

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

**Cresskill, New Jersey**

**COMPREHENSIVE ANNUAL**

**FINANCIAL REPORT**

**of the**

**Cresskill Board of Education**

**County of Bergen, New Jersey**

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

**Prepared by**

**Finance Department**

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**INTRODUCTORY SECTION**

# CRESSKILL PUBLIC SCHOOLS

*One Lincoln Drive  
Cresskill, NJ 07626*

*Phone: (201) 227-7791 Ext1206, Fax :( 201) 567-7976*

November 22, 2016

Honorable President and  
Members of the Board of Education  
Cresskill School District  
County of Bergen, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Cresskill School District (“The District”) for the fiscal year ended June 30, 2016, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (“The Board”). 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.

Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Cresskill Public School’s MD&A can be found immediately following the “Independent Auditors’ Report”.

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 independent auditors’ report, management’s discussion and analysis (MD&A) and the basic financial statements including the district-wide financial statements presented in conformity with Governmental Accounting Standards Board Statement No. 34. The basic financial statements also include individual fund financial statements, notes to the financial statements and required supplemental information (RSI). The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act, as amended, and the U.S. Uniform Guidance and the NJ Circular OMB 15-08. Information related to this single audit, including the auditors’ 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.

**1. REPORTING ENTITY AND ITS SERVICES:** Cresskill School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds of the District are included in this report. The Cresskill Board of Education and all its schools constitute the District's reporting entity.



**1. REPORTING ENTITY AND ITS SERVICES: (Continued)**

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include advanced placement, regular and vocational as well as special education for handicapped youngsters. The District completed the 2015-2016 fiscal year with an enrollment of 1,794 students, which is 11 students greater than the previous year's enrollment.

The following details the changes in the student enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2015-16	1794	.61
2014-15	1783	1.94
2013-14	1749	1.16
2012-13	1729	1.37
2011-12	1753	.46
2010-11	1745	.17
2009-10	1742	2.96
2008-09	1692	.35
2007-08	1686	2.06
2006-07	1652	2.54

**2. ECONOMIC CONDITION AND OUTLOOK:** The Borough of Cresskill continues to grow at a steady rate despite the economic climate in the region. The state mandates and potential legislation on property tax may affect enrollment in the future.

**3. MAJOR INITIATIVES:** To continue to focus on maintaining and upgrading technology district wide. This includes but not limited to reviewing student management systems for middle school implementation in September 2017, continue Google Apps integration and Chromebooks. To focus on staff development which includes Genesis, Google Apps for Educators, and districtwide differentiation. We also plan on purchasing computers district wide to continue our annual cycle of computer replacements. The district has decided to go out for a bond referendum in September 2017 to address our continued district wide enrollment growth.

**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 the District's 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 the capital improvements accounted for in the Capital Projects Fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

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

**6. ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements", Note 1.

**7. FINANCIAL INFORMATION AT FISCAL YEAR -END:** 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 financial management.

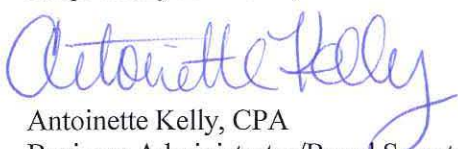
**8. CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements". The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions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

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

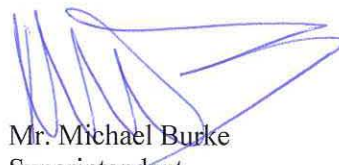
**10. OTHER INFORMATION:** Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins, LLP was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act, as amended, and the related U.S. Uniform Guidance and NJ Circular OMB 15-08. The auditor's report on the basic financial statements is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

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

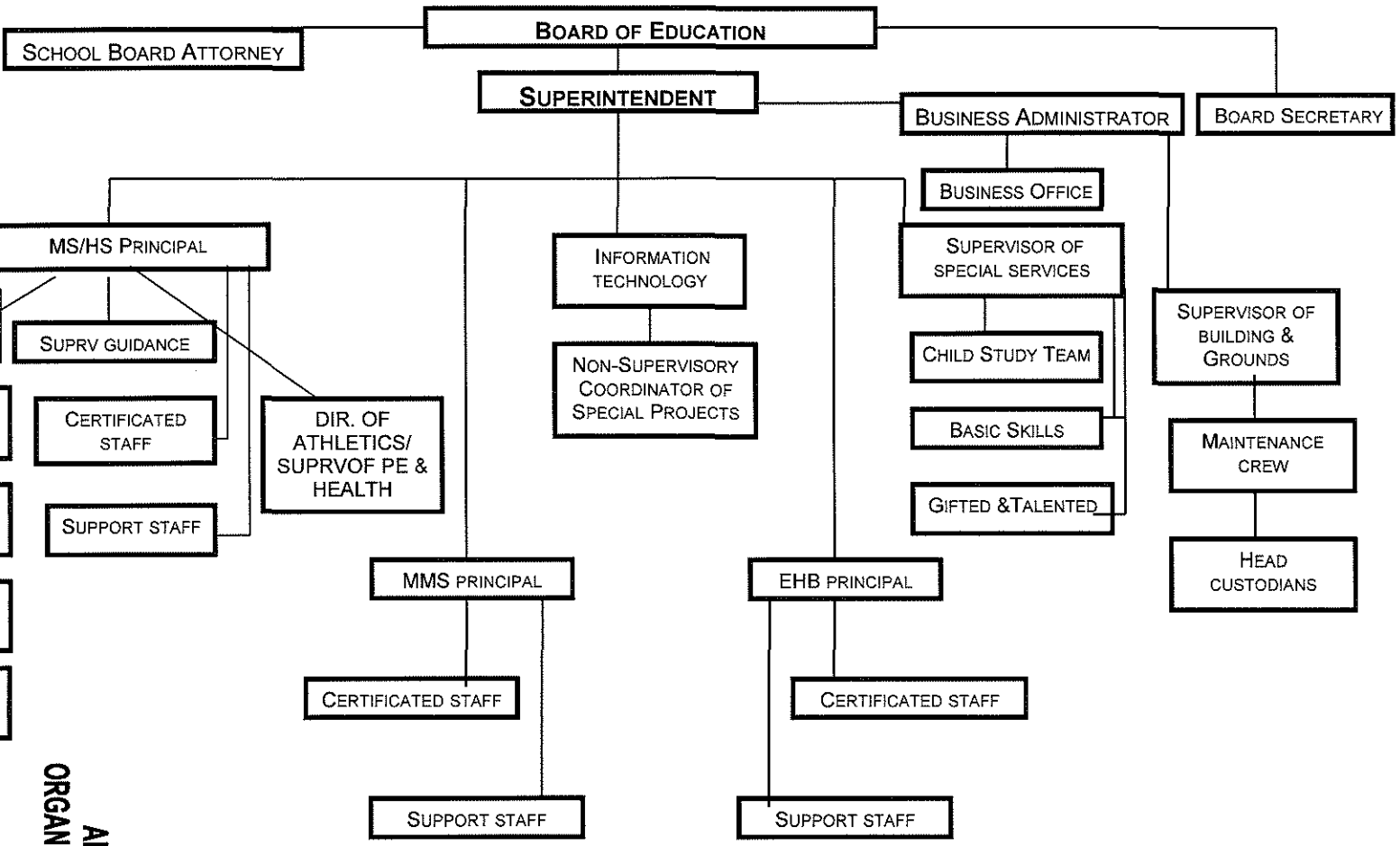
Respectfully submitted,



Antoinette Kelly, CPA  
Business Administrator/Board Secretary



Mr. Michael Burke  
Superintendent



ADMINISTRATION  
 ORGANIZATIONAL CHART

Date Adopted:  
 09/14/09  
 Revised  
 10/22/14

**CRESSKILL BOARD OF EDUCATION  
CRESSKILL, NEW JERSEY**

**ROSTER OF OFFICIALS  
JUNE 30, 2016**

<u>Members of the Board of Education</u>	<u>Term Expires January</u>
Denise Villani , President	2018
Stephen Moldt, Vice President	2019
Mary Klein	2018
Michael DePalo	2017
Caryn Aronson	2017
Sally Cummings	2019
John Park	2018
Dr. Rosanne Rabinowitz	2019
Cindy Wolfer	2017
<u>Other Officials</u>	
Michael Burke, Superintendent	
Antoinette Kelly, CPA, Business Administrator/Board Secretary	

**CRESSKILL BOARD OF EDUCATION  
CONSULTANTS AND ADVISORS**

**Architect**

DiCara/Rubino Architects  
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, Inc.  
16-00 Route 208 South  
Fair Lawn, NJ 07410

**Official Depository**

Capital One Bank  
710 Rte. 46  
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  
Cresskill Board of Education  
Cresskill, 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 Cresskill 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 Cresskill 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 Cresskill 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 Cresskill 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 November 22, 2016 on our consideration of the Cresskill 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 Cresskill Board of Education's internal control over financial reporting and compliance.

*LERCH, VINCI & HIGGINS, LLP*

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

*Donna L. Japhet*

Donna L. Japhet  
Public School Accountant  
PSA Number CS002314

Fair Lawn, New Jersey  
November 22, 2016

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

# CRESSKILL BOARD OF EDUCATION

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

This section of Cresskill Board of Education's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2016. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.

### FINANCIAL HIGHLIGHTS

Key financial highlights for the 2015-2016 fiscal year include the following:

- The assets and deferred outflows of resources of the Cresskill Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$7,896,722.
- The District's total net position increased \$123,943.
- Overall District revenues were \$37,177,929. General revenues accounted for \$26,287,899 or 71% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions and capital grants and contributions accounted for \$10,890,030 or 29% of total revenues.
- Overall District expenses were \$37,053,986. Governmental activities expenses accounted for \$36,717,315 or 99% and business-type activities expenses accounted for \$336,671 or 1%.
- The school district had \$36,717,315 in expenses for governmental activities; only \$10,566,384 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$26,287,570 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$1,394,508. Of this amount, \$409,685 (29%) is reserved for future budgets and \$646,274 (46%) is reserved for capital projects.
- The General Fund unassigned budgetary fund balance at the close of the current fiscal year was \$862,740 which represented an increase of \$66,645 from the previous year balance of \$796,095.

# CRESSKILL BOARD OF EDUCATION

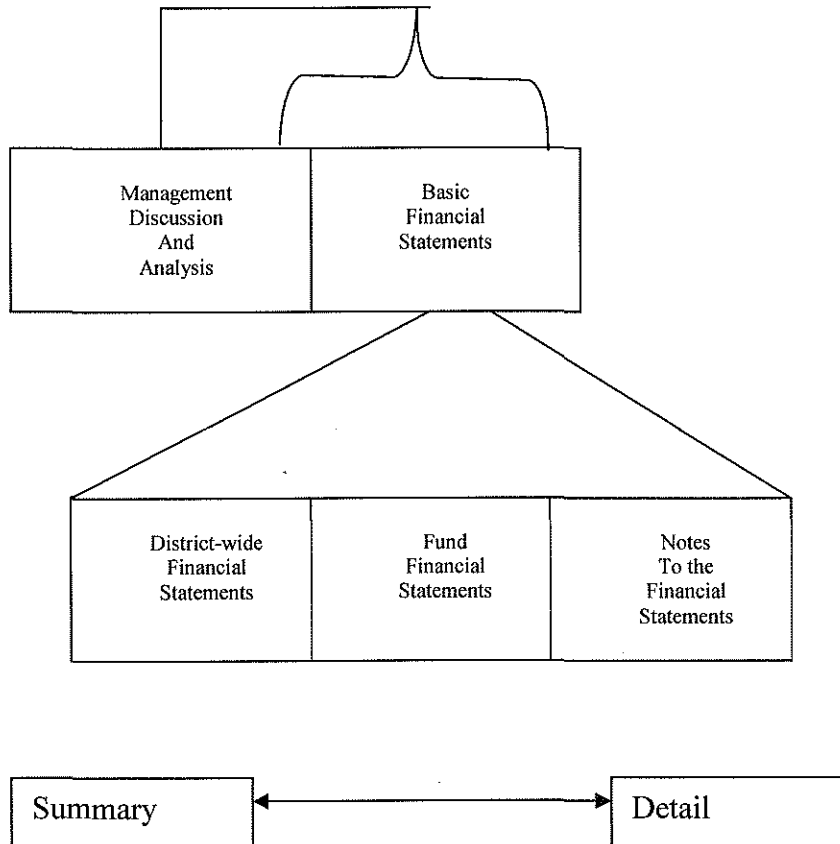
## Management's Discussion and Analysis Fiscal Year Ended June 30, 2016

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *district wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual* parts of the District, reporting the District's operations in *more detail* than the district-wide statements.
- The *governmental funds statements* tell how basic services were financed in the *short term* as well as what remains for future spending.
- *Proprietary funds* statements offer *short-term* and *long-term* financial information about the activities the district operated like *businesses*.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The following illustration shows how the various parts of this Annual Report are arranged and related to one another.



**CRESSKILL BOARD OF EDUCATION**

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

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

**MAJOR FEATURES OF THE DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS**

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district(except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as instruction, building maintenance, transportation, and administration.	Activities the district operates similar to private businesses: Food Service Enterprise Fund	Instances in which the district administers resources on behalf of someone else, such as unemployment, scholarships, student activities, and payroll deduction.
Required financial Statements	Statements of Net Position Statement of Activities	Balance Sheet Statement of Revenue, Expenditures and Changes in Fund Balances	Statement of Net Position Statement of Revenue, Expenses, and Changes in Fund Net Position, Statement of Cash Flows	Statements of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources Focus
Type of assets/deferred outflows/inflows of resources liability information	All assets, deferred outflows/inflows of resources liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All asset, deferred inflows/outflows of resources and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long term, funds do not currently contain capital assets, although they can
Type of inflow/outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and deductions during the year, regardless of when cash is received or paid.

**District-wide Statements**

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

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

# CRESSKILL BOARD OF EDUCATION

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

- To assess the overall health of the District you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

- *Governmental activities* – Most of the District's basic services are included here, such as regular and special education, transportation, administration and plant operation and maintenance. Property taxes and state aid finance most of these activities.
- *Business type activities* – These funds are used to account for operations that are financed and operated in a manner similar to private business enterprise. The District's food service program is included under this category.

### Fund Financial Statements

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

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

The District has three kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.
- *Proprietary funds* – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.
  - *Enterprise Funds* – This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges. The District has one enterprise fund for the food service (cafeteria) program.
- *Fiduciary funds* – The District is the trustee, or *fiduciary*, for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

### Notes to the Financial Statements

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

# CRESSKILL BOARD OF EDUCATION

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

### Other Information

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

The District also presents required supplementary information regarding the accounting and financial reporting for pensions as required under GASB Statement No. 68. The required supplementary information can be found following the notes to the financial statements.

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

### FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

**Net Position.** The District's *combined* net position were \$7,896,722 and \$7,772,779 on June 30, 2016 and 2015, respectively, as follows:

#### Net Position As of June 30, 2016 and 2015

	Governmental Activities		Business-Type Activities		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current and Other Assets	\$ 3,635,199	\$ 4,002,769	\$ 58,019	\$ 81,033	\$ 3,693,218	\$ 4,083,802
Capital Assets	29,294,377	29,775,014	14,161	16,616	29,308,538	29,791,630
<b>Total Assets</b>	<u>32,929,576</u>	<u>33,777,783</u>	<u>72,180</u>	<u>97,649</u>	<u>33,001,756</u>	<u>33,875,432</u>
Deferred Outflows of Resources						
Deferred Amounts on Refunding of Debt	920,724	1,081,253	-	-	920,724	1,081,253
Deferred Amounts on Net Pension Liability	1,076,249	248,825	-	-	1,076,249	248,825
<b>Total Deferred Outflows of Resources</b>	<u>1,996,973</u>	<u>1,330,078</u>	<u>-</u>	<u>-</u>	<u>1,996,973</u>	<u>1,330,078</u>
<b>Total Assets and Deferred Outflow of Resources</b>	<u>34,926,549</u>	<u>35,107,861</u>	<u>72,180</u>	<u>97,649</u>	<u>34,998,729</u>	<u>35,205,510</u>
Long-Term Liabilities	24,515,809	24,355,067			24,515,809	24,355,067
Other Liabilities	2,452,230	2,682,637	13,597	26,370	2,465,827	2,709,007
<b>Total Liabilities</b>	<u>26,968,039</u>	<u>27,037,704</u>	<u>13,597</u>	<u>26,370</u>	<u>26,981,636</u>	<u>27,064,074</u>
Deferred Inflows of Resources						
Deferred Amounts on Net Pension Liability	120,371	368,657	-	-	120,371	368,657
<b>Total Deferred Inflows of Resources</b>	<u>120,371</u>	<u>368,657</u>	<u>-</u>	<u>-</u>	<u>120,371</u>	<u>368,657</u>
<b>Total Liabilities and Deferred Outflow of Resources</b>	<u>27,088,410</u>	<u>27,406,361</u>	<u>13,597</u>	<u>26,370</u>	<u>27,102,007</u>	<u>27,432,731</u>
Net Investment in Capital Assets	14,141,986	13,583,569	14,161	16,616	14,156,147	13,600,185
Restricted	646,274	929,245			646,274	929,245
Unrestricted	(6,950,121)	(6,811,314)	44,422	54,663	(6,905,699)	(6,756,651)
<b>Total Net Position</b>	<u>\$ 7,838,139</u>	<u>\$ 7,701,500</u>	<u>\$ 58,583</u>	<u>\$ 71,279</u>	<u>\$ 7,896,722</u>	<u>\$ 7,772,779</u>



**CRESSKILL BOARD OF EDUCATION**

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

The District's total net position of \$7,896,722 at June 30, 2016 represents a \$123,943 or 2% increase over the prior year. By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Changes in Net Position  
For The Fiscal Years Ended June 30, 2016 and 2015**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 1,266,011	\$ 1,403,963	\$ 323,646	\$ 342,634	\$ 1,589,657	\$ 1,746,597
Operating Grants and Contributions	9,142,412	7,428,995			9,142,412	7,428,995
Capital Grants and Contributions	157,961	115,399			157,961	115,399
General Revenues						
Property Taxes	26,173,717	25,644,711			26,173,717	25,644,711
State Aid	18,560	18,485			18,560	18,485
Miscellaneous	95,293	90,199	329	301	95,622	90,500
<b>Total Revenues</b>	<b>36,853,954</b>	<b>34,701,752</b>	<b>323,975</b>	<b>342,935</b>	<b>37,177,929</b>	<b>35,044,687</b>
<b>Expenses</b>						
Instruction						
Regular	15,940,432	14,020,663			15,940,432	14,020,663
Special Education	7,325,828	7,227,329			7,325,828	7,227,329
Other Instruction	1,063,352	918,970			1,063,352	918,970
School Sponsored Activities and Athletics	904,425	811,390			904,425	811,390
Support Services						
Student and Instruction Related Services	3,501,128	3,236,916			3,501,128	3,236,916
General Administration Services	648,006	652,965			648,006	652,965
School Administration Services	2,505,272	2,284,712			2,505,272	2,284,712
Central Services/ Admin Info. Tech	682,143	678,291			682,143	678,291
Plant Operations and Maintenance	3,218,382	3,276,427			3,218,382	3,276,427
Pupil Transportation	385,357	340,074			385,357	340,074
Interest on Debt	542,990	580,644			542,990	580,644
Food Services	-	-	336,671	355,614	336,671	355,614
<b>Total Expenses</b>	<b>36,717,315</b>	<b>34,028,381</b>	<b>336,671</b>	<b>355,614</b>	<b>37,053,986</b>	<b>34,383,995</b>
<b>Change in Net Position</b>	<b>136,639</b>	<b>673,371</b>	<b>(12,696)</b>	<b>(12,679)</b>	<b>123,943</b>	<b>660,692</b>
<b>Net Position, Beginning of Year</b>	<b>7,701,500</b>	<b>7,028,129</b>	<b>71,279</b>	<b>83,958</b>	<b>7,772,779</b>	<b>7,112,087</b>
<b>Net Position, End of Year</b>	<b>\$ 7,838,139</b>	<b>\$ 7,701,500</b>	<b>\$ 58,583</b>	<b>\$ 71,279</b>	<b>\$ 7,896,722</b>	<b>\$ 7,772,779</b>

