

**SCHOOL DISTRICT OF THE
TOWN OF GUTTENBERG
COUNTY OF HUDSON, NEW JERSEY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

**School District
of**

Town of Guttenberg

**TOWN OF GUTTENBERG BOARD OF EDUCATION
Guttenberg, New Jersey**

**Comprehensive Annual Financial Report
Year Ended June 30, 2016**

Comprehensive Annual Financial Report

of the

**TOWN OF GUTTENBERG
BOARD OF EDUCATION
Guttenberg, New Jersey**

Year Ended June 30, 2016

Prepared by

**Jolene Mantineo
Board Secretary/Business Administrator**

OUTLINE OF CAFR

INTRODUCTORY SECTION

Letter of Transmittal	1
Organizational Chart	4
Roster of Officials	5
Consultants and Advisors	6

FINANCIAL SECTION

Independent Auditor's Report	7
Required Supplementary Information - Part I Management's Discussion and Analysis	11

BASIC FINANCIAL STATEMENTS

A. District-wide Financial Statements:

A-1 Statement of Net Position	21
A-2 Statement of Activities	22

B. Fund Financial Statements:

Governmental Funds:

B-1 Balance Sheet	23
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances	24
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25

Proprietary Funds:

B-4 Statement of Net Position	26
B-5 Statement of Revenues, Expenses and Changes in Fund Net Assets	27
B-6 Statement of Cash Flows	28

Fiduciary Funds:

B-7 Statement of Fiduciary Net Position	29
B-8 Statement of Changes in Fiduciary Net Position	30

Notes to the Financial Statements	31
---	----

OUTLINE OF CAFR

Required Supplementary Information - Part II

C. Budgetary Comparison Schedules:

C-1	Budgetary Comparison Schedule - General Fund	64
C-1a	Not Applicable	
C-2	Budgetary Comparison Schedule - Special Revenue Fund	68

Notes to the Required Supplementary Information

C-3	Budgetary Comparison Schedule	69
-----	-------------------------------	----

Required Supplementary Information - Part III

L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)

L-1	Schedule of the District's Proportionate Share of the Net Pension Liability – PERS	70
L-2	Schedule of District Contributions – PERS	71
L-3	Schedule of the District's Proportionate Share of the Net Pension Liability – TPAF	72
L-4	Notes to Required Schedules of Supplementary Information - Part III	73

Other Supplementary Information

D. School Level Schedules:

Not Applicable

E. Special Revenue Fund:

E-1	Combining Schedule of Program Revenues and Expenditures - Budgetary Basis	74
E-1a	Combining Schedule of Program Revenues and Expenditures - Budgetary Basis	75
E-1b	Combining Schedule of Program Revenues and Expenditures - Budgetary Basis	76
E-1c	Combining Schedule of Program Revenues and Expenditures - Budgetary Basis	77
E-1d	Combining Schedule of Program Revenues and Expenditures - Budgetary Basis	78
E-2	Schedule of Preschool Education Aid - Budgetary Basis	79

F. Capital Projects Fund:

F-1	Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance Budgetary Basis	80
-----	---	----

OUTLINE OF CAFR

F-1a	Schedule of Project Revenues, Expenditures, Project Balances	81
G. Proprietary Funds:		
Enterprise Fund:		
G-1	Combining Statement of Net Position	82
G-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Enterprise Funds	83
G-3	Combining Statement of Cash Flows - Enterprise Funds	84
Internal Service Fund:		
Not Applicable		
H. Fiduciary Funds:		
H-1	Combining Statement of Fiduciary Net Position	85
H-2	Combining Statement of Changes in Fiduciary Net Position	86
H-3	Student Activity Agency Fund - Schedule of Receipts and Disbursements	87
H-4	Payroll Agency Fund - Schedule of Receipts and Disbursements	88
I. Long-Term Debt:		
I-1	Statement of Serial Bonds	89
I-2	N/A	
I-3	Debt Service Fund - Budgetary Comparison Schedule	90
J. Statistical Section (Unaudited)		
<u>Financial Trends</u>		
J-1	Net Position by Component	91
J-2	Changes in Net Position	92
J-3	Fund Balances - Governmental Funds	95
J-4	Changes in Fund Balances - Governmental Funds	96
J-5	General Fund Other Local Revenue by Source	98
<u>Revenue Capacity</u>		
J-6	Assessed Value and Estimated Actual Value of Taxable Property	99
J-7	Direct and Overlapping Property Tax Rates	100
J-8	Principal Property Taxpayers	101
J-9	Property Tax Levies and Collections	102

OUTLINE OF CAFR

Debt Capacity

J-10	Ratios of Outstanding Debt by Type	103
J-11	Ratios of General Bonded Debt Outstanding	104
J-12	Direct and Overlapping Governmental Activities Debt	105
J-13	Legal Debt Margin Information	106
J-14	Demographic and Economic Statistics	107
J-15	Principal Employers	108

J. Statistical Section (Unaudited)

Operating Information

J-16	Full-time Equivalent District Employees by Function/Program	109
J-17	Operating Statistics	110
J-18	School Building Information	111
J-19	Schedule of Allowable Maintenance Expenditures by School Facility	112
J-20	Insurance Schedule	113

K. SINGLE AUDIT SECTION

K-1	Independent Auditor's 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	114
K-2	Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal and State Program and Internal Control Over Compliance in Accordance with the Uniform Guidance and N.J. OMB Circular Letter 15-08	116
K-3	Schedule of Expenditures of Federal Awards - Schedule A	119
K-4	Schedule of Expenditures of State Financial Assistance - Schedule B	120
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	122
K-6	Schedule of Findings and Questioned Costs	124
K-7	Summary Schedule of Prior Audit Findings	127

INTRODUCTORY SECTION

BOARD OF EDUCATION

ANNA L. KLEIN SCHOOL

301 - 69TH STREET
GUTTENBERG, NEW JERSEY 07093

Office of the Business Administrator
JOLENE MANTINEO

Telephone: (201) 861-3100
Fax: (201) 861-7024

November 16, 2016

Honorable President and
Members of the Board of Education
Guttenberg Board of Education

Dear Board Members:

The comprehensive annual report of the Guttenberg Board of Education (Board) for the fiscal year ended June 30, 2016, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with management of the Board. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the Basic Financial Statements and results of operations of the Board. All disclosures necessary to enable the reader to gain an understanding of the Board's financial activities have been included.

The comprehensive annual report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the Board organizational chart and a list of principal officials. The financial section includes the independent auditor's report, management discussion and analysis, the Basic financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The Board is required to undergo an annual single audit in conformity with the provisions of the Title 2 U.S. Code of Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey States Office of Management and Budget Circular 15-08 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and finding and recommendations, are included in the single audit section of this report.

REPORTING ENTITY AND ITS SERVICES: The Guttenberg Board of Education is an independent reporting within the criteria adopted by GASB as established by NCGA Statement No. 3. All funds and account groups of the Board are included in this report. The Guttenberg Board of Education and its school constitute the Board's reporting entity. The Board provides a full range of educational services appropriate to grade levels K through 8. These include regular and special education for the handicapped youngsters. The Board completed the 2014-2015 fiscal year with an enrollment of 978 students, which are 28 above the previous year's enrollment. The following details the changes in the student enrollment of the District over the last five years.

<u>Fiscal Year</u>	<u>Enrollment Student Enrollment</u>	<u>Percentage Change</u>
2015-2016	978	2.95%
2014-2015	950	{.42%}
2013-2014	954	{1.13%}
2012-2013	965	{ 1.5%}
2011-2012	980	.72%
2010-2011	973	{.71%

ECONOMIC CONDITION AND OUTLOOK: The Town of Guttenberg area is experiencing an unstable economy, which is expected to improve or grow at a very slow pace. The job market and real estate industries are also at an all-time low.

MAJOR INITIATIVES: The variety of educational programs offered at the Anna L. Klein School focuses on strong preparation for a large high school. The programs in the school are comprehensively designed to meet the abilities and interest of all students, and include regular, enriched and remedial courses at all levels, and advanced placement courses for academically talented students in grades 3 through 8.

INTERNAL ACCOUNTING CONTROLS: Management of the Board is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Board are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with general 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 require estimates and judgements made by management.

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

BUDGETARY CONTROLS: In addition to internal accounting controls, the Board maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied on the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general funds, the special revenue fund, and the debt service fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line basis. Open encumbrances at year-end are either canceled or are included as reservations of

fund balance in the subsequent year are reported as reservations of fund balance at June 30, 2016.

CASH MANAGEMENT: The investment policy of the Board is guided in large part by the state stature as detailed in "Notes to the Financial Statements", Note 2. The Board has adopted a cash management plan which requires it to deposit public funds in either public depositories protected from loss under the provisions of the Government Unit Deposit Protection Act ('GUDPA') or in the State of New Jersey cash management fund. GUDPA was enacted in 1970 to protect governmental units to deposit public funds in public depositories located in New Jersey, where the funds are secured in accordance with the Act. However, the State of New Jersey cash management fund is allowable by law for deposit of public funds.

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


OTHER INFORMATION:

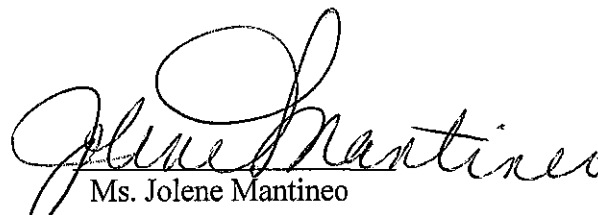
Independent Audit- State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ferraioli, Wielkocz, Cerullo and Cuva, P.A., was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award (Uniform Guidance) and State Treasury Circular Letter 15-08 OMB. The auditors reports related specifically to the single audit are included in the single audit section of this report.

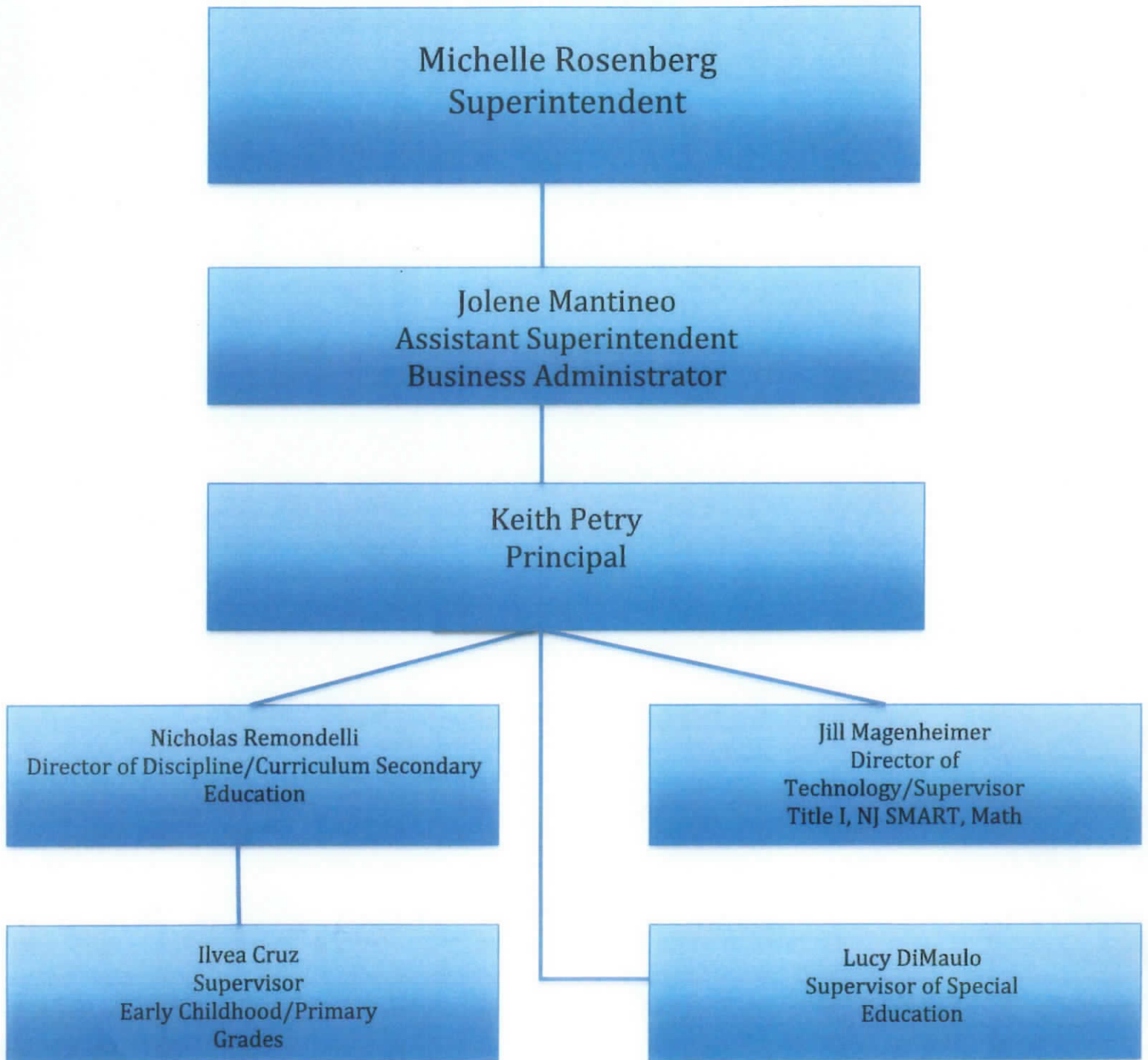
ACKNOWLEDGEMENTS:

We would like to express our appreciation to the members of the Guttenberg Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.

Respectfully submitted:


Ms. Michelle Rosenberg
Superintendent


Ms. Jolene Mantineo
Business Administrator/Board Secretary



BOARD OF EDUCATION

ANNA L. KLEIN SCHOOL

301 - 69TH STREET
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JOLENE MANTINEO

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BOARD OF EDUCATION
GUTTENBERG, NEW JERSEY

ROSTER OF OFFICIALS
January 20, 2016

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERMS EXPIRES</u>
Rebecca Vazquez-President	12/2018
Michael Baruch-Vice President	12/2017
Delores Loppe	12/2017
Joel Magenheimer	12/2018
Juana Malave	12/2018
Marisol Montanez	12/2016
Gonzalo E. Perez	12/2017
Elsa Schwarz	12/2016
Sari F. Zukerman	12/2016

OTHER OFFICIALS

Michelle Rosenberg	Superintendent
Jolene Mantineo	Business Administrator/Board Secretary
John L. Schettino, Esq.	Board Attorney

GUTTENBERG BOARD OF EDUCATION

CONSULTANTS & ADVISORS

JUNE 30, 2016

Attorney

JOHN SCETTINO
Board Attorney
800 Main Street
Suite 101
Hackensack, New Jersey 07601

District Auditor

STEVEN D. WIELKOTZ, C.P.A.
Ferraioli, Wielkotz, Cerullo & Cuva P.A.
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442

Board Accountant

WILLIAM KATCHEN
William Katchen, CPA
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Cliffside Park, NJ 07010

Architect

DI CARA RUBINO
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Wayne, NJ 07470

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Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkotz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
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Fax 973-835-6631

Newton Office
100B Main Street
Newton, NJ 07860
973-579-3212
Fax 973-579-7128

INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
Town of Guttenberg School District
County of Hudson, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Town of Guttenberg School District, in the County of Hudson, State of New Jersey, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District'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 misstatements, whether due to fraud or error.

Auditor's Responsibility

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

Honorable President and
Members of the Board of Education
Page 2.

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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Guttenberg Board of Education, in the County of Hudson, 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 and schedules related to accounting and reporting for pensions identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Honorable President and
Members of the Board of Education
Page 3.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Guttenberg Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and 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 the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the 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 the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual nonmajor fund financial statements, the 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 the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical data section has not been subject 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2016 on our consideration of the Town of Guttenberg 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

Honorable President and
Members of the Board of Education
Page 4.

our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Guttenberg Board of Education's internal control over financial reporting and compliance.

Steven D. Wielkotz

Steven D. Wielkotz, C.P.A.
Licensed Public School Accountant
No. 816

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

November 16, 2016

**REQUIRED SUPPLEMENTARY
INFORMATION - PART I**

**TOWN OF GUTTENBERG BOARD OF EDUCATION
GUTTENBERG, NJ**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED**

The discussion and analysis of the Town of Guttenberg Board of Education’s financial performance provides an overall review of the School District’s financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the District’s financial performance as a whole and should not be interpreted as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the District’s revenues and expenditures by program for the General Fund, Special Revenue Fund, Debt Service and Enterprise Fund.

FINANCIAL HIGHLIGHTS

- In total, net position increased by \$5,170,176. Net position of governmental activities increased \$5,190,378 while net position of business-type activities decreased by \$20,202.
- General revenues accounted for \$24,099,936 in revenue or 93 percent of all district revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,733,017 or 7 percent of total revenues of \$25,832,953.
- The School District had \$20,662,777 in expenses related to governmental and business-type activities; only \$1,733,017 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants, entitlements and property taxes) of \$24,099,936 were adequate to provide for these programs.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a whole (government-wide statements), and then proceed to provide an increasingly detailed look at specified financial activities.

District-Wide Financial Statements

The *statement of net position and statement of activities* reports information about the District as a whole and about its activities in a manner that helps answer the question, “Is the District better or worse off as a result of the year’s activities?” These statements include all assets and liabilities of the District using the accrual basis of accounting, similar to the accounting used by private sector corporations. All of the current year’s revenues and expenses are taken into consideration regardless of when cash is received or paid.

Both of the district-wide financial statements distinguish functions of the Town of Guttenberg Board of Education that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

**TOWN OF GUTTENBERG BOARD OF EDUCATION
GUTTENBERG, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

USING THIS ANNUAL REPORT, (continued)

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

- Governmental Activities – All of the school district's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-type Activity – This service is provided on a charge for goods and services basis to recover all the expenses of the goods or services provided. The Food Service Fund is reported as business activity.

The two statements report the District's net position and changes in them. The change in net position can be utilized by a reader to assist in determining whether the District's financial health is improving or deteriorating. However, the reader should also consider non-financial factors such as property tax base, current New Jersey laws restricting revenue growth, student enrollment growth, facility conditions, required educational programs and other factors in determining the District's overall financial health.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Guttenberg Board of Education, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the district's funds can be divided into three categories: Governmental Funds, Proprietary Funds and Fiduciary Funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of *spendable resources* available at the end of the fiscal year. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities* (reported in the Statement of Net Position and the Statement of Activities).

**TOWN OF GUTTENBERG BOARD OF EDUCATION
GUTTENBERG, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

USING THIS ANNUAL REPORT, (continued)

The Town of Guttenberg Board of Education maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the general, special revenue and debt service funds, which are both considered to be major funds.

The Town of Guttenberg Board of Education adopts annual appropriated budgets for its governmental funds. A budgetary comparison statement has been provided for the general fund, special revenue fund and debt service fund to demonstrate compliance with their budgets.

Proprietary Funds

Proprietary funds use the accrual basis of accounting, the same as on the district-wide statements, therefore the statements will essentially match the business-type activities portion of the district-wide statements. The Town of Guttenberg Board of Education uses proprietary funds to account for its food service program as well as its internal service fund.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning budgetary information for the District's major funds.

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the Required Supplemental Information and the Supplemental Information identified above. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

**TOWN OF GUTTENBERG BOARD OF EDUCATION
GUTTENBERG, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS

The Statement of Net Position provides the perspective of the District as a whole. Net position may, over time, serve as a useful indicator of a government's financial position.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

The School District's net position's were \$8,981,569 at June 30, 2016 and \$3,811,393 at June 30, 2015. Restricted items of net position are reported separately to show legal constraints that limit the School District's ability to use those items of net position for day-to-day operations. Our analysis below focuses on the net position for 2016 compared to 2015 (Table 1) and change in net position (Table 2) of the School District.

