

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

**Old Tappan, New Jersey**

**COMPREHENSIVE ANNUAL**

**FINANCIAL REPORT**

**of the**

**Old Tappan Board of Education**

**Old Tappan, New Jersey**

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

**Prepared by**

**Business Office**

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**INTRODUCTORY SECTION**

# Old Tappan Board of Education

277 Old Tappan Road . Old Tappan, NJ 07675

Telephone: 201-664-1421 Ext. 2503

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School Business Administrator/  
Board Secretary

October 18, 2016

Honorable President and  
Members of the Board of Education  
Old Tappan Board of Education  
County of Bergen, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Old Tappan Board of Education (the "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 the 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 financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the independent auditor's report, management's discussion and analysis (MD&A), the basic financial statements including the district-wide financial statements. The basic financial statements also include individual fund financial statements, notes to the financial statements and required supplementary information ("RSI"). The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The District is required to undergo an annual single audit in conformity with the provisions of State Treasury Circular Letter 15-08 OMB, "Single Auditor Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the independent auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

### **1) REPORTING ENTITY AND ITS SERVICES:**

The Old Tappan Board of Education is an independent reporting entity within the criteria adopted by GASB. All funds of the District are included in this report. The Old Tappan Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular and special education. The District completed the 2015-2016 fiscal year with an average daily enrollment of 712.5 students, which is a 3.28% decrease from the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

#### **Average Daily Enrollment**

<u>School Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2015-16	712.5	(3.28)%
2014-15	736.7	(1.76)%
2013-14	749.9	(0.80)%
2012-13	756.0	(2.41)%
2011-12	774.7	(5.63)%
2010-11	820.9	(5.83)%
2009-10	871.7	1.27%
2008-09	860.7	(0.73)%
2007-08	867.0	(1.31)%
2006-07	878.5	2.75%

### **2) ECONOMIC CONDITION AND OUTLOOK:**

The Borough of Old Tappan comprises a land area of 3.2 square miles and is located in the northeastern part of Bergen County. Due to the current economic conditions the District enrollment has decreased in each of the last six years.

### **3) MAJOR INITIATIVES:**

- To thread the District's core values, purpose, and vision into our work and communication with faculty and staff, parents, student, and community members.
- To align facilities' needs/improvements with the District's Blueprint to determine educational prioritization and to create synergy.
- To implement an action plan for the selection, distribution, and utilization of technology devices for teachers.
- To begin to develop a plan for student-issued technology devices in the upper middle school grades.



- To develop a “Differentiated Evaluation Model” with the District Evaluation Advisory Committee (DEAC).
- To work collaboratively, as a professional think-tank, with faculty and staff to imagine the possibilities for District growth.

#### **4) 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 generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the 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.

#### **5) BUDGETARY CONTROLS:**

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. All open encumbrances at year-end were canceled.

#### **6) ACCOUNTING SYSTEM AND REPORTS:**

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements".

#### **7) FINANCIAL INFORMATION AT FISCAL YEAR-END:**

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

#### **8) CASH MANAGEMENT:**

The investment policy of the Board is guided in large part by state statute 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 public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

**9) RISK MANAGEMENT:**

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The Board is a member of the Northeast Bergen School Board Insurance Group.

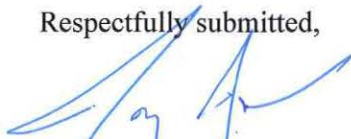
**10) OTHER INFORMATION:**

A) **Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board of Trustees selected the accounting firm of Lerch, Vinci, and Higgins, LLP. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of State Treasury Circular Letter 15-08 OMB. The auditor's report on the basic financial statements, the combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

**11) ACKNOWLEDGMENTS:**

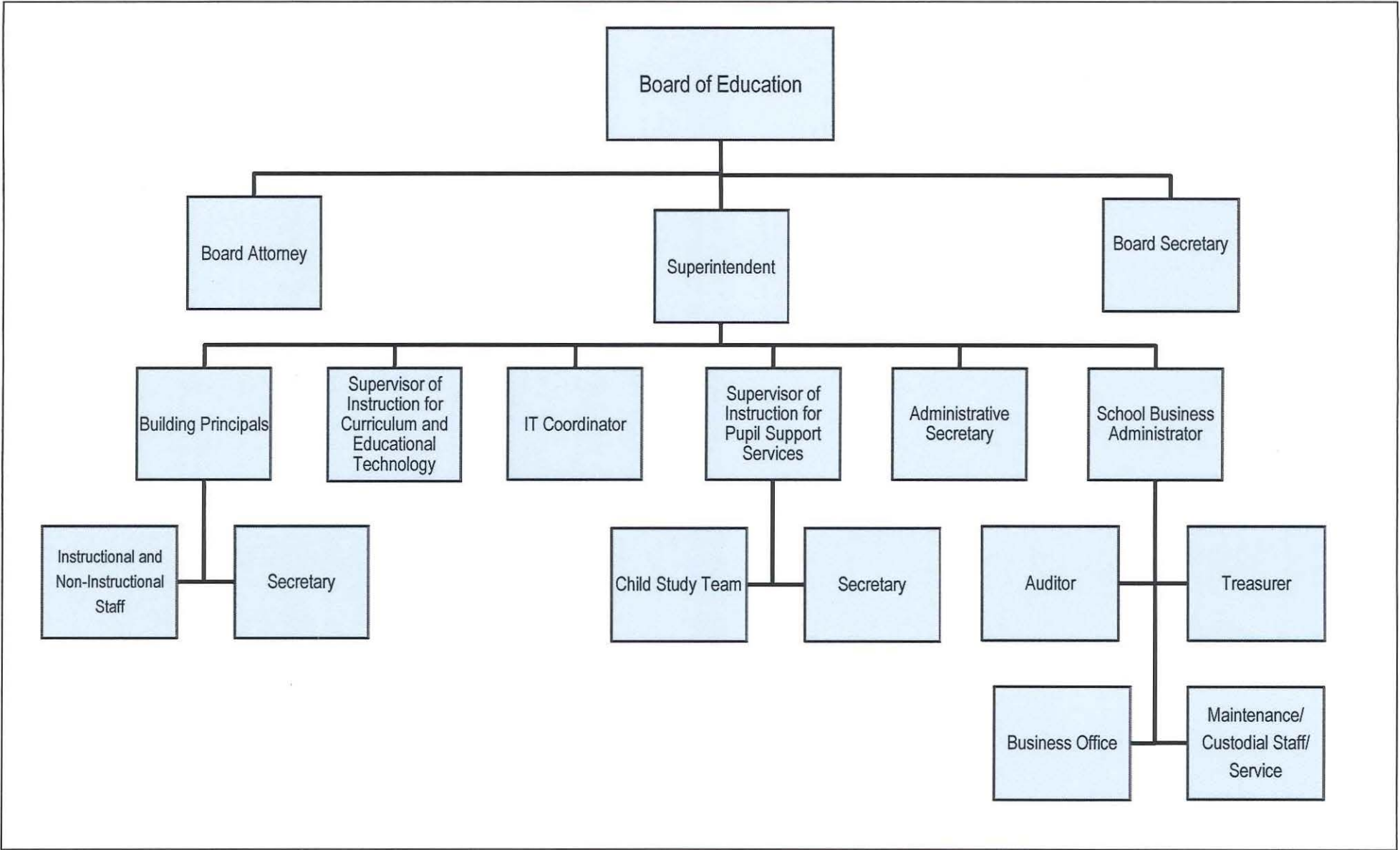
We would like to express our appreciation to the members of the Old Tappan Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.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

Respectfully submitted,



Douglas Barrett, CPA  
Business Administrator/  
Board Secretary

# OLD TAPPAN PUBLIC SCHOOLS ORGANIZATIONAL CHART 2015-2016



**OLD TAPPAN BOARD OF EDUCATION**

**ROSTER OF OFFICIALS**

**JUNE 30, 2016**

**Members of the Board of Education**

Maryellen LaFronz, President

Kurt Linder, Vice President

Melissa Del Rosso

Nicole Gray

John Shahdanian II

**Other Officials**

Ms. Danielle M. Da Giau, Superintendent of Schools

Douglas S. Barrett, CPA, School Business Administrator/Board Secretary

Antoinette Kelly, Treasurer

**OLD TAPPAN BOARD OF EDUCATION**

**CONSULTANTS AND ADVISORS**

**Independent Auditor**

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

**Attorney**

Fogarty & Hara  
21-00 Route 208 South  
Fair Lawn, NJ 07410

**Official Depository**

Capital One Bank  
553 Broadway  
Westwood, NJ 07675

**FINANCIAL SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Trustees  
Old Tappan Board of Education  
Old Tappan, 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 Old Tappan Board of Education, as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

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

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

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

## *Opinions*

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

## *Other Matters*

### *Required Supplementary Information*

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

### *Other Information*

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


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

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



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

In accordance with Government Auditing Standards, we have also issued our report dated November 2, 2016 on our consideration of the Old Tappan Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Old Tappan Board of Education's internal control over financial reporting and compliance.

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

  
Gary J. Vinci  
Public School Accountant  
PSA Number CS00829

Fair Lawn, New Jersey  
November 2, 2016

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

## **OLD TAPPAN BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS**

This discussion and analysis of the Old Tappan School District's financial performance provides an overall review of its financial activities for the fiscal year ended June 30, 2016. The intent of this is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information between the current year (2015-2016) and the prior year (2014-2015) is required to be presented in the MD&A.

### **Financial Highlights**

Key financial highlights for the 2015/2016 school year are as follows:

- The assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$17,177,377 (Net Position).
- The School District had \$16,121,218 in expenses; only \$3,948,302 of these expenses are offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$14,128,697 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$15,220,353 in revenues and \$14,080,857 in expenditures. The General Fund's fund balance increased by \$1,139,496 from June 30, 2015.
- The General Fund unassigned budgetary basis fund balance at June 30, 2016 was \$411,184, which represents a increase of \$42,456 compared to the ending budgetary basis fund balance at June 30, 2015 of \$368,728.

### **Using this Comprehensive Annual Financial Report (CAFR)**

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

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

## **Reporting the School District as a Whole**

### **Statement of Net Position and the Statement of Activities**

While this document reports on all funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and ask the question, "How did we do financially during 2015/2016?" The Statement of Net Position and the Statement of Activities answer that question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

## **Reporting the District's Most Significant Funds**

### **Fund Financial Statements**

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

### **Governmental Funds**

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

### **Enterprise Fund**

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

## The District as a Whole

The Statement of Net Position provides one perspective of the District as a whole. Below is a summary of the District's Net Position as of June 30, 2016 and 2015.

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Assets</b>						
Current and Other Assets	\$ 11,954,893	\$ 10,837,501	\$ 1,021	\$ 1,385	\$ 11,955,914	\$ 10,838,886
Capital Assets	<u>9,641,607</u>	<u>9,538,131</u>	<u>-</u>	<u>-</u>	<u>9,641,607</u>	<u>9,538,131</u>
<b>Total Assets</b>	<u>21,596,500</u>	<u>20,375,632</u>	<u>1,021</u>	<u>1,385</u>	<u>21,597,521</u>	<u>20,377,017</u>
<b>Deferred Outflows of Resources</b>						
Deferred Amounts on Refunding of Debt	14,530	30,436			14,530	30,436
Deferred Amounts on Net Pension Liability	<u>791,431</u>	<u>583,432</u>	<u>-</u>	<u>-</u>	<u>791,431</u>	<u>583,432</u>
<b>Total Deferred Outflows of Resources</b>	<u>805,961</u>	<u>613,868</u>	<u>-</u>	<u>-</u>	<u>805,961</u>	<u>613,868</u>
<b>Liabilities</b>						
Long-Term Liabilities	4,689,431	5,440,671			4,689,431	5,440,671
Other Liabilities	<u>125,900</u>	<u>155,496</u>	<u>-</u>	<u>-</u>	<u>125,900</u>	<u>155,496</u>
<b>Total Liabilities</b>	<u>4,815,331</u>	<u>5,596,167</u>	<u>-</u>	<u>-</u>	<u>4,815,331</u>	<u>5,596,167</u>
<b>Deferred Inflows of Resources</b>						
Deferred Amounts on Net Pension Liability	<u>410,774</u>	<u>173,122</u>	<u>-</u>	<u>-</u>	<u>410,774</u>	<u>173,122</u>
<b>Total Deferred Inflows of Resources</b>	<u>410,774</u>	<u>173,122</u>	<u>-</u>	<u>-</u>	<u>410,774</u>	<u>173,122</u>
<b>Net Position:</b>						
Net Investment in Capital Assets	7,990,048	7,091,287			7,990,048	7,091,287
Restricted	7,918,138	6,782,473			7,918,138	6,782,473
Unrestricted	<u>1,268,170</u>	<u>1,346,451</u>	<u>1,021</u>	<u>1,385</u>	<u>1,269,191</u>	<u>1,347,836</u>
<b>Total Net Position</b>	<u>\$ 17,176,356</u>	<u>\$ 15,220,211</u>	<u>\$ 1,021</u>	<u>\$ 1,385</u>	<u>\$ 17,177,377</u>	<u>\$ 15,221,596</u>

Below is a summary of changes in Net Position for the fiscal years ended June 30, 2016 and 2015.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 19,694	\$ 27,997	\$ 3,919	\$ 3,685	\$ 23,613	\$ 31,682
Operating and Capital Grants and Contributions	3,923,145	3,379,482	1,544	1,872	3,924,689	3,381,354
General Revenues						
Property Taxes	13,895,990	13,594,559			13,895,990	13,594,559
Other	232,694	230,839	13	13	232,707	230,852
<b>Total Revenues</b>	<u>18,071,523</u>	<u>17,232,877</u>	<u>5,476</u>	<u>5,570</u>	<u>18,076,999</u>	<u>17,238,447</u>
<b>Expenses</b>						
Current						
Instruction	10,806,577	10,161,631			10,806,577	10,161,631
Support Services						
Student and Instruction Related Serv.	1,864,892	1,745,595			1,864,892	1,745,595
General and School Administration	1,071,344	1,104,828			1,071,344	1,104,828
Business / Central Services	540,173	521,438			540,173	521,438
Maintenance of Facilities	1,500,750	1,359,244			1,500,750	1,359,244
Pupil Transportation	229,232	216,934			229,232	216,934
Interest and Other Charges on Debt	102,410	137,239			102,410	137,239
Food Service	-	-	5,840	5,816	5,840	5,816
<b>Total Expenses</b>	<u>16,115,378</u>	<u>15,246,909</u>	<u>5,840</u>	<u>5,816</u>	<u>16,121,218</u>	<u>15,252,725</u>
Change in Net Position	1,956,145	1,985,968	(364)	(246)	1,955,781	1,985,722
Net Position, Beginning of Year	15,220,211	13,234,243	1,385	1,631	15,221,596	13,235,874
Net Position, End of Year	<u>\$ 17,176,356</u>	<u>\$ 15,220,211</u>	<u>\$ 1,021</u>	<u>\$ 1,385</u>	<u>\$ 17,177,377</u>	<u>\$ 15,221,596</u>

### Governmental Activities

Property taxes comprise 77 percent of revenues for governmental activities. The District's total revenues were \$18,071,523 for the fiscal year ended June 30, 2016. Federal and state grants accounted for 23 percent of revenue. The total cost of all programs and services was \$16,115,378. Instruction comprises 67 percent of District expenses.