CRESSKILL BOARD OF EDUCATION

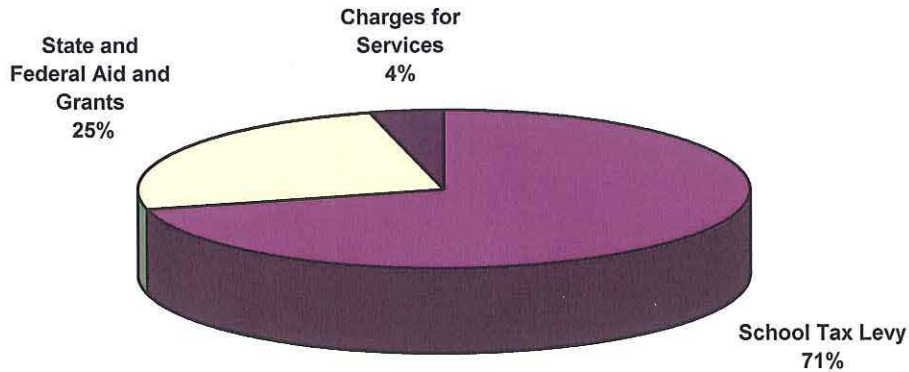
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2016

**Governmental Activities.** The District's total governmental activities' revenues, which includes State and Federal grants, were \$36,853,954 for the year ended June 30, 2016. Property taxes of \$26,173,717 represented 71% of revenues. Another significant portion of revenues came from State and Federal aid; total State, Federal and local aid was \$9,318,933 representing 25% of revenues. In addition, charges for services (tuition, related services and rentals) of \$1,266,011 which comprise 3% of the total revenues. The remaining revenues are from miscellaneous income which includes items such as interest, prior year refunds and other miscellaneous items.

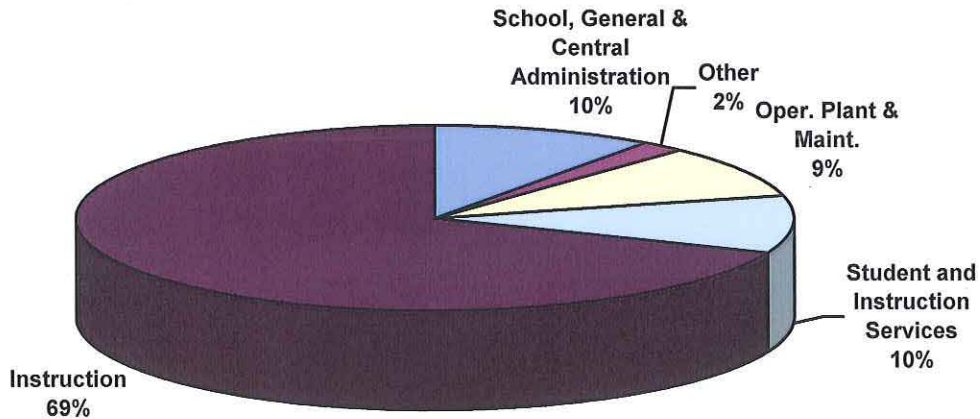
The total cost of all governmental activities programs and services was \$36,717,315. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$25,234,037 (69%) of total expenses. Support services represent \$10,940,288 (30%) of total expenses and interest on debt represents \$542,990 (1%) of total expenses.

Total governmental activities revenues exceeded expenses, increasing net position by \$136,639 over the previous year.

**Revenues by Sources – Governmental Activities  
For Fiscal Year 2016**



**Expenses by Use – Governmental Activities  
For Fiscal Year 2016**



**CRESSKILL BOARD OF EDUCATION**

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

**Total and Net Cost of Governmental Activities.** The District's total cost of services was \$36,717,315. After applying program revenues, derived from operating grants and contributions of \$9,142,412, capital grants and contributions of \$157,961 and charges for services of \$1,266,011 the net cost of services of the District is \$26,150,931.

**Total and Net Cost of Governmental Activities  
For The Fiscal Years Ended June 30, 2016 and 2015**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2016</u>
Instruction				
Regular	\$ 15,940,432	\$ 14,020,663	\$ 10,789,440	\$ 10,212,921
Special Education	7,325,828	7,227,329	3,163,888	3,010,855
Other Instruction	1,063,352	918,970	735,734	686,341
School Sponsored Activities and Athletics	904,425	811,390	614,702	597,223
Support Services				
Student and Instruction Related Services	3,501,128	3,236,916	3,501,128	3,236,916
General Administration Services	648,006	652,965	648,006	652,965
School Administration Services	2,505,272	2,284,712	2,097,552	1,992,932
Central Services	682,143	678,291	682,143	678,291
Plant Operations and Maintenance	3,218,382	3,276,427	3,026,142	3,125,944
Pupil Transportation	385,357	340,074	367,765	323,477
Interest on Debt	542,990	580,644	524,431	562,159
<b>Total</b>	<b>\$ 36,717,315</b>	<b>\$ 34,028,381</b>	<b>\$ 26,150,931</b>	<b>\$ 25,080,024</b>

**Business-Type Activities** – The District's total business-type activities revenues were \$323,975 for the year ended June 30, 2016. Charges for services accounted for over 99% of total revenues. Miscellaneous revenues accounted for less than 1% of total revenues.

Total cost of all business-type activities programs and services was \$336,671. The District's expenses are related to Food Service (Cafeteria) operations.

Total business-type activities expenses exceeded revenues, decreasing net position by \$12,696.

# CRESSKILL BOARD OF EDUCATION

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

### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

#### GOVERNMENTAL FUNDS

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund balance of \$1,394,508, a decrease of \$150,668 from last year's fund balance.

Revenues for the District's governmental funds were \$32,901,247 and total expenses were \$33,051,915 for the fiscal year ended June 30, 2016.

#### GENERAL FUND

The General fund includes the primary operations of the District in providing educational services to students from kindergarten through Grade 12 including transportation and capital outlay activities.

The following schedule presents a comparison of General Fund Revenues (GAAP Basis):

	Fiscal Year Ended		Amount of Increase (Decrease)	Percent Change
	<u>2016</u>	<u>2015</u>		
Local Sources				
Property Taxes	\$ 24,615,287	\$ 24,102,843	\$ 512,444	2%
Tuition/Related Services	1,256,444	1,394,143	(137,699)	-10%
Other	104,651	99,453	5,198	5%
State Sources	<u>4,420,778</u>	<u>3,904,735</u>	<u>516,043</u>	13%
Total General Fund Revenues	<u>\$ 30,397,160</u>	<u>\$ 29,501,174</u>	<u>\$ 895,986</u>	3%

Local property taxes increased by \$512,444 or 2% over the previous year. State aid revenue increased \$516,043 or 13% due to predominantly an increase in State on-behalf TPAF pension costs contributed by the State. Tuition revenues decreased \$137,699 or 10%, as the District experienced a decrease in students being received from other LEAs and individuals. Other local sources of revenues decreased \$5,198 or 5%, primarily due to a decrease in revenues obtained from rentals of facilities.

# CRESSKILL BOARD OF EDUCATION

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

### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (Continued)

#### GENERAL FUND (Continued)

The following schedule presents a comparison of General Fund expenditure (GAAP Basis):

	Fiscal Year Ended		Amount of Increase (Decrease)	Percent Change
	<u>2016</u>	<u>2015</u>		
Instruction	\$ 20,745,620	\$ 19,591,133	\$ 1,154,487	6%
Support Services	9,514,603	9,296,295	218,308	2%
Capital Outlay	<u>2,890</u>	<u>32,225</u>	<u>(29,335)</u>	(62)%
Total Expenditures	<u>\$ 30,263,113</u>	<u>\$ 28,919,653</u>	<u>\$ 1,343,460</u>	5%

Total General Fund expenditures increased \$1,343,460 or 5% over from the previous year. The majority of this increase can be attributed to an increase in instruction costs.

In 2015-2016 General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$84,256. As a result, total fund balance increased to \$1,303,306 at June 30, 2016. After deducting restrictions and assignments, the unassigned fund balance increased from \$338,202 at June 30, 2015 to \$338,549 at June 30, 2016.

#### CAPITAL ASSET ADMINISTRATION

At the end of fiscal years 2016 and 2015, the District had \$42,816,124 and \$42,347,972, invested in land, land improvements, buildings and building improvements, construction in progress, furniture, equipment and vehicles for the governmental activities and \$150,969 for business-type activities. The following compares the June 30, 2016 and 2015 balances.

**CRESSKILL BOARD OF EDUCATION**

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

**CAPITAL ASSET ADMINISTRATION (Continued)**

Capital Assets  
at June 30, 2016 and 2015

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 48,630	\$ 48,630			\$ 48,630	\$ 48,630
Buildings and Building Improvements	40,269,225	39,826,340			40,269,225	39,826,340
Improvements Other Than Buildings	742,641	742,641			742,641	742,641
Machinery and Equipment	<u>1,755,628</u>	<u>1,730,361</u>	<u>\$ 150,969</u>	<u>\$ 150,969</u>	<u>1,906,597</u>	<u>1,881,330</u>
	42,816,124	42,347,972	150,969	150,969	42,967,093	42,498,941
Less Accumulated Depreciation	<u>(13,521,747)</u>	<u>(12,572,958)</u>	<u>(136,808)</u>	<u>(134,353)</u>	<u>(13,658,555)</u>	<u>(12,707,311)</u>
<b>Total Capital Assets, Net</b>	<b>\$ 29,294,377</b>	<b>\$ 29,775,014</b>	<b>\$ 14,161</b>	<b>\$ 16,616</b>	<b>\$ 29,308,538</b>	<b>\$ 29,791,630</b>

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

**LONG TERM LIABILITIES**

At June 30, 2016 the District had \$23,927,694 of outstanding long-term liabilities. Of this amount, \$956,067 is for compensated absences; \$15,485,000 is for bonds payable and \$7,486,627 is for net pension liability. This is in comparison to long-term liabilities at June 30, 2015 consisting of compensated absences of \$896,286, bonds payable of \$16,545,000 and net pension liability of \$6,186,083 for a total of \$23,627,369.

Outstanding Long-Term Liabilities  
at June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Bonds Payable	\$ 15,485,000	\$ 16,545,000
Compensated Absences	956,067	896,286
Net Pension Liability	<u>7,486,627</u>	<u>6,186,083</u>
	<u>\$ 23,927,694</u>	<u>\$ 23,627,369</u>

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

# CRESSKILL BOARD OF EDUCATION

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

### General Fund Budgetary Highlights

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

- Implementing budgets for specially funded projects, which include both federal and state grants and reinstating prior year purchase orders being carried over as encumbrances.
- Increases in appropriations for significant unbudgeted costs.

General Fund budgetary revenues and other financing sources exceeded budgetary expenditures and other financing uses increasing budgetary fund balance by \$150,554 over the previous year. After deducting restrictions and assignments, the unassigned budgetary fund balance increased by \$66,645 from \$796,095 at June 30, 2015 to \$862,740 at June 30, 2016.

### FACTORS BEARING ON THE DISTRICT'S FUTURE

While many factors influence the district's future, the availability of funding for special education needs and the economy will have the most impact on educational and fiscal decisions in the future.

Currently, the District is in good financial condition. Everyone associated with the Cresskill School District is grateful for the community support of the schools. A major concern is continued enrollment growth and the need to address the District's facility needs in each of its three schools, while maintaining small class sizes and continuing to be sensitive to the increasing reliance on property taxes. This, in an environment of uncertainty regarding state aid support and increases in State mandates, means an ever-increasing utilization of the current District's resources without compromising educational programs.

These indicators were considered when adopting the budget for fiscal year 2016-2017. Budgeted expenditures in the General Fund increased 2 percent to \$27,850,947 in fiscal year 2016-2017. Increases in contractual payroll, employee benefits, tuition and energy costs are the primary reasons for the increase.

In conclusion, the Cresskill School District has committed itself to financial excellence for many years. Its system for financial planning, budgeting, and internal financial controls is audited annually and it plans to continue to manage its finances in order to meet the many challenges ahead.

### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information contact the Business Office, Cresskill Board of Education, One Lincoln Drive, Cresskill, NJ 07626.

**BASIC FINANCIAL STATEMENTS**



**CRESSKILL BOARD OF EDUCATION**  
**STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2016**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 3,279,415	\$ 53,543	\$ 3,332,958
Receivables, net	355,784		355,784
Inventories		4,476	4,476
Capital Assets			
Capital Assets, Not Being Depreciated	48,630		48,630
Capital Assets, Being Depreciated	<u>29,245,747</u>	<u>14,161</u>	<u>29,259,908</u>
Total Assets	<u>32,929,576</u>	<u>72,180</u>	<u>33,001,756</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amounts on Refunding of Debt	920,724	-	920,724
Deferred Amounts on Net Pension Liability	<u>1,076,249</u>	<u>-</u>	<u>1,076,249</u>
Total Deferred Outflows of Resources	<u>1,996,973</u>	<u>-</u>	<u>1,996,973</u>
Total Assets and Deferred Outflows of Resources	<u>34,926,549</u>	<u>72,180</u>	<u>34,998,729</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	2,152,545	5,259	2,157,804
Payable to Other Governments	35,674		35,674
Accrued Interest Payable	211,539		211,539
Unearned Revenue	52,472	8,338	60,810
Noncurrent Liabilities			
Due Within One Year	1,135,000		1,135,000
Due Beyond One Year	<u>23,380,809</u>	<u>-</u>	<u>23,380,809</u>
Total Liabilities	<u>26,968,039</u>	<u>13,597</u>	<u>26,981,636</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Amounts on Net Pension Liability	<u>120,371</u>	<u>-</u>	<u>120,371</u>
Total Deferred Inflows of Resources	<u>120,371</u>	<u>-</u>	<u>120,371</u>
Total Liabilities and Deferred Inflows of Resources	<u>27,088,410</u>	<u>13,597</u>	<u>27,102,007</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	14,141,986	14,161	14,156,147
Restricted for			
Capital Projects	646,274		646,274
Unrestricted	<u>(6,950,121)</u>	<u>44,422</u>	<u>(6,905,699)</u>
Total Net Position	<u>\$ 7,838,139</u>	<u>\$ 58,583</u>	<u>\$ 7,896,722</u>

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

**CRESSKILL 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		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities:							
Instruction:							
Regular	\$ 15,940,432	\$ 247,599	\$ 4,903,393		\$ (10,789,440)		\$ (10,789,440)
Special Education	7,325,828	1,008,845	3,153,095		(3,163,888)		(3,163,888)
Other Instruction	1,063,352		327,618		(735,734)		(735,734)
School Sponsored Activities and Athletics	904,425		289,723		(614,702)		(614,702)
Support Services:							
Student & Instruction Related Services	3,501,128				(3,501,128)		(3,501,128)
General Administration Services	648,006				(648,006)		(648,006)
School Administration Services	2,505,272		407,720		(2,097,552)		(2,097,552)
Central Services/Admin Info.	682,143				(682,143)		(682,143)
Plant Operations and Maintenance	3,218,382	9,567	24,712	\$ 157,961	(3,026,142)		(3,026,142)
Pupil Transportation	385,357		17,592		(367,765)		(367,765)
Interest on Long-Term Debt	542,990	-	18,559	-	(524,431)	-	(524,431)
<b>Total Governmental Activities</b>	<b>36,717,315</b>	<b>1,266,011</b>	<b>9,142,412</b>	<b>157,961</b>	<b>(26,150,931)</b>	<b>-</b>	<b>(26,150,931)</b>
Business-Type Activities:							
Food Service	336,671	323,646	-	-	-	\$ (13,025)	(13,025)
<b>Total Business-Type Activities</b>	<b>336,671</b>	<b>323,646</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13,025)</b>	<b>(13,025)</b>
<b>Total Primary Government</b>	<b>\$ 37,053,986</b>	<b>\$ 1,589,657</b>	<b>\$ 9,142,412</b>	<b>\$ 157,961</b>	<b>(26,150,931)</b>	<b>(13,025)</b>	<b>(26,163,956)</b>
General Revenues:							
Taxes:							
Property Taxes, levied for General Purposes					24,615,287		24,615,287
Property Taxes Levied for Debt Service					1,558,430		1,558,430
State Aid Restricted for Debt Service Principal					18,560		18,560
Investment Earnings					12,157	329	12,486
Miscellaneous Income					83,136	-	83,136
<b>Total General Revenues</b>					<b>26,287,570</b>	<b>329</b>	<b>26,287,899</b>
<b>Change in Net Position</b>					<b>136,639</b>	<b>(12,696)</b>	<b>123,943</b>
<b>Net Position, Beginning of Year</b>					<b>7,701,500</b>	<b>71,279</b>	<b>7,772,779</b>
<b>Net Position, End of Year</b>					<b>\$ 7,838,139</b>	<b>\$ 58,583</b>	<b>\$ 7,896,722</b>

