Over Original Authorized Cost | 0.00% |
| Percentage Completion | 100.0% |
| Original Target Completion Date | November 30, 2014 |
| Revised Completion Date | November 30, 2014 |

**CLOSTER BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
HILLSIDE DOOR AND WINDOW REPLACEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

| | <u>Prior Periods</u> | <u>Current Period</u> | <u>Totals</u> | <u>Revised Authorized Cost</u> |
|------------------------------------------------------------------|----------------------|-----------------------|-------------------|----------------------------------------|
| REVENUES AND OTHER FINANCING SOURCES | | | | |
| SDA Grant | \$ 292,000 | | \$ 292,000 | \$ 292,000 |
| Capital Reserve | 438,000 | - | 438,000 | 438,000 |
| Total Revenues | <u>730,000</u> | <u>-</u> | <u>730,000</u> | <u>730,000</u> |
| EXPENDITURES AND OTHER FINANCING SOURCES | | | | |
| Purchased Professional Services | | \$ 47,995 | 47,995 | 52,000 |
| Construction Services | - | - | - | 678,000 |
| Total Expenditures and Other Financing Uses | <u>-</u> | <u>47,995</u> | <u>47,995</u> | <u>730,000</u> |
| Excess (deficiency) of Revenues over (under) Expenditures | <u>\$ 730,000</u> | <u>\$ (47,995)</u> | <u>\$ 682,005</u> | <u>\$ -</u> |

Additional Project Information:

| | |
|------------------------------------------------------|------------------------|
| Project Number | #0930-050-14-1002-G-04 |
| Grant Date | 1/6/2014 |
| Bond Authorization Date | N/A |
| Bonds Authorized | N/A |
| Bonds Issued | N/A |
| SDA Grant Authorized | \$ 292,000 |
| Capital Reserve | 438,000 |
| Original Authorized Cost | 730,000 |
| Increase/(Decrease) | |
| Revised Authorized Cost | 730,000 |
| | |
| Percentage Increase Over Original Authorized Cost | 0.00% |
| Percentage Completion | 6.57% |
| Original Target Completion Date | September 1, 2015 |
| Revised Completion Date | September 1, 2015 |

**CLOSTER BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
TENAKILL DOOR REPLACEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

| | <u>Prior Periods</u> | <u>Current Period</u> | <u>Totals</u> | <u>Revised Authorized Cost</u> |
|-----------------------------------------------------------|------------------------|-----------------------|-----------------|----------------------------------------|
| REVENUES AND OTHER FINANCING SOURCES | | | | |
| SDA Grant | \$ 77,600 | | \$ 77,600 | \$ 77,600 |
| Capital Reserve | 58,140 | - | 58,140 | 58,140 |
| | <u>135,740</u> | <u>-</u> | <u>135,740</u> | <u>135,740</u> |
| EXPENDITURES AND OTHER FINANCING SOURCES | | | | |
| Purchased Professional Services | | | - | 10,000 |
| Construction Services | 2,185 | \$ 78,974 | 81,159 | 125,740 |
| Cancelled SDA Receivable | - | 45,170 | 45,170 | - |
| | <u>2,185</u> | <u>124,144</u> | <u>126,329</u> | <u>135,740</u> |
| Excess (deficiency) of Revenues over (under) Expenditures | <u>\$ 133,555</u> | <u>\$ (124,144)</u> | <u>\$ 9,411</u> | <u>\$ -</u> |
| Additional Project Information: | | | | |
| Project Number | #0930-060-14-1001-G-04 | | | |
| Grant Date | 1/6/2014 | | | |
| Bond Authorization Date | N/A | | | |
| Bonds Authorized | N/A | | | |
| Bonds Issued | N/A | | | |
| SDA Grant Authorized | \$ 77,600 | | | |
| Capital Reserve | 58,140 | | | |
| Original Authorized Cost | 135,740 | | | |
| Increase/(Decrease) | | | | |
| Revised Authorized Cost | 135,740 | | | |
| Percentage Increase Over Original | | | | |
| Authorized Cost | 0.00% | | | |
| Percentage Completion | 100.00% | | | |
| Original Target Completion Date | November 30, 2014 | | | |
| Revised Completion Date | November 30, 2014 | | | |

**CLOSTER BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
HILLSIDE HVAC UNIT IN AUDITORIUM
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

| | <u>Prior Periods</u> | <u>Current Period</u> | <u>Totals</u> | <u>Revised Authorized Cost</u> |
|-----------------------------------------------------------|----------------------|-----------------------|-----------------|----------------------------------------|
| REVENUES AND OTHER FINANCING SOURCES | | | | |
| SDA Grant | \$ 109,400 | | \$ 109,400 | \$ 109,400 |
| Capital Reserve | 218,600 | - | 218,600 | 218,600 |
| | <u>328,000</u> | <u>-</u> | <u>328,000</u> | <u>328,000</u> |
| EXPENDITURES AND OTHER FINANCING SOURCES | | | | |
| Purchased Professional Services | 22,850 | \$ 5,150 | 28,000 | 28,000 |
| Construction Services | - | 294,829 | 294,829 | 300,000 |
| | <u>22,850</u> | <u>299,979</u> | <u>322,829</u> | <u>328,000</u> |
| Excess (deficiency) of Revenues over (under) Expenditures | <u>\$ 305,150</u> | <u>\$ (299,979)</u> | <u>\$ 5,171</u> | <u>\$ -</u> |

Additional Project Information:

| | |
|------------------------------------------------------|------------------------|
| Project Number | #0930-050-14-1004-G-04 |
| Grant Date | 1/6/2014 |
| Bond Authorization Date | N/A |
| Bonds Authorized | N/A |
| Bonds Issued | N/A |
| SDA Grant Authorized | \$ 109,400 |
| Capital Reserve | 218,600 |
| Original Authorized Cost | 328,000 |
| Increase/(Decrease) | |
| Revised Authorized Cost | 328,000 |
| | |
| Percentage Increase Over Original Authorized Cost | 0.00% |
| Percentage Completion | 100.00% |
| Original Target Completion Date | November 30, 2014 |
| Revised Completion Date | November 30, 2014 |

ENTERPRISE FUND

**CLOSTER BOARD OF EDUCATION
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2015**

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**COMBINING STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

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

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

INTERNAL SERVICE FUND

EXHIBITS G-4, G-5 AND G-6

NOT APPLICABLE

FIDUCIARY FUNDS

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

| | <u>Student</u> | <u>Agency</u> | |
|-------------------------------------|------------------|-----------------|------------------|
| | <u>Activity</u> | <u>Payroll</u> | <u>Total</u> |
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 52,508 | \$ 3,077 | \$ 55,585 |
| Total Assets | <u>\$ 52,508</u> | <u>\$ 3,077</u> | <u>\$ 55,585</u> |
| LIABILITIES | | | |
| Payroll Deductions and Withholdings | | \$ 2,935 | \$ 2,935 |
| Accrued Salaries and Wages | | 58 | 58 |
| Due to Student Groups | \$ 52,508 | | 52,508 |
| Due to Other Funds | <u>-</u> | <u>84</u> | <u>84</u> |
| Total Liabilities | <u>\$ 52,508</u> | <u>\$ 3,077</u> | <u>\$ 55,585</u> |

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

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**CLOSTER BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

| <u>School</u> | <u>Balance July 1, 2014</u> | <u>Cash Receipts</u> | <u>Cash Disbursements</u> | <u>Balance, June 30, 2015</u> |
|-------------------------------|---------------------------------|--------------------------|-------------------------------|-----------------------------------|
| ELEMENTARY SCHOOL Hillside | \$ 22,894 | \$ 33,958 | \$ 30,505 | \$ 26,347 |
| MIDDLE SCHOOL Tenakill | <u>24,130</u> | <u>171,496</u> | <u>169,465</u> | <u>26,161</u> |
| Total | <u>\$ 47,024</u> | <u>\$ 205,454</u> | <u>\$ 199,970</u> | <u>\$ 52,508</u> |

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

| | <u>Balance, July 1, 2014</u> | <u>Cash Receipts</u> | <u>Cash Disbursements</u> | <u>Balance, June 30, 2015</u> |
|-------------------------------------|--------------------------------------|--------------------------|-------------------------------|---------------------------------------|
| Due to Other Funds | \$ 109 | \$ 540 | \$ 565 | \$ 84 |
| Payroll Deductions and Withholdings | 14,479 | 5,633,557 | 5,645,101 | 2,935 |
| Accrued Salaries and Wages | <u>58</u> | <u>6,885,860</u> | <u>6,885,860</u> | <u>58</u> |
| | <u>\$ 14,646</u> | <u>\$ 12,519,957</u> | <u>\$ 12,531,526</u> | <u>\$ 3,077</u> |

