

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

Oradell, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the
Oradell Board of Education
Oradell, New Jersey
For The Fiscal Year Ended June 30, 2016**

**Prepared by
Business Office**

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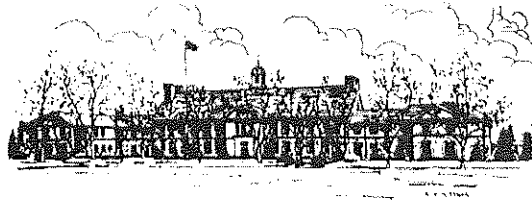
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INTRODUCTORY SECTION



ORADELL BOARD OF EDUCATION

350 Prospect Avenue
Oradell, New Jersey 07649

Scott T. Bisig
*School Business Administrator/
Board Secretary*
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Fax: 201-261-1167
Email:
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"Our children, our hope, our future"

October 6, 2016

Honorable President and
Members of the Board of Education
Oradell School District

Dear Board Members:

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

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

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the independent auditors' report, management's discussion and analysis (MD&A), and the basic financial statements including the district-wide financial statements presented in conformity with Governmental Accounting Standards Board Statement No. 34. The basic financial statements also include individual fund financial statements, notes to the financial statements and required 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 the 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." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations, and findings and recommendations, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: Oradell School District is an independent reporting entity within the criteria adopted by the GASB. All funds of the District are included in this report. The Oradell Board of Education and its school constitute the District's reporting entity.

The District continues to provide a full range of educational services appropriate to grade levels Pre-K through 6. These include both regular and special education for learning disabled students. The District completed the 2015-2016 fiscal year with enrollment of 763 students, which is 7 students less than the previous year's enrollment. The following details the changes in the student enrollment over the last ten years:

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2006-2007	786	+2.08
2007-2008	794	+1.02
2008-2009	790	-0.51
2009-2010	782	-1.02
2010-2011	804	+2.94
2011-2012	788	-1.99
2012-2013	784	-0.51
2013-2014	782	-0.26
2014-2015	770	-0.55
2015-2016	763	-0.91

2) ECONOMIC CONDITION AND OUTLOOK: The Borough of Oradell, like other municipalities, is feeling the effects of the weakened economy. The real estate market remained soft while the prices of fuel, food, and other necessities continued to rise. Despite the economy having entered into a near recession and **declining** resources from the State and Federal level, the Oradell Public School has been able to maintain its staffing to ensure optimal class sizes as the NJCCCS are implemented.

3) INTERNAL ACCOUNTING AND CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of the control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

4) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general 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. Open encumbrances at year-end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as assignments of fund balance at June 30, 2016.

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

6) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements". The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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

8) OTHER INFORMATION:

A) Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins, LLP was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act as Amended and the related U.S. Uniform Guidance and state Treasury Circular Letter 15-08 OMB. The auditor's report on the basic financial statements, individual fund financial 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.

B) Commendations – The Oradell Public School District is proud of all that it accomplished during the 2015-2016 school year. The following is a sampling of the District's achievements:

During the 2016-2017 school year, the District began a new partnership with the Ridge Edge School district, forming a Bi-Borough Consortium to revise curriculum in alignment with the state standards, mentor new teachers and provide ongoing professional development. Additional professional development opportunities were provided in-house to staff in the areas of using assessment to inform instruction, balanced literacy and Go Math! Go Math; became a primary math resource for teachers in grades K-5 during the 2015-2016 school year. Region V (Special Education), Linkit; assessment services and Gravity Goldberg Consultants were partners in the professional development process. Formative and summative assessments were administered across all grade levels to measure students' content skills and abilities. The District continues the implementation of Linkit! To evaluate student growth and performance on assessments which were closely aligned to the state standards and to utilize these assessments to inform future teaching decisions.

Students at Oradell Public School exercise their artistic and musical talents in a variety of ways. Winter and spring concerts featured the 4th grade chorus and multiple instrumental groups, and both choral and instrumental groups also participated in regional and state performance opportunities. Students in fourth and fifth grade banded together in the school's presentation of the musical "Shrek Jr.". Finally, a spring art show served to instill pride and awareness as to the talents of the entire student body as the school's hallways showcased students' abilities. In fact, every student and adult created a miniature representation of himself or herself to line the school walls to create "A Community Fence."

In the area of technology, the District forged ahead with their partnership with the Bergen County Technical Schools shared services to provide technology infrastructure, as well as day-to-day support for faculty and staff. The district enhanced its wireless capabilities with the installation of additional access points. Additionally, a one-to-one situation was created for sixth grade students with laptops during the school day and strides were made to increase seamless sharing amongst staff members through the use of Gmail and Google Docs.

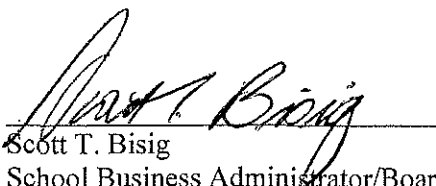
Parents continue to be welcome, active participants in the educational process, volunteering their time and participating in a host of PTA and school committees. The Oradell PTA and Board of Education provided students and staff with an extensive array of educational activities designed to promote the education of the whole child – cognitively, socially and emotionally. The Oradell Public School professional staff continued to receive grants from both the PTA and Oradell Kids Foundation to support various program initiatives and enhancements. In short, the many adult role models within our school community worked diligently to support the growth and development of the District's number one focus and most precious resource, the children.

9) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Oradell School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The Oradell Board of Education continues to serve the community in proud fashion. Of the nine Board members, **two have** attained *Master Board Member Status* and three have achieved *Certified Board Member Status*. Also, the preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

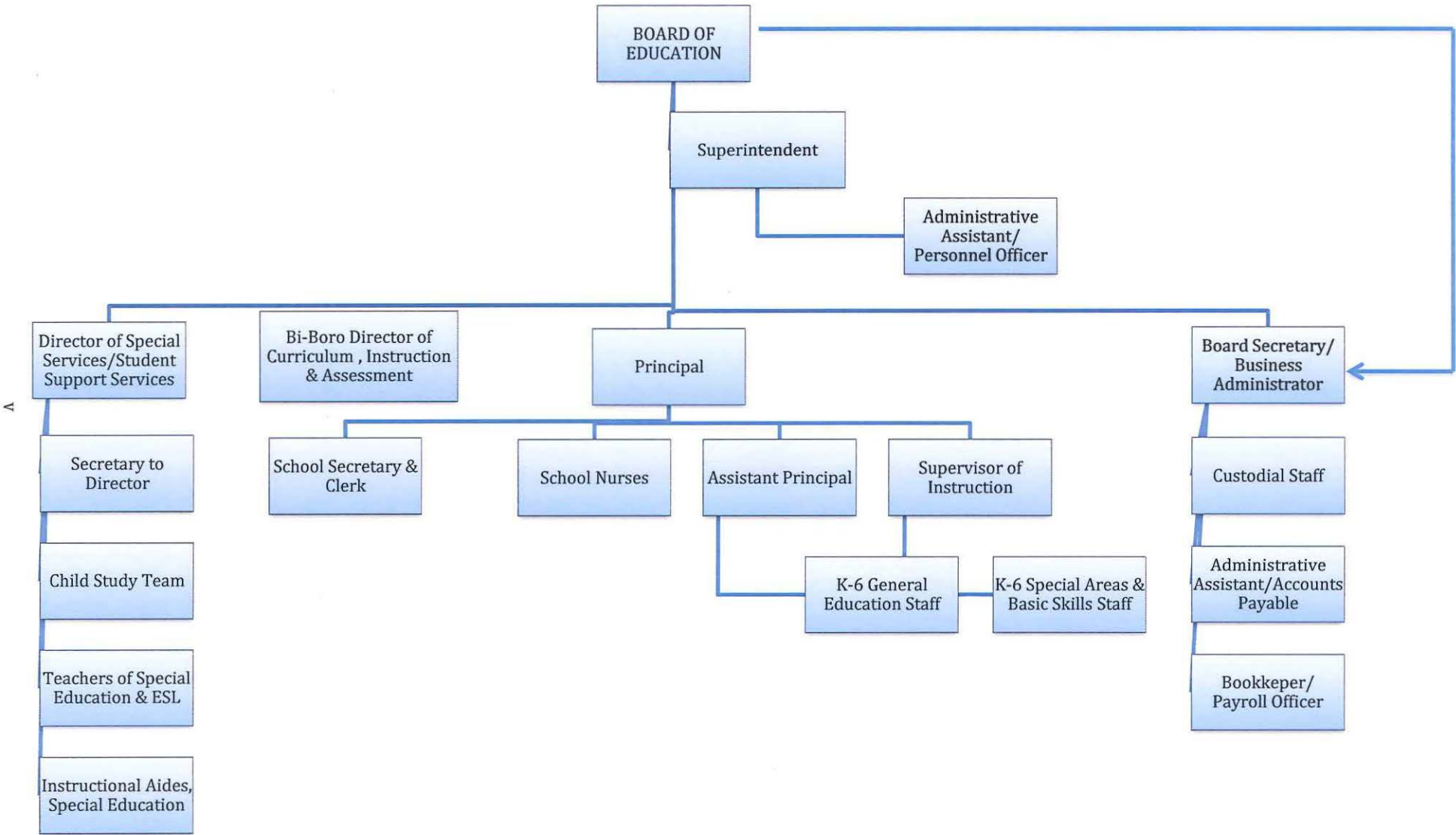


Paul J. Saxton
Superintendent



Scott T. Bisig
School Business Administrator/Board Secretary

ORADELL PUBLIC SCHOOL DISTRICT ORGANIZATIONAL CHART



**ORADELL BOARD OF EDUCATION
ORADELL, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2016**

Members of the Board of Education

President	Dorothy Watson-Nichols	2016
Vice President	Christine Robertson	2018
	John A. Walsh	2016
	Eugene Westlake	2016
	Gregory Derian	2017
	Nancy Shapiro	2017
	Rita Walker	2017
	Katherine Norian	2018
	Andrew Oddo	2018

Other Officials

Interim Superintendent	Paul Saxton
Interim Board Secretary/ Business Administrator	David Rinderknecht
Treasurer	Angelo DeSimone

**ORADELL BOARD OF EDUCATION
Consultants and Advisors**

Audit Firm

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

Attorney

Sciarrillo, Cornell, Merlino,
& McKeever, P.C.
Attorneys at Law
23 St. Paul Street
Westfield, NJ 07091

Official Depository

Capital One
464 Route 17 North
Paramus, NJ 07652

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
Oradell Board of Education
Oradell, 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 Oradell 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 Oradell 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 Oradell 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 federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Oradell 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.

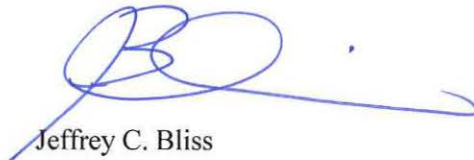
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated October 6, 2016 on our consideration of the Oradell 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 Oradell Board of Education's internal control over financial reporting and compliance.

LERCH, VINCI & HIGGINS, LLP

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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
October 6, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

ORADELL BOARD OF EDUCATION

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

As management of the Oradell Board of Education (the Board or District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the Oradell Board of Education for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

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

- The assets and deferred outflows of resources of the Oradell Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$8,476,862. (Net Position)
- The District's total net position increased by \$623,190.
- Overall District revenues were \$14,829,932. General revenues accounted for \$11,094,221 or 75% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$3,735,711 or 25% of total revenues.
- The school district had \$14,120,921 in expenses for governmental activities; only \$3,638,126 of these expenses were offset by program specific charges, grants or contributions. General revenues of \$11,094,221 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$4,320,518. Of this amount, \$190,346 is available for spending at the District's discretion (unassigned fund balance – General Fund).
- The General Fund fund balance at June 30, 2016 was \$3,079,465, an increase of \$735,347 compared to the ending fund balance at June 30, 2015 of \$2,344,118.
- The General Fund budgetary fund balance at June 30, 2016 was \$3,178,395, which represents an increase of \$678,694 compared to the ending budgetary fund balance at June 30, 2015 of \$2,499,701. However, the General Fund unassigned budgetary fund balance at June 30, 2016 was \$289,276, a decrease of \$48,407 when compared to the ending unassigned budgetary fund balance at June 30, 2015 of \$337,683.
- The District's total outstanding long-term liabilities increased by \$1,942,768 during the current fiscal year.

ORADELL BOARD OF EDUCATION

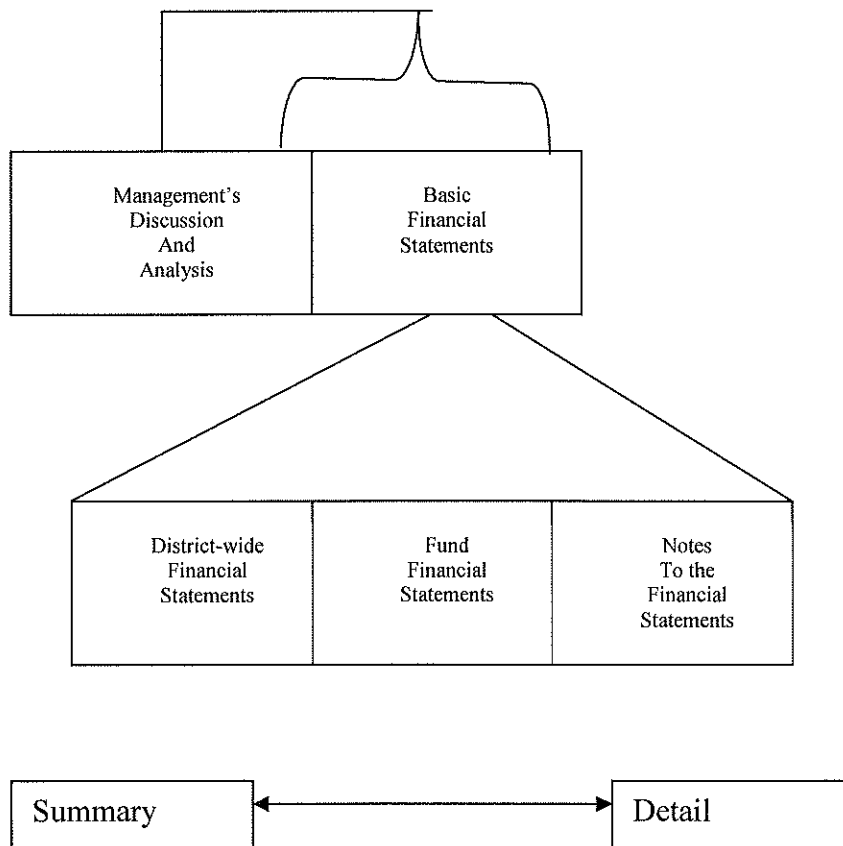
Management's Discussion and Analysis Fiscal Year Ended June 30, 2016

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



ORADELL BOARD OF EDUCATION

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

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

Major Features of the District-Wide and Fund Financial Statements

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

District-Wide Statements

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

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

- Over time, increases or decreases in the District's net position are an indicator of whether its financial condition is improving or deteriorating, respectively.

ORADELL BOARD OF EDUCATION

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

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

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

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

Fund Financial Statements

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

- Some funds are required by State law and bond covenants.
- The District establishes other funds in accordance with the State of New Jersey Uniform Chart of Accounts to control and manage money for particular purposes or to show that it is properly using certain revenues (federal and state grants).

The District has three kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.

- *Proprietary funds* – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.

- *Enterprise Funds* – This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges. The District currently has two enterprise funds, for its extended year summer program and food service (cafeteria) program.

- *Internal Service Funds* – This fund is established to account for activities that provide services primarily for the District's other programs and activities. The District currently uses an internal service fund to account for shared coordinated curriculum services. Since these services benefit governmental rather than business-type functions, they have been included in governmental activities in the district-wide financial statements.

