

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

**Closter, New Jersey**

**COMPREHENSIVE ANNUAL**

**FINANCIAL REPORT**

**of the**

**Closter Board of Education**

**Closter, New Jersey**

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

**Prepared by**

**Closter Board of Education  
Business Office**

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**INTRODUCTORY SECTION**



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

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December 2, 2016  
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, 2016 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 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 2015-2016 fiscal year with an enrollment of 1,114 students, which is four 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>
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	1,127	(2.42)
2011-2012	1,106	(1.86)
2012-2013	1,123	1.54
2013-2014	1,118	(0.44)
2014-2015	1,110	(0.72)
2015-2016	1,114	0.36

**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 2016-17 school year; Tenakill Middle School will launch its STEM lab, including a co-teaching model with a TCNJ iSTEM consultant for the middle school science department in year one. Tenakill is also in its second year of STEM class with Lego Mindstorm for grade eight students.

Another initiative the District continues to proud of is its dedicated science teacher and classroom at Hillside for STEM-based lessons. The Hillside Computer Lab is also featuring STEM education. STEM education in Hillside is now a three pronged approach. One prong is in the STEM lab, one prong is the Computer Lab and the third takes place in the classroom. Program highlights include raising trout, building erosion models, making communication devices, and using Lego WeDo Robots.

With class sizes increasing in Hillside, additional teachers were hired to have six sections in every grade level. This has decreased class sizes in the general education setting.

The success of the Closter Public Schools is well documented and a variety of achievements have been earned over the years. The most recent accolade includes being named a NAMM Best Music Community of 2015-2016. Closter is also proud to be a recipient of the United States State Department's Bureau of Cultural Affairs Teachers of Critical Language Program grant. With an exchange teacher from China, this has allowed Tenakill to create a Mandarin program, currently in grades 6 and 8. Mandarin is offered at Northern Valley Regional School District and the middle school program aligns with the high school curriculum.

A new course is starting at Tenakill. Digital Literacy is a trimester course taught by the school librarian for grade six students. The curriculum focuses on research techniques and social media etiquette.

The District's comprehensive instructional program prepares its students for the NJ Student Learning Standards and the challenge of the new PARCC (Partnership for Assessment of Readiness for College and Careers) assessments. The middle school began to implement Next Generation Science Standards (NGSS) in grades 6-8. Grades K-5 are currently writing new curriculum with NGSS. 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. Each eighth grade student has a dedicated Macbook Air assigned to them for the school year.

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, 2016.

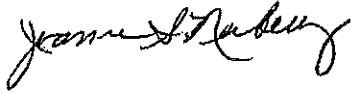
**6. CASH MANAGEMENT:** The investment policy of the District is guided in large part by State statute as detailed in "Notes to the Financial Statements". The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions 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 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,



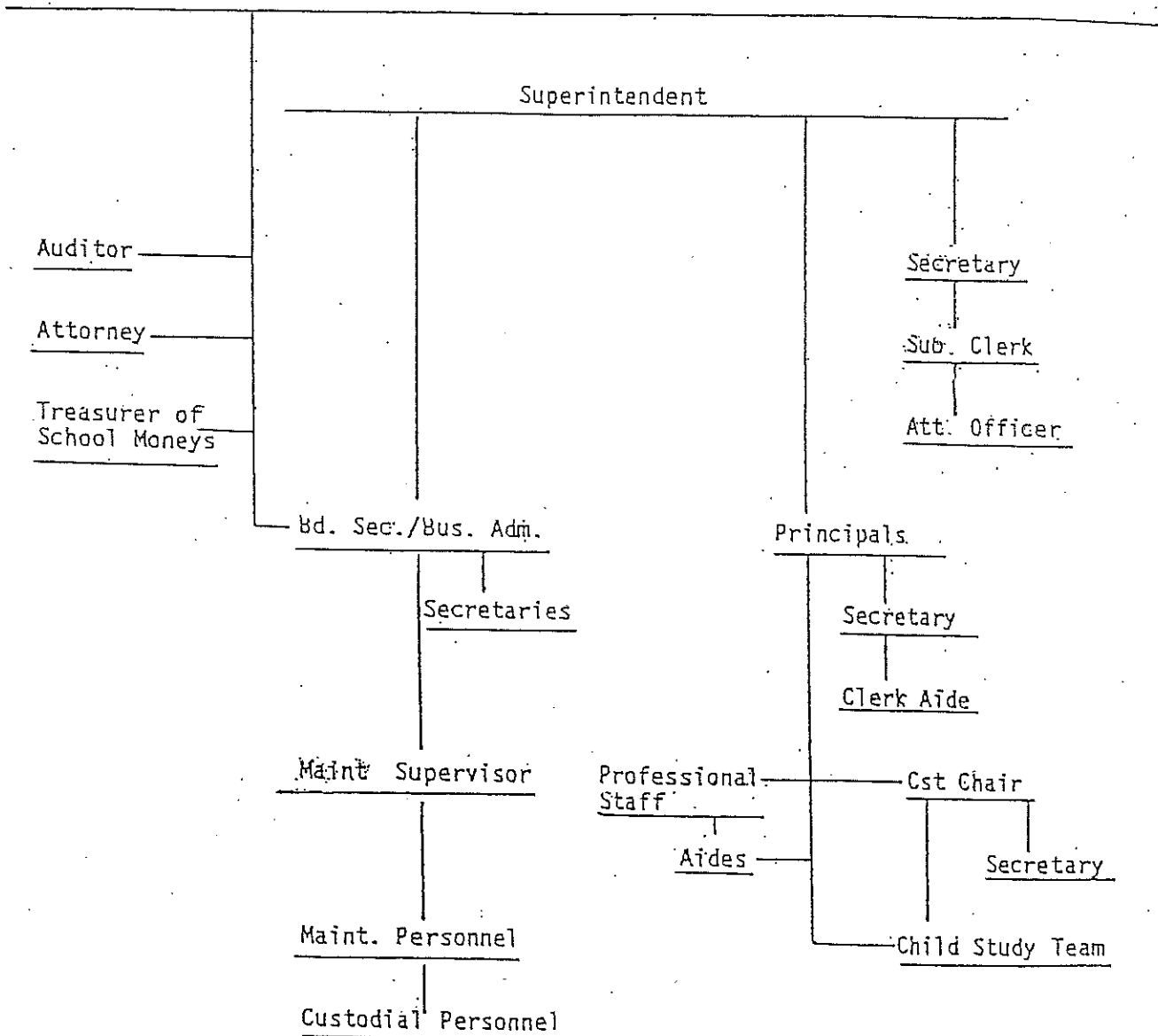
Joanne S. Newberry  
Superintendent of Schools  
Closter Public Schools



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

ORGANIZATION CHARTS

Closter Board of Education



2188s



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

**ROSTER OF OFFICIALS  
JUNE 30, 2016**

<b><u>Member of the Board of Education</u></b>	<b><u>Term Expires January</u></b>
Anthony Linn, President	2019
Gregg Lambert, Vice President	2018
Stephanie Lee	2017
Carmen Pfeiffer	2017
Janine Micera	2017
Ann Ginsberg	2018
Robert Kleinman	2019
Chris Kwon	2018
Sung Min Lee	2019
<b><u>Other Officials</u></b>	
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  
ANDREW D. PARENTE, CPA, RMA, PSA

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

## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Trustees  
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, 2016 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

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

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

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

## *Opinions*

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

## *Other Matters*

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Closter Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Closter Board of Education.

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

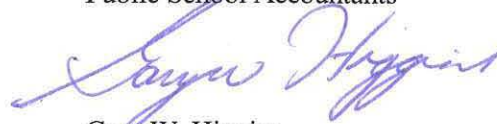
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated December 2, 2016 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 2, 2016

**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, 2016

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, 2016. 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 (2015-2016) and the prior year (2014-2015) is required to be presented in the MD&A.

**Financial Highlights**

Key financial highlights for 2016 are as follows:

- General revenues accounted for \$18,107,000 or 73 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$6,595,296 or 27 percent of total revenues of \$24,702,296.
- The School District had \$23,953,779 in total expenses; only \$6,595,296 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$18,107,000 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$21,093,530 in revenues and transfers and \$20,701,118 in expenditures. The General Fund's fund balance increased 392,412 from June 30, 2015.

**CLOSTER SCHOOL DISTRICT  
CLOSTER NEW JERSEY**

Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2016

**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 2015/16." The Statement of Net Position and the Statement of Activities answer that question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources 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, 2016

- 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. The proprietary funds include the Food Service Fund which is a non-major 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, 2016 and 2015.



**CLOSTER SCHOOL DISTRICT  
CLOSTER NEW JERSEY**

Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2016

**Table 1  
Net Position  
as of June 30, 2016 and 2015**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Assets</b>						
Current and Other Assets	\$ 4,277,514	\$ 4,589,621	\$ 8,615	\$ 6,837	\$ 4,286,129	\$ 4,596,458
Capital Assets	14,163,000	13,467,520	-	-	14,163,000	13,467,520
<b>Total Assets</b>	<u>18,440,514</u>	<u>18,057,141</u>	<u>8,615</u>	<u>6,837</u>	<u>18,449,129</u>	<u>18,063,978</u>
<b>Deferred Outflows of Resources</b>						
Deferred Amounts on Refunding	30,061	34,355			30,061	34,355
Deferred Amount on Pension Liability	962,833	269,591	-	-	962,833	269,591
<b>Total Deferred Outflows of Resources</b>	<u>992,894</u>	<u>303,946</u>	<u>-</u>	<u>-</u>	<u>992,894</u>	<u>303,946</u>
<b>Liabilities</b>						
Long-Term Liabilities	7,679,841	6,922,820			7,679,841	6,922,820
Other Liabilities	40,324	311,669	-	-	40,324	311,669
<b>Total Liabilities</b>	<u>7,720,165</u>	<u>7,234,489</u>	<u>-</u>	<u>-</u>	<u>7,720,165</u>	<u>7,234,489</u>
<b>Deferred Inflows of Resources</b>						
Deferred Amount on Pension Liability	82,408	242,502	-	-	82,408	242,502
<b>Total Deferred Inflows of Resources</b>	<u>82,408</u>	<u>242,502</u>	<u>-</u>	<u>-</u>	<u>82,408</u>	<u>242,502</u>
<b>Net Position</b>						
Net Investment in Capital						
Assets	11,988,061	11,006,875			11,988,061	11,006,875
Restricted	2,929,437	2,826,876			2,929,437	2,826,876
Unrestricted	(3,286,663)	(2,949,655)	8,615	6,837	(3,278,048)	(2,942,818)
<b>Total Net Position</b>	<u>\$ 11,630,835</u>	<u>\$ 10,884,096</u>	<u>\$ 8,615</u>	<u>\$ 6,837</u>	<u>\$ 11,639,450</u>	<u>\$ 10,890,933</u>

The District's combined net position was \$11,639,450 and \$10,890,933 on June 30, 2016 and 2015, respectively.

Table 2 shows changes in net position for fiscal years 2016 and 2015.

**CLOSTER SCHOOL DISTRICT  
CLOSTER NEW JERSEY**

Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2016

**Table 2  
Changes in Net Position  
For the Years Ended June 30, 2016 and 2015**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 423,143	\$ 394,577	\$ 20,505	\$ 20,802	\$ 443,648	\$ 415,379
Grants and Contributions	5,886,012	4,982,587	10,181	12,691	5,896,193	4,995,278
Capital Grants and Contributions	255,455	326,736			255,455	326,736
General Revenues						
Property Taxes	18,002,901	17,555,950			18,002,901	17,555,950
State Aid	21,252	19,984			21,252	19,984
Other	82,777	64,663	70	71	82,847	64,734
<b>Total Revenues</b>	<u>24,671,540</u>	<u>23,344,497</u>	<u>30,756</u>	<u>33,564</u>	<u>24,702,296</u>	<u>23,378,061</u>
<b>Expenses</b>						
Instruction	16,177,520	14,774,866			16,177,520	14,774,866
Support Services						
Student and Instructional Related Svcs.	2,636,133	2,535,342			2,636,133	2,535,342
General and School Administration, Business / Central Services	2,429,109	2,216,700			2,429,109	2,216,700
Plant Operations and Maintenance	2,389,613	2,344,995			2,389,613	2,344,995
Pupil Transportation	231,204	198,893			231,204	198,893
Interest on Debt	61,222	72,732			61,222	72,732
Food Service	-	-	28,978	34,217	28,978	34,217
<b>Total Expenses</b>	<u>23,924,801</u>	<u>22,143,528</u>	<u>28,978</u>	<u>34,217</u>	<u>23,953,779</u>	<u>22,177,745</u>
<b>Change in Net Position</b>	746,739	1,200,969	1,778	(653)	748,517	1,200,316
<b>Beginning of Year, Net Position</b>	<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>
<b>Ending of Year, Net Position</b>	<u>\$ 11,630,835</u>	<u>\$ 10,884,096</u>	<u>\$ 8,615</u>	<u>\$ 6,837</u>	<u>\$ 11,639,450</u>	<u>\$ 10,890,933</u>

**CLOSTER SCHOOL DISTRICT  
CLOSTER NEW JERSEY**

Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2016

**Governmental Activities**

Property taxes made up 73 and 75 percent of revenues for governmental activities for the Closter School District in the fiscal years 2016 and 2015, respectively. The District's total governmental revenues were \$24,671,540 and \$23,344,497 for the years ended June 30, 2016 and 2015, respectively. Federal, state, and local grants and aid accounted for another 25 and 23 percent of governmental revenue for the years ended June 30, 2016 and 2015, respectively. The total costs of all governmental programs and services was \$23,924,801 and \$22,143,528 for the years ended June 30, 2016 and 2015, respectively. Instruction comprises 68 and 67 percent of District expenses for both the years ended June 30, 2016 and 2015, respectively.

