

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF
CUMBERLAND REGIONAL
BOARD OF EDUCATION
SEABROOK, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Prepared by
Cumberland Regional Board of Education
Finance Department**

**CUMBERLAND REGIONAL SCHOOL DISTRICT
OUTLINE OF CAFR**

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INTRODUCTORY SECTION

CUMBERLAND REGIONAL SCHOOL DISTRICT

65 Love Lane, Bridgeton, New Jersey 08302

Phone: 856-451-9400 / Fax: 856-455-9750

November 18, 2016

HONORABLE PRESIDENT AND
MEMBERS OF THE BOARD OF EDUCATION
CUMBERLAND REGIONAL SCHOOL DISTRICT
65 LOVE LANE
BRIDGETON, NJ 08302

Dear Board Members:

The comprehensive annual financial report of the Cumberland Regional School 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 presentation, including all disclosures, rests with the management of the Board of Education (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 and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in sections: introductory, financial, statistical and single audit. The introductory section includes the transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Revision of 1996 and the U.S. Office of Management and Budget; the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 2 CFR 200 and NJ Treasury Circular OMB 15-08, "Single Audit Policy for Recipients of Federal Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

Cumberland Regional School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All findings and account groups of the District are included in this report. The Cumberland Regional School District Board of Education and Cumberland Regional High School constitute the District's reporting entity.

The District provides a full range of education services appropriate to grade levels 9 through 12. These include regular, vocational as well as special education for handicapped children. The District completed the 2015-2016 fiscal year with a student enrollment of 1,216 students, which is 39 less than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last seven years.

AVERAGE DAILY ENROLLMENT

<u>Fiscal Year</u>	<u>Avg. Daily Enrollment</u>
2009-10	1,224
2010-11	1,197
2011-12	1,239
2012-13	1,219
2013-14	1,246
2014-15	1,255
2015-16	1,216

2. ECONOMIC CONDITION AND OUTLOOK:

The Cumberland Regional School District, consisting of seven constituent Districts (Deerfield Township, Fairfield Township, Greenwich Township, Hopewell Township, Shiloh Borough, Stow Creek Township, and Upper Deerfield Township) continues to be in a pocket of high unemployment. We anticipate steady enrollment.

3. MAJOR INITIATIVES:

Cumberland Regional High School District continues to focus on initiatives developed in the summer of each ensuing school year. During the evaluation process conducted each spring the Chief Educational Officer reports out to the Board of Education on the progress made with each district goal. In September of each year when the staff returns the Chief Educational Officer addresses the staff outlining progress made on goals and the focus for the coming year. Our focus and vision remain the same. Specifically, the vision for CRSD is:

All Students Achieving through:

- Exemplary Instructional **Programs, Instruction,** and Practices
- A **Safe and Secure** School
- A School **Community** Involved in Meaningful Ways
- Effective and Efficient **Management and Operations**

Our initiatives fall under the broad umbrella of four focus areas. The four focus areas are:

- A. Programs, Instruction, and Practices**
- B. Safety and Security**
- C. Community Involvement**
- D. Management and Operations**

The Board of Education works collaboratively with the Superintendent in developing these initiatives.

A. In the area of Programs, Instruction, and Practices:

Several key initiatives have been identified.

Focus:

- Development and Implementation of our Academy Programs
- Alternative Education Program
- Address At-Risk Students

Thursday Workshops and Professional Development Plans

These 45-minute sessions continue to take place every Thursday during preparation periods and participants earn professional development hours. Most sessions will allow staff to showcase DI strategies they have incorporated into their instruction. Our focus is sharing best practices across the curriculum and alignment with the Danielson Framework for teaching. The ScIP committee also works with the administration to ensure that professional development is available to support staff members' individual growth goals.

B. In the area of Safety and Security:

Refine and improve safety and security procedures in our District to enhance school climate.

Continue to engage in emergency management planning to assure school/district is prepared for any and all emergencies. Revision of plans as appropriate.

Safety drills continue to take place as per code.

Once again, a Table Top exercise is being planned to occur during this school year with Emergency Management and State Policy involvement.

Revisit policies and procedures on HIB. Workshops are provided for staff and students.

Allow State Police access to the building to complete active shooter and emergency drills as needed.

C. In the area of Community Involvement:

Continue Phase Two of Increase Awareness

Facilities Upgrades and Beautifications

Signage/Banners

Increased involvement

Academic and Communication Excellence

Citizen Advisory Committee minutes shared through constituent websites

Outcome

Ongoing dialog with Constituent Superintendents and Districts.

Sixteen additional banners to be erected in spring of 2016 was accomplished by the summer of the 2016.

Newsletters, improved website and mailing continue to increase awareness.

D. In the area of Management and Operations:

Refine and improve management practices and procedures to ensure the effective and efficient operation of the District.

- Improvement of Unit Lunch program.
- Revisit academic schedule for short term and long term.
- Add Academy Leader positions to facilitate program excellence.
- Continuation of budget advisory committee.
- In anticipation of preparing our 17-18 budget, we will continue to look at ways that will allow us to maintain programs, share services, and continue efficiency.

4. INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of 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 is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to these programs. This internal structure is also subject to periodic evaluation by the District Management.

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

5. BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchases order 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 reservations of fund balance at June 30, 2016.

6. ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups 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. The following schedule presents a summary of the general fund, special revenue fund and debt service fund for the fiscal year ended June 30, 2016, and the amount and percentage of increases in relation to prior year revenues.

Revenue

	Amount	% of Total	Increase/ (Decrease) for June 30, 2016	% of Increase/ (Decrease)
Local Sources	\$ 9,355,641.	38.41%	\$ 769,894.	8.23%
State Sources	14,391,398.	59.09%	357,868.	2.49%
Federal Sources	608,218.	2.50%	995.	0.16%
Total	<u>\$ 23,226,500.</u>	<u>100.00%</u>	<u>\$ 1,128,757.</u>	

The following schedule presents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2016, and the percentage of increases in relation to prior year amounts.

Expenditures

	Amount	% of Total	Increase/ (Decrease) for June 30, 2016	% of Increase/ (Decrease)
Current Expense				
Instruction	\$ 8,120,286.	34.70%	\$ 144,391	1.78%
Undistributed	13,944,559.	59.60%	(287,302.)	(2.06%)
Capital Outlay	346,726.	1.48%	(31,529.)	(9.09%)
Debt Service	987,986.	4.22%	(8,863.)	(0.90%)
Total	<u>\$ 23,399,557.</u>	<u>100.00%</u>	<u>(\$ 183,303.)</u>	

8. DEBT ADMINISTRATION:

At June 30, 2016 the District's outstanding debt issues included \$7,857,000 of general obligation bonds.

9. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 2. The District 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 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.

10. 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.

11. OTHER INFORMATION:

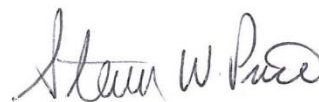
Independent Audit

State statutes require an annual audit by independent certified public accountants, or registered municipal accountants. The accounting firm of Triantos & Delp, CPA's, LLC, 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 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 2 CFR 200 and NJ Treasury Circular OMB 15-08. The Auditor's report on the general purpose financial statement and combining and individual fund statements and schedules 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.

12. ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Cumberland Regional School District Board for their concern in providing fiscal accountability to the citizens and taxpayers of the regional 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,



Steven Price
Superintendent



Bruce D. Harbinson
School Business Administrator

CUMBERLAND REGIONAL SCHOOL DISTRICT
SEABROOK, NEW JERSEY
08302

**ROSTER OF OFFICIALS
JUNE 30, 2016**

Members of the Board of Education

Andrew Benfer	Upper Deerfield	2018
Ronald Campbell	Shiloh	2019
Thomas Davis	Stow Creek	2019
Valerie A. Gould	Deerfield	2017
Theresa Hunsberger	Hopewell	2016
Ann Marie Johnson	Upper Deerfield	2018
Kevin Maloney	Fairfield	2018
Claude Rucker	Fairfield	2017
Valerie Wojcik	Greenwich	2017

Other Officials

Steven W. Price, Superintendent

Mary Lou DeFrancisco, Interim Superintendent (September 2015- February 2016)

William Stonis, Superintendent July – August 2015

Bruce D. Harbinson, School Business Administrator/Board Secretary

Susan G. Robostello, Treasurer of School Monies

CUMBERLAND REGIONAL SCHOOL DISTRICT
SEABROOK, NEW JERSEY
08302

CONSULTANTS AND ADVISORS

Audit Firm

Triantos & Delp, CPAs, LLC
645 South Main Road
Vineland, NJ 08360

Attorney

John G. Geppert
SSE&C
100 South Jefferson Rd.
Suite 200
Whippany, New Jersey 07981

Official Depository

Ocean First
1245 Highway 77
Upper Deerfield, NJ 08302

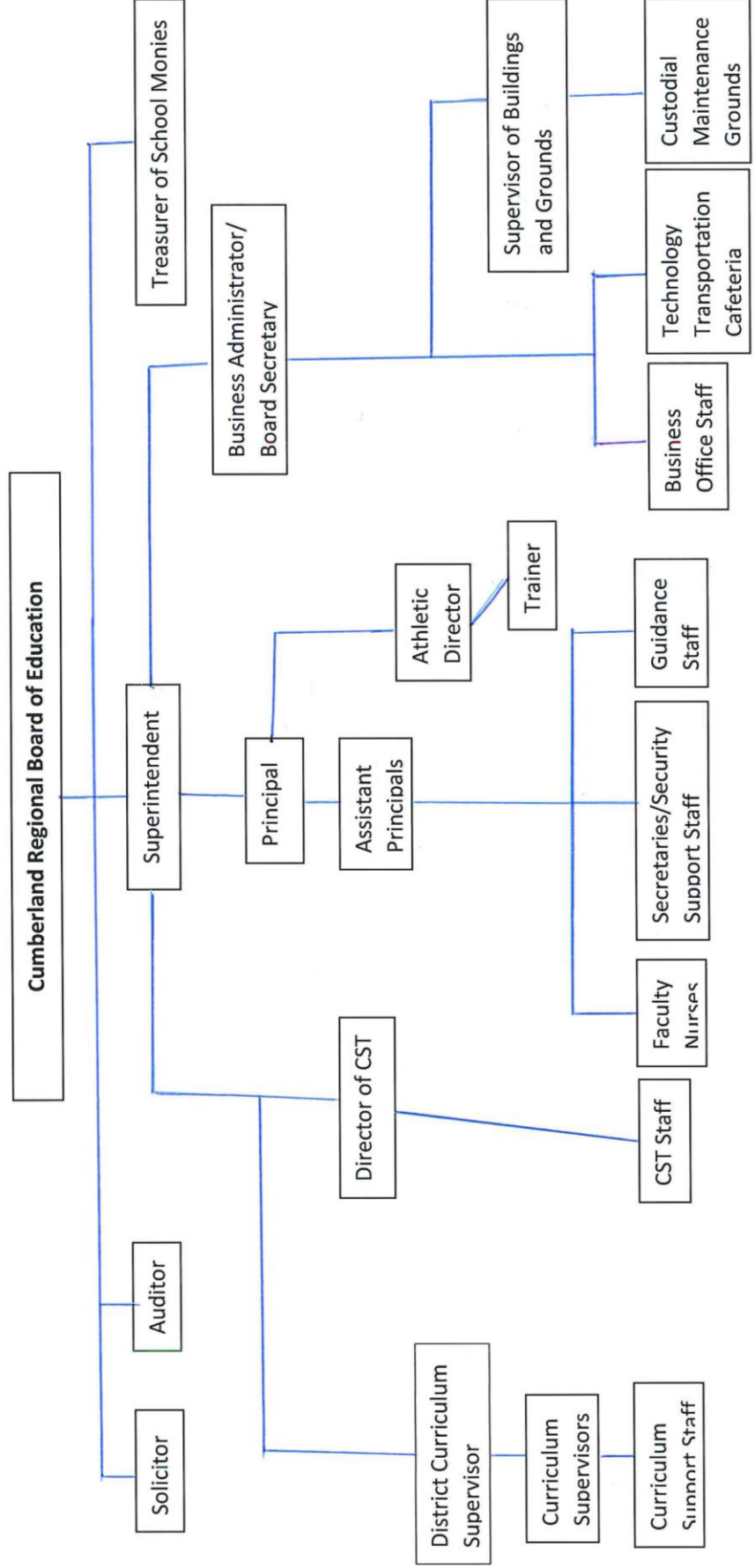
Architect of Record

Garrison Architects
713 Creek Road
Bellmawr, NJ 08031

Engineer of Record

The DaVinci Group, LLC
72 East Centre Street
Woodbury, NJ 08096

Cumberland Regional High School District
Organizational Flow Chart 2016



FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Cumberland Regional School District
County of Cumberland, New Jersey

Report on 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 Board of Education of the Cumberland Regional School District in the County of Cumberland, in the State of New Jersey, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

INDEPENDENT AUDITOR'S REPORT

(Continued)

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 Cumberland Regional Board of Education in the County of Cumberland, State of New Jersey, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the 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, Schedules Related to Accounting and Reporting for Pension, and Notes to the Required Supplemental Information on pages 38 through 52 and 53 be presented to supplement the basic financial statements. Such information, although not 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 response 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 Cumberland Regional Board of Education's basic financial statements. The accompanying schedule of expenditures of federal awards as required by Title 2 U.S Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, (Uniform Guidance)*, and schedule of expenditures of state awards as required by New Jersey OMB's 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. The accompanying introductory information, statistical sections, combining and individual non-major fund financial statements are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining and individual non-major fund financial statements, schedule of expenditures of federal awards, and schedule of expenditure of state awards 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 accompanying combining and individual non-major fund financial statements, schedule of expenditures of federal awards, and schedule expenditures of state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT

(Continued)

The introductory informational 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 18, 2016 on our consideration of the Cumberland Regional 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 Cumberland Regional Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,



Samuel A. Delp, Jr.
Public School Accountant, #745
Triantos & Delp
Certified Public Accountants, LLC

November 18, 2016

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DECISION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Cumberland Regional School District Board of Education’s (CRSDBOE) 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 follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements, and required supplementary 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 like regular and special education were financed in the *short term* as well as what remains for future spending.
- *Proprietary funds* statements offer *short and long-term* financial information about the activities of the district operates *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.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the financial statements with a comparison of the District's budget for the year.

Figure A-1
Major Features of 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 special education and building maintenance	Activities the district operates similar to private businesses: food services and adult education	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	-Statement of net assets -Statement of activities	-Balance sheet -Statement of revenues, expenditures, and changes in fund balances	-Statement of net assets -Statement of revenues, expenses, and changes in fund net assets -Statement of cash flows	-Statement of fiduciary net assets -Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified Accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and 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 assets and liabilities both financial and capital and short-term and long-term	All assets and liabilities both short-term and long-term; the district's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the 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

Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the type 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.

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 assets includes all of the District's assets and liabilities. 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 assets* and how they have changed. Net assets - the difference between the District's assets and liabilities - are one way to measure the District's financial health or *position*.

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

In the district-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities* - Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities* - The District charges fees to help it cover the cost for certain services it provides. The District's food services program is included here.

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 by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like completing approved capital projects) or to show that it is properly using certain revenues (like federal grants).

The District has four kinds of funds:

- *Governmental Fund* - 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 you 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 with 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. In fact, the District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flow.
- *Internal service funds* (the other kind of proprietary fund) are utilized to report activities that provide supplies and services for the District's other programs and activities and for other Districts (shared business services, outside tuition, etc).

- *Fiduciary funds* - The District is the trustee, or *fiduciary*, for assets that belong to others, such as the scholarship fund and the student activities funds. 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. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operation.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (in thousand \$)

Net assets. The District's *combined* net assets are \$26,924 on June 30, 2016 (see Table A-1). Approximately 1% of the total net assets are from business-type activities. The balance of the total net assets, which is in excess of 99%, is attributed to governmental activities.

Changes in net assets. The District's total revenues are \$27,299 for the fiscal period ending June 30, 2016 (see Table A-2). Property taxes and state formula aid accounted for 77% of the District's revenue. 20% is derived from state and federal aid for specific programs, and the remainder, 3% from fees charged for services and miscellaneous resources.

The District's expenses are predominantly related to educating and caring for students 48%. The purely administrative activities of the District accounted for 8% of total costs. Salary increases due to contractual agreements for teachers and other educational staff are included in the instruction-related costs. Total expenses surpassed revenues, decreasing net assets approximately \$542 last year, primarily in governmental activities.

Governmental Activities

Revenues for the District's governmental activities amounted to \$26,654. Total expenses amounted to \$27,184. The decrease in net assets in governmental activities was \$530 for 2016.

Business-type Activities

Revenues of the District's business-type activities amounted to \$645, and expenses were \$657.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (in thousand \$)

The strong financial performance of the District as a whole is primarily reflected in its governmental funds. As the district completed the year, its governmental funds reported *combined* balances of \$3,225, including \$1,445 in the Capital Projects Fund. Actual other revenues were more than the amounts anticipated in the 2016 budget. The District controlled expenditures.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments were all in the same category:

- Appropriation of prior year encumbrances.
- Transfers between budgetary line accounts to prevent overruns.

The District's final budget anticipated utilizing \$542 in unrestricted general fund balance and \$47 of prior year encumbrances and legal reserves to fund the appropriation plan for this fiscal period. An increase of \$1,195 in unrestricted fund balance was realized.

Actual expenditures for capital outlay amounted to \$347 in the Operating Fund. The balance of expenditures for capital outlay in the amount of \$0 was from the Special Revenue Fund and \$0 from the Capital Project Fund.

CAPITAL ASSET AND DEBT ADMINISTRATION (in thousands \$)

Capital Assets

By the end of 2016, the District had invested \$61,171 in a broad range of capital assets, including school buildings, athletic facilities, computer, audiovisual equipment and other equipment. (see Table A-3) (More detailed information about capital assets can be found in Note 5 to the financial statements.) Total depreciation expense for the year was \$2,111 while building improvements and additions to equipment and furniture amounted to \$122.

Long-term Debt

At year-end, the District had outstanding bonds in the amount of \$7,857. (More detailed information about long-term debt can be found in Note 7 to the financial statements.)

The State limits the amount of general obligation debt the District can issue to 3% of the equalized valuation of all taxable property within the District. The current limit is \$49,819 of which \$41,962 is available for the issuance of debt.

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- While the facilities project conducted under the supervision of the Schools Development Authority is substantially complete, there are a number of remaining issues. The district has identified a number of problems with the completed work under the primary contract, including potentially costly repairs to HVAC equipment. In addition, there are issues related to work approved by the New Jersey Department of Education that was omitted from the project. We have made the SDA aware of these issues, and discussions are underway.
- The District remains concerned by the ongoing flat level of state school funding and regulated property tax increases which have a negative impact on school operations. Pressure on property tax rates caused by increasing costs beyond the District's control (energy, transportation, insurance, health benefits, and special education, among others) continue to be a concern in light of the revenue projections and fund balance limitations.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, 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 financial information, contact the Bruce D. Harbinson, School Business Administrator, Cumberland Regional School District Board of Education, 65 Love Lane, Bridgeton, New Jersey 08302.

Table A-1
Cumberland Regional School District Board of Education's Net Position
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change 2015-2016
	2015	2016	2015	2016	2015	2016	
Current and Other Assets	\$ 2,313.	\$ 3,487.	\$ 188.	\$ 149.	\$ 2,501.	\$ 3,636.	45.4%
Capital Assets	38,300.	36,310.	90.	98.	38,390.	36,408.	-5.2%
Total Assets	\$ 40,613.	\$ 39,797.	\$ 278.	\$ 247.	\$ 40,891.	\$ 40,044.	-2.1%
Deferred Outflows of Resources	\$ 997.	\$ 1,645.	\$ 0.	\$ 0.	\$ 0.	\$ 0.	0.0%
Current Liabilities	\$ 1,108.	\$ 560.	\$ 119.	\$ 100.	\$ 1,227.	\$ 660.	-46.2%
Noncurrent Liabilities	12,911.	14,011.			12,911.	14,011.	8.5%
Total Liabilities	\$ 14,019.	\$ 14,571.	\$ 119.	\$ 100.	\$ 14,138.	\$ 14,671.	3.8%
Deferred Inflows of Resources	\$ 284.	\$ 94.	\$ 0.	\$ 0.	\$ 0.	\$ 0.	0.0%
Net Position							
Invested in Capital Assets							
Net of Related Debt	\$ 29,723.	\$ 28,453.	\$ 90.	\$ 98.	\$ 29,813.	\$ 28,551.	-4.2%
Restricted	2,706.	3,541.	0.	0.	2,706.	3,541.	30.9%
Unrestricted	(5,122.)	(5,217.)	69.	49.	(5,053.)	(5,168.)	2.3%
Total Net Position	\$ 27,307.	\$ 26,777.	\$ 159.	\$ 147.	\$ 27,466.	\$ 26,924.	-2.0%

Table A-2
Cumberland Regional School District Board of Education's
Changes in Net Position
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change 2015-2016
	2015	2016	2015	2016	2015	2016	
Revenues							
Program Revenues							
Charges for Services	\$ 240.	\$ 137.	\$ 314.	\$ 304.	\$ 554.	\$ 441.	-20.4%
Federal & State Categorical Grants	3,539.	4,998.	332.	341.	3,871.	5,339.	37.9%
General Revenues							
Property Taxes	8,315.	8,765.	0.	0.	8,315.	8,765.	5.4%
State Formula Aid	13,007.	12,297.	0.	0.	13,007.	12,297.	-5.5%
Other	25.	457.	0.	0.	25.	457.	1728.0%
Total Revenues	\$25,126.	\$26,654.	\$ 646.	\$ 645.	\$25,772.	\$27,299.	5.9%
Expenses							
Instruction - Related	\$ 9,345.	\$ 9,493.	\$ 0.	\$ 0.	\$ 9,345.	\$ 9,493.	1.6%
Student Support Services	3,684.	3,286.	693.	657.	4,377.	3,943.	-9.9%
Maintenance & Operations	2,342.	2,371.	0.	0.	2,342.	2,371.	1.2%
Transportation	1,981.	1,796.	0.	0.	1,981.	1,796.	-9.3%
Administration	2,363.	2,360.	0.	0.	2,363.	2,360.	-0.1%
Other	7,150.	7,878.	0.	0.	7,150.	7,878.	10.2%
Total Expenses	\$26,865.	\$27,184.	\$ 693.	\$ 657.	\$27,558.	\$27,841.	1.0%
Increase/ (decrease) in Net Position	\$ (1,739.)	\$ (530.)	\$ (47.)	\$ (12.)	\$ (1,786.)	\$ (542.)	4.9%

Table A-3
Cumberland Regional School District Board of Education's Capital Assets
(Net of Depreciation)
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total School District		Total Percentage Change 2015-2016
	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	
Land	\$ 263.	\$ 263.	\$ 0.	\$ 0.	\$ 263.	\$ 263.	0.0%
Construction in Progress	0.	0.	0.	0.	0.	0.	0.0%
Site Improvements	123.	115.	0.	0.	123.	115.	-6.5%
Buildings & Improvements	37,497.	35,492.	0.	0.	37,497.	35,492.	-5.3%
Machinery & Equipment	417.	440.	90.	98.	507.	538.	6.1%
Total	<u>\$38,300.</u>	<u>\$36,310.</u>	<u>\$ 90.</u>	<u>\$ 98.</u>	<u>\$38,390.</u>	<u>\$36,408.</u>	<u>-5.2%</u>