- *Fiduciary funds* – The District is the trustee, or *fiduciary*, for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

ORADELL BOARD OF EDUCATION

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

Notes to the Financial Statements

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

Other Information

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

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's *combined* net position were \$8,476,862 and \$7,853,672 on June 30, 2016 and 2015, respectively, as follows:

**Statement of Net Position
as of 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>
Current Assets	\$ 4,392,813	\$ 2,430,428	\$ 113,075	\$ 117,890	\$ 4,505,888	\$ 2,548,318
Capital Assets	12,694,279	12,443,108	9,063	5,184	12,703,342	12,448,292
Total Assets	<u>17,087,092</u>	<u>14,873,536</u>	<u>122,138</u>	<u>123,074</u>	<u>17,209,230</u>	<u>14,996,610</u>
Deferred Outflows of Resources	<u>535,991</u>	<u>292,431</u>	<u>-</u>	<u>-</u>	<u>535,991</u>	<u>292,431</u>
Total Assets and Deferred Outflows of Resources	<u>17,623,083</u>	<u>15,165,967</u>	<u>122,138</u>	<u>123,074</u>	<u>17,745,221</u>	<u>15,289,041</u>
Noncurrent Liabilities	8,782,880	6,840,112			8,782,880	6,840,112
Other Liabilities	133,935	106,133	68,945	81,645	202,880	187,778
Total Liabilities	<u>8,916,815</u>	<u>6,946,245</u>	<u>68,945</u>	<u>81,645</u>	<u>8,985,760</u>	<u>7,027,890</u>
Deferred Inflows of Resources	<u>282,599</u>	<u>407,479</u>	<u>-</u>	<u>-</u>	<u>282,599</u>	<u>407,479</u>
Total Liabilities and Deferred Inflows of Resources	<u>9,199,414</u>	<u>7,353,724</u>	<u>68,945</u>	<u>81,645</u>	<u>9,268,359</u>	<u>7,435,369</u>
Net Position						
Net Investment in capital assets	8,105,230	8,192,648	9,063	5,184	8,114,293	8,197,832
Restricted	1,830,774	1,448,639			1,830,774	1,448,639
Unrestricted	(1,512,335)	(1,829,044)	44,130	36,245	(1,468,205)	(1,792,799)
Total Net Position	<u>\$ 8,423,669</u>	<u>\$ 7,812,243</u>	<u>\$ 53,193</u>	<u>\$ 41,429</u>	<u>\$ 8,476,862</u>	<u>\$ 7,853,672</u>

ORADELL BOARD OF EDUCATION

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

The District's total net position of \$8,476,862 at June 30, 2016 represents a \$623,190 or 8%, increase from the prior year. The following presents the changes in net position for the fiscal years ended June 30, 2016 and 2015:

**Change 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>
Revenues						
Program Revenues						
Charges for Services	\$ 146,986	\$ 122,670	\$ 93,476	\$ 79,722	\$ 240,462	\$ 202,392
Operating Grants and Contributions	3,458,146	2,855,491	4,109	4,331	3,462,255	2,859,822
Capital Grants and Contributions	32,994	37,400			32,994	37,400
General Revenues						
Property Taxes	11,037,768	10,815,474			11,037,768	10,815,474
Unrestricted State Aid	7,611	14,467	-	-	7,611	14,467
Other	48,842	24,122	-	-	48,842	24,122
Total Revenues	14,732,347	13,869,624	97,585	84,053	14,829,932	13,953,677
Expenses						
Instruction						
Regular	5,996,527	5,572,721			5,996,527	5,572,721
Special Education	1,862,442	1,766,934			1,862,442	1,766,934
Other Instruction	676,687	654,929			676,687	654,929
School Sponsored Activities and Athletics	43,938	32,672			43,938	32,672
Support Services						
Student and Instruction Related Services	1,999,876	1,831,207			1,999,876	1,831,207
General Administrative Services	450,012	398,210			450,012	398,210
School Administrative Services	828,704	722,483			828,704	722,483
Central and Other Support Services	369,219	386,686			369,219	386,686
Plant Operations and Maintenance	1,622,744	1,575,083			1,622,744	1,575,083
Pupil Transportation	128,518	89,796			128,518	89,796
Interest on Debt	142,254	137,089			142,254	137,089
Summer Program			70,788	76,118	70,788	76,118
Food Services	-	-	15,033	10,586	15,033	10,586
Total Expenses	14,120,921	13,167,810	85,821	86,704	14,206,742	13,254,514
Increase/(Decrease) in Net Position	611,426	701,814	11,764	(2,651)	623,190	699,163
Net Position, Beginning of Year	7,812,243	7,110,429	41,429	44,080	7,853,672	7,154,509
Net Position, End of Year	\$ 8,423,669	\$ 7,812,243	\$ 53,193	\$ 41,429	\$ 8,476,862	\$ 7,853,672

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$14,732,347 for the year ended June 30, 2016. Property taxes of \$11,037,768 represented 75% of revenues. Another significant portion of revenues came from State aid; total State, Federal and local aid, grants and contributions was \$3,498,751 represented 24% of revenues. In addition, tuition and miscellaneous income which includes items such as interest, prior year refunds and other miscellaneous items was one percent (1%) of revenues earned.

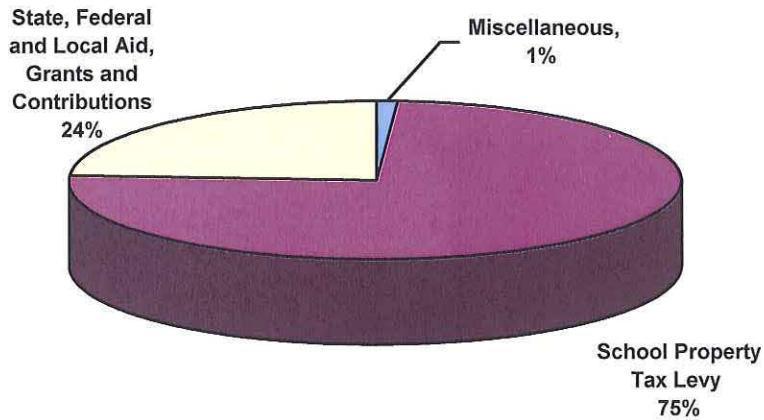
ORADELL BOARD OF EDUCATION

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

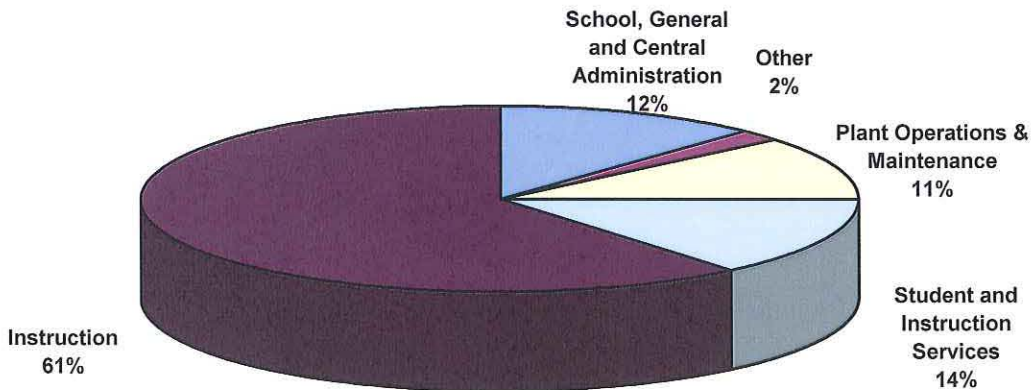
The total cost of all governmental activities programs and services was \$14,120,921. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$8,579,594 (61%) of total expenses. Support services, total \$5,399,073 (38%) of total expenses and interest on debt totaled \$142,254 (1%) of total expenses.

Total governmental activities revenues exceeded expenses, increasing net position \$611,426 from the previous year.

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



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



ORADELL BOARD OF EDUCATION

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

Total and Net Cost of Governmental Activities. The District's total cost of services was \$14,120,921. After applying program revenues, derived from charges for services of \$146,986, operating and capital grants and contributions of \$3,491,140 the net cost of services to the District is \$10,482,795.

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

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Instruction				
Regular	\$ 5,996,527	\$ 5,572,721	\$ 4,146,064	\$ 4,106,535
Special Education	1,862,442	1,766,934	803,635	754,387
Other Instruction	676,687	654,929	627,139	626,278
School Sponsored Activities and Athletics	43,938	32,672	43,938	32,672
Support Services				
Student and Instruction Related Services	1,999,876	1,831,207	1,661,078	1,592,714
General Administrative Services	450,012	398,210	450,012	398,210
School Administrative Services	828,704	722,483	608,708	564,558
Central and Other Support Services	369,219	386,686	303,217	333,519
Plant Operations and Maintenance	1,622,744	1,575,083	1,578,118	1,525,804
Pupil Transportation	128,518	89,796	118,632	80,483
Interest on Debt	142,254	137,089	142,254	137,089
Total	<u>\$ 14,120,921</u>	<u>\$ 13,167,810</u>	<u>\$ 10,482,795</u>	<u>\$ 10,152,249</u>

Business-Type Activities – The District's total business-type activities revenues were \$97,585 for the year ended June 30, 2016. Charges for services accounted for 96% of total revenues. Operating grants and contributions accounted for 4% of total revenue for the year.

Total cost of all business-type activities programs and services was \$85,821. The District's expenses are related to the extended year summer program for \$70,788 (82%) and food services for \$15,033 (18%).

Total business-type activities revenues exceeded expenses, increasing net position \$11,764 in comparison to the previous year.

ORADELL BOARD OF EDUCATION

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

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund balance of \$4,320,518, an increase of \$1,944,210 from last year's fund balance.

Revenues for the District's governmental funds were \$13,116,765 while total expenses were \$13,151,773 for the fiscal year ended June 30, 2016. The District also had total other financing sources of \$1,979,218 which was mainly the result of the lease purchase proceeds of \$1,946,368 for the District's energy savings incentive project (ESIP).

GENERAL FUND

The General Fund includes the primary operations of the District in providing educational services to students from Pre-Kindergarten through Grade 6.

The following schedule presents a comparison of General Fund Revenues.

General Fund Revenues	Fiscal Year Ended <u>6/30/2016</u>	Fiscal Year Ended <u>6/30/2015</u>	Amount of Increase (Decrease)	Percent Change
Local Sources:				
Property Taxes	\$ 10,514,068	\$ 10,294,274	\$ 219,794	2%
Other	127,054	146,792	(19,738)	-13%
State Sources	<u>1,632,787</u>	<u>1,495,897</u>	<u>136,890</u>	9%
Total Revenues	<u>\$ 12,273,909</u>	<u>\$ 11,936,963</u>	<u>\$ 336,946</u>	3%

Total General Fund revenues increased \$336,946 or 3% over the previous year. Property taxes increased \$219,794 or 2% to support operating expenditures. State aid increased \$136,890 or 9% mainly attributable to on-behalf state aid for teachers' pension and post-retirement medical benefit contributions. Decreases in tuition revenue during the year was the cause for other local revenues to decrease \$19,738 or 13% from the previous year.

The following schedule presents a comparison of General Fund expenditures.

General Fund Expenditures	Fiscal Year Ended <u>6/30/2016</u>	Fiscal Year Ended <u>6/30/2015</u>	Amount of Increase (Decrease)	Percent Change
Instruction	\$ 7,097,590	\$ 6,915,696	\$ 181,894	3%
Support Services	4,385,085	4,203,736	181,349	4%
Debt Service	7,987	38,380	(30,393)	-79%
Capital Outlay	<u>80,750</u>	<u>59,601</u>	<u>21,149</u>	35%
Total Expenditures	<u>\$ 11,571,412</u>	<u>\$ 11,217,413</u>	<u>\$ 353,999</u>	3%

ORADELL BOARD OF EDUCATION

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

GENERAL FUND (Continued)

Total General Fund expenditures increased \$353,999 or 3% from the previous year. The majority of this increase can be attributed to increases in contractual salary and related employee benefit costs which were off-set by decreases in tuition expenditures.

In fiscal year 2016 General Fund revenues exceeded expenditures by \$735,347. Therefore, total fund balance increased to \$3,079,465 at June 30, 2016. After deducting restricted and assigned fund balances, the unassigned fund balance increased \$8,246 from \$182,100 at June 30, 2015 to \$190,346 at June 30, 2016. In addition, the balances in the restricted fund balances (i.e., capital reserve and reserved excess surplus) increased \$479,638 from the previous year.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

- Implementing budgets for specially funded projects, which include both federal and state grants.
- Reinstating prior year purchase orders being carried over the previous year's budget.
- Increases in budget appropriations for significant unbudgeted costs funded by unassigned fund balance and restricted revenue sources.

Revisions in the budget were also made through budget transfer to prevent over expenditures in specific line item accounts.

General Fund budgetary revenues exceeded budgetary expenditures increasing budgetary fund balance \$678,694 from the previous year. However, after deducting restricted and assigned fund balances, the unassigned budgetary fund balance decreased \$48,407 from \$337,683 at June 30, 2015 to \$289,276 at June 30, 2016. In addition, the District approved transfer to the capital reserve of \$381,991 in June 2016.

ORADELL BOARD OF EDUCATION

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

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of fiscal year 2016, the District had \$12,694,279 invested in land, buildings, furniture, equipment and vehicles for governmental activities. Depreciation charges for fiscal year 2015-2016 amounted to \$567,266, for governmental activities. The following is a comparison of the June 30, 2016 and 2015 balances.

**Capital Assets
as of June 30, 2016 and 2015**

	Governmental Activities	
	<u>2016</u>	<u>2015</u>
Land	\$ 5,592	\$ 5,592
Construction in Progress	737,687	98,400
Land Improvements	52,200	52,200
Building and Building Improvements	20,299,607	20,120,457
Machinery and Equipment	<u>906,245</u>	<u>906,245</u>
 Total	 22,001,331	 21,182,894
 Less: Accumulated Depreciation	 <u>(9,307,052)</u>	 <u>(8,739,786)</u>
 Total	 <u>\$ 12,694,279</u>	 <u>\$ 12,443,108</u>

LONG TERM LIABILITIES

At June 30, 2016 the District had \$8,782,880 of long term liabilities. Of this amount \$4,016,051 is for serial bonds; \$16,064 is for capital leases; \$1,946,368 is for lease purchase agreements; \$97,499 is for compensated absences; and \$2,706,898 is for the District's net pension liability. For fiscal year 2016 total outstanding long-term debt increased by \$1,942,768. The following is a comparison of the June 30, 2016 and 2015 balances.

**Long-Term Debt Outstanding
as of June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Bond Payable (including premium)	\$ 4,016,051	\$ 4,447,861
Capital Leases Payable	16,064	23,395
Lease Purchase Agreements	1,946,368	
Compensated Absences Payable	97,499	90,770
Net Pension Liability	<u>2,706,898</u>	<u>2,278,086</u>
 Total	 <u>\$ 8,782,880</u>	 <u>\$ 6,840,112</u>

ORADELL BOARD OF EDUCATION

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

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

These factors were considered by the District's administration during the process of developing the fiscal year 2016-2017 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs.

These indicators were considered when adopting the budget for fiscal year 2016-2017. Budgeted expenditures in the General Fund increased 8 percent to \$12,115,128 for fiscal year 2016-2017. The majority of this increase was for capital project appropriations funded by capital reserve fund balance.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information contact the Business Office, Oradell Board of Education, 350 Prospect Avenue, Oradell, NJ 07649.