In the District-wide financial statements, State Aid Program Expenses increased significantly in the 2015/16 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 revenues exceeded expenses by \$1,778.
- Charges for services of \$20,505 represent 67 percent of revenue. This represents amounts paid for daily milk service.
- Federal reimbursement for milk was \$10,181.

**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, 2016 and 2015. 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>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Instruction	\$ 16,177,520	\$ 14,774,866	\$ 10,447,604	\$ 9,840,667
Support Services				
Student and Instruction Related Svcs.	2,636,133	2,535,342	2,591,907	2,486,577
General Administration, School Administration, Business / Central Services	2,429,109	2,216,700	1,932,673	1,831,829
Plant Operations and Maintenance	2,389,613	2,344,995	2,117,997	2,031,656
Pupil Transportation	231,204	198,893	208,788	176,167
Interest and Other Charges	61,222	72,732	61,222	72,732
	<u>61,222</u>	<u>72,732</u>	<u>61,222</u>	<u>72,732</u>
<b>Total</b>	<b><u>\$ 23,924,801</u></b>	<b><u>\$ 22,143,528</u></b>	<b><u>\$ 17,360,191</u></b>	<b><u>\$ 16,439,628</u></b>

**CLOSTER SCHOOL DISTRICT  
CLOSTER NEW JERSEY**

Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2016

**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 \$21,899,622 and \$21,120,105 and expenditures were \$21,942,088 and \$21,105,226 (net of the costs related to the refunding of bonds) for the years ended June 30, 2016 and 2015, respectively. During the fiscal year ended June 30, 2016, expenses exceeded revenues by \$42,466.

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, 2016 and 2015.

<u>Revenue</u>	<u>Fiscal Year Ended</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Change</u>
	<u>June 30, 2016</u>	<u>June 30, 2015</u>		
Local Sources	\$ 18,508,821	\$ 18,015,190	\$ 493,631	2.74%
State Sources	3,124,703	2,841,908	282,795	9.95%
Federal Sources	266,098	263,007	3,091	1.18%
<b>Total</b>	<b>\$ 21,899,622</b>	<b>\$ 21,120,105</b>	<b>\$ 779,517</b>	<b>3.69%</b>

**CLOSTER SCHOOL DISTRICT  
CLOSTER NEW JERSEY**

Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2016

**The District's Funds (Cont.)**

The following schedule represents a summary of the governmental fund expenditures for the fiscal years ended June 30, 2016 and 2015.

<u>Expenditures</u>	<u>Fiscal Year Ended</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Change</u>
	<u>June 30, 2016</u>	<u>June 30, 2015</u>		
Current				
Instruction	\$ 13,619,369	\$ 12,689,938	\$ 929,431	7.32%
Support Services	6,537,459	6,531,031	6,428	0.10%
Capital Outlay	1,436,628	1,160,368	276,260	23.81%
Debt Service:				
Principal	290,000	648,466	(358,466)	-55.28%
Interest	<u>58,632</u>	<u>75,423</u>	<u>(16,791)</u>	-22.26%
 Total Expenditures	 <u>\$ 21,942,088</u>	 <u>\$ 21,105,226</u>	 <u>\$ 836,862</u>	 3.97%

**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 approved 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, 2016

**Capital Assets**

At the end of fiscal years 2016 and 2015, the District's governmental activities had \$14,163,000, and \$13,467,520, respectively invested in land, buildings, furniture, equipment and vehicles, net of accumulated depreciation for governmental activities. Table 4 shows fiscal year 2016 balances compared to 2015.

**Table 4  
Capital Assets**

	<b>June 30</b>	
	<b><u>2016</u></b>	<b><u>2015</u></b>
Land	\$ 26,600	\$ 26,600
Construction in Progress		174,200
Improvements Other Than Buildings	322,607	243,107
Buildings and Improvements	22,182,066	20,710,992
Machinery and Equipment	937,866	890,209
	23,469,139	22,045,108
Less: Accumulated Depreciation	(9,306,139)	(8,577,588)
 <b>Total</b>	 <b>\$ 14,163,000</b>	 <b>\$ 13,467,520</b>

Overall capital assets, net of accumulated depreciation, increased \$695,480 from fiscal year 2015 to fiscal year 2016.

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

**Debt Administration**

At June 30, 2016 and 2015, the District had \$7,679,841 and \$6,922,820, respectively of long-term liabilities. Of these amounts, \$349,357 and \$358,620 are for compensated absences; and \$2,205,000 and \$2,495,000 are for serial bonds and \$5,125,484 and \$4,069,200 are for net pension liability as of June 30, 2016 and 2015, respectively.

**CLOSTER SCHOOL DISTRICT  
CLOSTER NEW JERSEY**

Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2016

**Table 5  
Outstanding Liabilities**

	<u>June 30</u>	
	<u>2016</u>	<u>2015</u>
2013 Refunding Bonds	\$ 2,205,000	\$ 2,495,000
Net Pension Liability	5,125,484	4,069,200
Compensated Absences	<u>349,357</u>	<u>358,620</u>
<b>Total</b>	<b><u>\$ 7,679,841</u></b>	<b><u>\$ 6,922,820</u></b>

At June 30, 2016, the District's overall remaining legal debt margin was \$60,044,565.

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 21<sup>st</sup> 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, 2016**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 4,257,006	\$ 8,120	\$ 4,265,126
Receivables, net			
Other Accounts Receivable	13,377		13,377
Receivables from Other Governments	7,131	495	7,626
Capital Assets Not Being Depreciated	26,600		26,600
Capital Assets Being Depreciated	14,136,400		14,136,400
	<u>18,440,514</u>	<u>8,615</u>	<u>18,449,129</u>
Total Assets			
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amounts on Refunding	30,061		30,061
Deferred Amount on Net Pension Liability	962,833		962,833
	<u>992,894</u>	<u>-</u>	<u>992,894</u>
Total Deferred Outflows of Resources			
<b>LIABILITIES</b>			
Accounts Payable	27,370		27,370
Accrued Interest Payable	12,954		12,954
Noncurrent Liabilities			
Due Within One Year	319,936		319,936
Due Beyond One Year	7,359,905		7,359,905
	<u>7,720,165</u>	<u>-</u>	<u>7,720,165</u>
Total Liabilities			
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Amount on Net Pension Liability	82,408		82,408
	<u>82,408</u>	<u>-</u>	<u>82,408</u>
Total Deferred Inflows of Resources			
<b>NET POSITION</b>			
Net Investment in Capital Assets	11,988,061		11,988,061
Restricted for:			
Capital Projects	2,929,436		2,929,436
Debt Service	1		1
Unrestricted	(3,286,663)	8,615	(3,278,048)
	<u>\$ 11,630,835</u>	<u>\$ 8,615</u>	<u>\$ 11,639,450</u>
Total Net Position			

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, 2016**

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
<b>Governmental Activities</b>							
Instruction							
Regular	\$ 11,595,317	\$ 212,325	\$ 3,413,069	\$ (7,969,923)		\$ (7,969,923)	
Special Education	3,231,625	210,818	1,459,030	(1,561,777)		(1,561,777)	
Other Instruction	1,219,704		395,219	(824,485)		(824,485)	
School Sponsored Activities and Athletics	130,874		39,455	(91,419)		(91,419)	
Support Services							
Student and Instruction Related Svcs.	2,636,133		44,226	(2,591,907)		(2,591,907)	
General Administration Services	781,338		90,261	(691,077)		(691,077)	
School Administration Services	1,128,951		251,254	(877,697)		(877,697)	
Business/Central Services	518,820		154,921	(363,899)		(363,899)	
Plant Operations and Maintenance	2,389,613		16,161	(2,117,997)		(2,117,997)	
Pupil Transportation	231,204		22,416	(208,788)		(208,788)	
Interest on Long-Term debt	61,222			(61,222)		(61,222)	
<b>Total Governmental Activities</b>	<b>23,924,801</b>	<b>423,143</b>	<b>5,886,012</b>	<b>(17,360,191)</b>	<b>-</b>	<b>(17,360,191)</b>	
<b>Business-Type Activities</b>							
Food Service	28,978	20,505	10,181	-	\$ 1,708	1,708	
<b>Total Business-Type Activities</b>	<b>28,978</b>	<b>20,505</b>	<b>10,181</b>	<b>-</b>	<b>1,708</b>	<b>1,708</b>	
<b>Total Primary Government</b>	<b>\$ 23,953,779</b>	<b>\$ 443,648</b>	<b>\$ 5,896,193</b>	<b>\$ 255,455</b>	<b>(17,360,191)</b>	<b>1,708</b>	<b>(17,358,483)</b>
<b>General Revenues:</b>							
Property Taxes, Levied for General Purposes				17,663,255		17,663,255	
Property Taxes Levied for Debt Service				339,646		339,646	
Federal and State Aid - Unrestricted				21,252		21,252	
Interest Earnings				13,449	70	13,519	
Miscellaneous Income				69,328	-	69,328	
<b>Total General Revenues</b>				<b>18,106,930</b>	<b>70</b>	<b>18,107,000</b>	
<b>Change in Net Position</b>				<b>746,739</b>	<b>1,778</b>	<b>748,517</b>	
<b>Net Position, Beginning of Year</b>				<b>10,884,096</b>	<b>6,837</b>	<b>10,890,933</b>	
<b>Net Position, End of Year</b>				<b>\$ 11,630,835</b>	<b>\$ 8,615</b>	<b>\$ 11,639,450</b>	

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**FUND FINANCIAL STATEMENTS**

**CLOSTER BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 4,257,005			\$ 1	\$ 4,257,006
Receivables					
Due From Other Funds	69				69
Receivables From Governments	7,131				7,131
Receivables From Others	13,308	-	-	-	13,308
Total Assets	<u>\$ 4,277,513</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 4,277,514</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts Payable	\$ 27,370	-	-	-	\$ 27,370
Total Liabilities	<u>27,370</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,370</u>
Restricted Fund Balance					
Emergency Reserve	250,000				250,000
Capital Reserve	2,569,436				2,569,436
Capital Reserve - Designated for Subsequent Year's Expenditures	360,000				360,000
Excess Surplus - Designated for Subsequent Year's Expenditures	325,000				325,000
Excess Surplus	325,000				325,000
Debt Service				\$ 1	1
Assigned Fund Balance					
Year-End Encumbrances	79,159				79,159
Unassigned Fund Balance					
General Fund	341,548	-	-	-	341,548
Total Fund Balances	<u>4,250,143</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>4,250,144</u>
Total Liabilities and Fund Balances	<u>\$ 4,277,513</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</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 \$23,469,139 and the accumulated depreciation is \$9,306,139. 14,163,000

The District has financed capital assets through the issuance of Serial Bonds. The interest accrual at year end is: (12,954)

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. 30,061

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	\$ 962,833	
Deferred Inflows of Resources	<u>(82,408)</u>	
		880,425

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	2,205,000	
Compensated Absences	349,357	
Net Pension Liability	<u>5,125,484</u>	
		<u>(7,679,841)</u>

Net position of governmental activities \$ 11,630,835

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Local Sources					
Property Taxes	\$ 17,663,255			\$ 339,646	\$ 18,002,901
Tuition Charges	423,143				423,143
Interest	13,449				13,449
Miscellaneous	69,328	-	-	-	69,328
Total - Local Sources	18,169,175	-	-	339,646	18,508,821
State Sources	2,869,248		\$ 255,455		3,124,703
Federal Sources	-	\$ 266,098	-	-	266,098
Total Revenues	21,038,423	266,098	255,455	339,646	21,899,622
<b>EXPENDITURES</b>					
Current					
Instruction					
Regular Instruction	9,691,458	19,625			9,711,083
Special Education Instruction	2,618,131	202,247			2,820,378
Other Instruction	978,538				978,538
School Sponsored Activities and Athletics	109,370				109,370
Support Services					
Student and Instruction Related Services	2,482,320	44,226			2,526,546
General Administration Services	710,881				710,881
School Administration Services	981,746				981,746
Business/Central Services	434,009				434,009
Plant Operations and Maintenance	1,653,580				1,653,580
Pupil Transportation	230,697				230,697
Debt Service					
Principal				290,000	290,000
Interest and Other Charges				58,632	58,632
Capital Outlay	810,388	-	626,240	-	1,436,628
Total Expenditures	20,701,118	266,098	626,240	348,632	21,942,088
Excess (Deficiency) of Revenues Over (Under) Expenditures	337,305	-	(370,785)	(8,986)	(42,466)
Other Financing Sources (Uses)					
Transfer In	55,107				55,107
Transfer Out	-	-	(55,107)	-	(55,107)
Total Other Financing Sources (Uses)	55,107	-	(55,107)	-	-
Net Changes in Fund Balances	392,412	-	(425,892)	(8,986)	(42,466)
Fund Balance, Beginning of Year	3,857,731	-	425,892	8,987	4,292,610
Fund Balance, End of Year	\$ 4,250,143	\$ -	\$ -	\$ 1	\$ 4,250,144

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, 2016**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ (42,466)

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

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.