### Business-Type Activities

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

- Food service expenses exceeded revenues by \$364.
- Charges for services represent 72 percent of revenue. This represents amounts paid for daily milk service.
- Federal reimbursement for milk totaled \$1,544.

## Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following schedule shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

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

<u>Functions/Programs</u>	<u>Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Instruction	\$ 10,806,577	\$ 10,161,631	\$ 7,552,768	\$ 7,313,153
Support Services				
Student and Instruction Related Svcs.	1,864,892	1,745,595	1,439,223	1,399,731
General and School Administrative Services	1,071,344	1,104,828	931,139	994,804
Business / Central Services	540,173	521,438	450,016	451,087
Maintenance of Facilities	1,500,750	1,359,244	1,489,319	1,347,850
Pupil Transportation	229,232	216,934	207,664	195,566
Interest and Other Charges on Debt	102,410	137,239	102,410	137,239
Total Governmental Activities	<u>\$ 16,115,378</u>	<u>\$ 15,246,909</u>	<u>\$ 12,172,539</u>	<u>\$ 11,839,430</u>

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

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

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

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

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

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

## The District's Funds

All governmental funds (i.e., general fund, special revenue fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$16,282,568 and expenditures were \$15,143,072.



## The District's Funds (Continued)

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a summary of the governmental fund revenues for the fiscal years ended June 30, 2016 and 2015.

	<b>Fiscal Year Ended <u>June 30, 2016</u></b>	<b>Fiscal Year Ended <u>June 30, 2015</u></b>	<b>Amount of Increase <u>(Decrease)</u></b>	<b>Percent Change</b>
Local Sources	\$ 13,969,498	\$ 13,674,904	\$ 294,594	2.15%
State Sources	2,156,169	2,041,279	114,890	5.63%
Federal Sources	<u>156,901</u>	<u>157,030</u>	<u>(129)</u>	-0.08%
 Total Revenues	 <u>\$ 16,282,568</u>	 <u>\$ 15,873,213</u>	 <u>\$ 409,355</u>	 2.58%

The following schedule represents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal years ended June 30, 2016 and 2015.

	<b>Fiscal Year Ended <u>June 30, 2016</u></b>	<b>Fiscal Year Ended <u>June 30, 2015</u></b>	<b>Amount of Increase <u>(Decrease)</u></b>	<b>Percent Change</b>
Instruction	\$ 9,344,621	\$ 9,076,045	\$ 268,576	2.96%
Support Services	4,406,634	4,183,764	222,870	5.33%
Capital Outlay	486,630	35,607	451,023	1266.67%
Debt Service	<u>905,187</u>	<u>913,627</u>	<u>(8,440)</u>	-0.92%
 Total Expenditures	 <u>\$ 15,143,072</u>	 <u>\$ 14,209,043</u>	 <u>\$ 934,029</u>	 6.57%

## General Fund Budgeting Highlights

The District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The most significant budgetary fund is the General Fund.

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

- Salary accounts were adjusted to reflect: changes in staff assignments; retirements, resignations and the resulting new hires; program adjustments necessitated by student population changes.
- Transfers were made to reclassify expenditures for both specific special education programs and extraordinary support services that were budgeted in other programs services as well as unexpected increases in these services, as well as increases to acquire equipment for Operation Maintenance and Regular Instruction and increases to Facilities Acquisition and Construction Services for the new costs of projects.

## General Fund Budgeting Highlights (Continued)

- TPAF, which is the state's contribution to the pension fund and social security is neither a revenue item nor an expenditure item in the District's budget but is required to be reflected in the financial statements.

## Capital Assets

At June 30, 2016, the District had \$17,815,005 in land, buildings, furniture, equipment and vehicles. Below is a comparison of the book value of capital assets (net of accumulated depreciation) at June 30, 2016 and 2015.

	<u>2016</u>	<u>2015</u>
Land	\$ 38,600	\$ 38,600
Construction In Progress	484,041	
Buildings and Building Improvements	8,974,733	9,342,554
Machinery, Equipment and Vehicles	<u>144,233</u>	<u>156,977</u>
Total	<u>\$ 9,641,607</u>	<u>\$ 9,538,131</u>

## Debt Administration

At June 30, 2016 and 2015, the District had \$4,689,431 and \$5,440,671 of outstanding long-term liabilities. Of these amounts, \$53,355 and \$58,387 is for compensated absences; \$1,666,089 and \$2,477,280 are for serial bonds plus unamortized premiums previously issued for school construction projects; \$2,969,987 and \$2,905,004 is for net pension liability, as of June 30, 2016 and 2015, respectively.

## For the Future

Currently, the District is in excellent financial condition. Everyone associated with the Old Tappan School District is grateful for the community support of the schools. However, new legislation is a major concern and may significantly limit the District's ability to provide programs and appropriate class sizes. This, coupled with uncertainty surrounding a new funding formula, will perpetuate the significant reliance on local property taxes.

In conclusion, the Old Tappan School District has committed itself to financial excellence for many years. Its system for financial planning, budgeting, and internal financial controls is audited annually and the District will continue to work hard to prudently manage its finances to meet the many challenges ahead.

## Contacting the District's Financial Management

If you have questions about this report or need additional information, contact the School Business Administrator at the Old Tappan Board of Education, 277 Old Tappan Road, Old Tappan, NJ 07675.

**FINANCIAL STATEMENTS**

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 11,949,205	\$ 913	\$ 11,950,118
Receivables, net			
Receivables from Other Governments	3,973	108	4,081
Other Receivables	1,715		1,715
Capital Assets			
Not Being Depreciated	522,641		522,641
Being Depreciated, net	<u>9,118,966</u>	<u>-</u>	<u>9,118,966</u>
Total Assets	<u>21,596,500</u>	<u>1,021</u>	<u>21,597,521</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amounts on Refunding of Debt	14,530		14,530
Deferred Amounts on Net Pension Liability	<u>791,431</u>	<u>-</u>	<u>791,431</u>
Total Deferred Outflows of Resources	<u>805,961</u>	<u>-</u>	<u>805,961</u>
<b>LIABILITIES</b>			
Accounts Payable	50,989		50,989
Accrued Interest Payable	16,024		16,024
Unearned Revenue	58,887		58,887
Noncurrent Liabilities			
Due Within One Year	840,000		840,000
Due Beyond One Year	<u>3,849,431</u>	<u>-</u>	<u>3,849,431</u>
Total Liabilities	<u>4,815,331</u>	<u>-</u>	<u>4,815,331</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Amounts on Net Pension Liability	<u>410,774</u>	<u>-</u>	<u>410,774</u>
Total Deferred Inflows of Resources	<u>410,774</u>	<u>-</u>	<u>410,774</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	7,990,048		7,990,048
Restricted for			
Capital Projects	6,952,188		6,952,188
Other Purposes	965,950		965,950
Unrestricted	<u>1,268,170</u>	<u>1,021</u>	<u>1,269,191</u>
Total Net Position	<u>\$ 17,176,356</u>	<u>\$ 1,021</u>	<u>\$ 17,177,377</u>

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

**OLD TAPPAN BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
Instruction							
Regular	\$ 7,209,373	\$ 19,694	\$ 2,086,260		\$ (5,103,419)		\$ (5,103,419)
Special Education	3,066,946		1,005,793		(2,061,153)		(2,061,153)
Other Instruction	451,500		142,062		(309,438)		(309,438)
School Sponsored Activities and Athletics	78,758				(78,758)		(78,758)
Support Services							
Student and Instruction Related Services	1,864,892		425,669		(1,439,223)		(1,439,223)
General Administration Services	459,534				(459,534)		(459,534)
School Administration Services	611,810		140,205		(471,605)		(471,605)
Business / Central Services	540,173		90,157		(450,016)		(450,016)
Plant Operations and Maintenance	1,500,750		11,431		(1,489,319)		(1,489,319)
Pupil Transportation	229,232		21,568		(207,664)		(207,664)
Interest and Other Charges on Debt	102,410	-	-	-	(102,410)	-	(102,410)
Total Governmental Activities	<u>16,115,378</u>	<u>19,694</u>	<u>3,923,145</u>	<u>-</u>	<u>(12,172,539)</u>	<u>-</u>	<u>(12,172,539)</u>
<b>Business-Type Activities</b>							
Food Service	5,840	3,919	1,544	-	-	\$ (377)	(377)
Total Business-Type Activities	<u>5,840</u>	<u>3,919</u>	<u>1,544</u>	<u>-</u>	<u>-</u>	<u>(377)</u>	<u>(377)</u>
Total Primary Government	<u>\$ 16,121,218</u>	<u>\$ 23,613</u>	<u>\$ 3,924,689</u>	<u>\$ -</u>	<u>(12,172,539)</u>	<u>(377)</u>	<u>(12,172,916)</u>
<b>General Revenues</b>							
Property Taxes, Levied for							
General Purposes					13,164,472		13,164,472
Debt Service					731,518		731,518
Investment Earnings					41,726	13	41,739
State Aid Levied for Debt Service					172,547		172,547
Unrestricted State Aid					7,582		7,582
Miscellaneous Income					10,839	-	10,839
Total General Revenues					<u>14,128,684</u>	<u>13</u>	<u>14,128,697</u>
Change in Net Position					1,956,145	(364)	1,955,781
Net Position, Beginning of Year					15,220,211	1,385	15,221,596
Net Position, End of Year					<u>\$ 17,176,356</u>	<u>\$ 1,021</u>	<u>\$ 17,177,377</u>

**FUND FINANCIAL STATEMENTS**

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 11,921,608	\$ 27,597		\$ 11,949,205
Receivables, Net				
Receivables from Other Governments	3,973			3,973
Other Receivables	<u>1,715</u>	<u>-</u>	<u>\$ -</u>	<u>1,715</u>
 Total Assets	 <u>\$ 11,927,296</u>	 <u>\$ 27,597</u>	 <u>\$ -</u>	 <u>\$ 11,954,893</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts Payable	\$ 50,989			\$ 50,989
Unearned Revenue	<u>31,290</u>	<u>\$ 27,597</u>	<u>-</u>	<u>58,887</u>
 Total Liabilities	 <u>82,279</u>	 <u>27,597</u>	 <u>-</u>	 <u>109,876</u>
Fund Balances				
Restricted				
Capital Reserve	6,952,188			6,952,188
Maintenance Reserve	715,950			715,950
Emergency Reserve	250,000			250,000
Excess Surplus	1,622,205			1,622,205
Excess Surplus Designated for Subsequent Year's Budget	1,778,871			1,778,871
Committed				
Encumbrances	300,484			300,484
Unassigned	<u>225,319</u>	<u>-</u>	<u>-</u>	<u>225,319</u>
 Total Fund Balances	 <u>11,845,017</u>	 <u>-</u>	 <u>\$ -</u>	 <u>11,845,017</u>
 Total Liabilities and Fund Balances	 <u>\$ 11,927,296</u>	 <u>\$ 27,597</u>	 <u>\$ -</u>	

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

**Total Fund Balances (Exhibit B-1)** \$ 11,845,017

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 \$17,815,005 and the accumulated depreciation is \$8,173,398.

9,641,607

The District has financed capital assets through the issuance of serial bonds. The interest accrual at year end is:

(16,024)

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

Deferred Outflows of Resources  
Deferred Inflows of Resources

\$ 791,431  
(410,774)

380,657

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

14,530

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds

Bonds Payable  
Compensated Absences  
Net Pension Liability

(1,666,089)  
(53,355)  
(2,969,987)

(4,689,431)

Net Position of Governmental Activities (Exhibit A-1)

\$ 17,176,356

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



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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Local Sources				
Property Tax Levy	\$ 13,164,472		\$ 731,518	\$ 13,895,990
Tuition	19,694			19,694
Interest	41,726			41,726
Miscellaneous	10,839	\$ 1,249	-	12,088
	<u>13,236,731</u>	<u>1,249</u>	<u>731,518</u>	<u>13,969,498</u>
Intergovernmental				
State Sources	1,983,622		172,547	2,156,169
Federal Sources	-	156,901	-	156,901
	<u>1,983,622</u>	<u>156,901</u>	<u>172,547</u>	<u>2,313,070</u>
Total Revenues	<u>15,220,353</u>	<u>158,150</u>	<u>904,065</u>	<u>16,282,568</u>
<b>EXPENDITURES</b>				
Current				
Instruction				
Regular Instruction	6,064,045	308		6,064,353
Special Education Instruction	2,675,831	152,534		2,828,365
Other Instruction	372,065	4,367		376,432
School-Sponsored Activities and Athletics	75,471			75,471
Support Services				
Student and Instruction Related Services	1,623,500	941		1,624,441
General Administration Services	442,248			442,248
School Administration Services	520,872			520,872
Business/Central Services	478,216			478,216
Plant Operations and Maintenance	1,111,625			1,111,625
Pupil Transportation	229,232			229,232
Debt Service				
Principal			810,000	810,000
Interest and Other Charges	1,122		94,065	95,187
Capital Outlay	486,630	-	-	486,630
	<u>14,080,857</u>	<u>158,150</u>	<u>904,065</u>	<u>15,143,072</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,139,496	-	-	1,139,496
Fund Balance, Beginning of Year	<u>10,705,521</u>	<u>-</u>	<u>-</u>	<u>10,705,521</u>
Fund Balance, End of Year	<u>\$ 11,845,017</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,845,017</u>

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

**OLD TAPPAN BOARD OF EDUCATION  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
WITH THE DISTRICT-WIDE STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2)** \$ 1,139,496

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities those costs are shown in the statement and allocated over their estimated useful lives as depreciation expense.