DISTRICT-WIDE FINANCIAL STATEMENTS

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 3,104,367	\$ 112,383	\$ 3,216,750
Restricted Cash Equivalents with Fiscal Agent	1,208,996		1,208,996
Receivables, net	79,450	692	80,142
Capital Assets, Not Being Depreciated	743,279		743,279
Capital Assets, Being Depreciated, Net	<u>11,951,000</u>	<u>9,063</u>	<u>11,960,063</u>
Total Assets	<u>17,087,092</u>	<u>122,138</u>	<u>17,209,230</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding of Debt	180,715		180,715
Deferred Amounts on Net Pension Liability	<u>355,276</u>	<u>-</u>	<u>355,276</u>
Total Deferred Outflows of Resources	<u>535,991</u>	<u>-</u>	<u>535,991</u>
Total Assets and Deferred Outflows of Resources	<u>17,623,083</u>	<u>122,138</u>	<u>17,745,221</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	15,505		15,505
Payable to Other Governments	23,457		23,457
Accrued Interest Payable	61,640		61,640
Unearned Revenue	33,333	68,945	102,278
Noncurrent Liabilities			
Due Within One Year	502,574		502,574
Due Beyond One Year	<u>8,280,306</u>	<u>-</u>	<u>8,280,306</u>
Total Liabilities	<u>8,916,815</u>	<u>68,945</u>	<u>8,985,760</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>282,599</u>	<u>-</u>	<u>282,599</u>
Total Deferred Inflows of Resources	<u>282,599</u>	<u>-</u>	<u>282,599</u>
Total Liabilities and Deferred Inflows of Resources	<u>9,199,414</u>	<u>68,945</u>	<u>9,268,359</u>
NET POSITION			
Net Investment in Capital Assets	8,105,230	9,063	8,114,293
Restricted for			
Capital Projects	1,353,984		1,353,984
Plant Maintenance	450,000		450,000
Debt Service	26,790		26,790
Unrestricted	<u>(1,512,335)</u>	<u>44,130</u>	<u>(1,468,205)</u>
Total Net Position	<u>\$ 8,423,669</u>	<u>\$ 53,193</u>	<u>\$ 8,476,862</u>

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

**ORADELL 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
Governmental Activities							
Instruction							
Regular	\$ 5,996,527		\$ 1,850,463		\$ (4,146,064)		\$ (4,146,064)
Special Education	1,862,442	\$ 78,250	980,557		(803,635)		(803,635)
Other Instruction	676,687		49,548		(627,139)		(627,139)
School Sponsored Activities and Athletics	43,938				(43,938)		(43,938)
Support Services							
Student and Instruction Related Services	1,999,876	68,736	270,062		(1,661,078)		(1,661,078)
General Administrative Services	450,012				(450,012)		(450,012)
School Administrative Services	828,704		219,996		(608,708)		(608,708)
Central and Other Support Services	369,219		66,002		(303,217)		(303,217)
Plant Operations and Maintenance	1,622,744		11,632	\$ 32,994	(1,578,118)		(1,578,118)
Pupil Transportation	128,518		9,886		(118,632)		(118,632)
Interest on Debt	142,254	-	-	-	(142,254)	-	(142,254)
Total Governmental Activities	14,120,921	146,986	3,458,146	32,994	(10,482,795)	-	(10,482,795)
Business-Type Activities							
Summer Program	70,788	82,680				\$ 11,892	11,892
Food Service	15,033	10,796	4,109	-	-	(128)	(128)
Total Business-Type Activities	85,821	93,476	4,109	-	-	11,764	11,764
Total Primary Government	\$ 14,206,742	\$ 240,462	\$ 3,462,255	\$ 32,994	(10,482,795)	11,764	(10,471,031)
General Revenues							
Taxes:							
Property Taxes, Levied for General Purposes, Net					10,514,068		10,514,068
Property Taxes, Levied for Debt Service, Net					523,700		523,700
Unrestricted State Aid					7,611		7,611
Investment Earnings					8,273		8,273
Miscellaneous Income					40,569		40,569
Total General Revenues					11,094,221	-	11,094,221
Change in Net Position					611,426	11,764	623,190
Net Position, Beginning of Year					7,812,243	41,429	7,853,672
Net Position, End of Year					\$ 8,423,669	\$ 53,193	\$ 8,476,862

FUND FINANCIAL STATEMENTS

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 3,046,786	\$ 30,554		\$ 26,790	\$ 3,104,130
Intergovernmental Receivables	4,002	28,007	\$ 42,960		74,969
Other Accounts Receivable	3,360				3,360
Due from Other Funds	35,358				35,358
Restricted Cash Equivalents with Fiscal Agents	-	-	1,208,996	-	1,208,996
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 3,089,506</u>	<u>\$ 58,561</u>	<u>\$ 1,251,956</u>	<u>\$ 26,790</u>	<u>\$ 4,426,813</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 3,953	\$ 5,227			\$ 9,180
Accrued Salaries and Wages	500				500
Due to Other Funds	5,588		\$ 34,237		39,825
Payable to Other Governments - State		23,457			23,457
Unearned Revenue	-	29,877	3,456	-	33,333
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>10,041</u>	<u>58,561</u>	<u>37,693</u>	<u>-</u>	<u>106,295</u>
Fund Balances					
Restricted:					
Capital Reserve	715,370				715,370
Capital Reserve - Designated for Subsequent Year's Expenditures	633,070				633,070
Maintenance Reserve	450,000				450,000
Emergency Reserve	250,000				250,000
Reserved Excess Surplus	260,000				260,000
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	257,031				257,031
Capital Projects			1,214,263		1,214,263
Debt Service				\$ 26,790	26,790
Assigned:					
Year End Encumbrances	242,849				242,849
Designated for Subsequent Year's Expenditures	80,799				80,799
Unassigned	190,346	-	-	-	190,346
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>3,079,465</u>	<u>-</u>	<u>1,214,263</u>	<u>26,790</u>	<u>4,320,518</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 3,089,506</u>	<u>\$ 58,561</u>	<u>\$ 1,251,956</u>	<u>\$ 26,790</u>	<u>\$ 4,426,813</u>

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

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

Total Fund Balances - Governmental Funds (Exhibit B-1) \$ 4,320,518

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$22,001,331 and the accumulated depreciation is \$9,307,052. 12,694,279

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. 180,715

The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is: (61,640)

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 amortized over future years.

	\$	355,276	
Deferred Outflows of Resources		(282,599)	
Deferred Inflows of Resources		<u>72,677</u>	72,677

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. Long-term liabilities at year end consist of the following:

		(4,016,051)	
Bonds Payable		(16,064)	
Capital Leases Payable		(1,946,368)	
Lease Purchase Agreements		(97,499)	
Compensated Absences		<u>(2,706,898)</u>	
Net Pension Liability		<u>(8,782,880)</u>	(8,782,880)

Total Net Position of Governmental Activities (Exhibit A-1) \$ 8,423,669

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 10,514,068			\$ 523,700	\$ 11,037,768
Tuition	78,250				78,250
Interest	8,235		\$ 38		8,273
Miscellaneous	40,569	\$ 25,122	-	-	65,691
Total - Local Sources	10,641,122	25,122	38	523,700	11,189,982
Intergovernmental					
State Sources	1,632,787	76,619	144		1,709,550
Federal Sources	-	217,233	-	-	217,233
Total Revenues	<u>12,273,909</u>	<u>318,974</u>	<u>182</u>	<u>523,700</u>	<u>13,116,765</u>
EXPENDITURES					
Current					
Instruction					
Regular Instruction	4,943,112	37,514			4,980,626
Special Education Instruction	1,474,382	161,979			1,636,361
Other Instruction	636,436				636,436
School-Sponsored Activities and Athletics	43,660				43,660
Support Services					
Student and Instruction Related Services	1,713,493	119,481			1,832,974
General Administrative Services	446,886				446,886
School Administrative Services	705,244				705,244
Central and Other Support Services	329,906				329,906
Plant Operations and Maintenance	1,061,038				1,061,038
Pupil Transportation	128,518				128,518
Debt Service					
Principal	7,331			385,000	392,331
Interest and Other Charges	656			138,700	139,356
Capital Outlay	80,750	-	737,687	-	818,437
Total Expenditures	<u>11,571,412</u>	<u>318,974</u>	<u>737,687</u>	<u>523,700</u>	<u>13,151,773</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>702,497</u>	<u>-</u>	<u>(737,505)</u>	<u>-</u>	<u>(35,008)</u>
OTHER FINANCING SOURCES (USES)					
Insurance Recoveries	32,850				32,850
Lease Purchase Proceeds	-	-	1,946,368	-	1,946,368
Total Other Financing Sources and Uses	<u>32,850</u>	<u>-</u>	<u>1,946,368</u>	<u>-</u>	<u>1,979,218</u>
Net Change in Fund Balances	735,347	-	1,208,863	-	1,944,210
Fund Balance, Beginning of Year	<u>2,344,118</u>	<u>-</u>	<u>5,400</u>	<u>26,790</u>	<u>2,376,308</u>
Fund Balance, End of Year	<u>\$ 3,079,465</u>	<u>\$ -</u>	<u>\$ 1,214,263</u>	<u>\$ 26,790</u>	<u>\$ 4,320,518</u>

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

**ORADELL BOARD OF EDUCATION
ILLUSTRATIVE 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) \$ 1,944,210

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period.

Capital Outlay	\$ 818,437	
Depreciation Expense	<u>(567,266)</u>	
		251,171

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

Increase in Compensated Absences	(6,729)	
Increase in Pension Expenses	<u>(20,291)</u>	
		(27,020)

The issuance of long term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of debt principal consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Debt Issued			
Lease Purchase Agreement			(1,946,368)
Principal Payments			
Bond Principal	385,000		
Capital Leases	<u>7,331</u>		
			392,331

Governmental funds report the effect of premiums and other such items related to the refunding bonds when they are first issued, whereas these amounts are deferred and amortized in the statement of activities.

Amortization of Bond Premium	46,810	
Amortization of Deferred Amounts on Refunding	<u>(40,081)</u>	
		6,729

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.

Increase in accrued interest		<u>(9,627)</u>
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Change in Net Position of Governmental Activities (Exhibit A-2) \$ 611,426

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

	<u>Business-Type Activities Enterprise Funds</u>			<u>Governmental Activities -</u>
	<u>Extended Year Summer Program</u>	<u>Non-Major Food Service Fund</u>	<u>Total</u>	<u>Internal Service Fund - Bi-Borough Curriculum Services</u>
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 106,514	\$ 5,869	\$ 112,383	\$ 237
Intergovernmental Receivable	-	692	692	-
Total Current Assets	<u>106,514</u>	<u>6,561</u>	<u>113,075</u>	<u>237</u>
Noncurrent Assets				
Capital Assets				
Equipment		12,949	12,949	
Accumulated Depreciation	-	(3,886)	(3,886)	-
Total Noncurrent Assets	<u>-</u>	<u>9,063</u>	<u>9,063</u>	<u>-</u>
Total Assets	<u>106,514</u>	<u>15,624</u>	<u>122,138</u>	<u>237</u>
LIABILITIES				
Current Liabilities				
Accounts Payable			-	237
Unearned Revenue	68,945	-	68,945	-
Total Liabilities	<u>68,945</u>	<u>-</u>	<u>68,945</u>	<u>237</u>
NET POSITION				
Investment in Capital Assets		9,063	9,063	
Unrestricted	37,569	6,561	44,130	-
Total Net Position	<u>\$ 37,569</u>	<u>\$ 15,624</u>	<u>\$ 53,193</u>	<u>\$ -</u>

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

	Business-Type Activities Enterprise Funds			Governmental Activities -
	Extended Year Summer Program	Non-Major Food Service Fund	Total	Internal Service Fund - Bi-Borough Curriculum Services
OPERATING REVENUES				
Charges for Services				
Daily Sales-Special Milk Program		\$ 10,796	\$ 10,796	
Program Fees	\$ 82,680		82,680	
Service Fees	-	-	-	\$ 137,471
Total Operating Revenues	82,680	10,796	93,476	137,471
OPERATING EXPENSES				
Salaries and Benefits	53,549	3,000	56,549	119,336
Cost of Sales - Reimbursable Programs		6,942	6,942	
Administration Fee	8,000		8,000	
Insurance			-	4,907
Purchased Services			-	4,875
Supplies and Materials	8,080	2,501	10,581	7,061
Miscellaneous	1,159		1,159	1,292
Depreciation Expense	-	2,590	2,590	-
Total Operating Expenses	70,788	15,033	85,821	137,471
Operating Income (Loss)	11,892	(4,237)	7,655	-
NONOPERATING REVENUES				
Federal Sources				
Special Milk Program	-	4,109	4,109	-
Total Nonoperating Revenues	-	4,109	4,109	-
Change in Net Position	11,892	(128)	11,764	-
Net Position, Beginning of Year	25,677	15,752	41,429	-
Net Position, End of Year	<u>\$ 37,569</u>	<u>\$ 15,624</u>	<u>\$ 53,193</u>	<u>\$ -</u>

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

	<u>Business-Type Activities</u> <u>Enterprise Funds</u>			<u>Governmental</u> <u>Activities -</u>
	<u>Extended Year</u> <u>Summer Program</u>	<u>Non-Major</u> <u>Food</u> <u>Service</u> <u>Fund</u>	<u>Total</u>	<u>Internal Service</u> <u>Fund -</u> <u>Bi-Borough</u> <u>Curriculum</u> <u>Services</u>
Cash Flows from Operating Activities				
Cash Received from Customers	\$ 69,980	\$ 10,796	\$ 80,776	\$ 137,471
Cash Payments for Employees Salaries and Benefits	(53,549)	(3,000)	(56,549)	(119,336)
Cash Payments to Suppliers for Goods and Services	(17,239)	(9,443)	(26,682)	(17,898)
Net Cash Provided by (Used for) Operating Activities	(808)	(1,647)	(2,455)	237
Cash Flows from Noncapital Financing Activities				
Cash Received from Federal Subsidy Reimbursements	-	4,301	4,301	-
Net Cash Provided by Noncapital Financing Activities	-	4,301	4,301	-
Cash Flows Capital and Related Financing Activities				
Purchase of Capital Assets	-	(6,469)	(6,469)	-
Net Cash (Used for) Capital and Related Financing Activities	-	(6,469)	(6,469)	-
Net Increase (Decrease) in Cash and Cash Equivalents	(808)	(3,815)	(4,623)	237
Cash and Cash Equivalents, Beginning of Year	107,322	9,684	117,006	-
Cash and Cash Equivalents, End of Year	\$ 106,514	\$ 5,869	\$ 112,383	\$ 237
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Operating Income (Loss)	\$ 11,892	\$ (4,237)	\$ 7,655	-
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Depreciation		2,590	2,590	
Change in Assets and Liabilities				
Increase/(Decrease) in Accounts Payable			-	\$ 237
Increase/(Decrease) in Unearned Revenue	(12,700)	-	(12,700)	-
Total Adjustments	(12,700)	2,590	(10,110)	237
Net Cash Provided by (Used for) Operating Activities	\$ (808)	\$ (1,647)	\$ (2,455)	\$ 237

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

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

	Unemployment Compensation <u>Trust Fund</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 9,982	\$ 206,960
Due From Other Funds	<u>9,269</u>	<u>-</u>
Total Assets	<u>19,251</u>	<u>\$ 206,960</u>
LIABILITIES		
Intergovernmental Payables - State	\$ 2,710	
Payroll Deductions and Withholdings		\$ 5,759
Accrued Salaries and Wages		3,574
Employee Deposits Payable		146,152
Flexible Spending Deposits		3,621
Due to Student Groups		43,052
Due to Other Funds	<u>-</u>	<u>4,802</u>
Total Liabilities	<u>2,710</u>	<u>\$ 206,960</u>
NET POSITION		
Held in Trust for Unemployment Claims	<u>\$ 16,541</u>	

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

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

	<u>Unemployment</u>
ADDITIONS	
Contributions	
Board Contribution	\$ 5,588
Employees	<u>11,355</u>
Total Additions	<u>16,943</u>
DEDUCTIONS	
Unemployment Claims and Contributions	<u>18,336</u>
Total Deductions	<u>18,336</u>
Change in Net Position	(1,393)
Net Position, Beginning of Year	<u>17,934</u>
Net Position, End of Year	<u>\$ 16,541</u>

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

B. New Accounting Standards

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

- GASB No. 72, *Fair Value Measurement and Application*, 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.

**ORADELL 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 and internal service funds, while business-type activities incorporate data from the District's enterprise funds. Fiduciary funds are excluded from the district-wide financial statements.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of capital facilities and other capital assets, other than those financed by the proprietary funds.

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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

The *extended year summer program fund* accounts for the activities of the District's summer program which provides students with various instructional and non-instructional programs during the summer recess.

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 *internal service fund* accounts for the Bi-Borough coordinated curriculum services provided to other departments of the District, or to other Boards of Education, on a cost reimbursement basis.

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.

**ORADELL 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.

4. Restricted Assets

Certain assets are classified as restricted on the balance sheet because they are maintained in separate bank accounts and their use is limited by Lease-Purchase Agreements for capital projects.

**ORADELL 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. 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, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings	50
Building Improvements	40
Heavy Equipment	15
Office Equipment and Furniture	10
Vehicles	8
Computer Equipment	5

6. Deferred Outflows/Inflows of Resources

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

**ORADELL 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)

6. *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 future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Board has one item, which arises under the accrual basis of accounting that qualifies for reporting in this category. The item that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

7. *Compensated Absences*

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

8. *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.

9. *Long-Term Obligations*

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Losses resulting from debt refundings are reported as deferred outflows of resources. Bond premiums are deferred and amortized over the life of the bonds using the effective interest method. 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 gross of the applicable bond premium. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

ORADELL 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. *Long-Term Obligations (Continued)*

In the fund financial statements, governmental fund types recognize bond premiums, 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. *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.)

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

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. (See Note 2C)

Emergency Reserve – This restriction was created in accordance with NJAC 6A:23A-14.4(A)1 to accumulate funds in accordance with State statute to finance unanticipated general fund expenditures required for a thorough and efficient education. (See Note 2D)

**ORADELL 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)

10. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

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

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

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

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

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

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

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

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 1st 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.