Depreciation Expense	\$ (741,148)	
Capital Outlays	<u>1,436,628</u>	695,480

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.

Principal Repayments		
Bonds Payable		290,000

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)

(196,275)

Change in net position of governmental activities \$ 746,739

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

	<b>Business- Type            Activities            Enterprise            Funds</b> <hr/> <b>Non - Major</b>
<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ 8,120
Intergovernmental Accounts Receivable	495
Total Current Assets	<hr/> 8,615
Noncurrent Assets	
Machinery and Equipment	15,173
Less Accumulated Depreciation	<hr/> (15,173)
Total Noncurrent Assets	<hr/> -
Total Assets	<hr/> 8,615
<b>NET POSITION</b>	
Unrestricted	<hr/> 8,615
Total Net Position	<hr/> <hr/> \$ 8,615

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, 2016**

	<b>Business-Type Activities</b>
	<b>Enterprise Fund</b>
	<b>Non-Major</b>
Operating Revenues	
Charges for services	
Daily Sales	\$ 20,505
Total Operating Revenues	20,505
Operating Expenses	
Cost of Sales	13,978
Salaries and Wages	15,000
Total Operating Expenses	28,978
Operating Loss	(8,473)
Nonoperating Revenues	
Federal Sources	
Special Milk Program	10,181
Interest Earnings	70
Total Nonoperating Revenues	10,251
Net Change in Net Position	1,778
Net Position, Beginning of Year	6,837
Net Position, End of Year	\$ 8,615

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, 2016**

	<b>Business-Type Activities</b>
	<b>Enterprise Funds</b>
	<b>Non-Major</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from Customers	\$ 20,505
Salaries and Wages	(15,000)
Payments to Suppliers	(13,978)
	(8,473)
Net Cash Used By Operating Activities	(8,473)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
Federal Sources	10,605
	10,605
Net Cash Provided By Non-Capital Financing Activities	10,605
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest	70
	70
Net Cash Provided By Investing Activities	70
Net Increase in Cash and Cash Equivalents	2,202
Cash and Cash Equivalents—Beginning of Year	5,918
Cash and Cash Equivalents—End of Year	\$ 8,120
<b>Reconciliation of Operating Loss to Net Cash Used by Operating Activities:</b>	
Operating Loss	\$ (8,473)
Net Cash Used By Operating Activities	\$ (8,473)

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, 2016**

	<u>Private Purpose Trust Funds</u>	<u>Unemployment Compensation Trust Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,665	\$ 158,454	\$ 50,955
Total Assets	<u>1,665</u>	<u>158,454</u>	<u>\$ 50,955</u>
<b>LIABILITIES</b>			
Due To Other Funds			\$ 69
Due To Student Groups			46,529
Payable to State Government		5,401	
Accrued Salaries and Wages			58
Payroll Deductions and Withholdings		-	4,299
Total Liabilities	<u>-</u>	<u>5,401</u>	<u>\$ 50,955</u>
<b>NET POSITION</b>			
Held In Trust For Unemployment Claims and Other Purposes	<u>\$ 1,665</u>	<u>\$ 153,053</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, 2016**

	<b>Private Purpose Trust Funds</b>	<b>Unemployment Compensation Trust Fund</b>
<b>ADDITIONS</b>		
Interest on Deposits		\$ 533
Employee Contributions		28,254
Donations	\$ 46,464	-
Total Additions	<u>46,464</u>	<u>28,787</u>
<b>DEDUCTIONS</b>		
Unemployment Claims and Contributions		24,024
Other	47,606	-
Total Deductions	<u>47,606</u>	<u>24,024</u>
Change in Net Position	(1,142)	4,763
Net Position, Beginning of Year	\$ 2,807	148,290
Net Position, End of Year	<u>\$ 1,665</u>	<u>\$ 153,053</u>

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

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The 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 2016, the District adopted the following GASB statements as required:

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

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

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

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

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

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

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

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

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

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

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

**District-Wide Financial Statements**

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

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

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

**Fund Financial Statements**

Separate fund financial statements are provided for governmental, proprietary, and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The District considers all of its governmental 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, 2016**

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

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

**Fund Financial Statements (Continued)**

The District reports the following 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 types:

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, 2016**

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

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

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

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

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

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

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

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

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

***2. Receivables***

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

***3. 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.



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

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

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

**3. *Capital Assets (Continued)***

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Board has 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.

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

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

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

**5. *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. Proprietary Funds accrue accumulated sick leave and salary related payments in the period that they are earned. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

**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 of 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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. *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.

*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 (See Note 3).

*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 Expenditures* – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2016/2017 District budget certified for taxes.

*Excess Surplus – Designated for Subsequent Year's Expenditures* - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2015 audited excess surplus that was appropriated in the 2016/2017 original budget certified for taxes.

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

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

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

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

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

**Governmental Fund Statements (Continued)**

**Restricted Fund Balance (Continued)**

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

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

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

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

**F. Revenues and Expenditures/Expenses**

***1. Program Revenues***

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

***2. Property Taxes***

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

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

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

**F. Revenues and Expenditures/Expenses (Continued)**

**3. *Tuition Revenues and Expenditures***

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service enterprise fund are charges to customers for milk. 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.

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

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

An 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 \$(196,275) difference are as follows:

Compensated Absences	\$ 9,263
Accrued Interest	1,704
Amortization of Deferred Charge on Refunding	(4,294)
Net Pension Expense	<u>(202,948)</u>
 Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	          <u>\$ (196,275)</u>

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

**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 2015/2016. Also, during 2015/2016 the Board increased the original budget by \$609,582. The increase was funded by the appropriation of capital reserve funds, grant awards and the reappropriation of prior year general fund encumbrances.

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

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.

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

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

**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, 2016 is as follows:

Balance, July 1, 2015		\$ 2,391,997
Increased by:		
Interest earnings	\$ 5,664	
Transfer from Capital Projects Fund	55,107	
Deposits approved by Board Resolution	<u>658,719</u>	
Total Increases		<u>719,490</u>
		3,111,487
Withdrawals:		
Approved by Board Resolution	<u>182,051</u>	
Total Withdrawals		<u>182,051</u>
Balance, June 30, 2016		<u>\$ 2,929,436</u>

The District has appropriated \$360,000 of the capital reserve as a withdrawal to the 2016/17 budget.

**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.

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

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

**C. Emergency Reserve (Continued)**

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

Balance, July 1, 2015	<u>\$ 250,000</u>
Balance, June 30, 2016	<u>\$ 250,000</u>

**D. Transfers to Capital Outlay**

During the 2015/16 school year, the district transferred \$182,051 to the non-equipment capital outlay accounts. The transfer was made from the capital reserve account to supplement other capital projects approved by the Office of School Facilities.

**E. Calculation of Excess Surplus**

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2016 is \$650,000. Of this amount, \$325,000 was designated and appropriated in the 2016/2017 original budget certified for taxes and the remaining amount of \$325,000 will be appropriated in the 2017/2018 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.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2016, the book value of the Board's deposits were \$4,476,200 and bank and brokerage firm balances of the Board's deposits amounted to \$4,719,598. 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>\$ 4,719,598</u>
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**CLOSTER BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**A. Cash Deposits and Investments (Continued)**

**Cash Deposits (Continued)**

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2016 the Board 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, 2016, 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.

**B. Receivables**

Receivables as of June 30, 2016 for the district’s individual major funds and nonmajor fund, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Food Service</u>	<u>Total</u>
Receivables:			
Intergovernmental			
State	\$ 7,131		\$ 7,131
Federal		\$ 495	495
Other	<u>13,308</u>	<u>-</u>	<u>13,308</u>
Gross Receivables	20,439	495	20,934
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 20,439</u>	<u>\$ 495</u>	<u>\$ 20,934</u>

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

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

**C. Capital Assets**

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

	<u>Balance</u> <u>July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2016</u>
<b>Governmental Activities:</b>					
Capital Assets, Not Being Depreciated:					
Land	\$ 26,600				\$ 26,600
Construction In Progress	174,200	-	-	\$ (174,200)	-
Total Capital Assets, Not Being Depreciated	<u>200,800</u>	<u>-</u>	<u>-</u>	<u>(174,200)</u>	<u>26,600</u>
Capital Assets, Being Depreciated:					
Buildings and Improvements	20,710,992	\$ 1,296,874		174,200	22,182,066
Improvements Other Than Buildings	243,107	79,500			322,607
Machinery and Equipment	890,209	60,254	\$ (12,597)	-	937,866
Total Capital Assets Being Depreciated	<u>21,844,308</u>	<u>1,436,628</u>	<u>(12,597)</u>	<u>174,200</u>	<u>23,442,539</u>
Less Accumulated Depreciation for:					
Buildings and Improvements	(7,670,446)	(668,093)			(8,338,539)
Improvements Other Than Buildings	(183,338)	(14,626)			(197,964)
Machinery and Equipment	(723,804)	(58,429)	12,597	-	(769,636)
Total Accumulated Depreciation	<u>(8,577,588)</u>	<u>(741,148)</u>	<u>12,597</u>	<u>-</u>	<u>(9,306,139)</u>
Total Capital Assets, Being Depreciated, Net	<u>13,266,720</u>	<u>695,480</u>	<u>-</u>	<u>174,200</u>	<u>14,136,400</u>
Governmental Activities Capital Assets, Net	<u>\$ 13,467,520</u>	<u>\$ 695,480</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,163,000</u>

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

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

**C. Capital Assets (Continued)**

	Balance <u>July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2016</u>
<b>Business-Type Activities:</b>				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 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>

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

**Governmental Activities:**

Instruction		
Regular		\$ 26,794
Other Instruction		<u>18,669</u>
Total Instruction		<u>45,463</u>
Support Services		
Students and Instruction Related Services		963
School Administration Services		9,965
Plant Operations and Maintenance		<u>684,757</u>
Total Support Services		<u>695,685</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 741,148</u>

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

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

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

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

**Due to/from Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Payroll Agency Fund	<u>\$ 69</u>

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

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

**Interfund transfers**

	<u>Transfer In:</u>
	General
	<u>Fund</u>
Transfer Out:	
Capital Projects Fund	<u>\$ 55,107</u>

The above transfer is the result of unexpended capital reserve funds returned to the General Fund capital reserve account.

**E. 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, 2016 is comprised of the following issue:

\$2,790,000, 2013 Refunding Bonds, due in annual installments of \$270,000 to \$285,000 through April 1, 2024, interest at 2.35%	<u>\$2,205,000</u>
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**CLOSTER BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

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

**Governmental Activities:**

Fiscal Year Ending June 30,	Serial Bonds		Total
	Principal	Interest	
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	270,000	25,380	295,380
2022-2024	<u>810,000</u>	<u>38,070</u>	<u>848,070</u>
Total	<u>\$ 2,205,000</u>	<u>\$ 230,652</u>	<u>\$ 2,435,652</u>

**Statutory Borrowing Power**

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

3% of Equalized Valuation Basis (Municipal)	\$ 62,249,565
Less: Net Debt	<u>2,205,000</u>
Remaining Borrowing Power	<u>\$ 60,044,565</u>

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

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

**F. Other Long-Term Liabilities (Continued)**

**Changes in Long-Term Liabilities**

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

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
<b>Governmental activities:</b>					
Bonds Payable	\$ 2,495,000		\$ 290,000	\$ 2,205,000	\$ 285,000
Net Pension Liability	4,069,200	\$ 1,252,584	196,300	5,125,484	
Compensated Absences	<u>358,620</u>	<u>10,827</u>	<u>20,090</u>	<u>349,357</u>	<u>34,936</u>
Governmental Activity Long-Term Liabilities	<u>\$ 6,922,820</u>	<u>\$ 1,263,411</u>	<u>\$ 506,390</u>	<u>\$ 7,679,841</u>	<u>\$ 319,936</u>

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

**NOTE 5 OTHER INFORMATION**

**A. Risk Management**

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The 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 and various other types of insurance coverage.

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 funds attributable to a membership year during which they were a member.

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

**NOTE 5 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

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 insurance fund are on file with the School's Business Administrator.

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

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

Fiscal Year Ended <u>June 30,</u>	<u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2016	None	\$ 28,254	\$ 24,024	\$ 153,053
2015	None	26,535	17,856	148,290
2014	None	26,436	30,675	139,109

**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, 2016, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**C. Federal Arbitrage Regulations**

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2016, the District has not estimated its arbitrage earnings due to the IRS, if any.

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

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

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

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

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

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

**Other Pension Funds**

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

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

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

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



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

**NOTE 5 OTHER INFORMATION (Continued)**

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

**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](http://www.state.nj/treasury/doinvest).

**Funding Status and Funding Progress**

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

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

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

**Actuarial Methods and Assumptions**

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

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

**NOTE 5 OTHER INFORMATION (Continued)**

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

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.92% for PERS, 6.92% for TPAF and 5.50% for DCRP of the employee's annual compensation.