Table 1
Net Position
June 30,

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Assets						
Current and Other Assets	5,282,437	3,911,788	116,510	164,606	5,398,947	4,076,394
Capital Assets	<u>8,877,172</u>	<u>4,000,335</u>	<u>58,450</u>	<u>16,156</u>	<u>8,935,622</u>	<u>4,016,491</u>
Total Assets	<u>14,159,609</u>	<u>7,912,123</u>	<u>174,960</u>	<u>180,762</u>	<u>14,334,569</u>	<u>8,092,885</u>
Deferred Outflows:						
Resources Related to PERS	<u>965,709</u>	<u>204,697</u>	_____	_____	<u>965,709</u>	<u>204,697</u>
Total Deferred Outflows	<u>965,709</u>	<u>204,697</u>	_____	_____	<u>965,709</u>	<u>204,697</u>
Liabilities						
Other Liabilities	1,941,939	807,775	14,400	24,768	1,956,339	832,543
Noncurrent Liabilities	<u>4,308,189</u>	<u>3,537,415</u>	_____	_____	<u>4,308,189</u>	<u>3,537,415</u>
Total Liabilities	<u>6,250,128</u>	<u>4,345,190</u>	<u>14,400</u>	<u>24,768</u>	<u>6,264,528</u>	<u>4,369,958</u>
Deferred Inflows:						
Resources Related to PERS	<u>54,181</u>	<u>140,999</u>	_____	_____	<u>54,181</u>	<u>140,999</u>
Total Deferred Inflows	<u>54,181</u>	<u>140,999</u>	_____	_____	<u>54,181</u>	<u>140,999</u>
Net Position						
Invested in Capital Assets-						
Net of Related Debt	8,877,172	3,761,335	58,450	16,156	8,935,622	3,777,491
Restricted	3,602,582	3,404,521	32,055	32,055	3,634,637	3,436,576
Unrestricted	<u>(3,658,745)</u>	<u>(3,535,225)</u>	<u>70,055</u>	<u>132,551</u>	<u>(3,588,690)</u>	<u>(3,402,674)</u>
Total Net Position	<u>8,821,009</u>	<u>3,630,631</u>	<u>160,560</u>	<u>180,762</u>	<u>8,981,569</u>	<u>3,811,393</u>

**TOWN OF GUTTENBERG BOARD OF EDUCATION
GUTTENBERG, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Table 2 below shows the changes in net position for fiscal year 2016.

**Table 2
Changes in Net Position
Year Ended June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues						
Program Revenues:						
Charges for Services and Sales			45,836	54,623	45,836	54,623
Operating Grants and Contributions	1,238,800	1,162,137	448,381	432,761	1,687,181	1,594,898
General Revenues:						
Taxes:						
Property taxes, levied for general purposes	10,882,182	10,668,805			10,882,182	10,668,805
Property taxes, levied for debt services	229,841	243,377			229,841	243,377
Local Share - Capital Project Fund	3,903,246	1,036,546			3,903,246	1,036,546
Federal and State Aid not Restricted	7,950,297	7,233,297			7,950,297	7,233,297
Federal and State - Restricted for Capital Projects	1,095,521	365,174			1,095,521	365,174
Miscellaneous Income	<u>36,627</u>	<u>232,635</u>	<u>2,222</u>	<u>1,505</u>	<u>38,849</u>	<u>125,013</u>
Total Revenues and Transfers	<u>25,336,514</u>	<u>20,941,971</u>	<u>496,439</u>	<u>488,889</u>	<u>25,832,953</u>	<u>21,321,733</u>

**TOWN OF GUTTENBERG BOARD OF EDUCATION
GUTTENBERG, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Functions/Program Expenses						
Instruction:						
Regular	5,398,563	5,365,573			5,398,563	5,365,573
Special Education	761,361	730,823			761,361	730,823
Other Special Instruction	691,013	936,955			691,013	936,955
Other Instruction	71,727	179,549			71,727	179,549
Support Services:						
Tuition	5,039,443	5,115,833			5,039,443	5,115,833
Student & Instruction Related Services	2,496,387	2,255,474			2,496,387	2,255,474
School Administrative Services	146,756	139,430			146,756	139,430
General Administrative Services	436,067	451,504			436,067	451,504
Central Services	387,689	386,608			387,689	386,608
Administrative Information Technology	134,825	129,376			134,825	129,376
Plant Operations and Maintenance	889,641	823,904			889,641	823,904
Pupil Transportation	286,834	182,233			286,834	182,233
Unallocated Benefits	3,170,724	2,299,526			3,170,724	2,299,526
Non-depreciable Capital Outlay	26,556	33,482			26,556	33,482
Food Service			516,641	480,218	516,641	480,218
Debt Services:						
Interest and Other Charges		13,444				13,444
Unallocated depreciation	<u>208,550</u>	<u>229,134</u>			<u>208,550</u>	<u>229,134</u>
Total Expenses and Transfers	<u>20,146,136</u>	<u>19,272,848</u>	<u>516,641</u>	<u>480,218</u>	<u>20,662,777</u>	<u>19,753,066</u>
Increase or (Decrease) in						
Net Position	<u>5,190,378</u>	<u>1,669,123</u>	<u>(20,202)</u>	<u>8,671</u>	<u>5,170,176</u>	<u>1,568,667</u>

**TOWN OF GUTTENBERG BOARD OF EDUCATION
GUTTENBERG, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Governmental and Business- Activities

As reported in the Statement of Activities the cost of all of our governmental and business-type activities this year was \$20,662,777. However, the amount that our taxpayers ultimately financed for these activities through School District taxes was only \$11,112,023 because some of the cost was paid by those who benefitted from the programs \$45,836 by other governments and organizations who subsidized certain programs with grants and contributions \$14,636,245, and by miscellaneous sources \$38,849.

Revenues for the District's business-type activities (food service and school age child care programs) were comprised of charges for services and federal and state subsidy reimbursements. Significant financial results include the following:

- ✓ Food service expenses exceeded revenues by \$20,202.
- ✓ Charges for services provided totaled \$45,836. This represents amounts paid by consumers for daily food services.
- ✓ Federal and state reimbursement for meals served, including payments for free and reduced priced lunches, and donated commodities was \$448,381.

The following schedules present a summary of governmental fund revenues for the fiscal year ended June 30, 2016, and the amount and percentages of increases/(decreases) relative to the prior year:

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2015</u>	<u>Percent of Increase/ (Decrease)</u>	<u>Prior Year</u>
Local Source	\$15,051,896	63.1%	\$2,870,533	23.56%	\$12,181,363
State Source	7,733,609	32.4%	1,068,471	16.03%	6,665,138
Federal Source	1,066,687	4.5%	33,889	3.28)%	1,032,798
	<u>\$23,852,192</u>	<u>100.0%</u>	<u>\$3,972,893</u>	19.99%	<u>\$19,879,299</u>

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2015</u>	<u>Percent of Increase/ (Decrease)</u>	<u>Prior Year</u>
Current Expenditures:					
Instruction	\$6,942,706	29.4%	\$(290,236)	(4.01)%	7,232,942
Undistributed	11,306,707	47.9%	606,675	5.67%	10,700,032
Debt Service	245,722	1.0%	(14,472)	(5.56)%	260,194
Other Financing Uses	5,111,943	21.7%	3,664,560	253.19%	1,447,383
	<u>\$23,607,078</u>	<u>100.0%</u>	<u>\$3,966,527</u>	20.20%	<u>\$19,640,551</u>

Changes in expenditures were the result of varying factors. Current expense undistributed increased due to significant health insurance cost increases combined with increased student special education enrollment.

**TOWN OF GUTTENBERG BOARD OF EDUCATION
GUTTENBERG, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS

The School District's budgets are prepared according to New Jersey law, and are based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted funds are the general fund and the special revenue fund.

During the fiscal year ended June 30, 2016, the School District amended the budgets of these major governmental funds several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts. Several of these revisions bear notation:

- TPAF, which is the state's contribution to the pension fund, is neither a revenue item nor an expenditure item to the district but is required to be reflected in the financial statements.
- The special revenue fund was increased by \$643,883 for increases in federal and state grant awards.

General Fund

The general fund actual revenue was \$17,368,679. That amount is \$1,437,887 above the final amended budget of \$15,930,792. The variance between the actual revenues and final budget was the result of non-budgeted on-behalf payments of \$1,355,431 for TPAF social security reimbursements and on-behalf pension payments and a \$82,456 excess in miscellaneous anticipated revenues and other state aids.

The actual expenditures of the general fund were \$17,123,789 including transfers which is \$527,597 less than the final amended budget of \$17,651,386. The variance between the actual expenditures and final budget was due to non-budgeted on-behalf TPAF social security and pension payments of \$1,355,431 and \$1,883,028 of unexpended budgeted funds.

Special Revenue Fund

The special revenue fund actual revenue was \$1,238,800. That amount is above the original budget estimate of \$695,971 and below the final amended budget of \$1,339,854. The \$643,883 variance between the original and final budget was due to additional federal and state grant monies awarded to the District after the original budget was approved. The \$101,054 variance between the final amended budget and the June 30, 2016 actual results was due to the deferral of Federal and State grants received in the current fiscal year to be spent in the next fiscal year.

The actual expenditures of the special education fund were \$1,238,800, which is above the original budget of \$695,971 and below the final amended budget of \$1,339,854. The \$643,883 variance between the original and final budget was due to additional expenditures related to the additional grants awarded to the District after the original budget was approved. The \$101,054 variance between the final amended budget and the June 30, 2016 actual results was due to the anticipation of fully expending federal and state grant programs. Expenditures will be incurred in the next fiscal year.

**TOWN OF GUTTENBERG BOARD OF EDUCATION
GUTTENBERG, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2016 the School District had \$12,574,702 invested in sites, buildings and equipment. Of this amount, \$3,639,080 in depreciation has been taken over the years. We currently have a net book value of \$8,935,622. Total depreciable additions for the year were \$5,133,228, which consisted of various equipment purchases and site and building improvements.

**Table 3
Capital Assets at June 30,
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	9,957	9,957			9,957	9,957
Construction in Progress	6,400,487	1,401,720			6,400,487	1,401,720
Site Improvements	171,934	148,544			171,934	148,544
Buildings and Improvements	2,195,653	2,316,960			2,195,653	2,316,960
Machinery and Equipment	99,141	123,154	58,450	16,156	157,591	139,310
	<u>8,877,172</u>	<u>4,000,335</u>	<u>58,450</u>	<u>16,156</u>	<u>8,935,622</u>	<u>4,016,491</u>

Debt Administration

At June 30, 2016, the District had \$4,308,189 of long term debt. Of this amount, \$827,512 is for compensated absences; \$92,648 is for the unfunded pension liability; \$18,134 is the deferral of the annual PERS contribution; and \$3,369,895 for the net pension PERS liability.

At June 30, 2016, the school district's overall legal debt margin was \$26,834,020. For more detailed information, please refer to the Notes to the Basic Financial Statements.

**Table 4
Outstanding Serial Bonds at June 30,**

	<u>2016</u>	<u>2015</u>
1994 School Improvement Bonds	<u>\$-0-</u>	<u>\$239,000</u>

**TOWN OF GUTTENBERG BOARD OF EDUCATION
GUTTENBERG, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The economy in the State of New Jersey is slowly improving. The current State of New Jersey revenue estimates have declined to the point that the legislature and governor have approved a State Aid funding bill for the 2016-2017 school year that is slightly above the funding level of the 2015-2016 school year.

These factors were considered in preparing the Town of Guttenberg Board of Education's budgets for the 2016-2017 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Guttenberg Board of Education's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Jolene Mantineo
School Business Administrator
Town of Guttenberg Board of Education
301 69th Street
Guttenberg, New Jersey 07093

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

TOWN OF GUTTENBERG BOARD OF EDUCATION
Statement of Net Position
June 30, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash, cash equivalents and investments	2,907,523	98,448	3,005,971
Receivables, net	2,354,080	35,686	2,389,766
Internal Balances	20,833	(20,833)	-
Inventory		3,209	3,209
Restricted assets:			
Capital reserve account - cash	1		1
Capital assets:			
Land and construction in progress	6,410,444		6,410,444
Other capital assets, net	2,466,728	58,450	2,525,178
Total Assets	<u>14,159,609</u>	<u>174,960</u>	<u>14,334,569</u>
Deferred Outflow of Resources:			
Deferred outflows of resources related to PERS	965,709		965,709
Total Deferred Outflows	<u>965,709</u>	<u>-</u>	<u>965,709</u>
LIABILITIES			
Accounts payable and accrued liabilities	710,930	14,400	725,330
Interfunds payable			-
Payable to federal government	32,311		32,311
Payable to local government	1,125,893		1,125,893
Unearned revenue	72,805		72,805
Noncurrent liabilities:			
Due within one year	113,930		113,930
Due beyond one year	4,194,259		4,194,259
Total liabilities	<u>6,250,128</u>	<u>14,400</u>	<u>6,264,528</u>
Deferred Inflow of Resources:			
Deferred inflows of resources related to PERS	54,181		54,181
Total Deferred Inflows	<u>54,181</u>	<u>-</u>	<u>54,181</u>
NET POSITION			
Net investment in capital assets	8,877,172	58,450	8,935,622
Restricted for:			
Capital Reserve	1		1
Other Purposes	3,602,581	32,055	3,634,636
Unrestricted (Deficit)	<u>(3,658,745)</u>	<u>70,055</u>	<u>(3,588,690)</u>
Total net position	<u><u>8,821,009</u></u>	<u><u>160,560</u></u>	<u><u>8,981,569</u></u>

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

TOWN OF GUTTENBERG BOARD OF EDUCATION
Statement of Activities
For the Fiscal Year Ended June 30, 2016

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:								
Instruction:								
Regular	4,079,916	1,318,647		881,359		(4,517,204)		(4,517,204)
Special education	669,362	91,999				(761,361)		(761,361)
Other special instruction	691,013					(691,013)		(691,013)
Other instruction	71,727					(71,727)		(71,727)
Support services:								
Tuition	5,039,443					(5,039,443)		(5,039,443)
Student & instruction related services	2,259,380	237,007		346,509		(2,149,878)		(2,149,878)
General administrative services	381,128	54,939				(436,067)		(436,067)
School administrative services	91,805	54,951				(146,756)		(146,756)
Central services	312,351	75,338				(387,689)		(387,689)
Administrative information technology	117,356	17,469				(134,825)		(134,825)
Plant operations and maintenance	749,580	140,061				(889,641)		(889,641)
Pupil transportation	286,834					(286,834)		(286,834)
Unallocated benefits	3,170,724					(3,170,724)		(3,170,724)
Non-depreciable capital outlay	26,556			10,932		(15,624)		(15,624)
Debt Services:								
Interest and Other Charges								
Unallocated depreciation		208,550				(208,550)		(208,550)
Total governmental activities	17,947,175	2,198,961	-	1,238,800	-	(18,907,336)	-	(18,907,336)
Business-type activities:								
Food Service	516,641		45,836	448,381			(22,424)	(22,424)
Total business-type activities	516,641		45,836	448,381			(22,424)	(22,424)
Total primary government	18,463,816		45,836	1,687,181		(18,907,336)		(18,929,760)
General revenues:								
Taxes:								
Property taxes, levied for general purposes						10,882,182		10,882,182
Property taxes, levied for debt services						229,841		229,841
Local share, Capital Projects Fund						3,903,246		3,903,246
Federal and State aid not restricted						7,950,297		7,950,297
Federal and State aid restricted for Capital Projects						1,095,521		1,095,521
Miscellaneous Income						36,627	2,222	38,849
Total general revenues, special items, extraordinary items and transfers						24,097,714	2,222	24,099,936
Change in Net Position						5,190,378	(20,202)	5,170,176
Net Position—beginning						3,630,631	180,762	3,811,393
Net Position—ending						8,821,009	160,560	8,981,569

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

FUND FINANCIAL STATEMENTS

TOWN OF GUTTENBERG BOARD OF EDUCATION
Balance Sheet
Governmental Funds
June 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	2,764,290				2,764,290
Interfund receivables	181,286				181,286
Receivables from other governments	980,315	217,808	1,095,521	13,513	2,307,157
Restricted cash and cash equivalents	1				1
Total assets	3,925,892	217,808	1,095,521	13,513	5,252,734
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	553,116	12,675			565,791
Payable to federal government		32,311			32,311
Payable to local government	30,372		1,095,521		1,125,893
Interfund payables		100,017		13,513	113,530
Unearned revenue		72,805			72,805
Total liabilities	583,488	217,808	1,095,521	13,513	1,910,330
Fund Balances:					
Restricted for:					
Excess surplus - designated for subsequent year's expenditures	1,541,418				1,541,418
Excess surplus - current year	1,896,627				1,896,627
Capital reserve account	1				1
Assigned to:					
Other Purposes	21,303				21,303
Assigned to:					
Unassigned, reported in:					
General fund	(116,945)				(116,945)
Capital projects fund					-
Total Fund balances	3,342,404	-	-	-	3,342,404
Total liabilities and fund balances	3,925,892	217,808	1,095,521	13,513	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$12,434,823 and the accumulated depreciation is \$3,557,651.	8,877,172
Accounts payable for subsequent Pension payment is not a payable in the funds	(145,139)
Deferred outflows and inflows of resources are applicable to future periods and therefore are not reported in the funds.	
Deferred outflows of resources related to PERS Pension Liability	965,709
Deferred inflows of resources related to PERS Pension Liability	(54,181)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 3)	(4,308,189)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net assets	143,233
Net position of governmental activities	8,821,009

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

TOWN OF GUTTENBERG BOARD OF EDUCATION
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local sources:					
Local tax levy	10,882,182			229,841	11,112,023
Miscellaneous	36,627				36,627
Local share			3,903,246		3,903,246
Total - Local Sources	<u>10,918,809</u>	-	<u>3,903,246</u>	<u>229,841</u>	<u>15,051,896</u>
State sources	6,435,270	186,937	1,095,521	15,881	7,733,609
Federal sources	14,824	1,051,863			1,066,687
Total revenues	<u>17,368,903</u>	<u>1,238,800</u>	<u>4,998,767</u>	<u>245,722</u>	<u>23,852,192</u>
EXPENDITURES					
Current:					
Regular instruction	4,537,246	881,359			5,418,605
Special education instruction	761,361				761,361
Other special instruction	691,013				691,013
Other instruction	71,727				71,727
Support services and undistributed costs:					
Tuition	5,039,443				5,039,443
Student & instruction related services	2,149,878	346,509			2,496,387
General administrative services	436,067				436,067
School administrative services	146,756				146,756
Central services	387,689				387,689
Administrative information technology	134,825				134,825
Plant operations and maintenance	890,366				890,366
Pupil transportation	286,834				286,834
Unallocated Benefits	132,909				132,909
On-behalf contributions	1,355,431				1,355,431
Capital Outlay	102,244	10,932	4,998,767		5,111,943
Debt Service:					
Principal				239,000	239,000
Interest and other Charges				6,722	6,722
Total expenditures	<u>17,123,789</u>	<u>1,238,800</u>	<u>4,998,767</u>	<u>245,722</u>	<u>23,607,078</u>
Excess (Deficiency) of revenues over expenditures	<u>245,114</u>	-	-	-	<u>245,114</u>
Net change in fund balances	245,114	-	-	-	245,114
Fund balance—July 1	3,097,290	-	-	-	3,097,290
Fund balance—June 30	<u>3,342,404</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,342,404</u>

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

TOWN OF GUTTENBERG BOARD OF EDUCATION
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2016

Total net change in fund balances - governmental funds (from B-2)		245,114						
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>								
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>								
	<table style="margin-left: auto; margin-right: auto;"> <tr> <td style="padding-right: 20px;">Depreciation expense</td> <td style="text-align: right;">(208,550)</td> </tr> <tr> <td>Depreciable Capital outlays</td> <td style="text-align: right;"><u>5,085,387</u></td> </tr> </table>	Depreciation expense	(208,550)	Depreciable Capital outlays	<u>5,085,387</u>	4,876,837		
Depreciation expense	(208,550)							
Depreciable Capital outlays	<u>5,085,387</u>							
<p>Repayment of long-term is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. In the current year, these amounts consist of:</p>								
Principal payment on serial bonds		239,000						
Payment of unfunded pension liability		20,042						
Payment of deferred PERS pension contribution		1,666						
<p>In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is a subtraction in the reconciliation.(-)</p>								
		6,722						
<p>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 (+).</p>								
	Increase in compensated absences payable	(27,565)						
<p>District pension contributions are reported as expenditures in the governmental funds when made. However, per GASB No. 68 they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changed in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.</p>								
	<table style="margin-left: auto; margin-right: auto;"> <tr> <td style="padding-right: 20px;">District Pension Contributions</td> <td style="text-align: right;">129,063</td> </tr> <tr> <td>Less: Pension Expense</td> <td style="text-align: right;"><u>(301,226)</u></td> </tr> <tr> <td>Increase in Pension Expense</td> <td></td> </tr> </table>	District Pension Contributions	129,063	Less: Pension Expense	<u>(301,226)</u>	Increase in Pension Expense		(172,163)
District Pension Contributions	129,063							
Less: Pension Expense	<u>(301,226)</u>							
Increase in Pension Expense								
<p>Per GASB No. 68, Non-employer contributing entities are required to record any increases in revenue and expense for On-behalf TPAF pension payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements.</p>								
	Increase in On-behalf State Aid TPAF Pension	1,484,322						
	Increase in On-behalf TPAF Pension Expense	(1,484,322)						
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities.</p>								
		725						
Change in net position of governmental activities		5,190,378						