LONG-TERM DEBT

CLOSTER BOARD OF EDUCATION
LONG-TERM DEBT
STATEMENT OF SERIAL BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| <u>Issue</u> | <u>Date of Issue</u> | <u>Amount of Issue</u> | <u>Annual Maturities</u> | | <u>Interest Rate</u> | <u>Balance, July 1, 2014</u> | <u>Issued</u> | <u>Retirements</u> | <u>Balance, June 30, 2015</u> |
|------------------------|----------------------|------------------------|--------------------------|---------------|----------------------|------------------------------|---------------|--------------------|-------------------------------|
| | | | <u>Date</u> | <u>Amount</u> | | | | | |
| School Bonds | 9/15/1994 | \$ 4,464,000 | 9-15-2014 | \$ 294,000 | 6.125 % | \$ 294,000 | \$ 294,000 | | |
| School Refunding Bonds | 8/1/2013 | 2,790,000 | 4-1-2016 | 290,000 | 2.350 | | | | |
| | | | 4-1-2017 | 285,000 | 2.350 | | | | |
| | | | 4-1-2018 | 285,000 | 2.350 | | | | |
| | | | 4-1-2019 | 280,000 | 2.350 | | | | |
| | | | 4-1-2020 | 275,000 | 2.350 | | | | |
| | | | 4-1-2021 | 270,000 | 2.350 | | | | |
| | | | 4-1-2022 | 270,000 | 2.350 | | | | |
| | | | 4-1-2023 | 270,000 | 2.350 | | | | |
| | | | 4-1-2024 | 270,000 | 2.350 | | | | |
| | | | | | | | | | |
| | | | | | | <u>\$ 3,084,000</u> | <u>\$ -</u> | <u>\$ 589,000</u> | <u>\$ 2,495,000</u> |

CLOSTER BOARD OF EDUCATION
SCHEDULE OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| <u>Issue</u> | <u>Interest Rate</u> | <u>Amount of Original Issue</u> | <u>Balance, June 30, 2014</u> | <u>Retired</u> | <u>Balance, June 30, 2015</u> |
|----------------------------------|----------------------|---------------------------------|-------------------------------|------------------|-------------------------------|
| Apple IMAC and MacBook Computers | 1.434% | \$ 179,526 | \$ 59,466 | \$ 59,466 | \$ - |
| | | | <u>\$ 59,466</u> | <u>\$ 59,466</u> | <u>\$ -</u> |

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

| | <u>Original Budget</u> | <u>Adjustments</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final Budget to Actual</u> |
|---------------------------------------------------------------------|----------------------------|--------------------|-------------------------|-----------------|------------------------------------------------|
| REVENUES: | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | \$ 663,568 | - | \$ 663,568 | \$ 663,568 | - |
| Total Revenues | <u>663,568</u> | <u>-</u> | <u>663,568</u> | <u>663,568</u> | <u>-</u> |
| EXPENDITURES: | | | | | |
| Regular Debt Service: | | | | | |
| Interest | 74,569 | | 74,569 | 74,569 | |
| Redemption of Principal | 589,000 | - | 589,000 | 589,000 | - |
| Total Regular Debt Service | <u>663,569</u> | <u>-</u> | <u>663,569</u> | <u>663,569</u> | <u>-</u> |
| Total Expenditures | <u>663,569</u> | <u>-</u> | <u>663,569</u> | <u>663,569</u> | <u>-</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(1)</u> | <u>-</u> | <u>(1)</u> | <u>(1)</u> | <u>-</u> |
| Fund Balance, Beginning of Year | <u>8,988</u> | <u>-</u> | <u>8,988</u> | <u>8,988</u> | <u>-</u> |
| Fund Balance, End of Year | <u>\$ 8,987</u> | <u>\$ -</u> | <u>\$ 8,987</u> | <u>\$ 8,987</u> | <u>\$ -</u> |
| <u>Recapitulation of Fund Balance:</u> | | | | | |
| Designated for Subsequent Year's Budgeted Debt Service Expenditures | | | | <u>\$ 8,987</u> | |

STATISTICAL SECTION

This part of the Closter's 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.

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

| | Fiscal Year Ended June 30, | | | | | | | | | |
|---------------------------------------------|----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|---------------------|----------------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Governmental activities | | | | | | (1) | | | (2) | |
| Net Investment in Capital Assets | \$ 4,496,771 | \$ 4,919,368 | \$ 5,097,568 | \$ 5,867,349 | \$ 6,392,442 | \$ 6,916,987 | \$ 8,356,593 | \$ 8,869,125 | \$ 9,814,001 | \$ 11,006,875 |
| Restricted | 528,878 | 98,734 | 252,826 | 532,393 | 984,293 | 1,767,587 | 1,922,610 | 2,125,103 | 2,590,536 | 2,826,876 |
| Unrestricted | (148,261) | 682,000 | 1,309,815 | 1,089,287 | 768,282 | 1,183,408 | 1,270,228 | 1,554,013 | (2,721,410) | (2,949,655) |
| Total governmental activities net position | <u>\$ 4,877,388</u> | <u>\$ 5,700,102</u> | <u>\$ 6,660,209</u> | <u>\$ 7,489,029</u> | <u>\$ 8,145,017</u> | <u>\$ 9,867,982</u> | <u>\$ 11,549,431</u> | <u>\$ 12,548,241</u> | <u>\$ 9,683,127</u> | <u>\$ 10,884,096</u> |
| Business-type activities | | | | | | | | | | |
| Net Investment in Capital Assets | | | | | | | | | | |
| Restricted | | | | | | | | | | |
| Unrestricted | \$ 10,537 | \$ 29,532 | \$ 7,662 | \$ 4,162 | \$ 10,332 | \$ 16,897 | \$ 6,198 | \$ 4,609 | \$ 7,490 | \$ 6,837 |
| Total business-type activities net position | <u>\$ 10,537</u> | <u>\$ 29,532</u> | <u>\$ 7,662</u> | <u>\$ 4,162</u> | <u>\$ 10,332</u> | <u>\$ 16,897</u> | <u>\$ 6,198</u> | <u>\$ 4,609</u> | <u>\$ 7,490</u> | <u>\$ 6,837</u> |
| District-wide | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 4,496,771 | \$ 4,919,368 | \$ 5,097,568 | \$ 5,867,349 | \$ 6,392,442 | \$ 6,916,987 | \$ 8,356,593 | \$ 8,869,125 | \$ 9,814,001 | \$ 11,006,875 |
| Restricted | 528,878 | 98,734 | 252,826 | 532,393 | 984,293 | 1,767,587 | 1,922,610 | 2,125,103 | 2,590,536 | 2,826,876 |
| Unrestricted | (137,724) | 711,532 | 1,317,477 | 1,093,449 | 778,614 | 1,200,305 | 1,276,426 | 1,558,622 | (2,713,920) | (2,942,818) |
| Total district net position | <u>\$ 4,887,925</u> | <u>\$ 5,729,634</u> | <u>\$ 6,667,871</u> | <u>\$ 7,493,191</u> | <u>\$ 8,155,349</u> | <u>\$ 9,884,879</u> | <u>\$ 11,555,629</u> | <u>\$ 12,552,850</u> | <u>\$ 9,690,617</u> | <u>\$ 10,890,933</u> |

Note 1 - Net Position at June 30, 2012 is restated to reflect the implementation of GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities".

Note 2 - Net Position at June 30, 2014 is restated to reflect the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions".