Capital Outlay	\$ 486,630	
Depreciation Expense	<u>(383,154)</u>	
		103,476

Repayment of lease purchase and bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities. Additionally, governmental funds report the effect of premiums, discounts and similar items when the debt is issued, whereas these amounts are deferred and amortized in the statement of activities:

Bond Principal	810,000	
Amortization Expense:		
Deferred Amount on Refunding	(15,906)	
Original Issue Premium	<u>1,191</u>	
		795,285

In the statement of activities, certain operating expenses, e.g., compensated absences and pension expense are measured by the amounts earned or accrued during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid):

Decrease in Compensated Absences	5,032	
Increase in Pension Expense	<u>(94,636)</u>	
		(89,604)

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

Decrease in Accrued Interest		<u>7,492</u>
------------------------------	--	--------------

**Change in Net Position of Governmental Activities (Exhibit A-2)** \$ 1,956,145

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

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

	<b>Other Non-Major Enterprise Fund <u>Totals</u></b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 913
Intergovernmental Receivable	
Federal	<u>108</u>
	<u>1,021</u>
Total Assets	<u>1,021</u>
<b>NET POSITION</b>	
Unrestricted	<u>1,021</u>
Total Net Position	<u>\$ 1,021</u>

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

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

	<b>Other Non-Major Enterprise Fund <u>Totals</u></b>
<b>OPERATING REVENUES</b>	
Charges for Services	
Daily Sales - Reimbursable	\$ 3,919
	<hr/>
Total Operating Revenues	3,919
	<hr/>
<b>OPERATING EXPENSES</b>	
Cost of Sales - Reimbursable	2,020
Salaries and Wages	3,820
	<hr/>
Total Operating Expenses	5,840
	<hr/>
Operating (Loss)	(1,921)
	<hr/>
<b>NONOPERATING REVENUES</b>	
Federal Sources	
Special Milk Program	1,544
Interest on Investments	13
	<hr/>
Total Nonoperating Revenues	1,557
	<hr/>
Change in Net Position	(364)
	<hr/>
Net Position, Beginning of Year	1,385
	<hr/>
Net Position, End of Year	\$ 1,021
	<hr/> <hr/>

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

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

	<b>Other Non-Major Enterprise Fund Totals</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	
Cash Received from Customers	\$ 3,919
Cash Payments for Salaries and Wages	(3,820)
Cash Payments to Suppliers for Goods and Services	<u>(2,020)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(1,921)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCIAL ACTIVITIES</b>	
Cash Received from State and Federal Subsidy Reimbursements	<u>1,588</u>
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>1,588</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on Investments	<u>13</u>
Net Cash Provided by (Used for) Investing Activities	<u>13</u>
Net Change in Cash and Cash Equivalents	(320)
Cash and Cash Equivalents, Beginning of Year	<u>1,233</u>
Cash and Cash Equivalents, End of Year	<u>\$ 913</u>
<b>RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED FOR) OPERATING ACTIVITIES</b>	
Operating (Loss)	<u>\$ (1,921)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (1,921)</u>

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

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

	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 619,057	\$ 140,412
Total Assets	<u>619,057</u>	<u>\$ 140,412</u>
<b>LIABILITIES</b>		
Payroll Deductions and Withholdings		\$ 58,971
Accrued Salaries And Wages		2,219
Due to State of New Jersey	8,060	
Due to Student Groups	<u>-</u>	<u>79,222</u>
Total Liabilities	<u>8,060</u>	<u>\$ 140,412</u>
<b>NET POSITION</b>		
Held in Trust for Unemployment Claims	<u>\$ 610,997</u>	

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

**OLD TAPPAN BOARD OF EDUCATION  
FIDUCIARY FUND  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Unemployment Compensation Trust</u>
<b>ADDITIONS</b>	
Contributions	
Employees	\$ 10,266
<b>DEDUCTIONS</b>	
Unemployment Claims and Contributions	<u>15,667</u>
Change in Net Position	(5,401)
Net Position, Beginning of Year	<u>616,398</u>
Net Position, End of Year	<u>\$ 610,997</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**



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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

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

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

**B. New Accounting Standards**

During fiscal year 2016, the District adopted the following GASB statements as required:

- GASB No. 72, *Fair Value Measurement and Application*, June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement applies to donated capital assets, donated works of art, donated historical treasures, and also to similar assets and capital assets received in a service concession arrangement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, will be effective beginning with the fiscal year ending June 30, 2016. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

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

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

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

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

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

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

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

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

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

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

**District-Wide Financial Statements**

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

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

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

**Fund Financial Statements**

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

The District reports the following major governmental funds:

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

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

The *debt service fund* accounts for the accumulation of resources that are restricted, committed or assigned for the payment of principal and interest on long-term general obligation debt of governmental funds.

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

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

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

**Fund Financial Statements (Continued)**

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

The *food service fund* accounts for the activities of the school cafeteria, which provides milk to students.

Additionally, the government reports the following fund types:

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

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

**Reclassifications**

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

**D. Measurement Focus and Basis of Accounting**

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

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

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

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

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

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

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

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

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

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

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

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

***2. Receivables***

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

***3. Inventories***

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

Food Service Fund inventories are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased.

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

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

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

**4. Capital Assets**

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Building Improvements	20-50
Site Improvements	5-10
Heavy Equipment	10-20
Machinery and Equipment	5-10

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

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

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

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

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

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

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

***6. Compensated Absences***

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused vacation and sick leave benefits. A long-term liability of accumulated vacation and sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds do not permit the accrual of unused vacation or sick leave. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

***7. Pensions***

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. *Long-Term Obligations (Continued)*

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

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

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

*Maintenance Reserve* – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education.



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

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

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

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

**Governmental Fund Statements (Continued)**

**Restricted Fund Balance (Continued)**

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

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

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

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

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

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

**F. Revenues and Expenditures/Expenses**

**1. Program Revenues**

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

**2. Property Taxes**

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

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

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

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

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

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

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

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

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

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On February 6, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

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

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**A. Budgetary Information (Continued)**

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2015/2016. Also, during 2015/2016 the Board increased the original budget by \$150,431. The increase was funded by additional surplus appropriated and grant awards. During the fiscal year the Board authorized and approved on February 22, 2016, fund balance appropriations of \$64,684 from the general fund.

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

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

**B. Capital Reserve**

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

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

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

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**B. Capital Reserve (Continued)**

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

Balance, July 1, 2015		\$ 5,816,523
Increases		
Interest Earned	\$ 20,134	
Unexpended Balance of Capital Outlay Appropriations Funded by Capital Reserve	545,531	
Deposits Approved by Board Resolution	<u>1,900,000</u>	
		<u>2,465,665</u>
Decreases		
Approved in District 's 2015/16 Budget	<u>1,330,000</u>	
		<u>1,330,000</u>
Balance, June 30, 2016		<u>\$ 6,952,188</u>

**Analysis of Capital Reserve**

Restricted Fund Balance	<u>\$ 6,952,188</u>
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**C. Maintenance Reserve**

A maintenance reserve account was established by the District. The accumulation of funds will be used for required maintenance of school facilities expenditures in subsequent fiscal years. The maintenance reserve is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance reserve in the annual General Fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

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

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**C. Maintenance Reserve (Continued)**

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

Balance, July 1, 2015	<u>\$ 715,950</u>
Balance, June 30, 2016	<u>\$ 715,950</u>

The June 30, 2016 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$715,950.

**D. Emergency Reserve**

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

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

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

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

**E. Calculation of Excess Surplus**

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2016 is \$3,401,076. Of this amount, \$1,778,871 was designated and appropriated in the 2016/2017 original budget certified for taxes and the remaining amount of \$1,622,205 will be appropriated in the 2017/2018 original budget certified for taxes.

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Cash Deposits and Investments**

**Cash Deposits**

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2016, the book value of the Board's deposits were \$12,709,587 and bank and brokerage firm balances of the Board's deposits amounted to \$13,325,149. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

**Depository Account**

Insured	\$ <u>13,325,149</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2016 the Board has no funds exposed to custodial credit risk

**Investments**

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

As of June 30, 2016, the Board had no outstanding investments.

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

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

**B. Receivables**

Receivables as of June 30, 2016 for the district's individual major and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Food Service Fund</u>	<u>Total</u>
Receivables:			
Intergovernmental			
State	\$ 3,973		\$ 3,973
Federal		\$ 108	108
Other	1,715	-	1,715
Gross Receivables	<u>5,688</u>	<u>108</u>	<u>5,796</u>
Less: Allowance for Uncollectibles	-	-	-
Net Total Receivables	<u>\$ 5,688</u>	<u>\$ 108</u>	<u>\$ 5,796</u>

**C. Unearned Revenue**

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

	<u>Total</u>
General Fund	
Unrealized Summer Enrichment Program Fees	\$ 31,290
Special Revenue Fund	
Unencumbered Grant Drawdowns - Local Sources	<u>27,597</u>
	<u>\$ 58,887</u>

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

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

**D. Capital Assets**

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

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 38,600			\$ 38,600
Construction In Progress	-	\$ 484,041	-	484,041
Total Capital Assets, Not Being Depreciated	<u>38,600</u>	<u>484,041</u>	<u>-</u>	<u>522,641</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	16,648,845			16,648,845
Site Improvements	88,409			88,409
Machinery and Equipment	552,521	\$ 2,589	-	555,110
Total Capital Assets Being Depreciated	<u>17,289,775</u>	<u>2,589</u>	<u>-</u>	<u>17,292,364</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(7,306,291)	(367,821)		(7,674,112)
Site Improvements	(88,409)			(88,409)
Machinery and Equipment	(395,544)	(15,333)	-	(410,877)
Total Accumulated Depreciation	<u>(7,790,244)</u>	<u>(383,154)</u>	<u>-</u>	<u>(8,173,398)</u>
Total Capital Assets, Being Depreciated, Net	<u>9,499,531</u>	<u>(380,565)</u>	<u>-</u>	<u>9,118,966</u>
Governmental Activities Capital Assets, Net	<u>\$ 9,538,131</u>	<u>\$ 103,476</u>	<u>\$ -</u>	<u>\$ 9,641,607</u>

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

**Governmental Activities:**

Instruction	
Regular	\$ 3,620
Total Instruction	<u>3,620</u>
Support Services	
School Administration Services	6,506
Business / Central Services	2,154
Plant Operations and Maintenance	370,874
Total Support Services	<u>379,534</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 383,154</u>



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

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

**D. Capital Assets (Continued)**

**Construction Commitments**

The District has the following active construction projects as of June 30, 2016:

<u>Project</u>	<u>Remaining Construction Commitment</u>
Boiler Replacement at Charles DeWolf M.S. Vestibule Project at Charles DeWolf M.S.	\$ 139,393 <u>159,956</u>
Total	<u>\$ 299,349</u>

**E. Long-Term Debt**

**General Obligation Bonds**

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

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

\$9,085,000, 2004 Refunding Bonds, due in annual installments of \$825,000 to \$840,000 through April 1, 2018, interest at 3.80% to 3.90%	<u>\$1,665,000</u>
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The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

**Governmental Activities:**

<u>Fiscal Year June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2017	\$ 840,000	\$ 64,095	\$ 904,095
2018	<u>825,000</u>	<u>32,175</u>	<u>857,175</u>
	<u>\$ 1,665,000</u>	<u>\$ 96,270</u>	<u>\$ 1,761,270</u>

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

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

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

**Statutory Borrowing Power**

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

3% of Equalized Valuation Basis (Municipal)	\$ 51,550,825
Less: Net Debt	<u>1,665,000</u>
Remaining Borrowing Power	<u>\$ 49,885,825</u>

**F. Other Long-Term Liabilities**

**Changes in Long-Term Liabilities**

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

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable	\$ 2,475,000		\$ 810,000	\$ 1,665,000	\$ 840,000
Add:					
Unamortized Premiums	<u>2,280</u>	<u>-</u>	<u>1,191</u>	<u>1,089</u>	<u>-</u>
Sub-Total Bonds Payable	2,477,280	-	811,191	1,666,089	840,000
Compensated Absences	58,387	\$ 888	5,920	53,355	-
Net Pension Liability	<u>2,905,004</u>	<u>178,730</u>	<u>113,747</u>	<u>2,969,987</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 5,440,671</u>	<u>\$ 179,618</u>	<u>\$ 930,858</u>	<u>\$ 4,689,431</u>	<u>\$ 840,000</u>

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

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

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

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

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

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

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

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

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

Fiscal Year Ended <u>June 30,</u>	<u>Board Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016		\$ 10,266	\$ 15,667	\$ 610,997
2015		10,580	10,822	616,398
2014		10,233	1,132	616,640

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

**NOTE 4 OTHER INFORMATION (Continued)**

**B. Contingent Liabilities**

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

**Federal and State Awards** – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2016, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**C. Federal Arbitrage Regulations**

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

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

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

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

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

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

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

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

**Other Pension Funds**

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

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

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

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

**Basis of Accounting**

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

**Investment Valuation**

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

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

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

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Funding Status and Funding Progress**

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

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

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

**Actuarial Methods and Assumptions**

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

**Employer and Employee Pension Contributions**

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

**Annual Pension Costs (APC)**

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

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

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2016	\$ 113,747	\$ 488,619	\$ 8,173
2015	127,911	319,067	3,843
2014	93,943	246,936	655

For fiscal years 2015/2016 and 2014/2015, the state contributed \$488,619 and \$319,067, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$246,936 for normal cost pension and NCGI premium.

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$422,063 during the fiscal year ended June 30, 2016 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

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

**Public Employees Retirement System (PERS)**

At June 30, 2016, the District reported in the statement of net position (accrual basis) a liability of \$2,969,987 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the District's proportionate share was .01323 percent, which was a decrease of .00229 percent from its proportionate share measured as of June 30, 2014 of .01552 percent.