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

TOWN OF GUTTENBERG BOARD OF EDUCATION
Combining Statement of Net Position
Enterprise Funds
June 30, 2016

	Business-Type Activities - Enterprise Fund		Governmental Activities - Internal Service Fund
	Food Service Program	Totals	
ASSETS			
Current assets:			
Cash and cash equivalents	98,448	98,448	143,233
Accounts receivable:			
State	389	389	
Federal	35,297	35,297	
Inventories	3,209	3,209	
Total current assets	<u>137,343</u>	<u>137,343</u>	<u>143,233</u>
Noncurrent assets:			
Capital assets:			
Equipment	139,879	139,879	
Less accumulated depreciation	(81,429)	(81,429)	
Total capital assets (net of accumulated depreciation)	<u>58,450</u>	<u>58,450</u>	
Total assets	<u><u>195,793</u></u>	<u><u>195,793</u></u>	<u><u>143,233</u></u>
LIABILITIES			
Current liabilities:			
Accounts payable	14,400	14,400	
Interfund payable	20,833	20,833	
Total current liabilities	<u>35,233</u>	<u>35,233</u>	
NET POSITION			
Net investment in capital assets	58,450	58,450	
Restricted contributed capital	32,055	32,055	
Unrestricted	70,055	70,055	143,233
Total net assets	<u><u>160,560</u></u>	<u><u>160,560</u></u>	<u><u>143,233</u></u>

TOWN OF GUTTENBERG BOARD OF EDUCATION
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Enterprise Funds
For the Fiscal Year Ended June 30, 2016

	Business-Type Activities - Enterprise Funds		Governmental Activities - Internal Service Fund
	Food Service Program	Total Enterprise	
Operating revenues:			
Charges for services:			
Daily sales - reimbursable programs	31,137	31,137	
Daily sales - non-reimbursable programs	14,699	14,699	
Total operating revenues	<u>45,836</u>	<u>45,836</u>	<u>-</u>
Operating expenses:			
Cost of sales	217,050	217,050	
Salaries	220,970	220,970	
Supplies and materials	3,415	3,415	
Cleaning, repair and maintenance	15,154	15,154	
Miscellaneous	6,197	6,197	
Employee benefits	33,837	33,837	
Purchased property services	14,471	14,471	
Depreciation	5,547	5,547	
Total Operating Expenses	<u>516,641</u>	<u>516,641</u>	<u>-</u>
Operating income (loss)	<u>(470,805)</u>	<u>(470,805)</u>	<u>-</u>
Nonoperating revenues (expenses):			
State sources:			
State school lunch program	6,208	6,208	
Federal sources:			
National school lunch program	331,446	331,446	
National school breakfast program	18,251	18,251	
Food distribution program	39,934	39,934	
Fresh fruit and vegetable program	52,341	52,341	
Additional Subsidy Revenue - Prior Year	201	201	
Interest and investment revenue (expenses)	2,222	2,222	725
Total nonoperating revenues (expenses)	<u>450,603</u>	<u>450,603</u>	<u>725</u>
Income (loss) before contributions & transfers	<u>(20,202)</u>	<u>(20,202)</u>	<u>725</u>
Transfers in (out)		-	
Change in net position	<u>(20,202)</u>	<u>(20,202)</u>	<u>725</u>
Total net position—beginning,	<u>180,762</u>	<u>180,762</u>	<u>142,508</u>
Total net position—ending	<u>160,560</u>	<u>160,560</u>	<u>143,233</u>

TOWN OF GUTTENBERG BOARD OF EDUCATION
Combining Statement of Cash Flows
Enterprise Funds
For the Fiscal Year Ended June 30, 2016

	Business-Type Activities - Enterprise Funds		Governmental Activities - Internal Service Fund
	Food Service Program	Total Enterprise	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	45,836	45,836	
Payments to Outside Food Service Management Company	(376,349)	(376,349)	
Payments to employees	(76,438)	(76,438)	
Payments for cleaning, repair and maintenance	(15,153)	(15,153)	
Payments for supplies	(2,811)	(2,811)	
Net cash provided by (used for) operating activities	<u>(424,915)</u>	<u>(424,915)</u>	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	6,090	6,090	
Federal Sources	385,425	385,425	
Additional Subsidy Revenue - Prior Year	201	201	
Net cash provided by (used for) non-capital financing activities	<u>391,716</u>	<u>391,716</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(13,408)	(13,408)	
Net cash provided by (used for) capital and related financing activities	<u>(13,408)</u>	<u>(13,408)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends (expenses)	2,222	2,222	725
Net cash provided by (used for) investing activities	<u>2,222</u>	<u>2,222</u>	<u>725</u>
Net increase (decrease) in cash and cash equivalents	(44,385)	(44,385)	725
Balances—beginning of year	142,833	142,833	142,508
Balances—end of year	<u>98,448</u>	<u>98,448</u>	<u>143,233</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss) provided by:	(470,805)	(470,805)	-
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and net amortization	5,547	5,547	
Food Distribution Program	39,934	39,934	
(Increase) decrease in inventories	(391)	(391)	
Increase (decrease) in accounts payable	800	800	
Total adjustments	<u>45,890</u>	<u>45,890</u>	<u>-</u>
Net cash provided by (used for) operating activities	<u>(424,915)</u>	<u>(424,915)</u>	<u>-</u>

TOWN OF GUTTENBERG BOARD OF EDUCATION
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	<u>Private Purpose Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS		
Cash and cash equivalents	14,743	78,280
Deposits		7,688
Total assets	14,743	85,968
LIABILITIES		
Payable to student groups		33,279
Payroll deductions and withholdings		4,766
Net salaries and wages		1,000
Interfund Payable - General Fund		46,923
Total liabilities		85,968
NET POSITION		
Reserved for Scholarships	14,743	

TOWN OF GUTTENBERG BOARD OF EDUCATION
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2016

	<u>Private Purpose Scholarship Fund</u>
ADDITIONS	
Contributions:	
Interest Earned	79
Total Contributions	<u>79</u>
DEDUCTIONS	
Scholarship payments	1,100
Total deductions	<u>1,100</u>
Change in net assets	(1,021)
Net position—beginning of the year	<u>15,764</u>
Net position—end of the year	<u><u>14,743</u></u>

NOTES TO THE FINANCIAL STATEMENTS

**Town of Guttenberg School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Board of Education (“Board”) of the Town of Guttenberg School District (“District”) is an instrumentality of the State of New Jersey, established to function as an educational institution. The Town of Guttenberg School District is a Type II district located in the County of Hudson, 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 members elected to three-year terms. The purpose of the District is to educate students in grades K-8. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board’s duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

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

The 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 Board holds the corporate powers of the organization
- the Board appoints a voting majority of the organization’s board
- the Board is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Board
- there is a fiscal dependency by the organization on the Board

Based on the aforementioned criteria, the Board has no component units. Furthermore, the Board is not includable in any other reporting entity on the basis of such criteria.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education of the Town of Guttenberg School District have been prepared in conformity with accounting principles generally accepted in the United States of America (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. The more significant of the board’s accounting policies are described below.

**Town of Guttenberg School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

A. Basis of Presentation:

The Board's basic financial statements consist of District-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

District-wide Financial Statements:

The statement of net position and the statement of activities display information about the Board as a whole. These statements include the financial activities of the overall District, except for the fiduciary funds. The statements distinguish between those activities of the Board that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the Board at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the governmental activities and for the business-type activities of the Board. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Board, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Board.

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *government*, *proprietary*, and *fiduciary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models. The various funds of the Board are grouped into the categories governmental, proprietary and fiduciary.

**Town of Guttenberg School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the Board are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Board's governmental funds:

General Fund - The General Fund is the general operating fund of the Board. 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 noninstructional equipment which are classified in the Capital Outlay subfund.

As required by the New Jersey State Department of Education, the Board includes budgeted Capital Outlay in this fund. Accounting principles generally accepted in the United States of America 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 fixed 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.

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.

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 sale of bonds, lease purchases and other revenues.

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.

**Town of Guttenberg School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

PROPRIETARY FUNDS

The focus of Proprietary Fund measurement is upon determination of net income, changes in net position, financial position and cash flows. The accounting principles generally accepted in the United States of America applicable are those similar to businesses in the private sector. Proprietary funds are classified as enterprise or internal service. The following is a description of the Proprietary Funds of the Board:

Enterprise Funds - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the Board is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the Board has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Board's Enterprise Fund is comprised of the Food Service and School Age Child Care Programs.

Internal Service Fund - The Internal Service Fund has been established to account for the income and related expenses associated with the lease of school owned property.

FIDUCIARY FUNDS

Fiduciary Fund - Fiduciary Fund reporting focuses on net position and changes in net position. The Fiduciary Funds are used to account for assets held by the Board on behalf of individuals, private organizations, other governments and/or other funds. Fiduciary Funds include Unemployment Compensation Insurance, the Private Purpose Scholarship Funds, Student Activities Fund, Payroll and Payroll Agency Fund.

B. Measurement Focus:

District-wide Financial Statements

The District-wide statements (i.e., the statement of net position and the statement of activities) are prepared using the economic resources measurements focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the Board are included on the statement of net position, except for fiduciary funds.

**Town of Guttenberg School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus: (continued)

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the District-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the District-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Board finances and meets the cash flow needs of its proprietary activities.

C. Basis of Accounting:

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The District-wide financial statements and the financial statements of the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

**Town of Guttenberg School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

C. Basis of Accounting: (continued)

Revenues - Exchange and Non-exchange Transactions, (continued)

Nonexchange transactions, in which the Board receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Board must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Board on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under GAAP, in accordance with GASB No. 33, Accounting and Financial Reporting for Nonexchange Transactions, the last state aid payment is not considered revenue to the school district if the state has not recorded the corresponding expenditure, even though state law dictates recording the revenue.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: ad valorem property taxes, tuition, unrestricted grants and interest.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement of focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

D. Budgets/Budgetary Control:

Annual appropriated budgets are adopted in the spring of the preceding year for the general, and special revenue funds. The budgets are submitted to the county superintendents office for approval. 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. 6A:23-2(g)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year.

**Town of Guttenberg School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

D. Budgets/Budgetary Control: (continued)

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and 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.

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.

E. Encumbrances:

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

Open encumbrances in the special revenue fund, for which the Board has received advances, are reflected in the balance sheet as unearned revenue at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

F. Cash, Cash Equivalents and Investments:

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.

**Town of Guttenberg School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

F. Cash, Cash Equivalents and Investments: (continued)

Additionally, the Board has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 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.

G. Tuition Payable:

Tuition charges were established by the receiving district. The charges are subject to adjustment when the final costs have been determined.

H. Inventories:

On District-wide financial statements, inventories are presented at cost, which approximates market on a first-in, first-out basis and are expensed when used.

On fund financial statements inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Inventories of proprietary funds consist of food and goods held for resale, as well as supplies, and are expensed when used.

I. Prepaid Items:

Payments made to vendors for services that will benefit periods beyond June 30, 2016, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

**Town of Guttenberg School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

J. Short-Term Interfund Receivables/Payables:

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

K. Capital Assets:

General capital assets are those assets not specifically related to activities reported in the enterprise fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the district -wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the enterprise fund are reported both in the business-type activity column of the District-wide statement of net position and in the fund.

All capital assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The capital assets acquired or constructed prior to June 30, 1993 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their estimated fair market value on the date received. The Board maintains a capitalization threshold of \$2,000.00. The Board does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activity Estimated Lives</u>
Sites and Improvements	20 years	N/A
Buildings and Improvements	7-50 years	N/A
Furniture, Equipment and Vehicles	5-20 years	5-20 years

**Town of Guttenberg School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

L. 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 Board 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 Board and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

M. Unearned Revenue:

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Unearned revenue in the special revenue fund represents cash that has been received but not yet earned. See Note 2(E) regarding the special revenue fund.

N. Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgements, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds, long-term obligations, and capital leases that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

**Town of Guttenberg School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

O. Accounting and Financial Reporting for Pensions:

In fiscal year 2015, the District implemented GASB 68. This Statement amends GASB Statement No. 27. It improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement is effective for periods beginning after June 15, 2014.

The District has also implemented GASB Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date—an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

**Town of Guttenberg School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

O. Accounting and Financial Reporting for Pensions: (continued)

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has only one item that qualifies for reporting in this category, deferred amounts related to pension.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies in this category, deferred amounts related to pension.

Q. Fund Balances:

Fund balance is divided into five classifications based primarily on the extent to which the Board is bound to observe constraints imposed upon the resources in the governmental funds. The classifications are as follows:

- **Nonspendable** fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).
- **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of resource providers.

**Town of Guttenberg School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Q. Fund Balances: (continued)

- **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Board's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.
- **Assigned** fund balance comprises amounts *intended* to be used by the Board for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- **Unassigned** fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

R. Net Position:

Net position represent the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Board or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Board applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

S. Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Board, these revenues are sales for food service and tuition for the School Age Child Care Program. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

**Town of Guttenberg School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

T. Extraordinary and Special Items:

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board and that are either unusual in nature or infrequent in occurrence.

U. Allocation of Indirect Expenses:

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. TPAF on-behalf contributions and changes in compensated absences have not been allocated and have been reported as unallocated benefits on the Statement of Activities. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities as unallocated depreciation. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

V. Use of Estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

W. Recent Accounting Pronouncements:

The Governmental Accounting Standards Board (GASB) issued Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27". This statement, which is effective for fiscal periods beginning after June 15, 2014, was implemented by the District for the year ended June 30, 2015.

The Governmental Accounting Standards Board (GASB) issued Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date-an-amendment of GASB Statement No. 68". The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014 and was implemented by the District for the year ended June 30, 2015.

**Town of Guttenberg School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

W. Recent Accounting Pronouncements: (continued)

The Government Accounting Standards Board issued GASB Statement No. 72, Fair Value Measurement and Application. This Statement is effective for fiscal years beginning after June 15, 2015. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement also provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68. This Statement is effective for fiscal years beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for fiscal years beginning after June 15, 2016. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. This Statement applies to OPEB plans and basically parallels GASB Statement 67 and replaces GASB Statement 43 and is effective for fiscal years beginning after June 15, 2016. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for fiscal years beginning after June 15, 2017. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, which reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the American Institute of Certified Public Accountants that is cleared by the GASB. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

**Town of Guttenberg School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

W. Recent Accounting Pronouncements: (continued)

The Government Accounting Standards Board issued GASB Statement No. 77, Tax Abatement Disclosures, which improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The District believes this Statement will have no impact on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans, which establishes the criteria for identifying the applicable pension plans and addresses measurement and recognition for pension liabilities, expense and expenditures; note disclosures of descriptive information about the plan, benefit terms, and contributions items; and required supplementary information presenting required contribution amounts for the past 10 fiscal years. The District is currently reviewing what effect this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 79, Certain External Investment Pools and Pool Participation, which permits qualifying external investment pools to measure pool investments at amortized cost for financial reporting purposes. The District is currently reviewing what effect this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 80, Blending Requirements for Certain Component Units, which provides clarity about how certain component units incorporated as not-for-profit corporations should be presented in the financial statements of the primary state or local government. The District does not believe this Statement will have any effect on future financial statements.

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 81, Irrevocable Split-Interest Agreements. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The District does not believe this Statement will have any effect on future financial statements.

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 82, Pension Issues - an Amendment of GASB Statements No. 67, No. 68 and No. 73. The objective of this Statement is to address certain issues that have been raised with respect to Statement No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68*,

**Town of Guttenberg School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

W. Recent Accounting Pronouncements: (continued)

and Amendments to Certain Provisions of GASB Statements 67 and 68. This Statement is effective for reporting periods beginning after June 15, 2016. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2016, \$-0- of the District's bank balance of \$4,624,390 was exposed to custodial credit risk.

Investments

Investment Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investments to 397 days.

Credit Risk

New Jersey Statutes 18A:20-37 limits school district investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the school districts or bonds or other obligations of the local unit or units within which the school district is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer.

**Town of Guttenberg School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 4. RECEIVABLES

Receivables at June 30, 2016, consisted of accounts and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial <u>Statements</u>	Enterprise Fund	District Wide Financial <u>Statements</u>
Other Receivables	\$926,001	\$389	\$926,001
State Aid	1,161,016	\$35,297	1,161,405
Federal Aid	220,140		255,437
Due from Other Funds	<u>181,286</u>		<u>46,923</u>
Gross Receivables	2,488,443	<u>35,686</u>	2,389,766
Less: Allowance for Uncollectibles			
Total Receivables, Net	<u><u>\$2,488,443</u></u>	<u><u>\$35,686</u></u>	<u><u>\$2,389,766</u></u>

NOTE 5. INTERFUND BALANCES AND ACTIVITY

Interfund transfers for the year ended June 30, 2016, consisted of the following:

\$6,120	Due to the General Fund from the Net Payroll Account for prior year outstanding checks voided by resolution and an unallocated excess in account in the current year.
40,803	Due to the General Fund from the Payroll Agency Account for prior year monies in excess of that required to cover payroll deductions and withholdings due and prior year health benefits deductions not turned over.
20,833	Due to the General Fund from the Proprietary Fund to reallocate expenditure for repair of freezers - shown as an asset in the Proprietary Fund.
100,017	Due to the General Fund from the Special Revenue Fund for short-term loans.
<u>13,513</u>	Due to the General Fund from the Debt Service Fund for short-term loans.
<u><u>\$181,286</u></u>	

It is anticipated that all interfunds will be liquidated during the fiscal year.

**Town of Guttenberg School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 6. CAPITAL ASSETS

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

	<u>Balance</u> <u>6/30/15</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/16</u>
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	9,957			9,957
Construction in Progress	<u>1,401,720</u>	<u>4,998,767</u>	_____	<u>1,401,720</u>
Total Capital Assets Not Being Depreciated	<u>1,411,677</u>	<u>4,998,767</u>	_____	<u>6,410,444</u>
Capital Assets Being Depreciated				
Sites and Improvements	317,787	35,018		352,805
Buildings and Improvements	4,764,309	7,600		4,771,909
Machinery and Equipment	<u>855,663</u>	<u>44,002</u>	_____	<u>899,665</u>
Total Capital Assets, Being Depreciated	<u>5,937,759</u>	<u>86,620</u>	_____	<u>6,024,379</u>
Less Accumulated Depreciation:				
Sites and Improvements	(169,243)	(11,628)		(180,871)
Buildings and Improvements	(2,447,349)	(128,907)		(2,576,256)
Machinery and Equipment	<u>(732,509)</u>	<u>(68,015)</u>	_____	<u>(800,524)</u>
Total Accumulated Depreciation	<u>(3,349,101)</u>	<u>(208,550)</u>	_____	<u>(3,557,651)</u>
Total Capital Assets, Being Depreciated, Net of Accumulated Depreciation	<u>2,588,658</u>	<u>(121,930)</u>	_____	<u>2,466,728</u>
Governmental Activities Capital Assets, Net	<u>4,000,335</u>	<u>4,876,837</u>	=====	<u>8,877,172</u>
	<u>Balance</u> <u>6/30/14</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/15</u>
Business-Type Activity				
Equipment	92,038	47,841		139,879
Less Accumulated Depreciation for Equipment	<u>(75,882)</u>	<u>(5,547)</u>	_____	<u>(81,429)</u>
Business-Type Activity Capital Assets, Net	<u>16,156</u>	<u>42,294</u>	=====	<u>58,450</u>

Depreciation expense was not allocated to governmental functions. It appears on the statement of activities as unallocated depreciation.