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

CUMBERLAND REGIONAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 2,721,595.	\$ 119,960.	\$ 2,841,555.
Receivables, net	600,053.	17,345.	617,398.
Inventory	165,300.	11,852.	177,152.
Capital assets, net	36,310,162.	98,242.	36,408,404.
Total Assets	<u>39,797,110.</u>	<u>247,399.</u>	<u>40,044,509.</u>
DEFERRED OUTFLOWS OF RESOURCES:			
	<u>1,645,226.</u>		<u>1,645,226.</u>
LIABILITIES:			
Accounts payable	12,030.	100,442.	112,472.
Accounts payable - Pension	228,437.		228,437.
Unearned revenue	249,519.		249,519.
Accrued interest	70,094.		70,094.
Noncurrent liabilities			
Due within one year	801,024.		801,024.
Due in more than one year	7,363,052.		7,363,052.
Net pension liability	5,846,994.		5,846,994.
Total Liabilities	<u>14,571,150.</u>	<u>100,442.</u>	<u>14,671,592.</u>
DEFERRED INFLOWS OF RESOURCES:			
	<u>94,008.</u>		<u>94,008.</u>
NET POSITION:			
Invested in capital assets, net of related debt	28,453,162.	98,242.	28,551,404.
Restricted for:			
Debt service	25,158.		25,158.
Capital projects	1,970,222.		1,970,222.
Other purposes	1,545,317.		1,545,317.
Unrestricted	(5,216,681.)	48,715.	(5,167,966.)
Total net position	<u>\$ 26,777,178.</u>	<u>\$ 146,957.</u>	<u>\$ 26,924,135.</u>

See Accompanying Notes to the Basic Financial Statements

CUMBERLAND REGIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	\$ 7,205,982.	\$ 0.	\$ 0.	\$ 0.	\$ (7,205,982.)	\$ 0.	\$ (7,205,982.)
Special education	1,399,232.				(1,399,232.)		(1,399,232.)
Other instruction	887,522.				(887,522.)		(887,522.)
Support services:							
Tuition	1,461,668.				(1,461,668.)		(1,461,668.)
Student & instruction related services	1,823,597.				(1,823,597.)		(1,823,597.)
School administrative services	1,084,335.				(1,084,335.)		(1,084,335.)
General and business administrative services	823,510.				(823,510.)		(823,510.)
Central services	315,872.				(315,872.)		(315,872.)
Admin info tech	136,593.				(136,593.)		(136,593.)
Plant operations and maintenance	2,371,064.				(2,371,064.)		(2,371,064.)
Pupil transportation	1,795,943.	136,757.			(1,659,186.)		(1,659,186.)
Employee benefits	7,390,394.		4,233,809.		(3,156,585.)		(3,156,585.)
NJ Debt Service Assessment	224,824.				(224,824.)		(224,824.)
Interest on long-term debt	263,064.				(263,064.)		(263,064.)
Internal service fund	758.				(758.)		(758.)
Total governmental activities	27,184,358.	136,757.	4,233,809.	0.	(22,813,792.)	0.	(22,813,792.)
Business-type activities:							
Food Service	657,166.	303,880.	340,617.	0.	0.	(12,669.)	(12,669.)
Total business-type activities	657,166.	303,880.	340,617.	0.	0.	(12,669.)	(12,669.)
Total primary government	\$ 27,841,524.	\$ 440,637.	\$ 4,574,426.	\$ 0.	\$ (22,813,792.)	\$ (12,669.)	\$ (22,826,461.)
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net					\$ 8,311,336.	\$ 0.	\$ 8,311,336.
Taxes levied for debt service					453,393.		453,393.
Federal and State aid not restricted					12,297,390.		12,297,390.
Federal and State aid restricted					764,965.		764,965.
Investment Earnings					9,224.	273.	9,497.
Miscellaneous Income					447,825.		447,825.
Prior Year Adjustment					0.	744.	744.
Total general revenues, special items, extraordinary items and transfers					22,284,133.	1,017.	22,285,150.
Change in net position					(529,659.)	(11,652.)	(541,311.)
Net Position—beginning					27,306,837.	158,609.	27,465,446.
Net Position—ending					26,777,178.	146,957.	26,924,135.

See Accompanying Notes to the Basic Financial Statements

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

CUMBERLAND REGIONAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Permanent Fund	Total Governmental Funds
Assets:						
Cash and cash equivalents	\$ 1,504,220.	\$ (245,347.)	\$ 1,430,823.	\$ 31,899.	\$ 0.	\$ 2,721,595.
Investments	162,945.					162,945.
Due from other funds	5,452.		6,741.			12,193.
Receivables from other governments	162,107.	261,892.	7,657.			431,656.
Other accounts receivable	165,300.					165,300.
Total assets	\$ 2,000,024.	\$ 16,545.	\$ 1,445,221.	\$ 31,899.	\$ 0.	\$ 3,493,689.
LIABILITIES AND FUND BALANCES:						
Liabilities:						
Accounts payable	\$ 0.	\$ 12,030.	\$ 0.	\$ 0.	\$ 0.	\$ 12,030.
Interfund payable				6,741.		6,741.
Unearned revenue	245,004.	4,515.				249,519.
Total liabilities	245,004.	16,545.	0.	6,741.	0.	268,290.
Fund Balances:						
Restricted for:						
Excess surplus - current year	344,433.					344,433.
Excess surplus -- designated for subsequent year's expenditures	250,000.					250,000.
Maintenance reserve	687,108.					687,108.
Capital reserve	525,001.					525,001.
Committed to:						
Other purposes	263,776.					263,776.
Assigned to:						
Debt service				10,545.		10,545.
Designated by BOE for subsequent year's expenditures	213,698.		365,000.	14,613.		593,311.
Capital projects			1,080,221.			1,080,221.
Unassigned:						
General fund	(528,996.)					(528,996.)
Total fund balances	1,755,020.	0.	1,445,221.	25,158.	0.	3,225,399.
Total liabilities and fund balances	\$ 2,000,024.	\$ 16,545.	\$ 1,445,221.	\$ 31,899.	\$ 0.	

Amounts reported for *governmental activities* in the statement of net assets (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$61,434,340 and the accumulated depreciation is \$ 25,124,178. (See Note 5)	\$ 36,310,162.
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (see Note 7)	(8,234,170.)
Internal service fund net assets	0.
Pension related items:	
Deferred outflows of resources	\$ 1,645,226.
Deferred inflows of resources	(94,008.)
Pension account payable	(228,437.)
Net pension liability	<u>(5,846,994.)</u>
Total pension related items:	<u>(4,524,213.)</u>
Net assets of governmental activities	<u>\$ 26,777,178.</u>

See Accompanying Notes to the Basic Financial Statements

CUMBERLAND REGIONAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Permanent Fund	Total Governmental Funds
REVENUES:						
Local sources:						
Local tax levy	\$ 8,311,336.	\$ 0.	\$ 0.	\$ 453,393.	\$ 0.	\$ 8,764,729.
Transportation	136,757.					136,757.
Interest Earned	6,330.		2,894.			9,224.
Miscellaneous	445,042.	2,783.				447,825.
Total local sources	8,899,465.	2,783.	2,894.	453,393.	0.	9,358,535.
State sources	14,190,434.	21,118.		179,846.		14,391,398.
Federal sources	44,217.	564,001.				608,218.
Total revenues	23,134,116.	587,902.	2,894.	633,239.	0.	24,358,151.
EXPENDITURES:						
Current:						
Regular instruction	6,044,678.					6,044,678.
Special education instruction	911,096.	488,136.				1,399,232.
Other instruction	676,376.					676,376.
Support services:						
Tuition	1,461,668.					1,461,668.
Student & instruction related services	1,770,379.	53,218.				1,823,597.
School administrative services	820,402.					820,402.
Other administrative services	559,577.					559,577.
Central services	315,872.					315,872.
Administration information tech	136,593.					136,593.
Plant operations and maintenance	2,159,918.					2,159,918.
Pupil transportation	1,795,943.					1,795,943.
Employee benefits	4,824,441.	46,548.				4,870,989.
Debt service:						
Principal				720,000.		720,000.
Interest and other charges				267,986.		267,986.
Capital outlay	346,726.					346,726.
Total expenditures	21,823,669.	587,902.	0.	987,986.	0.	23,399,557.
Excess (deficiency) of revenues over exp.	1,310,447.	0.	2,894.	(354,747.)	0.	958,594.
OTHER FINANCING SOURCES (USES):						
Transfers in				342,894.		342,894.
Transfers out			(342,894.)			(342,894.)
Total other financing sources and uses	0.	0.	(342,894.)	342,894.	0.	0.
Net change in fund balance	1,310,447.	0.	(340,000.)	(11,853.)	0.	958,594.
Fund balance—July 1	444,573.	0.	1,785,221.	37,011.	0.	2,266,805.
Fund balance—June 30	\$ 1,755,020.	\$ 0.	\$ 1,445,221.	\$ 25,158.	\$ 0.	\$ 3,225,399.

See Accompanying Notes to the Basic Financial Statements

CUMBERLAND REGIONAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Total net changes in fund balances - governmental funds (from B-2)		\$ 958,594.
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 capital outlays exceeded depreciation in the period.		
	Depreciation expense	\$ (2,111,462.)
	Capital outlays	<u>121,902.</u> (1,989,560.)
Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.		
	Total capital lease principal payments	0.
	Less: Amount included in capital outlays above	<u>0.</u> 0.
In the statement of activities, only the gain (loss) on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net assets will differ from the change in fund balance by the cost of the asset removed. (-)		
		N/A
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) 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 (+).		
		17,631.
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.		
		720,000.
Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities, issuing debt increases long-term liabilities in the statement of net assets.		
	Proceeds of long-term debt	0.
	Capital lease proceeds	0.
Decrease in accrued interest		4,922.
Adjustment to pension expense		(2,537,036.)
Adjustment to on-behalf pension		2,296,548.
Decrease in net assets - internal service fund		<u>(758.)</u>
Change in net assets of governmental activities		<u>\$ (529,659.)</u>

See Accompanying Notes to the Basic Financial Statements

PROPRIETARY FUNDS

CUMBERLAND REGIONAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2016

	Business-Type Activities Enterprise Fund		Governmental Activities -
	Food Service	Total Enterprise	Internal Service Fund
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ 119,960.	\$ 119,960.	\$ 0.
Accounts receivable:			
State	298.	298.	0.
Federal	17,047.	17,047.	0.
Inventories	11,852.	11,852.	0.
Total current assets	<u>149,157.</u>	<u>149,157.</u>	<u>0.</u>
Noncurrent assets:			
Furniture, machinery & equipment	251,237.	251,237.	0.
Less accumulated depreciation	(152,995.)	(152,995.)	0.
Total noncurrent assets	<u>98,242.</u>	<u>98,242.</u>	<u>0.</u>
Total assets	<u>\$ 247,399.</u>	<u>\$ 247,399.</u>	<u>\$ 0.</u>
DEFERRED OUTFLOW OF RESOURCES:			
LIABILITIES:			
Current Liabilities:			
Accounts payable	\$ 100,442.	\$ 100,442.	\$ 0.
Total current liabilities	<u>100,442.</u>	<u>100,442.</u>	<u>0.</u>
Total liabilities	<u>100,442.</u>	<u>100,442.</u>	<u>0.</u>
DEFERRED INFLOW OF RESOURCES:			
NET POSITION:			
Invested in capital assets net of related debt	98,242.	98,242.	0.
Unrestricted	48,715.	48,715.	0.
Total net position	<u>\$ 146,957.</u>	<u>\$ 146,957.</u>	<u>\$ 0.</u>

See Accompanying Notes to the Basic Financial Statements

CUMBERLAND REGIONAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
JUNE 30, 2016

	Business-Type Activities Enterprise Fund		Governmental Activities - Internal Service Fund
	Food Service	Total Enterprise	
Operating revenues:			
Changes for services:			
Daily sales-reimbursable programs	\$ 108,576.	\$ 108,576.	\$ 0.
Daily sales-nonreimbursable programs	170,304.	170,304.	0.
Miscellaneous income	25,000.	25,000.	0.
Charges for services	0.	0.	0.
Total operating revenues	<u>303,880.</u>	<u>303,880.</u>	<u>0.</u>
Operating expenses			
Cost of sales - Reimbursable	209,020.	209,020.	0.
Cost of sales - Nonreimbursable	35,696.	35,696.	0.
Salaries	233,027.	233,027.	0.
Employee benefits	45,067.	45,067.	0.
Management fees	55,000.	55,000.	0.
Repair & Maintenance	10,251.	10,251.	0.
General Supplies	33,745.	33,745.	758.
Depreciation	12,612.	12,612.	0.
Miscellaneous	22,748.	22,748.	0.
Total operating expenses	<u>657,166.</u>	<u>657,166.</u>	<u>758.</u>
Operating income/(loss)	<u>(353,286.)</u>	<u>(353,286.)</u>	<u>(758.)</u>
Nonoperating revenues (expenses):			
State sources:			
State school lunch program	5,306.	5,306.	0.
Federal sources:			
National school breakfast program	66,235.	66,235.	0.
National school lunch program	220,078.	220,078.	0.
Food distribution program	48,998.	48,998.	0.
Interest on investment	273.	273.	0.
Total nonoperation revenues (expenses)	<u>340,890.</u>	<u>340,890.</u>	<u>0.</u>
Change in net assets	(12,396.)	(12,396.)	(758.)
Total net assets - beginning	158,609.	158,609.	758.
Prior Period Adjustment	744.	744.	0.
Total net assets - ending	<u>\$ 146,957.</u>	<u>\$ 146,957.</u>	<u>\$ 0.</u>

See Accompanying Notes to the Basic Financial Statements

CUMBERLAND REGIONAL SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR YEAR ENDED JUNE 30, 2016

	<u>Business-Type Activities</u> <u>Enterprise Funds</u>		Governmental
	<u>Food Service</u> <u>Fund</u>	<u>Total</u> <u>Enterprise</u>	Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACCT.			
Receipts from customers	\$ 278,881.	\$ 278,881.	\$ 0.
Micellaneous income/(expense)	25,000.	25,000.	0.
Payments to suppliers	(613,729.)	(613,729.)	(758.)
Net cash provided by (used for) operating activities	<u>(309,848.)</u>	<u>(309,848.)</u>	<u>(758.)</u>
CASH FLOWS FROM NONCAPITAL FIN. ACTIVITIES:			
State Sources	5,386.	5,386.	0.
Federal Sources	290,212.	290,212.	0.
Net cash provided by (used for) non-capital financing activities	<u>295,598.</u>	<u>295,598.</u>	<u>0.</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Purchase of equipment	(19,837.)	(19,837.)	0.
Interest on investments	273.	273.	0.
Net cash provided by financing activities	<u>(19,564.)</u>	<u>(19,564.)</u>	<u>0.</u>
Net increase (decrease) in cash and cash equivalents	(33,814.)	(33,814.)	(758.)
Balances - beginning of year	153,774.	153,774.	758.
Balances - end of year	<u>\$ 119,960.</u>	<u>\$ 119,960.</u>	<u>\$ 0.</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (353,286.)	\$ (353,286.)	\$ (758.)
Adjust to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation and net amortization	12,612.	12,612.	0.
Federal commodities	48,998.	48,998.	0.
(Increase)/decrease in inventories	308.	308.	0.
Increase/(decrease) in accounts payable	(18,480.)	(18,480.)	0.
Total adjustments	<u>43,438.</u>	<u>43,438.</u>	<u>0.</u>
Net cash provided by (used for) operating activities	<u>\$ (309,848.)</u>	<u>\$ (309,848.)</u>	<u>\$ (758.)</u>

See Accompanying Notes to the Basic Financial Statements

FIDUCIARY FUNDS

CUMBERLAND REGIONAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AS OF JUNE 30, 2016

	Unemployment Compensation Trust	Private Purpose Scholarship Fund	Payroll/Agency Fund	Employee Reimbursement Fund	Student Activity
	\$ 115,497.	\$ 9,529.	\$ 14,491.	\$ 503.	\$ 262,736.
	<u>\$ 115,497.</u>	<u>\$ 9,529.</u>	<u>\$ 14,491.</u>	<u>\$ 503.</u>	<u>\$ 262,736.</u>

ASSETS:
 Cash and cash equivalents
 Total Assets

DEFERRED OUTFLOW OF RESOURCES:

LIABILITIES:	
Due to student groups	\$ 0.
Interfund payable	0.
Due to payroll withholdings	5,452.
Total Liabilities	<u>9,039.</u>
	<u>0.</u>
	<u>\$14,491</u>

DEFERRED INFLOW OF RESOURCES:

NET POSITION:	
Held in trust for unemployment claims	<u>115,497.</u>
Held in trust for employee reimbursement	
Reserved for scholarships	<u>\$ 9,529.</u>
	<u>\$ 503.</u>

See Accompanying Notes to the Basic Financial Statements

CUMBERLAND REGIONAL SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR FISCAL YEAR ENDED JUNE 30, 2016

	Unemployment Compensation Trust	Private Purpose Scholarship Fund	Employee Reimbursement Fund
ADDITIONS:			
Contributions:			
Plan member	\$ 16,768.	\$ 0.	\$ 2,900.
Other	0.	7,150.	0.
Board contribution	0.	0.	0.
Total contributions	<u>16,768.</u>	<u>7,150.</u>	<u>2,900.</u>
Investment earnings:			
Interest	240.	0.	1.
Net investment earnings	<u>240.</u>	<u>0.</u>	<u>1.</u>
DEDUCTIONS:			
Scholarships awarded	0.	6,100.	0.
Unemployment claims	27,320.	0.	0.
Other	0.	0.	2,950.
Total deductions	<u>27,320.</u>	<u>6,100.</u>	<u>2,950.</u>
Change in net position	(10,312.)	1,050.	(49.)
NET POSITION - JULY 1	119,058.	8,479.	552.
Prior Year Audit Adjustment	6,751.	0.	0.
NET POSITION - JUNE 30	<u>\$ 115,497.</u>	<u>\$ 9,529.</u>	<u>\$ 503.</u>

See Accompanying Notes to the Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS

**CUMBERLAND REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Cumberland Regional School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A chief school administrator is appointed by the Board and is responsible for the administrative control of the District.

The financial statements of the Board of Education (Board) of the Cumberland Regional School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB). The more significant accounting policies established in GAAP and used by the District are discussed below.

A. Reporting Entity

The Cumberland Regional School District is a Type II district located in the County of Cumberland, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The board is comprised of nine (9) members elected to three (3) year terms. The purpose of the district is to educate students in grades 9-12. The Cumberland Regional School District had an enrollment at June 30, 2016 of 1,305 students.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District had no component units.

B. Basic Financial Statements – Governmental Wide Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's general and special revenue activities are classified as governmental activities. The District's food service program is classified as business-type activities.

In the governmental-wide Statement of Net Position, both the governmental and business-type activities column (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position are reported in three parts—invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions and business-type activities. The functions are also supported by general government revenues (property taxes, tuition, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (regular instruction, vocational programs, student & instruction related services, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, federal and state aid, interest income, etc.).

**CUMBERLAND REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2016**

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

B. Basic Financial Statements – Governmental Wide Financial Statements – (Continued)

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. Fiduciary funds are not included in the government-wide statements.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by a category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category of the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements. The State of New Jersey Department of Education has mandated that all New Jersey School Districts must report all governmental funds as major, regardless of the fund meeting the GASB definition of a major fund. However, the criteria are applied to proprietary funds.

The following fund types are used by the District:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

- a. General Fund: The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the Capital Outlay sub-fund.

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

- b. Special Revenue Fund: The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.
- c. Capital Projects Fund: The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

**CUMBERLAND REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2016**

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

C. Basic Financial Statements – Fund Financial Statements – (Continued)

- d. Debt Service Fund: The debt service fund is used to account for the accumulation of resources for, and the payment of, principal and interest on bonds issued to finance major property acquisition, construction, and improvement programs. The District currently has no outstanding bonds and therefore, has not included a Debt Service Fund.

Fund Balances – Governmental Funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.

Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.

Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

The details of the fund balances are included in the Governmental Funds Balance Sheet. When an expenditure is incurred for purposes for which both restricted or unrestricted fund balance is available, the District considers restricted funds to be spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balance are available, the District considers amounts to have been spent first out of committed, then assigned funds and finally unassigned funds as needed.

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the District:

- a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users of goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designated to recover similar costs. The District operates a food service fund to provide a child nutrition program for the students of the district.
- b. Internal Service Fund are used to charge costs for certain activities to individual funds or other governmental entities. The District's internal service fund comprised of the Curriculum Consortium.

**CUMBERLAND REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2016**

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

C. Basic Financial Statements – Fund Financial Statements – (Continued)

3. Fiduciary Funds:

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net position and changes in net position, and is reported using accounting principles similar to proprietary funds.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.), and cannot be used to address activities or obligations of the government, these funds are not incorporated into the entity-wide statements.

All fund internal activity is eliminated when carried to the Government-wide statements.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

E. Financial Statement Amounts

1. Cash and Cash Equivalents:

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Government 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.

**CUMBERLAND REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2016**

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

E. Financial Statement Amounts – (Continued)

NJSA 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental units.

2. Investments:

Investments, including deferred compensation and pension funds, are stated at fair value, (quoted market price or the best available estimate). Interest earned on investments in the Capital Projects Fund is transferred to the general or debt service fund.

3. Inventories:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as an expenditure during the year of purchase.

On district-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2016.

4. Capital Assets:

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extended the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-50 years
Machinery and equipment	5-10 years
Improvements	10-20 years
Infrastructure Assets	50-65 years

Infrastructure assets include roads, parking lots, underground pipe, etc. The District includes all infrastructure assets as depreciable assets in the financial statements.

5. Revenues:

Substantially all governmental fund revenues are accrued. Property taxes are susceptible to accrual and under New Jersey State Statutes a municipality is required to remit to its school district the entire balance of taxes in the amount certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. Subsidies and grants to proprietary funds, which finance either capital or current operations are reported as non operating revenue. In respect to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and unearned revenue by the recipient. Program revenues are reported as reductions to expenses in the statement of activities.

**CUMBERLAND REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2016**

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

E. Financial Statement Amounts – (Continued)

6. Expenditures:

Expenses are recognized when the related fund liability is incurred. Inventory costs other than those reported in the enterprise fund are reported in the period when inventory items are purchased, rather than in the period used.

7. Compensated Absences:

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as both an expenditure and a fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported in the District-wide Financial Statements as a Governmental Activity.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

8. Interfund Activity:

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefitting fund and reduces its related costs as reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

9. Budgets/Budgetary Control:

Annual appropriation budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and, as long as the District budget is within State mandated CAPs, there is no public vote on the budget. If the budget exceeds State mandated CAPs, the voters have an opportunity to approve or reject the budget at the regular election held in November. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts 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. 6:23-2(g). Transfers of appropriations may be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and under certain circumstances require approval by the County Superintendent of Schools.

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 generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

**CUMBERLAND REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2016**

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

E. Financial Statement Amounts – (Continued)

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.

10. Tuition Receivables:

Tuition charges were established by the Boards of Education based on estimated costs. The District had no tuition revenue for the fiscal year ended June 30, 2016.

11. Tuition Payable:

Tuition charges for the fiscal years 2015/2016 were based on rates established by the receiving district. These rates are subjected to change when the actual costs have been determined.

12. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those results.

13. Allocation of Costs:

In the government-wide statement of activities, the District has not allocated unallocated benefits to various programs.

14. Pensions

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 Teachers' Pension and Annuity Fund (TPAF) and Public Employee Retirement System (PERS) and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the TPAF and PERS. For this purpose, benefits payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

F. Recent Accounting Pronouncements

In February 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 72, "Fair Value Measurement and Application". This statement is effective for fiscal periods beginning after June 15, 2015. In accordance with the requirements of GASB No. 72 the District has reported its investment in Solar Renewable Energy Certificates (SRECS) which were not converted to cash within 60 days of year-end as an asset on the Governmental Funds Balance Sheet (Exhibit B-1). The resulting differences between the GAAP and Budgetary statements are reported on the Budget to GAAP Reconciliation (Exhibit C-3).

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 73, "Accounting and Financial Reporting for Pension and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68". This statement is effective for fiscal periods beginning after June 30, 2016, will not have any effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans". This statement is effective for fiscal periods beginning after June 30, 2016, establishes new accounting and financial reporting requirements for OPEB plans. It is anticipated that this statement will not have any effect on the District's financial reporting.

**CUMBERLAND REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2016**

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Plans Other Than Pensions". This statement is effective for fiscal periods beginning after June 30, 2017. Although not determinable, the impact of this statement on the net position of the entity is anticipated to be significant.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 76, "The Hierarchy of General Accepted Accounting Principles for State and Local Governments." This statement is effective for fiscal periods beginning June 30, 2015, will not have any effect on the District's financial reporting.

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents includes petty cash, change funds, cash in banks and highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest.

Investments are stated at cost, or amortized cost, which approximates market. The Board classifies U.S. Treasury with Agency obligations and certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions in which they may invest. N.J.S.A. 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts as follows:

- a.) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b.) Bonds or any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c.) Bonds or other obligations of the school district.

School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund. As of June 30, 2016, the District had no funds on deposit with the New Jersey Cash Management.

Deposits:

N.J.S.A. 17:9-41, et seq, establish requirements for the security of deposits of governmental units. The statutes require that school districts deposit public funds in public depositories secured in accordance with the Governmental Unit Deposit Protection Act, which is a multiple financial institution collateral pool enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution located in New Jersey, which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories.

Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured.

All public depositories must pledge collateral, having a market value at least equal to 5% of the average daily balance of collected public funds on deposit, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to Governmental Units.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New Jersey, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

**CUMBERLAND REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS – (Continued)

Deposits: (Continued)

The school district has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the Governmental Unit Deposit Protection Act and approves a list of authorized depository institutions based on an evaluation of solicited responses and presentation of GUDPA certifications provided by the financial institutions.

As of June 30, 2016, cash and cash equivalents in the fund financial statements of the District consisted of the following:

	Cash and Cash Equivalents
Checking account	\$ 3,244,220.
TOTAL	\$ 3,244,220.

Custodial Credit Risk:

Custodial credit presents a risk that in the event of a bank failure, the School District’s deposits may not be returned to it. The School District’s formal policy regarding custodial credit risk is in compliance with N.J.S.A. 17:9-41 et seq. that the School District deposit all public funds in public depositories protected from loss under the provisions of GUDPA Act as previously described.

The District does not place a limit on the amount that may be invested in any one issuer. As of June 30, 2016, the District’s bank balance of \$4,318,991 was insured or collateralized as follows:

Insured by Depository Insurance	\$ 250,000.
Collateralized under GUDPA	4,068,991.
TOTAL	\$ 4,318,991.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligations. The District does not have a policy that restricts investment choices beyond Title 18A:20-37.

Investment in Solar Renewable Energy Certificates (SRECS)

In accordance with the requirements of GASB No. 72 the District has reported its investment in Solar Renewable Energy Certificates (SRECS) which were not converted to cash within 60 days of year-end as an asset on the Governmental Fund Balance Sheet (Exhibit B-1). The resulting differences between the GAAP and Budgetary statements are reported on the Budget to GAAP Reconciliation (Exhibit C-3). The SRECS are valued at their estimated fair market value as of June 30, 2016.

NOTE 3 - CAPITAL RESERVE ACCOUNT

A capital reserve account was established by New Jersey school districts for the accumulation of funds for capital outlay expenditures in subsequent fiscal years. The Capital Reserve Account is maintained in the General Fund and its activity is included in the General Fund annual budget. Funds placed in the capital reserve account 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 deposit funds into the capital reserve at any time upon board resolution through the transfer of undesignated, unreserved general fund balance that is anticipated in the budget certified for taxes. Post-April, 2005 transfers must be in compliance with P.L.2005, C73(S1701). Pursuant to N.J.A.C. 6A:23A-14.1(g) the balance in the account cannot at any time exceed the local support cost of uncompleted capital projects of \$24,531,557 as shown in the approved LRFP.

**CUMBERLAND REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 - CAPITAL RESERVE ACCOUNT – (Continued)

The activity of the capital reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance, July 1, 2015	\$25,001.
Interest earnings	0.
Deposits	
Approved in 2015/2016 Budget	0.
Board Resolution	500,000.
Withdrawals	
Board Resolution	0.
Total Withdrawals	0.
Ending balance, June 30, 2016	\$525,001.

NOTE 4 - MAINTENANCE RESERVE

The Maintenance reserve account is used to accumulate funds for the required maintenance of a facility in accordance with the EFCFA (*N.J.S.A.* 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701). Districts may increase the balance in the maintenance reserve account by appropriating funds in the annual general fund budget certified for taxes (*N.J.A.C.* 6A:23-2.14) or by transfer by board resolution at year end of any anticipated revenue or unexpended line item appropriations, or both.

The activity of the maintenance reserve for the July 1, 2015 to June 30, 2016 year is as follows:

Beginning Balance July 1, 2015	\$262,108.
Deposits – Board Resolution	425,000.
Withdrawals	0.
Ending balance June 30, 2016	\$687,108.

The June 30, 2016 maximum maintenance reserve amount is \$1,416,787.

**CUMBERLAND REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 5 - FIXED ASSETS

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

	Beginning Balance	Additions	Retirements	Adjustments	Ending Balance
Governmental Activities:					
Capital Assets that are not Being Depreciated:					
Construction in progress	\$0.	\$0.	\$0.	\$0.	\$0.
Land	263,190.	0.	0.	0.	263,190.
Total Capital Assets not being Depreciated	263,190.	0.	0.	0.	263,190.
Bldg. & Bldg. Improvements	54,575,918.	0.	0.	0.	54,575,918.
Site Improvements	928,155.	3,840.	0.	0.	931,995.
Machinery & Equipment	5,545,175.	118,062.	0.	0.	5,663,237.
Totals at Historical Cost	61,049,248.	121,902.	0.	0.	61,171,150.
Less: Accum. Deprec. for:					
Bldg. & Bldg. Improvements	(17,080,065.)	(2,003,387.)	0.	0.	(19,083,452.)
Site Improvements	(804,839.)	(12,659.)	0.	0.	(817,498.)
Machinery & Equipment	(5,127,812.)	(95,416.)	0.	0.	(5,223,228.)
Total Accum. Depreciation	(23,012,716.)	(2,111,462.)	0.	0.	(25,124,178.)
Total Capital Assets being depreciated net of Accum. Depreciation	38,036,532.	(1,989,560.)	0.	0.	36,046,972.
Government Activities Capital Assets, net	\$38,299,722.	\$(1,989,560.)	\$0.	\$0.	\$36,310,162.
Business-type Activities:					
Equipment	\$213,400.	\$19,837.	\$0.	\$0.	\$251,237.
Less Accum. Deprec. for: Equipment	(141,460.)	(12,612.)	0.	1,077.	(152,995.)
Business-type Activities Capital Assets, net	\$89,940.	\$7,225.	\$0.	\$1,077.	\$98,242.

***Depreciation Expense was Charged to Governmental Functions as Follows:**

Instruction:	
Regular	\$(1,161,304.)
Other Instruction	(211,146.)
Support Services:	
School Administration	(263,933.)
General and Business Administrative Services	(263,933.)
Plant Operations and Maintenance	(211,146.)
Total Depreciation Expense	<u>\$(2,111,462.)</u>

NOTE 6 - OPERATING LEASES

The District had operating leases for postage, copying equipment, and a school bus during the year ended June 30, 2016. The total operating lease payments made during the year ended June 30, 2016 were \$78,527. The leases expire on various dates. Future minimum payments due on the leases are as follows:

<u>Year</u>	<u>Amount</u>
June 30, 2017	53,944.
June 30, 2018	41,120.
June 30, 2019	6,854.
TOTAL	<u>\$101,968.</u>

**CUMBERLAND REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 7 - GENERAL LONG-TERM DEBT

Type of Debt	Balance at 06/30/15	Issued	Retired	Balance at 06/30/16	Amounts Due Within 1 Year
Governmental Activities:					
Compensated Absences Payable	\$324,707.	\$0.	(\$17,631.)	\$307,076.	\$61,024.
Bonds Payable	8,577,000.		(720,000.)	7,857,000.	740,000.
Accrued Interest on Bonds	75,016.		(4,922.)	70,094.	70,094.
Total	<u>\$8,976,723.</u>	<u>\$0.</u>	<u>\$(742,553.)</u>	<u>\$8,234,170.</u>	<u>\$871,118.</u>

The District has no long-term debt to be repaid from business-type activities.

A. Bonds Payable:

Bonds are authorized in accordance with State laws by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

On September 1, 2010, the District issued School Bonds in the amount of \$6,477,000. The proceeds of these bonds to complete the roof replacement and solar energy project.

On August 16, 2012, the District issued School Refunding Bonds in the amount of \$3,785,000 in order to refund all or a portion of the outstanding callable school bonds of the Board of Education originally issued in the principal amount of \$6,877,000 and dated April 15, 2004. The 2004 bonds are redeemable at the option of the Board of Education in whole or in part with a 30 day notice of redemption at a price of 100% of the principal amount thereof.

The \$3,785,000 Refunding Bonds included issuance costs of \$72,518. \$3,697,000 was issued to retire bonds from the 2004 issue and \$0 was returned to the District. The gross debt service savings to the District is \$179,023 and the economic benefit to the District is estimated to be \$161,023. The 2012 Refunding Bonds, 2012 Series are payable in annual installments through 2024.

Principal and interest due on serial bonds outstanding is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2017	\$740,000.	\$248,936.	\$988,936.
2018	775,000.	228,563.	1,003,563.
2019	795,000.	207,312.	1,002,312.
2020	820,000.	181,886.	1,001,886.
2021	845,000.	153,586.	998,586.
2022-2026	3,882,000.	346,759.	4,228,759.
	<u>\$7,857,000.</u>	<u>\$1,367,042.</u>	<u>\$9,224,042.</u>

As of June 30, 2016, the Board had no authorized bonds that were not issued.

B. Capital Leases Payable:

As of June 30, 2016, the District has no liabilities under capital leases.

NOTE 8 – PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey, 08625 or the reports can be accessed on the internet at <http://www.state.nj.us/treasury/pensions/annrptsachive.htm>.

**CUMBERLAND REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 8 – PENSION PLANS – (Continued)

Teachers' Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N. J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the School District's contribution amounts for each pay period are required to be transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 6.92% and the PERS rate is 6.92% of covered payroll. The School District's contributions to TPAF for the years ending June 30, 2016, 2015 and 2014 are shown below and paid by the State of New Jersey on behalf of the board, equal to the required contributions for each year. The School District's contributions to PERS for the years ending June 30, 2016, 2015 and 2014 are shown below.

Three-Year Trend Information for PERS

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>
June 30, 2016	\$227,048.	100%
June 30, 2015	210,144.	100%
June 30, 2014	172,790.	100%

**CUMBERLAND REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 8 – PENSION PLANS – (Continued)

<u>Three-Year Trend Information for TPAF</u>			
<u>(Paid on Behalf of the District)</u>			
Year	Pension	Post-Retirement	Total
<u>Funding</u>	<u>Contribution</u>	<u>Medical (PRM)</u>	<u>Contribution</u>
June 30, 2016	\$636,188.	\$757,524.	\$1,393,712.
June 30, 2015	410,849.	652,223.	1,063,072.
June 30, 2014	340,779.	558,750.	899,529.

During the fiscal years ended June 30, 2016, 2015 and 2014, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$543,549; \$570,535; and \$600,432; during the same fiscal years for the employer’s share of social security contributions for TPAF members as calculated on their base salaries. These amounts, which are not required to be budgeted, have been included in the financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance in GASB 27.

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees’ Retirement System (PERS) and the Police and Firemen’s Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78’s provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member’s final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- 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 Chapter 78’s effective date with a minimum contribution required to be at least 1.5% of salary.

**CUMBERLAND REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 8 – PENSION PLANS – (Continued)

- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60th from 1/55th, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1/7th of the required amount, beginning in fiscal years 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

NOTE 9 – PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

At June 30, 2016, the District reported a liability of \$5,846,994 for its proportionate share of the 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 proportion 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 employers, actuarially determined. At June 30, 2015, the District's proportion was 0.0260468438%, which was an increase of 2.18% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$464,421. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expended and actual experience	\$ 139,489.	
Changes of assumptions	627,921.	
Net difference between projected and actual earnings on pension plan investments		\$ 94,008.
Changes in proportion and difference between District contributions and proportionate share of contributions	425,446.	
District contributions subsequent to the measurement date	452,370.	
Total	<u>1,645,226.</u>	<u>\$ 94,008.</u>

**CUMBERLAND REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 9 – PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS) – (Continued)

\$452,370 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (June 30, 2015) will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,		
2017	\$	219,770.
2018		219,770.
2019		219,770.
2020		219,769.
2021		219,769.
Total	\$	<u>1,098,848.</u>

Actuarial Assumptions

The collective 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:

Inflation rate	3.04 %
Salary increases:	
2012-2021	2.15 – 4.40% based on age
Thereafter	3.15 – 5.40% based on age
Investment rate of return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major assets 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 be adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

**CUMBERLAND REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 9 – PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS) – (Continued)

<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 liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on 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. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefits payments through 2033, and the municipal bond rate was applied to projected benefits payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.

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

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
District's proportionate share of the net pension liability	\$ 7,267,099.	\$ 5,846,994.	\$ 4,656,389.

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

**CUMBERLAND REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 10 – TEACHERS’ PENSION AND ANNUITY FUND (TPAF)

At June 30, 2016, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$	0.
State's proportionate share of the net position liability associated with the District		48,031,175.
Total	\$	48,031,175.

The net pension liability was measured as of June 30, 2015 and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2015, the District’s proportion was 0.00%, which was no change from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$2,932,736 and revenue of \$2,932,736 for support provided by the State.

Although the district does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State’s portion of the net pension liability associated with the district. The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

	06/30/2015	06/30/2014
Collective deferred outflows of resources	\$ 7,522,890,856.	\$ 2,306,623,861.
Collective deferred inflows of resources	623,365,110.	1,763,205,593.
Collective net pension liability (nonemployer-State of New Jersey)	63,204,270,305.	53,446,745,367.
State’s portion of the net pension liability that was associated with the district	48,031,175.	43,053,836.
State’s portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.07599356%	0.080555%

Actuarial assumptions

The total pension liability in 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:

**CUMBERLAND REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 10 – TEACHERS’ PENSION AND ANNUITY FUND (TPAF) – (Continued)

Inflation rate	2.50%
Salary increases:	
2012-2021	Varied based on experience
Thereafter	Varied based on experience
Investment rate of return	7.90%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan 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 rate of return by target asset allocation percentage and by adding expected inflation. Best estimate of arithmetic real rates of return for each major asset class included in TPAF’s 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>
U,S, Cash	5.00%	0.53%
U.S. Government Bonds	1.75%	1.39%
U.S. Credit Bonds	13.50%	2.72%
U.S. Mortgages	2.10%	2.54%
U.S. Inflation-Indexed Bonds	1.50%	1,47%
U.S. High Yield Bonds	2.00%	4.57%
U.S. Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Market 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%

**CUMBERLAND REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 10 – TEACHERS’ PENSION AND ANNUITY FUND (TPAF) – (Continued)

Discount rate

The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on 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. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of employers’ contribution. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the State as of June 30, 2015 calculated using the discount rate as disclosed above as well as what the State’s net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

At 1% Decrease (3.13%)	At current discount rate (4.13%)	At 1% Increase (5.13%)
\$ 75,559,915,440	63,577,864,440	53,254,610,440

Pension plan fiduciary net position.

Detailed information about the pension plan’s fiduciary net position is available in the separately issued TPAF financial report.

NOTE 11 - POST RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers’ Pensions and Annuity Fund (TPAF) and the Public Employees’ Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. 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 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.

GASB statement #45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The District does not provide post-employment benefits other than pension. Healthcare provided to eligible TPAF and PERS board of education retirees through the NJ State Health Benefits Program are paid by the State of New Jersey and as such, no district OPEB liability exists.

**CUMBERLAND REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 11 - POST RETIREMENT BENEFITS – (Continued)

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>

NOTE 12 - COMPENSATED ABSENCES

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Government Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

The liability for vested compensated absences of the governmental activities is recorded as long-term debt in the district-wide statements. The current portion of the compensated absences balance is not considered material to the applicable funds total liabilities, and therefore, is not shown separately from the long-term liability balance of compensated absences.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2016, a liability existed for compensated absences in the Food Service Fund in the amount of \$0.

NOTE 13 - DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

GWN Marketing

NOTE 14 - RISK MANAGEMENT

The District is exposed to various types of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance – The District maintains commercial insurance coverage for property, liability, student accident, and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance – 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 expendable trust fund for the current and previous two years:

**CUMBERLAND REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 14 - RISK MANAGEMENT – (Continued)

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Income</u>	<u>Amount Reimbursed</u>	<u>Prior Year Adjustment</u>	<u>Ending Balance</u>
2015-2016	\$ 0.	\$ 16,768.	\$ 240.	\$ 27,320.	\$ 6,751.	\$ 115,497.
2014-2015	50,000.	16,730.	454.	40,984.	0.	119,058.
2013-2014	70,000.	17,141.	198.	31,094.	0.	92,858.

NOTE 15 - INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2016.

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 5,452.	\$ 0.
Capital Projects Fund	6,741.	0.
Debt Service Fund	0.	6,741.
Fiduciary Fund	0.	5,452.
	<u>\$ 12,193.</u>	<u>\$ 12,193.</u>

The balances resulted from the time lag between the dates that:

1. Interfund goods and services are provided or reimbursable expenditures occur;
2. Transactions are recorded in the accounting system, and;
3. Payments between funds are made.

The amount due from the Capital Projects Fund to the Debt Service Fund is a result of transferring the interest earned in the Capital Projects Fund.

NOTE 16 - CONTINGENT LIABILITIES

The Board is involved in several claims and lawsuits incidental to its operation. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the District.

NOTE 17 - CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2016 is \$594,433.

NOTE 18 - DEFICIT FUND BALANCES

The District has a deficit fund balances of \$0 in the General Fund and \$0 in the Special Revenue Fund as of June 30, 2016 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed one or more June state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payment(s) in the subsequent fiscal year, the school district can not recognize the June state aid payment(s) on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payment(s), the General and Special Revenue Fund balance deficit does not alone indicate the district is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the June payment(s) of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District deficit in the GAAP funds statements of \$0 is equal to (or) is less than the last state aid payments.

**CUMBERLAND REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 19 - FUND BALANCE

NONSPENDABLE

As stated in Note 1, the nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. There are no nonspendable fund balances of the School district as of June 30, 2016.

RESTRICTED

As stated in Note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources by either of the following: (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the School District's fund balance are summarized as follows:

General Fund:

Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance – excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve general fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2016 is \$594,433; \$250,000 has been restricted and designated for utilization in the 2016-2017 budget.

Capital Reserve Account: As of June 30, 2016, the balance in the capital reserve account is \$525,001. These funds are restricted for the future approved capital projects of school facilities.

For Maintenance Reserve Account: As of June 30, 2016, the balance in the maintenance reserve account is \$687,108. These funds are restricted for the required maintenance of school facilities in accordance with Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c.73 (S1701).

COMMITTED

As stated in Note 1, the committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision making authority, which, for the School District, is the Board of Education. Such formal action consists of an affirmative vote by the Board of Education, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

Other Purposes: As of June 30, 2016, the School District had \$263,776 of encumbrances outstanding for purchase orders and contracts signed by the School District but not completed as of the close of the fiscal year.

ASSIGNED

As stated in Note 1, the assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. Specific assignments of the School District's fund balance are summarized as follows:

For Subsequent Year's Expenditures: The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2017, \$213,698 of general fund balance, \$365,000 of capital project fund balance, and \$14,613 of the debt service fund balance at June 30, 2016.

UNASSIGNED

As stated in Note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The School District's unassigned fund balance is summarized as follows:

General Fund:

As of June 30, 2016, the unassigned fund balance of the general fund was \$(528,996).

**CUMBERLAND REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 19 - FUND BALANCE – (Continued)

Capital Projects:

Of the \$1,445,221. Capital Project Fund balance June 30, 2016, \$365,000 has been appropriated as a transfer to the Debt Service Fund and included as anticipated revenue in the Debt Service Fund for the year ending June 30, 2017.

Debt Service Fund:

Of the \$25,158 Debt Service balance at June 30, 2016; \$14,613 has been appropriated and included as anticipated revenue for the year ending June 30, 2016 and \$10,545 is unreserved and undesignated.

NOTE 20 - SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred from June 30, 2016 through November 18, 2016, the date that the financial statements were available to be issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

NOTE 21- OTHER INFORMATION – SDA CAPITAL PROJECT

Under the terms of the construction contract with the New Jersey School Development Authority, the District is entitled to the interest income earned on the proceeds from the \$6,877,000 bond issue. The interest income is not available for the District's use until completion of the project. During the 2007-2008 year, the District received the interest in the amount of \$830,883. However, since the project is not yet complete, the interest is not yet available for use by the District. During the 2010-2011 and the 2011-2012 fiscal years, the District budgeted and transferred \$426,245 and \$404,368 of this amount as a transfer from the Capital Project Fund to the General Fund and Debt Service Fund.

The District has recorded expenditures over the life of this project based on information received from the New Jersey School Development Authority. It is the District's position that this project has not yet been completed.

**REQUIRED SUPPLEMENTARY
INFORMATION - PART II**

BUDGETARY COMPARISON SCHEDULES

CUMBERLAND REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:					
Local Sources:					
Local Tax Levy	\$ 8,311,335.	\$ 0.	\$ 8,311,335.	\$ 8,311,336.	\$ 1.
Transportation	135,500.	0.	135,500.	136,757.	1,257.
Interest Earned	100.	0.	100.	6,330.	6,230.
Miscellaneous	75,000.	0.	75,000.	282,097.	207,097.
Total Local Sources	8,521,935.	0.	8,521,935.	8,736,520.	214,585.
State Sources:					
Equalization Aid	10,078,197.	0.	10,078,197.	10,078,197.	0.
School Choice Aid	862,568.	0.	862,568.	862,568.	0.
Categorical Transportation Aid	128,298.	0.	128,298.	128,298.	0.
Special Education Aid	696,669.	0.	696,669.	696,669.	0.
Security Aid	178,493.	0.	178,493.	178,493.	0.
Adjustment Aid	9,412.	0.	9,412.	9,412.	0.
Additional Adjustment Aid	166,418.	0.	166,418.	166,418.	0.
PARCC Readiness Aid	12,940.	0.	12,940.	12,940.	0.
Per Pupil Growth Aid	12,940.	0.	12,940.	12,940.	0.
TPAF Pension (On-Behalf - Non-Budgeted)	0.	0.	0.	1,393,712.	1,393,712.
TPAF Social Security (Reimbursed - Non-Budgeted)	0.	0.	0.	543,549.	543,549.
Extraordinary Aid	100,000.	0.	100,000.	145,433.	45,433.
Additional Non-public Transportation Aid	0.	0.	0.	10,127.	10,127.
Total State Sources	12,245,935.	0.	12,245,935.	14,238,756.	1,992,821.
Federal Sources:					
Medical Assistance Program	39,525.	0.	39,525.	44,217.	4,692.
Total Federal Sources	39,525.	0.	39,525.	44,217.	4,692.
Total Revenues	20,807,395.	0.	20,807,395.	23,019,493.	2,212,098.