**Annual Pension Costs (APC)**

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2016 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

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

Fiscal Year Ended June 30,	PERS	On-behalf TPAF	DCRP
2016	\$ 196,300	\$ 745,860	\$ 18,937
2015	180,567	492,808	10,324
2014	158,190	395,254	9,163

For fiscal years 2015/2016 and 2014/2015, the state contributed \$745,860 and \$492,808, 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 \$680,042 during the fiscal year ended June 30, 2016 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

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

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

**Public Employees Retirement System (PERS)**

At June 30, 2016, the District reported in the statement of net position (accrual basis) a liability of \$5,125,484 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the District's proportionate share was .02283 percent, which was an increase of .0011 percent from its proportionate share measured as of June 30, 2014 of .02173 percent.

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$399,248 for PERS. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<b>2015</b>	
	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 122,276	
Changes of Assumptions	550,436	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 82,408
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>290,121</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 962,833</u></b>	<b><u>\$ 82,408</u></b>

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

Fiscal Year Ending <u>June 30,</u>	
2017	\$ 171,172
2018	171,172
2019	171,172
2020	231,797
2021	<u>135,112</u>
	<b><u>\$ 880,425</u></b>

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

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

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

*Actuarial Assumptions*

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

	<b><u>PERS</u></b>
Inflation Rate	3.04%
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, 2016**

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

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

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

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

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

***Discount Rate***

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

<u>Plan</u>	<u>Discount Rate</u>
PERS	4.90%

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

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

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

***Discount Rate (Continued)***

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

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

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

***Sensitivity of Net Pension Liability***

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

	<b>1% Decrease (3.90%)</b>	<b>Current Discount Rate (4.90%)</b>	<b>1% Increase (5.90%)</b>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 6,370,349</u>	<u>\$ 5,125,484</u>	<u>\$ 4,081,798</u>

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

***Pension Plan Fiduciary Net Position***

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

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

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

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

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

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$3,517,778 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2016 the State's proportionate share of the net pension liability attributable to the District is \$57,612,766. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2015. At June 30, 2015, the state's share of the net pension liability attributable to the District was .09115 percent, which was a decrease of .00228 percent from its proportionate share measured as of June 30, 2014 of .09343 percent.

**Actuarial Assumptions**

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

	<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, 2016**

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

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

**Long-Term Expected Rate of Return**

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

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



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

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

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

***Discount Rate***

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

<u>Plan</u>	<u>Discount Rate</u>
TPAF	4.13%

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

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

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

***Sensitivity of Net Pension Liability***

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

	<b>1% Decrease (3.13%)</b>	<b>Current Discount Rate (4.13%)</b>	<b>1% Increase (5.13%)</b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 68,470,619</u>	<u>\$ 57,612,766</u>	<u>\$ 48,258,076</u>

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

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

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

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

***Pension Plan Fiduciary Net Position***

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

**E. Post-Retirement Medical Benefits**

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

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

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

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

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

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

**NOTE 5 OTHER INFORMATION (Continued)**

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

**Basis of Accounting**

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

**Significant Legislation**

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

**Investment Valuation**

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

**Funded Status and Funding Progress**

As of July 1, 2014, the most recent actuarial valuation date, the State had a \$65.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$24.4 billion for state active and retired members and \$40.6 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

**Actuarial Methods and Assumptions**

In the July 1, 2014, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

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

**NOTE 5 OTHER INFORMATION (Continued)**

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

**Post-Retirement Medical Benefits Contributions**

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

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

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

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2016, 2015 and 2014 were \$888,112, \$782,333 and \$648,068, 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.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

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

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>REVENUES</b>					
<b>Local Sources</b>					
Property Taxes	\$ 17,663,255		\$ 17,663,255	\$ 17,663,255	
Tuition from Individuals	37,500		37,500	212,325	\$ 174,825
Tuition from LEAs Within the State	122,196		122,196	210,818	88,622
Interest - Capital Reserve	1,500		1,500	5,664	4,164
Interest				7,785	7,785
Miscellaneous	-	-	-	69,328	69,328
<b>Total Local Sources</b>	<b>17,824,451</b>	<b>-</b>	<b>17,824,451</b>	<b>18,169,175</b>	<b>344,724</b>
<b>State Sources</b>					
Extraordinary Aid				95,931	95,931
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				7,131	7,131
TPAF Social Security Contributions (Non-Budgeted)				680,042	680,042
TPAF Post Retirement Medical Contribution (Non-Budgeted)				888,112	888,112
TPAF Pension - Normal Costs (Non-Budgeted)				710,469	710,469
TPAF Pension - NCGI Premium	-	-	-	35,391	35,391
<b>Total State Sources</b>	<b>434,763</b>	<b>-</b>	<b>434,763</b>	<b>2,851,839</b>	<b>2,417,076</b>
<b>Total Revenues</b>	<b>18,259,214</b>	<b>-</b>	<b>18,259,214</b>	<b>21,021,014</b>	<b>2,761,800</b>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
<b>Instruction - Regular Programs</b>					
<b>Salaries of Teachers</b>					
Preschool	90,000	\$ 35,015	125,015	125,014	1
Kindergarten	491,000	60,000	551,000	549,947	1,053
Grades 1-5	3,055,307	(17,865)	3,037,442	3,029,689	7,753
Grades 6-8	2,134,822	(198,150)	1,936,672	1,931,755	4,917
<b>Regular Programs - Home Instruction</b>					
Salaries of Teachers	3,750	-	3,750	2,950	800
Purchased Professional/Educational Services	3,750	(1,500)	2,250	268	1,982
<b>Regular Programs - Undistributed Instruction</b>					
Other Salaries for Instruction	376,000	91,000	467,000	457,207	9,793
Purchased Professional/Educational Services	25,000	(2,680)	22,320	21,587	733
Purchased Technical Services	29,500	3,915	33,415	32,688	727
Other Purchased Services	108,644	14,563	123,207	106,633	16,574
General Supplies	422,150	218,507	640,657	617,582	23,075
Textbooks	25,000	(16,100)	8,900	8,179	721
Other Objects	6,850	(1,375)	5,475	3,475	2,000
<b>Total Regular Programs</b>	<b>6,771,773</b>	<b>185,330</b>	<b>6,957,103</b>	<b>6,886,974</b>	<b>70,129</b>
<b>Learning and/or Language Disabilities</b>					
Salaries of Teachers	141,595	(71,000)	70,595	67,410	3,185
Other Salaries for Instruction	25,000	1,200	26,200	26,131	69
General Supplies	1,500	200	1,700	1,578	122
<b>Total Learning and/or Language Disabilities</b>	<b>168,095</b>	<b>(69,600)</b>	<b>98,495</b>	<b>95,119</b>	<b>3,376</b>
<b>Resource Room/Resource Center</b>					
Salaries of Teachers	1,015,696	66,000	1,081,696	1,081,058	638
General Supplies	15,000	21,625	36,625	36,609	16
Textbooks	5,000	(5,000)	-	-	-
<b>Total Resource Room/Resource Center</b>	<b>1,035,696</b>	<b>82,625</b>	<b>1,118,321</b>	<b>1,117,667</b>	<b>654</b>
<b>Preschool Disabilities - Full - Time</b>					
Salaries of Teachers	87,425	29,500	116,925	116,820	105
Other Salaries for Instruction	95,828	27,200	123,028	120,974	2,054
General Supplies	10,500	-	10,500	10,460	40
<b>Total Preschool Disabilities - Full-Time</b>	<b>193,753</b>	<b>56,700</b>	<b>250,453</b>	<b>248,254</b>	<b>2,199</b>
<b>Total Special Education</b>	<b>1,397,544</b>	<b>69,725</b>	<b>1,467,269</b>	<b>1,461,040</b>	<b>6,229</b>

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

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
<b>Basic Skills/Remedial</b>					
Salaries of Teachers	\$ 394,291	\$ 16,905	\$ 411,196	\$ 403,169	\$ 8,027
General Supplies	3,750	125	3,875	3,623	252
<b>Total Basic Skills/Remedial</b>	<b>398,041</b>	<b>17,030</b>	<b>415,071</b>	<b>406,792</b>	<b>8,279</b>
<b>Bilingual Education</b>					
Salaries of Teachers	245,266	4,880	250,146	247,703	2,443
General Supplies	3,200	248	3,448	2,875	573
<b>Total Bilingual Education</b>	<b>248,466</b>	<b>5,128</b>	<b>253,594</b>	<b>250,578</b>	<b>3,016</b>
<b>School Sponsored Co/Extra Curricular Activities-Instruction</b>					
Salaries	50,200	4,100	54,300	51,823	2,477
Supplies and Materials	3,150	133	3,283	3,283	-
Other Objects	3,500	(3,375)	125	125	-
<b>Total School Sponsored Co/Extra Curricular Activities-Instruction</b>	<b>56,850</b>	<b>858</b>	<b>57,708</b>	<b>55,231</b>	<b>2,477</b>
<b>School Sponsored Athletics-Instruction</b>					
Salaries	14,250	-	14,250	13,745	505
Purchased Services	3,350	540	3,890	3,886	4
Supplies and Materials	1,500	4,100	5,600	5,579	21
<b>Total School Sponsored Athletics-Instruction</b>	<b>19,100</b>	<b>4,640</b>	<b>23,740</b>	<b>23,210</b>	<b>530</b>
<b>Summer School-Instruction</b>					
Salaries of Teachers	7,500	(1,543)	5,957	5,917	40
Other Salaries for Instruction	5,800	(3,051)	2,749	1,593	1,156
Supplies and Materials	500	145	645	645	-
<b>Total Summer School-Instruction</b>	<b>13,800</b>	<b>(4,449)</b>	<b>9,351</b>	<b>8,155</b>	<b>1,196</b>
<b>Total Instruction</b>	<b>8,905,574</b>	<b>278,262</b>	<b>9,183,836</b>	<b>9,091,980</b>	<b>91,856</b>
<b>Summer School-Support Services</b>					
Salaries	3,000	-	3,000	2,700	300
<b>Total Summer School-Support Services</b>	<b>3,000</b>	<b>-</b>	<b>3,000</b>	<b>2,700</b>	<b>300</b>
<b>Undistributed Expenditures</b>					
<b>Instruction</b>					
Tuition to Other LEAs w/in State - Special	320,613	(3,720)	316,893	280,955	35,938
Tuition to CSSD and Regional Day Schools	199,960	37,219	237,179	223,728	13,451
Tuition to Priv. Sch. for the Disabled - W/ State	152,450	(96,499)	55,951	9,113	46,838
<b>Total Undistributed Expenditures - Instruction</b>	<b>673,023</b>	<b>(63,000)</b>	<b>610,023</b>	<b>513,796</b>	<b>96,227</b>
<b>Attendance and Social Work</b>					
Salaries	67,660	7,350	75,010	74,644	366
Purchased Professional and Technical Services	7,450	-	7,450	7,388	62
<b>Total Attendance and Social Work</b>	<b>75,110</b>	<b>7,350</b>	<b>82,460</b>	<b>82,032</b>	<b>428</b>
<b>Health Services</b>					
Salaries	153,501	(2,999)	150,502	149,971	531
Purchased Professional and Technical Services	6,750	(2,911)	3,839	3,685	154
Supplies and Materials	8,000	(440)	7,560	7,103	457
<b>Total Health Services</b>	<b>168,251</b>	<b>(6,350)</b>	<b>161,901</b>	<b>160,759</b>	<b>1,142</b>
<b>Speech, OT, PT &amp; Related Services</b>					
Salaries	318,185	(59,140)	259,045	227,622	31,423
Supplies and Materials	3,000	(1,600)	1,400	1,124	276
<b>Total Speech, OT, PT &amp; Related Services</b>	<b>321,185</b>	<b>(60,740)</b>	<b>260,445</b>	<b>228,746</b>	<b>31,699</b>
<b>Other Support Services - Students - Extra Services</b>					
Salaries	132,000	(7,000)	125,000	117,969	7,031
Purchased Professional-Educational Services	204,000	3,459	207,459	193,089	14,370
Supplies and Materials	7,500	(2,327)	5,173	5,065	108
Other Objects	1,000	-	1,000	-	1,000
<b>Total Other Supp.Serv. Student - Extra Services</b>	<b>344,500</b>	<b>(5,868)</b>	<b>338,632</b>	<b>316,123</b>	<b>22,509</b>
<b>Other Supp. Serv. - Students - Regular (Guidance)</b>					
Salaries of Other Professional Staff	153,025	(16,453)	136,572	136,569	3
Supplies and Materials	1,500	-	1,500	1,164	336
<b>Total Guidance</b>	<b>154,525</b>	<b>(16,453)</b>	<b>138,072</b>	<b>137,733</b>	<b>339</b>