CLOSTER BOARD OF EDUCATION
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

(accrual basis of accounting)

| | Fiscal Year Ended June 30, | | | | | | | | | |
|---------------------------------------------------------|----------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Expenses | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular | \$ 7,743,978 | \$ 7,992,233 | \$ 8,195,185 | \$ 7,877,844 | \$ 8,240,288 | \$ 7,958,452 | \$ 8,416,751 | \$ 9,082,284 | \$ 8,910,684 | \$ 10,553,914 |
| Special education | 1,935,974 | 2,080,565 | 2,261,842 | 2,258,068 | 2,378,069 | 1,991,587 | 2,417,396 | 2,563,227 | 2,478,622 | 3,021,629 |
| Other instruction | 552,436 | 639,104 | 665,095 | 800,088 | 864,669 | 868,239 | 933,409 | 1,045,101 | 929,029 | 1,095,323 |
| School Sponsored Activities and Athletics | 56,360 | 73,307 | 65,978 | 71,845 | 78,481 | 85,403 | 90,028 | 91,524 | 94,457 | 104,000 |
| Support Services: | | | | | | | | | | |
| Student & instruction related services | 2,147,051 | 2,244,067 | 2,199,194 | 2,259,022 | 2,295,601 | 2,228,355 | 2,283,250 | 2,420,970 | 2,278,238 | 2,535,342 |
| General Administration Services | 672,458 | 586,400 | 626,271 | 683,875 | 645,485 | 684,289 | 774,342 | 782,212 | 752,564 | 843,106 |
| School Administration services | 729,709 | 872,519 | 908,975 | 952,592 | 950,387 | 928,914 | 974,602 | 1,013,002 | 1,046,264 | 912,043 |
| Business / Central Services | 192,710 | 210,049 | 209,113 | 212,980 | 212,795 | 318,124 | 345,204 | 370,848 | 347,464 | 461,551 |
| Plant operations and maintenance | 1,243,636 | 1,350,210 | 1,459,950 | 1,581,380 | 1,577,500 | 1,491,173 | 1,460,709 | 1,524,964 | 2,163,304 | 2,344,995 |
| Pupil transportation | 331,825 | 404,215 | 442,340 | 396,712 | 319,614 | 184,254 | 161,518 | 184,151 | 157,509 | 198,893 |
| Interest on long-term debt | 379,476 | 353,978 | 327,202 | 298,897 | 268,907 | 237,825 | 205,337 | 168,940 | 128,803 | 72,732 |
| Total governmental activities expenses | <u>15,985,613</u> | <u>16,806,647</u> | <u>17,361,145</u> | <u>17,393,303</u> | <u>17,831,796</u> | <u>16,976,615</u> | <u>18,062,546</u> | <u>19,247,223</u> | <u>19,286,938</u> | <u>22,143,528</u> |
| Business-type activities: | | | | | | | | | | |
| Food service | 30,669 | 16,034 | 62,602 | 45,139 | 33,311 | 34,962 | 51,270 | 35,506 | 31,722 | 34,217 |
| Total business-type activities expense | <u>30,669</u> | <u>16,034</u> | <u>62,602</u> | <u>45,139</u> | <u>33,311</u> | <u>34,962</u> | <u>51,270</u> | <u>35,506</u> | <u>31,722</u> | <u>34,217</u> |
| Total district expenses | <u>\$ 16,016,282</u> | <u>\$ 16,822,681</u> | <u>\$ 17,423,747</u> | <u>\$ 17,438,442</u> | <u>\$ 17,865,107</u> | <u>\$ 17,011,577</u> | <u>\$ 18,113,816</u> | <u>\$ 19,282,729</u> | <u>\$ 19,318,660</u> | <u>\$ 22,177,745</u> |
| Program Revenues | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Instruction (tuition) | \$ 101,385 | \$ 75,673 | \$ 55,295 | \$ 67,500 | \$ 101,625 | \$ 129,234 | \$ 265,204 | \$ 346,617 | \$ 407,960 | \$ 394,577 |
| Operating grants and contributions | 2,095,797 | 2,592,224 | 2,585,080 | 1,971,803 | 2,139,415 | 1,758,474 | 2,376,140 | 2,809,385 | 2,533,652 | 4,982,587 |
| Capital grants and contributions | 483,938 | 14,705 | 2,072 | - | - | - | 213,168 | 35,360 | 22,314 | 326,736 |
| Total governmental activities program revenues | <u>2,681,120</u> | <u>2,682,602</u> | <u>2,642,447</u> | <u>2,039,303</u> | <u>2,241,040</u> | <u>1,887,708</u> | <u>2,854,512</u> | <u>3,191,362</u> | <u>2,963,926</u> | <u>5,703,900</u> |
| Business-type activities: | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| Food service | \$ 19,298 | \$ 20,225 | \$ 15,633 | \$ 24,172 | \$ 24,322 | \$ 25,378 | \$ 23,571 | \$ 21,536 | \$ 20,998 | \$ 20,802 |
| Operating grants and contributions | 13,546 | 13,671 | 23,756 | 17,188 | 14,983 | 15,947 | 16,873 | 12,282 | 13,507 | 12,691 |
| Total business-type activities program revenues | <u>32,844</u> | <u>33,896</u> | <u>39,389</u> | <u>41,360</u> | <u>39,305</u> | <u>41,325</u> | <u>40,444</u> | <u>33,818</u> | <u>34,505</u> | <u>33,493</u> |
| Total district program revenues | <u>\$ 2,713,964</u> | <u>\$ 2,716,498</u> | <u>\$ 2,681,836</u> | <u>\$ 2,080,663</u> | <u>\$ 2,280,345</u> | <u>\$ 1,929,033</u> | <u>\$ 2,894,956</u> | <u>\$ 3,225,180</u> | <u>\$ 2,998,431</u> | <u>\$ 5,737,393</u> |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities | \$ (13,304,493) | \$ (14,124,045) | \$ (14,718,698) | \$ (15,354,000) | \$ (15,590,756) | \$ (15,088,907) | \$ (15,208,034) | \$ (16,055,861) | \$ (16,323,012) | \$ (16,439,628) |
| Business-type activities | 2,175 | 17,862 | (23,213) | (3,779) | 5,994 | 6,363 | (10,826) | (1,688) | 2,783 | (724) |
| Total district-wide net expense | <u>\$ (13,302,318)</u> | <u>\$ (14,106,183)</u> | <u>\$ (14,741,911)</u> | <u>\$ (15,357,779)</u> | <u>\$ (15,584,762)</u> | <u>\$ (15,082,544)</u> | <u>\$ (15,218,860)</u> | <u>\$ (16,057,549)</u> | <u>\$ (16,320,229)</u> | <u>\$ (16,440,352)</u> |
| General Revenues and Other Changes In Net Assets | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Property taxes levied for general purposes | \$ 12,976,541 | \$ 13,720,585 | \$ 14,399,550 | \$ 14,924,026 | \$ 15,225,195 | \$ 15,643,888 | \$ 15,722,107 | \$ 15,879,328 | \$ 16,292,191 | \$ 16,892,382 |
| Taxes levied for debt service | 1,014,088 | 1,022,877 | 1,061,587 | 1,063,336 | 1,068,333 | 1,070,279 | 1,070,710 | 1,064,358 | 1,031,901 | 663,568 |
| Unrestricted Grants and Contributions | 129,088 | 94,525 | 112,509 | 128,468 | 55,154 | 7,835 | - | - | - | 19,984 |
| Investment earnings | 65,668 | 96,500 | 80,136 | 32,361 | 18,378 | 24,224 | 12,379 | 16,709 | 16,667 | 10,436 |
| Miscellaneous income | 14,627 | 10,172 | 15,225 | 34,629 | 44,634 | 60,398 | 76,307 | 49,471 | 71,006 | 54,227 |
| Donation of Capital Assets | 4,095 | 2,100 | 9,798 | - | 71,104 | 26,676 | 7,980 | 44,805 | 32,263 | - |
| Total governmental activities | <u>14,204,107</u> | <u>14,946,759</u> | <u>15,678,805</u> | <u>16,182,820</u> | <u>16,482,798</u> | <u>16,833,300</u> | <u>16,889,483</u> | <u>17,054,671</u> | <u>17,444,028</u> | <u>17,640,597</u> |
| Business-type activities: | | | | | | | | | | |
| Investment earnings | 358 | 1,133 | 1,343 | 279 | 176 | 202 | 127 | 99 | 98 | 71 |
| Total business-type activities | <u>358</u> | <u>1,133</u> | <u>1,343</u> | <u>279</u> | <u>176</u> | <u>202</u> | <u>127</u> | <u>99</u> | <u>98</u> | <u>71</u> |
| Total district-wide | <u>\$ 14,204,465</u> | <u>\$ 14,947,892</u> | <u>\$ 15,680,148</u> | <u>\$ 16,183,099</u> | <u>\$ 16,482,974</u> | <u>\$ 16,833,502</u> | <u>\$ 16,889,610</u> | <u>\$ 17,054,770</u> | <u>\$ 17,444,126</u> | <u>\$ 17,640,668</u> |
| Change In Net Position | | | | | | | | | | |
| Governmental activities | \$ 899,614 | \$ 822,714 | \$ 960,107 | \$ 828,820 | \$ 892,042 | \$ 1,744,393 | \$ 1,681,449 | \$ 998,810 | \$ 1,121,016 | \$ 1,200,969 |
| Business-type activities | 2,533 | 18,995 | (21,870) | (3,500) | 6,170 | 6,565 | (10,699) | (1,589) | 2,881 | (653) |
| Total district | <u>\$ 902,147</u> | <u>\$ 841,709</u> | <u>\$ 938,237</u> | <u>\$ 825,320</u> | <u>\$ 898,212</u> | <u>\$ 1,750,958</u> | <u>\$ 1,670,750</u> | <u>\$ 997,221</u> | <u>\$ 1,123,897</u> | <u>\$ 1,200,316</u> |