**ORADELL 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, the extended year summer program enterprise fund and the District's internal service fund are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State 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 January 25, 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.

**ORADELL 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 \$329,592. The increase was funded by additional surplus appropriated, restricted local revenue sources, grant awards and the reappropriation of prior year general fund encumbrances. During the fiscal year the Board authorized and approved additional fund balance appropriations of \$30,952 from the general fund were made on October 21, 2015.

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.

**ORADELL 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	\$ 966,449
Deposits:	
Approved by Board Resolution	<u>381,991</u>
Balance, June 30, 2016	<u>\$ 1,348,440</u>

Of the capital reserve balance at June 30, 2016, \$633,070 was designated and appropriated in the 2016/2017 original budget certified for taxes.

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.

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

Balance, July 1, 2015	<u>\$ 450,000</u>
Balance, June 30, 2016	<u>\$ 450,000</u>

The June 30, 2016 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$643,157.

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.

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Emergency Reserve (Continued)

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

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

E. Transfers to Capital Outlay

During the 2015/2016 school year, the district transferred \$82,495 to the non-equipment capital outlay accounts. The transfers were approved by the County Superintendent to support an emergent circumstance pursuant to N.J.A.C. 6A:23A-13.3(h).

F. 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 \$517,031. Of this amount, \$257,031 was designated and appropriated in the 2016/2017 original budget certified for taxes and the remaining amount of \$260,000 will be appropriated in the 2017/2018 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2016, the book value of the Board's deposits were \$3,433,692 and bank and brokerage firm balances of the Board's deposits amounted to \$4,082,382. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	<u>\$ 4,082,382</u>
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**ORADELL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2016 none of the Board’s bank balances were exposed to custodial credit risk.

Investments

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

As of June 30, 2016, the Board had the following investments:

<u>Investment Type:</u>	<u>Fair Value</u>
TD Asset Management - U.S. Government Securities	\$ <u>1,208,996</u>

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Board does not have a policy for custodial risk. As of June 30, 2016, \$1,208,996 of the Board’s investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u>
Uninsured and Collateralized:	
Collateral held by pledging financial institution's trust department or agent but not in the Board's name	\$ <u>1,208,996</u>

Interest Rate Risk – The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Board places no limit in the amount the District may invest in any one issuer.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

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

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Nonmajor Food Service</u>	<u>Total</u>
Receivables:					
Intergovernmental					
State	\$ 4,002		\$ 42,960		\$ 46,962
Federal		\$ 28,007		\$ 692	28,699
Accounts	<u>3,360</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,360</u>
Gross Receivables	7,362	28,007	42,960	692	79,021
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 7,362</u>	<u>\$ 28,007</u>	<u>\$ 42,960</u>	<u>\$ 692</u>	<u>\$ 79,021</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>Unearned</u>
Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 17,357
Grant Draw Downs Reserved for Encumbrances	12,520
Capital Projects Fund	
Unrealized School Facilities Grant	<u>3,456</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 33,333</u>

**ORADELL 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
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 5,592			\$ 5,592
Construction in Progress	98,400	\$ 737,687	\$ (98,400)	737,687
Total Capital Assets, Not Being Depreciated	<u>103,992</u>	<u>737,687</u>	<u>(98,400)</u>	<u>743,279</u>
Capital Assets, Being Depreciated:				
Land Improvements	52,200			52,200
Building and Building Improvements	20,120,457	179,150		20,299,607
Machinery and Equipment	906,245	-	-	906,245
Total Capital Assets Being Depreciated	<u>21,078,902</u>	<u>179,150</u>	<u>-</u>	<u>21,258,052</u>
Less Accumulated Depreciation for:				
Land Improvements	(47,363)	(1,075)		(48,438)
Building and Building Improvements	(8,327,781)	(530,322)		(8,858,103)
Machinery and Equipment	(364,642)	(35,869)	-	(400,511)
Total Accumulated Depreciation	<u>(8,739,786)</u>	<u>(567,266)</u>	<u>-</u>	<u>(9,307,052)</u>
Total Capital Assets, Being Depreciated, Net	<u>12,339,116</u>	<u>(388,116)</u>	<u>-</u>	<u>11,951,000</u>
Governmental Activities Capital Assets, Net	<u>\$ 12,443,108</u>	<u>\$ 349,571</u>	<u>\$ (98,400)</u>	<u>\$ 12,694,279</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and equipment	\$ 6,480	\$ 6,469	-	\$ 12,949
Total capital assets being depreciated	<u>6,480</u>	<u>6,469</u>	<u>-</u>	<u>12,949</u>
Less Accumulated Depreciation for:				
Machinery and equipment	(1,296)	(2,590)	-	(3,886)
Total accumulated depreciation	<u>(1,296)</u>	<u>(2,590)</u>	<u>-</u>	<u>(3,886)</u>
Total Capital Assets, Being Depreciated, Net	<u>5,184</u>	<u>3,879</u>	<u>-</u>	<u>9,063</u>
Business-Type Activities Capital Assets, Net	<u>\$ 5,184</u>	<u>\$ 3,879</u>	<u>\$ -</u>	<u>\$ 9,063</u>

**ORADELL 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)

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

Governmental Activities:

Instruction	
Regular	\$ 12,797
Special Education	276
Total Instruction	<u>13,073</u>
Support Services	
General Administrative Services	1,243
Plant Operations and Maintenance	552,950
Total Support Services	<u>554,193</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 567,266</u>

Business-Type Activities:

Food Service Fund	<u>\$ 2,590</u>
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Construction and Other Significant Commitments

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

<u>Project</u>	<u>Remaining Commitment</u>
Energy Savings Incentive Program Project	<u>\$ 1,656,458</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

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

Due to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 34,237
General Fund	Payroll Agency Fund	1,121
Unemployment Trust Fund	General Fund	5,588
Unemployment Trust Fund	Payroll Agency Fund	<u>3,681</u>
		<u>\$ 44,627</u>

The above balances are the result of revenues earned in one fund to finance expenditures in another fund and to cover cash balances which were in an overdraft position.

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

F. Leases

Operating Leases

The District leases copiers under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2016 were \$18,764. There are no future minimum lease payments for this operating lease.

Capital Leases and Lease-Purchase Agreements

The District is leasing copiers totaling \$36,794 under a capital lease. The lease is for a term of 5 years. In addition, the District entered into a lease-purchase agreement totaling \$1,946,368 for energy savings incentive project improvements. The lease term is for 16 years.

The capital assets acquired through capital leases/lease purchase agreements are as follows:

	<u>Governmental Activities</u>
Construction in Progress	\$ 737,687
Machinery and Equipment	<u>36,794</u>
	<u>\$ 774,481</u>

The unexpended proceeds from the lease purchase agreement in the amount of \$1,208,996 at June 30, 2016 are held with the Fiscal Agent.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases (Continued)

Capital Leases and Lease-Purchase Agreements (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016 were as follows:

Fiscal Year Ending June 30	Governmental Activities		Total
	Capital Lease	Lease-Purchase Agreement	
2017	\$ 7,987	\$ 142,859	\$ 150,846
2018	7,987	179,347	187,334
2019	666	105,811	106,477
2020		106,651	106,651
2021		107,024	107,024
2022-2026		541,328	541,328
2027-2031		618,772	618,772
2032-2036	-	683,241	683,241
Total minimum lease payments	16,640	2,485,033	2,501,673
Less: amount representing interest	576	538,665	539,241
Present value of minimum lease payments	\$ 16,064	\$ 1,946,368	\$ 1,962,432

G. 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:

\$4,620,000, 2012 Refunding Bonds, due in annual installments of \$400,000 to \$435,000 through February 15, 2025, interest at 3.00% to 4.00%	<u>\$3,805,000</u>
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**ORADELL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

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

Governmental Activities:

Fiscal Year Ending <u>June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2017	\$ 400,000	\$ 127,150	\$ 527,150
2018	410,000	115,150	525,150
2019	425,000	102,850	527,850
2020	435,000	90,100	525,100
2021	435,000	72,700	507,700
2022-2025	<u>1,700,000</u>	<u>131,050</u>	<u>1,831,050</u>
Total	<u>\$ 3,805,000</u>	<u>\$ 639,000</u>	<u>\$ 4,444,000</u>

Statutory Borrowing Power

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

2.5% of Equalized Valuation Basis (Municipal)	\$ 41,508,962
Less: Net Debt	<u>3,805,000</u>
Remaining Borrowing Power	<u>\$ 37,703,962</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

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

	Balance July 1, <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance June 30, <u>2016</u>	Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable	\$ 4,190,000		\$ 385,000	\$ 3,805,000	\$ 400,000
Deferred Amounts:					
Add: Original Issue Premium	<u>257,861</u>	-	<u>46,810</u>	<u>211,051</u>	-
Total Bonds Payable	4,447,861	-	431,810	4,016,051	400,000
Capital Leases Payable	23,395		7,331	16,064	7,574
Lease-Purchase Agreements		\$ 1,946,368		1,946,368	95,000
Compensated Absences	90,770	6,729		97,499	-
Net Pension Liability	<u>2,278,086</u>	<u>532,483</u>	<u>103,671</u>	<u>2,706,898</u>	-
Governmental Activity Long-Term Liabilities	<u>\$ 6,840,112</u>	<u>\$ 2,485,580</u>	<u>\$ 542,812</u>	<u>\$ 8,782,880</u>	<u>\$ 502,574</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. For the governmental activities, the liabilities for compensated absences and capital leases/lease purchase agreements and net pension liability are generally liquidated by the general fund.

NOTE 4 OTHER INFORMATION

A. Risk Management

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

The District is a member of the Northeast Bergen County School Board Insurance Group (NESBIG or Group). The Group is a risk sharing public entity pool, established for the purpose of insuring against property, liability, student activity, worker's compensation claims, and surety bond claims.

The relationship between the Board and the Group 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 Group, to report claims on a timely basis, cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the Group. Members have a contractual obligation to fund any deficit of the Group attributable to a membership year during which they were a member.

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

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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 Group is 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 June 30	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2015-2016	\$ 5,588	\$ 11,355	\$ 18,336	\$ 16,541
2014-2015	12,010	10,538	11,974	17,934
2013-2014	7,990	10,676	35,259	7,337

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.

**ORADELL 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

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

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

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

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

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

Other Pension Funds

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

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

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

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

**ORADELL 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)

Basis of Accounting

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

Investment Valuation

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

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

Funding Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the aggregate funded ratio for all 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.

**ORADELL 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)

Employer and Employee Pension Contributions

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

Annual Pension Costs (APC)

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

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

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2016	\$ 103,671	\$ 366,307	\$ 11,020
2015	100,307	263,413	7,335
2014	104,361	192,299	6,821

For fiscal years 2015/2016 and 2014/2015, the state contributed \$366,307 and \$263,413, 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 \$192,299 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 \$357,889 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.

**ORADELL 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

Public Employees Retirement System (PERS)

At June 30, 2016, the District reported in the statement of net position (accrual basis) a liability of \$2,706,898 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 .01206 percent, which was a decrease of .00011 percent from its proportionate share measured as of June 30, 2014 of .01217 percent.

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$123,962 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	\$ 64,577	
Changes of Assumptions	290,699	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 43,522
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	-	239,077
Total	<u>\$ 355,276</u>	<u>\$ 282,599</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	\$ 3,071
2018	3,071
2019	3,071
2020	37,011
2021	<u>26,453</u>
	<u>\$ 72,677</u>

**ORADELL 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.

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

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

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

Discount Rate

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

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

**ORADELL 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:

	1% Decrease <u>(3.90%)</u>	Current Discount Rate <u>(4.90%)</u>	1% Increase <u>(5.90%)</u>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 3,364,343</u>	<u>\$ 2,706,898</u>	<u>\$ 2,155,701</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 reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

**ORADELL 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 \$1,880,303 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 \$30,794,856. 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 .04872 percent, which was an increase of .00287 percent from its proportionate share measured as of June 30, 2014 of .04585 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.

TPAF

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.

**ORADELL 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%

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

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

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

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

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

Sensitivity of Net Pension Liability

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

	1% Decrease <u>(3.13%)</u>	Current Discount Rate <u>(4.13%)</u>	1% Increase <u>(5.13%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 36,598,535</u>	<u>\$ 30,794,856</u>	<u>\$ 25,794,639</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.

**ORADELL 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 reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at 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.

**ORADELL 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.

**ORADELL 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 \$436,170, \$418,170 and \$315,299, 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

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

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 10,514,068		\$ 10,514,068	\$ 10,514,068	
Tuition	100,000		100,000	78,250	\$ (21,750)
Interest on Capital Reserve	1,500		1,500		(1,500)
Interest				8,235	8,235
Miscellaneous	32,647	-	32,647	40,569	7,922
Total Local Sources	<u>10,648,215</u>	<u>-</u>	<u>10,648,215</u>	<u>10,641,122</u>	<u>(7,093)</u>
State Sources					
Special Education Aid	311,029		311,029	311,029	
Security Aid	11,890		11,890	11,890	
PARCC Readiness Aid	7,780		7,780	7,780	
Per Pupil Growth Aid	7,780		7,780	7,780	
Transportation Aid	6,013		6,013	6,013	
Extraordinary Aid	32,000		32,000	67,274	35,274
Nonpublic School Transportation Aid				4,002	4,002
On-behalf TPAF Payments - (Non-Budget)					
Pension Contribution				348,926	348,926
Pension - NCGI Premium				17,381	17,381
Post Retirement Medical Benefits				436,170	436,170
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	357,889	357,889
Total State Sources	<u>376,492</u>	<u>-</u>	<u>376,492</u>	<u>1,576,134</u>	<u>1,199,642</u>
Total Revenues	<u>11,024,707</u>	<u>-</u>	<u>11,024,707</u>	<u>12,217,256</u>	<u>1,192,549</u>
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	56,380		56,380	50,630	5,750
Kindergarten	444,431	\$ (87,759)	356,672	353,632	3,040
Grades 1-5	2,154,262	(29,647)	2,124,615	2,119,580	5,035
Grades 6-8	533,506	(23,098)	510,408	506,762	3,646
Regular Program - Home Instruction					
Other Salaries for Instruction	2,550		2,550		2,550
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	50,232	(35,532)	14,700	360	14,340
Purchased Professional - Educational Services		14,725	14,725	14,725	-
Purchased Technical Services	68,380	(504)	67,876	58,275	9,601
Other Purchased Services	18,900	(7,958)	10,942	7,512	3,430
General Supplies	206,853	257,472	464,325	303,147	161,178
Total Regular Programs	<u>3,535,494</u>	<u>87,699</u>	<u>3,623,193</u>	<u>3,414,623</u>	<u>208,570</u>
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	113,080	1,005	114,085	114,051	34
Other Salaries for Instruction	51,211	47,861	99,072	88,147	10,925
Purchased Professional-Educational Services	40,000	1,850	41,850	41,850	-
General Supplies	4,000	-	4,000	2,902	1,098
Total Learning and/or Language Disabilities	<u>208,291</u>	<u>50,716</u>	<u>259,007</u>	<u>246,950</u>	<u>12,057</u>

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

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
Resource Room/Resource Center					
Salaries of Teachers	\$ 448,630	\$ 16,228	\$ 464,858	\$ 459,948	\$ 4,910
General Supplies	3,160	-	3,160	2,374	786
Total Resource Room/Resource Center	<u>451,790</u>	<u>16,228</u>	<u>468,018</u>	<u>462,322</u>	<u>5,696</u>
Preschool Disabilities - Part-Time					
Salaries of Teachers	68,710	5,726	74,436	68,845	5,591
Other Salaries for Instruction	29,509	(5,199)	24,310	22,650	1,660
General Supplies	1,000	-	1,000	561	439
Total Preschool Disabilities - Part-Time	<u>99,219</u>	<u>527</u>	<u>99,746</u>	<u>92,056</u>	<u>7,690</u>
Total Special Education	<u>759,300</u>	<u>67,471</u>	<u>826,771</u>	<u>801,328</u>	<u>25,443</u>
Basic Skills/Remedial					
Other Salaries for Instruction	392,989	(3,019)	389,970	374,364	15,606
General Supplies	1,200	-	1,200	-	1,200
Total Basic Skills/Remedial	<u>394,189</u>	<u>(3,019)</u>	<u>391,170</u>	<u>374,364</u>	<u>16,806</u>
Bilingual Education					
Salaries of Teachers	80,168	3,019	83,187	83,187	-
Total Bilingual Education	<u>80,168</u>	<u>3,019</u>	<u>83,187</u>	<u>83,187</u>	<u>-</u>
School Sponsored Co/Extra-Curricular Activities					
Salaries	19,036	9,621	28,657	28,656	1
Purchased Services	4,000	-	4,000	4,000	-
Transfer to Cover Deficit (Agency Funds)	-	531	531	531	-
Total School Sponsored Co/Extra-Curricular Activities	<u>23,036</u>	<u>10,152</u>	<u>33,188</u>	<u>33,187</u>	<u>1</u>
Total Instruction	<u>4,792,187</u>	<u>165,322</u>	<u>4,957,509</u>	<u>4,706,689</u>	<u>250,820</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State-Special	261,026	(62,004)	199,022	189,002	10,020
Tuition to CSSD & Reg. Day Schools	75,000	(20,206)	54,794	54,794	-
Tuition to Priv. Sch. for the Disabled Within the State	118,650	50,004	168,654	118,530	50,124
Total Undistributed Expenditures - Instruction	<u>454,676</u>	<u>(32,206)</u>	<u>422,470</u>	<u>307,532</u>	<u>114,938</u>