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

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
<b>Child Study Teams</b>					
Salaries of Other Professional Staff	\$ 358,005	\$ (2,684)	\$ 355,321	\$ 355,213	\$ 108
Salaries of Secretarial and Clerical Assistants	81,750	(2,188)	79,562	77,353	2,209
Purchased Professional-Educational Services	31,150	-	31,150	31,150	-
Other Purchased Professional and Technical Services	10,000	2,650	12,650	12,606	44
Supplies and Materials	8,500	3,240	11,740	11,516	224
Other Objects	1,500	(750)	750	463	287
<b>Total Child Study Teams</b>	<b>490,905</b>	<b>268</b>	<b>491,173</b>	<b>488,301</b>	<b>2,872</b>
<b>Improvement of Instructional Services</b>					
Salaries of Supervisor of Instruction	83,400	16,965	100,365	100,364	1
Purchased Professional-Educational Services	48,000	(2,000)	46,000	45,969	31
Other Purchased Professional and Technical Services	25,000	(14,625)	10,375	8,545	1,830
Other Objects	500	(340)	160	80	80
<b>Total Improvement of Instructional Services</b>	<b>156,900</b>	<b>-</b>	<b>156,900</b>	<b>154,958</b>	<b>1,942</b>
<b>Educational Media/School Library</b>					
Salaries	216,125	415	216,540	216,530	10
Purchased Professional and Technical Services	3,700	(508)	3,192	3,190	2
Other Purchased Services	6,000	758	6,758	6,727	31
Supplies and Materials	16,800	(665)	16,135	15,267	868
<b>Total Educational Media/School Library</b>	<b>242,625</b>	<b>-</b>	<b>242,625</b>	<b>241,714</b>	<b>911</b>
<b>Instructional Staff Training Services</b>					
Salaries of Supervisor of Instruction	119,750	5,252	125,002	125,001	1
Purchased Professional-Educational Services	33,500	(121)	33,379	32,815	564
Other Purchased Professional and Technical Services	11,975	(5,251)	6,724	5,000	1,724
Other Purchased Services	5,400	-	5,400	4,824	576
Supplies and Materials	5,400	120	5,520	4,127	1,393
<b>Total Instructional Staff Training Services</b>	<b>176,025</b>	<b>-</b>	<b>176,025</b>	<b>171,767</b>	<b>4,258</b>
<b>Support Services General Administration</b>					
Salaries	398,000	10,537	408,537	406,865	1,672
Legal Services	30,000	10,805	40,805	40,805	-
Audit Fees	23,000	(1,535)	21,465	21,465	-
Architectural/Engineering Services	20,000	965	20,965	14,531	6,434
Other Purchased Professional Services	17,350	(9,113)	8,237	6,782	1,455
Purchased Technical Services	4,000	2,425	6,425	6,424	1
Communications/Telephone	25,000	1,703	26,703	23,303	3,400
BOE Other Purchased Services	5,500	(500)	5,000	91	4,909
Miscellaneous Purchased Services	3,000	5,645	8,645	7,661	984
General Supplies	5,000	(360)	4,640	4,136	504
BOE In-House Training/Meeting Supplies	1,500	(505)	995	366	629
Miscellaneous Expenditures	4,000	(650)	3,350	3,345	5
BOE Membership Dues and Fees	10,000	(1,275)	8,725	8,296	429
<b>Total Support Services General Administration</b>	<b>546,350</b>	<b>18,142</b>	<b>564,492</b>	<b>544,070</b>	<b>20,422</b>
<b>Support Services School Administration</b>					
Salaries of Principals/Asst. Principals	403,500	14,100	417,600	417,544	56
Salaries of Other Professional Staff	138,500	2,800	141,300	141,278	22
Salaries of Secretarial and Clerical Assistants	115,000	-	115,000	114,932	68
Other Purchased Services	5,000	(235)	4,765	4,745	20
Supplies and Materials	14,600	10,635	25,235	22,410	2,825
Other Objects	3,000	100	3,100	2,972	128
<b>Total Support Services School Administration</b>	<b>679,600</b>	<b>27,400</b>	<b>707,000</b>	<b>703,881</b>	<b>3,119</b>
<b>Central Services</b>					
Salaries	167,453	-	167,453	167,453	-
Purchased Technical Services	17,500	4,405	21,905	21,055	850
Miscellaneous Purchased Services	5,250	2,715	7,965	7,946	19
Supplies and Materials	5,000	395	5,395	5,328	67
Miscellaneous Expenditures	500	432	932	930	2
<b>Total Central Services</b>	<b>195,703</b>	<b>7,947</b>	<b>203,650</b>	<b>202,712</b>	<b>938</b>

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

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
<b>Admin. Info. Tech.</b>					
Salaries	\$ 84,000	\$ 6,001	\$ 90,001	\$ 90,000	\$ 1
Purchased Technical Services	9,750	9,159	18,909	18,908	1
Supplies and Materials	7,500	(6,450)	1,050	947	103
<b>Total Admin. Info. Tech.</b>	<b>101,250</b>	<b>8,710</b>	<b>109,960</b>	<b>109,855</b>	<b>105</b>
<b>Required Maintenance for School Facilities</b>					
Salaries	206,900	(19,030)	187,870	187,104	766
Cleaning, Repair and Maintenance Services	100,000	52,947	152,947	148,337	4,610
General Supplies	30,000	11,046	41,046	40,293	753
Other Objects	1,500	(165)	1,335	1,090	245
<b>Total Required Maintenance for School Facilities</b>	<b>338,400</b>	<b>44,798</b>	<b>383,198</b>	<b>376,824</b>	<b>6,374</b>
<b>Custodial Services</b>					
Salaries	445,210	(4,723)	440,487	438,952	1,535
Salaries of Non-Instructional Aides	118,000	10,500	128,500	128,351	149
Purchased Professional and Technical Services	7,295	(1,930)	5,365	5,365	-
Cleaning, Repair and Maintenance Services	8,500	2,600	11,100	10,648	452
Other Purchased Property Services	15,100	(1,600)	13,500	13,045	455
Insurance	139,850	(6,650)	133,200	133,160	40
Miscellaneous Purchased Services	500	-	500	432	68
General Supplies	42,500	1,185	43,685	43,605	80
Energy (Natural Gas)	118,000	(55,000)	63,000	59,412	3,588
Energy (Electricity)	200,000	(50,992)	149,008	140,739	8,269
Energy (Gasoline)	3,150	(2,215)	935	550	385
Other Objects	2,500	-	2,500	2,315	185
<b>Total Custodial Services</b>	<b>1,100,605</b>	<b>(108,825)</b>	<b>991,780</b>	<b>976,574</b>	<b>15,206</b>
<b>Care and Upkeep of Grounds</b>					
Cleaning, Repair and Maintenance Service	47,500	39,041	86,541	35,616	50,925
General Supplies	9,650	988	10,638	10,638	-
<b>Total Care and Upkeep of Grounds</b>	<b>57,150</b>	<b>40,029</b>	<b>97,179</b>	<b>46,254</b>	<b>50,925</b>
<b>Security</b>					
Purchased Professional and Technical Services	4,000	(1,815)	2,185	2,185	-
Cleaning, Repair and Maintenance Service	11,000	875	11,875	11,875	-
General Supplies	10,500	(8,864)	1,636	1,636	-
<b>Total Security</b>	<b>25,500</b>	<b>(9,804)</b>	<b>15,696</b>	<b>15,696</b>	<b>-</b>
<b>Student Transportation Services</b>					
Salaries of Non-Instructional Aides	8,850	-	8,850	8,660	190
Contracted Services - Aid In Lieu of Payments-Non-Public Schools	36,500	867	37,367	33,264	4,103
Contracted Services (Between Home and School) - Vendors	31,500	-	31,500	31,109	391
Contracted Services (Other Than Between Home and School) - Vendors	20,000	(4,000)	16,000	13,110	2,890
Contracted Services (Between Home and School) - Joint Agreements	10,000	(2,195)	7,805	6,076	1,729
Contracted Services (Special Education Students) - Joint Agreements	160,000	2,195	162,195	135,744	26,451
<b>Total Student Transportation Services</b>	<b>266,850</b>	<b>(3,133)</b>	<b>263,717</b>	<b>227,963</b>	<b>35,754</b>

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

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Unallocated Benefits- Employee Benefits					
Social Security Contributions	\$ 178,000	\$ 15,290	\$ 193,290	\$ 193,287	\$ 3
Other Retirement Contributions - PERS	208,000	(11,700)	196,300	196,300	-
Other Retirement Contribution - Regular	11,750	7,187	18,937	18,937	-
Worker's Compensation	108,500	(29,200)	79,300	79,284	16
Health Benefits	2,790,940	(44,267)	2,746,673	2,250,957	495,716
Tuition Reimbursement	20,000	(13,000)	7,000	7,000	-
Other Employee Benefits	4,000	(2,000)	2,000	1,482	518
Unused Sick Payment to Terminated/Retired Staff	12,600	7,490	20,090	20,090	-
<b>Total Unallocated Benefits</b>	<b>3,333,790</b>	<b>(70,200)</b>	<b>3,263,590</b>	<b>2,767,337</b>	<b>496,253</b>
TPAF Post-Retirement Medical Contribution (Non-Budgeted)				888,112	(888,112)
TPAF Pension Contribution-Normal Costs (Non-Budgeted)				710,469	(710,469)
TPAF Pension Contribution-NCGI Premium (Non-Budgeted)				35,391	(35,391)
TPAF Social Security Contributions (Non-Budgeted)	-	-	-	680,042	(680,042)
<b>Total Undistributed Expenditures</b>	<b>9,451,247</b>	<b>(189,729)</b>	<b>9,261,518</b>	<b>10,783,809</b>	<b>(1,522,291)</b>
<b>Total Current Expenditures</b>	<b>18,356,821</b>	<b>88,533</b>	<b>18,445,354</b>	<b>19,875,789</b>	<b>(1,430,435)</b>
<b>CAPITAL OUTLAY</b>					
<b>EQUIPMENT</b>					
Undistributed Expenditures					
Support Services - Regular		2,714	2,714	2,714	
Support Services - Admin Info Tech		16,185	16,185	16,185	
Support Services - Required Maintenance for School Facilities		5,502	5,502	5,502	
Instruction					
Grades 1-5	-	35,854	35,854	35,854	-
<b>Total Equipment</b>	<b>-</b>	<b>60,255</b>	<b>60,255</b>	<b>60,255</b>	<b>-</b>
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	-	105,335	105,335	80,713	24,622
Construction Services	390,000	290,311	680,311	669,420	10,891
Assessment for Debt Service on SDA Funding	14,941	-	14,941	14,941	-
<b>Total Facilities Acquisition and Construction Services</b>	<b>404,941</b>	<b>395,646</b>	<b>800,587</b>	<b>765,074</b>	<b>35,513</b>
Interest Deposit to Capital Reserve	1,500	-	1,500	-	1,500
<b>Total Capital Outlay</b>	<b>406,441</b>	<b>455,901</b>	<b>862,342</b>	<b>825,329</b>	<b>37,013</b>
<b>Total General Fund Expenditures</b>	<b>18,763,262</b>	<b>544,434</b>	<b>19,307,696</b>	<b>20,701,118</b>	<b>(1,393,422)</b>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(504,048)	(544,434)	(1,048,482)	319,896	1,368,378
Other Financing Sources (Uses)					
Transfer In - Capital Projects	-	-	-	55,107	55,107
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55,107</b>	<b>55,107</b>
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources	(504,048)	(544,434)	(1,048,482)	375,003	1,423,485
Fund Balance, Beginning of Year	4,004,396	-	4,004,396	4,004,396	-
Fund Balance, End of Year	<b>\$ 3,500,348</b>	<b>\$ (544,434)</b>	<b>\$ 2,955,914</b>	<b>\$ 4,379,399</b>	<b>\$ 1,423,485</b>
<b>Recapitulation</b>					
Restricted:					
Emergency Reserve				\$ 250,000	
Capital Reserve				2,569,436	
Capital Reserve - Designated for Subsequent Year's Expenditures				360,000	
Excess Surplus - Designated for Subsequent Year's Expenditures				325,000	
Excess Surplus				325,000	
Assigned:					
Year End Encumbrances				79,159	
Unassigned Fund Balance				470,804	
				4,379,399	
Reconciliation to Governmental Fund Statements (GAAP)					
Receivables Not Recognized by GAAP					
Final State Aid Payments				(33,325)	
Extraordinary Aid				(95,931)	
Fund Balance, Governmental Statements (GAAP Basis)				<b>\$ 4,250,143</b>	

**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, 2016**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
<b>REVENUES</b>					
Federal Sources	\$ 200,950	\$ 65,148	\$ 266,098	\$ 266,098	-
Total Revenues	<u>200,950</u>	<u>65,148</u>	<u>266,098</u>	<u>266,098</u>	<u>-</u>
<b>EXPENDITURES</b>					
Instruction					
Tuition - Other Purchased Services	165,000	37,247	202,247	202,247	-
Supplies and Materials	<u>15,950</u>	<u>3,675</u>	<u>19,625</u>	<u>19,625</u>	<u>-</u>
Total Instruction	<u>180,950</u>	<u>40,922</u>	<u>221,872</u>	<u>221,872</u>	<u>-</u>
Support Services					
Other Purchased Services	20,000	24,226	44,226	44,226	-
Supplies and Materials	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Support Services	<u>20,000</u>	<u>24,226</u>	<u>44,226</u>	<u>44,226</u>	<u>-</u>
<b>CAPITAL OUTLAY</b>					
Equipment					
Instructional Equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>200,950</u>	<u>65,148</u>	<u>266,098</u>	<u>266,098</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, 2016**