CUMBERLAND REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
Expenditures:					
Current Expense:					
Regular Programs:					
Grades 9 - 12 Instruction:					
Salaries of Teachers	\$ 4,985,000.	\$ (44,715.)	\$ 4,940,285.	\$ 4,931,206.	\$ 9,079.
Home Instruction:					
Salaries of Teachers	40,000.	(7,280.)	32,720.	31,184.	1,536.
Purchased Professional Educational Services	50,000.	(7,317.)	42,683.	36,384.	6,299.
Regular programs - undistributed instruction:					
Other Salaries for Instruction	102,000.	0.	102,000.	99,702.	2,298.
Other Salaries	95,000.	(7,197.)	87,803.	87,803.	0.
Purchased Professional Services	128,000.	59,838.	187,838.	184,894.	2,944.
Contracted services	52,700.	38,240.	90,940.	90,269.	671.
Rentals	50,900.	12,808.	63,708.	57,608.	6,100.
Communications-telephone	46,000.	(26,125.)	19,875.	19,037.	838.
Travel	3,500.	2,500.	6,000.	2,912.	3,088.
General Supplies	234,778.	203,101.	437,879.	378,968.	58,911.
Textbooks	100,000.	(17,242.)	82,758.	82,500.	258.
Other Objects	30,000.	12,220.	42,220.	42,211.	9.
Total Regular Programs	5,917,878.	218,831.	6,136,709.	6,044,678.	92,031.
Behavioral Disabilities:					
Salaries of Teachers	64,000.	66,214.	130,214.	128,909.	1,305.
Purchased Technical Services	4,000.	(2,465.)	1,535.	1,535.	0.
General Supplies	7,000.	(3,793.)	3,207.	2,899.	308.
Total Behavioral Disabilities	75,000.	59,956.	134,956.	133,343.	1,613.
Multiple Disabilities:					
Salaries of Teachers	134,000.	(6,315.)	127,685.	127,682.	3.
Other salaries for Instruction	116,500.	22,045.	138,545.	137,639.	906.
Purchased Technical Services	1,000.	0.	1,000.	795.	205.
General Supplies	4,200.	(1,072.)	3,128.	3,128.	0.
Total Multiple Disabilities	255,700.	14,658.	270,358.	269,244.	1,114.

CUMBERLAND REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
Resource Room/Resource Center:					
Salaries of Teachers	\$ 448,000.	\$ (57,000.)	\$ 391,000.	\$ 390,600.	\$ 400.
Purchased Technical Services	940.	0.	940.	695.	245.
General Supplies	1,500.	(1,322.)	178.	178.	0.
Total Resource Room/Resource Center	450,440.	(58,322.)	392,118.	391,473.	645.
Autism:					
Salaries of Teachers	147,500.	(30,464.)	117,036.	117,036.	0.
General Supplies	500.	(500.)	0.	0.	0.
Total Autism	148,000.	(30,964.)	117,036.	117,036.	0.
Total Special Education - Instruction	929,140.	(14,672.)	914,468.	911,096.	3,372.
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	4,000.	(4,000.)	0.	0.	0.
Other Objects	12,250.	(12,250.)	0.	0.	0.
Total Basic Skills/Remedial	16,250.	(16,250.)	0.	0.	0.
School Sponsored Co-Curricular Act. - Instruction:					
Salaries	108,000.	(3,207.)	104,793.	101,059.	3,734.
Purchased Services	4,250.	0.	4,250.	3,249.	1,001.
Supplies and Materials	1,500.	(1,500.)	0.	0.	0.
Other Objects	40,000.	0.	40,000.	38,290.	1,710.
Total School Spon Co-Curricular Act. - Instruction	153,750.	(4,707.)	149,043.	142,598.	6,445.
School Sponsored Athletics - Instruction:					
Salaries	302,000.	(8,052.)	293,948.	293,358.	590.
Purchased Services	96,500.	(18,416.)	78,084.	76,160.	1,924.
Supplies and Materials	25,000.	13,769.	38,769.	37,369.	1,400.
Other Objects	10,000.	(2,721.)	7,279.	7,205.	74.
Total School Sponsored Athletics - Instruction	433,500.	(15,420.)	418,080.	414,092.	3,988.

CUMBERLAND REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
Alternative Education Program - Instruction:					
Salaries of Teachers	\$ 115,000.	\$ (25,811.)	\$ 89,189.	\$ 89,189.	\$ 0.
Purchased Technical Service	0.	24,000.	24,000.	23,667.	333.
General Supplies	2,000.	(281.)	1,719.	1,148.	571.
Total Alternative Education Program - Instruction	117,000.	(2,092.)	114,908.	114,004.	904.
Alternative Education Program - Support Services:					
Salaries	53,000.	(47,000.)	6,000.	5,682.	318.
Total Alternative Education Program - Support Services	53,000.	(47,000.)	6,000.	5,682.	318.
Total Instruction	7,620,518.	118,690.	7,739,208.	7,632,150.	107,058.
Undistributed Expenditures:					
Instruction:					
Tuition - Other LEA in State - Regular	26,050.	11,000.	37,050.	18,295.	18,755.
Tuition - Other LEA in State - Spec. Ed.	25,240.	0.	25,240.	0.	25,240.
Tuition- Co. Voc. School Dist. - Regular	279,760.	(169,000.)	110,760.	106,200.	4,560.
Tuition- Co. Voc. School Dist. - Special Ed.	160,740.	0.	160,740.	113,020.	47,720.
Tuition- CSSD & Regional Day Schools	623,737.	16,000.	639,737.	539,593.	100,144.
Tuition - Priv. School Disabled w/ in state	630,000.	0.	630,000.	583,347.	46,653.
Tuition - Priv. School Disabled & Other LEA's	45,000.	(16,000.)	29,000.	0.	29,000.
Tuition - State Facilities	60,240.	0.	60,240.	60,240.	0.
Tuition - Other	40,973.	0.	40,973.	40,973.	0.
Total Undistributed Expenditures - Education	1,891,740.	(158,000.)	1,733,740.	1,461,668.	272,072.
Attendance and Social Work Services:					
Salaries	47,000.	0.	47,000.	46,410.	590.
Total Attendance and Social Work Services	47,000.	0.	47,000.	46,410.	590.
Health services:					
Salaries	141,000.	601.	141,601.	141,601.	0.
Purchased Professional and Technical Services	128,000.	(26,000.)	102,000.	85,278.	16,722.
Supplies and Materials	1,500.	400.	1,900.	1,659.	241.
Other Objects	150.	0.	150.	0.	150.
Total Health Services	270,650.	(24,999.)	245,651.	228,538.	17,113.

CUMBERLAND REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
Speech, OT, PT and Related Services:					
Salaries	\$ 6,000.	\$ 9,000.	\$ 15,000.	\$ 12,275.	\$ 2,725.
Purchased Professional Educational Services	50,000.	0.	50,000.	7,990.	42,010.
Total Speech, OT, PT and Related Services	56,000.	9,000.	65,000.	20,265.	44,735.
Other Support Services - Extraordinary Services:					
Purchased Professional/Educational Services	176,000.	(4,000.)	172,000.	142,025.	29,975.
Total Other Support Serviced - Extraordinary Services	176,000.	(4,000.)	172,000.	142,025.	29,975.
Guidance:					
Salaries of Other Professional Staff	430,000.	68,364.	498,364.	474,364.	24,000.
Salaries of Secretarial and Clerical Assistants	93,000.	0.	93,000.	92,820.	180.
Purchased Professional Services	30,000.	4,350.	34,350.	34,309.	41.
Other Purchased Services	500.	0.	500.	0.	500.
Supplies and Materials	6,000.	4,000.	10,000.	9,287.	713.
Other Objects	6,500.	(4,000.)	2,500.	2,460.	40.
Total Guidance	566,000.	72,714.	638,714.	613,240.	25,474.
Child Study Teams:					
Salaries of Other Professional Staff	151,000.	6,551.	157,551.	144,831.	12,720.
Salaries of Secretarial and Clerical Assistants	48,000.	0.	48,000.	47,802.	198.
Salaries Other	21,000.	0.	21,000.	20,630.	370.
Purchased Professional Educational Services	27,000.	(5,000.)	22,000.	0.	22,000.
Supplies and Materials	500.	0.	500.	0.	500.
Total Child Study Teams	247,500.	1,551.	249,051.	213,263.	35,788.
Improvement of Instruction Services:					
Salaries of Supervisors of Instruction	389,000.	(28,000.)	361,000.	343,914.	17,086.
Salaries of Secretarial and Clerical Assistants	48,000.	0.	48,000.	47,802.	198.
Salaries Other	20,500.	(12,156.)	8,344.	1,498.	6,846.
Other Purchased/Professional Services	15,000.	3,684.	18,684.	5,094.	13,590.
Other Purchased Services	12,000.	272.	12,272.	12,272.	0.
Total Improvement of Instructional Services	484,500.	(36,200.)	448,300.	410,580.	37,720.

CUMBERLAND REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
Educational Media Services:					
Salaries of Technology Coordinators	\$ 92,500.	\$ (10,000.)	\$ 82,500.	\$ 69,511.	\$ 12,989.
Other Purchased Services	1,250.	(138.)	1,112.	963.	149.
Supplies and Materials	26,000.	3,664.	29,664.	25,584.	4,080.
Miscellaneous Expenditures	0.	2,574.	2,574.	0.	2,574.
Total Educational Media Services	119,750.	(3,900.)	115,850.	96,058.	19,792.
Support Services - General Administration:					
Salaries	200,500.	24,400.	224,900.	224,777.	123.
Legal Services	100,000.	73,158.	173,158.	173,158.	0.
Audit Fees	27,500.	2,000.	29,500.	26,000.	3,500.
Architect Fees	37,000.	(32,405.)	4,595.	0.	4,595.
Communications/Telephone	62,000.	(12,000.)	50,000.	46,946.	3,054.
Travel expenses	5,500.	(1,726.)	3,774.	1,255.	2,519.
Miscellaneous Purchased Services	45,233.	(7,695.)	37,538.	37,466.	72.
Supplies and Materials	200.	0.	200.	0.	200.
Miscellaneous Expenditures	43,500.	6,065.	49,565.	48,225.	1,340.
BOE Membership Dues and Fees	2,500.	0.	2,500.	1,750.	750.
Total Support Services - General Administration	523,933.	51,797.	575,730.	559,577.	16,153.
Support Services - School Administration:					
Salaries of Principals/Asst.	382,000.	31,000.	413,000.	387,208.	25,792.
Salaries of Other Professional Staff	236,000.	18,000.	254,000.	237,409.	16,591.
Salaries of Secretarial Assistants	191,500.	13,000.	204,500.	193,873.	10,627.
Supplies and Materials	2,000.	1,950.	3,950.	1,912.	2,038.
Total Support Services - School Administration	811,500.	63,950.	875,450.	820,402.	55,048.
Central Services:					
Salaries	274,750.	1,648.	276,398.	272,947.	3,451.
Purchased Technical Service	10,250.	0.	10,250.	10,036.	214.
Miscellaneous Purchased Services	1,400.	1,000.	2,400.	1,170.	1,230.
Supplies and Materials	7,660.	23,864.	31,524.	28,538.	2,986.
Miscellaneous Expenses	3,200.	0.	3,200.	3,181.	19.
Total Central Services	297,260.	26,512.	323,772.	315,872.	7,900.

CUMBERLAND REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
Admin. Information Technology:					
Salaries	\$ 135,600.	\$ 8,993.	\$ 144,593.	\$ 136,593.	\$ 8,000.
Total Admin. Information Technology	135,600.	8,993.	144,593.	136,593.	8,000.
Required Maintenance for School Facilities:					
Cleaning, Repair, Maintenance Service	185,000.	122,112.	307,112.	206,001.	101,111.
General supplies	90,000.	(23,000.)	67,000.	51,171.	15,829.
Total Required Maintenance for School Facilities	275,000.	99,112.	374,112.	257,172.	116,940.
Custodial Services:					
Salaries	726,000.	9,628.	735,628.	699,266.	36,362.
Cleaning, repair, Maintenance Service	95,000.	57,872.	152,872.	101,470.	51,402.
Other Purchased Property Services	60,000.	0.	60,000.	59,371.	629.
Insurance	118,000.	0.	118,000.	115,056.	2,944.
General Supplies	82,300.	28,941.	111,241.	94,551.	16,690.
Energy (Natural Gas)	109,500.	(25,200.)	84,300.	82,430.	1,870.
Energy (Electricity)	435,000.	49,047.	484,047.	484,046.	1.
Energy (Oil)	12,500.	0.	12,500.	9,732.	2,768.
Energy (Gasoline)	33,500.	(29,609.)	3,891.	3,539.	352.
Miscellaneous	1,000.	0.	1,000.	370.	630.
Total Custodial Services	1,672,800.	90,679.	1,763,479.	1,649,831.	113,648.
Care and Upkeep of Grounds:					
Salaries	72,500.	20,700.	93,200.	92,259.	941.
Total Care and Upkeep of Grounds	72,500.	20,700.	93,200.	92,259.	941.
Security:					
Salaries	128,000.	10,809.	138,809.	138,809.	0.
Contracted Services	14,000.	1,800.	15,800.	15,776.	24.
General Supplies	6,200.	0.	6,200.	6,071.	129.
Total Security	148,200.	12,609.	160,809.	160,656.	153.
Total operation and maintenance of building	2,168,500.	223,100.	2,391,600.	2,159,918.	231,682.

CUMBERLAND REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
Students transportation services:					
Salaries for Pupil Trans (Home - School) - Spec. Ed.	\$ 61,500.	\$ 1,039.	\$ 62,539.	\$ 61,112.	\$ 1,427.
Management Fee - ESC & CTSA Trans. Programs	56,000.	0.	56,000.	45,305.	10,695.
Cleaning, Repair, Maintenance Service	4,500.	0.	4,500.	1,463.	3,037.
Bus Lease Payment	25,000.	0.	25,000.	21,060.	3,940.
Aid in Lieu - Non Public	150,000.	(80,000.)	70,000.	39,254.	30,746.
Aid in Lieu - Choice	22,000.	0.	22,000.	19,296.	2,704.
Contracted Services Home	6,500.	0.	6,500.	6,500.	0.
Contracted Services Other	220,000.	103,369.	323,369.	274,343.	49,026.
Transportation Jointure	840,000.	(14,997.)	825,003.	783,266.	41,737.
Contracted Transportation Special Ed.	25,000.	0.	25,000.	0.	25,000.
Transportation Jointure Special Ed.	664,260.	(50,411.)	613,849.	544,252.	69,597.
General Supplies	250.	0.	250.	92.	158.
Total Student Transportation Services	2,075,010.	(41,000.)	2,034,010.	1,795,943.	238,067.
Unallocated Benefits:					
Social Security Contributions	260,000.	0.	260,000.	237,578.	22,422.
Other Retirement Contributions Regular	245,000.	63,800.	308,800.	293,807.	14,993.
Unemployment Compensation	105,500.	(105,500.)	0.	0.	0.
Workmen's Compensation	155,000.	0.	155,000.	114,536.	40,464.
Health Benefits	2,480,000.	(225,109.)	2,254,891.	2,042,708.	212,183.
Tuition Reimbursement	45,000.	0.	45,000.	41,221.	3,779.
Other Employee Benefits	169,000.	0.	169,000.	157,330.	11,670.
Total Unallocated Benefits	3,459,500.	(266,809.)	3,192,691.	2,887,180.	305,511.
On Behalf TPAF Pension Contribution (Non-Budgeted)	0.	0.	0.	1,393,712.	(1,393,712.)
Reimbursed TPAF Soc. Sec. Contrib. (Non-Budgeted)	0.	0.	0.	543,549.	(543,549.)
Total Undistributed Expenditures	13,330,443.	(77,291.)	13,253,152.	13,844,793.	(591,641.)
Total Expenditures - Current Expense	20,950,961.	41,399.	20,992,360.	21,476,943.	(484,583.)

CUMBERLAND REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
CAPITAL OUTLAY:					
Equipment:					
Regular Programs:					
Grades 9 - 12 Instruction:					
Instructional	\$ 63,485.	\$ (63,485.)	\$ 0.	\$ 0.	\$ 0.
Non-Instructional	0.	14,761.	14,761.	4,612.	10,149.
Instructional	0.	42,875.	42,875.	5,000.	37,875.
Regular Programs - Undistributed Expenditures:					
Required Maintenance for School Facilities	110,000.	7,300.	117,300.	108,450.	8,850.
Total Equipment	173,485.	1,451.	174,936.	118,062.	56,874.
Facilities Acquisition and Construction:					
Architect Fees	0.	3,840.	3,840.	3,840.	0.
Assessment for Debt Service on SDA Funding	224,824.	0.	224,824.	224,824.	0.
Total Facilities Acquisition and Construction	224,824.	3,840.	228,664.	228,664.	0.
Total Capital Outlay Expenditures	398,309.	5,291.	403,600.	346,726.	56,874.
General Fund Grand Total	21,349,270.	46,690.	21,395,960.	21,823,669.	(427,709.)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(541,875.)	(46,690.)	(588,565.)	1,195,824.	1,784,389.
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(541,875.)	(46,690.)	(588,565.)	1,195,824.	1,784,389.

CUMBERLAND REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Fund Balance, July 1	\$ 1,541,480.	\$ 0.	\$ 1,541,480.	\$ 1,541,480.	\$ 0.
Fund Balance, June 30	<u>\$ 999,605.</u>	<u>\$ (46,690.)</u>	<u>\$ 952,915.</u>	<u>\$ 2,737,304.</u>	<u>\$ 1,784,389.</u>
 Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				\$ 525,001.	
Maintenance Reserve				687,108.	
Excess Surplus Designsted for Subsequent Year's Expenditures				250,000.	
Excess Surplus-Current Year				344,433.	
Committed Fund Balance:					
Year-End Encumbrances				263,776.	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				213,698.	
Unassigned Fund Balance				<u>453,288.</u>	
				<u>2,737,304.</u>	
 Reconciliation to Governmental Funds Statements (GAAP):					
Add: Investment Not Recognized on Budgetary Basis				162,945.	
Less: State Aid Payments Not Recognized on GAAP Basis				<u>(1,145,229.)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 1,755,020.</u>	

CUMBERLAND REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:					
Local Sources	\$ 2,783.	\$ 0.	\$ 2,783.	\$ 2,783.	\$ 0.
State Sources	105,000.	0.	105,000.	13,618.	(91,382.)
Federal Sources	568,516.	0.	568,516.	568,516.	0.
Total Revenues	676,299.	0.	676,299.	584,917.	(91,382.)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	158,853.	0.	158,853.	146,440.	12,413.
Other Salaries for Instruction	18,000.	0.	18,000.	18,000.	0.
Purchased Professional and Educational Services	41,455.	0.	41,455.	41,212.	243.
Tuition	210,000.	0.	210,000.	221,967.	(11,967.)
General Supplies	121,933.	0.	121,933.	51,983.	69,950.
Textbooks	0.	0.	0.	1,304.	(1,304.)
Other Objects	6,237.	0.	6,237.	5,245.	992.
Total Instruction	556,478.	0.	556,478.	486,151.	70,327.
Support Services:					
Salaries of Other Professional Staff	18,253.	0.	18,253.	16,573.	1,680.
Personal Services - Employee Benefits	40,524.	0.	40,524.	46,548.	(6,024.)
Purchased Professional and Educational Services	13,100.	0.	13,100.	10,750.	2,350.
Other Purchased Services	32,299.	0.	32,299.	16,167.	16,132.
Supplies & Materials	9,545.	0.	9,545.	8,228.	1,317.
Other Objects	4,000.	0.	4,000.	500.	3,500.
Total Support Services	117,721.	0.	117,721.	98,766.	18,955.
Facilities Acquisition and Construction Services:					
Instructional Equipment	2,100.	0.	2,100.	2,100.	0.
Total Facilities Acquisition and Construction Services	2,100.	0.	2,100.	0.	2,100.
Total Expenditures	676,299.	0.	676,299.	584,917.	91,382.
Total Outflows	676,299.	0.	676,299.	584,917.	91,382.
Excess (Deficiency) of Revenues Over / (Under) Expenditures and Other Financing Sources (Uses)	\$ 0.	\$ 0.	\$ 0.	\$ 0.	\$ 0.

**NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION – Part II**

CUMBERLAND REGIONAL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures.

	General Fund	Special Revenue Fund
Sources/inflows of resources:		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 23,019,493.	\$ 584,917.
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized:		
Add: Prior Year Encumbrance		7,500
Less: Current Year Encumbrance		(4,515.)
Increase/decrease) in value of investment in Solar Renewable Energy Certificates (SRECS)	162,945.	
State aid payment recognized for GAAP statement in the current year, previously recognized for budgetary purposes.	1,096,907.	
State aid payment recognized for budgetary purposes not recognized for GAAP statements until the subsequent year.	(1,145,229.)	
Total revenues as reported in the statement of revenues, expenditures and changes in fund balances - governmental funds.	\$ 23,134,116.	\$ 587,902.
Uses/Outflow of resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	\$ 21,823,669.	\$ 584,917.
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting		
Add: Prior Year Encumbrance Paid		7,500
Less: Current Year Encumbrance		(4,515.)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.		
Net transfers (outflows) to general fund		
Total Expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 21,823,669.	\$ 587,902.

**REQUIRED SUPPLEMENTARY
INFORMATION - PART III**

**SCHEDULES RELATED TO ACCOUNTING AND
REPORTING FOR PENSIONS (GASB 68)**

CUMBERLAND REGIONAL SCHOOL DISTRICT
SCHEDULES OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PERS
Last Three Fiscal Years

	Measurement Date Ending June 30,		
	2015	2014	2013
District's proportion of the net pension liability (asset)	0.02604684%	0.02549098%	0.02293227%
District's proportionate share of the net pension liability (asset)	\$ 5,846,994.	\$ 4,772,609.	\$ 4,382,813.
District's covered-employee payroll	\$ 1,625,603.	\$ 1,778,614.	N/A
District 's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	359.68%	268.33%	N/A
Plan fiduciary net position as a percentage of the total pension liability	52.08%	52.08%	48.72%

SOURCE: GASB 68 report on Public Employee's Retirement System; District Records

NOTE: This schedule is required by GASB 68 to be show information for a 10 year period.
 Additional years will be presented as information becomes available.