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

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$208,383 for PERS. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>2015</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 70,853	
Changes of Assumptions	318,953	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 47,752
Changes in Proportion and Differences Between Board Contributions and Proportionate Share of Contributions	<u>401,625</u>	<u>363,022</u>
Total	<u>\$ 791,431</u>	<u>\$ 410,774</u>

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

Fiscal Year Ending <u>June 30,</u>	
2017	\$ 74,369
2018	74,369
2019	74,369
2020	117,650
2021	<u>39,900</u>
	<u>\$ 380,657</u>



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

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

*Actuarial Assumptions*

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

	<u>PERS</u>
Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15-4.40%
	Based on Age
Thereafter	3.15-5.40%
	Based on Age
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2008 -
Study Upon Which Actuarial	June 30, 2011
Assumptions were Based	

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

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

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

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

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

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

***Discount Rate***

The discount rate used to measure the total pension liabilities of the PERS plan was 4.90%

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

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

***Discount Rate (Continued)***

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

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

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

***Sensitivity of Net Pension Liability***

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

	<b>1% Decrease <u>(3.90%)</u></b>	<b>Current Discount Rate <u>(4.90%)</u></b>	<b>1% Increase <u>(5.90%)</u></b>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 3,691,330</u>	<u>\$ 2,969,987</u>	<u>\$ 2,365,218</u>

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

***Pension Plan Fiduciary Net Position***

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

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

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

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

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$2,277,574 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2016 the State's proportionate share of the net pension liability attributable to the District is \$37,301,205. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2015. At June 30, 2015, the state's share of the net pension liability attributable to the District was .05901 percent, which was an increase of .00064 percent from its proportionate share measured as of June 30, 2014 of .05837 percent.

**Actuarial Assumptions**

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

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

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

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

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

**Long-Term Expected Rate of Return**

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

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

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

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

***Discount Rate***

The discount rate used to measure the total pension liabilities of the TPAF plan was 4.13%.

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

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

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

***Sensitivity of Net Pension Liability***

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

	<b>1% Decrease (3.13%)</b>	<b>Current Discount Rate (4.13%)</b>	<b>1% Increase (5.13%)</b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 44,331,088</u>	<u>\$ 37,301,205</u>	<u>\$ 31,244,540</u>

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

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

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

***Pension Plan Fiduciary Net Position***

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

**E. Post-Retirement Medical Benefits**

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

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

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

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

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

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

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Basis of Accounting**

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

**Significant Legislation**

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

**Investment Valuation**

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

**Funded Status and Funding Progress**

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

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

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

**Actuarial Methods and Assumptions**

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



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

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Post-Retirement Medical Benefits Contributions**

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

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

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

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2016, 2015 and 2014 were \$581,810, \$506,519 and \$404,883, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

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

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 13,164,472		\$ 13,164,472	\$ 13,164,472	
Tuition				19,694	\$ 19,694
Interest				21,592	21,592
Interest on Capital Reserve	500		500	20,134	19,634
Miscellaneous	7,500	-	7,500	10,839	3,339
<b>Total Local Sources</b>	<b>13,172,472</b>	<b>-</b>	<b>13,172,472</b>	<b>13,236,731</b>	<b>64,259</b>
State Sources					
Special Education Aid	327,148		327,148	327,148	-
Transportation Aid	17,546		17,546	17,546	-
Security Aid	11,399		11,399	11,399	-
PARCC Readiness Aid	7,560		7,560	7,560	-
Per Pupil Growth Aid	7,560		7,560	7,560	-
Extraordinary Aid				155,444	155,444
Non-Public Transportation Aid				3,973	3,973
On-behalf TPAF					
Pension Contributions - Normal Cost				465,434	465,434
Pension Contributions - NCGI				23,185	23,185
Post Retirement Medical Cont.				581,810	581,810
Social Security Payments	-	-	-	422,063	422,063
<b>Total State Sources</b>	<b>371,213</b>	<b>-</b>	<b>371,213</b>	<b>2,023,122</b>	<b>1,651,909</b>
<b>Total Revenues</b>	<b>13,543,685</b>	<b>-</b>	<b>13,543,685</b>	<b>15,259,853</b>	<b>1,716,168</b>
<b>EXPENDITURES</b>					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	329,591		329,591	168,660	160,931
Grades 1-5	2,070,486	\$ (1,600)	2,068,886	1,922,970	145,916
Grades 6-8	1,859,717	1,600	1,861,317	1,819,183	42,134
Regular Program - Home Instruction					
Salaries of Teachers	7,500	-	7,500	315	7,185
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	115,139	(2,650)	112,489	108,849	3,640
Purchased Professional - Educational Services	2,100	-	2,100	2,100	2,100
Purchased Technical Services	9,090	(6,940)	2,150	2,150	-
General Supplies	176,567	91,716	268,283	260,207	8,076
Textbooks	38,800	(2,979)	35,821	35,720	101
Other Objects	660	-	660	-	660
<b>Total Regular Programs</b>	<b>4,609,650</b>	<b>79,147</b>	<b>4,688,797</b>	<b>4,318,054</b>	<b>370,743</b>
Special Education					
Auditory Impairments					
Purchased Professional-Educational Services	95,000	(3,177)	91,823	72,935	18,888
<b>Total Auditory Impairments</b>	<b>95,000</b>	<b>(3,177)</b>	<b>91,823</b>	<b>72,935</b>	<b>18,888</b>
Multiple Disabilities					
Salaries of Teachers	-	65,101	65,101	65,101	-
<b>Total Multiple Disabilities</b>	<b>-</b>	<b>65,101</b>	<b>65,101</b>	<b>65,101</b>	<b>-</b>

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

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT (Continued)</b>					
Special Education (Continued)					
Resource Room / Resource Center					
Salaries of Teachers	\$ 761,772	\$ (54,777)	\$ 706,995	\$ 706,995	
General Supplies	2,900	20	2,920	1,549	\$ 1,371
Textbooks	900	(20)	880	-	880
<b>Total Resource Room / Resource Center</b>	<b>765,572</b>	<b>(54,777)</b>	<b>710,795</b>	<b>708,544</b>	<b>2,251</b>
Preschool Disabilities-Full Time					
Other Salaries for Instruction	368,024	(41,441)	326,583	272,096	54,487
<b>Total Preschool Disabilities-Full Time</b>	<b>368,024</b>	<b>(41,441)</b>	<b>326,583</b>	<b>272,096</b>	<b>54,487</b>
<b>Total Special Education</b>	<b>1,228,596</b>	<b>(34,294)</b>	<b>1,194,302</b>	<b>1,118,676</b>	<b>75,626</b>
Basic Skills/Remedial					
Salaries of Teachers	182,446	2,294	184,740	184,740	-
<b>Total Basic Skills/Remedial</b>	<b>182,446</b>	<b>2,294</b>	<b>184,740</b>	<b>184,740</b>	<b>-</b>
Bilingual Education					
Salaries of Teachers	85,931	-	85,931	74,378	11,553
General Supplies	100	-	100	79	21
<b>Total Bilingual Education</b>	<b>86,031</b>	<b>-</b>	<b>86,031</b>	<b>74,457</b>	<b>11,574</b>
School Sponsored Co/Extra Curricular Activities					
Salaries	54,102	-	54,102	42,955	11,147
Supplies and Materials	5,000	-	5,000	1,642	3,358
Other Objects	29,050	(4,359)	24,691	14,155	10,536
<b>Total School Sponsored Co/Extra Curricular Activities</b>	<b>88,152</b>	<b>(4,359)</b>	<b>83,793</b>	<b>58,752</b>	<b>25,041</b>
Summer School - Instruction					
General Supplies	-	1,770	1,770	-	1,770
<b>Total Summer School - Instruction</b>	<b>-</b>	<b>1,770</b>	<b>1,770</b>	<b>-</b>	<b>1,770</b>
<b>Total Instruction</b>	<b>6,194,875</b>	<b>44,558</b>	<b>6,239,433</b>	<b>5,754,679</b>	<b>484,754</b>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State - Special	1,522,890	(56,340)	1,466,550	811,333	655,217
Tuition to CSSD and Regional Day Schools Within the State		56,340	56,340	56,340	-
Tuition to Priv. Sch. for the Handicap Within the State	527,356	35,000	562,356	247,262	315,094
<b>Total Undistributed Expenditures - Instruction</b>	<b>2,050,246</b>	<b>35,000</b>	<b>2,085,246</b>	<b>1,114,935</b>	<b>970,311</b>
Attendance & Social Work					
Purchased Prof. and Tech Service	11,250	76	11,326	11,326	-
<b>Total Attendance &amp; Social Work</b>	<b>11,250</b>	<b>76</b>	<b>11,326</b>	<b>11,326</b>	<b>-</b>

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

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT (Continued)</b>					
Undistributed Expenditures (Continued)					
Health Services					
Salaries	\$ 185,118	\$ (76)	\$ 185,042	\$ 180,009	\$ 5,033
Purchased Professional and Technical Services	16,000	-	16,000	15,298	702
Supplies and Materials	7,000	(600)	6,400	3,555	2,845
Other Objects	1,350	600	1,950	1,425	525
<b>Total Health Services</b>	<b>209,468</b>	<b>(76)</b>	<b>209,392</b>	<b>200,287</b>	<b>9,105</b>
Speech, OT, PT & Related Services					
Salaries	49,377	1,414	50,791	50,791	-
Purchased Professional and Technical Services		1,900	1,900	1,900	-
Supplies and Materials	150	-	150	126	24
<b>Total Speech, OT, PT &amp; Related Services</b>	<b>49,527</b>	<b>3,314</b>	<b>52,841</b>	<b>52,817</b>	<b>24</b>
Guidance					
Salaries of Other Professional Staff	77,186	3,930	81,116	81,116	-
Other Purchased Services	4,700	-	4,700	1,169	3,531
Supplies and Materials	9,000	(7,244)	1,756	1,621	135
<b>Total Guidance</b>	<b>90,886</b>	<b>(3,314)</b>	<b>87,572</b>	<b>83,906</b>	<b>3,666</b>
Child Study Team					
Salaries of Other Professional Staff	277,042	-	277,042	269,041	8,001
Salaries of Secretarial and Clerical Assistants	46,040	-	46,040	40,427	5,613
Purchased Professional - Educational Svcs.	188,000	(29,750)	158,250	127,391	30,859
Other Purchased Professional and Tech. Services	14,000	50,000	64,000	62,913	1,087
Miscellaneous Purchased Services	2,500	-	2,500	1,640	860
Supplies and Materials	5,000	-	5,000	4,026	974
Other Objects	4,000	(1,660)	2,340	2,115	225
<b>Total Child Study Team</b>	<b>536,582</b>	<b>18,590</b>	<b>555,172</b>	<b>507,553</b>	<b>47,619</b>
Improvement of Instructional Services					
Salaries of Supervisor of Instruction	127,500	(20,250)	107,250	82,432	24,818
Other Purchased Services	40,487	(1,506)	38,981	36,162	2,819
Other Objects	-	2,306	2,306	2,306	-
<b>Total Improvement of Instructional Services</b>	<b>167,987</b>	<b>(19,450)</b>	<b>148,537</b>	<b>120,900</b>	<b>27,637</b>
Educational Media Services/School Library					
Salaries	134,216	1,660	135,876	135,876	-
Salaries of Technology Coordinators	79,203	-	79,203	75,891	3,312
Supplies and Materials	11,100	-	11,100	10,118	982
<b>Total Educational Media Serv./School Library</b>	<b>224,519</b>	<b>1,660</b>	<b>226,179</b>	<b>221,885</b>	<b>4,294</b>
Staff Training Services					
Purchased Professional/Educational Services	47,607	(800)	46,807	30,588	16,219
Other Purchased Services	2,900	-	2,900	817	2,083
<b>Total Staff Training Services</b>	<b>50,507</b>	<b>(800)</b>	<b>49,707</b>	<b>31,405</b>	<b>18,302</b>

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

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT (Continued)</b>					
Undistributed Expenditures (Continued)					
Support Services General Administration					
Salaries	\$ 225,830	\$ 80	\$ 225,910	\$ 225,896	\$ 14
Legal Services	73,000	(80)	72,920	34,945	37,975
Audit Fees	28,000	-	28,000	23,483	4,517
Architectural/Engineering Services	5,000	-	5,000	-	5,000
Purchased Technical Services	5,000	-	5,000	2,107	2,893
Communications/Telephone	40,795	-	40,795	33,888	6,907
Miscellaneous Purchased Services	56,398	-	56,398	26,252	30,146
General Supplies	5,000	-	5,000	1,434	3,566
Miscellaneous Expenditures	845	-	845	-	845
BOE Membership Dues and Fees	10,200	(501)	9,699	6,317	3,382
<b>Total Support Services General Administration</b>	<b>450,068</b>	<b>(501)</b>	<b>449,567</b>	<b>354,322</b>	<b>95,245</b>
Support Services School Administration					
Salaries of Principal/Asst. Principals/Program Dir.	263,842	1	263,843	263,842	1
Salaries of Secretarial and Clerical Assistants	92,616	500	93,116	92,893	223
Purchased Professional and Technical Services	3,850	900	4,750	4,746	4
Other Purchased Services	5,900	(848)	5,052	960	4,092
Supplies and Materials	4,000	51	4,051	2,427	1,624
<b>Total Support Services School Administration</b>	<b>370,208</b>	<b>604</b>	<b>370,812</b>	<b>364,868</b>	<b>5,944</b>
Central Services					
Salaries	323,013	(2,200)	320,813	304,826	15,987
Unused Vacation Payment to Terminated / Retired Staff	-	2,200	2,200	2,159	41
Miscellaneous Purchased Services	34,350	1,629	35,979	29,384	6,595
Supplies and Materials	5,500	(1,629)	3,871	3,149	722
<b>Total Central Services</b>	<b>362,863</b>	<b>-</b>	<b>362,863</b>	<b>339,518</b>	<b>23,345</b>
Admin. Info Technology					
Salaries	4,029	-	4,029	4,029	-
Purchased Professional Services	5,655	-	5,655	4,434	1,221
Other Purchased Services	1,850	-	1,850	-	1,850
Supplies and Materials	7,600	-	7,600	2,155	5,445
<b>Total Admin. Info Technology</b>	<b>19,134</b>	<b>-</b>	<b>19,134</b>	<b>10,618</b>	<b>8,516</b>
Required Maintenance for School Facilities					
Salaries	101,992	697	102,689	101,350	1,339
Cleaning, Repair and Maintenance	126,000	139,742	265,742	265,742	-
General Supplies	16,000	-	16,000	14,576	1,424
Other Objects	500	-	500	448	52
<b>Total Required Maintenance for School Facilities</b>	<b>244,492</b>	<b>140,439</b>	<b>384,931</b>	<b>382,116</b>	<b>2,815</b>
Custodial Services					
Salaries	177,641	(25,112)	152,529	137,152	15,377
Purchased Prof. And Technical Serv.	31,500	(7,242)	24,258	19,448	4,810
Cleaning, Repair and Maint. Serv.	203,500	-	203,500	148,320	55,180
Other Purchased Property Services	18,500	-	18,500	13,041	5,459
Insurance	126,851	-	126,851	78,129	48,722
Miscellaneous Purchased Services	7,225	-	7,225	6,693	532
General Supplies	35,000	-	35,000	28,375	6,625
Energy (Natural Gas)	219,683	(3,400)	216,283	63,267	153,016
Energy (Electricity)	176,233	-	176,233	108,866	67,367
Energy (Gasoline)	2,000	-	2,000	534	1,466
Other Objects	1,500	-	1,500	755	745
<b>Total Custodial Services</b>	<b>999,633</b>	<b>(35,754)</b>	<b>963,879</b>	<b>604,580</b>	<b>359,299</b>