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

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Health Services					
Salaries	\$ 112,355		\$ 112,355	\$ 110,413	\$ 1,942
Purchased Professional and Technical Services	3,855		3,855	2,868	987
Supplies and Materials	6,800	\$ (15)	6,785	5,630	1,155
Other Objects	100	15	115	115	-
Total Health Services	123,110	-	123,110	119,026	4,084
Speech, OT, PT & Related Services					
Salaries	141,244	9,622	150,866	150,865	1
Purchased Professional-Educational Services	192,790	18,744	211,534	192,727	18,807
Supplies and Materials	1,000	150	1,150	1,130	20
Total Speech, OT, PT & Related Services	335,034	28,516	363,550	344,722	18,828
Other Support Serv. Students - Extra. Svcs.					
Salaries	275,601	18,140	293,741	293,693	48
Total Other Support Serv. Students - Extra. Serv.	275,601	18,140	293,741	293,693	48
Child Study Team					
Salaries of Other Professional Staff	263,154	(4,902)	258,252	252,810	5,442
Salaries of Secretarial and Clerical Assistants	63,480		63,480	63,480	
Purchased Professional-Educational Services	51,820	(28,389)	23,431	23,431	-
Other Purchased Professional & Technical Services	12,663	(800)	11,863	11,655	208
Other Purchased Services	4,324	173	4,497	4,452	45
Supplies and Materials	4,000	11,753	15,753	12,521	3,232
Other Objects	2,650	-	2,650	2,345	305
Total Child Study Team	402,091	(22,165)	379,926	370,694	9,232
Educational Media Services/School Library					
Salaries	105,784		105,784	70,176	35,608
Supplies and Materials	44,040	(7,553)	36,487	26,029	10,458
Total Educational Media Serv./School Library	149,824	(7,553)	142,271	96,205	46,066
Instructional Staff Training Services					
Other Salaries	28,000		28,000	16,162	11,838
Purchased Professional/Educational Services	76,369	8,711	85,080	75,446	9,634
Other Purchased Professional & Technical Services	5,385	(5,385)	-	-	-
Other Purchased Services	21,800	-	21,800	14,129	7,671
Supplies and Materials	200	-	200	-	200
Total Instructional Staff Training Services	131,754	3,326	135,080	105,737	29,343

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

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
General Administration					
Salaries	\$ 222,475	\$ 960	\$ 223,435	\$ 194,079	\$ 29,356
Legal Services	60,000	(6,133)	53,867	38,564	15,303
Audit Fees	29,500	27,732	57,232	29,347	27,885
Architectural/Engineering Services		800	800	800	
Other Purchased Professional Services	47,110	(2,942)	44,168	42,635	1,533
Communications/Telephone	15,009	2,550	17,559	17,281	278
BOE Other Purchased Services	4,500	(1,696)	2,804	2,551	253
Miscellaneous Purchased Services	560	1,774	2,334	1,826	508
General Supplies	3,200	1,948	5,148	5,021	127
Miscellaneous Expenditures	11,318	(212)	11,106	10,419	687
BOE Membership Dues and Fees	5,776	20	5,796	5,570	226
Total General Administration	<u>399,448</u>	<u>24,801</u>	<u>424,249</u>	<u>348,093</u>	<u>76,156</u>
School Administration					
Salaries of Principal/Asst. Principals/Prog. Dir.	373,688	(4,338)	369,350	369,350	
Salaries of Secretarial and Clerical Assistants	111,328	(9,462)	101,866	101,865	1
Other Salaries	1,661	(246)	1,415	720	695
Other Purchased Services	5,900	(1,900)	4,000	3,447	553
Supplies and Materials	1,300	2,354	3,654	3,470	184
Other Objects	5,200	(154)	5,046	4,149	897
Total School Administration	<u>499,077</u>	<u>(13,746)</u>	<u>485,331</u>	<u>483,001</u>	<u>2,330</u>
Central Services					
Salaries	214,200	7,523	221,723	220,622	1,101
Purchased Professional Services	2,000	(1,925)	75	43	32
Miscellaneous Purchased Services	3,000	190	3,190	2,253	937
Sale/Leaseback Payments	6,100	-	6,100	40	6,060
Supplies and Materials	2,800	3,058	5,858	5,680	178
Miscellaneous Expenditures	2,400	(403)	1,997	1,939	58
Total Central Services	<u>230,500</u>	<u>8,443</u>	<u>238,943</u>	<u>230,577</u>	<u>8,366</u>
Admin. Info. Tech.					
Purchased Technical Services	10,583	(9,029)	1,554	1,554	-
Other Purchased Services	6,800	(3,632)	3,168	1,614	1,554
Supplies and Materials	700	(700)	-	-	-
Total Admin. Info. Tech.	<u>18,083</u>	<u>(13,361)</u>	<u>4,722</u>	<u>3,168</u>	<u>1,554</u>
Required Maintenance for School Facilities					
Salaries	132,332	5,180	137,512	137,512	
Cleaning, Repair and Maintenance	40,950	62,475	103,425	94,705	8,720
General Supplies	24,319	9,626	33,945	22,235	11,710
Other Objects	4,598	(383)	4,215	2,753	1,462
Total Required Maintenance for School Fac.	<u>202,199</u>	<u>76,898</u>	<u>279,097</u>	<u>257,205</u>	<u>21,892</u>

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

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Custodial Services					
Salaries	\$ 285,384	\$ (5,935)	\$ 279,449	\$ 263,815	\$ 15,634
Salaries of Non-Instructional Aides	70,000		70,000	65,028	4,972
Purchased Prof. And Technical Serv.	2,900		2,900	2,480	420
Cleaning, Repair and Maint. Serv.	15,992	(482)	15,510	14,197	1,313
Other Purchased Property Services	7,100	4,618	11,718	10,819	899
Insurance	81,090	(649)	80,441	80,441	-
Miscellaneous Purchased Services	1,700	91	1,791	1,771	20
General Supplies	22,553	(9,992)	12,561	12,295	266
Energy (Natural Gas)	80,000	(16,655)	63,345	36,966	26,379
Energy (Electricity)	145,000	6,500	151,500	145,575	5,925
Other Objects	1,000	-	1,000	-	1,000
Total Custodial Services	712,719	(22,504)	690,215	633,387	56,828
Care and Upkeep of Grounds					
Cleaning, Repair and Maint. Serv.	-	14,800	14,800	-	14,800
Total Care and Upkeep of Grounds	-	14,800	14,800	-	14,800
Student Transportation Services					
Contracted Serv.-Aid in Lieu of Payments-Non-Public Contracted Services	20,946	-	20,946	19,330	1,616
(Other than Between Home and School) - Vendors	7,500	-	7,500	6,235	1,265
Contracted Services (Spl. Ed. Students)-Vendors	102,753	200	102,953	102,953	-
Total Student Transportation Services	131,199	200	131,399	128,518	2,881
Unallocated Benefits - Employee Benefits					
Social Security Contributions	135,000	-	135,000	131,970	3,030
Other Retirement Contributions-PERS	148,125	(33,800)	114,325	106,812	7,513
Other Retirement Contributions-Regular	9,000	2,020	11,020	11,020	-
Unemployment Compensation	10,010	(4,422)	5,588	5,588	-
Workmen's Compensation	99,995	(8,060)	91,935	53,349	38,586
Health Benefits	1,841,068	(170,478)	1,670,590	1,500,977	169,613
Tuition Reimbursement	15,000		15,000	5,061	9,939
Other Employee Benefits	42,000	21,066	63,066	59,412	3,654
Total Unallocated Benefits - Employee Benefits	2,300,198	(193,674)	2,106,524	1,874,189	232,335
On-behalf TPAF Payments - (Non-Budget):					
Pension Contribution				348,926	(348,926)
Pension - NCGI Premium				17,381	(17,381)
Post Retirement Medical Benefits				436,170	(436,170)
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	357,889	(357,889)
Total On-Behalf Payments	-	-	-	1,160,366	(1,160,366)
Total Undistributed Expenditures	6,365,513	(130,085)	6,235,428	6,756,113	(520,685)
Total Expenditures - Current Expenditures	11,157,700	35,237	11,192,937	11,462,802	(269,865)

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

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CAPITAL OUTLAY					
Equipment Instruction	-	\$ 24,000	\$ 24,000	-	\$ 24,000
Total Equipment	-	24,000	24,000	-	24,000
Facilities Acquisition and Construction Services					
Construction Services		82,495	82,495	\$ 80,750	1,745
Assessment for Debt Service on SDA Funding	\$ 27,860	-	27,860	27,860	-
Total Facilities Acquisition and Construction Services	27,860	82,495	110,355	108,610	1,745
Interest Deposit to Capital Reserve	1,500	-	1,500	-	1,500
Total Capital Outlay	29,360	106,495	135,855	108,610	27,245
Total Expenditures	11,187,060	141,732	11,328,792	11,571,412	(242,620)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(162,353)	(141,732)	(304,085)	645,844	949,929
Other Financing Sources (Uses)					
Insurance Resources	-	34,595	34,595	32,850	(1,745)
Total Other Financing Sources (Uses)	-	34,595	34,595	32,850	(1,745)
Net Change in Fund Balances	(162,353)	(107,137)	(269,490)	678,694	948,184
Fund Balance, Beginning of Year	2,499,701	-	2,499,701	2,499,701	-
Fund Balance, End of Year	\$ 2,337,348	\$ (107,137)	\$ 2,230,211	\$ 3,178,395	\$ 948,184
Restricted Fund Balance:					
Capital Reserve				\$ 715,370	
Capital Reserve - Designated for Subsequent Year's Expenditures				633,070	
Maintenance Reserve				450,000	
Emergency Reserve				250,000	
Reserved Excess Surplus				260,000	
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures				257,031	
Assigned Fund Balance:					
Year End Encumbrances				242,849	
Designated for Subsequent Year's Expenditures				80,799	
Unassigned Fund Balance				<u>289,276</u>	
Reconciliation to Governmental Funds Statements (GAAP):				3,178,395	
Less: State Aid Revenue Not Recognized on GAAP Basis				<u>(98,930)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 3,079,465</u>	

**ORADELL BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Modified Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 48,491	\$ 51,585	\$ 100,076	\$ 76,619	\$ (23,457)
Federal	126,840	103,220	230,060	217,233	(12,827)
Other	<u>7,100</u>	<u>33,055</u>	<u>40,155</u>	<u>37,642</u>	<u>(2,513)</u>
Total Revenues	<u>182,431</u>	<u>187,860</u>	<u>370,291</u>	<u>331,494</u>	<u>(38,797)</u>
EXPENDITURES					
Instruction					
Tuition	110,650	51,329	161,979	161,979	
General Supplies	12,599	37,336	49,935	44,086	5,849
Textbooks	<u>5,591</u>	<u>462</u>	<u>6,053</u>	<u>5,948</u>	<u>105</u>
Total Instruction	<u>128,840</u>	<u>89,127</u>	<u>217,967</u>	<u>212,013</u>	<u>5,954</u>
Support Services					
Purchased Professional/Educational Services	25,701	8,432	34,133	33,910	223
Other Purchased Services	22,500	48,405	70,905	52,425	18,480
Miscellaneous Purchased Services	2,740	41,896	44,636	30,516	14,120
General Supplies	<u>2,650</u>	<u>-</u>	<u>2,650</u>	<u>2,630</u>	<u>20</u>
Total Support Services	<u>53,591</u>	<u>98,733</u>	<u>152,324</u>	<u>119,481</u>	<u>32,843</u>
Total Expenditures	<u>182,431</u>	<u>187,860</u>	<u>370,291</u>	<u>331,494</u>	<u>38,797</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**ORADELL BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
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.

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 12,217,256	\$ 331,494
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized. Encumbrances June 30, 2016		(12,520)
State Aid payment recognized for GAAP purposes, not recognized for Budgetary statements (2014/2015 State Aid)	155,583	
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements (2015/2016 State Aid)	<u>(98,930)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 12,273,909</u>	<u>\$ 318,974</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 11,571,412	\$ 331,494
Difference - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes. Encumbrances June 30, 2016	<u>-</u>	<u>(12,520)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 11,571,412</u>	<u>\$ 318,974</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

PENSION INFORMATION

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

Public Employees Retirement System

Last Three Fiscal Years*

	<u>2016</u>		<u>2015</u>		<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.01206	%	0.01217	%	0.01385
					%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 2,706,898		\$ 2,278,086		\$ 2,647,114
District's Covered-Employee Payroll	\$ 811,528		\$ 823,261		\$ 863,005
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	333.56	%	276.71	%	306.73
					%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93	%	52.08	%	48.72
					%

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

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

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

Public Employees Retirement System

Last Three Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 103,671	\$ 100,307	\$ 104,361
Contributions in Relation to the Contractually Required Contribution	<u>103,671</u>	<u>100,307</u>	<u>104,361</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 811,528	\$ 823,261	\$ 863,005
Contributions as a Percentage of Covered-Employee Payroll	12.77 %	12.18 %	12.09 %

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.

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

Teachers Pension and Annuity Fund

Last Three Fiscal Years*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0 %	0 %	0 %
District's Proportionate Share of the Net Pension Liability (Asset)	-	-	-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 30,794,856</u>	<u>\$ 24,295,013</u>	<u>\$23,172,447</u>
Total	<u>\$ 30,794,856</u>	<u>\$ 24,295,013</u>	<u>\$23,172,447</u>
District's Covered-Employee Payroll	\$ 4,652,286	\$ 4,571,132	\$ 4,610,548
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0.00 %	0.00 %	0.00 %
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.

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

Change of Benefit Terms: None.