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

**FUND FINANCIAL STATEMENTS**

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 3,188,213		\$ 91,202	\$ -	\$ 3,279,415
Receivables, Net					
Receivables From Other Governments	264,825	\$ 51,662	-	-	316,487
Other Receivables	39,297	-	-	-	39,297
Due from Other Funds	310	-	-	-	310
	<u>3,492,645</u>	<u>51,662</u>	<u>91,202</u>	<u>-</u>	<u>3,635,509</u>
Total Assets	<u>\$ 3,492,645</u>	<u>\$ 51,662</u>	<u>\$ 91,202</u>	<u>\$ -</u>	<u>\$ 3,635,509</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	\$ 742,778	\$ 11,693			\$ 754,471
Accrued Salaries & Wages-Summer Pay	1,398,074				1,398,074
Due to Other Funds		310			310
Payable to State Governments	-	35,674			35,674
Unearned Revenue	48,487	3,985	-	-	52,472
	<u>2,189,339</u>	<u>51,662</u>	<u>-</u>	<u>-</u>	<u>2,241,001</u>
Total Liabilities	<u>2,189,339</u>	<u>51,662</u>	<u>-</u>	<u>-</u>	<u>2,241,001</u>
Fund Balances:					
Restricted Fund Balance					
Excess Surplus	131,956				131,956
Capital Reserve	555,072				555,072
Capital Projects			\$ 91,202		91,202
Assigned Fund Balance					
Designated for Subsequent Year's Expenditures (2016/2017 Budget)	277,729				277,729
Unassigned Fund Balance	338,549	-	-	-	338,549
	<u>1,303,306</u>	<u>-</u>	<u>91,202</u>	<u>-</u>	<u>1,394,508</u>
Total Fund Balances	<u>1,303,306</u>	<u>-</u>	<u>91,202</u>	<u>-</u>	<u>1,394,508</u>
Total Liabilities and Fund Balances	<u>\$ 3,492,645</u>	<u>\$ 51,662</u>	<u>\$ 91,202</u>	<u>\$ -</u>	<u>\$ 3,635,509</u>

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

<b>Total Fund Balance (Exhibit B-1)</b>		\$	1,394,508
<b>Amounts reported for governmental activities in the statement of net position (A-1) are different because:</b>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$42,816,124 and the accumulated depreciation is \$13,521,747.			29,294,377
The District has financed capital assets through the issuance of bonds and long-term lease obligations. The interest accrual at year end is:			(211,539)
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.			920,724
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.			
	Bonds Payable	\$ (15,485,000)	
	Premium on Bond Issuances	(588,115)	
	Compensated Absences Payable	(956,067)	
	Net Pension Liability	<u>(7,486,627)</u>	
			<u>(24,515,809)</u>
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	1,076,249	
	Deferred Inflows of Resources	<u>(120,371)</u>	
			<u>955,878</u>
<b>Net Position of Governmental Activities (Exhibit A-1)</b>		<b>\$</b>	<b><u>7,838,139</u></b>

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 24,615,287			\$ 1,558,430	\$ 26,173,717
Tuition/Related Services	1,256,444				1,256,444
Rentals	9,567				9,567
Interest and Investment Income	11,948		\$ 209		12,157
Miscellaneous	83,136	\$ 92,832	-	-	175,968
<b>Total - Local Sources</b>	<b>25,976,382</b>	<b>92,832</b>	<b>209</b>	<b>1,558,430</b>	<b>27,627,853</b>
State Sources	4,420,778	126,041	157,961	37,119	4,741,899
Federal Sources	-	531,495	-	-	531,495
<b>Total Revenues</b>	<b>30,397,160</b>	<b>750,368</b>	<b>158,170</b>	<b>1,595,549</b>	<b>32,901,247</b>
<b>EXPENDITURES</b>					
Current					
Instruction					
Regular Instruction	13,057,282	315,899			13,373,181
Special Education Instruction	6,020,065	336,816			6,356,881
Other Instruction	882,335				882,335
School-Sponsored Activities and Athletics	785,938				785,938
Support Services					
Student and Instruction Related Services	3,306,315	75,276			3,381,591
General Administration Services	633,126				633,126
School Administration Services	2,226,331				2,226,331
Central Services/Admin Info.	663,041				663,041
Plant Operations and Maintenance	2,300,433				2,300,433
Pupil Transportation	385,357				385,357
Debt Service					
Principal				1,060,000	1,060,000
Interest				535,549	535,549
Capital Outlay	2,890	22,377	442,885	-	468,152
<b>Total Expenditures</b>	<b>30,263,113</b>	<b>750,368</b>	<b>442,885</b>	<b>1,595,549</b>	<b>33,051,915</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	134,047	-	(284,715)	-	(150,668)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers Out	(50,000)		(209)		(50,209)
Transfers In	209	-	50,000	-	50,209
<b>Total Other Financing Sources and Uses</b>	<b>(49,791)</b>	<b>-</b>	<b>49,791</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>84,256</b>	<b>-</b>	<b>(234,924)</b>	<b>-</b>	<b>(150,668)</b>
Fund Balance, Beginning of Year	1,219,050	-	326,126	-	1,545,176
<b>Fund Balance, End of Year</b>	<b>\$ 1,303,306</b>	<b>\$ -</b>	<b>\$ 91,202</b>	<b>\$ -</b>	<b>\$ 1,394,508</b>

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

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

**Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2)** **\$ (150,668)**

Amounts reported for governmental activities in the statement of activities (A-2) 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 depreciation exceeded capital outlay in the period.

Depreciation expense	\$ (948,789)	
Capital outlays	<u>468,152</u>	(480,637)

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

Payment of Bond Principal	1,060,000
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Governmental Funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Amortization of Deferred Amount on Refunding of Debt	(160,529)	
Amortization of Original Issuance Premium	<u>139,583</u>	(20,946)

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

Decrease in Accrued Interest	13,505
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In the statement of activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation; when the paid amount exceeds the earned amount the difference is an addition to the reconciliation.

Compensated Absences, Net	(59,781)	
Net Pension Liability, Net	<u>(224,834)</u>	(284,615)

**Change in Net Position of Governmental Activities (Exhibit A-2)** **\$ 136,639**

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

	<b>Business-Type            Activities            Enterprise  <u>Food Services</u></b>
<b>ASSETS</b>	
Current Assets	
Cash	\$ 53,543
Inventories	<u>4,476</u>
Total Current Assets	<u>58,019</u>
Capital Assets	
Furniture, Machinery and Equipment	150,969
Less: Accumulated Depreciation	<u>(136,808)</u>
Total Capital Assets, Net	<u>14,161</u>
Total Assets	<u>72,180</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	5,259
Unearned Revenue	<u>8,338</u>
Total Current Liabilities	<u>13,597</u>
<b>NET POSITION</b>	
Investment in Capital Assets	14,161
Unrestricted	<u>44,422</u>
Total Net Position	<u>\$ 58,583</u>



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

	<b>Business-Type Activities Enterprise <u>Food Services</u></b>
<b>OPERATING REVENUES</b>	
Charges for Services	
Daily Sales	\$ 315,832
Sales - Milk Program	7,534
Other Sales- Special Functions	<u>280</u>
Total Operating Revenues	<u>323,646</u>
<b>OPERATING EXPENSES</b>	
Salaries and Benefits	137,764
Cost of Sales	134,388
Management Fee	15,302
Other Purchased Services	10,587
Other Supplies/Services	36,175
Depreciation	<u>2,455</u>
Total Operating Expenses	<u>336,671</u>
Operating Loss	<u>(13,025)</u>
<b>NONOPERATING REVENUES</b>	
Interest	<u>329</u>
Total Nonoperating Revenues	<u>329</u>
Change in Net Position	(12,696)
Total Net Position - Beginning of Year	<u>71,279</u>
Total Net Position - End of Year	<u>\$ 58,583</u>

**CRESSKILL BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<b>Business-Type Activities Enterprise <u>Food Services</u></b>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 325,098
Cash Payments for Salaries and Benefits	(137,764)
Cash Payments to Suppliers for Goods and Services	<u>(211,152)</u>
Net Cash Used by Operating Activities	<u>(23,818)</u>
<b>Cash Flows from Investing Activities</b>	
Interest on Investments	<u>329</u>
Net Cash Provided by Investing Activities	<u>329</u>
Net Decrease in Cash and Cash Equivalents	(23,489)
Cash and Cash Equivalents, Beginning of Year	<u>77,032</u>
Cash and Cash Equivalents, End of Year	<u>\$ 53,543</u>
<b>Reconciliation of Operating Loss to Net Cash Used by Operating Activities</b>	
Operating Loss	\$ (13,025)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Depreciation	2,455
Change in Assets and Liabilities	
(Increase)/Decrease in Inventories	(475)
Increase/(Decrease) in Accounts Payable	(14,225)
Increase/(Decrease) in Unearned Revenue	<u>1,452</u>
Total Adjustments	<u>(10,793)</u>
Net Cash Used by Operating Activities	<u>\$ (23,818)</u>

**CRESSKILL BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
AS OF JUNE 30, 2016**

	<b>Unemployment Compensation <u>Trust Fund</u></b>	<b><u>Scholarship Fund</u></b>	<b><u>Agency Fund</u></b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 51,426	\$ 57,300	\$ 447,116
Due from Other Funds	-	-	3,421
	<hr/>	<hr/>	<hr/>
Total Assets	51,426	57,300	450,537
	<hr/>	<hr/>	<hr/>
<b>LIABILITIES</b>			
Due to Other Funds	\$ 3,421		
Payroll Deductions and Withholdings Payable			\$ 146,783
Accrued Salaries and Wages			3,567
Reserve for Flexible Spending Plan			6,113
Due to Student Groups	-	-	294,074
	<hr/>	<hr/>	<hr/>
Total Liabilities	-	-	\$ 450,537
	<hr/>	<hr/>	<hr/>
<b>NET POSITION</b>			
Held in Trust for Unemployment Claims and Other Purposes	\$ 48,005	\$ 57,300	
	<hr/>	<hr/>	

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

	<b>Unemployment Compensation <u>Trust Fund</u></b>	<b><u>Scholarship Fund</u></b>
<b>ADDITIONS</b>		
Contributions		
Employees	\$ 36,577	
Private Donations	<u>-</u>	\$ 33,238
Total Contributions	36,577	33,238
Investment Earnings		
Interest	<u>137</u>	<u>145</u>
Total Additions	<u>36,714</u>	<u>33,383</u>
<b>DEDUCTIONS</b>		
Scholarship Awards		30,500
Unemployment Claims and Contributions	<u>26,955</u>	<u>-</u>
Total Deductions	<u>26,955</u>	<u>30,500</u>
Change in Net Position	9,759	2,883
Net Position, Beginning of the Year	<u>38,246</u>	<u>54,417</u>
Net Position, End of the Year	<u>\$ 48,005</u>	<u>\$ 57,300</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**CRESSKILL 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 Cresskill 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 Cresskill 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:

- 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.

**CRESSKILL 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.

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

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

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

**District-Wide Financial Statements**

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

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

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

**Fund Financial Statements**

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

The District reports the following major governmental funds:

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

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

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.



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

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

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

**Fund Financial Statements (Continued)**

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

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

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.

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

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

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

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

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

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

***2. Receivables***

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

***3. Inventories***

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

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

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

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

**4. *Capital Assets***

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

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

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

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

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

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

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

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

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

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board has one type of item which arises only under the accrual basis of accounting that qualifies for reporting in this category. The 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.

**6. *Compensated Absences***

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused sick leave benefits. A long-term liability of accumulated sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

**7. *Pensions***

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

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

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

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

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

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

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

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

**District-Wide Statements**

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

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

**Governmental Fund Statements**

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

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

*Excess Surplus* – 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.

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

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

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

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

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

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

**F. Revenues and Expenditures/Expenses**

***1. Program Revenues***

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

***2. Property Taxes***

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

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

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

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

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

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

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

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district’s annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On January 23, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2015/2016. Also, during 2015/2016 the Board increased the original general fund budget by \$295,156 and the original special revenue fund budget by \$142,312. The increase in the general fund was funded by the appropriation of the prior year extraordinary aid. The increase in the special revenue fund was funded by additional grant awards.

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.

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

**NOTE 2 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		\$ 603,119
Increased by		
Interest earnings	\$ 1,953	
Total Increases		<u>1,953</u>
		605,072
Withdrawals		
Approved by Board Resolution		<u>50,000</u>
Balance, June 30, 2016		<u>\$ 555,072</u>

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

**C. 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 \$131,956. This amount will be appropriated in the 2017/2018 original budget certified for taxes.



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

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Cash Deposits and Investments**

**Cash Deposits**

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

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 \$3,888,800 and bank and brokerage firm balances of the Board's deposits amounted to \$4,351,238. The Board's deposits which are displayed on the various fund balance sheets as "cash" or "cash and cash equivalents" are categorized as:

**Depository Account**

Insured	<u>\$ 4,351,238</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. However, none of the Board's bank balances were exposed to custodial credit risk.

**Investments**

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

As of June 30, 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.

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

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**B. Receivables**

Receivables as of June 30, 2016 for the district's individual major funds for are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Receivables:			
Accounts	\$ 39,297		\$ 39,297
Intergovernmental			
Federal		\$ 51,662	51,662
State	143,323		143,323
Local	<u>121,502</u>	<u>-</u>	<u>121,502</u>
 Total Receivables	 <u>\$ 304,122</u>	 <u>\$ 51,662</u>	 <u>\$ 355,784</u>

**C. Unearned Revenue**

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

	<u>Total</u>
General Fund	
Tuition	\$ 48,487
Special Revenue Fund	
Unencumbered Grant Draw Downs	<u>3,985</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 52,472</u>

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets**

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

	<u>Balance, July 1, 2015</u>	<u>Increases</u>	<u>Balance, June 30, 2016</u>
<b>Governmental Activities:</b>			
Capital Assets, Not Being Depreciated:			
Land	\$ 48,630	-	\$ 48,630
Total Capital Assets, Not Being Depreciated	<u>48,630</u>	<u>-</u>	<u>48,630</u>
Capital Assets, Being Depreciated:			
Buildings and Building Improvements	39,826,340	\$ 442,885	40,269,225
Improvements Other Than Buildings	742,641		742,641
Machinery and Equipment	<u>1,730,361</u>	<u>25,267</u>	<u>1,755,628</u>
Total Capital Assets Being Depreciated	<u>42,299,342</u>	<u>468,152</u>	<u>42,767,494</u>
Less Accumulated Depreciation for:			
Buildings and Building Improvements	(10,618,182)	(841,597)	(11,459,779)
Improvements Other Than Buildings	(553,904)	(12,647)	(566,551)
Machinery and Equipment	<u>(1,400,872)</u>	<u>(94,545)</u>	<u>(1,495,417)</u>
Total Accumulated Depreciation	<u>(12,572,958)</u>	<u>(948,789)</u>	<u>(13,521,747)</u>
Total Capital Assets, Being Depreciated, Net	<u>29,726,384</u>	<u>(480,637)</u>	<u>29,245,747</u>
Governmental Activities Capital Assets, Net	<u>\$ 29,775,014</u>	<u>\$ (480,637)</u>	<u>\$ 29,294,377</u>

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets (Continued)**

	Balance, <u>July 1, 2015</u>	<u>Increases</u>	Balance, <u>June 30, 2016</u>
<b>Business-Type Activities:</b>			
Capital Assets, Being Depreciated:			
Machinery and Equipment	\$ 150,969	-	\$ 150,969
Total Capital Assets Being Depreciated	<u>150,969</u>	<u>-</u>	<u>150,969</u>
Less Accumulated Depreciation for:			
Machinery and Equipment	(134,353)	\$ (2,455)	(136,808)
Total Accumulated Depreciation	<u>(134,353)</u>	<u>(2,455)</u>	<u>(136,808)</u>
Total Capital Assets, Being Depreciated, Net	<u>16,616</u>	<u>(2,455)</u>	<u>14,161</u>
Business-Type Activities Capital Assets, Net	<u>\$ 16,616</u>	<u>\$ (2,455)</u>	<u>\$ 14,161</u>

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

**Governmental activities:**

Instruction		
Regular		\$ 63,865
Total Instruction		<u>63,865</u>
Support Services		
Student and Instruction Related Services		9,735
School Administration Services		11,123
Plant Operations and Maintenance		864,066
Total Support Services		<u>884,924</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 948,789</u>
<b>Business-Type Activities:</b>		
Food Service Fund		\$ 2,455
Total Depreciation Expense-Business-Type Activities		<u>\$ 2,455</u>

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

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

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

**Due to/from Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 310
Payroll Agency Fund	Unemployment Trust Fund	<u>3,421</u>
Total		<u>\$ 3,731</u>

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

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

**Interfund Transfers**

	<u>Transfer In:</u>		<u>Total</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	
Transfer Out:			
General Fund		\$ 50,000	\$ 50,000
Capital Projects Fund	\$ 209	-	<u>209</u>
	<u>\$ 209</u>	<u>\$ 50,000</u>	<u>\$ 50,209</u>

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

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Long-Term Debt**

**General Obligation Bonds**

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

Bonds payable at June 30, 2016 are comprised of the following issues:

\$2,520,000, 2008 Refunding Bonds, due in annual installments of \$250,000 to \$265,000 through August 1, 2018, interest at 3.00% to 5.00%	\$ 775,000
\$8,960,000, 2012 Refunding Bonds, due in annual installments of \$720,000 to \$980,000 through February 1, 2025, interest at 3.00% to 4.00%	8,140,000
\$6,700,000, 2013 Refunding Bonds, due in annual installments of \$40,000 to \$1,040,000 through February 1, 2031, interest at 2.00% to 3.00%	<u>6,570,000</u>
Total	<u>\$ 15,485,000</u>

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

**Governmental Activities:**

Fiscal Year Ending <u>June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2017	\$ 1,090,000	\$ 503,056	\$ 1,593,056
2018	1,135,000	468,868	1,603,868
2019	1,275,000	432,868	1,707,868
2020	1,015,000	397,568	1,412,568
2021	1,010,000	357,418	1,367,418
2022-2027	5,080,000	1,192,758	6,272,758
2028-2031	<u>4,880,000</u>	<u>401,492</u>	<u>5,281,492</u>
Total	<u>\$ 15,485,000</u>	<u>\$ 3,754,028</u>	<u>\$ 19,239,028</u>

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

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

**Statutory Borrowing Power**

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

4% of Equalized Valuation Basis (Municipal)	\$ 82,933,207
Less: Net Debt	<u>15,485,000</u>
Remaining Borrowing Power	<u>\$ 67,448,207</u>

**G. Other Long-Term Liabilities**

**Changes in Long-Term Liabilities**

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Bonds Payable	\$ 16,545,000		\$ (1,060,000)	\$ 15,485,000	\$ 1,090,000
Add:					
Unamortized Premiums	<u>727,698</u>	-	<u>(139,583)</u>	588,115	-
Bonds Payable, Net	17,272,698	-	(1,199,583)	16,073,115	1,090,000
Compensated Absences	896,286	\$ 94,781	(35,000)	956,067	45,000
Net Pension Liability	<u>6,186,083</u>	<u>1,587,273</u>	<u>(286,729)</u>	<u>7,486,627</u>	-
Governmental Activities Long-Term Liabilities	<u>\$ 24,355,067</u>	<u>\$ 1,682,054</u>	<u>\$ (1,521,312)</u>	<u>\$ 24,515,809</u>	<u>\$ 1,135,000</u>

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

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

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

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

**NOTE 4 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

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 various types of insurance coverage including worker's compensation claims.