**Town of Guttenberg School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 7. LONG-TERM OBLIGATION ACTIVITY

Changes in long-term obligations for the year ended June 30, 2016 were as follows:

	<u>Balance</u> <u>June 30, 2015</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Amount</u> <u>Due Within</u> <u>One Year</u>
Net Pension Liability PERS	\$2,365,978	\$1,003,917	\$	\$3,369,895	\$
Unfunded Pension Liability	112,690		20,042	92,648	20,042
Deferred PERS Pension Contribution	19,800		1,666	18,134	1,818
Compensated Absences Payable	799,947	35,964	8,399	827,512	92,070
Bonds Payable	<u>239,000</u>		<u>239,000</u>	<u>239,000</u>	
Total	<u>\$3,537,415</u>	<u>\$1,039,881</u>	<u>\$269,107</u>	<u>\$4,308,189</u>	<u>\$113,930</u>

A. Bonds Payable:

Bonds are authorized in accordance with State law 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.

The District has no outstanding serial bonds payable at June 30, 2016.

B. Bonds Authorized But Not Issued:

As of June 30, 2016 the Board has no authorized but not issued bonds.

C. Capital Leases

The District has no capital leases outstanding at June 30, 2016.

NOTE 8. OPERATING LEASES

The District has commitments to lease copying equipment and the rental of office space for the Board of Education which expire in October 2019. Total operating lease payments made during the year ended June 30, 2016 were \$67,470. Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$69,800
2018	24,090
2019	<u>5,320</u>
	<u>\$99,210</u>

**Town of Guttenberg School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 9. 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 Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or reports can be accessed on the internet at: http://www.state.nj.us/treasury/pensions/annrpts_archive.htm.

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, 2008 under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (NJSA 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 NJSA 43:15C-1 et seq.

Contribution Requirements Fund Based Statements - The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS and 5.5% for TPAF of the employee's annual compensation. Pursuant to the provisions of Chapter 78, P.L. 2011, this amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning in the first year. For

**Town of Guttenberg School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 9. PENSION PLANS: (continued)

fiscal year 2012, the member rate will increase in October 2011. The phase in will take place on July 1 of each subsequent fiscal year. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and TPAF. In the PERS and TPAF, the employer contribution includes funding for post-retirement medical premiums.

During the year ended June 30, 2016 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost equals annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997.

The Board’s contribution to PERS AND DCRP, equal to the required contributions for each year as reported in the fund based statements, were as follows:

Year	<u>PERS</u>	<u>DCRP</u>
<u>Ending</u> 6/30/16	\$132,909	\$ -0-
6/30/15	104,177	-0-
6/30/14	110,521	-0-

The State of New Jersey contribution to TPAF (paid on-behalf of the District) for normal and post retirement benefits have been included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13, as follows:

Year	Pension	Post-Retirement Medical	NCGI
<u>Ending</u> 6/30/16	<u>Contributions</u> \$413,895	<u>Contributions</u> \$517,385	<u>Premium</u> \$20,618
6/30/15	250,769	426,738	18,042
6/30/14	179,971	321,132	15,886

In addition, the post-retirement medical benefits are included in the district-wide financial statements.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$403,533 during the year ended June 30, 2016 for the employer’s share of social security contributions for TPAF members as calculated on their base salaries. This amount has been included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13.

**Town of Guttenberg School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 9. PENSION PLANS: (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68

Public Employees Retirement System (PERS)

At June 30, 2016, the District reported a liability of \$3,369,895 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 school districts, actuarially determined. At June 30, 2015, the District's proportion was 0.0150120072 percent, which was an increase of 0.0000237508 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$301,226. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in actual and expected experience	\$80,394	\$
Changes of assumptions	361,900	
Net difference between projected and actual earnings on pension plan investments		54,181
Changes in proportion and differences between District contributions and proportionate share of contributions	378,276	
District contributions subsequent to the measurement date	<u>145,139</u>	<u> </u>
Total	<u>\$965,709</u>	<u>\$54,181</u>

The \$145,139 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2016, the plan measurement date is June 30, 2015) will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$70,656
2018	70,656
2019	112,531
2020	63,613

**Town of Guttenberg School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 9. PENSION PLANS: (continued)

Additional Information

Local Group Collective balances at June 30, 2015 and 2014 are as follows:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Collective deferred outflows of resources	\$3,578,755,666	\$952,194,675
Collective deferred inflows of resources	993,410,455	1,479,224,662
Collective net pension liability	22,447,996,119	18,722,735,003
District's Proportion	.0150120072%	.0126369266%

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which rolled forward to June 30, 2015. The total pension liability for the July 1, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	3.04 Percent
Salary Increases:	
2012-2021	2.15-4.40 Percent (based on age)
Thereafter	3.15-5.40 Percent (based on age)
Investment Rate of Return	7.90 Percent

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Mortality Rates

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

**Town of Guttenberg School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 9. PENSION PLANS: (continued)

Long-Term 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-estimate 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 rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS'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>
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 U.S. Equities	27.25%	8.52%
Developed Foreign Markets	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Returns	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%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, 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

**Town of Guttenberg School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 9. PENSION PLANS: (continued)

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 recommended 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 benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2015 respectively, calculated using the discount rate as disclosed above as well as what the collective 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:

	June 30, 2015		
	1% Decrease	At Current Discount Rate	1% Increase
	<u>3.90%</u>	<u>4.90%</u>	<u>5.90%</u>
District's proportionate share of the pension liability	\$4,188,367	\$3,369,895	\$2,683,694

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS).

Teachers Pensions and Annuity Fund (TPAF)

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

**Town of Guttenberg School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 9. PENSION PLANS: (continued)

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2016 was as follows:

Net Pension Liability:	
District's proportionate share	\$ -0-
State's proportionate share associated with the District	<u>31,425,921</u>
	<u>\$31,425,921</u>

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 June 30, 2013. The net pension liability associated with the District 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 proportion of the TPAF net pension liability associated with the District was .0497211990%.

For the year ended June 30, 2016, the District recognized on-behalf pension expense and revenue of \$1,918,835 for contributions provided by the State in the District-Wide Financial Statements.

Actuarial Assumptions

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

Inflation rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%

Mortality Rates

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

**Town of Guttenberg School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 9. PENSION PLANS: (continued)

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-estimate 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 rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in 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>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%
	<u>100.00%</u>	

**Town of Guttenberg School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 9. PENSION PLANS: (continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.13% and 4.68% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, 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. 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

Because the District's proportionate share of the net pension liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

NOTE 10. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pension 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 Chapter 62. Funding of post-retirement medical premiums changed from a prefunding 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 Chapter 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.

**Town of Guttenberg School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 10. POST-RETIREMENT BENEFITS

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 11. 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:

Metropolitan Life Insurance Co.
AXA Equitable

NOTE 12. RISK MANAGEMENT

The District is exposed to various risks 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.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverages.

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method". Under this method, the District remits all contributions directly to the State of New Jersey Unemployment Trust Fund.

**Town of Guttenberg School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 13. INVENTORY

Inventory in the Food Service Fund at June 30, 2016 consisted of the following:

Food	\$2,295
Supplies	<u>914</u>
	<u>\$3,209</u>

The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by USDA. It is valued at estimated market prices by USDA. The amount of unused commodities at year end is reported on Schedule A as deferred revenue.

NOTE 14. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Town of Guttenberg Board of Education by inclusion of \$1 on October 4, 2000 for the accumulation of funds for use as 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) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Beginning Balance, July 1, 2015	<u>\$1.00</u>
Ending Balance, June 30, 2016	<u>\$1.00</u>

**Town of Guttenberg School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 15. FUND BALANCE APPROPRIATED

General Fund [Exhibit B-1] - Of the \$3,342,404 General Fund fund balance at June 30, 2016, \$21,303 is reserved for encumbrances; \$3,438,045 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 \$1,541,418 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2017); \$1 has been reserved in the Capital Reserve Account; \$(116,945) is unreserved and undesignated.

NOTE 16. DEFICIT FUND BALANCES

The District has a deficit fund balance of \$116,945 in the General 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 payments 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 cannot 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 Fund balance deficit does not alone indicate that 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 \$116,945 is less than the last state aid payment.

NOTE 17. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7 as amended, 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 \$3,438,045. Of this amount, \$1,896,627 is the result of current year's operations.

**Town of Guttenberg School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 18. CAPITAL PROJECTS

On April 24, 2013, the Guttenberg Board of Education entered into a shared services agreement with the Town of Guttenberg to address the recreational and cultural needs of the community and at the same time address the overcrowding issues within the school's district's current educational space. This Shared Services Agreement authorized additions and alterations to the Anna L. Klein school for the construction of a Community Center and increases in educational space. The \$20,233,320 project is to be funded through a State of New Jersey's School's Development Authority Grant in the amount of \$3,651,737 received by the Board of Education and a local match from the Town of Guttenberg authorized in Bond Ordinance 2-2012 in the amount of \$16,581,583, adopted by the Mayor and Council on May 24, 2012.

NOTE 19. CONTINGENT LIABILITIES

Grant Programs - The school district participates in federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is aware of the following material items of noncompliance which would result in the disallowance of program expenditures.

Litigation - The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

NOTE 20. RELATED PARTY TRANSACTION

The District renewed a lease agreement to rent office space from a family member of the Business Administrator. This agreement was dated April 15, 2015 for a two-year period beginning June 1, 2015 through May 31, 2017. Yearly rental costs are \$20,220 for the first year and \$21,420 for the second year.

NOTE 21. SUBSEQUENT EVENTS

The Board has evaluated subsequent events through November 16, 2016, the date which the financial statements were available to be issued and no other items were noted for disclosure.

**REQUIRED SUPPLEMENTARY
INFORMATION - PART II**

BUDGETARY COMPARISON SCHEDULES

GUTTENBERG BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	10,882,182		10,882,182	10,882,182	
Miscellaneous				36,627	36,627
Total - Local Sources	<u>10,882,182</u>		<u>10,882,182</u>	<u>10,918,809</u>	<u>36,627</u>
State Sources:					
Special Education Aid	807,468		807,468	807,468	
Equalization Aid	3,594,240		3,594,240	3,594,240	
Security Aid	197,684		197,684	197,684	
Transportation Aid	7,250		7,250	7,250	
Extraordinary Aid				46,376	46,376
Under-Adequacy Aid	400,877		400,877	400,877	
Per Pupil Growth Aid	12,860		12,860	12,860	
PARCC Readiness Aid	12,860		12,860	12,860	
TPAF Pension Contributions (On-Behalf - Non Budgeted)				413,895	413,895
TPAF Postretirement Medical Contributions (On-Behalf - Non Budgeted)				517,385	517,385
TPAF Non-Contributory Insurance (On-Behalf - Non Budgeted)				20,618	20,618
TPAF Social Security (Reimbursed - Non-Budgeted)				403,533	403,533
Total - State Sources	<u>5,033,239</u>		<u>5,033,239</u>	<u>6,435,046</u>	<u>1,401,807</u>
Federal Sources:					
Medical Assistance Program (SEMI)	15,371		15,371	14,824	(547)
Total - Federal Sources	<u>15,371</u>		<u>15,371</u>	<u>14,824</u>	<u>(547)</u>
TOTAL REVENUES	<u>15,930,792</u>		<u>15,930,792</u>	<u>17,368,679</u>	<u>1,437,887</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Salaries of Teachers:					
Kindergarten - Salaries of Teachers	255,188		255,188	255,188	
Grades 1-5 - Salaries of Teachers	1,395,151	(10,000)	1,385,151	1,377,683	7,468
Grades 6-8 - Salaries of Teachers	1,157,038		1,157,038	1,115,474	41,564
Regular Programs - Home Instruction:					
Salaries of Teachers	12,000	(10,300)	1,700		1,700
Other Purchased Services	50,000	10,000	60,000	60,000	
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	127,853	(46,956)	80,897	78,739	2,158
Purchases Tech Services	8,500		8,500		8,500
Other Purchased Services	20,000	(20,000)			
General Supplies	289,250	(5,478)	283,772	239,673	44,099
Teachers Lounge Copy Machine		35,778	35,778	35,778	
Textbooks	92,034	(5,400)	86,634	36,022	50,612
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>3,407,014</u>	<u>(52,356)</u>	<u>3,354,658</u>	<u>3,198,557</u>	<u>156,101</u>
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities:					
Salaries of Teachers	267,897	8,024	275,921	275,921	
Total Learning and/or Language Disabilities	<u>267,897</u>	<u>8,024</u>	<u>275,921</u>	<u>275,921</u>	
Multiple Disabilities					
Salaries of Teachers	56,404		56,404	50,764	5,640
Total Multiple Disabilities	<u>56,404</u>		<u>56,404</u>	<u>50,764</u>	<u>5,640</u>
Resource Room/Resource Center:					
Salaries of Teachers	220,852	7,676	228,528	228,528	
Total Resource Room/Resource Center	<u>220,852</u>	<u>7,676</u>	<u>228,528</u>	<u>228,528</u>	
Autism:					
Salaries of Teachers	52,629		52,629	52,629	
Total Autism	<u>52,629</u>		<u>52,629</u>	<u>52,629</u>	
Pre-School Disabled					
Salaries of Teachers		73,561	73,561	61,520	12,041
Total Pre-School Disabled		<u>73,561</u>	<u>73,561</u>	<u>61,520</u>	<u>12,041</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>597,782</u>	<u>89,261</u>	<u>687,043</u>	<u>669,362</u>	<u>17,681</u>
Basic Skills/Remedial-Instruction					
Salaries of Teachers	444,783	(46,487)	398,296	276,279	122,017
Total Basic Skills/Remedial-Instruction	<u>444,783</u>	<u>(46,487)</u>	<u>398,296</u>	<u>276,279</u>	<u>122,017</u>
Bilingual Education - Instruction					
Salaries of Teachers	471,502	(54,782)	416,720	401,078	15,642
Other Salaries	3,000		3,000	2,870	130
General Supplies	30,000		30,000	10,786	19,214
Textbooks	10,000		10,000	10,000	
Total Bilingual Education - Instruction	<u>514,502</u>	<u>(54,782)</u>	<u>459,720</u>	<u>414,734</u>	<u>44,986</u>

GUTTENBERG BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final To Actual
School-Sponsored Cocurricular Activities - Instruction					
Salaries	16,000	12,008	28,008	28,008	
Other Purchased Services (400-500 series)	30,000	2,074	32,074	29,719	2,355
Total School-Sponsored Cocurricular Activities - Instruction	46,000	14,082	60,082	57,727	2,355
School-Sponsored Athletics - Instruction					
Salaries	7,000		7,000	7,000	
Purchased Services - (300-500 series)	8,000	(1,000)	7,000	7,000	
Total School-Sponsored Athletics - Instruction	15,000	(1,000)	14,000	14,000	
Total Distributed Expenditures	5,025,081	(51,282)	4,973,799	4,630,659	343,140
Undistributed Expenditures - Instruction					
Tuition to other LEAs within the state - regular	4,278,650	(181,947)	4,096,703	3,650,344	446,359
Tuition to other LEAs within the state - Special	740,000	171,548	911,548	859,288	52,260
Tuition to CSSD & Regular Day Schools	285,000		285,000	274,978	10,022
Tuition to Priv.Sch. For the Disabled W/I State		383,076	383,076	204,720	178,356
Tuition to Charter Schools	495,000	(444,887)	50,113	50,113	
Total Undistributed Expenditures - Instruction	5,798,650	(72,210)	5,726,440	5,039,443	686,997
Undist. Expend. - Health Services					
Salaries	132,122		132,122	132,122	
Purchased Professional and Technical Services	8,500	(57)	8,443	238	8,205
Supplies and Materials	3,500	57	3,557	3,287	270
Total Undistributed Expenditures - Health Services	144,122		144,122	135,647	8,475
Undist. Expenditures - Speech, OT, PT & Related Serv.					
Salaries	212,657	784	213,441	213,441	
Purchased Professional - Educational Services	325,000	(783)	324,217	301,400	22,817
Total Undist. Expend. - Speech, OT, PT & Related Serv.	537,657	1	537,658	514,841	22,817
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	150,539		150,539	150,539	
Salaries of Secretarial and Clerical Assistants	79,034		79,034	54,133	24,901
Purchased Professional - Educational Services	2,500		2,500	2,500	
Supplies and Materials	17,500	(7,226)	10,274	10,274	
Total Undist. Expend. - Guidance	249,573	(7,226)	242,347	204,672	37,675
Undistributed Expenditures - Other Supp. Svcs. Students - Special					
Salaries of Other Professional Staff	166,706	54,182	220,888	220,888	
Salaries of Secretarial and Clerical Assistants	24,165		24,165	24,165	
Special Education Aides	142,996	86,000	228,996	204,108	24,888
Other Professional /Ed Services		1,121	1,121	1,121	
Supplies and Materials	8,500	(1,121)	7,379	5,158	2,221
Total Undistributed Expenditures - Other Supp. Svcs. Students - Special	342,367	140,182	482,549	455,440	
Undist. Expend. - Improvement of Instructional Services					
Salaries of Other Professional Staff	100,000	12,000	112,000	107,086	4,914
Mentor Program					
Total Undist. Expend. - Improvement of Instructional Services	100,000	12,000	112,000	107,086	4,914
Undist. Expend. - Instructional Staff Training Services					
Salaries - Supervisors	455,290		455,290	442,290	13,000
Supplies and Materials	12,000		12,000	12,000	
Purchased Professional - Educational Services	105,000	(12,000)	93,000	52,895	40,105
Total Undist. Expend. - Instructional Staff Training Services	572,290	(12,000)	560,290	495,185	65,105
Undist. Expend. - Support Serv. - General Administration					
Salaries - Superintendent	225,338		225,338	222,155	3,183
Salaries of Attorneys	51,000	(21,750)	29,250	29,250	
Other Purchased Professional Service	11,000		11,000	11,000	11,000
Other Professional Services - Auditor	36,000		36,000	29,750	6,250
Audit Fees - Accountant	23,000		23,000	23,000	
Legal Services		21,750	21,750	21,250	500
Purchased Technical Services	40,000		40,000	40,000	
Communications/telephone	48,102	(5,658)	42,444	16,014	26,430
BOE Other Purchased Services	10,000		10,000	9,523	477
Misc Purchase 400-500 Other 530 & 385	21,000		21,000	4,008	16,992
Board Expenses		11,000	11,000	10,997	3
General Supplies	11,000	(11,000)			
BOE In-House Training/Meeting Supplies	5,000	(1,140)	3,860	3,041	819
Miscellaneous expenditures	4,000	1,140	5,140	5,140	
BOE Membership Dues and Fees	7,000		7,000	7,000	
Total Undist. Expend. - Supp. Serv. - General Administration	492,440	(5,658)	486,782	381,128	105,654
Undist. Expend. - Support Serv. - School Administration					
Main Office Copy Machine					
Salaries of Secretarial and Clerical assistants	70,623	827	71,450	71,450	
Purchased Professional and Technical Services	8,000	5,958	13,958	13,375	583
Supplies and materials	12,000	(1,385)	10,615	6,980	3,635
Total Undist. Expend. - Support Serv. - School Administration	90,623	5,400	96,023	91,805	4,218
Undistributed Expenditures - Central Services					
Salaries	248,326	6,737	255,063	245,938	9,125
Purchased Technical Services	20,000		20,000	3,308	16,692
Supplies and Materials	10,000		10,000	7,788	2,212
Copier/ Lease payment	5,000		5,000	972	4,028
Miscellaneous expenditures	50,000	(6,737)	43,263	54,345	(11,082)
Total Undists Expend. - Central Services	333,326		333,326	312,351	20,975