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

| | Fiscal Year Ended June 30, | | | | | | | | | |
|-------------------------------------------|----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| General Fund | | | | | | | | | | |
| Reserved | \$ 523,681 | \$ 657,196 | \$ 1,477,085 | \$ 1,486,071 | \$ 1,858,597 | | | | | |
| Unreserved | 298,222 | 382,043 | 324,816 | 362,446 | 258,780 | | | | | |
| Nonspendable | | | | | | | | | | |
| Restricted | | | | | | \$ 2,595,294 | \$ 2,957,191 | \$ 3,001,539 | \$ 2,428,591 | \$ 3,291,997 |
| Committed | | | | | | 285,092 | | 766,171 | 393,062 | 213,708 |
| Assigned | | | | | | 155,747 | 299,091 | 125,014 | 159,919 | 28,717 |
| Unassigned | | | | | | 309,340 | 300,853 | 292,645 | 332,777 | 323,309 |
| Total general fund | \$ 821,903 | \$ 1,039,239 | \$ 1,801,901 | \$ 1,848,517 | \$ 2,117,377 | \$ 3,345,473 | \$ 3,557,135 | \$ 4,185,369 | \$ 3,314,349 | \$ 3,857,731 |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | \$ 110,298 | \$ 1,410 | | | | | | | | |
| Unreserved | 40,823 | 8,498 | \$ 2,928 | \$ 324 | \$ 3 | | | | | |
| Nonspendable | | | | | | | | | | |
| Restricted | | | | | | | \$ 15,419 | \$ 1 | \$ 1,063,382 | \$ 434,879 |
| Committed | | | | | | | | | | |
| Assigned | | | | | | \$ 1 | | | | |
| Unassigned | | | | | | | | | | |
| Total all other governmental funds | \$ 151,121 | \$ 9,908 | \$ 2,928 | \$ 324 | \$ 3 | \$ 1 | \$ 15,419 | \$ 1 | \$ 1,063,382 | \$ 434,879 |

Beginning with Fiscal Year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund 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 the resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

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

| | Fiscal Year Ended June 30, | | | | | | | | | |
|-----------------------------------------------------------|----------------------------|-------------------|-------------------|-------------------|-------------------|---------------------|-------------------|-------------------|-------------------|-------------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Revenues | | | | | | | | | | |
| Tax levy | \$ 13,990,629 | \$ 14,743,462 | \$ 15,461,137 | \$ 15,987,362 | \$ 16,293,528 | \$ 16,714,167 | \$ 16,792,817 | \$ 16,943,686 | \$ 17,324,092 | \$ 17,555,950 |
| Tuition charges | 101,385 | 75,673 | 55,295 | 67,500 | 101,625 | 129,234 | 265,204 | 346,617 | 407,960 | 394,577 |
| Interest earnings | 65,668 | 96,500 | 80,136 | 32,361 | 18,378 | 24,224 | 12,379 | 16,709 | 16,667 | 10,436 |
| Miscellaneous | 19,142 | 12,660 | 21,532 | 34,629 | 49,091 | 61,907 | 76,307 | 49,471 | 71,006 | 54,227 |
| State sources | 2,449,919 | 2,466,671 | 2,456,997 | 1,863,890 | 1,860,296 | 1,480,092 | 2,175,039 | 2,590,113 | 2,308,787 | 2,841,908 |
| Federal sources | 254,389 | 232,295 | 236,357 | 236,381 | 329,816 | 284,708 | 414,269 | 254,632 | 247,179 | 263,007 |
| Total revenue | 16,881,132 | 17,627,261 | 18,311,454 | 18,222,123 | 18,652,734 | 18,694,332 | 19,736,015 | 20,201,228 | 20,375,691 | 21,120,105 |
| Expenditures | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular Instruction | 7,469,050 | 7,973,335 | 7,874,366 | 7,803,806 | 8,042,627 | 7,662,148 | 8,120,662 | 9,152,243 | 8,878,053 | 9,002,581 |
| Special education instruction | 1,917,440 | 2,074,827 | 2,213,922 | 2,026,672 | 2,336,912 | 1,941,754 | 2,354,035 | 2,246,804 | 2,464,945 | 2,682,844 |
| Other instruction | 547,026 | 626,531 | 638,468 | 781,082 | 837,620 | 838,462 | 900,388 | 993,876 | 934,454 | 915,663 |
| School sponsored activities and athletics | 56,360 | 71,577 | 63,492 | 69,525 | 76,247 | 82,883 | 87,242 | 88,832 | 94,457 | 88,850 |
| Support Services: | | | | | | | | | | |
| Student & inst. related services | 2,104,272 | 2,221,013 | 2,117,914 | 2,190,659 | 2,247,660 | 2,162,775 | 2,210,750 | 2,259,045 | 2,277,704 | 2,532,003 |
| General administration Services | 647,977 | 639,353 | 604,008 | 664,922 | 638,311 | 665,529 | 754,057 | 756,423 | 729,155 | 787,190 |
| School Administration services | 719,164 | 840,523 | 870,634 | 918,309 | 933,556 | 892,506 | 937,171 | 991,719 | 1,015,415 | 814,011 |
| Business / Central Services | 191,802 | 205,216 | 202,008 | 207,166 | 207,277 | 308,716 | 334,565 | 345,562 | 353,392 | 396,875 |
| Plant operations and maintenance | 1,251,305 | 1,345,556 | 1,422,397 | 1,549,630 | 1,546,264 | 1,459,041 | 1,440,162 | 1,485,173 | 1,673,632 | 1,802,229 |
| Pupil transportation | 331,825 | 403,331 | 441,225 | 395,836 | 319,321 | 184,030 | 161,231 | 183,809 | 157,509 | 198,723 |
| Capital outlay | 1,659,110 | 89,000 | 45,751 | 504,562 | 250,840 | 137,566 | 1,077,415 | 139,774 | 621,380 | 1,160,368 |
| Debt service: | | | | | | | | | | |
| Principal | 678,305 | 700,289 | 727,352 | 759,537 | 852,302 | 884,691 | 917,204 | 944,682 | 946,942 | 648,466 |
| Interest and other charges | 385,782 | 360,587 | 334,235 | 306,405 | 276,899 | 246,137 | 214,053 | 179,996 | 145,279 | 75,423 |
| Bond Issuance Costs | | | | | | | | | 23,070 | |
| Advance to Refunding Escrow | | | | | | | | | 42,943 | |
| Total expenditures | 17,959,418 | 17,551,138 | 17,555,772 | 18,178,111 | 18,565,836 | 17,466,238 | 19,508,935 | 19,767,938 | 20,358,330 | 21,105,226 |
| Excess (Deficiency) of revenues over (under) expenditures | (1,078,286) | 76,123 | 755,682 | 44,012 | 86,898 | 1,228,094 | 227,080 | 433,290 | 17,361 | 14,879 |
| Other Financing sources (uses) | | | | | | | | | | |
| Payment to Refunding Bond Escrow Agent | | | | | | | | | (2,715,000) | - |
| Refunding Bonds Issued | | | | | | | | | 2,790,000 | - |
| Capital Lease Proceeds | | | | | 181,641 | | | 179,526 | | |
| Transfers in | 12,296 | 56,891 | 322 | 2 | | | 443,861 | 51,058 | 1,087,865 | - |
| Transfers out | (12,296) | (56,891) | (322) | (2) | | | (443,861) | (51,058) | (1,087,865) | - |
| Total other financing sources (uses) | - | - | - | - | 181,641 | - | - | 179,526 | 75,000 | - |
| Net change in fund balances | \$ (1,078,286) | \$ 76,123 | \$ 755,682 | \$ 44,012 | \$ 268,539 | \$ 1,228,094 | \$ 227,080 | \$ 612,816 | \$ 92,361 | \$ 14,879 |
| Debt service as a percentage of noncapital expenditures | 6.53% | 6.08% | 6.06% | 6.03% | 6.17% | 6.53% | 6.14% | 5.73% | 5.87% | 3.63% |

* Noncapital expenditures are total expenditures less capital outlay.