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

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

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

	<u>Local Donations</u>	<u>Nonpublic Chapter 192</u>		<u>Nonpublic Chapter 193</u>			<u>Nonpublic Textbooks</u>	<u>To Exhibit E-1A</u>
		<u>Compensatory Education</u>	<u>ESL</u>	<u>Corrective Speech</u>	<u>Exam. & Classification</u>	<u>Supplemental Instruction</u>		
REVENUES								
Intergovernmental								
State		\$ 19,797	\$ 2,588	\$ 23,494	\$ 4,434	\$ 5,941	\$ 5,948	\$ 62,202
Federal								-
Other	\$ 37,642	-	-	-	-	-	-	37,642
Total Revenues	<u>\$ 37,642</u>	<u>\$ 19,797</u>	<u>\$ 2,588</u>	<u>\$ 23,494</u>	<u>\$ 4,434</u>	<u>\$ 5,941</u>	<u>\$ 5,948</u>	<u>\$ 99,844</u>
EXPENDITURES								
Instruction								
Tuition								-
General Supplies	\$ 37,642							\$ 37,642
Textbooks	-	-	-	-	-	-	\$ 5,948	5,948
Total Instruction	<u>37,642</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,948</u>	<u>43,590</u>
Support Services								
Purchased Professional/Educational Services		\$ 19,797				\$ 5,941		25,738
Other Purchased Services			\$ 2,588	\$ 23,494	\$ 4,434			30,516
Miscellaneous Purchased Services								
General Supplies	-	-	-	-	-	-	-	-
Total Support Services	<u>-</u>	<u>19,797</u>	<u>2,588</u>	<u>23,494</u>	<u>4,434</u>	<u>5,941</u>	<u>-</u>	<u>56,254</u>
Total Expenditures	<u>\$ 37,642</u>	<u>\$ 19,797</u>	<u>\$ 2,588</u>	<u>\$ 23,494</u>	<u>\$ 4,434</u>	<u>\$ 5,941</u>	<u>\$ 5,948</u>	<u>\$ 99,844</u>

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

	<u>Exhibit E-1 Subtotal</u>	<u>Nonpublic Security</u>	<u>Nonpublic Nursing</u>	<u>Nonpublic Technology</u>	<u>NCLB Title II A</u>	<u>NCLB Title III</u>	<u>I.D.E.A. Basic</u>	<u>I.D.E.A. Preschool</u>	<u>Grand Total</u>
REVENUES									
Intergovernmental									
State	\$ 62,202	\$ 2,630	\$ 9,254	\$ 2,533					\$ 76,619
Federal					\$ 19,647	\$ 6,444	\$ 179,412	\$ 11,730	217,233
Other	<u>37,642</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,642</u>
Total Revenues	<u>\$ 99,844</u>	<u>\$ 2,630</u>	<u>\$ 9,254</u>	<u>\$ 2,533</u>	<u>\$ 19,647</u>	<u>\$ 6,444</u>	<u>\$ 179,412</u>	<u>\$ 11,730</u>	<u>\$ 331,494</u>
EXPENDITURES									
Instruction									
Tuition							\$ 161,979		\$ 161,979
General Supplies	\$ 37,642					\$ 6,444			44,086
Textbooks	<u>5,948</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,948</u>
Total Instruction	<u>43,590</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,444</u>	<u>161,979</u>	<u>-</u>	<u>212,013</u>
Support Services									
Purchased Professional/Educational Services				\$ 2,533	\$ 19,647			\$ 11,730	33,910
Other Purchased Services	25,738		\$ 9,254				17,433		52,425
Miscellaneous Purchased Services	30,516								30,516
General Supplies	<u>-</u>	<u>\$ 2,630</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,630</u>
Total Support Services	<u>56,254</u>	<u>2,630</u>	<u>9,254</u>	<u>2,533</u>	<u>19,647</u>	<u>-</u>	<u>17,433</u>	<u>11,730</u>	<u>119,481</u>
Total Expenditures	<u>\$ 99,844</u>	<u>\$ 2,630</u>	<u>\$ 9,254</u>	<u>\$ 2,533</u>	<u>\$ 19,647</u>	<u>\$ 6,444</u>	<u>\$ 179,412</u>	<u>\$ 11,730</u>	<u>\$ 331,494</u>

**ORADELL BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGET VS. ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

CAPITAL PROJECTS FUND

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

<u>Project</u>	<u>Modified Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance, June 30, 2016</u>
		<u>Prior Year</u>	<u>Current Year</u>	
Security Improvements to School Entrance Lobby	\$ 107,400	\$ 98,400		\$ 9,000
Energy Savings Incentive Program	<u>2,396,406</u>	<u>-</u>	<u>\$ 737,687</u>	<u>1,658,719</u>
	<u>\$ 2,503,806</u>	<u>\$ 98,400</u>	<u>\$ 737,687</u>	<u>\$ 1,667,719</u>

Reconciliation to GAAP Basis

Project Balance - June 30, 2016	\$ 1,667,719
Less: Unrealized Grant Awards	(3,456)
Unrealized Capital Reserve Transfer	<u>(450,000)</u>
Fund Balance - GAAP, June 30, 2016	<u>\$ 1,214,263</u>

Recapitulation of Fund Balance

Restricted for Capital Projects:	
Year-End Encumbrances	\$ 1,656,458
Available for Capital Projects	<u>(442,195)</u>
Total Fund Balance - Restricted for Capital Projects	<u>\$ 1,214,263</u>

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

Revenues and Other Financing Sources

Revenues		
Interest	\$	38
Other Financing Sources		
Lease Purchase Proceeds		<u>1,946,368</u>
 Total Revenues and Other Financing Sources		 <u>1,946,406</u>

Expenditures and Other Financing Uses

Capital Outlays		
Legal Services	\$	20,000
Architectural/Engineering		24,621
Other Purchased Professional and Technical Services		113,101
Construction Services		<u>579,965</u>
 Total Expenditures and Other Financing Uses		 <u>737,687</u>

Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses		1,208,719
 Fund Balance- Beginning of Year		 <u>9,000</u>
 Fund Balance- End of Year	 \$	 <u>1,217,719</u>

Reconciliation to GAAP

Fund Balance - End of Year - Budgetary Basis	\$	1,217,719
Less: Unearned Grant Revenue		<u>(3,456)</u>
 Fund Balance, June 30, 2016 - GAAP	 \$	 <u>1,214,263</u>

ORADELL BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
SECURITY IMPROVEMENTS TO SCHOOL ENTRANCE LOBBY
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 42,960		\$ 42,960	\$ 42,960
Transfer from Capital Reserve Local Contribution	64,440	-	64,440	64,440
	<u>107,400</u>	<u>-</u>	<u>107,400</u>	<u>107,400</u>
Expenditures and Other Financing Uses				
Architectural/Engineering Service	\$ 8,400		8,400	8,400
Construction Services	90,000	-	90,000	99,000
	<u>98,400</u>	<u>-</u>	<u>98,400</u>	<u>107,400</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 9,000</u>	<u>\$ -</u>	<u>\$ 9,000</u>	<u>\$ -</u>

Additional project information:

SDA Project Number	SP#3870-050-14-G1FK
Grant Number	GS-4894
Grant Date	June 30, 2014
Original Authorized Cost	\$ 107,400
Revised Authorized Cost	\$ 107,400

Percentage Completion	100.00%
Original Target Completion Date	January 2015
Revised Target Completion Date	N/A

**ORADELL BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
ENERGY SAVINGS INCENTIVE PROGRAM
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Interest		\$ 38	\$ 38	\$ 38
Lease Purchase Proceeds		1,946,368	1,946,368	1,946,368
Transfer from Capital Reserve Local Contribution	-	-	-	450,000
	-	1,946,406	1,946,406	2,396,406
Expenditures and Other Financing Uses				
Legal Services		\$ 20,000	\$ 20,000	\$ 22,223
Architectural/Engineering		24,621	24,621	82,071
Other Purchased Professional and Technical Services		113,101	113,101	358,857
Construction Services	-	579,965	579,965	1,933,255
	-	737,687	737,687	2,396,406
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ -	\$ 1,208,719	\$ 1,208,719	\$ -

Additional project information:

SDA Project Number	N/A
Grant Number	N/A
Grant Date	N/A
Original Authorized Cost	\$ 2,396,368
Additional Authorized Cost	\$ 38
Revised Authorized Cost	\$ 2,396,406

Percentage Completion	30.78%
Original Target Completion Date	March 2017
Revised Target Completion Date	N/A

ENTERPRISE FUND

EXHIBIT G-1

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

Financial Statements are Presented on Exhibit B-4

EXHIBIT G-2

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

Financial Statements are Presented on Exhibit B-5

EXHIBIT G-3

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

Financial Statements are Presented on Exhibit B-6

FIDUCIARY FUNDS

AGENCY FUNDS

**ORADELL BOARD OF EDUCATION
AGENCY FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AS OF JUNE 30, 2016**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 43,052	\$ 163,908	\$ 206,960
Total Assets	<u>\$ 43,052</u>	<u>\$ 163,908</u>	<u>\$ 206,960</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 5,759	\$ 5,759
Accrued Salaries and Wages		3,574	3,574
Employee Deposits Payable		146,152	146,152
Flexible Spending Deposits		3,621	3,621
Due to Student Groups	\$ 43,052		43,052
Due to Other Funds	-	4,802	4,802
Total Liabilities	<u>\$ 43,052</u>	<u>\$ 163,908</u>	<u>\$ 206,960</u>

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

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

**STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Balance, July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2016</u>
ASSETS				
Cash	\$ 43,990	\$ 79,221	\$ 80,159	\$ 43,052
Due from Other Funds	<u>3,186</u>	<u>-</u>	<u>3,186</u>	<u>-</u>
 Total Assets	 <u>\$ 47,176</u>	 <u>\$ 79,221</u>	 <u>\$ 83,345</u>	 <u>\$ 43,052</u>
LIABILITIES				
Due to Student Groups:				
Student Activity Fund - Elementary	\$ 43,364	\$ 79,211	\$ 82,350	\$ 40,225
6th Grade Commencement	<u>3,812</u>	<u>10</u>	<u>995</u>	<u>2,827</u>
 Total Due to Student Groups	 <u>\$ 47,176</u>	 <u>\$ 79,221</u>	 <u>\$ 83,345</u>	 <u>\$ 43,052</u>

**ORADELL BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Balance, July 1, <u>2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2016</u>
ASSETS				
Cash	\$ 193,414	\$ 7,778,662	\$ 7,808,168	\$ 163,908
Total Assets	<u>\$ 193,414</u>	<u>\$ 7,778,662</u>	<u>\$ 7,808,168</u>	<u>\$ 163,908</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 19,403	\$ 3,625,546	\$ 3,639,190	\$ 5,759
Accrued Salaries and Wages	923	3,964,550	3,961,899	3,574
Employee Deposits Payable	166,798	146,559	167,205	146,152
Flexible Spending Deposits	1,747	30,650	28,776	3,621
Due to Other Funds	<u>4,543</u>	<u>11,357</u>	<u>11,098</u>	<u>4,802</u>
Total Liabilities	<u>\$ 193,414</u>	<u>\$ 7,778,662</u>	<u>\$ 7,808,168</u>	<u>\$ 163,908</u>

LONG-TERM DEBT

**ORADELL 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>Matured</u>	<u>Balance, June 30, 2016</u>
Refunding School Bonds	5/10/2012	\$ 4,620,000	2/15/2017	\$ 400,000	3.00%				
			2/15/2018	410,000	3.00%				
			2/15/2019	425,000	3.00%				
			2/15/2020	435,000	4.00%				
			2/15/2021	435,000	4.00%				
			2/15/2022	430,000	4.00%				
			2/15/2023	430,000	3.00%				
			2/15/2024	425,000	3.00%				
			2/15/2025	415,000	3.00%				
					\$ 4,190,000	\$ -	\$ 385,000	\$ 3,805,000	

**ORADELL BOARD OF EDUCATION
LONG-TERM DEBT
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 523,700	-	\$ 523,700	\$ 523,700	-
 Total Revenues	<u>523,700</u>	<u>-</u>	<u>523,700</u>	<u>523,700</u>	<u>-</u>
 EXPENDITURES					
Regular Debt Service					
Interest on Bonds	138,700	-	138,700	138,700	
Redemption of Bond Principal	<u>385,000</u>	<u>-</u>	<u>385,000</u>	<u>385,000</u>	<u>-</u>
 Total Expenditures	<u>523,700</u>	<u>-</u>	<u>523,700</u>	<u>523,700</u>	<u>-</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 -	 -	 -	 -	 -
 Fund Balance, Beginning of Year	 <u>26,790</u>	 <u>-</u>	 <u>26,790</u>	 <u>26,790</u>	 <u>-</u>
 Fund Balance, End of Year	 <u>\$ 26,790</u>	 <u>\$ -</u>	 <u>\$ 26,790</u>	 <u>\$ 26,790</u>	 <u>\$ -</u>

Recapitulation of Fund Balance

Restricted for Debt Service	
Designated for Subsequent Year's Expenditures	<u>\$ 26,790</u>
 Total Fund Balance Restricted for Debt Service	 <u>\$ 26,790</u>

**ORADELL BOARD OF EDUCATION
SCHEDULE OF CAPITAL LEASES AND LEASE PURCHASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Purpose</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance, June 30, 2015</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2016</u>
Capital Leases:						
Copiers -2014	\$ 36,794	1.88%	\$ 23,395		\$ 7,331	\$ 16,064
Lease Purchase Agreement:						
ESIP Project	1,946,368	2.46%	<u> -</u>	<u>\$ 1,946,368</u>	<u> -</u>	<u>\$ 1,946,368</u>
			<u>\$ 23,395</u>	<u>\$ 1,946,368</u>	<u>\$ 7,331</u>	<u>\$ 1,962,432</u>

STATISTICAL SECTION

This part of the Oradell 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.

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net Investment in capital assets	\$ 7,071,295	\$ 7,808,063	\$ 8,341,191	\$ 8,598,561	\$ 8,627,897	\$ 8,336,538	\$ 8,210,888	\$ 8,219,528	\$ 8,192,648	\$ 8,105,230
Restricted	115	32,853	33,709	200,555	96,759	163,275	357,679	854,739	1,448,639	1,830,774
Unrestricted	465,529	194,475	48,856	254,361	476,468	578,511	636,163	(1,963,838)	(1,829,044)	(1,512,335)
Total governmental activities net position	\$ 7,536,939	\$ 8,035,391	\$ 8,423,756	\$ 9,053,477	\$ 9,201,124	\$ 9,078,324	\$ 9,204,730	\$ 7,110,429	\$ 7,812,243	\$ 8,423,669
Business-type activities										
Net Investment in capital assets								\$ 6,480	\$ 5,184	\$ 9,063
Restricted										
Unrestricted	\$ 48,774	\$ 26,788	\$ 6,688	\$ 9,698	\$ 5,320	\$ 24,442	\$ 41,640	37,600	36,245	44,130
Total business-type activities net position	\$ 48,774	\$ 26,788	\$ 6,688	\$ 9,698	\$ 5,320	\$ 24,442	\$ 41,640	\$ 44,080	\$ 41,429	\$ 53,193
District-wide										
Net Investment in capital assets	\$ 7,071,295	\$ 7,808,063	\$ 8,341,191	\$ 8,598,561	\$ 8,627,897	\$ 8,336,538	\$ 8,210,888	\$ 8,226,008	\$ 8,197,832	\$ 8,114,293
Restricted	115	32,853	33,709	200,555	96,759	163,275	357,679	854,739	1,448,639	1,830,774
Unrestricted	514,303	221,263	55,544	264,059	481,788	602,953	677,803	(1,926,238)	(1,792,799)	(1,468,205)
Total district net position	\$ 7,585,713	\$ 8,062,179	\$ 8,430,444	\$ 9,063,175	\$ 9,206,444	\$ 9,102,766	\$ 9,246,370	\$ 7,154,509	\$ 7,853,672	\$ 8,476,862

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".