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

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

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

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

Fiscal Year Ended <u>June 30,</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016	\$ 36,577	\$ 26,955	\$ 48,005
2015	37,630	26,854	38,246
2014	36,974	45,668	27,369

**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.



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

**NOTE 4 OTHER INFORMATION (Continued)**

**C. Federal Arbitrage Regulations**

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

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

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

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

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

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

**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.

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

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Other Pension Funds (Continued)**

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

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

**Basis of Accounting**

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

**Investment Valuation**

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

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

**Funding Status and Funding Progress**

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

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.

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

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Actuarial Methods and Assumptions**

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

**Employer and Employee Pension Contributions**

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

**Annual Pension Costs (APC)**

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

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

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2016	\$ 286,729	\$ 1,032,777	\$ 30,011
2015	272,381	698,420	26,279
2014	246,419	522,652	21,288

For fiscal years 2015/2016 and 2014/2015, the state contributed \$1,032,777 and \$698,420, 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 \$522,652 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.

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

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$1,019,032 during the fiscal year ended June 30, 2016 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

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

**Public Employees Retirement System (PERS)**

At June 30, 2016, the District reported in the statement of net position (accrual basis) a liability of \$7,486,627 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 .03335 percent, which was an increase of .00031 percent from its proportionate share measured as of June 30, 2014 of .03304 percent.

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$511,563 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:

	<u>2015</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 178,605	
Changes of Assumptions	804,004	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 120,371
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>93,640</u>	<u>-</u>
Total	<u>\$ 1,076,249</u>	<u>\$ 120,371</u>

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

**NOTE 4 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)**

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	\$	177,599
2018		177,599
2019		177,599
2020		269,763
2021		<u>153,318</u>
	<u>\$</u>	<u>955,878</u>

***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%
Thereafter	Based on Age 3.15-5.40%
Investment Rate of Return	Based on Age 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.

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

**NOTE 4 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%

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

**NOTE 4 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>\$ 9,304,961</u>	<u>\$ 7,486,627</u>	<u>\$ 5,962,149</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).

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

**NOTE 4 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 \$4,985,484 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 \$81,650,274. 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 .12918 percent, which was an increase of .00563 percent from its proportionate share measured as of June 30, 2014 of .12355 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.



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

**NOTE 4 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%

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

**NOTE 4 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:

	<u>1% Decrease (3.13%)</u>	<u>Current Discount Rate (4.13%)</u>	<u>1% Increase (5.13%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	\$ 97,038,299	\$ 81,650,274	\$ 68,392,570

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.

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

**NOTE 4 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).

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

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Basis of Accounting**

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

**Significant Legislation**

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

**Investment Valuation**

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

**Funded Status and Funding Progress**

As of July 1, 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.

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

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Post-Retirement Medical Benefits Contributions**

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 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 \$1,229,752, \$1,108,742 and \$856,953, 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**

**CRESSKILL BOARD OF EDUCATION  
GENERAL 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>
<b>REVENUES</b>					
Local Sources					
Property Taxes	\$ 24,615,287		\$ 24,615,287	\$ 24,615,287	
Tuition- Individuals (Regular)	219,903		219,903	247,599	\$ 27,696
Tuition- Other LEAs (Spec. Ed.)	747,172		747,172	907,690	160,518
Related Services Provided to Other LEAs	125,000		125,000	101,155	(23,845)
Interest	10,000		10,000	9,995	(5)
Interest on Capital Reserve Funds	500		500	1,953	1,453
Rentals	10,000		10,000	9,567	(433)
Miscellaneous	30,255	-	30,255	83,136	52,881
<b>Total Local Sources</b>	<u>25,758,117</u>	<u>-</u>	<u>25,758,117</u>	<u>25,976,382</u>	<u>218,265</u>
State Sources					
Special Education Aid	667,983		667,983	667,983	
Transportation Aid	16,859		16,859	16,859	
Security Aid	25,438		25,438	25,438	
PARCC Readiness Aid	17,150		17,150	17,150	
Per Pupil Growth Aid	17,150		17,150	17,150	
Extraordinary Special Education Costs Aid	138,826		138,826	460,935	322,109
On-behalf TPAF Pension System Contributions (Non-budgeted)					
Non-Contributory Group Life Insurance				49,005	49,005
Normal Cost & Accrued Liab. Contribution				983,772	983,772
Post Retirement Medical Benefit Contribution				1,229,752	1,229,752
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	1,019,032	1,019,032
<b>Total State Sources</b>	<u>883,406</u>	<u>-</u>	<u>883,406</u>	<u>4,487,076</u>	<u>3,603,670</u>
<b>Total Revenues</b>	<u>26,641,523</u>	<u>-</u>	<u>26,641,523</u>	<u>30,463,458</u>	<u>3,821,935</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
Regular Programs - Instruction					
Salaries of Teachers					
Kindergarten	435,427	\$ 33,597	469,024	469,024	
Grades 1-5	2,920,057	84,808	3,004,065	3,004,065	
Grades 6-8	1,847,421	76,668	1,924,089	1,908,175	15,914
Grades 9-12	3,054,855	(53,752)	3,001,103	2,998,668	2,435
Regular Programs - Home Instruction					
Salaries of Teachers	3,000	11,609	14,609	14,609	
Purchased Professional-Educational Services	4,000	(2,695)	1,305	1,305	
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	43,503	564	44,067	44,067	
Purchased Professional-Educational Services	2,000	19,997	21,997	21,931	66
Other Purchased Services	141,780	(302)	141,478	140,831	647
General Supplies	468,958	18,300	487,258	465,014	22,244
Textbooks	107,035	(38,045)	68,990	66,380	2,610
<b>Total Regular Programs</b>	<u>9,028,036</u>	<u>149,949</u>	<u>9,177,985</u>	<u>9,134,069</u>	<u>43,916</u>
Special Education					
Cognitive-Mild					
Salaries of Teachers	152,408	(1)	152,407	152,407	
Other Salaries for Instruction	107,170	(511)	106,659	106,659	
Purchased Professional- Educational Services	19,075	(19,075)	-	-	
Other Purchased Services	1,500	535	2,035	2,035	
General Supplies	14,800	(409)	14,391	10,958	3,433
<b>Total Cognitive Mild</b>	<u>294,953</u>	<u>(19,461)</u>	<u>275,492</u>	<u>272,059</u>	<u>3,433</u>



**CRESSKILL BOARD OF EDUCATION  
GENERAL 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>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
<b>Special Education (Continued)</b>					
<b>Learning and/or Language Disabilities</b>					
Salaries of Teachers	\$ 516,992	\$ 8,547	\$ 525,539	\$ 525,059	\$ 480
Other Salaries for Instruction	152,795	(20,968)	131,827	131,827	
Purchased Professional- Educational Services	3,800	32,346	36,146	35,954	192
General Supplies	2,100	(1,078)	1,022	1,022	
Textbooks	400	3	403	403	-
<b>Total Learning and/or Language Disabilities</b>	<b>676,087</b>	<b>18,850</b>	<b>694,937</b>	<b>694,265</b>	<b>672</b>
<b>Multiple Disabilities</b>					
Salaries of Teachers	168,298	21,421	189,719	189,719	
Other Salaries for Instruction	70,265	(13,465)	56,800	56,800	
Purchased Professional- Educational Services	-	55,174	55,174	55,174	
General Supplies	9,200	(635)	8,565	8,565	-
<b>Total Multiple Disabilities</b>	<b>247,763</b>	<b>62,495</b>	<b>310,258</b>	<b>310,258</b>	<b>-</b>
<b>Resource Room/Resource Center</b>					
Salaries of Teachers	1,160,098	(62,008)	1,098,090	1,098,090	
General Supplies	6,090	(2,174)	3,916	3,916	-
<b>Total Resource Room/Resource Center</b>	<b>1,166,188</b>	<b>(64,182)</b>	<b>1,102,006</b>	<b>1,102,006</b>	<b>-</b>
<b>Autism</b>					
Salaries of Teachers	314,786	72,809	387,595	386,875	720
Other Salaries for Instruction	505,200	(73,782)	431,418	431,418	
Purchased Professional-Educational Services	37,500	136,332	173,832	172,209	1,623
General Supplies	4,972	(515)	4,457	4,247	210
<b>Total Autism</b>	<b>862,458</b>	<b>134,844</b>	<b>997,302</b>	<b>994,749</b>	<b>2,553</b>
<b>Preschool Disabled- Part Time</b>					
Salaries of Teachers	153,900	1,060	154,960	154,960	
Other Salaries for Instruction	32,847	(459)	32,388	32,388	
Purchased Professional-Educational Services	10,280	(1,124)	9,156	9,156	
General Supplies	400	234	634	634	-
<b>Total Preschool Disabled-Part Time</b>	<b>197,427</b>	<b>(289)</b>	<b>197,138</b>	<b>197,138</b>	<b>-</b>
<b>Total Special Education</b>	<b>3,444,876</b>	<b>132,257</b>	<b>3,577,133</b>	<b>3,570,475</b>	<b>6,658</b>
<b>Basic Skills/Remedial</b>					
Salaries of Teachers	393,298	(1,733)	391,565	391,565	
General Supplies	1,075	(659)	416	416	-
<b>Total Basic Skills/Remedial</b>	<b>394,373</b>	<b>(2,392)</b>	<b>391,981</b>	<b>391,981</b>	<b>-</b>
<b>Bilingual Education</b>					
Salaries of Teachers	196,479	22,142	218,621	218,621	-
General Supplies	3,600	2,873	6,473	6,473	-
<b>Total Bilingual Education</b>	<b>200,079</b>	<b>25,015</b>	<b>225,094</b>	<b>225,094</b>	<b>-</b>
<b>School Sponsored Co/Extra Curricular Activities</b>					
Salaries	71,701	9,505	81,206	81,206	
Supplies and Materials	20,183	3,930	24,113	23,363	750
Other Objects	10,085	505	10,590	10,003	587
<b>Total School Sponsored Co/Extra Curricular Activ.</b>	<b>101,969</b>	<b>13,940</b>	<b>115,909</b>	<b>114,572</b>	<b>1,337</b>

**CRESSKILL BOARD OF EDUCATION  
GENERAL 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>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
School Sponsored Athletics					
Salaries	\$ 322,185	\$ (3,984)	\$ 318,201	\$ 318,201	
Purchased Services	49,500	6,959	56,459	56,458	\$ 1
Supplies and Materials	42,412	(3,100)	39,312	33,319	5,993
Other Objects	39,334	2,500	41,834	34,758	7,076
Transfer to Cover Deficit (Agency Funds)	55,000	-	55,000	55,000	-
<b>Total School Sponsored Athletics</b>	<u>508,431</u>	<u>2,375</u>	<u>510,806</u>	<u>497,736</u>	<u>13,070</u>
<b>Total - Instruction</b>	<u>13,677,764</u>	<u>321,144</u>	<u>13,998,908</u>	<u>13,933,927</u>	<u>64,981</u>
<b>Undistributed Expenditures</b>					
Instruction					
Tuition to Other LEAs Within the State - Special	96,350	(36,858)	59,492	52,777	6,715
Tuition to County Voc. School Districts - Regular	226,440	28,338	254,778	254,778	
Tuition to CSSD & Regional Day Schools	4,300	(4,300)	-	-	
Tuition - Private School for the Disabled - Within State	541,301	85,181	626,482	626,482	
Tuition to Priv. Sch. Disabled & Other LEAS Spl, O/S State	324,500	25,946	350,446	350,446	-
<b>Total Undistributed Expenditures - Instruction</b>	<u>1,192,891</u>	<u>98,307</u>	<u>1,291,198</u>	<u>1,284,483</u>	<u>6,715</u>
Attendance & Social Work					
Purchased Professional & Technical Services	14,900	604	15,504	15,504	-
<b>Total Attendance &amp; Social Work</b>	<u>14,900</u>	<u>604</u>	<u>15,504</u>	<u>15,504</u>	<u>-</u>
Health Services					
Salaries	225,570	2,111	227,681	227,681	
Purchased Professional & Technical Services	9,600	52	9,652	9,652	
Supplies and Materials	8,200	(4,676)	3,524	3,524	-
<b>Total Health Services</b>	<u>243,370</u>	<u>(2,513)</u>	<u>240,857</u>	<u>240,857</u>	<u>-</u>
Speech, OT, PT & Related Services					
Salaries	188,206	9,261	197,467	197,467	
Purchased Professional-Educational Services	124,700	(5,960)	118,740	118,740	
Supplies and Materials	4,450	(1,372)	3,078	3,078	-
<b>Total Speech, OT, PT &amp; Related Services</b>	<u>317,356</u>	<u>1,929</u>	<u>319,285</u>	<u>319,285</u>	<u>-</u>
Other Support Services - Students - Extra Services					
Salaries	382,553	(82,465)	300,088	300,088	
Purchased Professional-Educational Services	97,250	62,782	160,032	160,032	
Supplies and Material	5,554	1,903	7,457	7,457	-
<b>Total Other Support Services-Students-Extra Svcs</b>	<u>485,357</u>	<u>(17,780)</u>	<u>467,577</u>	<u>467,577</u>	<u>-</u>
Guidance					
Salaries of Other Professional Staff	513,308	(633)	512,675	512,675	
Salaries of Secretarial and Clerical Assistants	41,900	2,539	44,439	44,439	
Purchased Professional-Educational Services	5,975	(607)	5,368	5,368	
Other Purchased Services	6,250	(5,855)	395	395	
Supplies and Materials	5,700	(2,896)	2,804	2,804	-
<b>Total Guidance</b>	<u>573,133</u>	<u>(7,452)</u>	<u>565,681</u>	<u>565,681</u>	<u>-</u>

**CRESSKILL BOARD OF EDUCATION  
GENERAL 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>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Child Study Team					
Salaries of Other Professional Staff	\$ 486,957	\$ 2,444	\$ 489,401	\$ 489,401	
Salaries of Secretarial and Clerical Assistants	46,810	(325)	46,485	46,485	
Purchased Professional-Educational Services	40,000	14,075	54,075	54,075	
Misc Purchased Services	250	419	669	669	
Supplies and Materials	1,000	2,396	3,396	3,396	-
<b>Total Child Study Team</b>	<b>575,017</b>	<b>19,009</b>	<b>594,026</b>	<b>594,026</b>	<b>-</b>
Improvement of Instructional Services					
Salaries of Other Professional Staff	40,000	2,743	42,743	42,743	
Purchased Professional-Educational Services	71,950	(1,366)	70,584	70,584	
Other Purchased Services	2,000	(1,157)	843	843	
Supplies and Materials	1,500	(234)	1,266	1,266	
Other Objects	60	-	60	60	-
<b>Total Improvement of Inst. Serv.</b>	<b>115,510</b>	<b>(14)</b>	<b>115,496</b>	<b>115,496</b>	<b>-</b>
Educational Media Services/School Library					
Salaries	128,462	15,186	143,648	143,648	
Salaries of Technology Coordinators	126,480	1,240	127,720	127,720	
Supplies and Materials	22,240	(2,715)	19,525	19,280	\$ 245
<b>Total Educational Media Services/School Library</b>	<b>277,182</b>	<b>13,711</b>	<b>290,893</b>	<b>290,648</b>	<b>245</b>
Instructional Staff Training Services					
Purchased Professional- Educational Services	15,000	(6,646)	8,354	8,354	-
<b>Total Instructional Staff Training Services</b>	<b>15,000</b>	<b>(6,646)</b>	<b>8,354</b>	<b>8,354</b>	<b>-</b>
Support Services General Administration					
Salaries	293,950	(4,985)	288,965	288,965	
Legal Services	40,000	(5,840)	34,160	34,160	
Audit Fees	25,000	(50)	24,950	24,950	
Architectural/Engineering Services	5,000	(5,000)	-	-	
BOE Other Purchased Services	1,500	(412)	1,088	1,088	
Other Purchased Professional Services	7,850	(214)	7,636	7,636	
Communications/Telephone	38,200	(10,381)	27,819	27,819	
Misc. Purchased Services	45,225	(681)	44,544	44,544	
General Supplies	1,500	(873)	627	627	
BOE In-House Training/Meeting Supplies	2,000	(1,506)	494	494	
Miscellaneous Expenditures	3,050	1,499	4,549	4,549	
BOE Membership Dues and Fees	12,350	(381)	11,969	11,969	-
<b>Total Support Services General Administration</b>	<b>475,625</b>	<b>(28,824)</b>	<b>446,801</b>	<b>446,801</b>	<b>-</b>

**CRESSKILL BOARD OF EDUCATION  
GENERAL 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>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
<b>Undistributed Expenditures (Continued)</b>					
<b>Support Services School Administration</b>					
Salaries of Principals/Asst. Principals/Prog. Dir.	\$ 898,800	\$ (139,422)	\$ 759,378	\$ 759,378	
Salaries of Other Prof. Staff	486,330	24,304	510,634	510,634	
Salaries of Secretarial and Clerical Assistants	315,255	262	315,517	315,517	
Other Purchased Services	2,600	(478)	2,122	2,122	
Supplies and Materials	47,245	(15,603)	31,642	31,642	-
Other Objects	9,310	710	10,020	10,020	-
<b>Total Support Services School Administration</b>	<b>1,759,540</b>	<b>(130,227)</b>	<b>1,629,313</b>	<b>1,629,313</b>	<b>-</b>
<b>Central Services</b>					
Salaries	257,425	1,297	258,722	258,722	
Purchased Technical Services	108,805	(60,876)	47,929	44,929	\$ 3,000
Misc. Purchased Services	4,850	(2,205)	2,645	2,645	
Supplies and Materials	4,500	4,059	8,559	8,559	
Miscellaneous Expenditures	1,950	(131)	1,819	1,819	-
<b>Total Central Services</b>	<b>377,530</b>	<b>(57,856)</b>	<b>319,674</b>	<b>316,674</b>	<b>3,000</b>
<b>Admin. Info. Tech</b>					
Salaries	111,500	721	112,221	112,221	
Purchased Technical Services	105,225	(1,751)	103,474	103,474	
Other Purchased Services		322	322	322	
Supplies and Materials	12,600	(2,089)	10,511	10,511	-
<b>Total Admin. Info. Tech</b>	<b>229,325</b>	<b>(2,797)</b>	<b>226,528</b>	<b>226,528</b>	<b>-</b>
<b>Required Maintenance for School Facilities</b>					
Salaries	107,215	(4,511)	102,704	102,704	
Cleaning, Repair and Maintenance Services	180,610	11,312	191,922	191,922	
General Supplies	13,500	(2,486)	11,014	11,014	-
<b>Total Required Maintenance for School Facilities</b>	<b>301,325</b>	<b>4,315</b>	<b>305,640</b>	<b>305,640</b>	<b>-</b>
<b>Custodial Services</b>					
Energy (Gasoline)	4,000	(2,280)	1,720	1,720	
Salaries	852,877	(15,717)	837,160	837,160	
Purchased Professional and Technical Services	4,000	6,586	10,586	10,586	
Cleaning, Repair and Maintenance Services	19,065	(11,350)	7,715	7,715	
Rental of Land & Bldg Oth. Than Lease Pur Agrmt	10,000	-	10,000	10,000	
Other Purchased Property Services	24,110	6,789	30,899	30,899	
Insurance	133,000	(2,548)	130,452	130,452	
General Supplies	86,800	13,356	100,156	100,156	
Energy (Electricity)	400,000	(67,100)	332,900	308,520	24,380
Other Objects	2,075	(1,975)	100	100	
Salaries of Non-Instructional Aides	32,530	(1,039)	31,491	31,491	
Energy (Natural Gas)	94,000	3,000	97,000	63,844	33,156
<b>Total Custodial Services</b>	<b>1,662,457</b>	<b>(72,278)</b>	<b>1,590,179</b>	<b>1,532,643</b>	<b>57,536</b>
<b>Care and Upkeep of Grounds</b>					
Salaries	58,005	17,023	75,028	75,028	
Purchased Professional and Technical Services	1,875	(57)	1,818	1,818	
Cleaning, Repair, and Maintenance Svc.	28,000	(10,529)	17,471	17,471	
General Supplies	13,500	(4,562)	8,938	8,938	-
<b>Total Care and Upkeep of Grounds</b>	<b>101,380</b>	<b>1,875</b>	<b>103,255</b>	<b>103,255</b>	<b>-</b>