**CLOSTER BOARD OF EDUCATION
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN YEARS
(Unaudited)**

| Fiscal Year Ended June 30 | <u>Tuition</u> | <u>Interest on Investments</u> | <u>Misc.</u> | <u>Total</u> |
|------------------------------------------|-----------------------|-------------------------------------------|---------------------|---------------------|
| 2006 | \$ 101,385 | \$ 52,620 | \$ 14,627 | \$ 168,632 |
| 2007 | 75,673 | 94,274 | 10,172 | 180,119 |
| 2008 | 55,295 | 79,814 | 15,225 | 150,334 |
| 2009 | 67,500 | 32,359 | 34,629 | 134,488 |
| 2010 | 101,625 | 18,378 | 44,634 | 164,637 |
| 2011 | 129,234 | 24,224 | 60,398 | 213,856 |
| 2012 | 265,204 | 11,918 | 76,307 | 353,429 |
| 2013 | 346,617 | 16,709 | 49,471 | 412,797 |
| 2014 | 407,960 | 16,667 | 71,006 | 495,633 |
| 2015 | 394,577 | 10,436 | 54,227 | 459,240 |

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

| Calendar Year Ended December 31, | Vacant Land | Residential | Farm Reg. | Qfarm | Commercial | Industrial | Apartment | Total Assessed Value | Public Utilities | Net Valuation Taxable | Estimated Actual (County Equalized) Value | Total Direct School Tax Rate * |
|----------------------------------------------|---------------|------------------|--------------|-----------|----------------|---------------|--------------|----------------------|------------------|-----------------------|-------------------------------------------------|--------------------------------------|
| 2006 | \$ 35,029,400 | \$ 2,086,295,000 | \$ 4,930,100 | \$ 32,500 | \$ 216,771,800 | \$ 18,963,600 | \$ 1,005,700 | \$ 2,363,028,100 | \$ 5,482,708 | \$ 2,368,510,808 | \$ 2,014,471,104 | \$ 0.607 |
| 2007 | 40,014,800 | 2,088,854,600 | 4,930,100 | 30,500 | 214,440,600 | 18,309,800 | 1,005,700 | 2,367,586,100 | 5,522,116 | 2,373,108,216 | 2,230,624,189 | 0.636 |
| 2008 | 37,719,700 | 2,098,226,600 | 4,930,100 | 30,500 | 208,793,300 | 18,309,800 | 1,005,700 | 2,369,015,700 | 5,610,344 | 2,374,626,044 | 2,284,098,351 | 0.662 |
| 2009 | 25,624,300 | 1,780,304,800 | 5,471,800 | 31,500 | 228,504,900 | 21,689,700 | 959,600 | 2,062,586,600 | 6,411,588 | 2,068,998,188 | 2,074,488,644 | 0.780 |
| 2010 | 23,558,800 | 1,786,602,200 | 5,471,800 | 31,500 | 224,680,900 | 15,782,200 | 959,600 | 2,057,087,000 | 6,112,619 | 2,063,199,619 | 2,063,199,619 | 0.800 |
| 2011 | 23,262,400 | 1,791,836,000 | 5,471,800 | 31,500 | 223,086,500 | 15,045,700 | 959,600 | 2,059,693,500 | 5,669,360 | 2,065,362,860 | 2,161,138,793 | 0.811 |
| 2012 | 24,006,400 | 1,784,300,900 | 5,471,800 | 31,500 | 220,571,000 | 15,045,700 | 959,600 | 2,050,386,900 | 5,642,577 | 2,056,029,477 | 2,094,167,079 | 0.821 |
| 2013 | 20,163,200 | 1,796,514,400 | 5,471,800 | 31,500 | 218,075,800 | 15,045,700 | 959,600 | 2,056,262,000 | 100,000 | 2,056,362,000 | 2,035,360,558 | 0.834 |
| 2014 | 21,831,400 | 1,799,979,800 | 4,541,600 | 30,500 | 219,295,200 | 19,545,700 | 959,600 | 2,066,183,800 | 100,000 | 2,066,283,800 | 2,030,585,074 | 0.844 |
| 2015 | 20,358,100 | 1,805,323,200 | 4,541,600 | 30,500 | 216,624,800 | 18,964,000 | 959,600 | 2,066,801,800 | 100,000 | 2,066,901,800 | 2,099,516,054 | 0.860 |

06

Source: County Abstract of Ratables

a Tax rates are per \$100

N/A = Not Available

CLOSTER BOARD OF EDUCATION
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(Unaudited)
(rate per \$100 of assessed value)

| <u>Calendar Year</u> | <u>Total Direct Tax Rate</u> | <u>Overlapping Rates</u> | | | | <u>Total</u> |
|--------------------------|------------------------------------------|----------------------------------------------|---------------------|---------------|--------|--------------|
| | | <u>Regional High School District</u> | <u>Municipality</u> | <u>County</u> | | |
| 2006 | \$ 0.607 | \$ 0.367 | \$ 0.357 | \$ 0.159 | \$1.49 | |
| 2007 | .636 | .387 | .376 | .171 | 1.57 | |
| 2008 | .662 | .406 | .397 | .177 | 1.64 | |
| 2009 (1) | .780 | .491 | .478 | .222 | 1.97 | |
| 2010 | .800 | .506 | .495 | .212 | 2.013 | |
| 2011 | .811 | .514 | .503 | .218 | 2.046 | |
| 2012 | .821 | .522 | .517 | .224 | 2.084 | |
| 2013 | .834 | .520 | .521 | .227 | 2.102 | |
| 2014 | .844 | .520 | .535 | .230 | 2.129 | |
| 2015 | .860 | .539 | .547 | .244 | 2.190 | |

(1) The Borough underwent a reassessment of real property which became effective in 2009.

Source: Borough of Closter

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

| Taxpayer | 2015 | | Taxpayer | 2006 | |
|-----------------------------|------------------------|----------------------------------------|-------------------------------|------------------------|----------------------------------------|
| | Taxable Assessed Value | % of Total District Net Assessed Value | | Taxable Assessed Value | % of Total District Net Assessed Value |
| Closter Mktplace (EBA) LLC | \$ 31,500,000 | 1.52% | Irani-Aspi-Closter Plaza Met. | \$ 35,000,000 | 1.48% |
| Closter Grocery | 8,645,300 | 0.42% | United Water New Jersey | 9,337,500 | 0.39% |
| Capital Young Property LLC | 7,447,000 | 0.36% | Heidenberg Closter Assoc. | 8,143,600 | 0.34% |
| Heidenberg Closter Assoc. | 7,368,000 | 0.36% | Closter Grocery | 8,141,300 | 0.34% |
| Closter Golf | 6,999,700 | 0.34% | Closter Golf | 7,535,000 | 0.32% |
| United Water New Jersey | 5,891,200 | 0.29% | Reuten Associates | 5,531,300 | 0.23% |
| DWL Monmouth c/o Daniel Cho | 4,553,500 | 0.22% | Verizon | 5,482,708 | 0.23% |
| Fred Reuten, Inc. | 4,492,400 | 0.22% | Weyerhaeuser | 5,424,000 | 0.23% |
| BR NJ LLC | 4,167,400 | 0.20% | Fred Reuten, Inc. | 5,207,800 | 0.22% |
| Reuten Associates | 4,000,000 | 0.19% | Closter SHP/Stop & Shop | 4,553,500 | 0.19% |
| | <u>\$ 85,064,500</u> | <u>4.12%</u> | | <u>\$ 94,356,708</u> | <u>3.98%</u> |

Source: Municipal Tax Assessor

**CLOSTER BOARD OF EDUCATION
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

| Fiscal Year Ended June 30, | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years |
|-------------------------------------|----------------------------------------|-------------------------------------------------|-----------------------|---------------------------------------|
| | | Amount | Percentage of Levy | |
| 2006 | \$ 13,990,629 | \$ 13,990,629 | 100.00% | N/A |
| 2007 | 14,743,462 | 14,743,462 | 100.00% | N/A |
| 2008 | 15,461,137 | 15,461,137 | 100.00% | N/A |
| 2009 | 15,987,362 | 15,987,362 | 100.00% | N/A |
| 2010 | 16,293,528 | 16,293,528 | 100.00% | N/A |
| 2011 | 16,714,167 | 16,714,167 | 100.00% | N/A |
| 2012 | 16,792,817 | 16,792,817 | 100.00% | N/A |
| 2013 | 16,943,686 | 16,943,686 | 100.00% | N/A |
| 2014 | 17,324,092 | 17,324,092 | 100.00% | N/A |
| 2015 | 17,555,950 | 17,555,950 | 100.00% | N/A |

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

Governmental Activities

| Fiscal Year Ended June 30, | General Obligation Bonds | Lease Purchase Agreements | Intergovernmental Loans Payable | Total District | Population | A | Per Capita |
|----------------------------|-----------------------------|------------------------------|------------------------------------|----------------|------------|---|------------|
| 2006 | \$ 6,974,000 | | \$ 2,466,298 | \$ 9,440,298 | 8,528 | | \$ 1,107 |
| 2007 | 6,574,000 | | 2,166,009 | 8,740,009 | 8,549 | | 1,022 |
| 2008 | 6,149,000 | | 1,863,657 | 8,012,657 | 8,590 | | 933 |
| 2009 | 5,694,000 | | 1,559,120 | 7,253,120 | 8,621 | | 841 |
| 2010 | 5,209,000 | | 1,252,365 | 6,461,365 | 8,675 | | 745 |
| 2011 | 4,694,000 | | 943,221 | 5,637,221 | 8,388 | | 672 |
| 2012 | 4,149,000 | | 631,564 | 4,780,564 | 8,492 | | 563 |
| 2013 | 3,579,000 | \$ 119,206 | 317,202 | 4,015,408 | 8,523 | | 471 |
| 2014 | 3,084,000 | 59,466 | | 3,143,466 | 8,561 | | 367 |
| 2015 | 2,495,000 | | | 2,495,000 | 8,592 | | 290 |