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities										
Instruction										
Regular	\$ 4,340,287	\$ 4,552,618	\$ 4,518,582	\$ 4,666,175	\$ 4,752,019	\$ 4,949,084	\$ 5,303,666	\$ 4,699,308	\$ 5,572,721	\$ 5,996,527
Special education	1,163,057	1,207,437	1,205,103	1,317,169	1,566,078	1,535,110	1,523,479	1,673,792	1,766,934	1,862,442
Other instruction	210,827	276,003	291,203	289,864	331,567	472,303	502,686	538,289	654,929	676,687
School Sponsored Activities and Athletics	11,272	15,909	13,525	16,714	10,046	15,539	22,012	24,073	32,672	43,938
Support Services:										
Student & instruction related services	1,564,639	1,679,212	1,798,338	1,848,616	1,517,744	1,718,687	1,653,852	1,800,615	1,831,207	1,999,876
General administrative services	462,160	543,539	443,166	427,481	452,224	532,384	484,917	400,855	398,210	450,012
School administrative services	366,595	437,696	455,758	444,138	462,343	494,753	641,922	585,470	722,483	828,704
Central and other support services	396,595	403,909	386,714	400,064	406,208	427,165	371,353	399,492	386,686	369,219
Plant operations and maintenance	1,327,775	1,676,225	1,610,572	1,576,341	1,467,668	1,510,225	1,461,758	1,457,602	1,575,083	1,622,744
Pupil transportation	124,830	113,618	110,634	124,098	107,961	134,795	94,559	90,365	89,796	128,518
Interest on long-term debt	384,632	440,442	300,670	253,354	235,140	174,266	150,163	148,673	137,089	142,254
Total governmental activities expenses	<u>10,352,669</u>	<u>11,346,608</u>	<u>11,134,265</u>	<u>11,364,014</u>	<u>11,308,998</u>	<u>11,964,311</u>	<u>12,210,367</u>	<u>11,818,534</u>	<u>13,167,810</u>	<u>14,120,921</u>
Business-type activities:										
Food service	7,925	4,747	8,161	8,760	18,518	8,567	6,056	18,749	10,586	15,033
Summer Program	51,363	86,432	106,732	87,869	94,132	83,780	77,571	79,812	76,118	70,788
Total business-type activities expense	<u>59,288</u>	<u>91,179</u>	<u>114,893</u>	<u>96,629</u>	<u>112,650</u>	<u>92,347</u>	<u>83,627</u>	<u>98,561</u>	<u>86,704</u>	<u>85,821</u>
Total district expenses	<u>\$ 10,411,957</u>	<u>\$ 11,437,787</u>	<u>\$ 11,249,158</u>	<u>\$ 11,460,643</u>	<u>\$ 11,421,648</u>	<u>\$ 12,056,658</u>	<u>\$ 12,293,994</u>	<u>\$ 11,917,095</u>	<u>\$ 13,254,514</u>	<u>\$ 14,206,742</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 36,942				\$ 50,820	\$ 98,468	\$ 121,578	\$ 195,350	\$ 122,670	\$ 78,250
Support Services										68,736
Operating grants and contributions	1,664,165	\$ 1,663,294	\$ 1,479,247	\$ 1,749,404	1,260,179	1,482,695	1,730,288	1,578,782	2,855,491	3,438,146
Capital grants and contributions	1,939,940	252,280		193,097	108,802	4,362		1,960	37,400	32,994
Total governmental activities program revenues	<u>3,641,047</u>	<u>1,915,574</u>	<u>1,479,247</u>	<u>1,942,501</u>	<u>1,419,801</u>	<u>1,585,525</u>	<u>1,851,866</u>	<u>1,776,092</u>	<u>3,015,561</u>	<u>3,638,126</u>
Business-type activities:										
Charges for services										
Food service	\$ 6,310	\$ 7,234	\$ 4,671	\$ 6,979	\$ 11,038	\$ 8,731	\$ 6,796	\$ 9,792	\$ 10,097	\$ 10,796
Summer Program	39,385	59,565	88,517	89,760	93,294	98,665	91,395	80,285	69,625	82,680
Operating grants and contributions	2,443	2,394	1,605	2,900	3,940	4,073	2,634	4,444	4,331	4,109
Total business type activities program revenues	<u>48,138</u>	<u>69,193</u>	<u>94,793</u>	<u>99,639</u>	<u>108,272</u>	<u>111,469</u>	<u>100,825</u>	<u>94,521</u>	<u>84,053</u>	<u>97,585</u>
Total district program revenues	<u>\$ 3,689,185</u>	<u>\$ 1,984,767</u>	<u>\$ 1,574,040</u>	<u>\$ 2,042,140</u>	<u>\$ 1,528,073</u>	<u>\$ 1,696,994</u>	<u>\$ 1,952,691</u>	<u>\$ 1,870,613</u>	<u>\$ 3,099,614</u>	<u>\$ 3,735,711</u>
Net (Expense)/Revenue										
Governmental activities	(6,711,622)	(9,431,034)	(9,655,018)	(9,421,513)	(9,889,197)	(10,378,786)	(10,358,501)	(10,042,442)	(10,152,249)	(10,482,795)
Business-type activities	(11,150)	(21,986)	(20,100)	3,010	(4,378)	19,122	17,198	(4,040)	(2,651)	11,764
Total district-wide net expense	<u>\$ (6,722,772)</u>	<u>\$ (9,453,020)</u>	<u>\$ (9,675,118)</u>	<u>\$ (9,418,503)</u>	<u>\$ (9,893,575)</u>	<u>\$ (10,359,664)</u>	<u>\$ (10,341,303)</u>	<u>\$ (10,046,482)</u>	<u>\$ (10,154,900)</u>	<u>\$ (10,471,031)</u>

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 7,681,644	\$ 8,352,058	\$ 8,686,141	\$ 9,453,471	\$ 9,463,926	\$ 9,653,205	\$ 9,846,269	\$ 10,043,194	\$ 10,294,274	\$ 10,514,068
Property taxes levied for debt service, net	1,331,741	1,333,482	1,333,211	555,564	547,720	570,501	567,127	504,138	521,200	523,700
Unrestricted grants and contributions	78,044	94,583	1,657						14,467	7,611
Gain on disposal of capital assets										
Investment earnings	149,842	125,332	15,918	10,332	11,314	2,553	734	2,076	700	8,273
Miscellaneous income	13,468	24,031	6,456	31,867	43,884	29,727	70,777	45,847	23,422	40,569
Transfers										
Total governmental activities	<u>9,254,739</u>	<u>9,929,486</u>	<u>10,043,383</u>	<u>10,051,234</u>	<u>10,066,844</u>	<u>10,255,986</u>	<u>10,484,907</u>	<u>10,595,255</u>	<u>10,854,063</u>	<u>11,094,221</u>
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	-	-	-	-	-	-	-	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district-wide	<u>\$ 9,254,739</u>	<u>\$ 9,929,486</u>	<u>\$ 10,043,383</u>	<u>\$ 10,051,234</u>	<u>\$ 10,066,844</u>	<u>\$ 10,255,986</u>	<u>\$ 10,484,907</u>	<u>\$ 10,595,255</u>	<u>\$ 10,854,063</u>	<u>\$ 11,094,221</u>
Change in Net Position										
Governmental activities	\$ 2,543,117	\$ 498,452	\$ 388,365	\$ 629,721	\$ 177,647	\$ (122,800)	\$ 126,406	\$ 552,813	\$ 701,814	\$ 611,426
Business-type activities	(11,150)	(21,986)	(20,100)	3,010	(4,378)	19,122	17,198	(4,040)	(2,651)	11,764
Total district	<u>\$ 2,531,967</u>	<u>\$ 476,466</u>	<u>\$ 368,265</u>	<u>\$ 632,731</u>	<u>\$ 173,269</u>	<u>\$ (103,678)</u>	<u>\$ 143,604</u>	<u>\$ 548,773</u>	<u>\$ 699,163</u>	<u>\$ 623,190</u>

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 582,531	\$ 266,610	\$ 92,181	\$ 385,149						
Unreserved	233,872	245,381	248,827	281,571						
Restricted					\$ 457,982	\$ 609,511	\$ 786,205	\$ 1,338,802	\$ 2,085,833	\$ 2,565,471
Committed					19,464		145,000	-		
Assigned					52,637	17,166	55,574	86,839	76,185	323,648
Unassigned					221,132	206,368	199,066	198,927	182,100	190,346
Total general fund	\$ 816,403	\$ 511,991	\$ 341,008	\$ 666,720	\$ 751,215	\$ 833,045	\$ 1,185,845	\$ 1,624,568	\$ 2,344,118	\$ 3,079,465
All Other Governmental Funds										
Reserved	\$ 1,133,482	\$ 388,688	\$ 384,375							
Unreserved	(128,359)	32,738	33,594	\$ 23,594						
Restricted	-	-	-	-	\$ 9,543	\$ 3,000	\$ 26,790	\$ 88,290	\$ 32,190	\$ 1,241,053
Total all other governmental funds	\$ 1,005,123	\$ 421,426	\$ 417,969	\$ 23,594	\$ 9,543	\$ 3,000	\$ 26,790	\$ 88,290	\$ 32,190	\$ 1,241,053

Beginning with Fiscal Year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Property Tax levy	\$ 9,013,385	\$ 9,685,540	\$ 10,019,352	\$ 10,009,035	\$ 10,011,646	\$ 10,223,706	\$ 10,413,396	\$ 10,547,332	\$ 10,815,474	\$ 11,037,768
Tuition charges	36,942	-			50,820	98,468	121,578	195,350	122,670	78,250
Interest earnings	149,842	125,332	15,918	10,332	11,314	2,553	734	2,076	700	8,273
Miscellaneous	13,468	37,118	6,458	40,991	62,245	58,951	82,012	72,119	51,875	65,691
State sources	3,461,626	1,795,625	1,281,566	1,605,781	1,077,186	1,236,468	1,524,693	1,339,576	1,613,767	1,709,550
Federal sources	220,523	201,445	199,336	327,596	273,434	221,365	194,360	214,894	221,250	217,233
Total revenue	12,895,786	11,845,060	11,522,630	11,993,735	11,486,645	11,841,511	12,336,773	12,371,347	12,825,736	13,116,765
Expenditures										
Instruction										
Regular Instruction	4,308,130	4,538,289	4,534,085	4,651,855	4,743,336	4,946,407	5,252,297	4,721,068	4,827,298	4,980,626
Special education instruction	1,141,132	1,206,925	1,231,477	1,318,396	1,563,623	1,539,610	1,518,463	1,668,651	1,629,069	1,636,361
Other instruction	210,827	276,003	291,203	289,864	331,567	472,303	502,686	538,289	640,639	636,436
School sponsored activities and athletics	11,272	15,715	13,460	16,714	10,046	15,539	22,012	24,073	32,672	43,660
Support Services:										
Student & inst. related services	1,564,640	1,679,005	1,798,062	1,853,723	1,517,251	1,718,687	1,653,852	1,791,206	1,777,519	1,832,974
General administrative services	460,160	529,506	432,141	417,731	445,112	458,172	484,817	399,883	430,151	446,886
School administrative services	352,510	437,588	455,650	441,447	462,235	497,229	639,371	587,838	643,352	705,244
Central and other support services	396,595	403,909	386,714	400,064	406,208	427,165	371,353	398,254	361,407	329,906
Plant operations and maintenance	1,102,205	1,213,735	1,135,933	1,088,343	965,203	949,116	937,429	968,487	1,017,702	1,061,038
Pupil transportation	124,830	111,843	107,591	121,055	105,171	131,498	91,516	87,321	89,796	128,518
Capital outlay	7,020,760	897,816	30,750	487,136	272,004	28,989	5,240	180,996	153,101	818,437
Debt service:										
Principal	940,000	970,000	1,040,123	713,655	353,085	354,967	440,300	380,619	411,970	392,331
Interest and other charges	396,474	452,835	311,711	262,415	241,360	226,542	130,337	161,233	147,610	139,356
Cost of Issuance						72,481				
Advanced Refunding Escrow						354,315				
Total expenditures	18,029,535	12,733,169	11,768,900	12,062,398	11,416,201	12,193,020	12,049,673	11,907,918	12,162,286	13,151,773
Excess (Deficiency) of revenues over (under) expenditures	(5,133,749)	(888,109)	(246,270)	(68,663)	70,444	(351,509)	287,100	463,429	663,450	(35,008)
Other Financing sources (uses)										
Proceeds from Bonds/Lease - Purchase			71,830			4,620,000	89,490	36,794		1,946,368
Premium on Bonds						413,796				
Payment to Refunded Bond Escrow Agent						(4,607,000)				
Insurance Recoveries										32,850
Transfers in	117,418	114,528	7,228	876,682	169,768	6,951	3,000	64,440		
Transfers out	(117,418)	(114,528)	(7,228)	(876,682)	(169,768)	(6,951)	(3,000)	(64,440)		
Total other financing sources (uses)	-	-	71,830	-	-	426,796	89,490	36,794	-	1,979,218
Net change in fund balances	\$ (5,133,749)	\$ (888,109)	\$ (174,440)	\$ (68,663)	\$ 70,444	\$ 75,287	\$ 376,590	\$ 500,223	\$ 663,450	\$ 1,944,210
Debt service as a percentage of noncapital expenditures	12.14%	12.02%	11.52%	8.43%	5.33%	4.78%	4.74%	4.62%	4.66%	4.31%

* Noncapital expenditures are total expenditures less capital outlay.

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

Fiscal Year Ended June 30,	<u>Tuition</u>	<u>Interest Earned</u>	<u>Refunds/ Reimbursements</u>	<u>E-Rate</u>	<u>Rents</u>	<u>Miscellaneous</u>	<u>Total</u>
2007	\$ 36,942	\$ 32,424				\$ 13,468	\$ 82,834
2008		12,937	\$ 1,785	\$ 1,721		20,525	36,968
2009	1,323	13,003		200		4,933	19,459
2010		10,313	8,954	3,121		19,792	42,180
2011	50,820	11,291	24,154	1,709		18,021	105,995
2012	98,468	2,543	24,221	2,303		3,203	130,738
2013	121,578	734	36,627		\$ 12,750	21,400	193,089
2014	195,350	2,076	9,035		14,398	22,414	243,273
2015	122,670	700	8,000		13,005	2,417	146,792
2016	78,250	8,235	17,082		14,065	9,422	127,054

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2007	\$ 2,623,700	\$ 733,704,800	\$ 99,879,500	\$ 187,100	\$ 3,575,900	\$ 839,971,000	\$ 843,283	\$ 840,814,283	\$ 1,833,122,692	\$ 1.152
2008	2,479,300	739,384,400	94,623,000	187,100	3,575,900	840,249,700	838,401	841,088,101	1,834,187,339	1.191
2009 (A)	4,151,900	1,400,052,700	205,794,900		8,253,800	1,618,612,300	838,401	1,619,450,701	1,818,510,684	0.618
2010	4,769,900	1,400,255,300	205,949,300		8,253,800	1,619,228,300	1,782,462	1,621,010,762	1,806,117,582	0.618
2011	3,901,100	1,408,484,200	201,008,500		8,137,800	1,621,531,600	1,736,535	1,623,268,135	1,761,002,376	0.630
2012	3,637,800	1,401,620,300	208,127,400		8,137,800	1,621,523,300	1,724,316	1,623,247,616	1,732,579,488	0.642
2013	3,565,500	1,242,733,700	193,823,300		7,298,700	1,447,421,200	1,728,300	1,449,149,500	1,571,313,680	0.728
2014	3,565,500	1,246,404,200	189,737,100		7,298,700	1,447,005,500	1,337,625	1,448,343,125	1,630,493,967	0.747
2015	3,565,500	1,248,969,400	187,018,800		7,325,200	1,446,878,900	1,356,001	1,448,234,901	1,645,169,703	0.762
2016	3,622,100	1,250,345,100	186,327,100		7,325,200	1,447,619,500	1,344,599	1,448,964,099	1,717,435,009	0.775

(A) Borough undertook a revaluation of real property.

Source: County Abstract of Ratables

ORADELL BOARD OF EDUCATION
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(Unaudited)
(rate per \$100 of assessed value)

Calendar Year	Overlapping Rates					Total Direct and Overlapping Tax Rate
	Total Direct School Tax Rate	River Dell Regional High School District	Municipality of Oradell	Municipal Library	County of Bergen	
2007	\$ 1.152	\$ 1.458	\$ 0.997		\$ 0.383	\$ 3.990
2008	1.191	1.429	1.019		0.404	4.043
2009 (A)	\$ 0.618	0.758	0.549		0.217	2.142
2010	0.618	0.832	0.570		0.218	2.238
2011	0.630	0.811	0.617		0.226	2.284
2012	0.642	0.818	0.652		0.235	2.347
2013	0.728	0.976	0.732	\$ 0.038	0.249	2.723
2014	0.747	0.993	0.744	0.037	0.263	2.784
2015	0.762	1.066	0.774	0.038	0.271	2.911
2016	0.775	1.074	0.797	0.039	0.288	2.973

(A) Borough undertook a revaluation of real property.