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

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

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

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

	General Fund	Special Revenue Fund
<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary basis) revenue from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 21,021,014	\$ 266,098
Difference - Budget to GAAP:		
State Aid payments recognized for GAAP statements, not recognized for budgetary purposes - Prior Year	146,665	
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements - Current Year	<u>(129,256)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 21,038,423</u>	<u>\$ 266,098</u>
<b>Uses/Outflows of Resources</b>		
Actual amounts (budgetary basis) total outflows from the budgetary comparison schedule	<u>\$ 20,701,118</u>	<u>\$ 266,098</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 20,701,118</u>	<u>\$ 266,098</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 Three Fiscal Years \***

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.02283%	0.02173%	0.02086%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 5,125,484</u>	<u>\$ 4,069,200</u>	<u>\$ 3,986,130</u>
District's Covered-Employee Payroll	<u>\$ 1,444,539</u>	<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	355%	283%	276%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

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

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



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

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 196,300	\$ 180,567	\$ 158,190
Contributions in Relation to the Contractually Required Contributions	<u>196,300</u>	<u>180,567</u>	<u>158,190</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered- Employee Payroll	<u>\$ 1,444,539</u>	<u>\$ 1,438,877</u>	<u>\$ 1,444,074</u>
Contributions as a Percentage of Covered-Employee Payroll	13.59%	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 Three Fiscal Years \***

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	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>57,612,766</u>	<u>49,936,169</u>	<u>46,868,652</u>
Total	<u>\$ 57,612,766</u>	<u>\$ 49,936,169</u>	<u>\$ 46,868,652</u>
District's Covered-Employee Payroll	<u>\$ 9,317,249</u>	<u>\$ 9,350,572</u>	<u>\$ 9,307,551</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	33.64%	33.76%

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

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

**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, 2016**

**Change of Benefit Terms:**                   None.

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

**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, 2016**

	<b>IDEA Part B- Basic</b>	<b>IDEA Pre- School</b>	<b>NCLB Title III</b>	<b>Total</b>
<b>REVENUES</b>				
Intergovernmental				
Federal	\$ 235,856	\$ 10,617	\$ 19,625	\$ 266,098
Total Revenues	<u>\$ 235,856</u>	<u>\$ 10,617</u>	<u>\$ 19,625</u>	<u>\$ 266,098</u>
<b>EXPENDITURES</b>				
Instruction				
Tuition - Other Purchased Services	\$ 191,630	\$ 10,617		\$ 202,247
Supplies and Materials	-	-	\$ 19,625	19,625
Total Instruction	<u>191,630</u>	<u>10,617</u>	<u>19,625</u>	<u>221,872</u>
Support Services				
Other Purchased Services	44,226	-		44,226
Supplies and Materials	-	-	-	-
Total Support Services	<u>44,226</u>	<u>-</u>	<u>-</u>	<u>44,226</u>
<b>CAPITAL OUTLAY</b>				
Equipment				
Instructional Equipment	-	-	-	-
Total Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 235,856</u>	<u>\$ 10,617</u>	<u>\$ 19,625</u>	<u>\$ 266,098</u>

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

NOT APPLICABLE

**CAPITAL PROJECTS FUND**



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

<u>Project Title</u>	<u>Appropriation</u>	<u>Expended</u>		<u>Cancelled</u>	<u>Transfer to General Fund</u>	<u>Balance June 30, 2016</u>
		<u>Prior Year</u>	<u>Current Year</u>			
Tenakill Window Replacement	\$ 73,125	\$ 66,875		\$ 4,143	\$ 2,107	
Hillside Door and Window Replacement	730,000	47,995	\$ 626,240	17,347	38,418	
Tenakill Door Replacement	135,740	81,159		45,170	9,411	
Hillside HVAC Unit in Auditorium	<u>328,000</u>	<u>322,829</u>	<u>-</u>	<u>-</u>	<u>5,171</u>	<u>-</u>
	<u>\$ 1,266,865</u>	<u>\$ 518,858</u>	<u>\$ 626,240</u>	<u>\$ 66,660</u>	<u>\$ 55,107</u>	<u>\$ -</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, 2016**

<b>Expenditures and Other Uses</b>	
Purchased Professional Services	\$ 6,240
Construction Services	620,000
Transfer to General Fund - Capital Reserve	55,107
Cancelled SDA Receivable - Budgetary Basis	<u>17,347</u>
 Total Expenditures and Other Uses	 <u>698,694</u>
 Excess Revenues (Under) Over of Expenditures and Other Uses	 (698,694)
 Fund Balance - Beginning of Year	 <u>698,694</u>
 Fund Balance- End of Year	 <u>\$ -</u>

**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, 2016**

	<u>Prior Periods</u>	<u>Current Period</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
SDA Grant	\$ 31,200		\$ 31,200	\$ 27,057
Cancelled SDA Receivable	(4,143)		(4,143)	
Capital Reserve	41,925	\$ (2,107)	39,818	39,818
	<u>68,982</u>	<u>(2,107)</u>	<u>66,875</u>	<u>66,875</u>
<b>Total Revenues</b>				
<b>EXPENDITURES AND OTHER FINANCING SOURCES</b>				
Purchased Professional Services	9,000		9,000	9,000
Construction Services	57,875	-	57,875	57,875
	<u>66,875</u>	<u>-</u>	<u>66,875</u>	<u>66,875</u>
<b>Total Expenditures and Other Financing Uses</b>				
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ 2,107</u>	<u>\$ (2,107)</u>	<u>\$ -</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)	(6,250)
Revised Authorized Cost	66,875

## Percentage Increase Over Original

Authorized Cost	-8.55%
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, 2016**

	<u>Prior Periods</u>	<u>Current Period</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
SDA Grant	\$ 292,000	\$ (17,347)	\$ 274,653	\$ 274,653
Capital Reserve	438,000	(38,418)	399,582	399,582
	<u>730,000</u>	<u>(55,765)</u>	<u>674,235</u>	<u>674,235</u>
<b>EXPENDITURES AND OTHER FINANCING SOURCES</b>				
Purchased Professional Services	47,995	6,240	54,235	54,235
Construction Services	-	620,000	620,000	620,000
	<u>47,995</u>	<u>626,240</u>	<u>674,235</u>	<u>674,235</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ 682,005</u>	<u>\$ (682,005)</u>	<u>\$ -</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)	(55,765)
Revised Authorized Cost	674,235

Percentage Increase Over Original

Authorized Cost	-7.64%
Percentage Completion	100.00%
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, 2016**

	<u>Prior Periods</u>	<u>Current Period</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
SDA Grant	\$ 77,600	\$ (45,170)	\$ 32,430	\$ 32,430
Capital Reserve	<u>58,140</u>	<u>(9,411)</u>	<u>48,729</u>	<u>48,729</u>
Total Revenues	<u>135,740</u>	<u>(54,581)</u>	<u>81,159</u>	<u>81,159</u>
<b>EXPENDITURES AND OTHER FINANCING SOURCES</b>				
Purchased Professional Services			-	
Construction Services	<u>81,159</u>	<u>\$ -</u>	<u>81,159</u>	<u>81,159</u>
Total Expenditures and Other Financing Uses	<u>81,159</u>	<u>-</u>	<u>81,159</u>	<u>81,159</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ 54,581</u>	<u>\$ (54,581)</u>	<u>\$ -</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)	(54,581)
Revised Authorized Cost	81,159

## Percentage Increase Over Original

Authorized Cost	-40.21%
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, 2016**

	<u>Prior Periods</u>	<u>Current Period</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
SDA Grant	\$ 109,400		\$ 109,400	\$ 109,400
Capital Reserve	<u>218,600</u>	<u>\$ (5,171)</u>	<u>213,429</u>	<u>213,429</u>
 Total Revenues	 <u>328,000</u>	 <u>(5,171)</u>	 <u>322,829</u>	 <u>322,829</u>
<b>EXPENDITURES AND OTHER FINANCING SOURCES</b>				
Purchased Professional Services	28,000		28,000	28,000
Construction Services	<u>294,829</u>	<u>-</u>	<u>294,829</u>	<u>294,829</u>
 Total Expenditures and Other Financing Uses	 <u>322,829</u>	 <u>-</u>	 <u>322,829</u>	 <u>322,829</u>
 Excess (deficiency) of Revenues over (under) Expenditures	 <u>\$ 5,171</u>	 <u>\$ (5,171)</u>	 <u>\$ -</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)	(5,171)
Revised Authorized Cost	322,829

## Percentage Increase Over Original

Authorized Cost	-1.58%
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, 2016**

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, 2016**

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, 2016**

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, 2016**

	<u>Student</u> <u>Activity</u>	<u>Agency</u> <u>Payroll</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 46,529	\$ 4,426	\$ 50,955
Total Assets	<u>\$ 46,529</u>	<u>\$ 4,426</u>	<u>\$ 50,955</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings		\$ 4,299	\$ 4,299
Accrued Salaries and Wages		58	58
Due to Student Groups	\$ 46,529		46,529
Due to Other Funds	<u>-</u>	<u>69</u>	<u>69</u>
Total Liabilities	<u>\$ 46,529</u>	<u>\$ 4,426</u>	<u>\$ 50,955</u>

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

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, 2016**

<u>School</u>	<u>Balance July 1, 2015</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2016</u>
ELEMENTARY SCHOOL				
Hillside	\$ 26,347	\$ 30,633	\$ 33,541	\$ 23,439
MIDDLE SCHOOL				
Tenakill	<u>26,161</u>	<u>168,051</u>	<u>171,122</u>	<u>23,090</u>
Total	<u>\$ 52,508</u>	<u>\$ 198,684</u>	<u>\$ 204,663</u>	<u>\$ 46,529</u>

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

	<u>Balance, July 1, 2015</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2016</u>
Due to Other Funds	\$ 84	\$ 492	\$ 507	\$ 69
Payroll Deductions and Withholdings	2,935	6,046,919	6,045,555	4,299
Accrued Salaries and Wages	<u>58</u>	<u>7,080,481</u>	<u>7,080,481</u>	<u>58</u>
	<u>\$ 3,077</u>	<u>\$ 13,127,892</u>	<u>\$ 13,126,543</u>	<u>\$ 4,426</u>

**LONG-TERM DEBT**

CLOSTER BOARD OF EDUCATION  
 LONG-TERM DEBT  
 STATEMENT OF SERIAL BONDS PAYABLE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

<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, 2015</u>	<u>Retirements</u>	<u>Balance, June 30, 2016</u>
			<u>Date</u>	<u>Amount</u>				
School Refunding Bonds	8/1/2013	\$ 2,790,000	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	\$ 2,495,000	\$ 290,000	\$ 2,205,000
								\$ 2,495,000

**CLOSTER BOARD OF EDUCATION  
SCHEDULE OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOT APPLICABLE**



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

	<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	\$ 339,646	-	\$ 339,646	\$ 339,646	-
Total Revenues	339,646	-	339,646	339,646	-
EXPENDITURES:					
Regular Debt Service:					
Interest	58,633		58,633	58,632	\$ 1
Redemption of Principal	290,000	-	290,000	290,000	-
Total Regular Debt Service	348,633	-	348,633	348,632	1
Total Expenditures	348,633	-	348,633	348,632	1
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,987)	-	(8,987)	(8,986)	1
Fund Balance, Beginning of Year	8,987	-	8,987	8,987	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>
<u>Recapitulation of Fund Balance:</u>					
Available for Expenditures				<u>\$ 1</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.									
	2007	2008	2009	2010	2011 (1)	2012	2013	2014 (2)	2015	2016
Governmental activities										
Net Investment in Capital Assets	\$ 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	\$ 11,988,061
Restricted	98,734	252,826	532,393	984,293	1,767,587	1,922,610	2,125,103	2,590,536	2,826,876	2,929,437
Unrestricted	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)	(3,286,663)
Total governmental activities net position	<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>\$ 11,549,451</u>	<u>\$ 12,548,241</u>	<u>\$ 9,683,127</u>	<u>\$ 10,884,096</u>	<u>\$ 11,630,835</u>
Business-type activities										
Net Investment in Capital Assets										
Restricted										
Unrestricted	\$ 29,532	\$ 7,662	\$ 4,162	\$ 10,332	\$ 16,897	\$ 6,198	\$ 4,609	\$ 7,490	\$ 6,837	\$ 8,615
Total business-type activities net position	<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>	<u>\$ 8,615</u>
District-wide										
Net Investment in Capital Assets	\$ 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	\$ 11,988,061
Restricted	98,734	252,826	532,393	984,293	1,767,587	1,922,610	2,125,103	2,590,536	2,826,876	2,929,437
Unrestricted	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)	(3,278,048)
Total district net position	<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>	<u>\$ 11,639,450</u>

Note 1 - Net Position at June 30, 2011 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".