Source: District records

A = Estimated

CLOSTER BOARD OF EDUCATION
RATIOS OF NET GENERAL OBLIGATION DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)

| Fiscal Year Ended June 30, | General Obligation Debt Outstanding | | | Percentage of Actual Taxable Value of Property | Per Capita |
|-------------------------------------|-------------------------------------|------------|-------------------------------------------|---------------------------------------------------------|------------|
| | General Obligation Debt | Deductions | Net General Bonded Debt Outstanding | | |
| 2006 | \$ 9,440,298 | | \$ 9,440,298 | 0.40% | 1,107 |
| 2007 | 8,740,009 | | 8,740,009 | 0.37% | 1,022 |
| 2008 | 8,012,657 | | 8,012,657 | 0.34% | 933 |
| 2009 | 7,253,120 | | 7,253,120 | 0.35% | 841 |
| 2010 | 6,461,365 | | 6,461,365 | 0.31% | 745 |
| 2011 | 5,637,221 | | 5,637,221 | 0.27% | 672 |
| 2012 | 4,780,564 | | 4,780,564 | 0.23% | 563 |
| 2013 | 3,896,202 | | 3,896,202 | 0.19% | 457 |
| 2014 | 3,084,000 | | 3,084,000 | 0.15% | 360 |
| 2015 | 2,495,000 | | 2,495,000 | 0.12% | 290 |

Source: District records

**CLOSTER BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2014
(Unaudited)**

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|----------------------------------------------------|----------------------|---------------------|----------------------|
| Municipal Debt: (1) | | | |
| Regional School District | \$ 3,158,122 | \$ 3,158,122 | |
| Borough of Closter Board of Education | 2,790,000 | 2,790,000 | |
| Borough of Closter | <u>12,627,956</u> | <u>42,597</u> | <u>\$ 12,585,359</u> |
| | <u>\$ 18,576,078</u> | <u>\$ 5,990,719</u> | <u>12,585,359</u> |
| Overlapping Debt Apportioned to the Municipality: | | | |
| Bergen County: | | | |
| County of Bergen (A) | | | 11,678,256 |
| Bergen County Utilities Authority - Waste Water(B) | | | <u>2,737,018</u> |
| | | | <u>14,415,274</u> |
| Total Direct and Overlapping Debt | | | <u>\$ 27,000,633</u> |

Source:

(1) Borough of Closter's 2014 Annual Debt Statement

(A) The debt for this entity was apportioned to the Borough of Closter by dividing the municipality's 2014 equalized value by the total 2014 equalized value for the County of Bergen.

(B) The debt was computed based upon the real property ration of equalized valuations of all municipalities serviced by the authority.

**CLOSTER BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)**

Legal Debt Margin Calculation for Fiscal Year 2014

| | | |
|-------------------------------------------------|-------|-------------------------|
| Equalized valuation basis | | |
| 2014 | | \$ 2,094,458,996 |
| 2013 | | 2,016,338,498 |
| 2012 | | <u>2,024,873,494</u> |
| | [A] | <u>\$ 6,135,670,988</u> |
| Average equalized valuation of taxable property | [A/3] | \$ 2,045,223,663 |
| Debt limit (3% of average equalization value) | [B] | 61,356,710 |
| Total Net Debt Applicable to Limit | [C] | <u>2,495,000</u> |
| Legal debt margin | [B-C] | <u>\$ 58,861,710</u> |

| | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|-------------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Debt limit | \$ 51,910,276 | \$ 58,989,935 | \$ 64,393,609 | \$ 68,388,261 | \$ 68,679,745 | \$ 67,195,515 | \$ 64,608,887 | \$ 62,657,788 | \$ 61,343,964 | \$ 61,356,710 |
| Total net debt applicable to limit | <u>9,440,298</u> | <u>8,740,009</u> | <u>8,012,657</u> | <u>7,253,120</u> | <u>6,461,365</u> | <u>5,637,221</u> | <u>4,780,564</u> | <u>3,896,202</u> | <u>3,084,000</u> | <u>2,495,000</u> |
| Legal debt margin | <u>\$ 42,469,978</u> | <u>\$ 50,249,926</u> | <u>\$ 56,380,952</u> | <u>\$ 61,135,141</u> | <u>\$ 62,218,380</u> | <u>\$ 61,558,294</u> | <u>\$ 59,828,323</u> | <u>\$ 58,761,586</u> | <u>\$ 58,259,964</u> | <u>\$ 58,861,710</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 18.19% | 14.82% | 12.44% | 10.61% | 9.41% | 8.39% | 7.40% | 6.22% | 5.03% | 4.07% |

Source: Annual Debt Statements

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

| <u>Year</u> | <u>Population (A)</u> | <u>County Per Capita Personal Income</u> | <u>Unemployment Rate</u> |
|-------------|-----------------------|--------------------------------------------------|------------------------------|
| 2006 | 8,528 | 63,103 | 2.10% |
| 2007 | 8,549 | 67,544 | 1.90% |
| 2008 | 8,590 | 67,331 | 2.40% |
| 2009 | 8,621 | 63,874 | 4.40% |
| 2010 | 8,675 | 63,885 | 4.50% |
| 2011 | 8,388 | 67,248 | 4.50% |
| 2012 | 8,492 | 69,281 | 4.50% |
| 2013 | 8,523 | 69,495 | 7.70% |
| 2014 | 8,561 | N/A | 4.50% |
| 2015 | 8,592 | N/A | N/A |

A - Estimated

Source: New Jersey State Department of Education

N/A = Not Available

CLOSTER BOARD OF EDUCATION
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

| | <u>2015</u> | | <u>2006</u> | |
|-----------------|------------------|-----------------------------------------------------|------------------|-----------------------------------------------------|
| <u>Employer</u> | <u>Employees</u> | <u>Percentage of Total Municipal Employment</u> | <u>Employees</u> | <u>Percentage of Total Municipal Employment</u> |

NOT AVAILABLE

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

| <u>Function/Program</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Instruction | | | | | | | | | | |
| Regular | 74.5 | 73.5 | 74.5 | 74.5 | 69.0 | 67.0 | 68.5 | 68.0 | 67.0 | 64.0 |
| Special education | 12.6 | 11.4 | 11.6 | 11.6 | 12.8 | 13.0 | 11.5 | 14.0 | 13.0 | 13.5 |
| Other instruction (ESL, Basic) | 4.6 | 5.4 | 5.5 | 7.5 | 6.5 | 7.0 | 4.5 | 4.0 | 4.0 | 4.0 |
| Co-curricular activities | 0.2 | 0.2 | 0.2 | 0.2 | | | | | | |
| Support Services: | | | | | | | | | | |
| Student and instruction related services | 29.8 | 27.6 | 28.6 | 13.9 | 46.9 | 48.4 | 54.0 | 60.0 | 60.0 | 64.0 |
| General administration | 4.8 | 4.8 | 4.8 | 4.8 | 4.8 | 4.8 | 5.6 | 5.6 | 5.6 | 5.0 |
| School administrative services | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 6.6 | 5.5 | 5.5 | 5.5 | 6.0 |
| Central services | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 2.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| Plant operations and maintenance | 15.4 | 15.0 | 15.0 | 11.0 | 11.0 | 11.0 | 11.0 | 11.0 | 11.0 | 11.0 |
| Pupil transportation | 1.1 | 1.2 | 1.2 | - | - | - | - | - | - | - |
| Total | <u>151.0</u> | <u>147.1</u> | <u>149.4</u> | <u>131.5</u> | <u>159.0</u> | <u>159.8</u> | <u>164.6</u> | <u>172.1</u> | <u>170.1</u> | <u>171.5</u> |