**CRESSKILL BOARD OF EDUCATION  
GENERAL 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>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
<b>Undistributed Expenditures (Continued)</b>					
<b>Security</b>					
Cleaning, Repair and Maintenance Services	\$ 4,500	\$ (2,150)	\$ 2,350	\$ 2,350	
General Supplies	18,000	495	18,495	18,495	-
Total Security	<u>22,500</u>	<u>(1,655)</u>	<u>20,845</u>	<u>20,845</u>	<u>-</u>
<b>Student Transportation Services</b>					
Contracted Services (Between Home and School) - Vendors		-			
Contracted Services (Other Than Between Home and School) - Vendors	105,450	9,653	115,103	115,103	
Contracted Services (Between Home and School) Joint Agreements	18,400	9,439	27,839	27,839	
Contract Services (Special Ed) - Vendors	-	-			
Contracted Services ( Sp Ed Stds)-Joint Agreements	225,000	17,415	242,415	242,415	-
Total Student Transportation Services	<u>348,850</u>	<u>36,507</u>	<u>385,357</u>	<u>385,357</u>	<u>-</u>
<b>Unallocated Benefits</b>					
Social Security Contributions	329,500	(1,378)	328,122	299,962	\$ 28,160
Other Retirement Contributions- PERS	308,000	(21,271)	286,729	286,729	
Other Retirement Contributions - Regular (DCRP)	27,000	3,961	30,961	30,011	950
Workmens Compensation	111,804	342	112,146	112,146	
Health Benefits	3,125,998	140,239	3,266,237	3,203,508	62,729
Tuition Reimbursement	4,500	(360)	4,140	4,140	
Other Employee Benefits	150,468	(34,093)	116,375	111,302	5,073
Unused Sick Payment to Terminated/Retired Staff	-	35,000	35,000	35,000	-
Total Employee Benefits	<u>4,057,270</u>	<u>122,440</u>	<u>4,179,710</u>	<u>4,082,798</u>	<u>96,912</u>
<b>On-behalf Contributions</b>					
<b>On-behalf TPAF Pension System Contributions (Non-Budgeted)</b>					
Non-Contributory Group Life Insurance				49,005	(49,005)
Normal Cost & Accrued Liab.				983,772	(983,772)
Post Retirement Medical Benefit Contribution				1,229,752	(1,229,752)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	1,019,032	(1,019,032)
Total On-Behalf Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,281,561</u>	<u>(3,281,561)</u>
Total Undistributed Expenditures	<u>13,145,518</u>	<u>(29,345)</u>	<u>13,116,173</u>	<u>16,233,326</u>	<u>(3,117,153)</u>
Total Expenditures - Current Expenditures	<u>26,823,282</u>	<u>291,799</u>	<u>27,115,081</u>	<u>30,167,253</u>	<u>(3,052,172)</u>
<b>CAPITAL OUTLAY</b>					
<b>Equipment</b>					
<b>Undistributed</b>					
Admin Info Technology	2,500	467	2,967	-	2,967
Security	-	2,890	2,890	2,890	-
Total Equipment	<u>2,500</u>	<u>3,357</u>	<u>5,857</u>	<u>2,890</u>	<u>2,967</u>
<b>Facilities Acquisition and Construction Services</b>					
Assessment for Debt Service on SDA Funding	92,970	-	92,970	92,970	-
Total Facilities Acquisition and Construction Services	<u>92,970</u>	<u>-</u>	<u>92,970</u>	<u>92,970</u>	<u>-</u>
Interest Deposit to Capital Reserve	500	-	500	-	500
Total Capital Outlay	<u>95,970</u>	<u>3,357</u>	<u>99,327</u>	<u>95,860</u>	<u>3,467</u>
Total Expenditures	<u>26,919,252</u>	<u>295,156</u>	<u>27,214,408</u>	<u>30,263,113</u>	<u>(3,048,705)</u>

**CRESSKILL BOARD OF EDUCATION  
GENERAL 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>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (277,729)	(295,156)	\$ (572,885)	\$ 200,345	\$ 773,230
Other Financing Sources (Uses)					
Transfer In				209	209
Transfer Out-Capital Reserve to Capital Projects	(353,580)	-	(353,580)	(50,000)	303,580
Total Other Financing Sources	(353,580)	-	(353,580)	(49,791)	303,789
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Sources	(631,309)	(295,156)	(926,465)	150,554	1,077,019
Fund Balances, Beginning of Year	1,676,943	-	1,676,943	1,676,943	-
Fund Balances, End of Year	\$ 1,045,634	\$ (295,156)	\$ 750,478	\$ 1,827,497	\$ 1,077,019
<b>Recapitulation</b>					
Restricted Fund Balance					
Capital Reserve				\$ 555,072	
Excess Surplus - (2017/2018 Budget)				131,956	
Assigned Fund Balance					
Designated for Subsequent Year's Expenditures				277,729	
Unassigned Fund Balance				862,740	
				1,827,497	
Reconciliation to Governmental Funds Statements (GAAP)					
State Aid Revenue Not Recognized on GAAP Basis				(524,191)	
Fund Balance per Governmental Funds (GAAP)				\$ 1,303,306	

**CRESSKILL BOARD OF EDUCATION  
SPECIAL REVENUE 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>
<b>REVENUES</b>					
Intergovernmental					
State	\$ 200,081	\$ (38,366)	\$ 161,715	\$ 126,041	\$ (35,674)
Federal	434,189	173,620	607,809	531,495	(76,314)
Local Sources					
Miscellaneous	89,759	7,058	96,817	92,832	(3,985)
Total Revenues	<u>724,029</u>	<u>142,312</u>	<u>866,341</u>	<u>750,368</u>	<u>(115,973)</u>
<b>EXPENDITURES</b>					
Instruction					
Salaries of Teachers	18,000	5,295	23,295	20,000	3,295
Tuition	303,465	9,451	312,916	312,916	-
Purchased Professional and Technical Services	182,962	86,311	269,273	192,969	76,304
Textbooks	11,261	(812)	10,449	10,218	231
General Supplies	117,571	(2,955)	114,616	110,762	3,854
Total Instruction	<u>633,259</u>	<u>97,290</u>	<u>730,549</u>	<u>646,865</u>	<u>83,684</u>
Support Services					
Salaries of Program Directors	-	4,702	4,702	1,950	2,752
Purchased Professional and Technical Services	1,000	(1,000)	-	-	-
Purchased Professional-Educational Services	43,651	11,975	55,626	32,086	23,540
Other Purchased Services	31,221	11,139	42,360	41,071	1,289
Supplies and Materials	998	1,929	2,927	2,119	808
Total Support Services	<u>76,870</u>	<u>28,745</u>	<u>105,615</u>	<u>77,226</u>	<u>28,389</u>
Unallocated Benefits					
Employee Benefits	3,900	3,900	7,800	3,900	3,900
Facilities Acquisition and Construction					
Instructional Equipment	10,000	4,422	14,422	14,422	-
Noninstructional Equipment	-	7,955	7,955	7,955	-
Total Facilities Acquisition and Construction	<u>10,000</u>	<u>12,377</u>	<u>22,377</u>	<u>22,377</u>	<u>-</u>
Total Expenditures	<u>724,029</u>	<u>142,312</u>	<u>866,341</u>	<u>750,368</u>	<u>115,973</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>

**CRESSKILL BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

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

	<b>General Fund</b>	<b>Special Revenue Fund</b>
<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary basis) revenue from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 30,463,458	\$ 750,368
State Aid revenue recognized for budgetary purposes, not recognized for GAAP statements (2014-2015)	457,893	
State Aid revenue recognized for budgetary purposes, not recognized for GAAP statements (2015-2016)	<u>(524,191)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 30,397,160</u>	<u>\$ 750,368</u>
<b>Uses/Outflows of Resources</b>		
Actual amounts (budgetary basis) total expenditures from the budgetary comparison schedule	<u>\$ 30,263,113</u>	<u>\$ 750,368</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 30,263,113</u>	<u>\$ 750,368</u>



**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**CRESSKILL 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)	0.03335%	0.03304%	0.03270%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 7,486,627</u>	<u>\$ 6,186,083</u>	<u>\$ 6,250,411</u>
District's Covered-Employee Payroll	<u>\$ 2,359,577</u>	<u>\$ 2,229,278</u>	<u>\$ 2,251,432</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	317%	277%	278%
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.

**CRESSKILL BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT CONTRIBUTIONS**

**Public Employees Retirement System**

**Last Three Fiscal Years**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 286,729	\$ 272,381	\$ 246,419
Contributions in Relation to the Contractually Required Contribution	<u>286,729</u>	<u>272,381</u>	<u>246,419</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	<u>\$ 2,359,577</u>	<u>\$ 2,229,278</u>	<u>\$ 2,251,432</u>
Contributions as a Percentage of Covered-Employee Payroll	12.15%	12.22%	10.94%

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.

**CRESSKILL 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>2015</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>\$ 81,650,274</u>	<u>\$ 66,031,518</u>	<u>\$ 65,387,289</u>
Total	<u>\$ 81,650,274</u>	<u>\$ 66,031,518</u>	<u>\$ 65,387,289</u>
District's Covered-Employee Payroll	<u>\$ 13,695,726</u>	<u>\$ 12,962,278</u>	<u>\$ 12,584,942</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.

**CRESSKILL 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 4D.

**SCHOOL LEVEL SCHEDULES**

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

**NOT APPLICABLE**

**SPECIAL REVENUE FUND**

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

	<u>No Child Left Behind (N.C.L.B.)</u>				<u>IDEA Part B- Basic</u>	<u>IDEA Part B- Preschool</u>	<u>Total Page 2</u>	<u>Grand Total</u>
	<u>Title I</u>	<u>Title II-A</u>	<u>Title III Immigrant</u>	<u>Title III</u>				
<b>REVENUES</b>								
Intergovernmental								
State							\$ 126,041	\$ 126,041
Federal	\$ 67,128	\$ 26,655	\$ 47,018	\$ 33,133	\$ 343,472	\$ 14,089	-	531,495
Local	-	-	-	-	-	-	92,832	92,832
<b>Total Revenues</b>	<b>\$ 67,128</b>	<b>\$ 26,655</b>	<b>\$ 47,018</b>	<b>\$ 33,133</b>	<b>\$ 343,472</b>	<b>\$ 14,089</b>	<b>\$ 218,873</b>	<b>\$ 750,368</b>
<b>EXPENDITURES</b>								
Instruction								
Salaries of Teachers				\$ 15,000			\$ 5,000	\$ 20,000
Tuition					\$ 298,827	\$ 14,089		312,916
Purchased Professional and Technical Services	\$ 64,467		\$ 21,698		-		106,804	192,969
General Supplies			23,813	4,058	4,285		78,606	110,762
Textbooks	-	-	-	-	-	-	10,218	10,218
<b>Total Instruction</b>	<b>64,467</b>	<b>-</b>	<b>45,511</b>	<b>19,058</b>	<b>303,112</b>	<b>14,089</b>	<b>200,628</b>	<b>646,865</b>
Support Services								
Salaries of Program Directors	1,950							1,950
Employee Benefits				3,900				3,900
Purchased Professional-Education Services		\$ 24,536	1,507	6,043	-	-	-	32,086
Other Purchased Services	711				40,360			41,071
Supplies and Materials	-	2,119	-	-	-	-	-	2,119
<b>Total Support Services</b>	<b>2,661</b>	<b>26,655</b>	<b>1,507</b>	<b>9,943</b>	<b>40,360</b>	<b>-</b>	<b>-</b>	<b>81,126</b>
Facilities Acquisition and Construction								
Instructional Equipment				4,132			10,290	14,422
Noninstructional Equipment							7,955	7,955
<b>Total Facilities Acquisition and Construction</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,132</b>	<b>-</b>	<b>-</b>	<b>18,245</b>	<b>22,377</b>
<b>Total Expenditures</b>	<b>\$ 67,128</b>	<b>\$ 26,655</b>	<b>\$ 47,018</b>	<b>\$ 33,133</b>	<b>\$ 343,472</b>	<b>\$ 14,089</b>	<b>\$ 218,873</b>	<b>\$ 750,368</b>



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

	Nonpublic <u>Textbooks</u>	Nonpublic <u>Transportation</u>	Nonpublic <u>Technology</u>	Nonpublic <u>Nursing</u>	Nonpublic <u>Security</u>	Ch. 193			Ch. 192		Local <u>Revenue</u>	Total (Carried <u>Forward</u> )
						Supplemental <u>Instruction</u>	Exam & <u>Classification</u>	Corrective <u>Speech</u>	Compensatory <u>Education</u>	ESL		
<b>REVENUES</b>												
Intergovernmental												
State	\$ 10,218	\$ 13,175	\$ 4,447	\$ 16,470	\$ 4,572	\$ 16,782	\$ 17,047	\$ 14,213	\$ 28,427	\$ 690		\$ 126,041
Federal												
Local	-	-	-	-	-	-	-	-	-	-	\$ 92,832	92,832
Total Revenues	<u>\$ 10,218</u>	<u>\$ 13,175</u>	<u>\$ 4,447</u>	<u>\$ 16,470</u>	<u>\$ 4,572</u>	<u>\$ 16,782</u>	<u>\$ 17,047</u>	<u>\$ 14,213</u>	<u>\$ 28,427</u>	<u>\$ 690</u>	<u>\$ 92,832</u>	<u>\$ 218,873</u>
<b>EXPENDITURES</b>												
Instruction												
Salaries of Teachers		\$ 13,175		\$ 16,470		\$ 16,782	\$ 17,047	\$ 14,213	\$ 28,427	\$ 690	\$ 5,000	5,000
Purchased Professional Technical Services			\$ 4,447		\$ 4,572						69,587	78,606
General Supplies	\$ 10,218											10,218
Textbooks												
Total Instruction	<u>10,218</u>	<u>13,175</u>	<u>4,447</u>	<u>16,470</u>	<u>4,572</u>	<u>16,782</u>	<u>17,047</u>	<u>14,213</u>	<u>28,427</u>	<u>690</u>	<u>74,587</u>	<u>200,628</u>
Support Services												
Purchased Professional and Technical Services												
Total Support Services												
Facilities Acquisition and Construction												
Instructional Equipment											10,290	10,290
Noninstructional Equipment											7,955	7,955
Total Facilities Acquisition and Construction											<u>18,245</u>	<u>18,245</u>
Total Expenditures	<u>\$ 10,218</u>	<u>\$ 13,175</u>	<u>\$ 4,447</u>	<u>\$ 16,470</u>	<u>\$ 4,572</u>	<u>\$ 16,782</u>	<u>\$ 17,047</u>	<u>\$ 14,213</u>	<u>\$ 28,427</u>	<u>\$ 690</u>	<u>\$ 92,832</u>	<u>\$ 218,873</u>

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

**NOT APPLICABLE**

**CAPITAL PROJECTS FUND**

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

<u>Project</u>	<u>Appropriation</u>	<u>Expenditures to Date</u>		<u>Cancelled</u>	<u>Balance, June 30, 2016</u>
		<u>Prior Year</u>	<u>Current Year</u>		
Toilet Renovations at Merritt Memorial School	\$ 337,000	\$ 25,813	\$ 234,072	\$ 30,846	\$ 46,269
Toilet Renovations at Cresskill Middle School	252,300	19,943	160,829	28,611	42,917
Replace PA System at Cresskill High School	<u>50,000</u>	<u>-</u>	<u>47,984</u>	<u>-</u>	<u>2,016</u>
	<u>\$ 639,300</u>	<u>\$ 45,756</u>	<u>\$ 442,885</u>	<u>\$ 59,457</u>	<u>\$ 91,202</u>
Project Balance (Budgetary Basis)					<u>\$ 91,202</u>
Fund Balance, GAAP Basis					<u>\$ 91,202</u>
<b><u>Recapitulation of Fund Balance</u></b>					
Available for Capital Projects:					<u>\$ 91,202</u>
Total Fund Balance - Restricted for Capital Projects					<u>\$ 91,202</u>

**CRESSKILL BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Revenues and Other Financing Sources**

Revenues	
Interest	\$ 209
Other Financing Sources	
Transfer from Capital Reserve	<u>50,000</u>
 Total Revenues and Other Financing Sources	 <u>50,209</u>

**Expenditures and Other Financing Uses**

Expenditures	
Purchased Professional and Technical Services	7,851
Construction Services	435,034
Other Financing Uses	
Transfer to General Fund- Interest Earnings	209
Cancel SDA Grant Balances	<u>59,457</u>
 Total Expenditures and Other Financing Uses	 <u>502,551</u>
 Excess of Expenditures Over Revenues	 (452,342)
 Fund Balance, Beginning of Year	 <u>543,544</u>
 Fund Balance, End of Year	 <u>\$ 91,202</u>

**Reconciliation to GAAP**

Fund Balance-End of Year-Budgetary Basis	<u>\$ 91,202</u>
 Fund Balance- End of Year GAAP Basis	 <u>\$ 91,202</u>

**CRESSKILL BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
TOILET RENOVATTIONS- MERRITT MEMORIAL ELEMENTARY SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State- Regular Operating District Grants	\$ 134,800	\$ (30,846)	\$ 103,954	\$ 103,954
Transfers from Capital Reserve	<u>202,200</u>	<u>-</u>	<u>202,200</u>	<u>202,200</u>
 Total Revenues	 <u>337,000</u>	 <u>(30,846)</u>	 <u>306,154</u>	 <u>306,154</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	\$ 25,813	4,599	30,412	31,000
Construction Services	<u>-</u>	<u>229,473</u>	<u>229,473</u>	<u>275,154</u>
 Total Expenditures	 <u>25,813</u>	 <u>234,072</u>	 <u>259,885</u>	 <u>306,154</u>
 Excess of Revenue Over Expenditures	 <u>\$ 311,187</u>	 <u>\$ (264,918)</u>	 <u>\$ 46,269</u>	 <u>\$ -</u>