GUTTENBERG BOARD OF EDUCATION
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final To Actual
Undist. Expend. - Admin. Info. Tech.					
Salaries	95,750		95,750	92,500	3,250
Purchased Technical Services	35,000	(2,049)	32,951	12,971	19,980
Supplies and Materials	32,511		32,511	11,885	20,626
Total Undist. Expend. - Admin. Info. Technology	163,261	(2,049)	161,212	117,356	43,856
Undist. Expend. - Required Maint. for School Facilities					
Salaries	91,061		91,061	91,061	
Cleaning, Repair and Maintenance Services	120,000	85,874	205,874	76,319	129,555
Total Undist. Expend. - Required Maint. for School Facilities	211,061	85,874	296,935	167,380	129,555
Undist. Expend. - Custodial Services					
Salaries	157,282	3,909	161,191	161,191	
Rental of Land & Bldg. Oth. Than Lease Purch Agreement	20,400		20,400	20,320	80
Water		13,727	13,727	13,727	
Other Purchased Property Services	26,000	(13,727)	12,273	12,126	147
Miscellaneous Purchased Services		765	765	765	
Insurance	160,000	(10,512)	149,488	149,488	
Misc Purchase Service	6,000	(6,000)			
General Supplies	85,000	(39,087)	45,913	44,663	1,250
Energy (Natural Gas)	60,000	(28,068)	31,932	31,932	
Energy (Electricity)	130,000	(27,271)	102,729	102,588	141
Total Undist. Expend. - Other Oper. & Maint. of Plant Svcs.	644,682	(106,264)	538,418	536,800	1,618
Undist. Expend. - Security					
Salaries	46,125		46,125	46,125	
Total Undistributed Expenditures - Security	46,125		46,125	46,125	
Total Undistributed Expend.-Oper & Maint of Plant Svcs.	901,868	(20,390)	881,478	750,305	131,173
Undistributed Expenditures - Student Transportation Svcs					
Contract Serv. (Spec Ed Stds) - Joint Agreemnts	275,000	11,939	286,939	286,834	105
Total Undist. Expend. - Student Transportation Svcs.	275,000	11,939	286,939	286,834	105
TOTAL UNDISTRIBUTED EXPENDITURES	10,001,177	49,989	10,051,166	8,892,093	
ALLOCATED BENEFITS					
Regular Programs - Instruction - Employee Benefits					
Social Security Contributions	205,000	(97,553)	107,447	107,447	
T.P.A.F. Contributions - ERIP	55,000	(14,548)	40,452	20,042	20,410
Unemployment Compensation	52,000		52,000	31,915	20,085
Health Benefits	997,238	290,761	1,287,999	1,150,120	137,879
Tuition Reimbursement	25,000	1,565	26,565	26,565	
Other Employee Benefits	2,600		2,600	2,600	
Total Regular Programs - Instruction	1,336,838	180,225	1,517,063	1,338,689	178,374
Special Programs - Instruction - Employee Benefits					
Health Benefits	438,335	(242,805)	195,530	91,655	103,875
Other Employee Benefits	2,000		2,000	344	1,656
Total Special Programs - Instruction - Employee Benefits	440,335	(242,805)	197,530	91,999	105,531
Health Services - Employee Benefits					
Health Benefits	32,629	6,858	39,487	39,487	
Other Employee Benefits	800		800	400	400
Total Health Services - Employee Benefits	33,429	6,858	40,287	39,887	400
Other Support Serv. - Speech, OT, PT, & Rel. Svc - Employee Benefits					
Health Benefits	40,320	3,940	44,260	43,836	424
Other Employee Benefits	400		400	335	65
Total Other Support Services - Employee Benefits	40,720	3,940	44,660	44,171	489
Other Support Services - Guidance - Employee Benefits:					
Health Benefits	83,569	(1,686)	81,883	81,883	
Other Employee Benefits	2,400	(2,400)			
Total Other Support Services - Guidance - Employee Benefits	85,969	(4,086)	81,883	81,883	
Other Support Services - Child Study Team - Employee Benefits					
Health Benefits	72,302	(3,580)	68,722	34,206	34,516
Other Employee Benefits	1,400		1,400	600	800
Total Other Support Svcs - Child Study Team - Employee Benefits	73,702	(3,580)	70,122	34,806	35,316
Improvement of Instruction Services - Employee Benefits					
Health Benefits	54,008		54,008	36,260	17,748
Other Employee Benefits	2,400		2,400		2,400
Total Improvement of Staff Services	56,408		56,408	36,260	20,148
Support Services - General Admin - Employee Benefits					
Social Security Contributions	25,000	(1,476)	23,524	4,567	18,957
Health Benefits	39,474	10,174	49,648	49,648	
Other Employee Benefits	1,000		1,000	724	276
Total Support Services - General Admin - Employee Benefits	65,474	8,698	74,172	54,939	19,233
Support Services - School Admin - Employee Benefits					
Social Security Contributions	7,500		7,500	5,124	2,376
Health Benefits	49,352		49,352	49,027	325
Other Employee Benefits	800		800	800	
Total Support Services - School Admin - Employee Benefits	57,652		57,652	54,951	2,701
Support Services - Central Services - Employee Benefits					
Social Security Contributions	13,500		13,500	9,345	4,155
Health Benefits	53,370	11,856	65,226	65,226	
Other Employee Benefits	1,400		1,400	767	633
Total Support Services - Central Services - Employee Benefits	68,270	11,856	80,126	75,338	4,788

GUTTENBERG BOARD OF EDUCATION
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final To Actual
Support Services - Admin. Info. Tech. - Employee Benefits					
Social Security Contributions	6,200	586	6,786	6,786	
Health Benefits	8,382	2,301	10,683	10,683	
Other Employee Benefits	600		600		600
Total Support Services - Admin. Info. Tech. - Employee Benefits	<u>15,182</u>	<u>2,887</u>	<u>18,069</u>	<u>17,469</u>	<u>600</u>
Operation and Maintenance of Plant Svcs - Employee Benefits					
Social Security Contributions	18,000		18,000	11,901	6,099
Other Employee Benefits	3,200		3,200	159	
Health Benefits	105,012	22,989	128,001	128,001	
Total Operation and Maintenance of Plant Svcs - Employee Benefits	<u>126,212</u>	<u>22,989</u>	<u>149,201</u>	<u>140,061</u>	<u>9,140</u>
TOTAL ALLOCATED BENEFITS	<u>2,400,191</u>	<u>(13,018)</u>	<u>2,387,173</u>	<u>2,010,453</u>	<u>376,720</u>
UNALLOCATED BENEFITS					
Unallocated Benefits - Employee Benefits					
Other Retirement Contributions - PERS	128,000	4,909	132,909	132,909	
Total Unallocated Benefits - Employee Benefits	<u>128,000</u>	<u>4,909</u>	<u>132,909</u>	<u>132,909</u>	
Total Personal Services - Employee Benefits	<u>2,528,191</u>	<u>(8,109)</u>	<u>2,520,082</u>	<u>2,143,362</u>	<u>376,720</u>
On-behalf TPAF Pension and Post Retirement Medical Contributions (non-budgeted)				931,280	(931,280)
On-behalf TPAF Non-Contributory Insurance (non-budgeted)				20,618	(20,618)
Reimbursed TPAF Social Security Contributions (non-budgeted)				403,533	(403,533)
TOTAL ON-BEHALF CONTRIBUTIONS				<u>1,355,431</u>	<u>(1,355,431)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>12,529,368</u>	<u>41,880</u>	<u>12,571,248</u>	<u>12,390,886</u>	<u>180,362</u>
TOTAL GENERAL CURRENT EXPENSE	<u>17,554,449</u>	<u>(9,402)</u>	<u>17,545,047</u>	<u>17,021,545</u>	<u>523,502</u>
CAPITAL OUTLAY					
Equipment:					
Grades 1-5	43,000		43,000	40,645	2,355
Equipment - Undistributed:					
General Administration		5,658	5,658	5,658	
School Administration	5,000	4,497	9,497	9,497	
Admin. Info. Tech.	20,945	2,049	22,994	21,254	1,740
Required Maint. for School Fac.		20,390	20,390	20,390	
Custodial Services	4,800		4,800	4,800	
Total Equipment	<u>73,745</u>	<u>32,594</u>	<u>106,339</u>	<u>102,244</u>	<u>4,095</u>
TOTAL CAPITAL OUTLAY	<u>73,745</u>	<u>32,594</u>	<u>106,339</u>	<u>102,244</u>	<u>4,095</u>
GENERAL FUND					
Transfer of funds to charter schools	23,192	(23,192)			
TOTAL EXPENDITURES	<u>17,651,386</u>		<u>17,651,386</u>	<u>17,123,789</u>	<u>527,597</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,720,594)</u>		<u>(1,720,594)</u>	<u>244,890</u>	<u>1,965,484</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(1,720,594)</u>		<u>(1,720,594)</u>	<u>244,890</u>	<u>1,965,484</u>
Fund Balance, July 1	<u>3,576,202</u>		<u>3,576,202</u>	<u>3,576,202</u>	<u>1,616,028</u>
Fund Balance, June 30	<u>1,855,608</u>		<u>1,855,608</u>	<u>3,821,092</u>	<u>3,581,512</u>
Recapitulation of excess (deficiency) of revenues under expenditures					
Adjustment for Prior Year Encumbrances	(113,749)		(113,749)	(113,749)	
Budgeted Withdrawal of Maintenance Reserve	(1,606,845)		(1,606,845)	260,913	1,867,758
Budgeted Fund Balance	<u>(1,720,594)</u>		<u>(1,720,594)</u>	<u>147,164</u>	<u>1,867,758</u>
Recapitulation					
Restricted Fund Balance:					
Capital Reserve				1	
Excess Surplus - Designated for Subsequent Year's Expenditures				1,541,418	
Excess Surplus - Current Year				1,896,627	
Assigned Fund Balance:					
Year-End Encumbrances				21,303	
Unassigned Fund Balance				<u>361,743</u>	
Reconciliation to Governmental Funds Statement (GAAP):				<u>3,821,092</u>	
Less: Last State Aid Payment not recognized, GAAP Basis				(478,688)	
Fund Balance per Governmental Funds (GAAP)				<u>3,342,404</u>	

TOWN OF GUTTENBERG BOARD OF EDUCATION
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State Sources	194,050	594	194,644	186,937	(7,707)
Federal Sources	501,921	643,289	1,145,210	1,051,863	(93,347)
Local Sources	-	-	-	-	-
Total Revenues	695,971	643,883	1,339,854	1,238,800	(101,054)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	485,370	173,290	658,660	606,128	52,532
Other Salaries for Instruction	13,983	37,937	51,920	47,472	4,448
Other Purchased Services	123,855	16,145	140,000	140,000	-
General Supplies	14,303	73,968	88,271	87,588	683
Textbooks	-	171	171	171	-
Total instruction	637,511	301,511	939,022	881,359	57,663
Support services:					
Salaries of Other Professional Staff	-	5,500	5,500	5,500	-
Personal Services - Employee Benefits	58,460	165,286	223,746	221,434	2,312
Other Purchased Professional & Technical Services	-	117,501	117,501	103,910	13,591
Other Purchased Services	-	25,595	25,595	7,755	17,840
Supplies and Materials	-	17,522	17,522	7,910	9,612
Total support services	58,460	331,404	389,864	346,509	43,355
Facilities acquisition and const. serv.:					
Non- Instructional Equipment	-	10,968	10,968	10,932	36
Total facilities acquisition and const. serv.	-	10,968	10,968	10,932	36
Total Expenditures	695,971	643,883	1,339,854	1,238,800	101,054
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-

TOWN OF GUTTENBERG BOARD OF EDUCATION
Required Supplementary Information
Budgetary Comparison Schedule
Note to Required Supplementary Information - Part II
For the Fiscal Year Ended June 30, 2016

Note A - 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 basis) "revenue" from the budgetary comparison schedule	[C-1],[C-2]	17,368,679	1,238,800
Difference - budget to GAAP:			
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		478,912	14,933
The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33).		(478,688)	(14,933)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	17,368,903	1,238,800
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1],[C-2]	17,123,789	1,238,800
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	17,123,789	1,238,800

**REQUIRED SUPPLEMENTARY
INFORMATION - PART III**

TOWN OF GUTTENBERG BOARD OF EDUCATION
Schedules of Required Supplementary Information
Schedule of District's Share of Net Pension Liability - PERS
*Last 10 Fiscal Years**

Fiscal Year Ending June 30,	District's	District's	District's	District's	Plan Fiduciary
	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	District's Covered Payroll - PERS Employee's	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its' Covered Payroll	Net Position as a Percentage of the Total Pension Liability
2015	0.01263692666%	\$ 2,365,978	\$ 1,105,455	214.03%	52.08%
2016	0.0150120072%	\$ 3,369,895	\$ 1,017,583	331.17%	47.93%

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

TOWN OF GUTTENBERG BOARD OF EDUCATION
Schedules of Required Supplementary Information
Schedule of District's Contributions - PERS
*Last 10 Fiscal Years**

Fiscal Year Ending June 30,	Contractually Required Contribution		Contributions in Relations to the Contractually Required Contributions		Contribution Deficiency (Excess)	District's PERS Covered-Employee Payroll	Contributions as a Percentage of PERS Covered-Employee Payroll
2015	\$	104,177	\$	(104,177)	\$ -	\$ 1,105,455	9.42%
2016		129,063		(129,063)	-	\$ 1,017,583	12.68%

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

TOWN OF GUTTENBERG BOARD OF EDUCATION
Schedules of Required Supplementary Information
Schedule of District's Share of Net Pension Liability - TPAF
*Last 10 Fiscal Years**

Fiscal Year Ending June 30,	District's	State's		District's	District's	District's	Plan Fiduciary
	Proportion of the Net Pension Liability (Asset)	Share of the Net Pension Liability Associated with the District (Asset)	Share of the Net Pension Liability Associated with the District (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its' Covered Payroll	District's Covered Payroll - TPAF Employee's	Net Position as a Percentage of the Total Pension Liability
2015	0.0426297375%	\$	\$ 24,744,440	\$	0.00%	5,690,343	33.64%
2016	0.0497211990%		31,425,921		0.00%	5,641,459	28.71%

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

TOWN OF GUTTENBERG BOARD OF EDUCATION
Note to Required Schedules of Supplementary Information - Part III
Fiscal Year Ended June 30, 2016

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (4.29%) to the current measurement date (3.80%), resulting in a change in the discount rate from 5.39% to 4.90%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (4.29%) to the current measurement date (3.80%), resulting in a change in the discount rate from 4.68% to 4.13%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

Supplementary Schedules

SPECIAL REVENUE FUND

TOWN OF GUTTENBERG BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

	Total Brought Forward (Ex. E-1a)	Title I Improving Basic Programs	Title I Improving Basic Programs Carryover	Preschool Education Aid	Totals 2016
REVENUES					
State Sources	594			186,343	186,937
Federal Sources	373,854	625,346	52,663		1,051,863
Total Revenues	374,448	625,346	52,663	186,343	1,238,800
EXPENDITURES:					
Instruction:					
Salaries of Teachers	50,740	453,496		101,892	606,128
Other Salaries for Instruction	23,220			24,252	47,472
Other Purchased Services	140,000				140,000
General Supplies	26,244	-	43,169	18,175	87,588
Textbooks	171				171
Total instruction	240,375	453,496	43,169	144,319	881,359
Support Services:					
Salaries of Other Professional Staff	600	3,900	1,000		5,500
Personal Services - Employee Benefits	27,349	143,567	8,494	42,024	221,434
Purchased Professional & Technical Services	80,924	22,986			103,910
Other Purchased Services	7,145	610			7,755
Supplies and Materials	7,123	787			7,910
Total support services	123,141	171,850	9,494	42,024	346,509
Facilities acquisition and const. serv.:					
Non- Instructional Equipment	10,932				10,932
Total facilities acquisition and const. serv.	10,932	-	-	-	10,932
Total Expenditures	374,448	625,346	52,663	186,343	1,238,800
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-

TOWN OF GUTTENBERG BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

	Total Brought Forward (Ex. E-1b)	Title II, Part A Teacher & Principal Training & Recruiting	Title II, Part A Teacher & Principal Training & Recruiting Carryover	Title III, English Language Acq. and Language Enhancement	Title III Immigrant	Total Carried Forward
REVENUES						
State Sources	594					594
Federal Sources	257,457	63,535	13,715	26,169	12,978	373,854
Total Revenues	258,051	63,535	13,715	26,169	12,978	374,448
EXPENDITURES:						
Instruction:						
Salaries of Teachers	-	50,740				50,740
Other Salaries for Instruction	-			23,220		23,220
Other Purchased Services	140,000					140,000
General Supplies	7,940		2,977			26,244
Textbooks	171					171
Total instruction	148,111	50,740	2,977	25,569	12,978	240,375
Support services:						
Salaries of Other Professional Staff	-			600		600
Personal Services - Employee Benefits	3,816	12,795	10,738			27,349
Purchased Professional & Technical Services	80,924					80,924
Other Purchased Services	7,145					7,145
Supplies and Materials	7,123					7,123
Total support services	99,008	12,795	10,738	600	-	123,141
Facilities acquisition and const. serv.:						
Non-Instructional Equipment	10,932					10,932
Total facilities acquisition and const. serv.	10,932	-	-	-	-	10,932
Total Expenditures	258,051	63,535	13,715	26,169	12,978	374,448
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-

TOWN OF GUTTENBERG BOARD OF EDUCATION

Special Revenue Fund

**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2016**

	Total Brought Forward (Ex. E-1c)	Title III, Immigrant Carryover	IDEA Part B, Basic	I.D.E.A. Part B Basic Carryover	Total Carried Forward
REVENUES					
State Sources	594				594
Federal Sources	9,389	160	242,473	5,435	257,457
Total Revenues	9,983	160	242,473	5,435	258,051
EXPENDITURES:					
Instruction:					
Salaries of Teachers	-				-
Other Salaries for Instruction	-				-
Other Purchased Services	-		140,000		140,000
General Supplies	1,780	160	6,000		7,940
Textbooks	171				171
Total instruction	1,951	160	146,000	0	148,111
Support services:					
Salaries of Other Professional Staff	-				-
Personal Services - Employee Benefits	-			3,816	3,816
Purchased Professional & Technical Services	7,336		73,588		80,924
Other Purchased Services	-		7,145		7,145
Supplies and Materials	696		4,808	1,619	7,123
Total support services	8,032	-	85,541	5,435	99,008
Facilities acquisition and const. serv.:					
Non - Instructional Equipment	-		10,932		10,932
Total facilities acquisition and const. serv.	-	-	10,932	-	10,932
Total Expenditures	9,983	160	242,473	5,435	258,051
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-

TOWN OF GUTTENBERG BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

	I.D.E.A. Preschool Carryover	I.D.E.A. Preschool	Non-Public Technology	Non-Public Textbooks	Total Carried Forward
REVENUES					
State Sources	600		78	171	594
Federal Sources		8,789			9,389
Total Revenues	600	8,789	78	171	9,983
EXPENDITURES:					
Instruction:					
Salaries of Teachers					-
Other Salaries for Instruction					-
Other Purchased Services					-
General Supplies		1,627	78	171	1,780
Textbooks				171	171
Total instruction	-	1,627	78	171	1,951
Support services:					
Salaries of Other Professional Staff					-
Personal Services - Employee Benefits	600				-
Purchased Professional & Technical Services		6,736			7,336
Other Purchased Services					-
Supplies and Materials		426			696
Total support services	600	7,162	-	-	8,032
Facilities acquisition and const. serv.:					
Non-Instructional Equipment					-
Total facilities acquisition and const. serv.	-	-	-	-	-
Total Expenditures	600	8,789	78	171	9,983
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-

TOWN OF GUTTENBERG BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

	Non-Public Security Aid	Non-Public Nursing	Total Carried Forward
REVENUES			
State Sources	75	270	345
Federal Sources	-	-	-
Total Revenues	75	270	345
EXPENDITURES:			
Instruction:			
Salaries of Teachers			-
Other Salaries for Instruction			-
Other Purchased Services			-
General Supplies	75		75
Textbooks			-
Total instruction	75	-	75
Support services:			
Salaries of Program Directors			-
Salaries of Other Professional Staff			-
Personal Services - Employee Benefits			-
Purchased Professional & Technical Services			-
Other Purchased Services			-
Supplies and Materials		270	270
Total support services	-	270	270
Facilities acquisition and const. serv.:			
Non-Instructional Equipment			-
Total facilities acquisition and const. serv.	-	-	-
Total Expenditures	75	270	345
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-

TOWN OF GUTTENBERG BOARD OF EDUCATION
Special Revenue Fund
Schedule of Preschool Education Aid
Budgetary Basis
For the Fiscal Year ended June 30, 2016

	Total		Variance
	<u>Budget</u>	<u>Actual</u>	
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 107,403	101,892	5,511
Other Salaries of Instruction	26,000	24,252	1,748
Other Purchased Services (400-500 series)			
General Supplies	<u>18,623</u>	<u>18,175</u>	<u>448</u>
Total instruction	<u>152,026</u>	<u>144,319</u>	<u>7,707</u>
SUPPORT SERVICES:			
Personal services - employee benefits	42,024	42,024	
Other Purchased Professional Services			
Contr. Serv-Trans. (Field Trips)			
Total support services	<u>42,024</u>	<u>42,024</u>	
Total expenditures	<u>\$ 194,050</u>	<u>186,343</u>	<u>7,707</u>