CUMBERLAND REGIONAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
Last Three Fiscal Years

	<u>PERS</u>		
	Fiscal Year Ending June 30,		
	2016	2015	2014
Contractually required contribution	\$ 227,048.	\$ 210,144.	\$ 172,790.
Contributions in relation to the contractually required contribution	<u>(227,048.)</u>	<u>(210,144.)</u>	<u>(172,790.)</u>
Contribution deficiency (excess)	<u>0.</u>	<u>0.</u>	<u>0.</u>
District's covered-employee payroll	\$1,625,603	\$ 1,778,614.	N/A
Contributions as a percentage of covered-employee payroll	13.97%	11.82%	N/A

	<u>TPAF</u>		
	Fiscal Year Ending June 30,		
	2016	2015	2014
Contractually required contribution	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	N/A	N/A	N/A
Contribution deficiency (excess)	N/A	N/A	N/A
District's covered-employee payroll	\$7,178,045	\$ 7,663,677.	N/A
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A

SOURCE: GASB 68 report on Public Employee's Retirement System/Teachers' Pension and Annuity Fund;
District Records

NOTE: This schedule is required by GASB 68 to be show information for a 10 year period.
Additional years will be presented as information becomes available.

CUMBERLAND REGIONAL SCHOOL DISTRICT
SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TPAF
Last Three Fiscal Years

	Measurement Date		
	Ending June 30,		
	2015	2014	2013
District's proportion of the net pension liability (asset)	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	\$ 48,031,175.	\$ 43,053,836.	\$ 40,693,510.
Total	\$ 48,031,175.	\$ 43,053,836.	\$ 40,693,510.
District's covered-employee payroll	\$ 7,178,045.	\$ 7,663,677.	N/A
District 's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	28.71%	33.64%	33.76%

SOURCE: GASB 68 report on Teachers' Pension and Annuity Fund; District Records

NOTE: This schedule is required by GASB 68 to be show information for a 10 year period. Additional years will be presented as information becomes available.

**NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION – Part III**

**CUMBERLAND REGIONAL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PENSION SCHEDULES
JUNE 30, 2016**

Note 1. Teachers' Pension and Annuity Fund (TPAF)

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

Changes of assumptions. Mortality rates were based on the RP-2000 Health Annuitant Mortality for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active member are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvement for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

Note 2. Public Employees' Retirement System (PERS)

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

Changes of assumptions. Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

Note 3. Schedule of School District's Proportionate Share of the Net Pension Liability – PERS/TPAF and Schedule of Employer's Contribution for PERS/TPAF

The information presented in these required supplementary schedules was determined as part of the audit of the State of New Jersey Division of Pension and Benefits. Additional information for the pension schedules can be found in the notes to the financial statements.

OTHER SUPPLEMENTARY INFORMATION

SCHOOL BASED BUDGET SCHEDULES

N/A

SPECIAL REVENUE FUND

CUMBERLAND REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Title I Part A	Title II Part A	I.D.E.A. Part B	Perkins Vocational
Revenues:				
Local Sources	\$ 0.	\$ 0.	\$ 0.	\$ 0.
State Sources	0.	0.	0.	0.
Federal Sources	176,625.	38,361.	302,560.	6,566.
Total Revenues	176,625.	38,361.	302,560.	6,566.
Expenditures:				
Instruction:				
Salaries of Teachers	\$ 132,630.	\$ 9,285.	\$ 0.	\$ 0.
Other Salaries for Instruction	0.	0.	18,000.	0.
Purchased Professional and Educational Services	0.	0.	38,757.	2,455.
Tuition	0.	0.	221,967.	0.
General Supplies	1,052.	0.	19,877.	3,194.
Textbooks	0.	0.	0.	0.
Other Objects	0.	0.	0.	917.
Total Instruction	133,682.	9,285.	298,601.	6,566.
Support Services:				
Salaries of Other Professional Staff	0.	8,480.	0.	0.
Personal Services - Employee Benefits	42,443.	2,422.	1,377.	0.
Purchased Professional and Educational Services	0.	6,600.	150.	0.
Other Purchased Services	0.	4,514.	1,264.	0.
Supplies and Materials	0.	7,060.	1,168.	0.
Other Objects	500.	0.	0.	0.
Total Support Services	42,943.	29,076.	3,959.	0.
Facilities Acquisition and Construction Service:				
Instructional Equipment	0.	0.	0.	0.
Total Facilities Acquisition and Construction Service	0.	0.	0.	0.
Total Expenditures	\$ 176,625.	\$ 38,361.	\$ 302,560.	\$ 6,566.

CUMBERLAND REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Perkins Reserve	NJ Dept. Agriculture	Career Pathways	Other Local Grant	Totals 2016
Revenues:					
Local Sources	\$ 0.	\$ 0.		\$ 2,783.	\$ 2,783.
State Sources	0.	5,000.	8,618.	0.	13,618.
Federal Sources	44,404.	0.		0.	568,516.
Total Revenues	44,404.	5,000.	8,618.	2,783.	584,917.
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 4,000.	\$ 0.	\$ 525.	\$ 0.	\$ 4,525.
Other Salaries for Instruction	0.	0.	0.	0.	0.
Purchased Professional and Educational Services	0.	0.	0.	0.	0.
Tuition	0.	0.	0.	0.	0.
General Supplies	27,860.	0.	0.	0.	27,860.
Textbooks	1,304.				1,304.
Other Objects	4,328.	0.	0.	0.	4,328.
Total Instruction	37,492.	0.	525.	0.	486,151.
Support Services:					
Salaries of Other Professional Staff	0.	0.	8,093.	0.	8,093.
Personal Services - Employee Benefits	306.	0.	0.	0.	306.
Purchased Professional and Educational Services	4,000.	0.	0.	0.	4,000.
Other Purchased Services	2,606.	5,000.	0.	2,783.	7,395.
Supplies and Materials	0.	0.	0.	0.	0.
Other Objects	0.	0.	0.	0.	0.
Total Support Services	6,912.	5,000.	8,093.	2,783.	98,766.
Facilities Acquisition and Construction Service:					
Instructional Equipment	0.	0.	0.	0.	0.
Total Facilities Acquisition and Construction Service	0.	0.	0.	0.	0.
Total Expenditures	\$ 44,404.	\$ 5,000.	\$ 8,618.	\$ 2,783.	\$ 584,917.

CAPITAL PROJECTS FUND

CUMBERLAND REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
YEAR ENDED JUNE 30, 2016

Description	Revised Appropriations	Expenditures to Date		Adjustment	Unexpended Balance June 30, 2016
		Prior Year	Current Year		
0097-030-02-0926 Repairs and renovations to Cumberland Regional High School, including on-site and off-site improvements and the purchase of furniture and equipment	\$ 33,617,121.	\$ 33,617,121.	\$ 0.	\$ 0.	\$ 0.
0997-030-09-1000 Solar Project	4,418,533.	2,633,312.	0.	(340,000.)	1,445,221.
Total	\$ 38,035,654.	\$ 36,250,433.	\$ 0.	\$ (340,000.)	\$ 1,445,221.

CUMBERLAND REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2016

Revenues and Other Financing Sources:	
Interest	\$ 2,894.
Total revenues	<u>2,894.</u>
Expenditures and Other Financing Uses:	
Construction services	<u>0.</u>
Total expenditures	<u>0.</u>
Excess (deficiency) or revenues over (under) expenditures	2,894.
Other Financing Uses:	
Transfer to Debt Service Fund	<u>(342,894.)</u>
Excess (deficiency) or revenues and other financing sources over/ (under) expenditures and other financing uses	(340,000.)
Fund balance - July 1	<u>1,785,221.</u>
Fund balance - June 30	<u>\$ 1,445,221.</u>

CUMBERLAND REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
REPAIRS AND RENOVATIONS, FURNITURE AND EQUIPMENT
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources:				
State sources - SCC Grant	\$ 26,739,717.	\$ 0.	\$ 26,739,717.	\$ 26,739,717.
Bond proceeds	6,877,404.	0.	6,877,404.	6,877,404.
Total revenues	<u>33,617,121.</u>	<u>0.</u>	<u>33,617,121.</u>	<u>33,617,121.</u>
Expenditures and Other Financing Uses:				
Construction in progress	33,617,121.	0.	33,617,121.	0.
Purchased professional and technical services	0.	0.	0.	1,882,427.
Land and improvements	0.	0.	0.	1,533,030.
Construction services	0.	0.	0.	28,344,139.
Equipment purchases	0.	0.	0.	1,857,525.
Total expenditures	<u>33,617,121.</u>	<u>0.</u>	<u>33,617,121.</u>	<u>33,617,121.</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 0.</u>	<u>\$ 0.</u>	<u>\$ 0.</u>	<u>\$ 0.</u>

Additional project information:

SDA Project Number	0997-030-02-09265300-070-14-G3Fh
Grant Date	08/12/04
Grant Amount	\$ 9,046,704.
Bond Authorization Date	12/9/2003
Bonds Authorized	\$ 6,877,000.
Bonds Issued	\$ 6,877,000.
Original Authorized Cost	\$ 15,923,704.
Additional Authorized Cost	\$ 17,693,417.
Revised Authorized Cost	\$ 33,617,121.
Percentage Increase Over Original Authorized Cost	111.11%
Percentage Completion	Unknown

CUMBERLAND REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
SOLAR PROJECT
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources:				
Bond proceeds	\$ 4,418,382.	\$ 0.	\$ 4,418,382.	\$ 4,418,382.
Transfer from general fund	151.	0.	151.	151.
Total revenues	<u>4,418,533.</u>	<u>0.</u>	<u>4,418,533.</u>	<u>4,418,533.</u>
Expenditures and Other Financing Uses:				
Purchased professional and technical services	290,437.	0.	290,437.	569,633.
Construction services	1,234,196.	0.	1,234,196.	448,900.
Other	582,403.	0.	582,403.	3,400,000.
Transfer out	526,276.	340,000.	866,276.	0.
Total expenditures	<u>2,633,312.</u>	<u>340,000.</u>	<u>2,973,312.</u>	<u>4,418,533.</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 1,785,221.</u>	<u>\$ (340,000.)</u>	<u>\$ 1,445,221.</u>	<u>\$ 0.</u>
Additional project information:				
Additional project information:				
Project Number	0997-030-09-1000			
Grant Date	06/10/10			
Grant Amount	\$ 0.			
Bond Authorization Date	8/18/2010			
Bonds Authorized	\$ 4,418,382.			
Bonds Issued	9/2/2010			
Original Authorized Cost	\$ 4,418,533.			
Additional Authorized Cost	\$ 0.			
Revised Authorized Cost	\$ 4,418,533.			
Percentage Increase Over Original Authorized Cost	0.00%			
Percentage Completion	100.00%			

PROPRIETARY FUNDS

ENTERPRISE FUND

CUMBERLAND REGIONAL SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2016

	<u>Food Service Fund</u>
ASSETS:	
Current Assets:	
Cash and cash equivalents	\$ 119,960.
Accounts receivable:	
State	298.
Federal	17,047.
Interfund	0.
Inventories	11,852.
Total current assets	<u>149,157.</u>
Fixed assets:	
Equipment	251,237.
Accumulated depreciation	(152,995.)
Total fixed assets	<u>98,242.</u>
Total assets	<u>\$ 247,399.</u>
DEFERRED OUTFLOW OF RESOURCES:	
<hr/>	
LIABILITIES:	
Current Liabilities:	
Accounts payable	\$ 100,442.
Total current liabilities	<u>100,442.</u>
Total liabilities	
DEFERRED INFLOW OF RESOURCES:	
<hr/>	
NET POSITION:	
Invested in capital assets	98,242.
Unrestricted	48,715.
Total net position	<u>\$ 146,957.</u>

CUMBERLAND REGIONAL SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Food Service Fund
OPERATING REVENUES:	
Local sources:	
Daily sales-reimbursable programs	\$ 108,576.
Daily sales non-reimbursable programs	170,304.
Miscellaneous income	25,000.
Total operating revenues	303,880.
OPERATING EXPENSES:	
Cost of sales - Reimbursable	209,020.
Cost of Sales - Nonreimbursable	35,696.
Salaries	233,027.
Employee benefits	45,067.
Management fees	55,000.
General supplies	33,745.
Repair & Maintenance	10,251.
Depreciation	12,612.
Miscellaneous	22,748.
Total operating expenses	657,166.
Operating income/(loss)	(353,286.)
Nonoperating revenues (expenses):	
State sources:	
State school lunch program	5,306.
Federal sources:	
National school breakfast program	66,235.
National school lunch program	220,078.
Food distribution program	48,998.
Interest on investment	273.
Total nonoperation revenues	340,890.
Change in net position	(12,396.)
Net position - July 1	158,609.
Prior Period Adjustment	744.
Net position - June 30	\$ 146,957.

CUMBERLAND REGIONAL SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Food Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customer	\$ 278,881.
Miscellaneous income/(expense)	25,000.
Cash payments to suppliers	<u>(613,729.)</u>
Net cash used by operating activities	<u>(309,848.)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
State sources	5,386.
Federal sources	<u>290,212.</u>
Net cash provided by non-capital financing activities	<u>295,598.</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Purchase of equipment	(19,837.)
Interest on investments	273.
Net cash provided by financing activities	<u>(19,564.)</u>
Net increase/(decrease) in cash and cash equivalents	(33,814.)
Cash and cash equivalents - July 1	153,774.
Cash and cash equivalents - June 30	<u>\$ 119,960.</u>
Reconciliation of operating income/(loss) to net cash provided/(used) by operating activities:	
Operating income/(loss)	\$ (353,286.)
Adjustments to reconcile operating loss to cash provided (used) by operating activities:	
Depreciation	12,612.
Federal commodities	48,998.
Change in assets and liabilities:	
(Increase)/decrease in inventory	308.
Increase/(decrease) in accounts payable	<u>(18,480.)</u>
Net cash provided by (used) by operating activities	<u>\$ (309,848.)</u>

INTERNAL SERVICE FUND

CUMBERLAND REGIONAL SCHOOL DISTRICT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2016

	<u>Curriculum Consortium Internal Service Fund</u>	<u>Total</u>
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 0.	\$ 0.
Total current assets	0.	0.
Total assets	\$ 0.	\$ 0.
DEFERRED OUTFLOW OF RESOURCES:		
LIABILITIES:		
Total liabilities	0.	0.
DEFERRED INFLOW OF RESOURCES:		
NET POSITION:		
Unrestricted	0.	0.
Total net position	\$ 0.	\$ 0.

CUMBERLAND REGIONAL SCHOOL DISTRICT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Curriculum Consortium Internal Service Fund	Total
OPERATING REVENUES:		
Changes for services	\$ 0.	\$ 0.
Total operating revenues	0.	0.
OPERATING EXPENSES:		
Salaries	0.	0.
Supplies	758.	758.
Total operating expenses	758.	758.
Operating income/(loss)	(758.)	(758.)
Change in net position	(758.)	(758.)
NET POSITION - JULY 1	758.	758.
NET POSITION - JUNE 30	\$ 0.	\$ 0.

CUMBERLAND REGIONAL SCHOOL DISTRICT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Curriculum Consortium Internal Service Fund	Total
CASH FLOW FROM OPERATING ACTIVITIES:		
Receipts from customers and users	\$ 0.	\$ 0.
Payment to suppliers	(758.)	(758.)
Net cash provided (used) by operating activities	(758.)	(758.)
Net increase/decrease in cash and cash equivalents	(758.)	(758.)
Cash and cash equivalents - July 1	758.	758.
Cash and cash equivalents - June 30	\$ 0.	\$ 0.
Reconciliation of operating income/(loss) to net cash provided/(used) by operating activities:		
Operating income (loss)	\$ (758.)	\$ (758.)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Change in assets and liabilities:		
(Increase)/decrease in deferred revenue		
Net cash provided (used in) operating activities	\$ (758.)	\$ (758.)

FIDUCIARY FUND

CUMBERLAND REGIONAL SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 AS OF JUNE 30, 2016

Student Activity	Payroll/Agency	Private Purpose Scholarship Fund	Employee Reimbursement Fund	Unemployment Compensation Trust	Total
\$ 262,736.	\$ 14,491.	\$ 9,529.	\$ 503.	\$ 115,497.	\$ 402,756.
\$ 262,736.	\$ 14,491.	\$ 9,529.	\$ 503.	\$ 115,497.	\$ 402,756.

ASSETS:
 Cash & Cash Equivalents
 Total Assets

DEFERRED OUTFLOW OF RESOURCES:

\$ 262,736.	\$ 0.	\$ 0.	\$ 0.	\$ 0.	\$ 262,736.
0.	5,452.	0.	0.	0.	5,452.
0.	9,039.	0.	0.	0.	9,039.
\$ 262,736.	\$ 14,491.	\$ 0.	\$ 0.	\$ 0.	\$ 277,227.

LIABILITIES:
 Due to Student Groups
 Interfund Payable
 Due to Payroll Withholdings
 Total Liabilities

DEFERRED INFLOW OF RESOURCES:

0.	0.	9,529.	503.	115,497.	125,529.
\$ 0.	\$ 0.	\$ 9,529.	\$ 503.	\$ 115,497.	\$ 125,529.

Net Position
 Total Net Position

CUMBERLAND REGIONAL SCHOOL DISTRICT
 COMBINING STATEMENT IN FIDUCIARY NET POSITION
 FIDUCIARY FUND
 FOR FISCAL YEAR ENDED JUNE 30, 2016

	Unemployment Compensation Trust	Private Purpose Scholarship Fund	Employee Reimbursement Fund	Total
ADDITIONS:				
Contributions:				
Plan Member	\$ 16,768.	\$ 0.	\$ 2,900.	\$ 19,668.
Other	0.	7,150.	0.	7,150.
Board Contribution	0.	0.	0.	0.
Total Contributions	16,768.	7,150.	2,900.	26,818.
Investment Earnings:				
Interest	240.	0.	1.	241.
Net Investment Earnings	240.	0.	1.	241.
Total Additions	17,008.	7,150.	2,901.	27,059.
DEDUCTIONS:				
Scholarships Awarded	0.	6,100.	0.	6,100.
Other	0.	0.	2,950.	2,950.
Unemployment Claims	27,320.	0.	0.	27,320.
Total Deductions	27,320.	6,100.	2,950.	36,370.
Change in Net Position	(10,312.)	1,050.	(49.)	(9,311.)
NET POSITION, JULY 1	119,058.	8,479.	552.	128,089.
Prior Year Audit Adjustment	6,751.	0.	0.	6,751.
NET POSITION, JUNE 30	\$ 115,497.	\$ 9,529.	\$ 503.	\$ 125,529.

CUMBERLAND REGIONAL SCHOOL DISTRICT
STUDENT ACTIVITY FUND SCHEDULE
OF RECEIPTS AND DISBURSEMENTS
FIDUCAIRY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Cash Balance July 1, 2015	Cash Receipts	Cash Disbursements	Cash Balance June 30, 2016
Cumberland Regional High School	\$ 247,019.	\$ 346,568.	\$ 330,851.	\$ 262,736.
Total	<u>\$ 247,019.</u>	<u>\$ 346,568.</u>	<u>\$ 330,851.</u>	<u>\$ 262,736.</u>

CUMBERLAND REGIONAL SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
ASSETS:				
Cash & Cash Equivalents	\$ 5,452.	\$ 12,035,271.	\$ 12,026,232.	\$ 14,491.
Due from Unemployment	6,767.	0.	6,767.	0.
Total Assets	\$ 12,219.	\$ 12,035,271.	\$ 12,032,999.	\$ 14,491.
LIABILITIES:				
Net Payroll	\$ 0.	\$ 6,316,651.	\$ 6,316,651.	\$ 0.
Payroll Deductions and Withholdings	7,340.	5,718,047.	5,716,348.	9,039.
Interfund Payable	4,879.	573.	0.	5,452.
Total Liabilities	\$ 12,219.	\$ 12,035,271.	\$ 12,032,999.	\$ 14,491.

LONG-TERM DEBT

CUMBERLAND REGIONAL SCHOOL DISTRICT
DEBT SERVICE FUND
SCHEDULE OF SERIAL BONDS
JUNE 30, 2016

Issue	Date of Issue	Amount of Original Issue	Annual Maturities Date	Amount	Interest Rate	Balance July 1, 2015	Issued	Retired	Balance June 30, 2016
Roof replacement and solar energy project	9/1/2010	\$ 6,477,000.	3/1/2016	340,000.	2.250%				
			3/1/2017	365,000.	2.500%				
			3/1/2018	400,000.	2.500%				
			3/1/2019	425,000.	2.500%				
			3/1/2020	450,000.	3.000%				
			3/1/2021	475,000.	3.000%				
			3/1/2022	500,000.	3.000%				
			3/1/2023	550,000.	3.000%				
			3/1/2024	550,000.	3.125%				
			3/1/2025	600,000.	3.250%				
		3/1/2026	597,000.	3.375%		\$ 5,252,000.	\$ 0.	\$ 340,000.	\$ 4,912,000.
School refunding bond Series 2012	8/16/2012	3,785,000.	4/15/2016	380,000.	3.000%				
			4/15/2017	375,000.	3.000%				
			4/15/2018	375,000.	3.000%				
			4/15/2019	370,000.	4.000%				
			4/15/2020	370,000.	4.000%				
			4/15/2021	370,000.	4.000%				
			4/15/2022	365,000.	4.000%				
			4/15/2023	365,000.	3.000%				
		4/15/2024	355,000.	3.000%		3,325,000.	0.	380,000.	2,945,000.
Total						\$ 8,577,000.	\$ 0.	\$ 720,000.	\$ 7,857,000.

CUMBERLAND REGIONAL SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Transfer	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local tax levy	\$ 453,393.	\$ 0.	\$ 453,393.	\$ 453,393.	\$ 0.
State Sources:					
Debt Service Aid - Type II	179,846.	0.	179,846.	179,846.	0.
Total Revenues	633,239.	0.	633,239.	633,239.	0.
EXPENDITURES:					
Regular Debt Service:					
Interest	267,986.	0.	267,986.	267,986.	0.
Redemption of Principal	720,000.	0.	720,000.	720,000.	0.
Total Regular Debt Service	987,986.	0.	987,986.	987,986.	0.
Total Expenditures	987,986.	0.	987,986.	987,986.	0.
Excess (deficiency) of revenues (over)/under expenditures	(354,747.)	0.	(354,747.)	(354,747.)	0.
Other Financing Sources					
Transfers from Capital Project Fund	340,000.	0.	340,000.	342,894.	2,894.
Fund Balance, July 1	37,011.	0.	37,011.	37,011.	0.
Fund Balance, June 30	22,264.	0.	22,264.	25,158.	2,894.