**Additional Project Information:**

Project Number	0990-060-14-1003-G04 FEC
Grant Date	1/6/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 337,000
Additional Authorized Cost	-
Revised Authorized Cost	306,154
 Percentage Increase Over Original Authorized Cost	 0.00%
Percentage Completion	85%
Original Target Completion Date	2015/2016
Revised Target Completion Date	2015/2016

**CRESSKILL BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
TOILET RENOVATIONS- CRESSKILL MIDDLE SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Year</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State- Regular Operating District Grants	\$ 100,920	\$ (28,611)	\$ 72,309	\$ 72,309
Transfers from Capital Reserve	<u>151,380</u>	<u>-</u>	<u>151,380</u>	<u>151,380</u>
 Total Revenues	 <u>252,300</u>	 <u>(28,611)</u>	 <u>223,689</u>	 <u>223,689</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	\$ 19,943	3,252	23,195	24,000
Construction Services	<u>-</u>	<u>157,577</u>	<u>157,577</u>	<u>199,689</u>
 Total Expenditures	 <u>19,943</u>	 <u>160,829</u>	 <u>180,772</u>	 <u>223,689</u>
 Excess of Revenue Over Expenditures	 <u>\$ 232,357</u>	 <u>\$ (189,440)</u>	 <u>\$ 42,917</u>	 <u>\$ -</u>

**Additional Project Information:**

Project Number	0990-045-14-1002-G04 FEC
Grant Date	1/6/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 252,300
Additional Authorized Cost	-
Revised Authorized Cost	223,689
Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	81%
Original Target Completion Date	2015/2016
Revised Target Completion Date	2015/2016

**CRESSKILL BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
REPLACEMENT OF PA SYSTEM AT CRESSKILL HIGH SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Year</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Transfers from Capital Reserve	-	\$ 50,000	\$ 50,000	\$ 50,000
Total Revenues	-	50,000	50,000	50,000
<b>Expenditures and Other Financing Uses</b>				
Construction Services	-	47,984	47,984	50,000
Total Expenditures	-	47,984	47,984	50,000
Excess of Revenue Over Expenditures	\$ -	\$ 2,016	\$ 2,016	\$ -
<b>Additional Project Information:</b>				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$	50,000		
Additional Authorized Cost	-			
Revised Authorized Cost	50,000			
Percentage Increase Over Original Authorized Cost	96%			
Percentage Completion	8.00%			
Original Target Completion Date	2015/2016			
Revised Target Completion Date	2016/2017			



**PROPRIETARY FUNDS**

**ENTERPRISE FUNDS**

**EXHIBIT G-1**

**CRESSKILL BOARD OF EDUCATION  
ENTERPRISE FUND  
COMBINING STATEMENT OF NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**EXHIBIT G-2**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**EXHIBIT G-3**

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

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

**INTERNAL SERVICE FUND**

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

**NOT APPLICABLE**

**FIDUCIARY FUNDS**

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

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 294,074	\$ 153,042	\$ 447,116
Due from Unemployment Trust Fund	-	3,421	3,421
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 294,074</u>	<u>\$ 156,463</u>	<u>\$ 450,537</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings Payable		\$ 146,783	\$ 146,783
Accrued Salaries and Wages		3,567	3,567
Reserve for Flexible Spending Plan		6,113	6,113
Due to Student Groups	\$ 294,074	-	294,074
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>\$ 294,074</u>	<u>\$ 156,463</u>	<u>\$ 450,537</u>

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

NOT APPLICABLE

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

	<b>Balance, July 1, <u>2015</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance, June 30, <u>2016</u></b>
<b>ELEMENTARY SCHOOLS</b>				
Merritt	\$ 9,199	\$ 6,197	\$ 5,312	\$ 10,084
Bryan	13,216	30,833	29,979	14,070
<b>HIGH SCHOOL</b>				
Cresskill High School	<u>249,747</u>	<u>429,832</u>	<u>409,659</u>	<u>269,920</u>
Total	<u>\$ 272,162</u>	<u>\$ 466,862</u>	<u>\$ 444,950</u>	<u>\$ 294,074</u>

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

	Balance, July 1, <u>2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2016</u>
<b>ASSETS</b>				
Cash	\$ 139,423	\$ 30,426,558	\$ 30,412,939	\$ 153,042
Due from Unemployment Trust Fund	<u>-</u>	<u>3,421</u>	<u>-</u>	<u>3,421</u>
Total Assets	<u>\$ 139,423</u>	<u>\$ 30,429,979</u>	<u>\$ 30,412,939</u>	<u>\$ 156,463</u>
<b>LIABILITIES</b>				
Payroll Deductions and Withholdings	\$ 128,652	\$ 19,780,787	\$ 19,762,656	\$ 146,783
Accrued Salaries and Wages	5,233	10,615,420	10,617,086	3,567
Reserve for Flexible Spending	<u>5,538</u>	<u>33,772</u>	<u>33,197</u>	<u>6,113</u>
Total Liabilities	<u>\$ 139,423</u>	<u>\$ 30,429,979</u>	<u>\$ 30,412,939</u>	<u>\$ 156,463</u>



**LONG-TERM DEBT**

**CRESSKILL BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF 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>Retired</u>	<u>Balance, June 30, 2016</u>
			<u>Date</u>	<u>Amount</u>				
Refunding School Bonds	5/28/2008	\$ 2,520,000	8/1/2016	\$ 265,000	3.0-5.0%	\$ 1,045,000	\$ 270,000	\$ 775,000
			8/1/2017	260,000				
			8/1/2018	250,000				
Refunding School Bonds	8/15/2012	8,960,000	2/1/2017	785,000	3.0-4.0%	8,890,000	750,000	8,140,000
			2/1/2018	830,000				
			2/1/2019	980,000				
			2/1/2020	970,000				
			2/1/2021-23	965,000				
			2/1/2024	960,000				
			2/1/2025	720,000				
Refunding School Bonds	2/22/2013	6,700,000	2/1/2017	40,000	2.0-3.0%	<u>6,610,000</u>	<u>40,000</u>	<u>6,570,000</u>
			2/1/2018-22	45,000				
			2/1/2023-24	50,000				
			2/1/2025	285,000				
			2/1/2026	1,040,000				
			2/1/2027	1,020,000				
			2/1/2028	1,005,000				
			2/1/2029	990,000				
			2/1/2030	975,000				
			2/1/2031	890,000				
						<u>\$ 16,545,000</u>	<u>\$ 1,060,000</u>	<u>\$ 15,485,000</u>
Paid by Budget Appropriation							<u>\$ 1,060,000</u>	

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**CRESSKILL BOARD OF EDUCATION  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL  
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>
<b>REVENUES</b>					
Local Sources					
Property Taxes	\$ 1,558,430		\$ 1,558,430	\$ 1,558,430	
Intergovernmental State					
Debt Service Aid Type II	<u>37,119</u>	<u>-</u>	<u>37,119</u>	<u>37,119</u>	<u>-</u>
Total Revenues	<u>1,595,549</u>	<u>-</u>	<u>1,595,549</u>	<u>1,595,549</u>	<u>-</u>
 <b>EXPENDITURES</b>					
Regular Debt Service					
Principal	1,060,000	-	1,060,000	1,060,000	
Interest	<u>535,549</u>	<u>-</u>	<u>535,549</u>	<u>535,549</u>	<u>-</u>
Total Expenditures	<u>1,595,549</u>	<u>-</u>	<u>1,595,549</u>	<u>1,595,549</u>	<u>-</u>
Net Changes in Fund Balance	-	-	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## STATISTICAL SECTION

This part of the Cresskill 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.

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

	Fiscal Year Ending June 30,									
	2007	2008 (Restated)	2009	2010	2011	2012	2013	2014	2015	2016
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 9,508,993	\$ 13,140,837	\$ 12,182,578	\$ 12,109,928	\$ 12,570,296	\$ 12,847,635	\$ 12,826,527	\$ 13,249,466	\$ 13,583,569	\$ 14,141,986
Restricted	139,729	10,050	23,455	1	226,725	195,769	364,709	413,870	929,245	646,274
Unrestricted	(109,316)	(1,921,191)	(1,253,443)	(506,562)	(571,544)	(190,479)	(232,308)	(6,635,207)	(6,811,314)	(6,950,121)
<b>Total Governmental Activities Net Position</b>	<b>\$ 9,539,406</b>	<b>\$ 11,229,696</b>	<b>\$ 10,952,590</b>	<b>\$ 11,603,367</b>	<b>\$ 12,225,477</b>	<b>\$ 12,852,925</b>	<b>\$ 12,958,928</b>	<b>\$ 7,028,129</b>	<b>\$ 7,701,500</b>	<b>\$ 7,838,139</b>
<b>Business-Type Activities</b>										
Net Investment in Capital Assets	\$ 19,455	\$ 8,420		\$ 8,943	\$ 10,800	\$ 16,361	\$ 18,893	\$ 16,677	\$ 16,616	\$ 14,161
Unrestricted	84,000	74,671	79,745	73,037	65,849	70,202	73,516	67,281	54,663	44,422
<b>Total Business-Type Activities Net Position</b>	<b>\$ 103,455</b>	<b>\$ 83,091</b>	<b>\$ 79,745</b>	<b>\$ 81,980</b>	<b>\$ 76,649</b>	<b>\$ 86,563</b>	<b>\$ 92,409</b>	<b>\$ 83,958</b>	<b>\$ 71,279</b>	<b>\$ 58,583</b>
<b>District-Wide</b>										
Net Investment in Capital Assets	\$ 9,528,448	\$ 13,149,257	\$ 12,182,578	\$ 12,118,871	\$ 12,581,096	\$ 12,863,996	\$ 12,845,420	\$ 13,266,143	\$ 13,600,185	\$ 14,156,147
Restricted	139,729	10,050	23,455	1	226,725	195,769	364,709	413,870	929,245	646,274
Unrestricted	(25,316)	(1,846,520)	(1,173,698)	(433,525)	(505,695)	(120,277)	(158,792)	(6,567,926)	(6,756,651)	(6,905,699)
<b>Total District Net Position</b>	<b>\$ 9,642,861</b>	<b>\$ 11,312,787</b>	<b>\$ 11,032,335</b>	<b>\$ 11,685,347</b>	<b>\$ 12,302,126</b>	<b>\$ 12,939,488</b>	<b>\$ 13,051,337</b>	<b>\$ 7,112,087</b>	<b>\$ 7,772,779</b>	<b>\$ 7,896,722</b>

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".

Source: School District's financial statements

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
<b>Governmental Activities</b>										
<b>Instruction</b>										
Regular	\$ 10,215,190	\$ 10,762,060	\$ 10,402,088	\$ 10,701,308	\$ 10,691,715	\$ 11,284,312	\$ 11,808,805	\$ 12,152,470	\$ 14,020,663	\$ 15,940,432
Special Education	4,080,745	4,086,717	4,030,225	3,788,211	4,231,848	4,384,782	5,241,978	5,530,491	7,227,329	7,325,828
Other Instruction	958,905	839,494	722,043	814,517	790,651	827,881	1,104,577	748,546	918,970	1,063,352
School Sponsored Activities And Athletics	672,973	651,377	658,837	675,280	661,365	669,459	719,481	741,117	811,390	904,425
<b>Support Services:</b>										
Student & Instruction Related Services	2,808,292	3,505,701	3,684,962	3,904,218	3,900,765	3,749,932	3,400,194	3,223,379	3,236,916	3,501,128
General Administration Services	598,054	700,326	592,010	522,683	645,140	565,124	791,756	670,510	652,965	648,006
School Administration Services	1,309,597	1,359,410	1,359,102	1,424,952	1,499,294	1,730,730	1,984,158	1,948,526	2,284,712	2,505,272
Central Services/Business Services	296,889	519,102	759,933	559,109	556,790	641,300	601,111	643,264	678,291	682,143
Administrative Information Technology	161,720	-	-	-	-	-	-	-	-	-
Plant Operations And Maintenance	1,760,128	2,610,468	2,762,583	3,144,414	2,936,208	3,052,524	3,144,420	3,220,274	3,276,427	3,218,382
Pupil Transportation	723,936	790,467	587,325	544,104	431,983	310,171	310,917	322,389	340,074	385,357
Interest On Long-Term Debt	1,018,370	901,485	942,575	905,303	870,110	833,201	664,229	602,569	580,644	542,990
<b>Total Governmental Activities Expenses</b>	<b>24,604,799</b>	<b>26,726,607</b>	<b>26,501,683</b>	<b>26,984,099</b>	<b>27,215,867</b>	<b>28,049,416</b>	<b>29,771,626</b>	<b>29,803,535</b>	<b>34,028,381</b>	<b>36,717,315</b>
<b>Business-Type Activities:</b>										
Food Service	259,073	263,506	362,220	392,350	348,468	364,366	341,879	349,623	355,614	336,671
CSI Program	-	-	-	211,406	23,094	-	-	-	-	-
<b>Total Business-Type Activities Expense</b>	<b>259,073</b>	<b>263,506</b>	<b>362,220</b>	<b>603,756</b>	<b>371,562</b>	<b>364,366</b>	<b>341,879</b>	<b>349,623</b>	<b>355,614</b>	<b>336,671</b>
<b>Total District Expenses</b>	<b>\$ 24,863,872</b>	<b>\$ 26,990,113</b>	<b>\$ 26,863,903</b>	<b>\$ 27,587,855</b>	<b>\$ 27,587,429</b>	<b>\$ 28,413,782</b>	<b>\$ 30,113,505</b>	<b>\$ 30,153,158</b>	<b>\$ 34,383,995</b>	<b>\$ 37,053,986</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
<b>Charges For Services:</b>										
Instruction (Regular)	\$ 206,500	\$ 318,309	\$ 381,957	\$ 288,052	\$ 323,926	\$ 481,169	\$ 395,221	\$ 306,004	\$ 274,131	\$ 247,599
Special Education	85,949	81,200	95,489	303,825	751,945	670,641	651,839	889,452	1,120,012	1,008,845
Rentals	-	-	-	-	-	-	8,960	21,400	9,820	9,567
Operating Grants And Contributions	3,653,188	3,873,081	3,146,613	4,118,917	2,937,010	3,578,231	4,378,651	3,948,049	7,428,995	9,142,412
Capital Grants And Contributions	6,750,410	2,662,932	133,060	92,129	-	-	-	50,576	115,399	157,961
<b>Total Governmental Activities Program Revenues</b>	<b>10,696,047</b>	<b>6,935,522</b>	<b>3,757,119</b>	<b>4,802,923</b>	<b>4,012,881</b>	<b>4,730,041</b>	<b>5,434,671</b>	<b>5,215,481</b>	<b>8,948,357</b>	<b>10,566,384</b>
<b>Business-Type Activities:</b>										
<b>Charges For Services</b>										
Food Service	262,838	262,854	333,252	342,834	340,000	350,302	345,410	340,680	342,634	323,646
CSI Program	-	-	-	234,500	-	-	-	-	-	-
Operating Grants And Contributions	18,132	13,766	25,622	28,072	25,683	23,583	1,789	-	-	-
<b>Total Business Type Activities Program Revenues</b>	<b>280,970</b>	<b>276,620</b>	<b>358,874</b>	<b>605,406</b>	<b>365,683</b>	<b>373,885</b>	<b>347,199</b>	<b>340,680</b>	<b>342,634</b>	<b>323,646</b>
<b>Total District Program Revenues</b>	<b>\$ 10,977,017</b>	<b>\$ 7,212,142</b>	<b>\$ 4,115,993</b>	<b>\$ 5,408,329</b>	<b>\$ 4,378,564</b>	<b>\$ 5,103,926</b>	<b>\$ 5,781,870</b>	<b>\$ 5,556,161</b>	<b>\$ 9,290,991</b>	<b>\$ 10,890,030</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (13,908,752)	\$ (19,791,085)	\$ (22,744,564)	\$ (22,181,176)	\$ (23,202,986)	\$ (23,319,375)	\$ (24,336,955)	\$ (24,588,054)	\$ (25,080,024)	\$ (26,150,931)
Business-Type Activities	21,897	13,114	(3,346)	1,650	(5,879)	9,519	5,320	(8,943)	(12,980)	(13,025)
<b>Total District-Wide Net Expense</b>	<b>\$ (13,886,855)</b>	<b>\$ (19,777,971)</b>	<b>\$ (22,747,910)</b>	<b>\$ (22,179,526)</b>	<b>\$ (23,208,865)</b>	<b>\$ (23,309,856)</b>	<b>\$ (24,331,635)</b>	<b>\$ (24,596,997)</b>	<b>\$ (25,093,004)</b>	<b>\$ (26,163,956)</b>

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental Activities:</b>										
Property Taxes Levied For General Purposes, Net	\$ 18,521,666	\$ 19,896,511	\$ 20,422,815	\$ 21,052,000	\$ 21,892,509	\$ 22,249,000	\$ 22,693,980	\$ 23,280,958	\$ 24,102,843	\$ 24,615,287
Property Taxes Levied For Debt Service, Net	1,623,773	1,640,858	1,639,664	1,611,737	1,638,970	1,635,267	1,642,982	1,513,767	1,541,868	1,558,430
State Aid Restricted for Debt Service	43,946	44,201	20,325	18,901	17,814		18,237	18,681	18,485	18,560
Unrestricted State Aid	248,160	268,869								
Investment Earnings	634,844	254,691	339,480	21,369	30,056	18,067	14,826	14,474	11,026	12,157
Miscellaneous Income	48,703	16,626	45,173	127,946	245,747	120,476	72,933	79,786	79,173	83,136
<b>Total Governmental Activities</b>	<b>21,121,092</b>	<b>22,121,756</b>	<b>22,467,457</b>	<b>22,831,953</b>	<b>23,825,096</b>	<b>24,022,810</b>	<b>24,442,958</b>	<b>24,907,666</b>	<b>25,753,395</b>	<b>26,287,570</b>
<b>Business-Type Activities:</b>										
Investment Earnings	3,665	2,099	-	585	548	395	526	492	301	329
<b>Total Business-Type Activities</b>	<b>3,665</b>	<b>2,099</b>	<b>-</b>	<b>585</b>	<b>548</b>	<b>395</b>	<b>526</b>	<b>492</b>	<b>301</b>	<b>329</b>
<b>Total District-Wide</b>	<b>\$ 21,124,757</b>	<b>\$ 22,123,855</b>	<b>\$ 22,467,457</b>	<b>\$ 22,832,538</b>	<b>\$ 23,825,644</b>	<b>\$ 24,023,205</b>	<b>\$ 24,443,484</b>	<b>\$ 24,908,158</b>	<b>\$ 25,753,696</b>	<b>\$ 26,287,899</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ 7,212,340	\$ 2,330,671	\$ (277,107)	\$ 650,777	\$ 622,110	\$ 703,435	\$ 106,003	\$ 319,612	\$ 673,371	\$ 136,639
Business-Type Activities	25,562	15,213	(3,346)	2,235	(5,331)	9,914	5,846	(8,451)	(12,679)	(12,696)
<b>Total District</b>	<b>\$ 7,237,902</b>	<b>\$ 2,345,884</b>	<b>\$ (280,453)</b>	<b>\$ 653,012</b>	<b>\$ 616,779</b>	<b>\$ 713,349</b>	<b>\$ 111,849</b>	<b>\$ 311,161</b>	<b>\$ 660,692</b>	<b>\$ 123,943</b>

Source: School District's financial statements

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 957,676	\$ 459,230	\$ 245,493	\$ 367,285						
Unreserved	375,426	84,644	(14,500)	278,457						
Restricted					\$ 225,000	\$ 536,307	\$ 748,529	\$ 497,305	\$ 703,528	\$ 687,028
Committed					33,731					
Assigned					243,467	232,873	20,200	177,320	177,320	277,729
Unassigned	-	-	-	-	316,743	353,822	345,108	360,425	338,202	338,549
<b>Total General Fund</b>	<b>\$ 1,333,102</b>	<b>\$ 543,874</b>	<b>\$ 230,993</b>	<b>\$ 645,742</b>	<b>\$ 818,941</b>	<b>\$ 1,123,002</b>	<b>\$ 1,113,837</b>	<b>\$ 1,035,050</b>	<b>\$ 1,219,050</b>	<b>\$ 1,303,306</b>
All Other Governmental Funds										
Reserved	\$ 8,027,514	\$ 333,289								
Unreserved	(2,447,188)	78,484	27,992	1,712						
Assigned					\$ 1,725	\$ 5,000	\$ 58,041	\$ 113,297	\$ 326,126	\$ 91,202
Restricted	-	-	-	-						
<b>Total All Other Governmental Funds</b>	<b>\$ 5,580,326</b>	<b>\$ 411,773</b>	<b>\$ 27,992</b>	<b>\$ 1,712</b>	<b>\$ 1,725</b>	<b>\$ 5,000</b>	<b>\$ 58,041</b>	<b>\$ 113,297</b>	<b>\$ 326,126</b>	<b>\$ 91,202</b>

Source: School District's financial statements

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.