Calculation of Budget and Carryover

Total Revised 2015-16 Preschool Education Aid Allocation	\$ 149,328
Add: Actual ECPA/PEA Carryover (June 30, 2015)	74,753
Add: Budgeted transfer from General Fund 2015-2016	
Total Preschool Education Aid Funds Available for 2015-2016 Budget	<u>224,081</u>
Less: 2015-16 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	194,050
Add: Prior year accounts payable cancelled	
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2016	<u>30,031</u>
Add: June 30, 2016 Unexpended Preschool Education Aid	7,707
Less: 2015-16 Commissioner-approved Transfer to the General Fund	
2015-16 Carryover - Preschool Education Aid Programs	<u>\$ 37,738</u>
2015-16 Preschool Education Aid Carryover Budgeted for Preschool Programs 2016-17	<u>\$ 74,753</u>

CAPITAL PROJECTS FUND

TOWN OF GUTTENBERG BOARD OF EDUCATION
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes
in Fund Balance-Budgetary Basis
Fiscal Year Ended June 30, 2016

Revenues

State Sources - SCC Grant	-
Certificates of Participation	-
Local Share	-
Transfers from Capital Reserve	-
Transfers from Capital Outlay	-
Interest earnings	-
	-
	-

Expenditures

Purchased professional and technical services	378,244
Land and improvements	35,018
Construction services	4,585,505
Equipment purchases	-
	-
	4,998,767

Net change in fund balance	(4,998,767)
Fund balance - beginning	18,831,600
Fund balance - ending	\$ 13,832,833

Analysis of Fund Balance

Assigned to:	
Additions and Alterations to the Anna L. Klein School	13,832,833
	\$ 13,832,833

Reconciliation to Governmental Funds Statement (GAAP):	
SDA Grant Receivable not Recognized on GAAP Basis	(2,191,042)
Local Share not Recognized on GAAP Basis	(11,641,791)
Fund Balance per Governmental Funds	\$ -

TOWN OF GUTTENBERG BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances and Project Status-Budgetary Basis
Additions and Alterations to the Anna L. Klein School
Fiscal Year Ended June 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues				
State Sources - SCC Grant	3,651,737		3,651,737	
Certificates of Participation			-	
Local Share	16,581,583		16,581,583	
Transfers from Capital Reserve			-	
Transfers from Capital Outlay			-	
Donations			-	
	<u>20,233,320</u>	<u>-</u>	<u>20,233,320</u>	<u>-</u>
Expenditures				
Purchased professional and technical services	1,068,566	378,244	1,446,810	
Land and improvements		35,018	35,018	
Construction services	333,154	4,585,505	4,918,659	
Equipment purchases			-	
	<u>1,401,720</u>	<u>4,998,767</u>	<u>6,400,487</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>18,831,600</u>	<u>(4,998,767)</u>	<u>13,832,833</u>	<u>-</u>
Additional project information:				
Project number	1850-050-09-0ZZW			
Grant Date	5/20/2013			
Bond authorization date	5/29/2012			
Bonds authorized	19,366,666			
Bonds issued				
Original authorization cost	20,233,320			
Additional authorized cost				
Revised authorized cost	20,233,320			
Percentage increase over original authorized cost	-			
Percentage completion	32%			
Original target completion date	8/31/2017			
Revised target completion date				

PROPRIETARY FUNDS

TOWN OF GUTTENBERG BOARD OF EDUCATION
Combining Statement of Net Position
Enterprise Funds
June 30, 2016

	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>	
	<u>Food Service Program</u>	<u>Building Maintenance</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash and cash equivalents	98,448	143,233	241,681
Accounts receivable:			
State	389		389
Federal	35,297		35,297
Inventories	3,209		3,209
Total current assets	<u>137,343</u>	<u>143,233</u>	<u>280,576</u>
Noncurrent assets:			
Capital assets:			
Equipment	139,879		139,879
Less accumulated depreciation	<u>(81,429)</u>		<u>(81,429)</u>
Total capital assets (net of accumulated depreciation)	<u>58,450</u>		<u>58,450</u>
Total assets	<u><u>195,793</u></u>	<u><u>143,233</u></u>	<u><u>339,026</u></u>
LIABILITIES			
Current liabilities:			
Accounts payable	14,400		14,400
Interfund payable	<u>20,833</u>		<u>20,833</u>
Total current liabilities	<u>35,233</u>		<u>35,233</u>
NET POSITION			
Net investment in capital assets	58,450		58,450
Restricted contributed capital	32,055		32,055
Unrestricted	70,055	143,233	213,288
Total net position	<u><u>160,560</u></u>	<u><u>143,233</u></u>	<u><u>303,793</u></u>

TOWN OF GUTTENBERG BOARD OF EDUCATION
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Funds
For the Fiscal Year Ended June 30, 2016

	<u>Enterprise Fund</u>	<u>Internal Service</u>	
	<u>Food Service</u>	<u>Fund</u>	
	<u>Program</u>	<u>Building</u>	<u>Totals</u>
		<u>Maintenance</u>	
Operating revenues:			
Charges for services:			
Daily sales - reimbursable programs	31,137		31,137
Daily sales - non-reimbursable programs	14,699		14,699
Total operating revenues	<u>45,836</u>	<u>-</u>	<u>45,836</u>
Operating expenses:			
Cost of sales	217,050		217,050
Salaries	220,970		220,970
Supplies and materials	3,415		3,415
Cleaning, repair and maintenance	15,154		15,154
Miscellaneous	6,197		6,197
Employee benefits	33,837		33,837
Purchased property services	14,471		14,471
Depreciation	5,547		5,547
Total Operating Expenses	<u>516,641</u>	<u>-</u>	<u>516,641</u>
Operating income (loss)	<u>(470,805)</u>	<u>-</u>	<u>(470,805)</u>
Nonoperating revenues (expenses):			
State sources:			
State school lunch program	6,208		6,208
Federal sources:			
National school lunch program	331,446		331,446
National school breakfast program	18,251		18,251
Food distribution program	39,934		39,934
Fresh Fruit and Vegetable Program	52,341		52,341
Additional Subsidy Aid - Prior Year	201		201
Interest and investment revenue (expense)	2,222	725	2,947
Total nonoperating revenues (expenses)	<u>450,603</u>	<u>725</u>	<u>451,328</u>
Income (loss) before contributions & transfers	<u>(20,202)</u>	<u>725</u>	<u>(19,477)</u>
Transfers in (out)			-
Change in net position	<u>(20,202)</u>	<u>725</u>	<u>(19,477)</u>
Total net position—beginning,	<u>180,762</u>	<u>142,508</u>	<u>323,270</u>
Total net position—ending	<u>160,560</u>	<u>143,233</u>	<u>303,793</u>

TOWN OF GUTTENBERG BOARD OF EDUCATION
Combining Statement of Cash Flows
Enterprise Funds
For the Fiscal Year Ended June 30, 2016

	<u>Enterprise Funds</u>	<u>Internal Service</u>	
	<u>Food Service</u>	<u>Fund</u>	
	<u>Program</u>	<u>Building</u>	<u>Totals</u>
		<u>Maintenance</u>	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	45,836		45,836
Payments to Outside Food Service Management Company	(376,349)		(376,349)
Payments to employees	(76,438)		(76,438)
Payments for cleaning, repair and maintenance	(15,153)		(15,153)
Payments for supplies	(2,811)		(2,811)
Net cash provided by (used for) operating activities	<u>(424,915)</u>	<u>-</u>	<u>(424,915)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	6,090		6,090
Federal Sources	385,425		385,425
Additional Subsidy Aid - Prior Year	201		
Net cash provided by (used for) non-capital financing activities	<u>391,716</u>	<u>-</u>	<u>391,515</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(13,408)		(13,408)
Net cash provided by (used for) capital and related financing activities	<u>(13,408)</u>	<u>-</u>	<u>(13,408)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	2,222	725	2,947
Net cash provided by (used for) investing activities	<u>2,222</u>	<u>725</u>	<u>2,947</u>
Net increase (decrease) in cash and cash equivalents	(44,385)	725	(43,861)
Balances—beginning of year	142,833	142,508	285,341
Balances—end of year	<u>98,448</u>	<u>143,233</u>	<u>241,480</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss) provided by:	(470,805)	-	(470,805)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and net amortization	5,547		5,547
Food Distribution Program	39,934		39,934
(Increase) decrease in inventories	(391)		(391)
Increase (decrease) in accounts payable	800		800
Total adjustments	<u>45,890</u>	<u>-</u>	<u>45,890</u>
Net cash provided by (used for) operating activities	<u>(424,915)</u>	<u>-</u>	<u>(424,915)</u>

FIDUCIARY FUND

GUTTENBERG BOARD OF EDUCATION
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	<u>Private Purpose Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS		
Cash and cash equivalents	14,743	78,280
Deposits		7,688
Total assets	<u>14,743</u>	<u>85,968</u>
LIABILITIES		
Payable to student groups		33,279
Payroll deductions and withholdings		4,766
Net salaries and wages		1,000
Interfund Payable - General Fund		46,923
Total liabilities		<u>85,968</u>
NET POSITION		
Reserved for Scholarships	<u>14,743</u>	

GUTTENBERG BOARD OF EDUCATION
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2016

	<u>Private Purpose Scholarship Fund</u>
ADDITIONS	
Contributions:	
Prior Year Void Check	
Interest Earned	79
Total Contributions	<u>79</u>
DEDUCTIONS	
Scholarship payments	<u>1,100</u>
Total deductions	<u>1,100</u>
Change in net position	(1,021)
Net position—beginning of the year	<u>15,764</u>
Net position—end of the year	<u><u>14,743</u></u>

GUTTENBERG BOARD OF EDUCATION
Student Activity Agency Fund
Schedule of Receipts and Disbursements
for the Fiscal Year ended June 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursed</u>	<u>Balance</u> <u>June 30, 2016</u>
Anna L. Klein School:				
Anna L. Klein School Funds	3,815	409	500	3,724
Anna L. Klein Student Activity	9,406	19,939	15,682	13,663
Graduating Class Fund	7,917	13,683	6,918	14,682
Student Council Account	721	1		722
Anna L. Klein Yearbook Account	613	1,326	1,451	488
	<u>22,472</u>	<u>35,358</u>	<u>24,551</u>	<u>33,279</u>

**GUTTENBERG BOARD OF EDUCATION
Payroll Agency Fund
Schedule of Receipts and Disbursements
for the Fiscal Year ended June 30, 2016**

	<u>Balance July 1, 2015</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2016</u>
Net Payroll	6,053	4,710,250	4,715,303	1,000
Payroll Deductions and Withholdings	74,689	3,633,571	3,703,494	4,766
Interfund - General Fund	62,988	15,565	31,630	46,923
	<u>143,730</u>	<u>8,359,386</u>	<u>8,450,427</u>	<u>52,689</u>

LONG-TERM DEBT

TOWN OF GUTTENBERG BOARD OF EDUCATION
General Long Term Debt Account Group
Statement of Serial Bonds
June 30, 2016

ISSUE	Date of Issue	Amount of Issue	Annual Maturities Date	Annual Maturities Amount	Interest Rate	Balance July 1, 2015	Retired	Balance June 30, 2016
School Improvement Bonds, Repair to Boiler and Removal of Asbestos at the Anna L. Klein School	7/1/1994	3,399,000	7/1/2015	239,000	5.625%	239,000	239,000	-
						<u>239,000</u>	<u>239,000</u>	<u>-</u>

TOWN OF GUTTENBERG BOARD OF EDUCATION
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	229,841		229,841	229,841	
State Sources:					
Debt Service Aid Type II	15,881		15,881	15,881	
Total - State Sources	15,881		15,881	15,881	
Total Revenues	245,722		245,722	245,722	
EXPENDITURES:					
Regular Debt Service:					
Interest	6,722		6,722	6,722	
Redemption of Principal	239,000		239,000	239,000	
Total Regular Debt Service	245,722		245,722	245,722	
Total expenditures	245,722		245,722	245,722	
Excess (Deficiency) of Revenues Over (Under) Expenditures					
Fund Balance, July 1					
Fund Balance, June 30					
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance					

STATISTICAL SECTION

STATISTICAL SECTION (UNAUDITED)

Introduction to the Statistical Section

Financial Trends

- J-1 Net Assets/Position by Component
- J-2 Changes in Net Assets/Position
- J-3 Fund Balances - Governmental Funds
- J-4 Changes in Fund Balances - Governmental Funds
- J-5 General Fund Other Local Revenue by Source

Revenue Capacity

- J-6 Assessed Value and Estimated Actual Value of Taxable Property
- J-7 Direct and Overlapping Property Tax Rates
- J-8 Principal Property Taxpayers
- J-9 Property Tax Levies and Collections

Debt Capacity

- J-10 Ratios of Outstanding Debt by Type
- J-11 Ratios of General Bonded Debt Outstanding
- J-12 Direct and Overlapping Governmental Activities Debt
- J-13 Legal Debt Margin Information

Demographic and Economic Information

- J-14 Demographic and Economic Statistics
- J-15 Principal Employers

Operating Information

- J-16 Full-time Equivalent District Employees by Function/Program
- J-17 Operating Statistics
- J-18 School Building Information*
- J-19 Schedule of Allowable Maintenance Expenditures by School Facility
- J-20 Insurance Schedule

STATISTICAL SECTION (UNAUDITED) - INTRODUCTION

J SERIES

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the district's financial performance and well-being have changes over time.	J-1 to J-5
Revenue Capacity These schedules contain information to help the reader assess the district's most significant local revenue sources, the property tax.	J-6 to J-9
Debt Capacity These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	J-10 to J-13
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	J-14 to J-15
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	J-16 to J-20
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2004; schedules presenting district-wide information include information beginning in that year.	

Guttenberg Board of Education
Net Position by Component
Last Ten Fiscal Years
Guttenberg Board of Education

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	\$ 669,146	\$ 811,156	\$ 1,766,011	\$ 1,832,059	\$ 1,898,763	\$ 1,945,793	\$ 2,199,143	\$ 2,336,568	\$ 3,761,335	\$ 8,877,172
Restricted	2,067,515	2,647,751	2,032,942	366,442	685,195	1,864,012	2,764,389	3,172,592	3,404,521	3,602,582
Unrestricted	(872,488)	(650,857)	(1,209,549)	(1,265,856)	(1,169,914)	(1,049,890)	(1,052,562)	(1,174,387)	(3,535,225)	(3,658,745)
Total governmental activities net position	\$ 1,864,173	\$ 2,808,050	\$ 2,589,404	\$ 932,645	\$ 1,414,044	\$ 2,759,915	\$ 3,910,970	\$ 4,334,773	\$ 3,630,631	\$ 8,821,009
Business-type activities										
Net investment in capital assets	\$ 15,150	\$ 13,793	\$ 48,541	\$ 45,418	\$ 47,171	\$ 59,732	\$ 59,720	\$ 16,156	\$ 16,156	\$ 58,450
Restricted	32,055	32,055	32,055	32,055	32,055	32,055	32,055	32,055	32,055	32,055
Unrestricted	123,246	149,915	182,632	178,068	106,241	44,334	86,128	132,551	132,551	70,055
Total business-type activities net position	\$ 170,451	\$ 195,763	\$ 263,228	\$ 255,541	\$ 185,467	\$ 136,121	\$ 177,903	\$ 180,762	\$ 180,762	\$ 160,560
District-wide										
Net investment in capital assets	\$ 684,296	\$ 824,949	\$ 1,814,552	\$ 1,877,477	\$ 1,945,934	\$ 2,005,525	\$ 2,258,863	\$ 2,352,724	\$ 3,777,491	\$ 8,935,622
Restricted	2,099,570	2,679,806	2,064,997	398,497	717,250	1,896,067	2,796,444	3,204,647	3,436,576	3,634,637
Unrestricted	(749,242)	(500,942)	(1,026,917)	(1,087,788)	(1,063,673)	(1,005,556)	(966,434)	(1,041,836)	(3,402,674)	(3,588,690)
Total district net position	\$ 2,034,624	\$ 3,003,813	\$ 2,852,632	\$ 1,188,186	\$ 1,599,511	\$ 2,896,036	\$ 4,088,873	\$ 4,515,535	\$ 3,811,393	\$ 8,981,569

Source: CAFR Schedule A-1

Note: GASB requires that ten years of statistical data be presented. However, since fiscal year 2003 was the first year of GASB 34 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

Guttenberg Board of Education
Changes in Net Position, Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities										
Instruction										
Regular	\$ 3,337,367	\$ 3,664,023	\$ 5,657,989	\$ 4,963,409	\$ 4,325,879	\$ 4,600,926	\$ 4,639,636	\$ 4,844,899	\$ 5,365,573	\$ 5,398,563
Special education	253,558	253,348	314,041	812,324	426,616	454,719	695,252	674,274	730,823	761,361
Other special education	239,112	319,123	346,089	959,974	511,494	1,074,001	905,956	653,184	936,955	691,013
Other instruction	-	-	-	-	14,403	90,344	47,221	51,488	179,549	71,727
Support Services:										
Tuition	4,511,287	4,343,405	4,157,153	4,955,575	5,657,035	4,601,239	4,498,710	4,974,817	5,115,833	5,039,443
Student & instruction related services	1,366,602	1,443,084	2,025,191	1,999,616	1,756,452	1,519,420	1,879,036	2,457,964	2,255,474	2,496,387
General administrative services	433,121	509,133	468,842	476,171	487,660	452,274	342,949	456,959	451,504	436,067
School administrative services	378,524	420,927	428,315	393,283	446,212	340,190	408,945	155,128	139,430	146,756
Central Services	255,022	306,517	293,891	276,933	282,501	324,412	365,375	418,985	386,608	387,689
Business administrative services	24,083	-	-	-	-	-	-	-	-	-
Administrative Information Technology	81,554	123,062	102,974	151,511	66,802	110,509	133,214	123,858	129,376	134,825
Plant operations and maintenance	625,195	721,227	701,187	741,515	541,852	747,347	816,015	876,366	823,904	889,641
Pupil transportation	314,737	303,173	319,188	365,479	356,367	243,864	197,769	171,554	182,233	286,834
Business and other support services	-	48,910	-	-	-	-	-	-	-	-
Unallocated Benefits	755,989	828,046	753,592	642,428	879,746	789,850	995,799	1,117,086	2,299,526	3,170,724
Special Schools	3,105	2,733	3,791	4,000	-	-	-	-	-	-
Charter Schools	37,079	-	-	-	-	-	-	-	-	-
Debt Service:										
Interest and other charges	104,568	94,444	84,318	74,195	62,944	51,871	40,444	26,944	13,444	
Unallocated depreciation	104,746	96,063	121,763	148,131	157,242	160,970	158,990	224,737	229,134	208,550
Capital Outlay - nondepreciable	7,205	7,984	142,407	30,305	-	-	134,792	49,602	33,482	26,556
Total governmental activities expenses	12,832,854	13,485,202	15,920,731	16,994,849	15,973,205	15,561,936	16,260,103	17,277,845	19,272,848	20,146,136