STATISTICAL SECTION

FINANCIAL TRENDS

CUMBERLAND REGIONAL SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	FISCAL YEAR ENDING JUNE 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities:										
Invested in capital assets, net of related debt	\$ 9,533,500.	\$ 26,912,369.	\$ 31,768,032.	\$ 35,222,943.	\$ 31,129,007.	\$ 32,000,537.	\$ 32,246,776.	\$ 30,923,250.	\$ 29,722,722.	\$ 28,453,162.
Restricted	5,188,530.	972,136.	1,738,805.	578,217.	6,808,606.	5,819,179.	3,962,564.	3,094,711.	2,706,221.	3,540,697.
Unrestricted	(124,603.)	(266,411.)	(1,118,269.)	39,079.	(1,088,440.)	(529,502.)	(817,854.)	(799,784.)	(5,122,106.)	(5,216,681.)
Total governmental activities net position	\$ 14,597,427.	\$ 27,618,094.	\$ 32,388,568.	\$ 35,840,239.	\$ 36,849,173.	\$ 37,290,214.	\$ 35,391,486.	\$ 33,218,177.	\$ 27,306,837.	\$ 26,777,178.
Business-Type Activities:										
Invested in capital assets, net of related debt	\$ 85,141.	\$ 83,138.	\$ 77,004.	\$ 86,554.	\$ 94,674.	\$ 104,298.	\$ 94,791.	\$ 87,371.	\$ 89,940.	\$ 98,242.
Unrestricted	102,507.	127,313.	185,753.	216,392.	166,947.	118,396.	103,576.	118,117.	68,669.	48,715.
Total business-type activities net position	\$ 187,648.	\$ 210,451.	\$ 262,757.	\$ 302,946.	\$ 261,621.	\$ 222,694.	\$ 198,367.	\$ 205,488.	\$ 158,609.	\$ 146,957.
District-Wide:										
Invested in capital assets, net of related debt	\$ 9,618,641.	\$ 26,995,507.	\$ 31,845,036.	\$ 35,309,497.	\$ 31,223,681.	\$ 32,104,835.	\$ 32,341,567.	\$ 31,010,621.	\$ 29,812,662.	\$ 28,551,404.
Restricted	5,188,530.	972,136.	1,738,805.	578,217.	6,808,606.	5,819,179.	3,962,564.	3,094,711.	2,706,221.	3,540,697.
Unrestricted	(22,096.)	(139,098.)	(932,516.)	255,471.	(921,493.)	(411,106.)	(714,278.)	(681,667.)	(5,053,437.)	(5,167,966.)
Total District Net Position	\$ 14,785,075.	\$ 27,828,545.	\$ 32,651,325.	\$ 36,143,185.	\$ 37,110,794.	\$ 37,512,908.	\$ 35,589,853.	\$ 33,423,665.	\$ 27,465,446.	\$ 26,924,135.

CUMBERLAND REGIONAL SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities										
Instruction:										
Regular	\$ 6,684,655.	\$ 6,574,338.	\$ 6,866,395.	\$ 7,076,450.	\$ 7,230,958.	\$ 6,718,516.	\$ 7,060,822.	\$ 6,916,603.	\$ 6,921,279.	\$ 7,205,982.
Special education	984,507.	1,029,619.	1,080,884.	1,060,733.	986,272.	1,524,815.	1,297,464.	1,539,977.	1,464,861.	1,399,232.
Other special education	88,847.	110,067.	140,855.	141,838.	120,132.	117,980.	264,763.	64,446.	4,474.	0.
Other instruction	613,073.	601,667.	614,723.	857,358.	970,277.	754,075.	762,684.	964,740.	954,359.	887,522.
Support Services:										
Tuition	1,478,707.	1,680,257.	1,861,021.	1,820,801.	1,852,404.	1,936,348.	2,141,625.	1,732,778.	1,733,692.	1,461,668.
Student & instruction related services	1,326,831.	1,218,117.	1,513,717.	1,809,532.	1,645,759.	1,775,396.	2,189,920.	2,055,065.	1,950,111.	1,823,597.
School administrative services	770,059.	1,018,786.	1,041,338.	1,050,667.	1,061,442.	1,090,146.	1,106,844.	1,149,352.	1,140,627.	1,084,335.
General & business administrative services	1,026,127.	764,760.	755,022.	878,492.	994,290.	1,043,852.	1,045,246.	1,215,857.	1,222,450.	1,275,975.
Plant operations and maintenance	1,708,201.	1,649,149.	1,883,236.	2,106,751.	2,154,245.	2,133,769.	2,210,077.	2,228,385.	2,342,472.	2,371,064.
Pupil transportation	1,467,968.	1,658,630.	1,839,592.	1,800,206.	1,746,441.	1,693,695.	1,896,746.	1,827,981.	1,980,995.	1,795,943.
Employee benefits	4,046,141.	4,220,554.	3,858,617.	3,928,212.	4,190,953.	4,367,967.	4,610,423.	4,469,447.	6,825,271.	7,390,394.
Debt Service Assessment	0.	0.	0.	0.	251,888.	148,479.	224,824.	224,824.	224,824.	224,824.
Claim cost	0.	131,575.	0.	0.	0.	0.	0.	0.	0.	0.
Internal Service Fund	18,491.	18,938.	16,060.	0.	493.	5,049.	0.	0.	21,952.	758.
Interest on long-term debt	356,480.	305,850.	291,554.	245,632.	380,703.	382,352.	271,061.	306,595.	277,755.	263,064.
Amortization of debt issuance cost	0.	3,944.	3,994.	3,994.	5,941.	7,938.	15,271.	0.	0.	0.
Total governmental activities expenses	20,570,087.	20,986,271.	21,767,008.	22,780,666.	23,572,198.	23,700,377.	25,097,770.	24,696,050.	26,865,122.	27,184,358.
Business-type activities:										
Food service	540,389.	564,063.	549,049.	561,555.	666,456.	684,314.	679,488.	667,120.	693,325.	657,166.
Total business-type activities expense	540,389.	564,063.	549,049.	561,555.	666,456.	684,314.	679,488.	667,120.	693,325.	657,166.
Total district expenses	\$ 21,110,476.	\$ 21,550,354.	\$ 22,316,057.	\$ 23,342,221.	\$ 24,238,654.	\$ 24,384,691.	\$ 25,777,258.	\$ 25,363,170.	\$ 27,558,447.	\$ 27,841,524.
Program Revenues										
Governmental Activities:										
Charges for Services:										
Pupil transportation	\$ 146,620.	\$ 157,740.	\$ 154,268.	\$ 133,808.	\$ 136,814.	\$ 109,822.	\$ 88,645.	\$ 206,606.	\$ 217,712.	\$ 136,757.
Central and other support services	20,528.	22,645.	0.	1,800.	1,950.	2,550.	0.	0.	21,952.	0.
Operating grants & contributions	1,530,794.	1,594,561.	1,121,507.	1,149,409.	1,138,101.	1,405,498.	1,709,674.	1,499,961.	3,539,459.	4,233,809.
Total governmental activities program revenues	1,697,942.	1,774,946.	1,275,775.	1,285,017.	1,276,865.	1,517,870.	1,798,319.	1,706,567.	3,779,123.	4,370,566.

CUMBERLAND REGIONAL SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-type activities:										
Charges for services:										
Food service	\$ 353,456	\$ 358,549	\$ 361,801	\$ 325,654	\$ 342,363	\$ 341,700	\$ 329,664	\$ 343,904	\$ 314,213	\$ 303,880
Operating grants & contributions	211,546	228,337	238,567	274,371	281,119	302,150	324,557	329,648	331,641	340,617
Total business type activities program revenues	565,002	586,886	600,368	600,025	623,482	643,850	654,221	673,552	645,854	644,497
Total district program revenues	\$ 2,262,944	\$ 2,361,832	\$ 1,876,143	\$ 1,885,042	\$ 1,900,347	\$ 2,161,720	\$ 2,452,540	\$ 2,380,119	\$ 4,424,977	\$ 5,015,063
Net (Expense)/Revenue										
Governmental activities	\$ (18,872,145)	\$ (19,211,325)	\$ (20,491,233)	\$ (21,495,649)	\$ (22,295,333)	\$ (22,182,507)	\$ (23,299,451)	\$ (22,989,483)	\$ (23,085,999)	\$ (22,813,792)
Business-type activities	24,613	22,803	51,319	38,470	(42,974)	(40,464)	(25,267)	6,432	(47,471)	(12,669)
Total district-wide net expense	\$ (18,847,532)	\$ (19,188,522)	\$ (20,439,914)	\$ (21,457,179)	\$ (22,338,307)	\$ (22,222,971)	\$ (23,324,718)	\$ (22,983,051)	\$ (23,133,470)	\$ (22,826,461)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 7,686,422	\$ 8,094,435	\$ 7,594,435	\$ 7,594,435	\$ 7,369,435	\$ 7,369,435	\$ 7,280,077	\$ 7,483,360	\$ 7,964,436	\$ 8,311,336
Taxes levied for debt service	734,005	778,712	786,544	790,194	664,875	664,875	554,082	350,800	350,801	453,393
Grants and contributions	16,106,653	23,110,167	16,753,085	16,430,771	14,745,987	14,016,810	13,422,433	13,051,521	13,007,146	13,062,355
Tuition Received	58,533	37,679	6,818	0	0	43,904	8,757	0	11,290	0
Investment earnings	99,280	53,535	36,736	35,059	502,827	476,043	39,006	19,080	17,566	9,224
Miscellaneous income	18,518	98,351	62,141	96,861	21,143	52,481	96,818	83,331	31,241	447,825
Donation of Equipment from Student Activity Fund	0	0	0	0	0	0	0	0	0	0
Adjustment to fixed assets	0	(5,967)	0	0	0	0	0	0	(35,152)	0
Total governmental activities	24,703,411	32,166,912	25,261,707	24,947,320	23,304,267	22,623,548	21,401,173	20,988,092	21,347,328	22,284,133
Business-type activities:										
Investment earnings	0	0	987	1,719	1,649	1,537	940	689	592	273
Adjustment to fixed assets	0	0	0	0	0	0	0	0	0	744
Total business-type activities	0	0	987	1,719	1,649	1,537	940	689	592	1,017
Total district-wide	\$ 24,703,411	\$ 32,166,912	\$ 25,262,694	\$ 24,949,039	\$ 23,305,916	\$ 22,625,085	\$ 21,402,113	\$ 20,988,781	\$ 21,347,920	\$ 22,285,150
Change in Net Position										
Governmental activities	\$ 5,831,266	\$ 12,955,587	\$ 4,770,474	\$ 3,451,671	\$ 1,008,934	\$ 441,041	\$ (1,898,278)	\$ (2,001,391)	\$ (1,738,671)	\$ (529,659)
Business-type activities	24,613	22,803	52,306	40,189	(41,325)	(38,927)	(24,327)	7,121	(46,879)	(11,652)
Total district	\$ 5,855,879	\$ 12,978,390	\$ 4,822,780	\$ 3,491,860	\$ 967,609	\$ 402,114	\$ (1,922,605)	\$ (1,994,270)	\$ (1,785,550)	\$ (541,311)

CUMBERLAND REGIONAL SCHOOL DISTRICT
FUND BALANCES - GOVERNMENT FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 743,958.	\$ 968,873.	\$ 1,729,568.	\$ 1,616,220.	\$ 1,720,890.	\$ 2,326,800.	\$ 1,251,245.	\$ 1,006,610.	\$ 1,125,775.	\$ 2,284,016.
Unreserved	217,714.	136,443.	(732,586.)	(639,302.)	(651,432.)	(683,368.)	(689,479.)	(639,530.)	(681,202.)	(528,996.)
Total general fund	\$ 961,672.	\$ 1,105,316.	\$ 996,982.	\$ 976,918.	\$ 1,069,458.	\$ 1,643,432.	\$ 561,766.	\$ 367,080.	\$ 444,573.	\$ 1,755,020.
All Other Governmental Funds										
Unreserved, reported in:										
Special revenue fund	\$ (3,320.)	\$ (11,858.)	\$ 0.	\$ 0.	\$ 0.	\$ 0.	\$ 0.	\$ 0.	\$ 0.	\$ 0.
Capital projects fund	4,441,859.	0.	0.	(28,993.)	5,036,006.	3,925,590.	2,753,215.	2,286,919.	1,785,221.	1,445,221.
Debt service fund	2,713.	3,263.	9,237.	17,909.	55,673.	69,393.	16,935.	39,333.	37,011.	25,158.
Permanent fund	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.
Total all other governmental funds	\$ 4,441,252.	\$ (8,595.)	\$ 9,237.	\$ (11,084.)	\$ 5,091,679.	\$ 3,994,983.	\$ 2,770,150.	\$ 2,326,252.	\$ 1,822,232.	\$ 1,470,379.

CUMBERLAND REGIONAL SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenue										
Tax levy	\$ 8,420,427.	\$ 8,873,147.	\$ 8,380,979.	\$ 8,384,629.	\$ 8,034,310.	\$ 8,034,310.	\$ 7,834,159.	\$ 7,834,160.	\$ 8,315,237.	\$ 8,764,729.
Tuition charges	58,533.	37,679.	6,818.	0.	0.	43,904.	8,757.	0.	11,290.	0.
Transportation fees	146,620.	157,740.	154,268.	133,808.	136,814.	109,822.	88,645.	206,606.	217,712.	136,757.
Interest earnings	99,280.	53,535.	36,736.	35,059.	502,827.	476,043.	39,006.	19,080.	17,566.	9,224.
Miscellaneous	18,518.	98,351.	62,141.	96,861.	21,143.	52,481.	96,818.	83,331.	31,241.	447,825.
State sources	17,145,660.	24,180,355.	17,325,050.	14,883,593.	14,850,458.	14,189,903.	14,497,620.	13,949,497.	14,033,530.	14,391,398.
Federal sources	491,787.	524,373.	549,542.	2,696,586.	1,033,630.	1,232,405.	634,486.	601,985.	607,223.	608,218.
Total revenue	26,380,825.	33,925,180.	26,515,534.	26,230,536.	24,579,182.	24,138,868.	23,199,491.	22,694,659.	23,233,799.	24,358,151.
Expenditures										
Instruction:										
Regular instruction	6,417,331.	6,347,172.	6,639,472.	6,487,744.	6,283,699.	5,712,050.	5,949,489.	5,766,189.	5,762,828.	6,044,678.
Special education instruction	984,507.	1,029,619.	1,080,884.	1,060,733.	966,272.	1,341,821.	1,297,464.	1,539,977.	1,464,861.	1,399,232.
Other special instruction	88,847.	110,087.	140,855.	141,838.	120,132.	117,980.	62,702.	64,446.	4,474.	0.
School sponsored/other instruction	564,469.	560,364.	573,464.	750,321.	798,048.	754,075.	762,684.	755,574.	743,732.	676,376.
Support Services:										
Tuition	1,478,707.	1,680,257.	1,861,021.	1,820,801.	1,852,404.	1,936,348.	2,141,625.	1,732,778.	1,733,692.	1,461,668.
Student & instruction related services	1,326,831.	1,218,117.	1,513,717.	1,809,532.	1,645,759.	1,775,396.	2,189,920.	2,055,065.	1,950,111.	1,823,597.
General administration	709,303.	377,841.	353,494.	361,529.	393,757.	426,861.	403,137.	525,287.	539,326.	559,577.
School administration services	965,371.	967,157.	989,764.	916,870.	846,156.	861,404.	854,269.	887,894.	877,343.	820,402.
Central services	0.	225,730.	237,806.	260,691.	265,766.	266,763.	284,251.	301,323.	288,666.	315,872.
Administration information technology	0.	109,560.	112,148.	122,475.	119,481.	121,486.	125,283.	127,789.	131,174.	136,593.
Plant operations and maintenance	1,659,597.	1,607,847.	1,841,978.	1,999,714.	1,982,016.	1,950,775.	2,008,016.	2,019,219.	2,131,845.	2,159,918.
Pupil transportation	1,467,968.	1,658,630.	1,839,592.	1,800,206.	1,746,441.	1,693,695.	1,896,746.	1,827,981.	1,980,995.	1,795,943.
Other support services:										
Employee benefits	4,023,641.	4,168,079.	3,877,695.	3,952,824.	4,193,235.	4,374,546.	4,687,269.	4,429,272.	4,598,709.	4,870,989.
Claim cost	0.	131,575.	0.	0.	0.	0.	0.	0.	0.	0.
Capital Outlay	7,898,775.	16,990,220.	4,496,303.	3,745,284.	3,887,161.	2,019,947.	1,686,667.	312,960.	420,568.	346,726.
Debt Service:										
Principal	680,000.	715,000.	750,000.	780,000.	530,000.	830,000.	893,000.	680,000.	710,000.	720,000.
Interest and other charges	369,037.	334,128.	297,843.	260,359.	230,552.	478,443.	283,468.	307,489.	286,849.	267,986.
Total Expenditures	28,634,384.	38,231,383.	26,606,036.	26,270,921.	25,860,879.	24,661,590.	25,505,990.	23,333,243.	23,625,173.	23,399,557.

**CUMBERLAND REGIONAL SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Excess (Deficiency) of revenues over (under) expenditures	\$ (2,253,559.)	\$ (4,306,203.)	\$ (90,502.)	\$ (40,385.)	\$ (1,281,697.)	\$ (522,722.)	\$ (2,306,499.)	\$ (638,584.)	\$ (391,374.)	\$ 958,594.
Other Financing Sources (Uses):										
Proceeds from sale of bonds	0.	0.	0.	0.	6,477,000.	0.	0.	0.	0.	0.
Prior year adjustment	0.	0.	0.	0.	0.	0.	0.	0.	(35,152.)	0.
Transfers in	1,781.	1,482.	5,974.	8,823.	473,246.	447,802.	318,982.	476,620.	466,683.	342,894.
Transfers out	(1,781.)	(1,482.)	(5,974.)	(8,823.)	(473,246.)	(447,802.)	(318,982.)	(476,620.)	(466,683.)	(342,894.)
Total other financing sources (uses)	0.	0.	0.	0.	6,477,000.	0.	0.	0.	(35,152.)	0.
Net change in fund balance	\$ (2,253,559.)	\$ (4,306,203.)	\$ (90,502.)	\$ (40,385.)	\$ 5,195,303.	\$ (522,722.)	\$ (2,306,499.)	\$ (638,584.)	\$ (426,526.)	\$ 958,594.
Debt Service as a Percentage of Noncapital Expenditures	5.06%	4.94%	4.74%	4.62%	3.46%	5.78%	4.94%	4.29%	4.30%	4.29%

Source: District records

CUMBERLAND REGIONAL SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30	Alternative School Fees	Transportation Fees	Interest on Investments	Tuition	Prior Year Refunds	Sale of SRECS	Other	Total
2007	\$ 58,533.	\$ 146,620.	\$ 99,280.	\$ 0.	\$ 0.	0.	18,518.	\$ 322,951.
2008	37,679.	157,740.	53,535.	0.	80,105.	0.	18,246.	347,305.
2009	6,818.	154,268.	30,762.	0.	6,172.	0.	52,495.	250,515.
2010	0.	133,808.	26,387.	0.	0.	0.	86,407.	246,602.
2011	0.	136,814.	29,644.	0.	0.	0.	14,076.	180,534.
2012	0.	109,822.	28,241.	43,904.	0.	0.	48,518.	230,485.
2013	0.	88,645.	17,943.	8,757.	7,008.	0.	76,936.	199,289.
2014	0.	206,606.	8,756.	0.	0.	0.	61,360.	276,722.
2015	0.	217,712.	10,267.	11,290.	0.	0.	12,257.	251,526.
2016	0.	136,757.	6,330.	0.	0.	328,245.	116,797.	588,129.

Source: District records

REVENUE CAPACITY

CUMBERLAND REGIONAL SCHOOL DISTRICT
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
UNAUDITED

	Year Ended Dec. 31	Net Assessed Valuations	Estimated Full Cash Valuations	Percentage of Net Assessed to Estimated Full Cash Valuations
Deerfield Township	2006	\$ 175,514,121.	\$ 175,966,921.	99.74%
	2007	181,724,786.	195,082,197.	93.15%
	2008	183,451,765.	248,607,502.	73.79%
	2009	186,638,215.	231,679,673.	80.56%
	2010	185,633,978.	225,667,615.	82.26%
	2011	187,619,461.	224,370,817.	83.62%
	2012	189,386,599.	216,339,370.	87.54%
	2013	187,959,971.	209,337,794.	89.79%
	2014	189,201,358.	203,791,220.	92.84%
	2015	189,208,919.	197,598,153.	95.75%
Fairfield Township	2006	161,019,200.	207,971,432.	77.42%
	2007	165,821,170.	244,093,827.	67.93%
	2008	169,030,680.	290,722,820.	58.14%
	2009	170,519,800.	325,356,981.	52.41%
	2010	171,681,417.	317,234,116.	54.12%
	2011	321,041,461.	303,667,283.	105.72%
	2012	319,694,847.	325,283,562.	98.28%
	2013	317,040,041.	314,398,390.	100.84%
	2014	315,622,682.	308,715,419.	102.24%
	2015	314,224,841.	292,697,443.	107.35%
Greenwich Township	2006	61,795,059.	58,383,194.	105.84%
	2007	62,572,212.	69,173,486.	90.46%
	2008	63,006,214.	73,216,059.	86.06%
	2009	63,006,639.	74,274,473.	84.83%
	2010	63,075,566.	72,565,942.	86.92%
	2011	63,271,494.	69,359,566.	91.22%
	2012	63,420,152.	86,386,734.	73.41%
	2013	63,558,080.	79,771,598.	79.68%
	2014	63,110,769.	79,333,966.	79.55%
	2015	63,253,775.	80,121,181.	78.95%
Hopewell Township	2006	226,734,338.	276,406,251.	82.03%
	2007	229,567,880.	320,914,069.	71.54%
	2008	231,067,147.	366,986,033.	62.96%
	2009	232,402,044.	372,356,981.	62.41%
	2010	237,083,911.	366,880,823.	64.62%
	2011	236,624,009.	352,382,212.	67.15%
	2012	237,253,558.	342,556,122.	69.26%
	2013	247,157,724.	341,939,345.	72.28%
	2014	246,887,661.	336,618,453.	73.34%
	2015	246,696,220.	306,065,961.	80.60%

Source: Abstract of Ratables, County Board of Taxation

CUMBERLAND REGIONAL SCHOOL DISTRICT
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
UNAUDITED

	Year Ended Dec. 31	Net Assessed Valuations	Estimated Full Cash Valuations	Percentage of Net Assessed to Estimated Full Cash Valuations
Shiloh Borough	2006	\$ 19,357,592.	\$ 25,614,565.	75.57%
	2007	19,430,642.	30,578,719.	63.54%
	2008	19,412,258.	31,880,075.	60.89%
	2009	19,509,700.	38,337,607.	50.89%
	2010	19,510,575.	36,952,673.	52.80%
	2011	33,589,433.	32,213,091.	104.27%
	2012	33,343,800.	29,035,564.	114.84%
	2013	33,263,798.	36,155,078.	92.00%
	2014	33,173,259.	34,568,674.	95.96%
	2015	33,125,352.	30,905,136.	107.18%
Stow Creek Township	2006	76,703,027.	86,625,829.	88.55%
	2007	78,598,259.	95,076,364.	82.67%
	2008	79,845,215.	87,920,303.	90.82%
	2009	79,988,399.	113,537,433.	70.45%
	2010	80,216,486.	127,228,042.	63.05%
	2011	81,264,600.	119,487,463.	68.01%
	2012	81,115,597.	112,973,919.	71.80%
	2013	80,935,283.	120,624,519.	67.10%
	2014	81,046,748.	115,401,742.	70.23%
	2015	106,513,984.	106,897,570.	99.64%
Upper Deerfield Township	2006	414,074,483.	528,714,356.	78.32%
	2007	421,881,678.	588,207,884.	71.72%
	2008	433,113,262.	728,773,880.	59.43%
	2009	434,564,399.	757,247,096.	57.39%
	2010	419,994,185.	683,593,123.	61.44%
	2011	424,194,653.	696,056,777.	60.94%
	2012	630,201,916.	631,326,018.	99.82%
	2013	628,117,666.	618,417,150.	101.57%
	2014	634,807,543.	630,327,118.	100.71%
	2015	631,661,246.	640,884,881.	98.56%