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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues</b>										
Tax Levy	\$ 20,165,439	\$ 21,537,369	\$ 22,062,479	\$ 22,663,737	\$ 23,531,479	\$ 23,884,267	\$ 24,336,962	\$ 24,794,725	\$ 25,644,711	\$ 26,173,717
Tuition Charges	292,449	399,509	477,446	591,877	1,075,871	1,151,810	1,047,060	1,195,456	1,394,143	1,256,444
Interest Earnings	634,844	254,691	45,173	21,369	30,056	8,976	14,826	21,400	11,026	12,157
Miscellaneous	169,457	282,295	339,480	224,211	396,194	226,805	173,016	174,654	168,855	185,535
State Sources	10,234,271	6,222,772	2,943,554	3,402,615	2,328,964	3,064,824	3,914,408	3,543,141	4,191,567	4,741,899
Federal Sources	340,679	360,642	356,445	705,557	475,413	416,169	391,357	393,771	406,754	531,495
<b>Total Revenue</b>	<b>31,837,139</b>	<b>29,057,278</b>	<b>26,224,577</b>	<b>27,609,366</b>	<b>27,837,977</b>	<b>28,752,851</b>	<b>29,877,629</b>	<b>30,123,147</b>	<b>31,817,056</b>	<b>32,901,247</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	10,396,236	10,682,218	10,305,610	10,655,035	10,605,735	11,225,725	11,731,571	12,008,586	12,276,821	13,373,181
Special Education Instruction	3,862,119	4,097,215	4,026,400	3,788,911	4,215,848	4,389,309	5,241,547	5,515,584	6,335,823	6,356,881
Other Instruction	949,130	839,494	733,758	796,752	781,751	829,120	1,104,449	745,794	800,594	882,335
School Sponsored Activities and Athletics	672,973	651,377	650,037	676,480	660,265	670,216	719,420	739,173	733,150	785,938
<b>Support Services:</b>										
Student and Inst. Related Services	2,790,717	3,459,432	3,637,630	3,874,855	3,865,832	3,727,091	3,372,175	3,201,071	3,200,859	3,381,591
General Administrative Services	592,497	587,381	559,005	522,683	645,140	565,719	791,713	669,020	649,309	633,126
School Administrative Services	1,309,002	1,345,135	1,345,719	1,463,553	1,526,459	1,724,065	1,974,713	1,940,029	2,123,104	2,226,331
Central Services/Business Services	458,609	519,102	759,933	565,484	555,965	643,287	600,945	641,394	673,758	663,041
Plant Operations And Maintenance	1,656,952	1,888,119	1,963,669	2,363,401	2,149,148	2,242,087	2,333,120	2,385,625	2,415,359	2,300,433
Pupil Transportation	723,936	790,467	587,325	544,104	431,983	310,171	310,917	322,389	340,074	385,357
Capital Outlay	19,318,560	8,659,051	530,246	142,218	481,362	382,364	215,365	383,905	280,377	468,152
<b>Debt Service:</b>										
Principal	737,427	701,522	904,068	914,640	869,115	894,206	906,017	990,000	1,015,000	1,060,000
Interest and Other Charges	1,026,301	1,096,595	917,839	912,781	876,162	842,155	758,463	604,208	575,999	535,549
Advance Refunding Escrow		49,332								
Cost of Issuance	-	56,643	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>44,494,459</b>	<b>35,423,183</b>	<b>26,921,239</b>	<b>27,220,897</b>	<b>27,664,765</b>	<b>28,445,515</b>	<b>30,060,415</b>	<b>30,146,778</b>	<b>31,420,227</b>	<b>33,051,915</b>
<b>Excess (Deficiency) of Revenues</b>										
Over (Under) Expenditures	(12,657,320)	(6,365,905)	(696,662)	388,469	173,212	307,336	(182,786)	(23,631)	396,829	(150,668)
<b>Other Financing Sources (Uses)</b>										
Bond Sale Proceeds		2,520,000					15,660,000			
Capital Leases (Non-Budgeted)	280,023	292,099								
Premium on Sale of Bonds		38,025					1,052,504			
Payment to Refunded Bond Escrow Agent		(2,442,000)					(16,485,842)			
Transfers In	544,349	387,366	35,764	287	1,724	109,970	134,765	306,817	398,653	50,209
Transfers Out	(544,349)	(387,366)	(35,764)	(287)	(1,724)	(109,970)	(134,765)	(306,817)	(398,653)	(50,209)
<b>Total Other Financing Sources (Uses)</b>	<b>280,023</b>	<b>408,124</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>226,662</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>\$ (12,377,297)</b>	<b>\$ (5,957,781)</b>	<b>\$ (696,662)</b>	<b>\$ 388,469</b>	<b>\$ 173,212</b>	<b>\$ 307,336</b>	<b>\$ 43,876</b>	<b>\$ (23,631)</b>	<b>\$ 396,829</b>	<b>\$ (150,668)</b>
<b>Debt Service as a Percentage of</b>										
Noncapital Expenditures	7.01%	6.72%	6.90%	6.75%	6.42%	6.19%	5.58%	5.36%	5.11%	4.90%

\* Noncapital expenditures are total expenditures less capital outlay.

Source: School District's financial statements

**CRESSKILL BOARD OF EDUCATION  
GENERAL FUND  
OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

<b>Fiscal Year Ended June 30.</b>	<b>Tuition</b>	<b>Related Services Provided to Other LEAs</b>	<b>Interest on Invest.</b>	<b>Rentals</b>	<b>Student Activity/ Athletic Fee</b>	<b>E-Rate Reimbursement</b>	<b>Miscellaneous</b>	<b>Total</b>
2007	\$ 292,449		\$ 90,495	\$ 4,308			\$ 44,395	\$ 431,647
2008	399,509		107,325	7,350			9,276	523,460
2009	477,446		29,309	71,504			64,614	642,873
2010	591,877		21,082	72,527			55,419	740,905
2011	1,075,871	\$ 96,521	30,043	22,366	\$ 44,227		82,633	1,351,661
2012	1,072,039	79,771	8,856	3,585			107,915	1,272,166
2013	965,788	81,272	14,561	8,960		\$ 47,791	25,142	1,143,514
2014	1,078,131	117,325	14,474	21,400		50,995	28,791	1,311,116
2015	1,217,848	176,295	10,460	9,820		49,432	29,741	1,493,596
2016	1,155,289	101,155	11,948	9,567		46,484	36,652	1,361,095

Source School District's Financial Statements

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>a</sup>
2007	\$ 29,687,100	\$ 1,614,496,200	\$ 136,072,200	\$ 11,685,200	\$ 5,340,800	\$ 1,797,281,500	\$ 664,577	\$ 1,797,946,077	\$ 2,334,131,818	1.19
2008	29,370,000	1,623,996,100	129,953,800	3,985,100	5,340,800	1,792,646,400	639,075	1,793,285,475	2,526,369,398	1.23
2009	30,045,300	1,622,233,700	129,276,900	3,985,100	5,053,200	1,785,594,200	631,556	1,786,225,756	2,692,596,856	1.27
2010	28,070,300	1,616,918,500	119,604,100	2,965,000	5,053,200	1,772,611,100	658,243	1,773,269,343	2,492,849,585	1.53
2011	22,697,900	1,615,957,000	119,812,800	2,330,000	5,053,200	1,765,850,900	580,804	1,766,431,704	2,303,399,323	1.35
2012	17,877,000	1,641,269,000	138,099,100	2,336,100	5,684,500	1,805,265,700	738,164	1,806,003,864	1,994,212,751	1.35
2013	18,665,100	1,622,930,800	136,905,200	2,336,100	5,663,400	1,786,563,600	738,200	1,787,301,800	2,056,298,706	1.39
2014	17,654,200	1,622,421,300	134,294,800	2,138,100	5,663,400	1,782,171,800	423,986	1,782,595,786	2,000,038,733	1.44
2015	18,947,600	1,622,807,600	127,766,400	2,138,100	5,663,400	1,777,323,100	407,914	1,777,731,014	2,075,667,633	1.47
2016	21,820,400	1,623,946,700	124,731,700	2,138,100	5,663,400	1,778,300,300	-	1,778,300,300	2,145,106,430	1.51

Source: County Abstract of Ratables

(1) The Borough undertook a revaluation of real property effective January 1, 2004  
a Tax rates are per \$100

**CRESSKILL BOARD OF EDUCATION  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN YEARS  
(UNAUDITED)  
*Per \$100 OF Assessed Valuation***

<b>Calendar Year</b>	<b>Total Direct School Tax Rate Cresskill Local School District</b>	<b>Overlapping Rates</b>		<b>Total Direct and Overlapping Tax Rate</b>
		<b>Municipality of Cresskill</b>	<b>County of Bergen</b>	
2007	\$1.19	\$0.57	\$0.23	\$1.99
2008	\$1.23	\$0.61	\$0.26	\$2.10
2009	\$1.27	\$0.66	\$0.29	\$2.21
2010	\$1.33	\$0.70	\$0.27	\$2.30
2011	\$1.35	\$0.73	\$0.27	\$2.35
2012	\$1.35	\$0.74	\$0.24	\$2.33
2013	\$1.39	\$0.75	\$0.26	\$2.40
2014	\$1.44	\$0.78	\$0.26	\$2.48
2015	\$1.47	\$0.81	\$0.28	\$2.56
2016	\$1.51	\$0.82	\$0.31	\$2.64

Source: Tax Duplicate, Borough of Cresskill

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

Taxpayer	2016	
	Taxable Assessed Value	% of Total District Net Assessed Value
CNL Retirement Suni Cresskill	\$ 36,757,300	2.07%
Care One at Dunroven	6,760,000	0.38%
Kings Supermarket Inc.	5,635,300	0.32%
Cresskill Mill C/O Asset Realty	5,275,000	0.30%
P.S. Realty, L.L.C.	4,434,000	0.25%
NTX Wealth Mang.-D. Carl Trust	4,210,700	0.24%
Resident	3,800,000	0.21%
Cresskill Industrial Park	3,798,200	0.21%
Piermont Associates, LLC	3,657,100	0.21%
Resident	3,440,400	0.19%
	\$ 77,768,000	4.37%
	2006	
	Taxable Assessed Value	% of Total District's Net Assessed Value
CNL Retirement Suni Cresskill	\$ 49,693,700	2.91%
Cresskill Res. Com. LLC	11,058,100	0.65%
Millennium/Dunrovan Nursing Home	7,700,000	0.45%
Resident	7,002,800	0.41%
Cresskill Ind. Park	6,201,800	0.36%
Cresskill Millennium Association	5,839,000	0.34%
Kings Supermarket	4,573,500	0.27%
Cresskill Horizon Realty	4,448,300	0.26%
Resident	4,166,100	0.24%
Resident	4,005,600	0.23%
	\$104,688,900	6.14%

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Local School District Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	\$ 20,165,439	\$ 20,165,439	100.00%	
2008	21,537,369	21,537,369	100.00%	
2009	22,062,479	22,062,479	100.00%	
2010	22,663,737	22,663,737	100.00%	
2011	23,531,479	23,531,479	100.00%	
2012	23,884,267	23,884,267	100.00%	
2013	24,336,962	24,336,962	100.00%	
2014	24,794,725	24,794,725	100.00%	
2015	25,644,711	25,644,711	100.00%	
2016	26,173,717	26,173,717	100.00%	

Source: District records

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

Fiscal Year Ended June 30,	Governmental Activities				Total District	Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases/Lease Purchase Agreements	Bond Anticipation Notes (BANs)			
2007	\$ 22,632,000		\$ 232,583		\$ 22,864,583	8,259	\$ 2,768
2008	22,020,000		423,046	\$ 5,019,900	27,462,946	8,456	3,248
2009	21,255,000		283,978		21,538,978	8,567	2,514
2010	20,480,000		144,338		20,624,338	8,614	2,394
2011	19,675,000		80,223		19,755,223	8,577	2,303
2012	18,840,000		21,017		18,861,017	8,641	2,183
2013	18,550,000				18,550,000	8,681	2,137
2014	17,560,000				17,560,000	8,737	2,010
2015	16,545,000				16,545,000	8,772	1,886
2016	15,485,000				15,485,000	8,812	1,757

Source: District records

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

<u>General Bonded Debt Outstanding</u>					
<u>Fiscal Year Ended June 30,</u>	<u>General Obligation Bonds</u>	<u>Deductions</u>	<u>Net General Bonded Debt Outstanding</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
2007	\$ 22,632,000		\$ 22,632,000	1.26%	\$ 2,768
2008	22,020,000		22,020,000	1.23%	3,248
2009	21,255,000		21,255,000	1.20%	2,514
2010	20,480,000		20,480,000	1.16%	2,394
2011	19,675,000		19,675,000	1.09%	2,303
2012	18,840,000		18,840,000	1.04%	2,183
2013	18,550,000		18,550,000	1.04%	2,137
2014	17,560,000		17,560,000	0.99%	2,010
2015	17,560,000		17,560,000	0.99%	1,886
2016	15,485,000		15,485,000	0.87%	1,757

Source: District records



**CRESSKILL BOARD OF EDUCATION  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(UNAUDITED)**

Municipal Debt:	
Cresskill Board of Education (as of June 30, 2016)	\$ 16,275,000
Borough of Cresskill	<u>12,433,559</u>
 Total Direct Debt	 <u>28,708,559</u>
 Overlapping Debt Apportioned to the Municipality:	
Bergen County:	
County of Bergen (A)	12,161,769
Bergen County Utilities Authority - Water Pollution (B)	<u>1,931,005</u>
 Total Overlapping Debt	 <u>14,092,774</u>
 Total Direct and Overlapping Debt	 <u>\$ 42,801,333</u>

- (A) The debt for this entity was apportioned by dividing the Municipality's 2015 equalized value by the total 2015 equalized value for Bergen County.
- (B) Overlapping Debt was computed based upon municipal flow to the Authority.

Sources:  
Borough of Cresskill 2015 Annual Debt Statement  
BCUA 2015 Audit  
Bergen County 2015 Annual Debt Statement

**CRESSKILL BOARD OF EDUCATION  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS**

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

	Equalized valuation basis
	2013 \$ 2,001,303,461
	2014 2,077,849,831
	2015 2,140,837,268
	<u>\$ 6,219,990,560</u>
Average equalized valuation of taxable property	\$ 2,073,330,187
Debt limit (4 % of average equalization value)	82,933,207
Total Net Debt Applicable to Limit	<u>15,485,000</u>
Legal debt margin	<u>\$ 67,448,207</u>

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 79,272,395	\$ 90,361,757	\$ 100,289,934	\$ 102,932,871	\$ 99,995,063	\$ 93,292,658	\$ 87,603,914	\$ 82,933,207	\$ 82,039,726	\$ 82,933,207
Total Net Debt Applicable to Limit	<u>32,127,827</u>	<u>28,709,849</u>	<u>21,255,000</u>	<u>20,480,000</u>	<u>19,675,000</u>	<u>18,840,000</u>	<u>18,550,000</u>	<u>17,560,000</u>	<u>16,545,000</u>	<u>15,485,000</u>
Legal Debt Margin	<u>\$ 47,144,568</u>	<u>\$ 61,651,908</u>	<u>\$ 79,034,934</u>	<u>\$ 82,452,871</u>	<u>\$ 80,320,063</u>	<u>\$ 74,452,658</u>	<u>\$ 69,053,914</u>	<u>\$ 65,373,207</u>	<u>\$ 65,494,726</u>	<u>\$ 67,448,207</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	40.53%	31.77%	21.19%	19.90%	19.68%	20.19%	21.17%	21.17%	20.17%	18.67%

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

**CRESSKILL BOARD OF EDUCATION  
DEMOGRAPHIC STATISTICS  
LAST TEN YEARS  
(UNAUDITED)**

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>County Per Capita Income (1)</u>	<u>School District Population</u>
2007	2.2	\$ 58,785	8,259
2008	2.9	63,814	8,456
2009	5.2	68,147	8,567
2010	5.3	68,548	8,614
2011	5.2	64,571	8,572
2012	5.3	65,275	8,627
2013	4.5	68,244	8,664
2014	4.5	71,380	8,725
2015	4.5	70,498	8,763
2016	3.7 (E)	73,536 (E)	8,812

(E) Estimate

Source: United States Bureau of Census  
School District Records

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

<u>Employer</u>	<u>2016</u>		<u>2007</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