Source: District Personnel Records

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

| Fiscal Year | Enrollment ^a | Operating Expenditures ^b | Cost Per Pupil ^c | Percentage Change | Teaching Staff ^b | Teacher/Pupil Ratio | | Average Daily Enrollment (ADE) | Average Daily Attendance (ADA) | % Change in Average Daily Enrollment | Student Attendance Percentage |
|-------------|-------------------------|-------------------------------------|-----------------------------|-------------------|-----------------------------|---------------------|---------------|--------------------------------|--------------------------------|--------------------------------------|-------------------------------|
| | | | | | | Elementary | Middle School | | | | |
| 2006 | 1,218 | \$ 15,235,706 | \$ 12,509 | 8.19% | 100.3 | 11.6 | 12.8 | 1,213.0 | 1,170.0 | -1.57% | 96.46% |
| 2007 | 1,205 | 16,401,262 | 13,611 | 8.81% | 99.3 | 11.7 | 12.7 | 1,183.0 | 1,160.0 | -2.47% | 98.06% |
| 2008 | 1,182 | 16,448,434 | 13,916 | 2.24% | 99.3 | 11.8 | 12.8 | 1,163.0 | 1,125.0 | -1.69% | 96.73% |
| 2009 | 1,191 | 16,607,607 | 13,944 | 0.20% | 98.2 | 11.8 | 12.8 | 1,175.0 | 1,135.0 | 1.03% | 96.60% |
| 2010 | 1,155 | 17,185,795 | 14,879 | 6.71% | 98.2 | 11.8 | 12.8 | 1,147.0 | 1,112.0 | -2.38% | 96.95% |
| 2011 | 1,138 | 16,197,844 | 14,234 | -4.34% | 99.4 | 11.8 | 12.8 | 1,132.0 | 1,093.0 | -1.31% | 96.55% |
| 2012 | 1,127 | 17,302,450 | 15,353 | 7.86% | 100.5 | 11.9 | 11.5 | 1,121.5 | 1,077.8 | -9.93% | 96.10% |
| 2013 | 1,123 | 18,503,486 | 16,477 | 7.32% | 104.5 | 11.3 | 11.8 | 1,123.3 | 1,081.0 | 0.16% | 96.23% |
| 2014 | 1,118 | 18,578,716 | 16,618 | 0.86% | 104.5 | 12.06 | 11.1 | 1,123.9 | 1,084.7 | 0.05% | 96.51% |
| 2015 | 1,120 | 19,220,969 | 17,162 | 3.27% | 101.0 | 11.08 | 12.6 | 1,120.5 | 1,082.6 | -0.30% | 96.62% |

Sources: District records

Note: a Enrollment based on annual October district count.
b Operating expenditures equal total expenditures less debt service and capital outlay.
c Cost per pupil represents operating expenditures divided by enrollment.

N/A - Not Available

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

| | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <u>District Building</u> | | | | | | | | | | |
| <u>Hillside Elementary School</u> | | | | | | | | | | |
| Square Feet | 61,630 | 61,650 | 61,650 | 61,650 | 61,650 | 61,650 | 61,650 | 61,650 | 61,650 | 61,650 |
| Capacity (students) | 666 | 666 | 666 | 666 | 666 | 666 | 666 | 666 | 666 | 666 |
| Enrollment | 622 | 612 | 604 | 600 | 592 | 586 | 561 | 565 | 562 | 577 |
| <u>Tenakill Middle School</u> | | | | | | | | | | |
| Square Feet | 80,655 | 75,010 | 75,010 | 80,655 | 80,655 | 80,655 | 80,655 | 80,655 | 80,655 | 80,655 |
| Capacity (students) | 635 | 635 | 635 | 635 | 635 | 635 | 635 | 635 | 635 | 635 |
| Enrollment | 591 | 571 | 560 | 570 | 546 | 546 | 560 | 558 | 556 | 544 |

Number of Schools at June 30, 2015

Elementary = 1

Middle School = 1

Source: District Records

CLOSTER BOARD OF EDUCATION
 GENERAL FUND
 SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES BY SCHOOL FACILITY
 LAST TEN YEARS
 (Unaudited)

UNDISTRIBUTED EXPENDITURES - REQUIRED
 MAINTENANCE FOR SCHOOL FACILITIES
 11-000-261-XXX

| | Project # (s) | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|--------------------|---------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| *School Facilities | | | | | | | | | | | |
| Hillside School | N/A | \$ 138,249 | \$ 159,543 | \$ 146,596 | \$ 203,620 | \$ 168,375 | \$ 164,742 | \$ 159,031 | \$ 173,758 | \$ 202,406 | \$ 184,374 |
| Tenakill School | N/A | <u>146,731</u> | <u>184,484</u> | <u>179,153</u> | <u>186,654</u> | <u>212,627</u> | <u>154,953</u> | <u>200,564</u> | <u>153,847</u> | <u>158,063</u> | <u>143,982</u> |
| Grand Total | | <u>\$ 284,980</u> | <u>\$ 344,027</u> | <u>\$ 325,749</u> | <u>\$ 390,274</u> | <u>\$ 381,002</u> | <u>\$ 319,695</u> | <u>\$ 359,595</u> | <u>\$ 327,605</u> | <u>\$ 360,469</u> | <u>\$ 328,356</u> |

Source: District Records

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

| | <u>Coverage</u> | <u>Deductible</u> |
|-------------------------------------------------------------------------------------|-----------------|-------------------|
| School Package Policy - Great American Insurance Co. | | |
| Property-Blanket Building/Contents | \$ 35,673,830 | \$ 5,000 |
| General Liability - General Aggregate | 2,000,000 | |
| General Liability - Each Occurrence | 1,000,000 | |
| Umbrella Excess Liability - Firemen's Fund Ins. Co. (Per Occurrence and Aggregate) | 50,000,000 | |
| Umbrella Liability - Selective Way Insurance Company (Per Occurrence and Aggregate) | 9,000,000 | 10,000 |
| Educator's Legal Liability - Darwin | 1,000,000 | |
| Public Employee Dishonesty - Selective Insurance Co. of America (per employee) | 100,000 | 5,000 |
| (per loss) | 400,000 | |
| Commercial Automobile Liability - Selective Way Insurance Co. | 1,000,000 | 1,000 |

Source: School Insurance Records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Closter Board of Education
Closter, 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 Closter Board of Education as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Closter Board of Education's basic financial statements and have issued our report thereon dated December 16, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Closter 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 Closter Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Closter 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

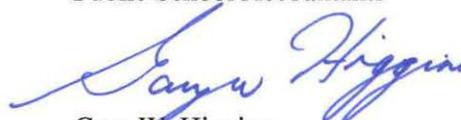
As part of obtaining reasonable assurance about whether the Closter Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a 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.

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 Closter 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 Closter 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 W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
December 16, 2015



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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DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA

REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE 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
Closter Board of Education
Closter, New Jersey

Report on Compliance for Each Major State Program

We have audited the Closter Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Closter Board of Education's major state programs for the fiscal year ended June 30, 2015. The Closter Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Closter Board of Education's major 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; and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and 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 state program occurred. An audit includes examining, on a test basis, evidence about the Closter 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 state program. However, our audit does not provide a legal determination of the Closter Board of Education's compliance.

Opinion on Each Major State Program

In our opinion, the Closter 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 state programs for the fiscal year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Closter 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 Closter Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major 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 state program and to test and report on internal control over compliance in accordance with 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 Closter 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 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 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 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.

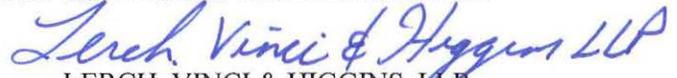
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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 New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

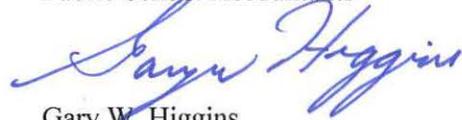
Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

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 Closter Board of Education as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated December 16, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 is presented for purposes of additional analysis and is 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 state financial assistance is 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 W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
December 16, 2015

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

| Federal/Grantor/Pass-Through Grantor/ Program Title | Federal CFDA Number | Grant or State Project Number | Grant Period | Award Amount | Balance, June 30, 2014 | | | Cash Received | Budgetary Expenditures | Balance, June 30, 2015 | | | 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 | | | | | | | | | | | | | |
| Special Revenue Fund: | | | | | | | | | | | | | |
| NCLB - Title III | 84.365 | NCLB0930-15 | 7/1/14-6/30/15 | \$ 19,436 | | | \$ 19,047 | \$ 19,047 | | | | | |
| NCLB - Title III Immigrant | 84.365A | NCLB0930-15 | 7/1/14-6/30/15 | 5,697 | | | 5,412 | 5,412 | | | | | |
| I.D.E.A. Part B, Basic | 84.027 | IDEA0930-15 | 7/1/14-6/30/15 | 228,176 | | | 228,176 | 228,176 | | | | | |
| I.D.E.A. Part B, Preschool | 84.173 | IDEA0930-15 | 7/1/14-6/30/15 | 10,372 | - | - | 10,372 | 10,372 | - | - | - | - | - |
| Total U.S. Department of Education | | | | | - | - | 263,007 | 263,007 | - | - | - | - | - |
| U.S. Department of Agriculture Passed-Through State Department of Education | | | | | | | | | | | | | |
| Enterprise Fund: | | | | | | | | | | | | | |
| Special Milk Program | 10.556 | N/A | 7/1/14-6/30/15 | 12,691 | | | 11,772 | 12,691 | \$ (919) | | | | \$ (919) |
| Special Milk Program | 10.556 | N/A | 7/1/13-6/30/14 | 13,507 | \$ (981) | - | 981 | - | - | - | - | - | - |
| Total U.S. Department of Agriculture | | | | | (981) | - | 12,753 | 12,691 | (919) | - | - | - | (919) |
| Total Federal Awards | | | | | \$ (981) | \$ - | \$ 275,760 | \$ 275,698 | \$ (919) | \$ - | \$ - | \$ - | \$ (919) |

Note: This Schedule was not subject to a Single Audit in accordance with OMB-133.