Guttenberg Board of Education
Changes in Net Position, Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-type activities:										
Food service	213,181	241,264	290,486	372,780	439,701	467,576	429,824	414,772	480,218	516,641
Child Care	49,584	50,633	40,803	15,535	-	-	-	-	-	-
Total business-type activities expense	262,765	291,897	331,289	388,315	439,701	467,576	429,824	414,772	480,218	516,641
Total district expenses	\$ 13,095,619	\$ 13,777,099	\$ 16,252,020	\$ 17,383,164	\$ 16,412,906	\$ 16,029,512	\$ 16,689,927	\$ 17,692,617	\$ 19,753,066	\$ 20,662,777
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	9,036	543	-	-	-	-	-	-	-	-
Plant operations and maintenance	2,185,420	2,149,863	1,904,460	1,759,823	1,913,398	1,395,186	1,362,151	1,228,254	1,162,137	1,238,800
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	2,194,456	2,150,406	1,904,460	1,759,823	1,913,398	1,395,186	1,362,151	1,228,254	1,162,137	1,238,800
Business-type activities:										
Charges for services:										
Food service	29,834	24,153	29,539	39,492	27,499	54,767	48,867	49,084	54,623	45,836
Child care	36,290	38,759	27,700	9,235	-	-	-	-	-	-
Operating grants and contributions	219,880	250,091	341,515	331,901	342,128	363,463	422,739	373,423	432,761	448,381
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	286,004	313,003	398,754	380,628	369,627	418,230	471,606	422,507	487,384	494,217
Total district program revenues	\$ 2,480,460	\$ 2,463,409	\$ 2,303,214	\$ 2,140,451	\$ 2,283,025	\$ 1,813,416	\$ 1,833,757	\$ 1,650,761	\$ 1,649,521	\$ 1,733,017
Net (Expense)/Revenue										
Governmental activities	\$ (10,638,398)	\$ (11,334,796)	\$ (14,016,271)	\$ (15,235,026)	\$ (14,059,807)	\$ (14,166,750)	\$ (14,897,952)	\$ (16,049,591)	\$ (18,110,711)	\$ (18,907,336)
Business-type activities	23,239	21,106	67,465	(7,687)	(70,074)	(49,346)	41,782	7,735	7,166	(22,424)
Total district-wide net expense	\$ (10,615,159)	\$ (11,313,690)	\$ (13,948,806)	\$ (15,242,713)	\$ (14,129,881)	\$ (14,216,096)	\$ (14,856,170)	\$ (16,041,856)	\$ (18,103,545)	\$ (18,929,760)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 8,191,499	\$ 8,519,159	\$ 8,519,159	\$ 8,702,159	\$ 9,351,794	\$ 9,930,572	\$ 10,254,523	\$ 10,459,613	\$ 10,668,805	\$ 10,882,182
Taxes levied for debt service	267,607	258,252	248,899	239,544	251,211	240,688	230,165	256,003	243,377	229,841
Local share, Capital Projects Fund	-	-	-	-	-	-	-	-	-	-
Unrestricted grants and contributions	3,151,124	3,361,901	4,939,293	4,616,634	4,914,341	5,224,401	5,628,388	5,908,220	7,233,297	3,903,246
Restricted grants and contributions	-	-	-	-	-	-	-	-	365,174	1,095,521
Investment earnings	6,765	4,022	2,268	232	29	-	-	-	232,635	36,627
Miscellaneous income	126,479	135,339	88,006	19,698	23,831	116,960	36,402	125,013	232,635	36,627
Other Financing sources (uses)	-	-	-	-	-	-	(100,471)	(218,269)	-	-
Total governmental activities	11,743,474	12,278,673	13,797,625	13,578,267	14,541,206	15,512,621	16,049,007	16,530,580	19,779,834	24,097,714

Guttenberg Board of Education
Changes in Net Position, Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-type activities:										
Other Financing sources (uses)	-	4,206	-	-	-	-	-	18,612	1,505	2,222
Total business-type activities	\$ 11,743,474	\$ 12,282,879	\$ 13,797,625	\$ 13,578,267	\$ 14,541,206	\$ 15,512,621	\$ 16,049,007	\$ 16,549,192	\$ 19,781,339	\$ 24,099,936
Change in Net Position										
Governmental activities	\$ 1,105,076	\$ 943,877	\$ (218,646)	\$ (1,656,759)	\$ 481,399	\$ 1,345,871	\$ 1,151,055	\$ 480,989	\$ 1,669,123	\$ 5,190,378
Business-type activities	23,239	25,312	67,465	(7,687)	(70,074)	(49,346)	41,782	26,347	8,671	(20,202)
Total district	\$ 1,128,315	\$ 969,189	\$ (151,181)	\$ (1,664,446)	\$ 411,325	\$ 1,296,525	\$ 1,192,837	\$ 507,336	\$ 1,677,794	\$ 5,170,176

Source: CAFR Schedule A-2

Note: GASB requires that ten years of statistical data be presented. However, since fiscal year 2003 was the first year of GASB 34 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

Guttenberg Board of Education
Fund Balances, Governmental Funds,
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 1,919,325	\$ 2,647,751	\$ 1,937,973	\$ 224,666						
Unreserved	179,615	205,499	(115,896)	(151,653)						
Restricted					360,985	1,450,393	2,567,075	3,015,474	3,148,264	3,438,046
Committed					162,052	334,701	55,018	15,093		
Assigned					20,353	-	-	-	113,749	21,303
Unassigned					10,210	(71,539)	(133,496)	(172,025)	(164,723)	(116,945)
Total general fund	\$ 2,098,940	\$ 2,853,250	\$ 1,822,077	\$ 73,013	\$ 553,600	\$ 1,713,555	\$ 2,488,597	\$ 2,858,542	\$ 3,097,290	\$ 3,342,404
All Other Governmental Funds										
Reserved										
Unreserved, reported in:										
Special revenue fund					(4,404)	(834)				
Capital projects fund										
Debt service fund	1			1	1	1	1			
Permanent fund										
Total all other governmental funds	\$ 1	\$ -	\$ -	\$ 1	\$ (4,403)	\$ (833)	\$ 1	\$ -	\$ -	\$ -

Source: CAFR Schedule B-1

Note: GASB requires that ten years of statistical data be presented. However, since fiscal year 2003 was the first year of GASB 34 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

Guttenberg Board of Education
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax levy	\$ 8,459,106	\$ 8,777,411	\$ 8,768,058	\$ 8,941,703	\$ 9,603,005	\$ 10,171,260	\$ 10,484,688	\$ 10,715,616	\$ 10,912,182	\$ 11,112,023
Interest earnings	126,479	135,339	89,671	19,698	23,831	116,960	35,734	125,013	232,635	36,627
Miscellaneous	4,334,335	4,786,899	5,370,519	4,136,944	5,118,772	5,348,167	5,757,126	6,051,094	6,665,138	7,733,609
Local Share	1,002,209	724,865	1,473,234	2,239,513	1,708,967	1,418,881	1,233,413	1,085,380	1,032,798	1,066,687
Federal sources	13,922,129	14,424,514	15,701,482	15,337,858	16,454,575	17,055,268	17,510,961	17,977,103	19,879,299	23,852,192
Total revenue										
Expenditures										
Instruction										
Regular Instruction	3,337,367	3,705,254	5,657,989	4,963,409	4,325,879	4,600,926	4,659,724	4,864,941	5,385,615	5,418,605
Special education instruction	253,558	253,348	314,041	812,324	426,616	454,719	695,252	674,274	730,823	761,361
Other special instruction	239,112	319,123	346,089	959,974	511,494	1,074,001	905,956	653,184	936,955	691,013
Other instruction					14,403	90,344	47,221	51,488	179,549	71,727
Support Services:										
Tuition	4,511,287	4,343,405	4,157,153	4,955,575	5,657,035	4,601,239	4,498,710	4,974,817	5,115,833	5,039,443
Health Services										
Student & instruction related services	1,366,602	1,443,084	2,025,191	1,999,616	1,756,452	1,519,420	1,879,036	2,457,964	2,255,474	2,496,387
General administrative services	433,121	509,133	468,842	476,171	487,660	340,190	342,949	456,959	451,504	436,067
School Administrative services	378,524	420,927	428,315	393,283	446,212	452,274	408,945	155,128	139,430	146,756
Business and other support services	24,083	48,910	20,389							
Central administrative services	255,022	306,517	293,891	276,933	282,501	324,412	365,375	418,985	386,608	387,689
Administrative Information Technology	81,554	123,062	102,974	151,511	66,802	110,509	133,214	123,858	129,376	134,825
Plant operations and maintenance	606,079	717,927	692,799	741,389	541,852	747,347	816,015	876,366	824,385	890,366
Pupil transportation	314,737	303,173	319,188	365,479	356,367	243,864	197,769	171,554	182,233	286,834
Unallocated employee benefits					160,278	118,261	98,802	110,521	108,164	132,909
Allocated Benefits										
On-behalf contributions	737,019	828,046	593,597	663,516	652,326	819,021	992,445	896,207	1,107,025	1,355,431
Special Schools	3,105	2,733	3,791	4,000						
Charter Schools	37,079									
Capital outlay	188,405	66,057	1,039,025	64,484	23,946	137,897	347,132	228,950	1,447,383	5,111,943
Debt service:										
Principal	180,000	180,000	180,000	180,000	200,000	200,000	200,000	240,000	240,000	239,000
Interest and other charges	109,631	99,506	89,381	79,257	68,569	57,319	46,069	33,694	20,194	6,722
Total expenditures	13,056,285	13,670,205	16,732,655	17,086,921	15,978,392	15,891,743	16,634,614	17,388,890	19,640,551	23,607,078
Excess (Deficiency) of revenues over (under) expenditures	865,844	754,309	(1,031,173)	(1,749,063)	476,183	1,163,525	876,347	588,213	238,748	245,114

Exhibit J-4

Guttenberg Board of Education
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Guttenberg Board of Education										
Net change in fund balances	\$ 865,844	\$ 754,309	\$(1,031,173)	\$(1,749,063)	\$ 476,183	\$ 1,163,525	\$ 775,876	\$ 569,601	\$ 238,748	\$ 245,114
Debt service as a percentage of noncapital expenditures	2.3%	2.1%	1.7%	1.5%	1.7%	1.6%	1.5%	1.6%	1.4%	1.3%

NOTE: Capital Projects Fund is not included as these expenditures vary substantially from year to year. The financial data presented would not be as meaningful for comparative purposes if these were included.

Source: CAFR Schedule B-2

**Guttenberg Board of Education
General Fund Other Local Revenue by Source
Last Ten Fiscal Years
Guttenberg Board of Education**

Fiscal Year Ended June 30,	Interest on Investments	Tuition Refunds	Close out of SACC & Unemployment Trust Accounts	Insurance Dividends	Refunds	Reimbursement	P/Y Payables Cancelled/ Void Checks	Misc.	Total
2007	57,484	21,516		13,966	7,681	4,167		21,665	126,479
2008	80,299					11,414	33,328	10,298	135,339
2009	1,665						60,555	27,451	89,671
2010		11,252						8,446	19,698
2011						6,712		9,211	23,831
2012	3,494				7,908			104,490	116,960
2013	2,526	-			8,976			23,485	35,734
2014		19,713	15,926		9,723			20,044	125,013
2015	555	136,861			3,809	3,593	61,928	20,044	232,635
2016	17,971	2,726			18,077	39,151	4,745	33,246	36,627
					9,980			5,950	

Source: District Records

**Guttenberg Board of Education
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years**

Guttenberg Board of Education

Year Ended Dec. 31,	Vacant Land	Residential	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)	% of Net Assessed to Estimated Full Cash Valuations
2007	\$ 3,218,800	\$ 319,510,000		\$ 37,033,600	\$ 13,082,300	\$ 34,747,700	\$ 407,592,400	\$ 22,430,100	\$ 135,014	\$ 385,297,314	2.114	\$ 1,149,766,996	33.51%
2008	\$ 3,772,700	\$ 315,777,100		\$ 35,559,800	\$ 12,337,300	\$ 34,667,700	\$ 401,914,600	\$ 22,088,400	\$ 129,833	\$ 379,956,033	2.142	\$ 1,148,280,253	33.09%
2009	\$ 3,607,400	\$ 316,015,400		\$ 35,711,800	\$ 11,886,500	\$ 34,617,700	\$ 401,838,800	\$ 22,343,400	\$ 134,945	\$ 379,630,345	2.307	\$ 1,122,174,533	33.83%
2010	\$ 3,607,400	\$ 316,015,400		\$ 35,711,800	\$ 11,886,500	\$ 34,617,700	\$ 401,838,800	\$ 22,343,400	\$ 134,945	\$ 379,630,345	2.307	\$ 1,015,905,420	37.37%
2011*	\$ 1,448,600	\$ 604,155,600		\$ 82,134,100	\$ 24,697,500	\$ 88,982,000	\$ 801,417,800	\$ 50,671,500	\$ 678,118	\$ 751,424,418	1.233	\$ 933,101,387	80.53%
2012	\$ 1,828,600	\$ 604,283,300		\$ 82,503,700	\$ 24,010,300	\$ 88,336,200	\$ 800,962,100	\$ 50,856,600	\$ 282,432	\$ 750,387,932	1.289	\$ 901,534,092	83.23%
2013	\$ 2,023,700	\$ 601,790,100		\$ 81,764,300	\$ 21,413,100	\$ 91,551,200	\$ 798,542,400	\$ 51,089,100	\$ 466,808	\$ 747,920,108	1.307	\$ 876,260,572	85.35%
2014	\$ 2,398,700	\$ 600,470,300		\$ 80,894,200	\$ 21,282,100	\$ 90,677,700	\$ 795,723,000	\$ 51,089,100	\$ 617,530	\$ 745,251,430	1.358	\$ 904,717,609	82.37%
2015	\$ 2,145,700	\$ 601,229,600		\$ 80,909,200	\$ 21,591,400	\$ 90,909,500	\$ 796,785,400	\$ 51,090,000	\$ 133,508	\$ 745,828,908	1.358	\$ 915,819,614	81.44%
2016	\$ 2,218,700	\$ 599,683,560		\$ 81,539,100	\$ 20,489,100	\$ 89,659,000	\$ 793,589,460	\$ 51,143,900	\$ 617,530	\$ 743,063,090	1.358	\$ 949,695,676	83.00%

Source: Municipal Tax Assessor

NOTE: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.
* - Revaluation conducted
Reassessment occurs when ordered by the County Board of Taxation

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100

Guttenberg Board of Education
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
Guttenberg Board of Education

Fiscal Year Ended June 30,	Guttenberg Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Town of Guttenberg	Hudson County	REAP Deduction	
2007	1.949	0.032	1.981	2.124	0.996	(0.250)	4.851
2008	2.049	0.065	2.114	2.197	1.083	(0.183)	5.211
2009	2.078	0.064	2.142	2.570	1.088	(0.133)	5.667
2010	2.245	0.062	2.307	2.703	1.142	0.000	6.152
2011	1.193	0.040	1.233	1.524	0.522	0.000	3.279
2012	1.260	0.029	1.289	1.553	0.606	0.000	3.448
2013	1.285	0.022	1.307	1.561	0.615	0.000	3.483
2014	1.337	0.021	1.358	1.583	0.599	0.000	3.540
2015	1.382	0.020	1.402	1.607	0.611	0.000	3.620
2016	1.412	0.000	1.412	1.631	0.607	0.000	3.650

Source: District Records and 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 prebudget year net budget by more than the spending growth limitation calculation
- 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.

**Guttenberg Board of Education
Principal Property Taxpayers
Current Year and Nine Years Ago**

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Summit House	\$ 25,400,000	1	3.42%	\$ 10,968,000	1	2.85%
Palisades Operations LLC	5,445,800	2	0.73%	2,866,200	3	0.71%
422-30 68th Street	4,840,000	3	0.65%			
6803 Boulevard East LLC	4,068,900	4	0.55%	1,818,800	4	0.45%
AM 68th Street. LLC	2,690,500	5	0.36%			
Guttenberg Savings and Loan	2,177,000	7	0.29%	1,087,500	5	0.28%
AL-2 Properties Corporation	2,538,600	6	0.34%	979,100	6	0.24%
63-67 69th St. Assoc. LLC	1,884,500	8	0.25%	850,000	8	0.21%
Lagattuta Partners, L.P.	1,614,400	9	0.22%	752,000	9	0.19%
The Mall at the Galaxy				6,250,000	2	1.62%
Transctl Gas Pipe Line Corp				733,100	10	0.19%
J and N Kinkella	1,459,300	10	0.38%	863,400	7	0.22%
Total	\$ 52,119,000		7.20%	\$ 27,168,100		6.97%

Net Assessed Valuation: 743,063,090 385,297,314

Source: Municipal Tax Assessor.

**Guttenberg Board of Education
Property Tax Levies and Collections
Last Ten Fiscal Years**

Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	\$8,459,106	\$ 8,459,106	100.00%	
2008	\$8,777,411	\$ 8,777,411	100.00%	
2009	\$8,768,058	\$ 8,768,058	100.00%	
2010	\$9,272,354	\$ 9,190,207	99.11%	\$ 82,147
2011	\$9,603,005	\$ 9,566,608	99.62%	\$ 36,397
2012	\$10,171,259	\$ 10,171,259	100.00%	
2013	\$10,484,688	\$ 10,484,688	100.00%	
2014	\$10,715,616	\$ 10,715,616	100.00%	
2015	\$10,912,182	\$ 10,912,182	100.00%	
2016	\$11,112,023	\$ 10,186,021	91.67%	\$ 926,002.00

Source: Municipal Tax Collector

**Guttenberg Board of Education
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Governmental Activities			Bond Anticipation Notes (BANs)	Business-Type Activities		Total District	Percentage of Personal Income ^a	
	General Obligation Bonds ^b	Capital Leases			Capital Leases	Income ^a		Per Capita ^a	
2007	2,133,807	-	-	-	-	2,133,807	0.55%	58	
2008	1,933,418	-	-	-	-	1,933,418	0.47%	49	
2009	1,733,029	-	-	-	-	1,733,029	0.38%	40	
2010	1,553,029	-	-	-	-	1,553,029	0.32%	36	
2011	1,312,251	-	-	-	-	1,312,251	0.26%	29	
2012	1,091,862	-	-	-	-	1,091,862	0.20%	23	
2013	871,774	-	-	-	-	871,774	0.15%	17	
2014	611,732	-	-	-	-	611,732	0.10%	12	
2015	351,690	-	-	-	-	351,690	Not Available	Not Available	
2016	92,648	-	-	-	-	92,648	Not Available	Not Available	

Source: District CAFR Schedules I-1, I-2

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

Exhibit J-11

Guttenberg Board of Education
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	1,859,000	-	\$ 1,859,000	0.48%	58
2008	1,679,000	-	\$ 1,679,000	0.44%	49
2009	1,499,000	-	\$ 1,499,000	0.39%	40
2010	1,319,000	-	\$ 1,319,000	0.35%	36
2011	1,119,000	-	\$ 1,119,000	0.15%	29
2012	919,000	-	\$ 919,000	0.12%	23
2013	719,000	-	\$ 719,000	0.10%	17
2014	479,000	-	\$ 479,000	0.06%	12
2015	239,000	-	\$ 239,000	0.03%	Not Available
2016	-	-	\$ -	0.00%	Not Available

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

a See Exhibit J-6 for property tax data.

b Population data can be found in Exhibit J-13.

**Guttenberg Board of Education
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2016**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Share of Overlapping Debt</u>
Direct Debt of School District as of June 30, 2016	\$ -	-
Net overlapping debt of School District:		
Guttenberg Town	\$ 22,340,302	
County of Hudson (2.638% of net debt)	\$ 15,090,178	
Subtotal, overlapping debt	\$ 37,430,480	
Total direct and overlapping debt	\$ 37,430,480	

Sources: Hudson County Treasurer's Office (2015 Abstract of Ratables & Annual Debt Stmt)

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 Guttenberg. 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.

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.