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

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT(Continued)</b>					
Undistributed Expenditures (Continued)					
Care & Upkeep of Grounds					
Cleaning, Repair, and Maintenance Services	\$ 21,000	-	\$ 21,000	\$ 13,114	\$ 7,886
General Supplies	7,500	-	7,500	4,379	3,121
Total Care & Upkeep of Grounds	28,500	-	28,500	17,493	11,007
Security					
Cleaning, Repair, and Maintenance Services	30,700	-	30,700	14,604	16,096
Total Security	30,700	-	30,700	14,604	16,096
Student Transportation Services					
Contracted Services (Between Home and School)- Vendors					
	145,712	\$ (38,000)	107,712	76,753	30,959
Contracted Services (Spl. Ed. Students) - Joint Agreements					
	216,861	-	216,861	118,914	97,947
Contract Serv. - Aid in Lieu Pymts - NonPub					
	-	38,000	38,000	33,565	4,435
Total Student Transportation Services	362,573	-	362,573	229,232	133,341
Unallocated Benefits - Employee Benefits					
Social Security Contributions	123,333	4,500	127,833	127,833	-
Other Retirement Contributions - PERS	150,164	(12,673)	137,491	113,747	23,744
Other Retirement Contributions - Regular		8,173	8,173	8,173	-
Workers Compensation	106,556	-	106,556	52,469	54,087
Health Benefits	2,601,673	(272,071)	2,329,602	1,224,677	1,104,925
Tuition Reimbursement	21,133	-	21,133	-	21,133
Other Employee Benefits	7,000	144,898	151,898	151,748	150
Total Unallocated Benefits - Employee Benefits	3,009,859	(127,173)	2,882,686	1,678,647	1,204,039
On-Behalf TPAF (Non-Budget)					
Pension Contributions - Normal Cost					
				465,434	(465,434)
Pension Contributions NCGI					
				23,185	(23,185)
Post Retirement Medical Cont.					
				581,810	(581,810)
Social Security Payments					
	-	-	-	422,063	(422,063)
Total On-Behalf Payments	-	-	-	1,492,492	(1,492,492)
Total Undistributed Expenditures	9,269,002	12,615	9,281,617	7,833,504	1,448,113
Total Current Expenditures	15,463,877	57,173	15,521,050	13,588,183	1,932,867
<b>CAPITAL OUTLAY</b>					
Interest Deposit to Capital Reserve					
	500	-	500	-	500
Total Interest	500	-	500	-	500
Equipment					
Undistributed Expenditures					
School Administration					
	-	7,511	7,511	7,511	-
Total Equipment	-	7,511	7,511	7,511	-



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

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CAPITAL OUTLAY (Continued)</b>					
Facilities Acquisition and Construction Serv.					
Legal Services	\$ 5,000	-	\$ 5,000		\$ 5,000
Architectural/Engineering Services	200,000	-	200,000	\$ 89,797	110,203
Other Purchased Prof. and Tech. Services	20,000	-	20,000	1,162	18,838
Construction Services	1,105,000	-	1,105,000	393,082	711,918
Assessment for Debt Service on SDA Funding	1,122	-	1,122	1,122	-
Total Facilities Acquisition and Construction Serv.	<u>1,331,122</u>	<u>-</u>	<u>1,331,122</u>	<u>485,163</u>	<u>845,959</u>
Total Capital Outlay	<u>1,331,622</u>	<u>\$ 7,511</u>	<u>1,339,133</u>	<u>492,674</u>	<u>\$ 846,459</u>
Total Expenditures	<u>16,795,499</u>	<u>64,684</u>	<u>16,860,183</u>	<u>14,080,857</u>	<u>2,779,326</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(3,251,814)	(64,684)	(3,316,498)	1,178,996	4,495,494
Fund Balance, Beginning of Year	<u>10,851,886</u>	<u>-</u>	<u>10,851,886</u>	<u>10,851,886</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 7,600,072</u>	<u>\$ (64,684)</u>	<u>\$ 7,535,388</u>	<u>\$ 12,030,882</u>	<u>\$ 4,495,494</u>
<b>Recapitulation of Fund Balance</b>					
Restricted					
Capital Reserve				\$ 6,952,188	
Maintenance Reserve				715,950	
Emergency Reserve				250,000	
Excess Surplus				1,622,205	
Excess Surplus Designated for Subsequent Year's Budget				1,778,871	
Committed					
Encumbrances				300,484	
Unassigned				<u>411,184</u>	
Fund Balance (Budgetary Basis)				12,030,882	
Less:					
State Aid not Recognized on GAAP Basis				<u>(185,865)</u>	
Fund Balance (GAAP Basis)				<u>\$ 11,845,017</u>	

**OLD TAPPAN BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
BUDGET (NON-GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Modified Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Intergovernmental					
Federal	\$ 100,000	\$ 56,901	\$ 156,901	\$ 156,901	
Local Sources					
Miscellaneous	-	28,846	28,846	1,249	\$ (27,597)
Total Revenues	<u>100,000</u>	<u>85,747</u>	<u>185,747</u>	<u>158,150</u>	<u>(27,597)</u>
<b>EXPENDITURES</b>					
Instruction					
Tuition	100,000	52,534	152,534	152,534	-
General Supplies	-	32,269	32,269	4,675	27,594
Total Expenditures	<u>100,000</u>	<u>84,803</u>	<u>184,803</u>	<u>157,209</u>	<u>27,594</u>
Support Services					
Other Objects	-	944	944	941	3
Total Support Services	<u>-</u>	<u>944</u>	<u>944</u>	<u>941</u>	<u>3</u>
Total Expenditures	<u>100,000</u>	<u>85,747</u>	<u>185,747</u>	<u>158,150</u>	<u>27,597</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**OLD TAPPAN BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

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

	<b>General Fund</b>	<b>Special Revenue Fund</b>
<b>Sources/inflows of resources</b>		
Actual Revenues (budgetary basis)	(C-1) \$ 15,259,853	(C-2) \$ 158,150
Difference - Budget to GAAP:		
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements.(current year)	(185,865)	
State Aid payments recognized for GAAP statements, not recognized for Budgetary purposes.(prior year)	<u>146,365</u>	<u>-</u>
 Total Revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	 (B-2) \$ <u>15,220,353</u>	 (B-2) \$ <u>158,150</u>
 <b>Uses/outflows of resources</b>		
Actual Expenditures (budgetary basis)	(C-1) \$ <u>14,080,857</u>	(C-2) \$ <u>158,150</u>
 Total Expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	 (B-2) \$ <u>14,080,857</u>	 (B-2) \$ <u>158,150</u>

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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

**Public Employees Retirement System**

**Last Three Fiscal Years\*  
(Dollar amounts in thousands)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.01323%	0.01552%	0.01247%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 2,969,987	\$ 2,905,004	\$2,382,861
District's Covered-Employee Payroll	\$ 542,412	\$ 875,957	\$ 945,643
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	547.55%	331.64%	251.98%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.92%	52.08%	48.72%

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

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

**OLD TAPPAN BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT CONTRIBUTIONS**

**Public Employees Retirement System**

**Last Three Fiscal Years  
(Dollar amounts in thousands)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 113,747	\$ 127,911	\$ 93,943
Contributions in Relation to the Contractually Required Contribution	<u>113,747</u>	<u>127,911</u>	<u>93,943</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 542,412	\$ 875,957	\$ 945,643
Contributions as a Percentage of Covered-Employee Payroll	20.97%	14.60%	9.93%

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

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

**Teachers Pension and Annuity Fund**

**Last Three Fiscal Years\*  
(Dollar amounts in thousands)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0	\$0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>37,301,205</u>	<u>31,197,728</u>	<u>30,777,544</u>
Total	<u>\$ 37,301,205</u>	<u>\$ 31,197,728</u>	<u>\$30,777,544</u>
District's Covered-Employee Payroll	\$ 6,115,101	\$ 5,881,469	\$ 5,959,323
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	33.64%	33.76%

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

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

**OLD TAPPAN BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
AND SCHEDULE OF DISTRICT CONTRIBUTIONS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Change of Benefit Terms:**           None.

**Change of Assumptions:**       Assumptions used in calculating the net pension liability and  
statutorily required employer contribution are presented in Note 4.



**SPECIAL REVENUE FUND**

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

	<u>IDEA Basic</u>	<u>IDEA Preschool</u>	<u>NCLB III</u>	<u>BCUA Recycling Grant</u>	<u>Private Donation</u>	<u>Music Madness</u>	<u>Total</u>
<b>REVENUES</b>							
Intergovernmental							
Federal	\$ 140,010	\$ 12,524	\$ 4,367				\$ 156,901
Local	-	-	-	\$ 941	\$ 270	\$ 38	1,249
Total Revenues	<u>\$ 140,010</u>	<u>\$ 12,524</u>	<u>\$ 4,367</u>	<u>\$ 941</u>	<u>\$ 270</u>	<u>\$ 38</u>	<u>\$ 158,150</u>
<b>EXPENDITURES</b>							
Instruction							
Tuition	\$ 140,010	\$ 12,524					\$ 152,534
General Supplies	-	-	\$ 4,367	-	\$ 270	\$ 38	4,675
Total Instruction	<u>140,010</u>	<u>12,524</u>	<u>4,367</u>	<u>-</u>	<u>270</u>	<u>38</u>	<u>157,209</u>
Support Services							
Other Objects	-	-	-	\$ 941	-	-	941
Total Support Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>941</u>	<u>-</u>	<u>-</u>	<u>941</u>
Total Expenditures	<u>\$ 140,010</u>	<u>\$ 12,524</u>	<u>\$ 4,367</u>	<u>\$ 941</u>	<u>\$ 270</u>	<u>\$ 38</u>	<u>\$ 158,150</u>

**ENTERPRISE FUND**

**OLD TAPPAN BOARD OF EDUCATION  
ENTERPRISE FUND  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2016**

THIS STATEMENT IS NOT APPLICABLE  
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

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

THIS STATEMENT IS NOT APPLICABLE  
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

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

THIS STATEMENT IS NOT APPLICABLE  
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

**FIDUCIARY FUNDS**

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

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 79,222	\$ 61,190	\$ 140,412
Total Assets	<u>\$ 79,222</u>	<u>\$ 61,190</u>	<u>\$ 140,412</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings		\$ 58,971	\$ 58,971
Accrued Salaries and Wages		2,219	2,219
Due to Student Groups	<u>\$ 79,222</u>	<u>-</u>	<u>79,222</u>
Total Liabilities	<u>\$ 79,222</u>	<u>\$ 61,190</u>	<u>\$ 140,412</u>

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

NOT APPLICABLE

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

	<u>Balance, July 1, 2015</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2016</u>
T. Baldwin Demarest School	\$ 10,035	\$ 11,669	\$ 14,989	\$ 6,715
Charles DeWolf School	79,049	107,651	118,297	68,403
Athletics	232	5,002	4,029	1,205
Field Trips	<u>2,899</u>	<u>10</u>	<u>10</u>	<u>2,899</u>
 Total All Schools	 <u>\$ 92,215</u>	 <u>\$ 124,332</u>	 <u>\$ 137,325</u>	 <u>\$ 79,222</u>

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

	<b>Balance, July 1, <u>2015</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance, June 30, <u>2016</u></b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 63,071	\$ 11,884,488	\$ 11,886,369	\$ 61,190
<b>LIABILITIES</b>				
Payroll Deductions and Withholdings	\$ 60,613	\$ 3,332,942	\$ 3,334,584	\$ 58,971
Accrued Salaries and Wages	2,458	8,150,811	8,151,050	2,219
Interfund Payable	-	400,735	400,735	-
Total	<u>\$ 63,071</u>	<u>\$ 11,884,488</u>	<u>\$ 11,886,369</u>	<u>\$ 61,190</u>



**LONG-TERM DEBT**

**OLD TAPPAN BOARD OF EDUCATION**  
**LONG-TERM DEBT**  
**SCHEDULE OF SERIAL BONDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2015</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2016</u>
			<u>Date</u>	<u>Amount</u>					
Refunding Bonds	9/1/2004	\$ 9,085,000	4/1/2017	\$ 840,000	3.80%				
			4/1/2018	825,000	3.90%	\$ 2,475,000	\$ -	\$ 810,000	\$ 1,665,000
						<u>\$ 2,475,000</u>	<u>\$ -</u>	<u>\$ 810,000</u>	<u>\$ 1,665,000</u>