**CLUSTER BOARD OF EDUCATION  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS**  
*(actual basis of accounting)*

EXHIBIT J-2

	Fiscal Year Ended June 30									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
<b>Governmental activities</b>										
<b>Instruction</b>										
Regular	\$ 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	\$ 11,595,317
Special education	2,080,565	2,261,842	2,238,068	2,378,069	1,991,587	2,417,396	2,563,227	2,478,622	3,021,629	3,331,625
Other instruction	659,104	665,095	800,088	864,669	868,239	933,409	1,045,101	929,029	1,095,323	1,219,704
School Sponsored Activities and Athletics	73,307	65,978	71,845	78,481	85,463	90,028	91,524	94,457	104,000	130,874
<b>Support Services:</b>										
Student & Instruction related services	2,244,067	2,199,194	2,259,022	2,295,601	2,228,355	2,283,250	2,420,770	2,278,238	2,335,342	2,636,133
General Administration Services	586,400	626,271	684,375	645,485	684,289	774,342	782,212	752,564	843,106	781,338
School Administration Services	872,519	908,975	952,592	950,387	928,914	974,602	1,013,002	1,046,264	912,043	1,128,951
Business / Central Services	210,049	209,113	212,980	212,795	318,124	345,204	370,848	347,464	461,551	518,820
Plant operations and maintenance	1,350,310	1,459,950	1,581,380	1,491,173	1,460,709	1,524,964	1,524,964	2,163,304	2,384,995	2,389,613
Payroll transportation	404,415	442,340	396,712	319,614	184,254	161,518	184,151	157,509	198,893	211,204
Interest on long-term debt	353,978	327,202	298,897	268,907	237,825	203,337	168,940	128,803	72,732	61,222
<b>Total governmental activities expenses</b>	<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>19,266,938</u>	<u>22,143,528</u>	<u>23,924,801</u>
<b>Business-type activities:</b>										
<b>Fund service</b>										
Instruction (portion)	16,034	62,602	45,139	33,311	34,962	51,270	35,506	31,722	34,217	28,978
Operating grants and contributions	16,034	62,602	45,139	33,311	34,962	51,270	35,506	31,722	34,217	28,978
<b>Total business-type activities expense</b>	<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>	<u>23,953,779</u>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
<b>Changes for services:</b>										
Instruction (portion)	\$ 75,673	\$ 55,295	\$ 67,500	\$ 101,625	\$ 129,234	\$ 265,204	\$ 346,617	\$ 407,960	\$ 394,577	\$ 423,443
Operating grants and contributions	2,592,224	2,585,080	1,971,803	2,139,415	1,758,474	2,376,140	2,809,385	2,533,632	4,982,587	5,886,012
Capital grants and contributions	14,705	2,072	2,072	-	213,168	35,360	22,314	326,716	35,495	255,155
<b>Total governmental activities program revenues</b>	<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>2,654,512</u>	<u>3,191,562</u>	<u>2,963,256</u>	<u>5,703,980</u>	<u>6,564,610</u>
<b>Business-type activities:</b>										
<b>Changes for services:</b>										
Fund service	\$ 20,225	\$ 15,633	\$ 74,172	\$ 34,322	\$ 25,378	\$ 23,571	\$ 21,526	\$ 20,998	\$ 20,882	\$ 30,505
Operating grants and contributions	13,471	23,256	17,188	14,282	15,947	16,372	13,282	13,207	12,691	10,181
Business-type activities program revenues	3,506	29,249	41,369	30,302	41,355	40,344	35,818	31,205	35,495	30,686
<b>Total business-type program revenues</b>	<u>27,162</u>	<u>2,681,262</u>	<u>2,086,665</u>	<u>2,240,345</u>	<u>1,225,033</u>	<u>2,294,256</u>	<u>3,225,189</u>	<u>2,998,431</u>	<u>3,337,193</u>	<u>6,593,296</u>
<b>Net (Expense)/Revenue</b>										
<b>Governmental activities</b>	\$ (14,124,045)	\$ (14,718,698)	\$ (15,354,000)	\$ (15,590,756)	\$ (15,068,907)	\$ (15,208,034)	\$ (16,055,864)	\$ (16,327,012)	\$ (16,439,628)	\$ (17,360,191)
<b>Business-type activities</b>	17,862	23,213	67,729	5,994	6,363	(10,826)	(1,688)	2,783	(724)	1,708
<b>Total district-wide net expense</b>	<u>\$ (14,106,183)</u>	<u>\$ (14,741,911)</u>	<u>\$ (15,337,779)</u>	<u>\$ (15,584,762)</u>	<u>\$ (15,062,544)</u>	<u>\$ (15,218,860)</u>	<u>\$ (16,057,549)</u>	<u>\$ (16,320,229)</u>	<u>\$ (16,440,352)</u>	<u>\$ (17,358,483)</u>
<b>General Revenue and Other Changes in Net Assets</b>										
<b>Governmental activities:</b>										
Property taxes levied for general purposes	\$ 13,720,385	\$ 14,399,550	\$ 14,924,026	\$ 15,225,195	\$ 15,643,888	\$ 15,722,107	\$ 15,879,328	\$ 16,292,191	\$ 16,892,382	\$ 17,663,255
Taxes levied for debt service	1,022,877	1,061,587	1,062,336	1,068,333	1,070,279	1,070,710	1,064,358	1,031,901	663,568	339,646
Unrestricted Grants and Contributions	94,525	112,509	128,468	55,154	7,815	7,815	16,709	16,667	10,436	13,449
Investment earnings	96,500	80,136	32,361	18,378	24,224	76,307	49,471	71,006	54,227	69,238
Miscellaneous income	10,172	15,225	34,629	44,634	60,398	49,471	44,805	32,263	54,227	69,238
Donation of Capital Assets	2,100	9,798	-	71,104	26,676	7,980	44,805	32,263	54,227	69,238
<b>Total governmental activities</b>	<u>14,946,729</u>	<u>15,678,865</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>	<u>18,106,130</u>
<b>Business-type activities:</b>										
<b>Investment earnings</b>	1,133	1,243	279	176	202	127	99	98	71	70
<b>Total business-type activities</b>	<u>1,133</u>	<u>1,243</u>	<u>279</u>	<u>176</u>	<u>202</u>	<u>127</u>	<u>99</u>	<u>98</u>	<u>71</u>	<u>70</u>
<b>Total district-wide</b>	<u>\$ 14,947,862</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>	<u>\$ 18,107,000</u>
<b>Change in Net Position</b>										
<b>Governmental activities</b>	\$ 822,714	\$ 960,107	\$ 828,820	\$ 892,042	\$ 1,744,393	\$ 1,681,449	\$ 998,810	\$ 1,171,015	\$ 1,200,969	\$ 746,319
<b>Business-type activities</b>	18,995	(31,876)	13,500	6,170	6,565	(10,698)	(11,889)	2,389	(4,653)	1,178
<b>Total district</b>	<u>\$ 841,709</u>	<u>\$ 928,231</u>	<u>\$ 842,320</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>	<u>\$ 747,497</u>

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 657,196	\$ 1,477,085	\$ 1,486,071	\$ 1,858,597						
Unreserved	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	\$ 3,829,436
Committed					285,092	766,171	393,062	213,708		
Assigned					155,747	299,091	125,014	159,919	28,717	79,159
Unassigned					309,340	300,853	292,645	332,777	323,309	341,548
<b>Total general fund</b>	<b>\$ 1,039,239</b>	<b>\$ 1,801,901</b>	<b>\$ 1,848,517</b>	<b>\$ 2,117,377</b>	<b>\$ 3,345,473</b>	<b>\$ 3,557,135</b>	<b>\$ 4,185,369</b>	<b>\$ 3,314,349</b>	<b>\$ 3,857,731</b>	<b>\$ 4,250,143</b>
All Other Governmental Funds										
Reserved	\$ 1,410									
Unreserved	8,498	\$ 2,928	\$ 324	\$ 3						
Nonspendable										
Restricted						\$ 15,419	\$ 1	\$ 1,063,382	\$ 434,879	\$ 1
Committed										
Assigned					\$ 1					
Unassigned										
<b>Total all other governmental funds</b>	<b>\$ 9,908</b>	<b>\$ 2,928</b>	<b>\$ 324</b>	<b>\$ 3</b>	<b>\$ 1</b>	<b>\$ 15,419</b>	<b>\$ 1</b>	<b>\$ 1,063,382</b>	<b>\$ 434,879</b>	<b>\$ 1</b>

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,

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues</b>										
Tax levy	\$ 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	\$ 18,002,901
Tuition charges	75,673	55,295	67,500	101,625	129,234	265,204	346,617	407,960	394,577	423,143
Interest earnings	96,500	80,136	32,361	18,378	24,224	12,379	16,709	16,667	10,436	13,449
Miscellaneous	12,660	21,532	34,629	49,091	61,907	76,307	49,471	71,006	54,227	69,328
State sources	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	3,124,703
Federal sources	232,295	236,357	236,381	329,816	284,708	414,269	254,632	247,179	263,007	266,098
<b>Total revenue</b>	<b>17,627,261</b>	<b>18,311,454</b>	<b>18,222,123</b>	<b>18,652,734</b>	<b>18,694,332</b>	<b>19,736,015</b>	<b>20,201,228</b>	<b>20,375,691</b>	<b>21,120,105</b>	<b>21,899,622</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	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	9,711,083
Special education instruction	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	2,820,378
Other instruction	626,531	638,468	781,082	837,620	838,462	900,388	993,876	934,454	915,663	978,538
School sponsored activities and athletics	71,577	63,492	69,525	76,247	82,883	87,242	88,832	94,457	88,850	109,370
<b>Support Services:</b>										
Student & inst. related services	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	2,526,546
General administration Services	639,353	604,008	664,922	638,311	665,529	754,057	756,423	729,155	787,190	710,881
School Administration services	840,523	870,634	918,309	933,556	892,506	937,171	991,719	1,015,415	814,011	981,746
Business / Central Services	205,216	202,008	207,166	207,277	308,716	334,565	345,562	353,392	396,875	434,009
Plant operations and maintenance	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	1,653,580
Pupil transportation	403,331	441,225	395,836	319,321	184,030	161,231	183,809	157,509	198,723	230,697
Capital outlay	89,000	45,751	504,562	250,840	137,566	1,077,415	139,774	621,380	1,160,368	1,436,628
<b>Debt service:</b>										
Principal	700,289	727,352	759,537	852,302	884,691	917,204	944,682	946,942	648,466	290,000
Interest and other charges	360,587	334,235	306,405	276,899	246,137	214,053	179,996	145,279	75,423	58,632
Bond Issuance Costs								23,070		
Advance to Refunding Escrow								42,943		
<b>Total expenditures</b>	<b>17,551,138</b>	<b>17,555,772</b>	<b>18,178,111</b>	<b>18,565,836</b>	<b>17,466,238</b>	<b>19,508,935</b>	<b>19,767,938</b>	<b>20,358,330</b>	<b>21,105,226</b>	<b>21,942,088</b>
Excess (Deficiency) of revenues over (under) expenditures	76,123	755,682	44,012	86,898	1,228,094	227,080	433,290	17,361	14,879	(42,466)
<b>Other Financing sources (uses)</b>										
Payment to Refunding Bond Escrow Agent								(2,715,000)		-
Refunding Bonds Issued								2,790,000		-
Capital Lease Proceeds				181,641			179,526			
Transfers in	56,891	322	2			443,861	51,058	1,087,865		55,107
Transfers out	(56,891)	(322)	(2)			(443,861)	(51,058)	(1,087,865)		(55,107)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>181,641</b>	<b>-</b>	<b>-</b>	<b>179,526</b>	<b>75,000</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 76,123</b>	<b>\$ 755,682</b>	<b>\$ 44,012</b>	<b>\$ 268,539</b>	<b>\$ 1,228,094</b>	<b>\$ 227,080</b>	<b>\$ 612,816</b>	<b>\$ 92,361</b>	<b>\$ 14,879</b>	<b>\$ (42,466)</b>
Debt service as a percentage of noncapital expenditures	6.08%	6.06%	6.03%	6.17%	6.53%	6.14%	5.73%	5.87%	3.63%	1.70%

\* Noncapital expenditures are total expenditures less capital outlay.