Source: Abstract of Ratables, County Board of Taxation

CUMBERLAND REGIONAL SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate per \$100 of Assessed Value)

Fiscal Year Ended June 30,	Deerfield Township School Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6) Total Direct School Tax Rate	Cumberland Regional School Dist.	Deerfield Township	Cumberland County	
2006	N/A	N/A	\$ 1.251	\$ 0.660	\$ 0.013	\$ 1.048	\$ 2.972
2007	N/A	N/A	1.291	0.567	0.010	1.059	2.927
2008	N/A	N/A	1.309	0.612	0.011	1.291	3.223
2009	N/A	N/A	1.295	0.526	0.011	1.116	2.948
2010	N/A	N/A	1.342	0.529	0.011	1.098	2.980
2011	N/A	N/A	1.336	0.542	0.050	1.147	3.075
2012	N/A	N/A	1.339	0.472	0.071	1.089	2.971
2013	N/A	N/A	1.326	0.487	0.081	1.098	2.992
2014	N/A	N/A	1.373	0.517	0.081	1.122	3.093
2015	N/A	N/A	1.395	0.558	0.080	1.154	3.187

Fiscal Year Ended June 30,	Fairfield Township School Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6) Total Direct School Tax Rate	Cumberland Regional School Dist.	Fairfield Township	Cumberland County	
2006	N/A	N/A	\$ 0.577	\$ 0.898	\$ 0.199	\$ 1.333	\$ 3.007
2007	N/A	N/A	0.607	0.949	0.413	1.452	3.421
2008	N/A	N/A	0.623	0.824	0.521	1.640	3.608
2009	N/A	N/A	0.623	0.866	0.545	1.707	3.741
2010	N/A	N/A	0.703	0.912	0.673	1.690	3.978
2011	N/A	N/A	0.378	0.434	0.375	0.896	2.083
2012	N/A	N/A	0.384	0.470	0.384	0.965	2.203
2013	N/A	N/A	0.393	0.460	0.383	0.976	2.212
2014	N/A	N/A	0.390	0.485	0.383	1.017	2.275
2015	N/A	N/A	0.401	0.473	0.407	1.029	2.310

CUMBERLAND REGIONAL SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate per \$100 of Assessed Value)

Fiscal Year Ended June 30,	Greenwich Township School Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6) Total Direct School Tax Rate	Cumberland Regional School Dist.	Greenwich Township	Cumberland County	
2006	\$ 1.207	N/A	\$ 1.207	\$ 0.522	\$ 0.319	\$ 0.982	\$ 3.030
2007	1.226	N/A	1.226	0.646	0.379	1.093	3.344
2008	1.265	N/A	1.265	0.506	0.379	1.104	3.254
2009	1.289	N/A	1.289	0.475	0.410	1.054	3.228
2010	1.295	N/A	1.295	0.555	0.436	1.052	3.338
2011	1.245	N/A	1.245	0.527	0.446	1.052	3.270
2012	1.241	N/A	1.241	0.580	0.474	1.297	3.592
2013	1.238	N/A	1.238	0.625	0.484	1.238	3.585
2014	1.238	N/A	1.238	0.656	0.498	1.306	3.698
2015	1.291	N/A	1.291	0.878	0.507	1.399	4.075

Fiscal Year Ended June 30,	Hopewell Township School Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6) Total Direct School Tax Rate	Cumberland Regional School Dist.	Hopewell Township	Cumberland County	
2006	N/A	N/A	\$ 1.373	\$ 0.736	\$ 0.120	\$ 1.267	\$ 3.496
2007	N/A	N/A	1.386	0.837	0.151	1.397	3.771
2008	N/A	N/A	1.395	0.759	0.193	1.512	3.859
2009	N/A	N/A	1.386	0.761	0.207	1.443	3.797
2010	N/A	N/A	1.470	0.659	0.217	1.415	3.761
2011	N/A	N/A	1.421	0.735	0.217	1.429	3.802
2012	N/A	N/A	1.353	0.645	0.240	1.374	3.612
2013	N/A	N/A	1.286	0.588	0.241	1.364	3.479
2014	N/A	N/A	1.338	0.671	0.248	1.421	3.678
2015	N/A	N/A	1.366	0.652	0.274	1.372	3.664

CUMBERLAND REGIONAL SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate per \$100 of Assessed Value)

Fiscal Year Ended June 30,	Shiloh Borough School Direct Rate			Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6) Total Direct School Tax Rate	Cumberland Regional School Dist.	Shiloh Borough	Cumberland County		
2006	\$ 1.332	N/A	\$ 1.332	\$ 0.878	\$ 0.465	\$ 1.375	\$ 4.050	
2007	0.710	N/A	0.710	0.932	0.470	1.555	3.667	
2008	0.738	N/A	0.712	0.874	0.523	1.562	3.671	
2009	0.708	N/A	0.708	0.976	0.533	1.765	3.982	
2010	0.794	N/A	0.794	1.203	0.544	1.732	4.273	
2011	0.552	N/A	0.552	0.488	0.316	0.922	2.278	
2012	0.639	N/A	0.639	0.487	0.317	0.825	2.268	
2013	0.770	N/A	0.770	0.570	0.317	1.068	2.725	
2014	0.761	N/A	0.761	0.586	0.318	1.086	2.751	
2015	0.835	N/A	0.835	0.506	0.318	1.032	2.691	

Fiscal Year Ended June 30,	Stow Creek Township School Direct Rate			Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6) Total Direct School Tax Rate	Cumberland Regional School Dist.	Stow Creek Township	Cumberland County		
2006	N/A	N/A	\$ 1.007	\$ 0.751	\$ 0.144	\$ 1.172	\$ 3.074	
2007	N/A	N/A	1.022	0.709	0.144	1.194	3.069	
2008	N/A	N/A	1.046	0.523	0.177	1.048	2.795	
2009	N/A	N/A	1.074	0.613	0.200	1.274	3.161	
2010	N/A	N/A	1.084	0.742	0.211	1.411	3.448	
2011	N/A	N/A	1.084	0.742	0.211	1.411	3.448	
2012	N/A	N/A	1.100	0.713	0.218	1.324	3.355	
2013	N/A	N/A	1.183	0.786	0.224	1.467	3.660	
2014	N/A	N/A	1.258	0.765	0.233	1.484	3.740	

CUMBERLAND REGIONAL SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate per \$100 of Assessed Value)

Fiscal Year Ended June 30,	Upper Deerfield Township				Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6) Total Direct School Tax Rate	Cumberland Regional School Dist.	Upper Deerfield Township	Cumberland County		
2006	\$ 1.256	\$ 0.129	\$ 1.385	\$ 0.714	N/A	\$ 1.326	\$ 3.425	
2007	1.297	0.113	1.410	0.746	N/A	1.376	3.532	
2008	1.329	0.114	1.443	0.739	N/A	1.601	3.783	
2009	1.363	0.116	1.479	0.735	N/A	1.566	3.780	
2010	1.419	0.123	1.542	0.707	N/A	1.467	3.716	
2011	1.428	0.119	1.547	0.670	N/A	1.570	3.787	
2012	0.984	0.081	1.065	0.455	0.030	0.947	2.497	
2013	1.007	0.082	1.089	0.445	0.045	0.969	2.548	
2014	1.017	0.082	1.099	0.450	0.061	1.035	2.645	
2015	1.041	0.084	1.125	0.510	0.087	1.119	2.841	

Source: Municipal Tax Collector

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the pre-budget year net budget by more than the spending growth limitation calculated as follows: the pre-budget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

- a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable
- b Rates for debt service are based on each year's requirements

DEERFIELD TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value
Total	\$ 0.		0.00%	\$ 0.		0.00%

Information Not Available

Source: Municipal Tax Assessor

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS.
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value
South State Inc.	\$ 4,801,600.	1	1.53%			
Tip's Trailer Park Inc.	3,935,600	2	1.25%			
Laning Bros. Farms Inc.	2,583,800	3	0.82%			
Arthur Boss LLC; M Boss; McDowell Trust	2,448,100	4	0.78%			
Cumberland Self Storage LLC	1,971,700	5	0.63%			
NJ Oak Solar LLC	1,630,200	6	0.52%			
Kenneth Garrison Estate	1,237,000	7	0.39%			
Halka Nurseries Inc.	1,188,700	8	0.38%			
Taxpayer 1	1,122,200	9	0.36%			
Taxpayer 2	1,022,900	10	0.33%			
Total	\$ 21,941,800.		6.98%	\$ 0.		0.00%

Information Not Available

Source: Municipal Tax Assessor

GREENWICH TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value
PSE&G	\$ 3,500,100.	1	5.53%			
Taxpayer 1	894,800.	2	1.41%	\$ 894,800.	4	1.45%
TJK Landholdings LLC	798,100.	3	1.26%			
Taxpayer 2	777,200.	4	1.23%	957,900.	3	1.55%
Taxpayer 3	746,200.	5	1.18%			
Taxpayer 4	742,600.	6	1.17%	978,500.	2	1.58%
Taxpayer 5	582,900.	7	0.92%	582,900.	6	0.94%
Taxpayer 6	575,600.	8	0.91%	575,600.	7	0.93%
Taxpayer 7	540,400.	9	0.85%	500,800.	8	0.81%
Iglesia LaFamilia Inc.	498,000.	10	0.79%			
Atlantic City Electric				3,500,100.	1	5.66%
Taxpayer 8				746,200.	5	1.21%
Taxpayer 9				472,500.	9	0.76%
Taxpayer 10				476,000.	10	0.77%
Total	\$ 9,655,900		15.27%	\$ 9,685,300.		15.67%

Source: Municipal Tax Assessor

HOPEWELL TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value
LTC Mgmt LLC	\$ 8,872,900.	1	3.60%			
Cumberland Mutual Fire Ins. Co.	5,454,800.	2	2.21%			
Sunny Slope Farms of NJ	1,758,300.	3	0.71%			
Solavista LLC	1,256,200.	4	0.51%			
ACM Realty LLC	1,218,000.	5	0.49%			
Taxpayer 1	1,014,200.	6	0.41%			
Blue Sterling Nursery, LLC	835,200.	7	0.34%			
Rosypal	799,200.	8	0.32%			
Cottages at Dutch Neck	793,600.	9	0.32%			
Taxpayer 2	777,100.	10	0.32%			
Total	\$ 22,779,500.		9.23%	\$ 0.		0.00%

Source: Municipal Tax Assessor

SHILOH BOROUGH SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value
Taxpayer # 1	\$ 756,400.		2.28%			
Taxpayer # 2	617,600.		1.86%			
Sarju Realty LLC	495,200.		1.49%			
Solavista LLC	422,800.		1.28%			
Taxpayer #3	398,400.		1.20%			
DeWilde Farm Associa	375,700.		1.13%			
Taxpayer #4	356,200.		1.08%			
Taxpayer #5	341,100.		1.03%			
Taxpayer #6	289,800.		0.87%			
Taxpayer #7	283,300.		0.86%			
Total	\$ 4,336,500.		13.09%	\$ 0.		0.00%

Information Not Available

Source: Municipal Tax Assessor

STOW CREEK TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value
Total	\$ 0.		0.00%	\$ 0.		0.00%

Information Not Available

Source: Municipal Tax Assessor

UPPER DEERFIELD TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value
Walmart TRS LLC	\$ 13,954,900.	1	2.21%			
Cedar-Carll's Corner LLC	10,755,600.	2	1.70%			
KMT Properties LLC	9,335,700.	3	1.48%			
Seabrook Bros. & Sons	7,137,900.	4	1.13%			
Clement Papas Co., Inc.	6,864,000.	5	1.09%			
Upper Deerfield Station LP	6,629,700.	6	1.05%			
Founders Realty III	6,153,400.	7	0.97%			
Upper Deerfield Adult Living, LLC	4,600,000.	8	0.73%			
Bridgeton Realty Assoc., LLC	3,616,400.	9	0.57%			
AtlanticCity Electric Co.	3,203,300.	10	0.51%			
Total	\$ 72,250,900.		11.44%	\$ 0.		0.00%

Information Not Available

Source: Municipal Tax Assessor

CUMBERLAND REGIONAL SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Taxes Levies For and Collections	Collected Within the Fiscal Year of the Levy (a)		Collection in Subsequent Year
		Amount	Percentage of Levy	
2007	\$ 8,420,427.	\$ 8,420,427.	100.00%	
2008	8,873,147.	8,873,147.	100.00%	
2009	8,380,979.	8,380,979.	100.00%	
2010	8,384,629.	8,384,629.	100.00%	
2011	8,034,310.	8,034,310.	100.00%	
2012	8,034,310.	8,034,310.	100.00%	
2013	7,834,159.	7,834,159.	100.00%	
2014	7,834,160.	7,834,160.	100.00%	
2015	8,315,237.	8,315,237.	100.00%	
2016	8,764,729.	8,764,729.	100.00%	

Source: District records including the Certificate and Report of School Taxes (A4F Form)

- a School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipal is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the the school year.

DEBT CAPACITY

CUMBERLAND REGIONAL SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT TYPE
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income (a)	Per Capita (a)
	General Obligation Bonds (b)	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2007	\$ 7,900,000.	\$ 0.	\$ 0.	\$ 0.	\$ 0.	\$ 7,900,000.	1.03%	\$ 307.	
2008	7,185,000.	0.	0.	0.	0.	7,185,000.	0.89%	277.	
2009	6,435,000.	0.	0.	0.	0.	6,435,000.	0.75%	246.	
2010	5,655,000.	0.	0.	0.	0.	5,655,000.	0.64%	215.	
2011	11,602,000.	0.	0.	0.	0.	11,602,000.	1.38%	476.	
2012	10,772,000.	0.	0.	0.	0.	10,772,000.	1.24%	438.	
2013	9,996,700.	0.	0.	0.	0.	9,996,700.	1.14%	403.	
2014	9,287,000.	0.	0.	0.	0.	9,287,000.	1.05%	377.	
2015	8,577,000.	0.	0.	0.	0.	8,577,000.	0.99%	351.	
2016	7,857,000.	0.	0.	0.	0.	7,857,000.	N/A	325.	

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

b Includes Early Retirement Incentive Plan (ERIP) refunding

CUMBERLAND REGIONAL SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value (a) of Property	Per Capita (b)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2007	\$ 7,900,000.		\$ 7,900,000.	0.68%	\$ 307.
2008	7,185,000.		7,185,000.	0.61%	277.
2009	6,435,000.		6,435,000.	0.54%	246.
2010	5,655,000.		5,655,000.	0.48%	215.
2011	11,602,000.		11,602,000.	0.86%	476.
2012	10,772,000.		10,772,000.	0.69%	438.
2013	9,996,700.		9,996,700.	0.64%	403.
2014	9,287,000.		9,287,000.	0.59%	377.
2015	8,577,000.		8,577,000.	0.54%	351.
2016	7,857,000.		7,857,000.	N/A	325.

Notes: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

- a See Exhibit NJ J-6 for property tax data.
- b Population data can be found in Exhibit NJ J-14

CUMBERLAND REGIONAL SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2016

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (a)	Estimated Share of Overlapping Debt
Debt Repaid With Property Taxes:			
Deerfield Township	\$ 30,000.	100%	\$ 30,000.
Deerfield Township School District	1,090,000.	100%	1,090,000.
Fairfield Township	3,284,532.	100%	3,284,532.
Fairfield Township School District	605,000.	100%	605,000.
Greenwich Township	0.	100%	0.
Greenwich Township School District	0.	100%	0.
Hopewell Township	1,528,725.	100%	1,528,725.
Hopewell Township School District	2,577,000.	100%	2,577,000.
Shiloh Borough	0.	100%	0.
Stow Creek Township	0.	100%	0.
Stow Creek Township School District	0.	100%	0.
Upper Deerfield Township	1,205,250.	100%	1,205,250.
Upper Deerfield Township School District	3,181,804.	100%	3,181,804.
Other Debt			
Cumberland County	86,581,151.	19.05%	16,493,709.
Cumberland County Improvement and Utilities Authority	161,675,000.	19.05%	30,799,088.
Subtotal, Overlapping Debt			60,795,108.
Cumberland Regional School District Direct Debt			7,857,000.
Total Direct & Overlapping Debt			<u>\$ 68,652,108.</u>

Sources: Assessed value data used to estimate applicable percentages provided by County Board of Taxation.
Debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Cumberland Regional. This process recognizes that when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore, responsible for repaying the debt, of each overlapping payment.

a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

CUMBERLAND REGIONAL SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 39,636,130.	\$ 45,672,123.	\$ 51,239,347.	\$ 54,482,678.	\$ 54,741,721.	\$ 53,141,120.	\$ 51,828,271.	\$ 51,480,407.	\$ 50,642,890.	\$ 49,819,128.
Total Net Debt Applicable to Limit	7,900,000.	7,185,000.	6,435,000.	5,655,000.	11,602,000.	10,772,000.	9,996,700.	9,287,000.	8,577,000.	7,857,000.
Legal Debt Margin	\$ 31,736,130.	\$ 38,487,123.	\$ 44,804,347.	\$ 48,827,678.	\$ 43,139,721.	\$ 42,369,120.	\$ 41,831,571.	\$ 42,193,407.	\$ 42,065,890.	\$ 41,962,128.
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	19.93%	15.73%	12.56%	10.38%	21.19%	20.27%	19.29%	18.04%	16.94%	15.77%

Legal Debt Margin Calculation for Fiscal Year 2016

	Equalized Valuation Basis
Deerfield Township	\$ 197,011,180.
Fairfield Township	296,394,445.
Greenwich Township	89,985,857.
Hopewell Township	315,373,457.
Shiloh Borough	31,034,259.
Stow Creek Township	107,214,971.
Upper Deerfield Township	<u>623,623,422.</u>
Total 3 year average equalized valuation of taxable property	<u>\$ 1,660,637,590.</u>
Debt Limit (3 % of Average Equalization Value)	\$ 49,819,128. (a)
Total Net Debt Applicable to Limit	<u>7,857,000.</u>
Legal Debt Margin	<u>\$ 41,962,128.</u>

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

(a) Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

**DEMOGRAPHIC AND ECONOMIC
INFORMATION**

CUMBERLAND REGIONAL SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2006	25,729	\$ 769,091,268.	\$ 29,892.	5.31%
2007	25,917	805,189,356.	31,068.	6.50%
2008	26,158	853,509,382.	32,629.	8.00%
2009	26,333	880,707,185.	33,445.	12.70%
2010	24,396	839,198,004.	34,399.	10.00%
2011	24,592	870,876,496.	35,413.	11.50%
2012	24,808	879,890,144.	35,468.	12.90%
2013	24,611	881,689,075.	35,825.	9.46%
2014	24,469	867,866,492.	35,468.	8.06%
2015	24,212	N/A	N/A	7.07%

Source:

- a Population information provided by the NJ Dept of Labor and Workforce Development
- b Personal income has been estimated based upon the municipal population and per capita personal income presented
- c Per capita personal income by county estimated based upon the 2000 Census published by the US Bureau of Economic Analysis
- d Unemployment data provided by the N.J. Dept. of Labor and Workforce Development

CUMBERLAND REGIONAL SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

<u>Employer</u>	<u>2015</u>			<u>2006</u>			<u>% of Total Total Municipal Employment</u>
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>	
	Information Not Available						
	<u>0</u>		<u>0.00%</u>	<u>0</u>		<u>0.00%</u>	

Source: Top Employer of Cumberland County

OPERATING INFORMATION

CUMBERLAND REGIONAL SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Instruction:										
Regular	115	114	114	114	102	105	94	94	92	84
Other Instruction	25	22	25	25	25	21	25	25	23	24
Support Services:										
Student & Instruction Related Services	4	4	4	4	4	5	24	24	26	22
General Administration	9	9	9	10	10	10	14	2	2	2
Other Administrative Services	16	15	15	15	16	18	6	16	15	15
Administrative Information Technology	1	1	2	2	3	3	2	2	2	2
Plant Operations & Maintenance	14	17	14	13	14	14	14	14	16	24
Other Support Services	6	6	6	6	8	10	6	6	6	2
Total	190	188	189	189	182	186	185	183	182	175

98 Source: District Personnel Records

CUMBERLAND REGIONAL SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change In Average Daily Enrollment	Student Attendance Percentage
						Senior High School	School				
2007	1,378	\$ 19,686,472.	\$ 14,286.	14.38%	111.00	12.15	12.15	1,349	1,254	(1.46)%	92.96%
2008	1,335	20,192,035.	15,125.	5.87%	110.00	11.84	11.84	1,302	1,213	(3.48)%	93.19%
2009	1,343	21,061,890.	15,683.	3.69%	110.00	11.82	11.82	1,300	1,235	(0.15)%	95.00%
2010	1,356	21,485,278.	15,845.	1.03%	110.00	11.13	11.13	1,224	1,138	(5.85)%	92.97%
2011	1,330	21,213,166.	15,950.	0.66%	100.00	11.97	11.97	1,197	1,137	(2.21)%	95.00%
2012	1,291	21,333,200.	16,525.	3.61%	105.00	11.80	11.80	1,239	1,163	3.51%	93.87%
2013	1,273	22,642,855.	17,787.	7.63%	98.00	12.44	12.44	1,219	1,149	(1.61)%	94.26%
2014	1,338	22,032,794.	16,883.	(5.08)%	97.00	12.85	12.85	1,246	1,171	2.21%	93.98%
2015	1,335	22,207,756.	16,635.	(1.47)%	93.00	13.49	13.49	1,255	1,185	0.72%	94.42%
2016	1,305	22,064,845.	16,908.	(1.64)%	104.00	11.70	11.70	1,217	1,146	(3.03)%	94.17%

Sources: District records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay;
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

CUMBERLAND REGIONAL SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

District Building	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>Primary:</u>										
High School										
Square Feet	247,690	247,690	247,690	247,690	247,690	247,690	247,690	247,690	247,690	247,690
Capacity (Students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	1,486	1,375	1,322	1,429	1,238	1,291	1,278	1,305	1,335	1,305
<u>Other:</u>										
Administration Building										
Square Feet	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Storage										
Square Feet	4,400	4,400	4,400	4,400	4,400	4,400	4,400	4,400	4,400	4,400
Storage										
Square Feet	960	960	960	960	960	960	960	960	960	960

Number of Schools at June 30, 2014:
Senior High School = 1
Other = 3

Source: District Facilities Office

Note: Year of original construction is shown in parentheses.
Enrollment is based on the annual October district count.