**OLD TAPPAN BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOT APPLICABLE**

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 731,518		\$ 731,518	\$ 731,518	
State Sources					
Debt Service Aid	<u>172,547</u>	<u>-</u>	<u>172,547</u>	<u>172,547</u>	<u>-</u>
Total Revenues	<u>904,065</u>	<u>-</u>	<u>904,065</u>	<u>904,065</u>	<u>-</u>
<b>EXPENDITURES</b>					
Regular Debt Service					
Principal	810,000		810,000	810,000	
Interest	<u>94,065</u>	<u>-</u>	<u>94,065</u>	<u>94,065</u>	<u>-</u>
Total Expenditures	<u>904,065</u>	<u>-</u>	<u>904,065</u>	<u>904,065</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## STATISTICAL SECTION

This part of the Old Tappan Board of Education's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

### Contents

### Exhibits

#### **Financial Trends**

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

J-1 to J-5

#### **Revenue Capacity**

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

J-6 to J-9

#### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

J-10 to J-13

#### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

J-14 and J-15

#### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

#### **Note:**

GASB requires that ten years of statistical data be presented. However, since the District implemented GASB No. 44 in 2005/06 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 2,548,737	\$ 3,218,995	\$ 3,518,495	\$ 3,868,726	\$ 4,217,463	\$ 4,604,779	\$ 5,491,310	\$ 6,673,486	\$ 7,091,287	\$ 7,990,048
Restricted	39,601	275,039	575,023	1,550,449	1,964,647	3,264,931	3,380,693	4,900,969	6,782,473	7,918,138
Unrestricted	3,387,936	4,101,550	4,727,904	4,316,361	4,500,728	4,483,781	5,134,693	1,659,788	1,346,451	1,268,170
<b>Total Governmental Activities Net Position</b>	<b>\$ 5,976,274</b>	<b>\$ 7,595,584</b>	<b>\$ 8,821,422</b>	<b>\$ 9,735,536</b>	<b>\$ 10,682,838</b>	<b>\$ 12,353,491</b>	<b>\$ 14,006,696</b>	<b>\$ 13,234,243</b>	<b>\$ 15,220,211</b>	<b>\$ 17,176,356</b>
<b>Business-Type Activities</b>										
Unrestricted	\$ 13,627	\$ 9,062	\$ 1,305	\$ 1,933	\$ 2,046	\$ 1,914	\$ 3,103	\$ 1,631	\$ 1,385	\$ 1,021
<b>Total Business-Type Activities Net Position</b>	<b>\$ 13,627</b>	<b>\$ 9,062</b>	<b>\$ 1,305</b>	<b>\$ 1,933</b>	<b>\$ 2,046</b>	<b>\$ 1,914</b>	<b>\$ 3,103</b>	<b>\$ 1,631</b>	<b>\$ 1,385</b>	<b>\$ 1,021</b>
<b>District-Wide</b>										
Net Investment in Capital Assets	\$ 2,548,737	\$ 3,218,995	\$ 3,518,495	\$ 3,868,726	\$ 4,217,463	\$ 4,604,779	\$ 5,491,310	\$ 6,673,486	\$ 7,091,287	\$ 7,990,048
Restricted	39,601	275,039	575,023	1,550,449	1,964,647	3,264,931	3,380,693	4,900,969	6,782,473	7,918,138
Unrestricted	3,401,563	4,110,612	4,729,209	4,318,294	4,502,774	4,485,695	5,137,796	1,661,419	1,347,836	1,269,191
<b>Total District Net Position</b>	<b>\$ 5,989,901</b>	<b>\$ 7,604,646</b>	<b>\$ 8,822,727</b>	<b>\$ 9,737,469</b>	<b>\$ 10,684,884</b>	<b>\$ 12,355,405</b>	<b>\$ 14,009,799</b>	<b>\$ 13,235,874</b>	<b>\$ 15,221,596</b>	<b>\$ 17,177,377</b>

Note 1 - Net Position at June 30, 2011 is restated to reflect the implementation of GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities".

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

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

	Fiscal Year Ended June 30.									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
Governmental Activities										
Instruction										
Regular	\$ 5,088,782	\$ 5,189,551	\$ 5,189,620	\$ 5,609,260	\$ 5,511,489	\$ 5,576,329	\$ 5,916,021	\$ 5,784,320	\$ 6,875,938	\$ 7,209,373
Special Education	1,968,730	2,119,200	2,434,167	2,637,656	2,687,933	2,243,385	2,784,323	3,022,334	2,751,863	3,066,946
Other Instruction	111,638	328,347	243,594	249,692	261,281	279,707	305,404	362,426	451,438	451,500
School Sponsored Activities And Athletics	53,246	54,067	55,817	65,660	65,716	72,974	81,322	77,137	82,392	78,758
Support Services:										
Student & Instruction Related Services	1,195,465	1,287,010	1,311,367	1,404,264	1,481,700	1,682,628	1,359,596	1,412,542	1,745,595	1,864,892
General Administration Services	389,311	423,478	465,156	517,269	502,256	467,978	492,186	343,404	536,755	459,534
School Administration Services	487,531	486,218	494,783	526,291	487,340	495,023	541,712	513,981	568,073	611,810
Business / Central Services	377,327	443,913	447,149	479,621	441,966	438,393	438,455	454,420	521,438	540,173
Plant Operations And Maintenance	1,300,445	1,329,147	1,367,096	1,293,711	1,178,669	1,166,711	1,197,727	1,267,652	1,359,244	1,500,750
Pupil Transportation	179,988	199,968	204,732	234,576	202,455	224,360	258,150	264,216	216,934	229,232
Interest On Long-Term Debt	393,050	363,725	336,137	307,043	275,696	244,567	204,423	171,225	137,239	102,410
Total Governmental Activities Expenses	<u>11,545,513</u>	<u>12,224,624</u>	<u>12,549,618</u>	<u>13,325,043</u>	<u>13,096,501</u>	<u>12,892,055</u>	<u>13,579,319</u>	<u>13,673,657</u>	<u>15,246,909</u>	<u>16,115,378</u>
Business-Type Activities:										
Food Service	6,822	15,452	18,525	8,249	9,276	8,116	5,901	6,547	5,816	5,840
Total Business-Type Activities Expense	<u>6,822</u>	<u>15,452</u>	<u>18,525</u>	<u>8,249</u>	<u>9,276</u>	<u>8,116</u>	<u>5,901</u>	<u>6,547</u>	<u>5,816</u>	<u>5,840</u>
Total District Expenses	<u>\$ 11,552,335</u>	<u>\$ 12,240,076</u>	<u>\$ 12,568,143</u>	<u>\$ 13,333,292</u>	<u>\$ 13,105,777</u>	<u>\$ 12,900,171</u>	<u>\$ 13,585,220</u>	<u>\$ 13,680,204</u>	<u>\$ 15,252,725</u>	<u>\$ 16,121,218</u>
<b>Program Revenues</b>										
Governmental Activities:										
Charges For Services:										
Regular Instruction	\$ 22,529	\$ 30,173	\$ 38,374	\$ 21,702	\$ 15,061	\$ 8,235	\$ 2,980	\$ 14,161	\$ 27,997	\$ 19,694
Operating Grants And Contributions	1,425,070	1,505,607	1,514,970	1,641,706	1,341,317	1,619,822	2,066,389	1,769,941	3,379,482	3,923,145
Capital Grants And Contributions	117,840	-	-	-	2,385	-	-	-	-	-
Total Governmental Activities Program Revenues	<u>1,565,439</u>	<u>1,535,780</u>	<u>1,553,344</u>	<u>1,663,408</u>	<u>1,358,763</u>	<u>1,628,057</u>	<u>2,069,369</u>	<u>1,784,102</u>	<u>3,407,479</u>	<u>3,942,839</u>
Business-Type Activities:										
Charges For Services										
Food Service	5,726	5,620	5,756	5,104	5,824	5,070	4,614	2,967	3,685	3,919
Operating Grants And Contributions	4,400	4,496	4,920	3,737	3,519	2,892	2,453	2,083	1,872	1,544
Total Business Type Activities Program Revenues	<u>10,126</u>	<u>10,116</u>	<u>10,676</u>	<u>8,841</u>	<u>9,343</u>	<u>7,962</u>	<u>7,067</u>	<u>5,050</u>	<u>5,557</u>	<u>5,463</u>
Total District Program Revenues	<u>\$ 1,575,565</u>	<u>\$ 1,545,896</u>	<u>\$ 1,564,020</u>	<u>\$ 1,672,249</u>	<u>\$ 1,368,106</u>	<u>\$ 1,636,019</u>	<u>\$ 2,076,436</u>	<u>\$ 1,789,152</u>	<u>\$ 3,413,036</u>	<u>\$ 3,948,302</u>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (9,980,074)	\$ (10,688,844)	\$ (10,996,274)	\$ (11,661,635)	\$ (11,737,738)	\$ (11,263,998)	\$ (11,509,950)	\$ (11,889,555)	\$ (11,839,430)	\$ (12,172,539)
Business-Type Activities	3,304	(5,336)	(7,849)	592	67	(154)	1,166	(1,497)	(259)	(377)
Total District-Wide Net Expense	<u>\$ (9,976,770)</u>	<u>\$ (10,694,180)</u>	<u>\$ (11,004,123)</u>	<u>\$ (11,661,043)</u>	<u>\$ (11,737,671)</u>	<u>\$ (11,264,152)</u>	<u>\$ (11,508,784)</u>	<u>\$ (11,891,052)</u>	<u>\$ (11,839,689)</u>	<u>\$ (12,172,916)</u>

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 10,284,928	\$ 10,775,932	\$ 11,206,969	\$ 11,525,063	\$ 11,674,488	\$ 11,907,978	\$ 12,146,138	\$ 12,487,161	\$ 12,856,212	\$ 13,164,472
Taxes Levied For Debt Service	702,834	691,102	703,295	720,951	749,211	764,384	756,928	748,158	738,347	731,518
Unrestricted Grants And Contributions	435,863	446,101	22,454	38,377	15,258	19,578	1,753	-	6,919	7,582
State Aid Restricted for Debt Service	210,789	204,334	203,646	208,760	176,721	180,299	178,541	176,472	174,158	172,547
Investment Earnings	165,369	139,752	65,395	50,915	55,274	29,098	44,567	45,710	35,148	41,726
Miscellaneous Income	24,981	54,270	17,016	31,683	14,088	33,314	35,228	42,462	14,614	10,839
<b>Total Governmental Activities</b>	<b>11,824,764</b>	<b>12,311,491</b>	<b>12,218,775</b>	<b>12,575,749</b>	<b>12,685,040</b>	<b>12,934,651</b>	<b>13,163,155</b>	<b>13,499,963</b>	<b>13,825,398</b>	<b>14,128,684</b>
Business-Type Activities:										
Investment Earnings	831	771	92	36	46	22	23	25	13	13
<b>Total Business-Type Activities</b>	<b>831</b>	<b>771</b>	<b>92</b>	<b>36</b>	<b>46</b>	<b>22</b>	<b>23</b>	<b>25</b>	<b>13</b>	<b>13</b>
<b>Total District-Wide</b>	<b>\$ 11,825,595</b>	<b>\$ 12,312,262</b>	<b>\$ 12,218,867</b>	<b>\$ 12,575,785</b>	<b>\$ 12,685,086</b>	<b>\$ 12,934,673</b>	<b>\$ 13,163,178</b>	<b>\$ 13,499,988</b>	<b>\$ 13,825,411</b>	<b>\$ 14,128,697</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ 1,844,690	\$ 1,622,647	\$ 1,222,501	\$ 914,114	\$ 947,302	\$ 1,670,653	\$ 1,653,205	\$ 1,610,408	\$ 1,985,968	\$ 1,956,145
Business-Type Activities	4,135	(4,565)	(7,757)	628	113	(132)	1,189	(1,472)	(246)	(364)
<b>Total District</b>	<b>\$ 1,848,825</b>	<b>\$ 1,618,082</b>	<b>\$ 1,214,744</b>	<b>\$ 914,742</b>	<b>\$ 947,415</b>	<b>\$ 1,670,521</b>	<b>\$ 1,654,394</b>	<b>\$ 1,608,936</b>	<b>\$ 1,985,722</b>	<b>\$ 1,955,781</b>