Guttenberg Board of Education
 Legal Debt Margin Information
 Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2016

Equalized valuation basis

2015	\$ 902,423,837
2014	\$ 904,717,609
2013	\$ 876,260,572
[A]	\$ 2,683,402,018
[A/3]	\$ 894,467,339
[B]	26,834,020 ^a
[C]	
[B-C]	\$ 26,834,020

Average equalized valuation of taxable property
 Debt limit (3 % of average equalization value)
 Net bonded school debt
 Legal debt margin

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 23,523,175	\$ 30,803,859	\$ 33,596,140	\$ 34,202,218	\$ 30,709,115	\$ 28,504,060	\$ 27,108,961	\$ 26,825,123	\$ 26,825,123	\$ 26,834,020
Total net debt applicable to limit	1,859,000	1,679,000	1,499,000	1,319,000	1,119,000	919,000	719,000	479,000	239,000	-
Legal debt margin	\$ 21,664,175	\$ 29,124,859	\$ 32,097,140	\$ 32,883,218	\$ 29,590,115	\$ 27,585,060	\$ 26,389,961	\$ 26,346,123	\$ 26,586,123	\$ 26,834,020
Total net debt applicable to the limit as a percentage of debt limit	7.90%	5.45%	4.46%	3.86%	3.64%	3.22%	3.22%	1.79%	0.89%	0.00%

Source: Abstract of Ratables and District Records CAFR Schedule J-7

^a Limit set by NISA 18A:24-19 for a K through 12 district; other % limits would be applicable for other districts

**Guttenberg Board of Education
Demographic and Economic Statistics
Last Ten Fiscal Years**

Year	Population ^a	Personal Income (thousands of dollars)	Per Capita	
			Personal Income ^c	Unemployment Rate ^d
2007	10,440	386,029,440	36,976	4.00%
2008	10,464	412,773,408	39,447	5.40%
2009	10,600	454,570,400	42,884	9.70%
2010	11,189	479,157,736	42,824	9.90%
2011	11,299	507,618,874	44,926	10.10%
2012	11,356	538,013,212	47,377	10.50%
2013	11,429	571,827,157	50,033	8.60%
2014	11,691	585,578,808	50,088	5.50%
2015	11,665	Not Available	Not Available	4.80%
2016	Not Available	Not Available	Not Available	Not Available

Source:

- ^a Population information provided by the NJ Dept of Labor and Workforce Development
- ^b Personal income - Hudson County - provided by NJ Dept of Labor and Workforce Development
- ^c Per Capita Personal Income - Hudson County - provided by NJ Dept of Labor and Workforce Development
- ^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

Exhibit J-15

**Guttenberg Board of Education
Principal Employers
Current Year and Nine Years Ago**

Employer	2016		2006		Percentage of Total Employment	Rank (Optional)	Percentage of Total Employment
	Employees	Percentage of Total Employment	Employees	Rank (Optional)			
	-	0.00%	-				0.00%

**THE NEW JERSEY DEPARTMENT OF LABOR AND AREA EMPLOYERS REFUSED TO
RELEASE INFORMATION NEEDED TO COMPLETE THIS SCHEDULE DUE TO
PRIVACY CONCERNS.**

Source: Town of Guttenberg

**Guttenberg Board of Education
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years**

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction										
Regular	34.0	35.0	35.0	53.0	*	*	59.0	59.0	59.0	59.0
Special education	8.0	8.0	8.0	10.0	*	*	10.0	12.0	12.0	12.0
Other special education										
Vocational										
Other instruction	2.0	2.0	6.0	9.0	*	*	10.0	10.0	10.0	10.0
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Student & instruction related services	6.5	7.0	8.5	12.0	*	*	17.0	18.0	18.0	18.0
General administrative services	1.5	2.0	2.0	3.0	*	*	3.0	3.0	6.0	6.0
School administrative services	3.5	4.0	3.5	4.0	*	*	4.0	4.0	4.0	4.0
Business administrative services	3.0	3.0	3.0	5.0	*	*	3.0	3.0	0.0	0.0
Plant operations and maintenance	5.0	6.0	6.0	6.0	*	*	6.0	6.0	6.0	6.0
Total	63.5	67.0	72.0	102.0	0.0	0.0	112.0	115.0	115.0	115.0

* Information Not Provided by District

Source: District Personnel Records

Guttenberg Board of Education
Operating Statistics
Last Ten Fiscal Years

Pupil/Teacher Ratio

Fiscal Year	Pupil/Teacher Ratio											
	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Elementary	Middle School	High School	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2007	942.0	12,578,249	13,353	5.74%	76	1:10	N/A	N/A	937	891	1.41%	95.09%
2008	959.0	13,333,215	13,903	4.12%	73	1:13	N/A	N/A	955	910	1.92%	95.29%
2009	909.0	15,424,249	16,968	22.05%	73	1:12	N/A	N/A	984	925	3.04%	94.00%
2010	980.0	16,763,180	17,105	0.81%	75	1:13	N/A	N/A	1023	965.5	3.96%	94.38%
2011	1,022.0	15,685,877	15,348	-10.27%	*	*	N/A	N/A	*	*	*	*
2012	1,031.0	15,496,527	15,031	-2.07%	*	*	N/A	N/A	*	*	*	*
2013	1,010.0	16,041,413	15,883	5.67%	79	1:13	N/A	N/A	*	*	*	*
2014	1,024.0	16,886,246	16,490	3.83%	81	1:13	N/A	N/A	*	*	*	*
2015	982.0	17,932,974	18,262	10.74%	81	1:12	N/A	N/A	983	934	*	95.02%
2016	972.0	18,249,413	18,775	2.81%	91	1:12	N/A	N/A	1007	956.98	2.49%	94.99%

Sources: District records, ASSA and Schedules J-12, J-14

* - Information not provided by District

a Operating expenditures equal total general fund and special revenue fund expenditures less debt service and capital outlay; Schedule J-4

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).

**Guttenberg Board of Education
School Building Information
Last Ten Fiscal Years**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>District Buildings</u>										
<u>Elementary</u>										
Anna L. Klein School	86,087	86,087	90,087	90,487	90,487	90,487	90,487	90,487	90,487	90,487
Square Feet	772	772	872	872	872	872	872	872	872	872
Capacity (students)	942	959	945	982	1,022	1,031	1,010	1,024	982	982
Enrollment										

Number of Schools at June 30, 2016

Elementary = 1

Source: District records, ASSA

Note: Enrollment is based on students' enrolled within the District -- out of district students have not been included

Guttenberg Board of Education
 General Fund
 Last Ten Fiscal Years
 Unaudited

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

School Facilities	Project # (s)	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Anna L. Klein School	N/A	167,380	111,447	178,316	137,270	217,797	104,122	133,114	140,003	156,886	136,310
Total School Facilities		167,380	111,447	178,316	137,270	217,797	104,122	133,114	140,003	156,886	136,310
Grand Total		\$ 167,380	\$ 111,447	\$ 178,316	\$ 137,270	\$ 217,797	\$ 104,122	\$ 133,114	\$ 140,003	\$ 156,886	\$ 136,310

Note: GASB requires that ten years of statistical data be presented. However, since fiscal year 2003 was the first year of GASB 34 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

**Guttenberg Board of Education
Insurance Schedule
June 30, 2016**

Type of Coverage	Coverage	Deductible
School Package Policy (1)		
Building and Contents (All Locations)	250,000,000	\$ 2,500
General Liability	5,000,000	
Automobile Liability	5,000,000	
School Board Legal Liability	5,000,000	
Employers Liability	5,000,000	
Workers' Compensation	5,000,000	
Employee Theft	500,000	1,000
ACE Scholastic Advantage (1)		
Educators Legal Liability Policy	5,000,000	
Pollution Liability Insurance Policy	1,000,000	
Student Accident Insurance (1)	1,000,000	
Surety Bonds (2)		
Board Secretary/Business Administrator	250,000	N/A
Superintendent	100,000	N/A

(1) School Alliance Insurance Fund

(2) Travelers Casualty and Surety Company of America

SINGLE AUDIT SECTION

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K-1
Page 1 of 2

**INDEPENDENT AUDITOR'S 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**

Honorable President and
Members of the Board of Education
Town of Guttenberg School District
County of Hudson, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the Town of Guttenberg School District, in the County of Hudson, New Jersey, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 16, 2016.

Internal Control Over Financial Reporting

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

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



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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Guttenberg Board of Education's financial statements are free of 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 or the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

We noted certain matters that were required to be reported to the Board of Education of the Town of Guttenberg School District in the separate Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance dated November 16, 2016.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Steven D. Wielkotz

Steven D. Wielkotz, C.P.A.
Licensed Public School Accountant
No. 816

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

November 16, 2016

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K-2
Page 1 of 3

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE AND N.J. OMB CIRCULAR 15-08

Honorable President and
Members of the Board of Education
Town of Guttenberg School District
County of Hudson, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Town of Guttenberg School District in the County of Hudson, New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplements* and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Town of Guttenberg Board of Education's major federal and state programs for the year ended June 30, 2016. The Town of Guttenberg 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 its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Guttenberg 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and N.J. OMB Circular 15-08. Those standards, the Uniform Guidance and N.J. OMB 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 and state program occurred. An audit includes examining, on a test basis, evidence about the Town of Guttenberg 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 Town of Guttenberg Board of Education's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Town of Guttenberg Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the Town of Guttenberg Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Guttenberg Board of Education's internal control over compliance with the type of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and N.J. OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Town of Guttenberg 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 and 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 and 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 and 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.

Honorable President and
Members of the Board of Education

K-2
Page 3 of 3

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and N.J. OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Steven D. Wielkocz

Steven D. Wielkocz, C.P.A.
Licensed Public School Accountant
No. 816

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FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

November 16, 2016

TOWN OF GUTTENBERG
BOARD OF EDUCATION

Schedule of Expenditures of Federal Awards
Year ended June 30, 2016

Federal CFDA Number	Federal Grantor/Pass-through Grantor/Program Title	Federal FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2015	Carryover/(Walkover) Amount	Cash Received	Budgetary Expenditures	(Accounts Receivable) at June 30, 2016	Due to Grantor at June 30, 2016
U.S. Department of Agriculture											
Passed-through State Department of Education:											
Enterprise Fund:											
10.550	USDA Commodities Program	1616INJ304N1099		7/1/15-6/30/16	\$ 39,934	(18,684)		39,934	39,934		
10.555	National School Lunch Program	1616INJ304N1099		7/1/15-6/30/16	331,446	(13,706)		310,147	331,446	(21,299)	
10.553	National School Lunch Program	1616INJ304N1099		9/1/14-6/30/15	317,118			13,706			
10.553	National School Breakfast Program	1616INJ304N1099		7/1/15-6/30/16	18,251			17,308	18,251	(943)	
10.553	National School Breakfast Program	1616INJ304N1099		9/1/14-6/30/15	17,446	(960)		960			
10.582	Fresh Fruit and Vegetable Program	1616INJ304L1603		7/1/15-6/30/16	52,341	(4,018)		39,286	52,341	(13,055)	
10.582	Fresh Fruit and Vegetable Program	1616INJ304L1603		9/1/14-6/30/15	52,580			4,018			
	Total Enterprise Fund							425,359	441,972	(35,297)	
U.S. Department of Health and Human Services											
General Fund:											
93.778	Medical Assistance Program (SEMI)	1605NI5MAP		7/1/15-6/30/16	14,824	(4,724)		12,492	14,824	(2,332)	
93.778	Medical Assistance Program (SEMI)	1605NI5MAP		7/1/14-6/30/15	15,894			4,724			
	Total General Fund							17,216	14,824	(2,332)	
U.S. Department of Education											
Passed-through State Department of Education:											
Special Revenue Fund:											
84.010A	Title I, Improving Basic Programs	S010A15003C	NCLBI8501E	7/1/15-6/30/16	704,353	(196,909)		702,815	678,009	(172,103)	
84.010A	Title I, Improving Basic Programs	S010A15003C	NCLBI8501E	7/1/14-6/30/15	701,244	(196,909)					
84.010A	Title II, Part A - Teacher/Principal Training and Recruiting	S010A15003C	NCLBI8501E	9/1/13-8/31/14	685,644	24,158					24,158
84.367	Title II, Part A - Teacher/Principal Training and Recruiting	S367A15002S	NCLBI8501E	7/1/15-6/30/16	63,864			85,000	77,250	(19,788)	
84.367	Title II, Part A - Teacher/Principal Training and Recruiting	S367A15002S	NCLBI8501S	9/1/14-6/30/15	64,998	(27,538)					
84.367	Title III - English Language Acquisition and Language Enhancement	S367A15002S	NCLBI8501A	9/1/13-8/31/14	62,743	5,695					5,695
84.365	Title III - English Language Acquisition and Language Enhancement	S365A15003O	NCLBI8501E	7/1/15-6/30/16	29,993			20,356	26,169	(4,982)	
84.365	Title III - English Language Acquisition and Language Enhancement	S365A15003O	NCLBI8501S	9/1/14-6/30/15	14,297	831					
84.365	Title III - Immigrant and Language Enhancement	S365A15003O	NCLBI8501A	9/1/13-8/31/14	27,808	1,145					1,145
84.365	Title III - Immigrant and Language Enhancement	S365A15003O	NCLBI8501E	7/1/15-6/30/16	12,476	(11,914)		24,892	13,138	(160)	
84.027A	I.D.E.A. Part B, Basic Regular	H027A150100	NCLBI8501S	9/1/14-6/30/15	12,689			11,914			
84.027A	I.D.E.A. Part B, Basic Regular	H027A150100	IDEA185016	7/1/15-6/30/16	243,869	(47,910)		278,884	247,908	(16,934)	
84.027A	I.D.E.A. Part B, Basic Regular	H027A150100	IDEA185015	9/1/14-6/30/15	240,619	(47,910)					
84.173	I.D.E.A. Part B, Preschool	H173A150114	IDEA185014	9/1/13-8/31/14	259,703	1,313					1,313
84.173	I.D.E.A. Part B, Preschool	H173A150114	IDEA185016	7/1/15-6/30/16	8,926	(5,829)		11,377	9,389	(3,841)	
	Total Special Revenue Fund				8,693	(5,829)		5,829	1,051,863	(217,808)	32,311
	Total Federal Financial Assistance					(280,366)		1,565,899	1,508,659	(255,437)	32,311

See accompanying notes to schedules of expenditures of federal and state awards.

TOWN OF GUTTENBERG
BOARD OF EDUCATION

Schedule of Expenditures of State Awards
Year ended June 30, 2016

State Grantor/Program Title	Grant or State Project Numbers	Grant Period	Program or Award Amount	Balance June 30, 2015		Balance at June 30, 2016			MEMO		
				Deferred Revenue (Accounts Receivable)	Carryover/(Walkover) Amount	Cash Received	Budgetary Expenditures	(Accounts Receivable)	Deferred Revenue	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:											
General Fund:											
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	3,594,240		3,594,240		3,594,240			341,832	3,594,240
Special Education Categorical Aid	16-495-034-5120-089	7/1/15-6/30/16	807,468		807,468		807,468			76,795	807,468
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	7,250		7,250		7,250			689	7,250
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	197,684		197,684		197,684			18,801	197,684
Under Adequacy Aid	16-495-034-5120-096	7/1/15-6/30/16	400,877		400,877		400,877			38,125	400,877
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	12,860		12,860		12,860			1,223	12,860
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	12,860		12,860		12,860			1,223	12,860
Extraordinary Aid	16-495-034-5120-044	7/1/15-6/30/16	46,376		46,376		46,376				46,376
Reimbursed TPAF Social Security	16-495-034-5094-003	7/1/15-6/30/16	403,533		403,533		403,533				403,533
Reimbursed TPAF Social Security	15-495-034-5094-003	7/1/14-6/30/15	411,476	(81,903)	81,903						
On Behalf TPAF Pension - Post Retirement	16-495-034-5095-001	7/1/15-6/30/16	517,385		517,385		517,385				517,385
On Behalf TPAF NCGI Premiums	16-495-034-5095-004	7/1/15-6/30/16	20,618		20,618		20,618				20,618
On Behalf TPAF Pension - Contribution	16-495-034-5095-002	7/1/15-6/30/16	413,895		413,895		413,895				413,895
Total General Fund			6,451,454	(81,903)	6,451,454		6,435,046	(65,495)		478,688	6,435,046
Special Revenue Fund:											
Preschool Education Aid	16-495-034-5120-086	7/1/15-6/30/16	149,328		151,194		186,343			14,933	186,343
Preschool Education Aid	15-495-034-5120-086	7/1/14-6/30/15	167,994	57,954	(57,954)						
Non-Public Nursing Aid	16-100-034-5120-070	7/1/15-6/30/16	270		270		270				270
Non-Public Textbook Aid	16-100-034-5120-064	7/1/15-6/30/16	171		171		171				171
Non-Public Technology Aid	16-100-034-5120-373	7/1/15-6/30/16	78		78		78				78
Non-Public Security Aid	16-100-034-5120-509	7/1/15-6/30/16	75		75		75				75
Total Special Revenue Fund			57,954		151,788		186,937			14,933	186,937
Capital Projects Fund:											
Schools Development Authority Construction Grant: Additions/Alterations to the Anna L. Klein School	1850-050-09-0ZZW		3,651,737				1,095,521	(1,095,521)			1,460,695
Debt Service Fund:											
Debt Service Aid Type II	16-495-034-5120-017	7/1/15-6/30/16	15,881		15,881		15,881				15,881
			15,881		15,881		15,881				15,881

TOWN OF GUTTENBERG
BOARD OF EDUCATION

Schedule of Expenditures of State Awards
Year ended June 30, 2016

State Grantor/Program Title	Grant or State Project Numbers	Grant Period	Program or Award Amount	Balance June 30, 2015		Balance at June 30, 2016			MEMO
				Deferred Revenue (Accounts Receivable)	Carryover/(Walkover) Amount	Cash Received	Budgetary Expenditures	(Accounts Receivable)	
Enterprise Fund:									
State Department of Agriculture									
State Share:									
National School Lunch Program	16-100-010-3350-023	7/1/15-6/30/16	6,208	(271)	5,819	6,208	(389)		6,208
National School Lunch Program	15-100-010-3350-023	7/1/14-6/30/15	6,304	(271)	271	6,208			6,304
					6,090	6,208	(389)		12,512
Total State Financial Assistance			\$	(24,220)	6,625,213	7,739,593	(1,161,405)	22,805	8,111,071
Local Private and Not for Profit:									
Manro Donation		2015	50,000					50,000	
Total State and Local Financial Assistance			\$	25,780	6,625,213	7,739,593	(1,161,405)	72,805	8,111,071

Less: On-Behalf TPAF Pension System Contributions

TPAF - Post Retirement Medical Contribution	7/1/15-6/30/16	517,385	517,385
TPAF - Non-contributory Insurance	7/1/15-6/30/16	20,618	20,618
TPAF - Pension Contribution	7/1/15-6/30/16	413,895	413,895
		951,898	951,898
Total for State Financial Assistance - Major Program Determination		\$	5,673,315
			6,787,695

See accompanying notes to schedules of expenditures for federal and state awards.

NOTE 1. GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include the activity of all federal and state award programs of the Board of Education, Town of Guttenberg 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 and state awards passed through other government agencies is included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal Awards and State 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 Notes 2(C) and 2(D) to the Board's basic financial statements. The information in these schedules is presented in accordance with the requirements of *2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ in 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 the 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:22-44.2.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS, (continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$224 for the general fund and \$-0- for the special revenue fund. See Notes to Required Supplemental Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$14,824	\$6,435,270	\$6,450,094
Special Revenue Fund	1,051,863	186,937	1,238,800
Capital Projects Fund		1,095,521	1,095,521
Debt Service Fund		15,881	15,881
Food Service Fund	<u>441,972</u>	<u>6,208</u>	<u>448,180</u>
Total Awards and Financial	<u>\$1,508,659</u>	<u>\$7,739,817</u>	<u>\$9,248,476</u>

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 U.S.D.A. Commodities 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. The amount reported as 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. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, the amount of \$951,898 of on-behalf payments is excluded from major program determination.

NOTE 7. INDIRECT COST RATE

The Town of Guttenberg School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**TOWN OF GUTTENBERG 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 X no
- 2. Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

Noncompliance material to basic financial statements noted? yes X no

Federal Awards

Internal Control over major programs:

- 1. Material weakness(es) identified? yes X no
- 2. Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of the Uniform Guidance? yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FEIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>10.555, 10.553</u>	<u>16161NJ304N1099</u>	Child Nutrition Cluster: <u>National School Lunch/Breakfast Program</u>

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

Auditee qualified as low-risk auditee? X yes no

**TOWN OF GUTTENBERG 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? X yes no

Type of auditor's report issued: unmodified

Internal control over financial reporting:

1. Material weakness(es) identified? yes X no
2. Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08? yes X no

State Grant/Project Number(s)

Name of State Program

<u>16-495-034-5120-078</u>	State Aid Public Cluster:
<u>16-495-034-5120-089</u>	<u>Equalization Aid</u>
<u>16-495-034-5120-084</u>	<u>Special Education Categorical Aid</u>
<u>16-495-034-5120-096</u>	<u>Security Aid</u>
<u>16-495-034-5120-098</u>	<u>Under Adequacy Aid</u>
<u>16-495-034-5120-097</u>	<u>PARCC Readiness Aid</u>
<u>16-495-034-5120-014</u>	<u>Per Pupil Growth Aid</u>
<u>65-3814</u>	<u>Transportation Aid</u>
	<u>Schools Development Authority Construction Grant</u>

**TOWN OF GUTTENBERG SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(continued)**

Section II – Financial Statement Findings

None

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

FEDERAL AWARDS

None

STATE AWARDS

None

**TOWN OF GUTTENBERG SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

None