CUMBERLAND REGIONAL SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS

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

*School Facilities		
Project #(s)	Cumberland Regional	Total
2007	\$ 146,298.	\$ 146,298.
2008	85,568.	85,568.
2009	169,174.	169,174.
2010	198,016.	198,016.
2011	174,865.	174,865.
2012	314,163.	314,163.
2013	301,551.	301,551.
2014	254,543.	254,543.
2015	246,119.	246,119.
2016	257,172.	257,172.
Total School Facilities	<u>\$ 2,147,469.</u>	<u>\$ 2,147,469.</u>

* School facilities as defined under EFCFA.
 (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District records

CUMBERLAND REGIONAL SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2016
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy-Utica National Insurance Group		
Property-Blanket Building and Contents	\$ 66,509,637.	\$ 1,000.
Commercial General Liability	3,000,000.	
School District Legal Liability	1,000,000.	7,500.
Comprehensive Crime Coverage	100,000.	500.
Employee Benefits Program Liability	1,000,000.	1,000.
Commercial Inland Marine	1,041,168.	1,250.
Earthquake Changes	1,000,000.	25,000.
Flood Coverage	1,015,000.	25,000.
Limited Water Damage	500,000.	1,000.
Limited Backup of Sewers or Drains Coverage	1,000,000.	
Employment-Related Practices-Liability	1,000,000.	5,000.
Commercial Automobile-Republic Franklin Insurance Co.	1,000,000.	1,000.
Umbrella Liability - Utica Mutual Insurance Company		
Umbrella Policy	10,000,000.	10,000.
Workers' Compensation and Employers Liability - Educational Risk Insurance Consortium	2,000,000.	
Student Accident - Berkley Life and Health Insurance Co.	1,000,000.	
Student Accident - Catastrophic - The Group, Blanket Accident and Health Insurance Trust	5,000,000.	25,000.
Catastrophic Excess Liability - Fireman's Fund	10,000,000.	
Bonds:		
Treasurer - Susan Robostello	275,000.	
Board Secretary/Business Administrator: Bruce Harbinson	150,000.	

Source: District records

SINGLE AUDIT SECTION

K-1

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 Education
Cumberland Regional School District
County of Cumberland, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Cumberland Regional School District in the County of Cumberland, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Cumberland Regional Board of Education's basic financial statements, and have issued our report thereon dated November 18, 2016.

Internal Control Over Financial Reporting

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

Purpose of this Report

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

Respectfully submitted,



Samuel A. Delp, Jr.
Public School Accountant, #745
Triantos & Delp
Certified Public Accountants, LLC

November 18, 2016

K-2

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, AND REPORT ON SCHEDULE OF EXPENDITURES OF STATE AWARDS, REQUIRED BY UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08

Independent Auditor's Report

Honorable President and
Members of the Board of Education
Cumberland Regional School District
County of Cumberland, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Cumberland Regional School District, in the County of Cumberland, State of New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of Cumberland Regional Board of Education's major federal and state programs for the year ended June 30, 2016. Cumberland Regional Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal and State Program

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

Other Matters

The results of our auditing procedures disclosed instances on noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2016-01 to 2016-04. Our opinion on each major federal program is not modified with respect to these matters.

Report on Internal Control Over Compliance

Management of the Cumberland Regional 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 Cumberland Regional Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with Uniform Guidance, and the New Jersey State Aid/Grant Compliance Supplement, 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 Cumberland Regional Board of Education's internal control over compliance.

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

Our consideration of the 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 Uniform Guidance and NJ OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance and Schedule of Expenditure of State Awards Required by the New Jersey OMB's Circular 15-08

We have audited the financial statements of Board of Education of Cumberland Regional School District in the County of Cumberland, State of New Jersey as of and for the year ended June 30, 2016, and have issued our report thereon dated November 18, 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as the whole. The accompanying schedule of expenditures of federal awards and schedule of expenditures of state awards, are presented for purposes of additional analysis as required by the Uniform Guidance and New Jersey OMB's Circular 15-08 and are not a required part of the 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state awards are fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully submitted,



Samuel A. Delp, Jr.
Public School Accountant, #745
Triantos & Delp
Certified Public Accountants, LLC

November 18, 2016

CUMBERLAND REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA No.	Federal FAIN No.	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance 6/30/2015	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments
U.S. Department of Education Passed: General Fund: Medical Assistance Program Total General Fund	93.778	1605NJ5MAP	N/A	\$ 44,217.	7/1/15 - 6/30/16	\$ 0.	\$ 0.	\$ 43,026.	\$ (44,217.)	\$ 0.
U.S. Department of Education Passed Through State Department of Education: Special Revenue Fund:										
Title I, Part A	84.010A	S010A150030	NCLB-099716	176,625.	7/1/15 - 6/30/16	0.	0.	110,671.	(176,625.)	0.
Title II, Part A	84.367A	S367A150029	NCLB-099716	38,361.	7/1/15 - 6/30/16	0.	0.	31,699.	(38,361.)	0.
I.D.E.-A, Part B, Basic	84.027	H027A150100	FT-099716	302,560.	7/1/15 - 6/30/16	0.	0.	141,015.	(302,560.)	0.
Perkins Vocational	84.048A	V048A140030	PERK-099716	50,970.	7/1/15 - 6/30/16	0.	0.	31,857.	(50,970.)	0.
Total Special Revenue Fund						0.	0.	315,242.	(568,516.)	0.
U.S. Department of Agriculture Passed Through State Department of Education: Enterprise Fund:										
Food Distribution Program	10.555	16161NJ304N1099	N/A	48,998.	7/1/15 - 6/30/16	0.	0.	48,998.	(44,713.)	0.
Food Distribution Program	10.555	16161NJ304N1099	N/A	36,303.	7/1/14 - 6/30/15	2,822.	0.	0.	(2,822.)	0.
National School Breakfast Program	10.553	16161NJ304N1099	N/A	66,235.	7/1/15 - 6/30/16	0.	0.	61,826.	(66,235.)	0.
National School Breakfast Program	10.553	16161NJ304N1099	N/A	62,597.	7/1/14 - 6/30/15	(5,366.)	0.	5,366.	0.	0.
National School Lunch Program	10.555	16161NJ304N1099	N/A	220,078.	7/1/15 - 6/30/16	0.	0.	207,440.	(220,078.)	0.
National School Lunch Program	10.555	16161NJ304N1099	N/A	227,006.	7/1/14 - 6/30/15	(15,579.)	0.	15,579.	0.	0.
Total Enterprise Fund						(18,123.)	0.	339,209.	(333,848.)	0.
Total Federal Financial Awards						\$ (18,123.)	\$ 0.	\$ 697,477.	\$ (946,581.)	\$ 0.

The Accompanying Notes to the Schedules of Expenditures of Federal Awards and Financial Assistance are an Integral Part of this Schedule

CUMBERLAND REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA No.	Federal FAIN No.	Grant or State Project Number	Program or Award Amount	Grant Period From To	Repayment of Prior Yrs' Balances	Balance at June 30, 2016		Due to Grantor	Note Reference
							Accounts Receivable	Deferred Revenue		
U.S. Department of Education Passed: General Fund: Medical Assistance Program Total General Fund	93.778	1605NJ5MAP	N/A	\$ 44,217.	7/1/15 - 6/30/16	0.	\$ (1,191.)	\$ 0.	\$ 0.	0.
U.S. Department of Education Passed Through State Department of Education: Special Revenue Fund: Title I, Part A Title II, Part A I.D.E.-A, Part B, Basic Perkins Vocational Total Special Revenue Fund	84.010A 84.367A 84.027 84.048A	S010A150030 S367A150029 H027A150100 V048A140030	NCLB-099716 NCLB-099716 FT-099716 PERK-099716	176,625. 38,361. 302,560. 50,970.	7/1/15 - 6/30/16 7/1/15 - 6/30/16 7/1/15 - 6/30/16 7/1/15 - 6/30/16	0. 0. 0. 0.	(65,954.) (6,662.) (161,545.) (19,113.)	0. 0. 0. 0.	0. 0. 0. 0.	0. 0. 0. 0.
U.S. Department of Agriculture Passed Through State Department of Education: Enterprise Fund: Food Distribution Program Food Distribution Program National School Breakfast Program National School Breakfast Program National School Lunch Program National School Lunch Program Total Enterprise Fund	10.555 10.555 10.553 10.555 10.555	16161NJ304N1099 16161NJ304N1099 16161NJ304N1099 16161NJ304N1099 16161NJ304N1099	N/A N/A N/A N/A N/A	48,998. 36,303. 66,235. 62,597. 220,078. 227,006.	7/1/15 - 6/30/16 7/1/14 - 6/30/15 7/1/15 - 6/30/16 7/1/14 - 6/30/15 7/1/15 - 6/30/16 7/1/14 - 6/30/15	0. 0. 0. 0. 0. 0.	0. 0. (4,409.) 0. (12,638.) 0.	0. 0. 0. 0. 0. 0.	4,285. 0. 0. 0. 0. 0.	0. 0. 0. 0. 0. 0.
Total Federal Financial Awards						\$ 0.	\$ (271,512.)	\$ 4,285.	\$ 0.	0.

The Accompanying Notes to the Schedules of Expenditures of Federal Awards and Financial Assistance are an Integral Part of this Schedule

CUMBERLAND REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project No.	Program or Award Amount	Grant Period		Due to Grantor	Balance at June 30, 2015		Cash Received	Budgetary Expenditures	Adjustments Repayment of Prior Yrs. Bal.
			From	To		Deferred Revenue (Accts Receivable)	Carryover/(Walkover) Amount			
State Dept. Of Education:										
General Fund:										
Equalization Aid	16-495-034-5120-078	\$ 10,078,197.	7/1/15	- 6/30/16	\$ 0.	\$ 0.	\$ 10,078,197.	\$(10,078,197.)	\$ 0.	0.
School Choice	16-495-034-5120-068	862,568.	7/1/15	- 6/30/16	0.	0.	862,568.	(862,568.)	0.	0.
Transportation Aid	16-495-034-5120-014	128,298.	7/1/15	- 6/30/16	0.	0.	128,298.	(128,298.)	0.	0.
Special Education Categorical Aid	16-495-034-5120-089	696,669.	7/1/15	- 6/30/16	0.	0.	696,669.	(696,669.)	0.	0.
Categorical Security Aid	16-495-034-5120-084	178,493.	7/1/15	- 6/30/16	0.	0.	178,493.	(178,493.)	0.	0.
Adjustment Aid	16-495-034-5120-085	9,412.	7/1/15	- 6/30/16	0.	0.	9,412.	(9,412.)	0.	0.
Additional Adjustment Aid	16-495-034-5120-085	166,418.	7/1/15	- 6/30/16	0.	0.	166,418.	(166,418.)	0.	0.
Extraordinary Aid	16-495-034-5120-044	145,433.	7/1/15	- 6/30/16	0.	0.	0.	(145,433.)	0.	0.
Extraordinary Aid	15-495-034-5120-044	135,947.	7/1/14	- 6/30/15	(135,947.)	0.	135,947.	0.	0.	0.
PARCC Readiness Aid	16-495-034-5120-098	12,940.	7/1/15	- 6/30/16	0.	0.	12,940.	(12,940.)	0.	0.
Per Pupil Growth Aid	16-495-034-5120-097	12,940.	7/1/15	- 6/30/16	0.	0.	12,940.	(12,940.)	0.	0.
On Behalf TPAF Pension Contributions	16-495-034-5094-001/002	1,393,712.	7/1/15	- 6/30/16	0.	0.	1,393,712.	(1,393,712.)	0.	0.
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	543,549.	7/1/15	- 6/30/16	0.	0.	543,549.	(543,549.)	0.	0.
Reimbursed TPAF Social Security Contributions	15-495-034-5094-003	570,535.	7/1/14	- 6/30/15	(224,994.)	0.	224,994.	0.	0.	0.
Additional Non-Public Trans	15-495-034-5120	10,127.	7/1/15	- 6/30/16	0.	0.	0.	(10,127.)	0.	0.
Additional Non-Public Trans	15-495-034-5120	8,521.	7/1/14	- 6/30/15	(8,521.)	0.	8,521.	0.	0.	0.
Total General Fund					(369,462.)	0.	14,452,658.	(14,238,756.)	0.	0.
Special Revenue Fund:										
NJ Dept/Agriculture		5,000.	7/1/15	- 6/30/16	0.	0.	5,000.	(5,000.)	0.	0.
Career Pathways	16-BE-46-G06	100,000.	4/1/16	- 2/28/17	0.	0.	0.	(8,618.)	0.	0.
Total Special Revenue Fund					0.	0.	5,000.	(13,618.)	0.	0.
Capital Project Fund:										
Educ. Facilities Const. & Financing Act										
School Addition & Renovation	0997-030-02-0926									
Total Capital Project Fund										
Debt Service Fund:										
Debt Service Aid Type II	16-495-034-5120-125	179,846.	7/1/15	- 6/30/16	0.	0.	179,846.	(179,846.)	0.	0.
Total Debt Service Fund										
State Department of Agriculture:										
Enterprise Fund:										
National School Lunch Program (State Share)	16-100-010-3350-023	5,306.	7/1/15	- 6/30/16	0.	0.	5,007.	(5,306.)	0.	0.
National School Lunch Program (State Share)	15-100-010-3350-023	5,735.	7/1/14	- 6/30/15	(378.)	0.	378.	0.	0.	0.
Total Enterprise Fund					(378.)	0.	5,385.	(5,306.)	0.	0.
Total State Financial Assistance					\$(377,497.)	\$ 0.	\$ 14,642,889.	\$(14,437,526.)	\$ 0.	0.

The Accompanying Notes to the Schedules of Expenditures of State Awards and Financial Assistance are an Integral Part of this Schedule

CUMBERLAND REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project No.	Program or Award Amount	Grant Period		Deferred Revenue	Due to Grantor	Balance at June 30, 2016		MEMO	
			From	To			(Accounts Receivable)	Budgetary Receivable	Cumulative Total Expend.	
State Depart. Of Education:										
General Fund:										
Equalization Aid	16-495-034-5120-078	\$ 10,078,197.	7/1/15	- 6/30/16	\$ 0.	\$ 0.	0.	938,455.	\$ 10,078,197.	
School Choice	16-495-034-5120-068	862,568.	7/1/15	- 6/30/16	0.	0.	0.	86,257.	862,568.	
Transportation Aid	16-495-034-5120-014	128,298.	7/1/15	- 6/30/16	0.	0.	0.	12,830.	128,298.	
Special Education Categorical Aid	16-495-034-5120-089	696,669.	7/1/15	- 6/30/16	0.	0.	0.	69,667.	696,669.	
Categorical Security Aid	16-495-034-5120-084	178,493.	7/1/15	- 6/30/16	0.	0.	0.	17,849.	178,493.	
Adjustment Aid	16-495-034-5120-085	9,412.	7/1/15	- 6/30/16	0.	0.	0.	941.	9,412.	
Additional Adjustment Aid	16-495-034-5120-085	166,418.	7/1/15	- 6/30/16	0.	0.	0.	16,642.	166,418.	
Extraordinary Aid	16-495-034-5120-044	145,433.	7/1/15	- 6/30/16	0.	0.	0.	0.	145,433.	
Extraordinary Aid	15-495-034-5120-044	135,947.	7/1/14	- 6/30/15	0.	0.	0.	0.	0.	
PARCC Readiness Aid	16-495-034-5120-098	12,940.	7/1/15	- 6/30/16	0.	0.	0.	1,294.	12,940.	
Per Pupil Growth Aid	16-495-034-5120-097	12,940.	7/1/15	- 6/30/16	0.	0.	0.	1,294.	12,940.	
On Behalf TPAF Pension Contributions	16-495-034-5094-001/002	1,393,712.	7/1/15	- 6/30/16	0.	0.	0.	0.	1,393,712.	
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	543,549.	7/1/15	- 6/30/16	0.	0.	0.	0.	543,549.	
Reimbursed TPAF Social Security Contributions	15-495-034-5094-003	570,535.	7/1/14	- 6/30/15	0.	0.	0.	0.	0.	
Additional Non-Public Trans	15-495-034-5120	10,127.	7/1/15	- 6/30/16	(10,127.)	0.	0.	0.	10,127.	
Additional Non-Public Trans	15-495-034-5120	8,521.	7/1/14	- 6/30/15	0.	0.	0.	0.	0.	
Total General Fund					(155,560.)	0.	0.	1,145,229.	14,238,756.	
Special Revenue Fund:										
NJ Dept Agriculture		5,000.	7/1/15	- 6/30/16	0.	0.	0.	0.	5,000.	
Career Pathways	16-BE46-G06	100,000.	4/1/16	- 2/28/17	(8,618.)	0.	0.	0.	8,618.	
Total Special Revenue Fund					(8,618.)	0.	0.	0.	13,618.	
Capital Project Fund:										
Educ. Facilities Const. & Financing Act	0997-030-02-0926				(7,657.)	0.	0.	0.	26,739,717.	
School Addition & Renovation					(7,657.)	0.	0.	0.	26,739,717.	
Total Capital Project Fund										
Debt Service Fund:										
Debt Service Aid Type II	16-495-034-5120-125	179,846.	7/1/15	- 6/30/16	0.	0.	0.	0.	179,846.	
Total Debt Service Fund					0.	0.	0.	0.	179,846.	
State Department of Agriculture:										
Enterprise Fund:										
16-100-010-3350-023		-	7/1/14	- 6/30/15	(299.)	0.	0.	0.	5,306.	
15-100-010-3350-023		-	7/1/13	- 6/30/14	0.	0.	0.	0.	0.	
Total Enterprise Fund					(299.)	0.	0.	0.	5,306.	
Total State Financial Assistance					\$ (172,134.)	\$ 0.	\$ 0.	\$ 1,145,229.	\$ 41,177,243.	

The Accompanying Notes to the Schedules of Expenditures of State Awards and Financial Assistance are an Integral Part of this Schedule

CUMBERLAND REGIONAL SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2016

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Cumberland Regional School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on 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 bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of *the Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards 2 CFR 200*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic 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 the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment 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, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-4.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$114,623 for the general fund and (\$2,985) for the special revenue fund. See Exhibit C-3 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 basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 44,217.	\$ 14,190,434.	\$14,234,651.
Special Revenue Fund	564,001.	21,118.	585,119.
Debt Service Fund		179,846.	179,846.
Food Service Fund	335,311.	5,306.	340,617.
Total Financial Assis.	<u>\$ 943,529.</u>	<u>\$ 14,396,704.</u>	<u>\$15,340,233.</u>

CUMBERLAND REGIONAL SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2016

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2016. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2016.

NOTE 6. SUBRECIPIENTS

The District had no expenditures to subrecipients during the year ended June 30, 2016

NOTE 7. INDIRECT COSTS

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

CUMBERLAND REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- 1. Material weakness(es) identified? __Yes xNo
- 2. Significant Deficiencies identified that are not considered to be material weaknesses? __Yes xNone Reported

Noncompliance material to general purpose financial statements noticed? __Yes xNo

Federal Awards

Internal Control over major programs:

- 1. Material weakness(es) identified? __Yes xNo
- 2. Significant Deficiencies identified that are considered to be material weaknesses? __Yes xNone Reported

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

Any audit findings disclosed that are required to be reported in accordance with section .516(a) of 2 CFR 200? __Yes xNo

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.555	National School Lunch Program
10.553	National School Breakfast Program

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

Auditee qualified as low-risk auditee? xYes __No

CUMBERLAND REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

Section I – Summary of Auditor’s Results

(Continued)

State Awards

Dollar threshold used to distinguish between type A and type B programs:

\$750,000.

Auditee qualified as low risk auditee?

Yes No

Type of auditor’s report issued on compliance for major programs:

Unmodified

Internal Control over major programs:

1. Material weakness(es) identified?

Yes No

2. Significant Deficiencies identified that are not considered to be material weaknesses?

Yes None reported

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08?

Yes No

Identification of major programs:

GMIS Number(s)

495-034-5120-084
495-034-5120-078
495-034-5120-089
495-034-5120-068
495-034-5120-085
495-034-5120-085
495-034-5120-097
495-034-5120-098

Name of State Program

Security Aid
Equalization Aid
Special Education Categorical Aid
School Choice Aid
Adjustment Aid
Additional Adjustment Aid
Per Pupil Growth Aid
PARCC Readiness Aid

Section II – Financial Statement Findings

None

CUMBERLAND REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

Section III – Federal Awards and State Financial Assistance
Findings and Questioned Costs

FEDERAL AWARDS

Finding: 2016 – 01

Information on the federal program:

National School Lunch Program	C.F.D.A. No. 10.555
National School Breakfast Program	C.F.D.A. No. 10.553

Criteria or specific requirement:

Child Nutrition Program requires that all free meal applications be properly classified between Free, Reduced, and Paid.

Condition:

We noted two free/reduced meal applications that were incorrectly approved. One application was categorized as free but should have been reduced and the other application was categorized as reduced and should have been free.

Questioned Costs:

Error resulted in overclaim of \$932.40.

Context:

During our examination we reviewed 197 of 521 applications.

Effect:

Error resulted in overclaim as noted above.

Cause:

Clerical error

Recommendations:

More care should be taken in completing application.

Views of responsible officials and planned corrective action:

The responsible officials agree with the finding.

Finding: 2016 – 02

Information on the federal program:

National School Lunch Program	C.F.D.A. No. 10.555
National School Breakfast Program	C.F.D.A. No. 10.553

Criteria or specific requirement:

Child Nutrition Program compliance requirements stated that program sponsors must verify no less than three percent of approved Household Applications on file.

Condition:

The three percent verification was performed, but the required confirmation review was not properly conducted.

CUMBERLAND REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

Section III – Federal Awards and State Financial Assistance
Findings and Questioned Costs

(Continued)

Questioned Costs:

None

Context:

The confirmation review was completed by the same determining official who made the original determination. The confirmation review should be independently performed.

Effect:

The confirmation review was not independently performed.

Cause:

Determination officer did not correctly understand the requirement.

Recommendations:

The confirmation review should be conducted independently by someone other than the determining official.

Views of responsible officials and planned corrective action:

The responsible officials agree with the finding.

Finding: 2016 – 03

Information on the federal program:

National School Lunch Program	C.F.D.A. No. 10.555
National School Breakfast Program	C.F.D.A. No. 10.553

Criteria or specific requirement:

Program sponsors are required to notify eligible households about availability and location of free meals for students through the Summer Food Service Program.

Condition:

Eligible households were not informed about the availability of the Summer Food Service Program.

Questioned Costs:

None

Context:

Information about the Summer Food Service Program was not provided to eligible household.

Effect:

The District did not comply with USDA requirement.

Cause:

The District officials were not aware of requirement.

Recommendations:

The required notifications about the Summer Food Service Program be provided.

CUMBERLAND REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

Section III – Federal Awards and State Financial Assistance
Findings and Questioned Costs

(Continued)

Views of responsible officials and planned corrective action:

The responsible officials agree with the finding.

Finding: 2016 – 04

Information on the federal program:

National School Lunch Program C.F.D.A. No. 10.555

National School Breakfast Program C.F.D.A. No. 10.553

Criteria or specific requirement:

The value of all USDA commodities received and processed for the District should be credited to the District's program.

Condition:

The values of USDA commodities processed for the District were not included in the reports provided by the Food Service Management Company.

Questioned Costs:

None

Context:

The values of USDA commodities received directly by the District were included in the Food Service Management Company reports. However, the value of USDA commodities delivered to food processing companies for the benefit of the District and received by District after processing is not included.

Effect:

The Food Service Management Company reports to the District are understating revenue and expense from USDA commodities. Amounts included in the District's financial statements and Schedule A, "Schedule of Expenditures of Federal Awards" reflect the total value of USDA commodities used in the District's program per the USDA Commodity letter.

Cause:

Inaccurate reporting by the Food Service Management Company.

Recommendations:

That the financial reports provided by the Food Service Management Company include total value of USDA commodities utilized in the District's food service program.

Views of responsible officials and planned corrective action:

The responsible officials agree with the finding.

STATE AWARDS

None

CUMBERLAND REGIONAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

STATUS OF PRIOR YEAR FINDINGS

None