INFORMATION NOT AVAILABLE

**CRESSKILL BOARD OF EDUCATION**  
**FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST NINE 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	109	112	119	124	132	116.50	113.80	116.40	117.10	120.30
Special Education	31	31	30	13	26	41	58	63	62	48
Support Services:										
Student and Instruction Related Services	27	22	17	43.5	44.5	42.6	37.2	38.4	42.0	42.0
General Administration	8	3	3	3	2	2	3	3	3	3
School Administrative Services	12	12	12	12	11	13	16.6	17.4	18.5	18.5
Central Services		3	3	3	3	4	3	3	3	3
Administrative Information Technology		2	2	2	1	1	1	1	1	1
Plant Operations And Maintenance	16	17	17	19	20	28	28	28	26	26
Pupil Transportation	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<u>203</u>	<u>202</u>	<u>203</u>	<u>219.5</u>	<u>239.5</u>	<u>248.10</u>	<u>260.60</u>	<u>270.20</u>	<u>272.80</u>	<u>261.80</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Junior Senior High School					
2007	1,652.0	\$ 23,412,171	14,172	5.45%	123	14:1	12:1	1,648.5	1,584.2	2.84%	96.10%	
2008	1,686.0	24,859,940	14,745	4.04%	130	14:1	12:1	1,692.7	1,625.2	2.68%	96.01%	
2009	1,692.0	24,569,086	14,521	-1.52%	135	12:1	13:1	1,681.8	1,614.8	-0.64%	96.02%	
2010	1,742.0	25,251,258	14,496	-0.17%	132	13:1	13:1	1,732.3	1,665.9	3.00%	96.17%	
2011	1,745.0	25,438,126	14,578	0.57%	143	13:1	11:1	1,774.1	1,679.8	2.41%	94.68%	
2012	1,753.0	26,326,790	15,018	3.02%	146	12:1	12:1	1,754.2	1,688.6	-1.12%	96.26%	
2013	1,729.0	28,180,570	16,299	8.53%	144	12:1	12:1	1,691.6	1,631.5	-3.57%	96.45%	
2014	1,749.0	28,168,565	16,106	-1.19%	143	12:1	12:01	1,706.4	1,649.4	0.87%	96.66%	
2015	1,783.0	29,548,461	16,572	2.90%	150	12.1:1	11.7:1	1,777.3	1,718.0	4.15%	96.66%	
2016	1,794.0	30,988,214	17,273	4.23%	153	12.8:1	10.9:1	1,799.1	1,740.5	1.23%	96.74%	

Sources: District records

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
<b><u>Edward H. Bryan School</u></b>										
Square Feet	48,738	48,738	48,738	48,738	48,738	48,738	48,738	48,738	48,738	48,738
Capacity (students)	378	378	378	378	378	378	378	378	378	378
Enrollment	532	548	474	478	465	483	460	471	483	496
<b><u>Merrill Memorial School</u></b>										
Square Feet	42,540	42,540	42,540	42,540	42,540	42,540	42,540	42,540	42,540	42,540
Capacity (students)	313	313	313	313	313	313	313	313	313	313
Enrollment	338	354	280	299	304	301	303	323	340	335
<b><u>Middle School/High School</u></b>										
Square Feet	140,261	141,769	141,769	141,769	141,769	141,769	141,769	141,769	141,769	141,769
Capacity (students)	956	956	956	956	956	956	956	956	956	956
Enrollment	782	784	938	965	976	969	966	955	960	963

Number of Schools at June 30, 2016

Elementary = 2

Junior/Senior High School = 1

Source: District Records

**CRESSKILL BOARD OF EDUCATION**  
**SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

<u>School Facilities</u>	<u>Project # (s)</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>
Edward H. Bryan	N/A	\$ 53,165	\$ 45,764	\$ 27,504	\$ 87,776	\$ 76,979	\$ 90,086	\$ 72,715	\$ 85,821	\$ 88,975	\$ 54,592
Merritt Memorial School	N/A	36,345	34,309	25,567	61,613	36,173	79,802	71,279	109,760	116,412	76,734
Middle School/High School	N/A	<u>88,559</u>	<u>101,572</u>	<u>99,771</u>	<u>405,596</u>	<u>480,215</u>	<u>196,731</u>	<u>190,361</u>	<u>188,555</u>	<u>174,552</u>	<u>174,314</u>
Total School Facilities		<u>\$ 178,069</u>	<u>\$ 181,645</u>	<u>\$ 152,842</u>	<u>\$ 554,985</u>	<u>\$ 593,367</u>	<u>\$ 366,619</u>	<u>\$ 334,355</u>	<u>\$ 384,136</u>	<u>\$ 379,939</u>	<u>\$ 305,640</u>



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

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - Great American Insurance Co.		
Property Blanket Building & Contents	\$ 56,483,991	\$ 5,000
General Liability		
General Aggregate	2,000,000	
Products Completed Operations	2,000,000	
Personal & Advertising Injury	1,000,000	
Each Occurrence Limit	1,000,000	
Fire Legal Liability	1,000,000	
Medical Expense	5,000	
Commercial Auto Policy - Selective Insurance Group	1,000,000	1,000
Umbrella Liability Policy - American Alt Ins.	9,000,000	
Excess Umbrella Liability Policy - Firemen's Fund	50,000,000	
	(Shared limit among all Boards)	
Boiler & Machinery - Great American Insurance Co.	56,483,991	5,000
Bonds		
Public Official Bond - Bus. Admn.	250,000	
Environmental Impairment Liability- Ace American Insurance Co.	20,000,000	
	(Group Aggregate)	
Each Impairment		
Aggregate per Named Insured	4,000,000	15,000
Mold Policy Aggregate	4,000,000	25,000
School Board Legal Liability - Darwin National Assurance Co.	1,000,000	5,000
Employment Related Practices Liability		15,000
Crime - Selective Insurance Company of America		
Employee Dishonesty	\$100,000 Per Employee	5,000
	\$400,000 Per Loss	100,000
Forgery & Alteration	50,000	1,000
Workers' Compensation - Safety National		
BI by Accident - Each Accident	1,000,000	
BI by Accident - Each Employee	1,000,000	
BI by Disease - Policy Limit	1,000,000	
Employers Liability Retained Limit	500,000	
Cyber Liability-Indian Harbor		
Each Claim	1,000,000	15,000
Aggregate	4,000,000	
Privacy Notifications	1,000,000	25,000

**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  
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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  
Cresskill Board of Education  
Cresskill, 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 Cresskill 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 Cresskill Board of Education’s basic financial statements and have issued our report thereon dated November 22, 2016.

**Internal Control Over Financial Reporting**

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

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Cresskill Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 22, 2016

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Cresskill 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 Cresskill Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Lerch, Vinci & Higgins, LLP*

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

*DLJ*

Donna L. Japhet  
Public School Accountant  
PSA Number CS002314

Fair Lawn, New Jersey  
November 22, 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  
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ROBERT AMPONSAH, CPA

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE;  
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  
Cresskill Board of Education  
Cresskill, New Jersey

**Report on Compliance for Each Major State Program**

We have audited the Cresskill 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 Cresskill Board of Education's major state programs for the fiscal year ended June 30, 2016. The Cresskill 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 Cresskill 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 New Jersey Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Cresskill 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 Cresskill Board of Education's compliance.

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

In our opinion, the Cresskill 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.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the New Jersey OMB Circular 15-08 which is described in the accompanying schedule of findings and questioned costs as item 2016-001. Our opinion on each major state program is not modified with respect to this matter.

The Cresskill Board of Education's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Cresskill Board of Education's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Management of the Cresskill 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 Cresskill 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 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 Cresskill 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 Cresskill Board of Education, as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated November 22, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

*Lerch, Vinci & Higgins, LLP*

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

*Donna L. Japhet*

Donna L. Japhet  
Public School Accountant  
PSA Number CS002314

Fair Lawn, New Jersey  
November 22, 2016





**CRESSKILL 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 Amount	Balance, July 1, 2015	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	(Accounts Receivable)	June 30, 2016 Unearned Revenue	Due to Grantor	Memo	
											GAAP Receivable	Cumulative Total Expenditures
<b>State Department of Education</b>												
<b>Current Expense</b>												
Special Education Categorical Aid	16-495-034-5120-089	7/1/15-6/30/16	\$ 667,983		\$ 611,234	\$ 667,983		\$ (56,749)				\$ 667,983
Special Education Categorical Aid	15-495-034-5120-089	7/1/14-6/30/15	667,983	\$ (56,838)	56,838							
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	25,438		23,277	25,438		(2,161)				25,438
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	25,438	(2,165)	2,165			-				-
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	17,150		15,693	17,150		(1,457)				17,150
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	17,150	(1,459)	1,459			-				-
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	17,150		15,693	17,150		(1,457)				17,150
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	17,150	(1,459)	1,459			-				-
<b>Total State Aid Public Cluster</b>				<b>(61,921)</b>	<b>727,818</b>	<b>727,721</b>	<b>-</b>	<b>(61,824)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>727,721</b>
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	16,859		15,427	16,859		(1,432)				16,859
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	16,859	(1,435)	1,435			-				-
Extraordinary Sp. Ed. Costs Aid	16-100-034-5120-473	7/1/15-6/30/16	460,935			460,935		(460,935)				460,935
Extraordinary Sp. Ed. Costs Aid	15-100-034-5120-473	7/1/14-6/30/15	394,537	(394,537)	394,537			-				-
<b>TPAF On behalf Pension Contribution</b>												
Non-Contributory Insurance	16-100-034-5094-004	7/1/15-6/30/16	49,005		49,005	49,005						49,005
Normal Cost & Accrued Liability	16-100-034-5095-002	7/1/15-6/30/16	983,772		983,772	983,772						983,772
Post Retirement Medical Benefit Contrib	16-100-034-5095-001	7/1/15-6/30/16	1,229,752		1,229,752	1,229,752						1,229,752
<b>Total On-Behalf Pension Contribution Cluster</b>				<b>-</b>	<b>2,262,529</b>	<b>2,262,529</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,262,529</b>
TPAF Social Security Tax	16-100-034-5095-003	7/1/15-6/30/16	1,019,032		875,709	1,019,032		(143,323)				\$ (143,323)
TPAF Social Security Tax	15-100-034-5094-003	7/1/14-6/30/15	1,005,444	(174,261)	174,261			-				-
<b>Total General Fund</b>				<b>(632,154)</b>	<b>4,451,716</b>	<b>4,487,076</b>	<b>-</b>	<b>(667,514)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(143,323)</b>
<b>Special Revenue Fund</b>												
<b>New Jersey Nonpublic Aid</b>												
Technology Aid	16-100-034-5120-373	7/1/15-6/30/16	4,758		4,758	4,447				\$ 311		4,447
Textbook Aid	16-100-034-5120-664	7/1/15-6/30/16	10,449		10,449	10,218				231		10,218
Textbook Aid	15-100-034-5120-064	7/1/14-6/30/15	11,261	6,697			\$ 6,697					-
Nursing Services	16-100-034-5120-070	7/1/15-6/30/16	16,470		16,470	16,470						16,470
Nursing Services	15-100-034-5120-070	7/1/14-6/30/15	18,116	191			191					-
Security Aid	16-100-034-5120-509	7/1/15-6/30/16	4,575		4,575	4,572				3		4,572
<b>Auxiliary Services</b>												
English as a Second Language	16-100-034-5120-067	7/1/15-6/30/16	11,216		11,216	690				10,526		690
English as a Second Language	15-100-034-5120-067	7/1/14-6/30/15	19,184	13,703			13,703					-
Compensatory Education	16-100-034-5120-067	7/1/15-6/30/16	43,148		43,148	28,427				14,721		28,427
Compensatory Education	15-100-034-5120-067	7/1/14-6/30/15	51,061	20,425			20,425					-
Transportation	16-100-034-5120-068	7/1/15-6/30/16	13,175		13,175	13,175						13,175
<b>Total Nonpublic Auxiliary Services (Chap. 192) Cluster</b>				<b>34,128</b>	<b>67,539</b>	<b>42,292</b>	<b>34,128</b>	<b>-</b>	<b>-</b>	<b>25,247</b>	<b>-</b>	<b>42,292</b>

**CRESSKILL 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 Amount	Balance, July 1, 2015	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	(Accounts Receivable)	June 30, 2016 Unearned Revenue	Due to Grantor	Memo		
											GAAP Receivable	Cumulative Total Expenditures	
<b>Handicapped Services</b>													
Examination and Classification	16-100-034-5120-066	7/1/15-6/30/16	20,798	-	20,798	17,047				\$ 3,751		\$ 17,047	
Examination and Classification	15-100-034-5120-066	7/1/14-6/30/15	33,316	11,884			11,884			-		-	
Corrective Speech	16-100-034-5120-066	7/1/15-6/30/16	19,230	-	19,230	14,213				5,017		14,213	
Corrective Speech	15-100-034-5120-066	7/1/14-6/30/15	24,561	7,068			7,068			-		-	
Supplemental Instruction	16-100-034-5120-066	7/1/15-6/30/16	17,896	-	17,896	16,782				1,114		16,782	
Supplemental Instruction	15-100-034-5120-066	7/1/14-6/30/15	23,934	5,650	-	-	5,650	-	-	-	-	-	
<b>Total Nonpublic Handicapped Services (Chap. 193) Cluster</b>				<u>24,602</u>	<u>57,924</u>	<u>48,042</u>	<u>24,602</u>	<u>-</u>	<u>-</u>	<u>9,882</u>	<u>-</u>	<u>48,042</u>	
<b>Total Special Revenue Fund</b>				<u>65,618</u>	<u>161,715</u>	<u>126,041</u>	<u>65,618</u>	<u>-</u>	<u>-</u>	<u>35,674</u>	<u>-</u>	<u>126,041</u>	
<b>Capital Projects</b>													
<b>Schools Development Authority</b>													
<b>School Facilities Grant</b>													
Merritt Memorial Toilet Renovations	0990-060-14-G04		134,800	(10,325)	103,954	93,629		-	-			93,629	
Middle School Toilet Renovations	0990-045-14-G04		100,920	(7,978)	72,310	64,332		-	-			64,332	
<b>Total SDA Cluster</b>				<u>(18,303)</u>	<u>176,264</u>	<u>157,961</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>157,961</u>	
<b>Total Capital Projects</b>				<u>(18,303)</u>	<u>176,264</u>	<u>157,961</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>157,961</u>	
<b>Debt Service</b>													
Debt Service Aid- State Support	16-495-034-5120-075	7/1/15-6/30/16	37,119	-	37,119	37,119		-	-			37,119	
<b>Total Debt Service Fund</b>				<u>-</u>	<u>37,119</u>	<u>37,119</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,119</u>
<b>Total State Financial Assistance Subject to Single Audit Determination</b>				<u>\$ (584,839)</u>	<u>\$ 4,826,814</u>	<u>\$ 4,808,197</u>	<u>\$ 65,618</u>	<u>\$ (667,514)</u>	<u>\$ -</u>	<u>\$ 35,674</u>	<u>\$ (143,323)</u>	<u>\$ 4,808,197</u>	
<b>State Financial Assistance Not Subject to Single Audit Determination</b>													
<b>General Fund</b>													
On-Behalf TPAF Pension-NCGI	16-100-034-5094-007	7/1/15-6/30/16	49,005		(49,005)	(49,005)						(49,005)	
On-Behalf TPAF Pension-Normal Costs	16-100-034-5094-006	7/1/15-6/30/16	983,772		(983,772)	(983,772)						(983,772)	
On-Behalf TPAF Post Retirement Medical	16-100-034-5094-001	7/1/15-6/30/16	1,229,752		(1,229,752)	(1,229,752)						(1,229,752)	
<b>Total State Financial Assistance Subject to Major Program Determination</b>				<u>\$ (584,839)</u>	<u>\$ 2,564,285</u>	<u>\$ 2,545,668</u>	<u>\$ 65,618</u>	<u>\$ (667,514)</u>	<u>\$ -</u>	<u>\$ 35,674</u>	<u>\$ (143,323)</u>	<u>\$ 2,545,668</u>	

**CRESSKILL 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 Cresskill 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 a decrease of \$66,298 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		\$ 4,420,778	\$ 4,420,778
Special Revenue Fund	\$ 531,495	126,041	657,536
Capital Projects Fund		157,961	157,961
Debt Service Fund	-	37,119	37,119
	<hr/>	<hr/>	<hr/>
Total Financial Assistance	<u>\$ 531,495</u>	<u>\$ 4,741,899</u>	<u>\$ 5,273,394</u>

**CRESSKILL 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 \$1,019,032 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 \$1,032,777 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,229,752 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.

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

*Part I – Summary of Auditor’s Results*

**Financial Statement Section**

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
1) Material weakness(es) identified?	<u>                  </u> yes <u>  X  </u> no
2) Were significant deficiency(ies) identified that were not considered to be material weaknesses?	<u>                  </u> yes <u>  X  </u> none reported
Noncompliance material to the basic financial statements noted?	<u>                  </u> yes <u>  X  </u> no

**Federal Awards Section**

Not Applicable

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

*Part I – Summary of Auditor’s Results*

**State Awards Section**

Internal Control over compliance:

- 1) Material weakness(es) identified? \_\_\_\_\_ yes  X  no
- 2) Were significant deficiency(ies) identified that were not considered to be material weaknesses? \_\_\_\_\_ yes  X  none reported

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

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08.  X  yes \_\_\_\_\_ none

Identification of major programs:

<u>State Grant/Project Number (s)</u>	<u>Name of State Program</u>
<u>100-034-5094-003</u>	<u>TPAF Social Security Tax</u>
<u>495-034-5120-089</u>	<u>Special Education Aid</u>
<u>495-034-5120-084</u>	<u>Security Aid</u>
<u>495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>495-034-5120-098</u>	<u>PARCC Readiness</u>
_____	_____

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

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

**CRESSKILL 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 financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

There are none.

**CRESSKILL 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 and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

**CURRENT YEAR FEDERAL AWARDS**

Not Applicable



**CRESSKILL 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 and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

**CURRENT YEAR STATE AWARDS**

**Finding 2016-001**

Our audit of health benefit waivers found that waivers were being calculated and paid at an incorrect rate. In addition, District was not obtaining proof of other insurance from employees who waived health benefits.

**State Program Information**

Special Education Categorical Aid	495-034-5120-089
Security Aid	495-034-5120-084
PARCC Readiness Aid	495-034-5120-098
Per Pupil Growth Aid	495-034-5120-097

**Criteria or Specific Requirement**

State of New Jersey State Aid/Grant Compliance Supplement

**Condition**

Health benefit waivers were being calculated and paid at an incorrect rate. Proof of other insurance was not being obtained from employees waiving insurance.

**Questioned Costs**

Unknown.

**Context**

Health benefit waivers were being calculated based on 1.5% of employees salary and not at the Chapter 78 percentage.

**Cause**

Unknown.

**Effect**

Employees being paid for waiving health benefits could be over or under paid.

**CRESSKILL 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 and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

**CURRENT YEAR STATE AWARDS**

**Finding 2016-001 (Continued)**

**Recommendation**

It is recommended that health benefit waivers be calculated and paid at the correct rate per statute and that the District obtain proof of other insurance from employees who are waiving coverage.

**Views of Responsible Officials and Planned Corrective Action**

Management has revealed this finding and has indicated it will review and revise its procedures to ensure corrective action is taken.

**CRESSKILL BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

*Part 2 – Schedule of Financial Statement Findings*

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (Section .315(a)(b)) and New Jersey OMB's Circular 15-08.

**STATUS OF PRIOR YEAR FINDINGS**

There were none.