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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 3,277,333	\$ 4,236,639	\$ 5,304,948	\$ 5,841,341						
Unreserved	225,505	227,384	76,266	113,707						
Restricted					\$ 6,286,638	\$ 7,601,392	\$ 7,460,731	\$ 8,814,114	\$ 10,483,158	\$ 11,319,214
Committed							935,741			300,484
Assigned							3,730			
Unassigned	-	-	-	-	263,643	224,558	218,609	227,237	222,363	225,319
<b>Total General Fund</b>	<b>\$ 3,502,838</b>	<b>\$ 4,464,023</b>	<b>\$ 5,381,214</b>	<b>\$ 5,955,048</b>	<b>\$ 6,550,281</b>	<b>\$ 7,825,950</b>	<b>\$ 8,618,811</b>	<b>\$ 9,041,351</b>	<b>\$ 10,705,521</b>	<b>\$ 11,845,017</b>
All Other Governmental Funds										
Reserved										
Unreserved	\$ 65,319	\$ 50,757	\$ 50,741	\$ 1						
Restricted	-	-	-	-	\$ 1	\$ 1	\$ -	\$ -	\$ -	\$ -
<b>Total All Other Governmental Funds</b>	<b>\$ 65,319</b>	<b>\$ 50,757</b>	<b>\$ 50,741</b>	<b>\$ 1</b>	<b>\$ 1</b>	<b>\$ 1</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Beginning with Fiscal Year 2010/11, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues</b>										
Tax Levy	\$ 10,987,762	\$ 11,467,034	\$ 11,910,264	\$ 12,246,014	\$ 12,423,699	\$ 12,672,362	\$ 12,903,066	\$ 13,235,319	\$ 13,594,559	\$ 13,895,990
Tuition Charges	22,529	30,173	38,374	21,702	15,061	8,235	2,980	14,161	27,997	19,694
Interest Earnings	165,369	139,752	65,395	50,915	55,274	29,098	44,567	45,710	35,148	41,726
Miscellaneous	52,506	63,345	19,739	36,394	16,846	35,881	39,233	45,512	17,200	12,088
State Sources	2,009,913	1,978,172	1,568,816	1,586,494	1,287,359	1,631,742	2,081,122	1,790,795	2,041,279	2,156,169
Federal Sources	152,124	168,795	169,531	297,638	243,179	185,420	161,556	152,568	157,030	156,901
<b>Total Revenue</b>	<b>13,390,203</b>	<b>13,847,271</b>	<b>13,772,119</b>	<b>14,239,157</b>	<b>14,041,418</b>	<b>14,562,738</b>	<b>15,232,524</b>	<b>15,284,065</b>	<b>15,873,213</b>	<b>16,282,568</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	5,111,216	5,187,628	5,187,697	5,602,493	5,502,747	5,572,432	5,910,509	5,778,808	5,990,133	6,064,353
Special Education Instruction	1,968,730	2,119,200	2,434,167	2,637,656	2,684,893	2,240,345	2,781,283	3,019,294	2,611,350	2,828,365
Other Instruction	111,638	328,347	243,594	249,692	261,281	279,707	305,404	362,426	392,170	376,432
School Sponsored Activities and Athletics	53,246	54,067	55,817	65,660	65,716	72,974	81,322	77,137	82,392	75,471
<b>Support Services:</b>										
Student and Inst. Related Services	1,189,815	1,281,360	1,305,717	1,398,614	1,453,964	1,654,863	1,359,346	1,412,542	1,567,031	1,624,441
General Administration Services	383,928	423,478	465,156	506,504	470,274	476,804	492,186	343,404	424,922	442,248
School Administrative Services	486,090	486,218	494,783	526,291	487,344	495,023	509,066	508,584	504,433	520,872
Business / Central Services	375,265	441,851	445,087	477,559	440,180	436,607	436,669	451,358	482,880	478,216
Plant Operations And Maintenance	985,761	1,019,928	1,036,423	963,038	866,548	857,341	888,357	956,095	987,564	1,111,625
Pupil Transportation	179,988	199,968	204,732	234,576	202,455	224,360	258,150	264,216	216,934	229,232
Capital Outlay	345,092	448,583	74,814	124,247	84,851	31,900	480,780	761,909	35,607	486,630
Bond Issuance Costs										
Advance Refunding Escrow										
<b>Debt Service:</b>										
Principal	625,000	615,000	635,000	680,000	700,000	745,000	760,000	775,000	790,000	810,000
Interest and Other Charges	313,770	295,020	271,957	249,733	225,932	199,683	176,592	150,752	123,627	95,187
<b>Total Expenditures</b>	<b>12,129,539</b>	<b>12,900,648</b>	<b>12,854,944</b>	<b>13,716,063</b>	<b>13,446,185</b>	<b>13,287,039</b>	<b>14,439,664</b>	<b>14,861,525</b>	<b>14,209,043</b>	<b>15,143,072</b>
<b>Excess (Deficiency) of Revenues</b>										
Over (Under) Expenditures	1,260,664	946,623	917,175	523,094	595,233	1,275,699	792,860	422,540	1,664,170	1,139,496
<b>Other Financing Sources (Uses)</b>										
Transfers In	17	22		52,253	-	-	-	-	-	-
Transfers Out	(17)	(22)	-	(52,253)	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>\$ 1,260,664</b>	<b>\$ 946,623</b>	<b>\$ 917,175</b>	<b>\$ 523,094</b>	<b>\$ 595,233</b>	<b>\$ 1,275,699</b>	<b>\$ 792,860</b>	<b>\$ 422,540</b>	<b>\$ 1,664,170</b>	<b>\$ 1,139,496</b>
<b>Debt Service as a Percentage of</b>										
Noncapital Expenditures	7.97%	7.31%	7.10%	6.84%	6.93%	7.13%	6.71%	6.57%	6.45%	6.18%

**OLD TAPPAN BOARD OF EDUCATION  
GENERAL FUND OTHER LOCAL REVENUES BY SOURCE  
LAST TEN FISCAL YEARS  
(Unaudited)**

<u>Fiscal Year Ended June 30</u>	<u>Interest on Deposit</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
2007	\$ 165,352	\$ 22,529	\$ 24,981	\$ 212,862
2008	139,730	30,173	54,270	224,173
2009	65,395	38,374	17,016	120,785
2010	49,380	21,702	31,683	102,765
2011	55,274	15,061	14,088	84,423
2012	29,098	8,235	33,314	70,647
2013	44,567	2,980	35,228	82,775
2014	45,710	14,161	42,462	102,333
2015	35,148	27,997	14,614	77,759
2016	41,726	19,694	10,839	72,259

Source: School District's Financial Statements

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Apartment	Total Assessed Valuation	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Valuation	Total School Tax Rate
2007	\$ 36,722,900	\$ 1,165,297,800	\$ 380,400	\$ 9,900	\$ 61,889,900	\$ 331,800	\$ 1,264,632,700	\$ 905,277	\$ 1,265,537,977	\$ 1,871,806,190	\$ 1.442
2008	34,314,800	1,186,252,900	380,400	9,900	61,889,900	331,800	1,283,179,700	1,013,376	1,284,193,076	1,932,044,002	1.478
2009	35,466,800	1,197,274,300	308,100	9,900	60,361,700	331,800	1,293,752,600	1,247,192	1,294,999,792	1,970,249,241	1.529
2010	33,777,900	1,207,995,400	308,100	9,900	61,568,200	331,800	1,303,991,300	1,290,151	1,305,281,451	1,914,086,815	1.547
2011 (1)	48,784,800	1,595,215,800	359,600	2,500	85,162,000	698,100	1,730,222,800	1,468,244	1,731,691,044	1,734,301,523	1.199
2012	47,906,700	1,597,442,700	371,300	2,500	81,586,500	698,100	1,728,007,800	1,361,526	1,729,369,326	1,970,249,291	1.248
2013	47,525,500	1,600,828,900	371,300	2,500	81,308,800	698,100	1,730,735,100	1,299,066	1,732,034,166	1,783,242,734	1.293
2014	43,661,000	1,594,422,600	371,300	2,500	80,435,200	698,100	1,719,590,700	1,156,788	1,720,747,488	1,708,954,754	1.347
2015	43,312,500	1,599,653,900	371,300	2,500	80,399,200	698,100	1,724,437,500	1,190,284	1,725,627,784	1,733,909,301	1.375
2016	40,450,900	1,606,134,700	371,300	2,500	80,545,500	2,817,100	1,730,322,000	1,149,128	1,731,471,128	1,721,634,054	1.392

(1) Revaluation, effective January 1  
Source: County Abstract of Ratables

**OLD TAPPAN BOARD OF EDUCATION  
PROPERTY TAX RATES  
PER \$100 OF ASSESSED VALUATION  
LAST TEN YEARS  
(Unaudited)**

<u>Year</u>	<u>Total</u>	<u>Local and Regional School Districts</u>	<u>Municipality</u>	<u>County</u>
2007	\$ 1.980	\$ 1.442	\$ 0.274	\$ 0.264
2008	2.067	1.478	0.309	0.280
2009	2.141	1.529	0.309	0.303
2010	2.171	1.547	0.298	0.326
2011 (1)	1.682	1.199	0.267	0.216
2012	1.751	1.248	0.277	0.226
2013	1.814	1.293	0.284	0.237
2014	1.871	1.347	0.292	0.232
2015	1.922	1.375	0.305	0.242
2016	1.953	1.392	0.316	0.245

Source: Tax Duplicate, Borough of Old Tappan

(1) The Borough revalued the municipal properties, effective January 1

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

Taxpayer	2016		2007	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
United Water of NJ	\$ 26,460,000	1.53%	\$19,824,000	1.57%
Prentice Hall	19,000,000	1.10%	13,882,900	1.10%
A & R a Ltd. Partnership	17,096,800	0.99%	14,000,000	1.11%
Sunrise Assisted Living	10,860,800	0.63%	8,326,000	0.66%
Individual	3,924,000	0.23%	4,550,300	0.36%
Rockland Electric		0.00%	2,809,000	0.22%
Individual	3,400,000	0.20%	2,626,400	0.21%
Individual	3,230,700	0.19%	2,263,800	0.18%
Individual	2,889,900	0.17%	2,241,000	0.18%
MCH-OT Rlty LLC	2,809,800	0.16%		
Individual	2,606,300	0.15%		
Woodland Green Partners, LP			2,585,900	0.20%
	<u>\$ 92,278,300</u>	<u>5.33%</u>	<u>\$ 73,109,300</u>	<u>5.79%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	\$ 10,987,762	\$ 10,987,762	100.00%	N/A
2008	11,467,034	11,467,034	100.00%	N/A
2009	11,910,264	11,910,264	100.00%	N/A
2010	12,246,014	12,246,014	100.00%	N/A
2011	12,423,699	12,423,699	100.00%	N/A
2012	12,672,362	12,672,362	100.00%	N/A
2013	12,903,066	12,903,066	100.00%	N/A
2014	13,235,319	13,235,319	100.00%	N/A
2015	13,594,559	13,594,559	100.00%	N/A
2016	13,895,990	13,895,990	100.00%	N/A

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

Fiscal Year Ended June 30,	Governmental Activities		Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases			
2007	\$ 8,175,000		\$ 8,175,000	5,958	\$ 1,372
2008	7,560,000		7,560,000	5,996	1,261
2009	6,925,000		6,925,000	6,054	1,144
2010	6,245,000		6,245,000	5,755	1,085
2011	5,545,000		5,545,000	5,830	951
2012	4,800,000		4,800,000	5,863	819
2013	4,040,000		4,040,000	5,922	682
2014	3,265,000		3,265,000	5,961	548
2015	2,475,000		2,475,000	6,016	411
2016	1,665,000		1,665,000	6,016 *	277

Source: District records

\*Estimate



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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions			
2007	\$ 8,175,000		\$ 8,175,000	0.65%	\$ 1,372
2008	7,560,000		7,560,000	0.59%	1,261
2009	6,925,000		6,925,000	0.53%	1,144
2010	6,245,000		6,245,000	0.48%	1,085
2011	5,545,000		5,545,000	0.32%	951
2012	4,800,000		4,800,000	0.28%	819
2013	4,040,000		4,040,000	0.23%	682
2014	3,265,000		3,265,000	0.19%	548
2015	2,475,000		2,475,000	0.14%	411
2016	1,665,000		1,665,000	0.10%	277

Source: District records

**OLD TAPPAN BOARD OF EDUCATION**  
**COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT**  
**AS OF DECEMBER 31, 2015**  
**(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt:			
Northern Valley Regional School District	\$ 2,340,732	\$ 2,340,732	
Old Tappan Board of Education	2,475,000	2,475,000	
Borough of Old Tappan	<u>10,940,079</u>	<u>3,388,158</u>	\$ 7,551,921
	<u>\$ 15,755,811</u>	<u>\$ 8,203,890</u>	<u>7,551,921</u>
Overlapping Debt Apportioned to the Municipality:			
County of Bergen (A)			10,159,336
Bergen County Utilities Authority (BCUA) - Water Pollution (B)			<u>1,237,895</u>
			<u>11,397,231</u>
Total Direct and Overlapping Debt			<u>\$ 18,949,152</u>

## Sources:

- (1) Borough of Old Tappan Annual Debt Statement
- (2) BCUA audit.
- (3) Bergen County Debt Statement December 31, 2015

OLD TAPPAN BOARD OF EDUCATION  
 LEGAL DEBT MARGIN INFORMATION  
 LAST TEN FISCAL YEARS  
 (Unaudited)

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 47,992,241	\$ 53,209,329	56,848,700	\$ 57,454,485	\$ 56,851,504	\$ 55,105,273	\$ 53,923,462	\$ 52,690,283	\$ 52,193,339	\$ 51,550,825
Total Net Debt Applicable To Limit	8,175,000	7,560,000	6,925,000	6,245,000	5,545,000	4,800,000	4,040,000	3,265,000	2,475,000	1,665,000
Legal Debt Margin	\$ 39,817,241	\$ 45,649,329	\$ 49,923,700	\$ 51,209,485	\$ 51,306,504	\$ 50,305,273	\$ 49,883,462	\$ 49,425,283	\$ 49,718,339	\$ 49,885,825
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	17.03%	14.21%	12.18%	10.87%	9.75%	8.71%	7.49%	6.20%	4.74%	3.23%

Legal Debt Margin Calculation for Fiscal Year 2016

Equalized Valuation Basis	
2015	\$ 1,712,620,419
2014	1,725,803,593
2013	<u>1,716,658,500</u>
Average Equalized Valuation Of Taxable Property	\$ 1,718,360,837
Debt Limit (3% of Average Equalization Value)	\$ 51,550,825
Total Net Debt Applicable to Limit	<u>1,665,000</u>
Legal Debt Margin	<u>\$ 49,885,825</u>

Source: Annual Debt Statements

**OLD TAPPAN BOARD OF EDUCATION  
DEMOGRAPHIC STATISTICS  
LAST TEN YEARS  
(Unaudited)**

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income</u>	<u>Population</u>	
2007	2.8	68,147	5,958	
2008	3.6	68,548	5,996	
2009	6.5	64,571	6,054	
2010	6.7	65,275	5,755	
2011	6.6	68,244	5,830	
2012	6.7	71,380	5,863	
2013	6.8	70,498	5,922	
2014	4.1	73,536	5,961	
2015	3.6	Not Available	6,016	
2016	Not Available	Not Available	6,016	*

Source: New Jersey Department of Labor, Bergen County  
United States Bureau of Census  
School District Records

\*Estimate

OLD TAPPAN BOARD OF EDUCATION  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO

2016

2007

<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>
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INFORMATION NOT AVAILABLE