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

| State Grantor/Program Title | Grant or State Project Number | Grant Period | Award Received | Balance, June 30, 2014 | | | Cash Received | Budgetary Expenditures | Adjustments | Balance, June 30, 2015 | | | MEMO | |
|-----------------------------------------------------------------|-------------------------------|----------------|----------------|------------------------|-------------------|----------------|---------------------|------------------------|-------------|------------------------|-------------------|----------------|---------------------|-------------------------|
| | | | | (Accounts Receivable) | Unearned Revenue | Due to Grantor | | | | Accounts Receivable | Unearned Revenue | Due to Grantor | GAAP Receivable | Cumulative Expenditures |
| State Department of Education | | | | | | | | | | | | | | |
| <u>General Fund</u> | | | | | | | | | | | | | | |
| Special Education Categorical Aid | 15-495-034-5120-089 | 7/1/14-6/30/15 | \$ 381,600 | | | | \$ 355,684 | \$ 381,600 | | \$ (25,916) | | | | \$ 381,600 |
| Special Education Categorical Aid | 14-495-034-5120-089 | 7/1/13-6/30/14 | 381,600 | (36,782) | | | 36,782 | | | | | | | |
| Security Aid | 15-495-034-5120-084 | 7/1/14-6/30/15 | 16,303 | | | | 15,196 | 16,303 | | (1,107) | | | | 16,303 |
| Security Aid | 14-495-034-5120-084 | 7/1/13-6/30/14 | 16,303 | (1,572) | | | 1,572 | | | | | | | |
| Per Pupil Growth Aid | 15-495-034-5120-097 | 7/1/14-6/30/15 | 10,720 | | | | 9,992 | 10,720 | | (728) | | | | 10,720 |
| PARCC Readiness Aid | 15-495-034-5120-098 | 7/1/14-6/30/15 | 10,720 | | | | 9,992 | 10,720 | | (728) | | | | 10,720 |
| Extraordinary Aid | 15-100-034-5120-473 | 7/1/14-6/30/15 | 117,139 | | | | | 117,139 | | (117,139) | | | | 117,139 |
| Extraordinary Aid | 14-100-034-5120-473 | 7/1/13-6/30/14 | 138,237 | (138,237) | | | 138,237 | | | | | | | |
| Transportation Aid | 15-495-034-5120-014 | 7/1/14-6/30/15 | 15,420 | | | | 14,373 | 15,420 | | (1,047) | | | | 15,420 |
| Transportation Aid | 14-495-034-5120-014 | 7/1/13-6/30/14 | 15,420 | (1,486) | | | 1,486 | | | | | | | |
| Non Public Transportation Reimb. | N/A | 7/1/14-6/30/15 | 6,867 | | | | | 6,867 | | (6,867) | | \$ (6,867) | | 6,867 |
| Non Public Transportation Reimb. | N/A | 7/1/13-6/30/14 | 6,592 | (6,592) | | | 6,592 | | | | | | | |
| TPAF Soc. Sec. Cont. | 15-495-034-5094-003 | 7/1/14-6/30/15 | 680,015 | | | | 646,069 | 680,015 | | (33,946) | | | (33,946) | 680,015 |
| On-Behalf Pension Normal Cost | 15-495-034-5094-006 | 7/1/14-6/30/15 | 459,732 | | | | 459,732 | 459,732 | | | | | | 459,732 |
| On-Behalf Pension NCGI Premium | 15-495-034-5094-007 | 7/1/14-6/30/15 | 33,076 | | | | 33,076 | 33,076 | | | | | | 33,076 |
| On-Behalf Pension PRM Contr. | 15-495-034-5094-001 | 7/1/14-6/30/15 | 782,333 | | | | 782,333 | 782,333 | | | | | | 782,333 |
| Total General Fund | | | | (184,669) | - | - | 2,511,116 | 2,513,925 | - | (187,478) | - | - | (40,813) | 2,513,925 |
| <u>Capital Projects Fund</u> | | | | | | | | | | | | | | |
| NJ Economic Development Authority | | | | | | | | | | | | | | |
| Tenaskill HVAC Unit in Auditorium | 0930-060-14-1006 | 7/1/13-6/30/14 | 130,800 | (130,800) | \$ 121,380 | | 130,800 | 121,380 | | | | | | 121,380 |
| Tenaskill Window Replacement | 0930-060-14-1005 | 7/1/13-6/30/14 | 31,200 | (31,200) | 28,320 | | 27,057 | 24,177 | | | | | | 24,177 |
| Hillside Door and Window Replacement | 0930-050-14-1002 | 7/1/13-6/30/14 | 292,000 | (292,000) | 292,000 | | | 19,198 | | (292,000) | \$ 272,802 | | (292,000) | 19,198 |
| Tenaskill Door Replacement | 0930-060-14-1001 | 7/1/13-6/30/14 | 77,600 | (77,600) | 76,726 | | 32,430 | 31,556 | | | | | | 31,556 |
| Hillside HVAC Unit in Auditorium | 0930-050-14-1004 | 7/1/13-6/30/14 | 109,400 | (109,400) | 109,260 | | 109,400 | 100,260 | | | | | | 100,260 |
| Total Capital Projects Fund | | | | (641,000) | 618,686 | - | 299,687 | 296,571 | - | (292,000) | 272,802 | - | (292,000) | 296,571 |
| Total State Financial Assistance | | | | (825,669) | 618,686 | - | 2,810,803 | 2,810,496 | - | (479,478) | 272,802 | - | (332,813) | 2,810,496 |
| State Financial Assistance | | | | | | | | | | | | | | |
| <u>Not Subject to Single Audit Determination</u> | | | | | | | | | | | | | | |
| <u>General Fund</u> | | | | | | | | | | | | | | |
| On-Behalf Pension Normal Cost | 15-495-034-5094-006 | 7/1/14-6/30/15 | 459,732 | | | | (459,732) | (459,732) | | | | | | (459,732) |
| On-Behalf Pension NCGI Premium | 15-495-034-5094-007 | 7/1/14-6/30/15 | 33,076 | | | | (33,076) | (33,076) | | | | | | (33,076) |
| On-Behalf Pension PRM Contr. | 15-495-034-5094-001 | 7/1/14-6/30/15 | 782,333 | | | | (782,333) | (782,333) | | | | | | (782,333) |
| Total State Financial Assistance Subject to Single Audit | | | | \$ (825,669) | \$ 618,686 | \$ - | \$ 1,535,662 | \$ 1,535,355 | \$ - | \$ (479,478) | \$ 272,802 | \$ - | \$ (332,813) | \$ 1,535,355 |

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

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal and state financial assistance programs of the Closter 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 schedules of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with requirements of U.S. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$31,412 for the general 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 | | \$ 2,545,337 | \$ 2,545,337 |
| Special Revenue Fund | \$ 263,007 | | 263,007 |
| Capital Projects | | 296,571 | 296,571 |
| Food Service Fund | <u>12,691</u> | <u>-</u> | <u>12,691</u> |
| Total Awards Financial Assistance | <u>\$ 275,698</u> | <u>\$ 2,841,908</u> | <u>\$ 3,117,606</u> |

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

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

TPAF Social Security contributions in the amount of \$680,015 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2015. The amount reported as TPAF Pension System Contributions in the amount of \$492,808 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$782,333 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2015.

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

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

**CLOSTER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

THERE ARE NONE.

**CLOSTER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 15-08.

CURRENT YEAR FEDERAL AWARDS

Not applicable.

CURRENT YEAR STATE AWARDS

There are none.

**CLOSTER BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

This section identifies the status of prior-year findings related to the basic financial statements of federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (Section .315(a)(b)) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR YEAR FINDINGS

No prior year findings were reported.