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

<b>Fiscal Year Ended June 30</b>	<b><u>Tuition</u></b>	<b><u>Interest on Investments</u></b>	<b><u>Misc.</u></b>	<b><u>Total</u></b>
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
2016	423,143	13,449	69,328	505,920

**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 <sup>a</sup>
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
2016	19,884,100	1,816,990,700	4,612,200	30,500	216,412,100	18,964,000	959,600	2,077,853,200	100,000	2,077,953,200	2,129,915,670	0.875

Source: County Abstract of Ratables

<sup>a</sup> 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>Regional High School District</u>	<u>Municipality</u>	<u>County</u>	<u>Total</u>
2007	\$ 0.636	\$ 0.387	\$ 0.376	\$ 0.171	\$ 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
2016	.875	.553	.549	.262	2.239

(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	2016		Taxpayer	2007	
	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	1.47%
Closter Grocery	8,645,300	0.42%	United Water New Jersey	9,337,500	0.39%
Capital Young Property LLC	7,447,600	0.36%	Heidenberg Closter Assoc.	8,143,600	0.34%
Heidenberg Closter Assoc.	7,368,000	0.35%	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	0.28%	Verizon	5,522,116	0.23%
DWL Monmouth c/o Daniel Cho	4,553,500	0.22%	Weyerhaeuser	5,424,000	0.23%
Fred Reuten, Inc.	4,492,400	0.22%	Closter SHP/Stop & Shop	4,553,500	0.19%
BR NJ LLC	4,167,400	0.20%	Fred Reuten, Inc.	4,500,000	0.19%
Reuten Associates	4,000,000	0.19%	Reuten Associates	4,000,000	0.17%
	<u>\$ 85,065,100</u>	<u>4.09%</u>		<u>\$ 92,157,016</u>	<u>3.88%</u>

06

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	
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
2016	18,002,901	18,002,901	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
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	8,453		566
2013	3,579,000	\$ 119,206	317,202	4,015,408	8,540		470
2014	3,084,000	59,466		3,143,466	8,598		366
2015	2,495,000			2,495,000	8,635		289
2016	2,205,000			2,205,000	8,662		255

Source: District records

A = Estimated

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

<u>General Obligation Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Debt	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
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%	566
2013	3,896,202		3,896,202	0.19%	456
2014	3,084,000	\$ 8,988	3,075,012	0.15%	358
2015	2,495,000	8,987	2,486,013	0.12%	288
2016	2,205,000	1	2,204,999	0.11%	255

Source: District records

**CLOSTER BOARD OF EDUCATION  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2015  
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Regional School District	\$ 2,826,522	\$ 2,826,522	
Borough of Closter Board of Education	2,495,000	2,495,000	
Borough of Closter	<u>12,649,992</u>	<u>116,838</u>	\$ 12,533,154
	<u>\$ 17,971,514</u>	<u>\$ 5,438,360</u>	<u>12,533,154</u>
Overlapping Debt Apportioned to the Municipality:			
Bergen County:			
County of Bergen (A)			12,301,502
Bergen County Utilities Authority - Waste Water(B)			<u>2,725,986</u>
			<u>15,027,488</u>
 Total Direct and Overlapping Debt			 <u>\$ 27,560,642</u>

## Source:

(1) Borough of Closter's 2015 Annual Debt Statement

(A) The debt for this entity was apportioned to the Borough of Closter by dividing the municipality's 2015 equalized value by the total 2015 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 2016**

Equalized valuation basis		
2015	[A]	\$ 2,114,158,961
2014		2,094,458,996
2013		<u>2,016,338,498</u>
		<u>\$ 6,224,956,455</u>
Average equalized valuation of taxable property		
	[A/3]	<u>\$ 2,074,985,485</u>
Debt limit (3% of average equalization value)		
	[B]	62,249,565
Total Net Debt Applicable to Limit		
	[C]	<u>2,205,000</u>
Legal debt margin		
	[B-C]	<u>\$ 60,044,565</u>

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 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	\$ 62,249,565
Total net debt applicable to limit	<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>	<u>2,205,000</u>
Legal debt margin	<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>	<u>\$ 60,044,565</u>
Total net debt applicable to the limit as a percentage of debt limit	14.82%	12.44%	10.61%	9.41%	8.39%	7.40%	6.22%	5.03%	4.07%	3.54%

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>
2007	8,549	\$ 68,147	1.90%
2008	8,590	68,548	2.40%
2009	8,621	64,571	4.40%
2010	8,675	65,275	4.50%
2011	8,388	68,244	4.50%
2012	8,453	71,380	4.50%
2013	8,540	70,498	7.70%
2014	8,598	73,536	4.50%
2015	8,635	N/A	3.70%
2016	8,662	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>2016</u>		<u>2007</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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction										
Regular	73.5	74.5	74.5	69.0	67.0	68.5	68.0	67.0	64.0	65.0
Special education	11.4	11.6	11.6	12.8	13.0	11.5	14.0	13.0	13.5	13.0
Other instruction (ESL, Basic)	5.4	5.5	7.5	6.5	7.0	4.5	4.0	4.0	4.0	4.0
Co-curricular activities	0.2	0.2	0.2							
Support Services:										
Student and instruction related services	27.6	28.6	13.9	46.9	48.4	54.0	60.0	60.0	64.0	72.0
General administration	4.8	4.8	4.8	4.8	4.8	5.6	5.6	5.6	5.0	5.0
School administrative services	7.0	7.0	7.0	7.0	6.6	5.5	5.5	5.5	6.0	6.0
Central services	1.0	1.0	1.0	1.0	2.0	4.0	4.0	4.0	4.0	4.0
Plant operations and maintenance	15.0	15.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Pupil transportation	1.2	1.2	-	-	-	-	-	-	-	-
<b>Total</b>	<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>	<u>180.0</u>

Source: District Personnel Records

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

Teacher/Pupil Ratio

Fiscal Year	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	Percentage Change	Teaching Staff <sup>b</sup>	Teacher/Pupil Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School					
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	-0.93%	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%	
2016	1,114	20,156,828	18,094	5.43%	103.0	11.42	12.4	1,117.8	1,078.5	-0.54%	96.48%	

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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b><u>District Building</u></b>										
<b><u>Hillside Elementary School</u></b>										
Square Feet	61,650	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	612	604	600	592	586	561	565	562	577	617
<b><u>Tenakill Middle School</u></b>										
Square Feet	75,010	75,010	80,655	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	571	560	570	546	546	560	558	556	544	497

Number of Schools at June 30, 2016

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)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
*School Facilities											
Hillside School	N/A	\$ 159,543	\$ 146,596	\$ 203,620	\$ 168,375	\$ 164,742	\$ 159,031	\$ 173,758	\$ 202,406	\$ 184,374	\$ 211,589
Tenakill School	N/A	184,484	179,153	186,654	212,627	154,953	200,564	153,847	158,063	143,982	165,235
Grand Total		\$ 344,027	\$ 325,749	\$ 390,274	\$ 381,002	\$ 319,695	\$ 359,595	\$ 327,605	\$ 360,469	\$ 328,356	\$ 376,824

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Source: District Records

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

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - Great American Insurance Co.		
Property-Blanket Building/Contents	\$ 36,720,292	\$ 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  
ANDREW D. PARENTE, CPA, RMA, PSA

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

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

**INDEPENDENT AUDITOR'S REPORT**

Honorable President and Members  
of the Board of Trustees  
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, 2016 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 2, 2016.

**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**

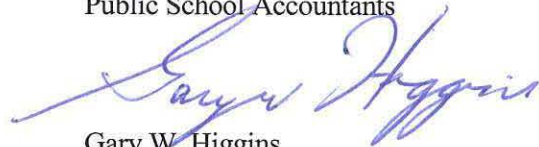
As part of obtaining reasonable assurance about whether the Closter Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a 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 2, 2016



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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

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

**REPORT ON 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, 2016. 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 state statutes, regulations, and the terms and conditions of its state financial assistance 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 the New Jersey Circular requires 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, 2016.

### **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 the and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Closter Board of Education's internal control over compliance.

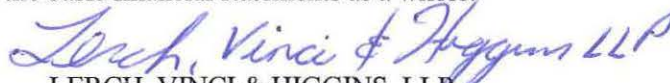
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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.

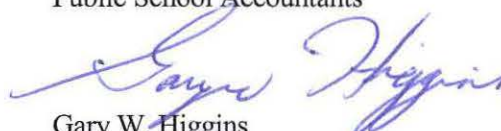
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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 the 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, 2016 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated December 2, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of 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 2, 2016

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

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance, June 30, 2015			Cash Received	Budgetary Expenditures	Balance, June 30, 2016			GAAP Receivable
						(Accounts Receivable)	Unearned Revenue	Due to Grantor			(Accounts Receivable)	Unearned Revenue	Due to Grantor	
<b>U.S. Department of Education</b>														
<b>Passed-Through State Department of Education</b>														
Special Revenue Fund:														
NCLB - Title III	84.365A	S365A150030	NCLB0930-16	7/1/15-6/30/16	\$ 19,625				\$ 19,625	\$ 19,625				
I.D.E.A. Part B, Basic	84.027	H027A150100	IDEA0930-16	7/1/15-6/30/16	235,856				235,856	235,856				
I.D.E.A. Part B, Preschool	84.173	H173A150114	IDEA0930-16	7/1/15-6/30/16	10,617	-	-	-	10,617	10,617	-	-	-	-
Total U.S. Department of Education						-	-	-	266,098	266,098	-	-	-	-
<b>U.S. Department of Agriculture</b>														
<b>Passed-Through State Department of Education</b>														
Enterprise Fund:														
Special Milk Program	10.556	16161NJ304N1099	N/A	7/1/15-6/30/16	10,181				9,686	10,181	\$ (495)			\$ (495)
Special Milk Program	10.556		N/A	7/1/14-6/30/15	12,691	\$ (919)	-	-	919	-	-	-	-	-
Total U.S. Department of Agriculture						(919)	-	-	10,605	10,181	(495)	-	-	(495)
Total Federal Awards						\$ (919)	\$ -	\$ -	\$ 276,703	\$ 276,279	\$ (495)	\$ -	\$ -	\$ (495)

Note: A. This Schedule was not subject to a Single Audit in accordance with U.S. Uniform Guidance.  
B. FAIN numbers were only required beginning in the 2015/16 school year.

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

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Received	Balance, June 30, 2015		Cash Received	Budgetary Expenditures	Adjustments	Balance, June 30, 2016		GAAP Receivable	MEMO Cumulative Expenditures
				(Accounts Receivable)	Unearned Revenue				Accounts Receivable	Unearned Revenue		
<b>State Department of Education</b>												
General Fund												
Special Education Categorical Aid	16-495-034-5120-089	7/1/15-6/30/16	\$ 381,600	\$	\$	\$ 352,350	\$ 381,600		\$ (29,250)		\$	\$ 381,600
Special Education Categorical Aid	15-495-034-5120-089	7/1/14-6/30/15	381,600	(25,916)		25,916						
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	16,303			15,054	16,303		(1,249)			16,303
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	16,303	(1,107)		1,107						
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	10,720			9,898	10,720		(822)			10,720
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	10,720	(728)		728						
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	10,720			9,898	10,720		(822)			10,720
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	10,720	(728)		728						
Total State Aid Public Charter							419,343					
Extraordinary Aid	16-495-034-5120-044	7/1/15-6/30/16	95,931				95,931		(95,931)			95,931
Extraordinary Aid	15-100-034-5120-473	7/1/14-6/30/15	117,139	(117,139)		117,139						
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	15,420			14,238	15,420		(1,182)			15,420
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	15,420	(1,047)		1,047						
Non Public Transportation Reimb.	16-495-034-5120-014	7/1/15-6/30/16	7,131			6,867	7,131		(7,131)		\$ (7,131)	7,131
Non Public Transportation Reimb.	15-495-034-5120-014	7/1/14-6/30/15	6,867	(6,867)								
Total Transportation Aid Cluster							22,551					
TPAF Soc. Sec. Cont.	16-495-034-5094-003	7/1/15-6/30/16	680,042			680,042	680,042					680,042
TPAF Soc. Sec. Cont.	15-495-034-5094-003	7/1/14-6/30/15	680,015	(33,946)		33,946						
On-Behalf Pension Normal Cost	16-495-034-5094-002	7/1/15-6/30/16	710,469			710,469	710,469					710,469
On-Behalf Pension NCGI Premium	16-495-034-5094-004	7/1/15-6/30/16	35,391			35,391	35,391					35,391
On-Behalf Pension PRM Contr.	16-495-034-5094-001	7/1/15-6/30/16	888,112			888,112	888,112					888,112
Total General Fund						2,902,930	2,851,839		(136,387)		(7,131)	2,851,839
Capital Projects Fund												
NJ Economic Development Authority												
Hillside Door and Window Replacement	0930-650-14-1002	7/1/15-6/30/14	292,000			274,653	255,455					255,455
Total Capital Projects Fund						274,653	255,455					255,455
Total State Financial Assistance Subject to Single Audit Determination						3,177,583	3,107,294		(136,387)		(7,131)	3,107,294
<b>State Financial Assistance Not Subject to Single Audit Determination</b>												
General Fund												
On-Behalf Pension Normal Cost	16-495-034-5094-002	7/1/15-6/30/16	710,469			(710,469)	(710,469)					(710,469)
On-Behalf Pension NCGI Premium	16-495-034-5094-004	7/1/15-6/30/16	35,391			(35,391)	(35,391)					(35,391)
On-Behalf Pension PRM Contr.	16-495-034-5094-001	7/1/15-6/30/16	888,112			(888,112)	(888,112)					(888,112)
Total State Financial Assistance Subject to Major Program Determination						1,545,611	1,473,322		(136,387)		(7,131)	1,473,322

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

**NOTE 1 GENERAL**

The accompanying schedules present the activity of all federal and state financial assistance programs of the 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 the requirements of 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Uniform Guidance) and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$17,409 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		\$ 2,869,248	\$ 2,869,248
Special Revenue Fund	\$ 266,098		266,098
Capital Projects Fund		255,455	255,455
Food Service Fund	<u>10,181</u>	<u>-</u>	<u>10,181</u>
<b>Total Awards Financial Assistance</b>	<u>\$ 276,279</u>	<u>\$ 3,124,703</u>	<u>\$ 3,400,982</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, 2016**

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

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

**NOTE 5 OTHER INFORMATION**

TPAF Social Security contributions in the amount of \$680,042 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2016. The amount reported as TPAF Pension System Contributions in the amount of \$745,860 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$888,112 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2016.

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

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

**NOTE 7 DE MINIMIS INDIRECT COST RATE**

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





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

*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, 2016**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal state programs, as required by U.S. Uniform Guidance 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, 2016**

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 15-08.

**STATUS OF PRIOR YEAR FINDINGS**

No prior year findings were reported.