**OLD TAPPAN BOARD OF EDUCATION  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

<u>Function/Program</u>	<u>Fiscal Year Ended June 30,</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>
<b>Instruction</b>										
Regular	60.0	59.6	59.1	61.0	58.2	57.1	57.2	55.0	54.7	52.6
Special Education	9.5	11.5	12.6	12.6	12.0	12.4	10.0	10.3	10.0	10.0
Other Special Education	5.0	5.5	5.5	5.5	5.5	5.0	5.0	5.4	6.0	5.4
Other Instruction	14.0	15.0	14.0	14.0	13.0	13.0	14.4	15.0	10.5	15.5
<b>Support Services:</b>										
Student & Instruction Related Services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
General Administration	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.6	3.0	3.0
School Administrative Services	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Other Administrative Services	4.0	4.0	4.0	4.0	4.0	4.0	3.5	3.5	3.5	3.6
Central Services										
Administrative Information Technology	1.0	1.0	1.0	1.0	1.0	1.0	1.4	1.4	1.0	1.4
Plant Operation and Maintenance	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.7
Pupil Transportation										
Other Support Services	2.0	2.0	1.4	1.4	1.4	1.4	1.1	1.1	1.1	1.1
<b>Total</b>	<u>110.5</u>	<u>113.6</u>	<u>112.6</u>	<u>114.5</u>	<u>110.1</u>	<u>108.9</u>	<u>107.6</u>	<u>106.3</u>	<u>101.8</u>	<u>104.3</u>

Source: District Personnel Records

Notes:

Special Education = Special Education Teachers

Other Special Education = Child Study Team, Speech and CST Secretary

Other Instruction = Teacher Aides

Student & Instruction Related Services = Guidance and Nurses

General Administrative Services = CSA, CSA Secretary and Treasurer

School Administrative Services = Principals and School Secretaries

Other Administrative Services = SBA and Business Office

Administrative Information Technology = Technology Employees

**OLD TAPPAN BOARD OF EDUCATION  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
(Unaudited)**

<b>Fiscal Year Ended June 30,</b>	<b>Enrollment<sup>a</sup></b>	<b>Operating Expenditures<sup>b</sup></b>	<b>Cost Per Pupil<sup>c</sup></b>	<b>Percentage Change</b>	<b>Teaching Staff</b>	<b>Average Daily Enrollment (ADE)</b>	<b>Average Daily Attendance (ADA)</b>	<b>% Change in Average Daily Enrollment</b>	<b>Student Attendance Percentage</b>
2007	879	\$ 10,845,677	\$ 12,346	3.24%	83.5	878.5	846.1	2.75%	96.31%
2008	866	11,542,045	13,328	7.96%	83.5	867.0	835.8	-1.31%	96.40%
2009	868	11,947,987	13,765	3.28%	83.5	860.7	835.8	-0.73%	97.11%
2010	886	12,662,083	14,291	3.82%	82.6	871.7	842.8	1.28%	96.68%
2011	842	12,435,402	14,769	3.34%	79.4	820.9	793.4	-5.83%	96.65%
2012	793	12,310,456	15,524	5.11%	73.6	774.7	748.9	-5.63%	96.67%
2013	779	13,022,292	16,717	7.68%	69.8	756.0	730.5	-2.41%	96.63%
2014	781	13,173,864	16,868	0.90%	66.3	750.0	723.3	-0.79%	96.44%
2015	752	13,259,809	17,633	4.53%	65.7	736.7	714	-1.77%	96.92%
2016	722	13,751,255	19,046	8.02%	63.6	712.5	680	-3.28%	95.44%

Sources: District records

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

OLD TAPPAN BOARD OF EDUCATION  
 SCHOOL BUILDING INFORMATION  
 LAST TEN FISCAL YEARS  
 (Unaudited)

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>District Building</b>										
<u>Elementary</u>										
T. Baldwin Demarest (1964)										
Square Feet	59,270	59,270	59,270	59,270	59,270	59,270	59,270	59,270	59,270	59,270
Capacity (students)	407	407	407	407	407	407	407	407	407	407
Enrollment	459	439	452	440	414	380	372	349	352	331
<u>Middle School</u>										
Charles DeWolf (1927)										
Square Feet	65,896	65,896	65,896	65,896	65,896	65,896	65,896	65,896	65,896	65,896
Capacity (students)	426	426	426	426	426	426	426	426	426	426
Enrollment	420	427	409	433	406	394	384	401	384	373

Source: District Records



**OLD TAPPAN BOARD OF EDUCATION**  
**GENERAL FUND**  
**SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

	<u>Fiscal Year Ended June 30,</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>
School Facilities										
T.Baldwin Demarest School	\$ 107,569	\$ 112,640	\$ 117,057	\$ 94,839	\$ 81,483	\$ 78,341	\$ 83,242	\$ 110,079	\$ 113,997	\$ 181,471
Charles DeWolf School	<u>97,032</u>	<u>102,061</u>	<u>130,436</u>	<u>104,313</u>	<u>89,623</u>	<u>86,504</u>	<u>92,150</u>	<u>122,004</u>	<u>120,511</u>	<u>200,645</u>
	<u>\$ 204,601</u>	<u>\$ 214,701</u>	<u>\$ 247,493</u>	<u>\$ 199,152</u>	<u>\$ 171,106</u>	<u>\$ 164,845</u>	<u>\$ 175,392</u>	<u>\$ 232,083</u>	<u>\$ 234,508</u>	<u>\$ 382,116</u>

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

	<u>Coverage</u>	<u>Deductible</u>
NESBIG		
Commercial Package Policy	\$ 29,877,385	\$ 5,000
Flood / Earthquake	5,000,000	50,000
General Liability	2,000,000	
Automobile Liability	1,000,000	
Contractors Equipment	250,000	
Employee Dishonesty - Per Employee	100,000	5,000
Employee Dishonesty - Per Loss	400,000	100,000
Western Surety Company		
Treasurer	250,000	

Source: School District's Records

**SINGLE AUDIT SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

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

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

**INDEPENDENT AUDITOR’S REPORT**

Honorable President and Members  
of the Board of Trustees  
Old Tappan Board of Education  
Old Tappan, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Old Tappan Board of Education as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Old Tappan Board of Education’s basic financial statements and have issued our report thereon dated November 2, 2016.

***Internal Control Over Financial Reporting***

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

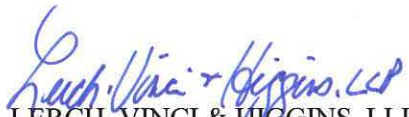
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Old Tappan Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Old Tappan Board of Education's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Old Tappan Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

  
Gary J. Vinci  
Public School Accountant  
PSA Number CS00829

Fair Lawn, New Jersey  
November 2, 2016



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
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DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
MARK SACO, CPA  
SHERYL M. NICOLosi, CPA  
ROBERT AMPONSAH, CPA

**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT  
ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
AS REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

**INDEPENDENT AUDITOR’S REPORT**

Honorable President and Members  
of the Board of Trustees  
Old Tappan Board of Education  
Old Tappan, New Jersey

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

We have audited the Old Tappan Board of Education’s compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Old Tappan Board of Education’s major state programs for the fiscal year ended June 30, 2016. The Old Tappan Board of Education’s major state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

***Management’s Responsibility***

Management is responsible for compliance with the requirements of state statutes, regulations, and the terms and conditions of its state financial assistance applicable to its state programs.

***Auditor’s Responsibility***

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

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

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

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

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

Management of the Old Tappan 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 Old Tappan Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Old Tappan Board of Education's internal control over compliance.


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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Old Tappan Board of Education, as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated November 2, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 is presented for purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

  
Gary J. Vinci  
Public School Accountant  
PSA Number CS00829

Fair Lawn, New Jersey  
November 2, 2016



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

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2015			Cash Received	Budgetary Expenditures	Paid to Grantor	June 30, 2016			MEMO GAAP Receivable
						Unearned Revenue	(Accounts Receivable)	Due to Grantor				Unearned Revenue	Accounts Receivable	Due to Grantor	
U.S. Department of Agriculture Passed-Through State Department of Education															
<u>Enterprise Fund</u>															
Special Milk Program	10.556		N/A	7/1/14-6/30/15	\$ 1,872	\$ (152)		\$ 152							
Special Milk Program	10.556	16161NJ304N1099	N/A	7/1/15-6/30/16	1,544	-	-	1,436	\$ 1,544	-	-	\$ (108)	-	\$ (108)	
Total Enterprise Fund						-	(152)	-	1,588	1,544	-	-	(108)	(108)	
U.S. Department of Education Passed-Through State Department of Education															
<u>Special Revenue Fund</u>															
I.D.E.A. Part B. Basic	84.027	H027A150100	IDEA385012	7/1/15-6/30/16	140,010	-	-	140,010	140,010	-	-	-	-	-	
I.D.E.A. Part B. Preschool	84.173	H173A150114	IDEA385012	7/1/15-6/30/16	12,524	-	-	12,524	12,524	-	-	-	-	-	
Total Special Education Cluster (IDEA)						-	-	-	152,534	152,534	-	-	-	-	
NVR Consolidated Title III	84.365A	S365A150030	NCLB385012	7/1/15-6/30/16	4,367	\$ -	-	\$ -	4,367	\$ -	\$ -	-	\$ -	-	
Total Special Revenue Fund						-	-	-	156,901	156,901	-	-	-	-	
Total Federal Financial Awards						\$ -	\$ (152)	\$ -	\$ 158,489	\$ 158,445	\$ -	\$ -	\$ (108)	\$ (108)	

Note - FAIN numbers are only applicable for current year grant awards

Note - This schedule is not subject to a federal single audit.

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

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2015		Cash Received	Budgetary Expenditures	June 30, 2016		Memo	
				Unearned Revenue	(Accounts Receivable)			Unearned Revenue	(Accounts Receivable)	GAAP Receivable	Cumulative Total Expenditures
<b>State Department of Education</b>											
<b>General Fund</b>											
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	\$ 327,148	\$	(27,730)	\$ 27,730					
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	327,148			300,338	\$ 327,148	\$	(26,810)		\$ 327,148
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	11,399		(966)	966					
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	11,399			10,465	11,399		(934)		11,399
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	7,560		(641)	641					
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	7,560			6,940	7,560		(620)		7,560
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	7,560		(641)	641					
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	7,560	-	-	6,941	7,560	-	(619)	-	7,560
<b>Total State Aid Public Cluster</b>				-	(29,978)	354,662	353,667	-	(28,983)	-	353,667
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	17,546		(1,487)	1,487					
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	17,546			16,108	17,546		(1,438)		17,546
Additional Non-Public Transportation Aid	N/A	7/1/14-6/30/15	3,828		(3,828)	3,828					
Additional Non-Public Transportation Aid	N/A	7/1/15-6/30/16	3,973	-	-	-	3,973	-	(3,973)	\$ (3,973)	3,973
<b>Total Transportation Aid Cluster</b>				-	(5,315)	21,423	21,519	-	(5,411)	(3,973)	21,519
Extraordinary Aid	15-100-034-5120-473	7/1/14-6/30/15	114,900		(114,900)	114,900					
Extraordinary Aid	16-100-034-5120-044	7/1/15-6/30/16	155,444				155,444		(155,444)		155,444
On-Behalf TPAF											
Pension Contributions - Normal	16-495-034-5094-002	7/1/15-6/30/16	465,434			465,434	465,434				465,434
Pension Contributions - NCGI	16-495-034-5094-004	7/1/15-6/30/16	23,185			23,185	23,185				23,185
Post Retirement Medical Cont.	16-495-034-5094-001	7/1/15-6/30/16	581,810			581,810	581,810				581,810
Soc. Security Contribution	16-495-034-5094-003	7/1/15-6/30/16	422,063			422,063	422,063				422,063
Soc. Security Contribution	15-495-034-5094-003	7/1/14-6/30/15	442,338	\$	(58)	58	-	\$	-	-	-
<b>Total General Fund</b>				-	(150,251)	1,983,535	2,023,122	-	(189,838)	(3,973)	2,023,122
Debt Service Fund											
Debt Service Aid	16-495-034-5120-075	7/1/15-6/30/16	172,547	-	-	172,547	172,547	-	-	-	172,547
<b>Total State Financial Assistance</b>				\$ -	\$ (150,251)	2,156,082	2,195,669	\$ -	\$ (189,838)	\$ (3,973)	\$ 2,195,669
<b>State Financial Assistance Not Subject to Single Audit Determination</b>											
<b>General Fund - On-Behalf TPAF</b>											
Normal Cost						(465,434)	(465,434)				
NCGI						(23,185)	(23,185)				
Post Retirement Medical						(581,810)	(581,810)				
<b>Total State Financial Assistance Subject to Single Audit</b>						\$ 1,085,653	\$ 1,125,240				

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

**NOTE 1 GENERAL**

The accompanying schedules present the activity of all federal and state financial assistance programs of the Old Tappan Board of Education. The Board of Education is defined in Note 1(A) to the Board's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with the requirements of 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Uniform Guidance) and New Jersey OMB Circular 15-08, “Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid”. Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$39,500 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board’s financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,983,622	\$ 1,983,622
Special Revenue Fund	\$ 156,901		156,901
Debt Service Fund		172,547	172,547
Food Service Fund	<u>1,544</u>	<u>-</u>	<u>1,544</u>
Total Financial Assistance	<u>\$ 158,445</u>	<u>\$ 2,156,169</u>	<u>\$ 2,314,614</u>

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

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

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

**NOTE 5 OTHER INFORMATION**

TPAF Social Security contributions in the amount of \$422,063 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2016. The amount reported as TPAF Pension System Contributions in the amount of \$488,619 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$581,810 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2016.

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

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

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

Part I - Summary of Auditor's Results

**Financial Statement Section**

Type of auditors' report issued on financial statements Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified:            yes   X   no

2) Were significant deficiency(ies) identified that were not considered to be material weaknesses?            yes   X   none reported

Noncompliance material to the basic financial statements noted?            yes   X   no

**State Awards Section**

Internal Control over major programs:

Dollar threshold used to determine Type A programs: \$750,000

Auditee qualified as low-risk auditee?   X   yes        no

Type of auditors' report on compliance for major programs: Unmodified

Internal Control over compliance:

1) Material weakness(es) identified:            yes   X   no

2) Were significant deficiency(ies) identified that were not considered to be material weaknesses?            yes   X   none reported

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

Identification of major state programs:

GMIS Number(s)	Name of State Program
16-495-034-5094-003	TPAF Social Security Tax

**Federal Awards Section**

Not subject to Federal Single Audit.

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

*Part 2 – Schedule of Financial Statement Findings*

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

There are none.

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

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

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

**CURRENT YEAR FEDERAL AWARDS**

Not Applicable.

**CURRENT YEAR STATE AWARDS**

There are none.

**OLD TAPPAN BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

**STATUS OF PRIOR YEAR FINDINGS**

There were none.