Source: County Abstract of Ratables

**ORADELL 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
Hajjar Med Off Bldg	\$ 18,818,500	1.30%		
Cranston Associates	17,778,300	1.23%		
600 Kinderkamack Road LLC	14,000,000	0.97%	1,175,000	0.14%
Sunrise Multipoint	9,897,000	0.68%		
Cranston Associates			10,414,000	1.24%
Rio Vista Property				
Kamack Realty Corp	8,579,800	0.59%	4,429,500	0.53%
Wilmington Trust Company			7,215,500	0.86%
PSE&G	6,808,600	0.47%	3,813,400	0.45%
White Beeches Golf Club	6,171,000	0.43%	4,130,000	0.49%
Emerson Real Estate LLC	5,500,000	0.38%		
Holy Name Real Estate Corp	5,310,000	0.37%		
680-690 Kinderkamack Road, L.P.			4,905,000	0.58%
Emet Realty	5,147,800	0.36%		
Rivervale Realty			3,942,700	0.47%
Oradell Office Plaza			3,837,200	0.46%
Hackensack Golf Club			3,609,800	0.43%
	<u>\$ 98,011,000</u>	<u>6.77%</u>	<u>\$ 47,472,100</u>	<u>5.65%</u>

Source: Municipal Tax Assessor

**ORADELL 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	
2006	\$ 8,685,486	\$ 8,685,486	100.00%	
2007	9,013,385	9,013,385	100.00%	
2008	9,685,540	9,685,540	100.00%	
2009	10,019,352	10,019,352	100.00%	
2010	10,009,035	10,009,035	100.00%	
2011	10,011,646	10,011,646	100.00%	
2012	10,223,706	10,223,706	100.00%	
2013	10,547,332	10,547,332	100.00%	
2014	10,815,474	10,815,474	100.00%	
2015	11,037,768	11,037,768	100.00%	

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>				Total District	Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases and Lease Purchases	Grant Anticipation Note			
2007	\$ 6,882,000	\$ 1,785,000		\$ 2,700,000	\$ 11,367,000	7,773	\$ 1,462
2008	6,597,000	1,100,000		500,000	8,197,000	7,755	1,057
2009	6,297,000	375,000	\$ 56,707		6,728,707	7,787	864
2010	5,982,000		33,052		6,015,052	7,992	753
2011	5,652,000		9,967		5,661,967	8,051	703
2012	5,320,000				5,320,000	8,086	658
2013	4,910,000		59,190		4,969,190	8,138	611
2014	4,565,000		60,365		4,625,365	8,171	566
2015	4,190,000		23,395		4,213,395	8,218	513
2016	3,805,000		1,962,432		5,767,432	8,218 (E)	702

(E) - Estimate

Source: District records

ORADELL 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	\$ 6,882,000		\$ 6,882,000	0.82%	\$ 885
2008	6,597,000		6,597,000	0.78%	851
2009	6,297,000		6,297,000	0.39%	809
2010	5,982,000		5,982,000	0.37%	748
2011	5,652,000		5,652,000	0.35%	702
2012	5,320,000		5,320,000	0.33%	658
2013	4,910,000	\$ 26,790	4,883,210	0.34%	600
2014	4,565,000	26,790	4,538,210	0.31%	555
2015	4,190,000	26,790	4,163,210	0.29%	507
2016	3,805,000	26,790	3,778,210	0.26%	460

Source: District records

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

	<u>Total Debt</u>
Municipal Debt:	
Oradell Board of Education (as of June 30, 2016)	\$ 3,805,000
Regional High School - Oradell's Share	5,359,868
Borough of Oradell	<u>21,469,813</u>
 Total Direct Debt	 <u>30,634,681</u>
Overlapping Debt Apportioned to the Municipality:	
Bergen County:	
County of Bergen (A)	9,639,392
Bergen County Utilities Authority - Wastewater (B)	<u>2,372,690</u>
 Total Overlapping Debt	 <u>12,012,082</u>
 Total Direct and Overlapping Debt	 <u>\$ 42,646,763</u>

Source:

Borough of Oradell's 2015 Annual Debt Statement
County of Bergen's 2015 Annual Debt Statement
Bergen County Utilities Authority's 2015 Annual Audit

- (A) The debt for this entity was apportioned to Oradell by dividing the municipality's 2015 equalized value by the total 2015 equalized value for Bergen County.
(B) The debt was computed based upon usage

**ORADELL BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)**

Legal Debt Margin Calculation for Fiscal Year 2016

	Equalized valuation basis	
	2015	\$ 1,712,688,092
	2014	1,641,340,177
	2013	<u>1,627,047,212</u>
		<u>\$ 4,981,075,481</u>
Average equalized valuation of taxable property		\$ 1,660,358,494
Debt limit (2.5 % of average equalization value)		41,508,962
Total Net Debt Applicable to Limit		<u>3,805,000</u>
Legal debt margin		<u>\$ 37,703,962</u>

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 41,831,824	\$ 44,610,341	\$ 45,558,251	\$ 45,644,111	\$ 44,689,519	\$ 44,013,328	\$ 43,075,178	\$ 42,020,986	\$ 41,300,565	\$ 41,508,962
Total net debt applicable to limit	<u>6,742,524</u>	<u>6,477,000</u>	<u>6,197,000</u>	<u>5,907,000</u>	<u>5,602,000</u>	<u>5,295,000</u>	<u>4,910,000</u>	<u>4,565,000</u>	<u>4,190,000</u>	<u>3,805,000</u>
Legal debt margin	<u>\$ 35,089,300</u>	<u>\$ 38,133,341</u>	<u>\$ 39,361,251</u>	<u>\$ 39,737,111</u>	<u>\$ 39,087,519</u>	<u>\$ 38,718,328</u>	<u>\$ 38,165,178</u>	<u>\$ 37,455,986</u>	<u>\$ 37,110,565</u>	<u>\$ 37,703,962</u>
Total net debt applicable to the limit as a percentage of debt limit	16.12%	14.52%	13.60%	12.94%	12.54%	12.03%	11.40%	10.86%	10.15%	9.17%

Source: Annual Debt Statements

**ORADELL BOARD OF EDUCATION
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2007	7,773	68,147	2.50%
2008	7,755	68,548	3.30%
2009	7,787	64,571	5.90%
2010	7,992	65,275	6.10%
2011	8,051	68,244	6.00%
2012	8,086	71,380	6.10%
2013	8,138	70,498	4.70%
2014	8,171	73,536	4.20%
2015	8,218	N/A	3.50%
2016	8,218 (E)	N/A	N/A

Source: New Jersey State Department of Education

N/A - Not Available

(E) Estimate

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

	2016		2007	
Employer	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment

INFORMATION NOT AVAILABLE

ORADELL BOARD OF EDUCATION
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction										
Regular	57.5	48.6	48.6	48.6	48.6	51.7	51.7	51.7	48.5	51.0
Special Education	9.0	9.5	9.5	9.5	9.5	9.5	9.5	9.5	21.0	12.0
Support Services:										
Student & instruction related services	8.0	9.6	10.6	10.6	10.6	9.0	9.0	9.0	19.5	23.0
General administration	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.2	2.0
School administrative services	2.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	5.6	5.6
Central services	3.6	3.6	3.6	3.6	3.4	3.4	3.4	3.4	3.0	3.0
Administrative Information Technology	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-	-
Plant operations and maintenance	7.2	7.0	7.0	7.0	6.0	6.0	6.0	6.0	6.0	6.0
Total	<u>90.3</u>	<u>85.3</u>	<u>86.3</u>	<u>86.3</u>	<u>85.1</u>	<u>86.6</u>	<u>86.6</u>	<u>86.6</u>	<u>105.8</u>	<u>102.6</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teacher/Pupil Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary				
2007	791	\$ 9,672,301	\$ 12,228	4.54%	63	1:11	786	752	2.08%	95.67%
2008	794	10,412,518	13,114	7.25%	67	1:11	794	763	1.02%	96.10%
2009	790	10,386,316	13,147	0.25%	63	1:11	790	759	1.04%	96.08%
2010	782	10,599,192	13,554	3.09%	63	1:11	782	759	1.03%	97.06%
2011	805	10,549,752	13,105	-3.31%	63	1:11	804	773	2.81%	96.14%
2012	801	11,155,726	13,927	6.27%	63	1:11	788	759	-1.99%	96.32%
2013	817	11,473,796	14,044	7.16%	63	1:11	784	751	-2.49%	95.79%
2014	805	11,185,070	13,894	-0.24%	65	1:11	782	751	-0.76%	96.04%
2015	775	11,449,605	14,774	5.20%	63	1:11	739	709	-5.74%	95.94%
2016	763	11,801,649	15,467	11.32%	65	1:11	757	726	-3.20%	95.90%

Sources: District records

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>District Building</u>										
<u>Elementary</u>										
Square Feet	99,440	113,440	113,440	113,440	113,440	113,440	113,440	113,440	113,440	113,440
Capacity (students)	795	853	853	853	853	853	853	853	853	853
Enrollment	791	794	790	782	805	801	801	801	801	763

Number of Schools at June 30, 2016
Elementary = 1

Source: District Records

**ORADELL BOARD OF EDUCATION
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 LAST TEN YEARS
 (Unaudited)**

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

<u>School Facilities</u>	<u>Project No.</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>
Oradell Elementary School	N/A	\$ 155,015	\$ 128,970	\$ 105,627	\$ 92,313	\$ 163,490	\$ 158,256	\$ 162,089	\$ 189,611	\$ 222,290	\$ 257,205

Source: District Records

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

	<u>Coverage (A)</u>	<u>Deductible (A)</u>
Northeast Bergen County School Board Group		
School Package Policy		
Property-Blanket Building & Contents (Oradell School Only)	\$ 25,892,554	\$ 5,000
Flood/Earthquake	5,000,000	50,000
General Liability Coverage	2,000,000	
Employee Benefit Liability	1,000,000	1,000
School Board Errors and Omission Coverage	1,000,000	
Automobile Coverage	1,000,000	1,000
Auto Liability Excess Liability Coverage	9,000,000	10,000
Excess Liability Coverage	50,000,000	
Public Employee Dishonesty		
Per Employee (Primary)	100,000	5,000
Per Loss (Excess)	400,000	100,000
Forgery or Alteration	50,000	1,000
Educators Legal Liability/Employment Legal Liability	1,000,000	
Employers Liability Coverage	1,000,000	10,000
Environmental Impairment	4,000,000	15,000
Public Employees' Faithful Performance Blanket		
Position Bonds		
Board Secretary	228,000	
Treasurer	228,000	

(A) Coverage represents total amount covered for all members of the Northeast Bergen County School Board Group unless otherwise noted.

Source: 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
Oradell Board of Education
Oradell, 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 Oradell 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 Oradell Board of Education’s basic financial statements and have issued our report thereon dated October 6, 2016.

Internal Control Over Financial Reporting

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

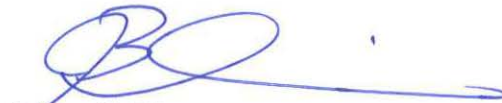
However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Oradell Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated October 6, 2016.

Purpose of this Report

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

Lerch, Vinci & Higgins, LLP

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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
October 6, 2016



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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ROBERT AMPONSAH, CPA

**REPORT ON COMPLIANCE FOR EACH MAJOR 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
Oradell Board of Education
Oradell, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Oradell 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 Oradell Board of Education’s major state programs for the fiscal year ended June 30, 2016. The Oradell 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 Oradell Board of Education’s major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and New Jersey Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Oradell 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 Oradell Board of Education's compliance.

Opinion on Each Major State Program

In our opinion, the Oradell 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 Oradell 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 Oradell 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 Oradell 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 Oradell 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 October 6, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

LERCH, VINCI & HIGGINS, LLP

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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
October 6, 2016

**ORADELL 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 at June 30, 2015			Carryover/ (Walkover)		Cash Received	Budgetary Expenditures	(A) Adjustments	Refund of Prior Years' Balances	Balance, June 30, 2016			(Memo) GAAP Receivable
						(Accounts Receivable)	Deferred Revenue	Due to Grantor	Amount Def. Rev.	Accounts Receivable					(Account Receivable)	Unearned Revenue	Due to Grantor	
U.S. Department of Agriculture																		
Passed-through State Department of Education																		
Special Milk Program	10.556	16161 NJ304N1099	N/A	7/1/15-6/30/16	\$ 4,109						\$ 3,417	\$ 4,109			\$ (692)			\$ (692)
Special Milk Program	10.556		N/A	7/1/14-6/30/15	4,611	(884)	-	-	-	-	884	-	-	-	-	-	-	-
Total U.S. Department of Agriculture						(884)	-	-	-	-	4,301	4,109	-	-	(692)	-	-	(692)
U.S. Department of Education																		
Passed-through State Department of Education																		
I.D.E.A. Part B, Basic Regular	84.027	H027A150100	FT-3870-12	7/1/15-6/30/16	184,186				\$ 5,800	\$ (5,800)	156,980	179,412			(33,006)	\$ 10,574		(22,432)
I.D.E.A. Part B, Basic Regular	84.027		FT-3870-12	7/1/14-6/30/15	183,246	(61,416)	\$ 5,800		(5,800)	5,800	55,616							
I.D.E.A. Preschool	84.173	H173A150114	PS-3870-09	7/1/15-6/30/16	13,110				11	(11)	6,155	11,730			(6,966)	1,391		(5,575)
I.D.E.A. Preschool	84.173		PS-3870-09	7/1/14-6/30/15	12,978	(827)	11	-	(11)	11	816				-	-	-	-
Total Special Education Cluster (IDEA)												191,142						
Title IA	84.010A	S010A150030	NCLB153008	7/1/15-6/30/16	20,778										(20,778)	20,778		
Title IIA	84.367A	S367A150029	NCLB153008	7/1/15-6/30/16	19,647						19,647	19,647						
Title III	84.365A	S365A150030	NCLB153004	7/1/15-6/30/16	7,306				\$ 2,071		7,306	6,444				2,933		
Title III	84.365A		NCLB153004	7/1/13-6/30/14	5,885	-	2,071	-	(2,071)	-	-	-			-	-	-	-
Total U.S. Department of Education						(62,243)	7,882	-	-	-	246,520	217,233	-	-	(60,750)	35,676	-	(28,007)
Total Federal Awards						\$ (63,127)	\$ 7,882	\$ -	\$ -	\$ -	\$ 250,821	\$ 221,342	\$ -	\$ -	\$ (61,442)	\$ 35,676	\$ -	\$ (28,699)

Note: This schedule was not subject to a Federal Single Audit in accordance with U.S. Uniform Guidance.

FAIN numbers are only applicable for current year grant awards.

See accompanying notes to schedule of expenditures of federal awards and state financial assistance.

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

State Grant/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, Adj.L., 2015	Carryover Amount	Cash Received	Budgetary Expenditures	Retard of Prior Years' Balances	Balance, June 30, 2016		Due to Grantor	Memo	
									(Accounts Receivable)	Uncearned Revenue		GAAP Reservable	Cumulative Total Expenditures
State Department of Education													
General Fund:													
Special Education Aid	16-495-034-S120-089	7/1/15-6/30/16	\$ 311,029	\$ (28,381)		\$ 282,448	\$ 311,029			\$ (28,381)		\$ -	\$ 311,029
Special Education Aid	15-495-034-S120-089	7/1/14-6/30/15	311,029	(21,855)		21,855				(1,093)			11,890
Security Aid	16-495-034-S120-084	7/1/15-6/30/16	11,890	(835)		10,797	11,890			(715)			7,780
Security Aid	15-495-034-S120-084	7/1/14-6/30/15	11,890	(835)		835							-
PARCC Readiness Aid	16-495-034-S120-098	7/1/15-6/30/16	7,780	(547)		7,065	7,780			(715)			7,780
PARCC Readiness Aid	15-495-034-S120-098	7/1/14-6/30/15	7,780	(547)		547							-
Per Pupil Growth Aid	16-495-034-S120-097	7/1/15-6/30/16	7,780	(546)		7,065	7,780			(715)			7,780
Per Pupil Growth Aid	15-495-034-S120-097	7/1/14-6/30/15	7,780	(546)		546							-
Total State Aid-Public Cluster						338,479							
Transportation Aid	16-495-034-S120-014	7/1/15-6/30/16	6,013	(423)		5,461	6,013			(552)			6,013
Transportation Aid	15-495-034-S120-014	7/1/14-6/30/15	6,013	(423)		423				(67,274)			67,274
Extraordinary Aid	16-100-034-S120-473	7/1/15-6/30/16	67,274	(131,377)		131,377	67,274			(4,002)		\$ (4,002)	4,002
Extraordinary Aid	15-100-034-S120-473	7/1/14-6/30/15	131,377	(131,377)									-
Nonpublic School Transportation Aid	N/A		3,306	(3,306)		3,306	4,002						-
Nonpublic School Transportation Aid	16-495-034-S120-003	7/1/15-6/30/16	357,889	(17,225)		357,889	357,889						357,889
Reimbursed TPAF Social Security Contribution	15-495-034-S120-003	7/1/14-6/30/15	367,542	(17,225)		17,225							348,926
Reimbursed TPAF Social Security Contribution	16-495-034-S120-002	7/1/15-6/30/16	348,926	(17,381)		348,926	348,926						348,926
TPAF Pension - NCGI Premium	16-495-034-S120-004	7/1/15-6/30/16	17,381			17,381	17,381						17,381
TPAF Pension - Post Retirement Medical	16-495-034-S120-001	7/1/15-6/30/16	456,170			456,170	456,170						456,170
Total General Fund			1,576,134	(176,114)		1,549,316	1,576,134			(102,932)		(4,002)	1,576,134
New Jersey Nonpublic Aid													
Auxiliary Services	16-100-034-S120-067	7/1/15-6/30/16	25,381	913		25,381	19,797			\$ 5,584			19,797
Compensatory Education	16-101-034-S120-067	7/1/15-6/30/16	2,847			2,847	2,588			259			2,588
English as a Second Language	15-101-034-S120-067	7/1/14-6/30/15	1,827					\$ 913					-
Total Nonpublic Auxiliary Services Aid (Chapter 192) Cluster						22,385							
Handicapped Services	16-100-034-S120-066	7/1/15-6/30/16	7,844	3,066		7,844	4,434			3,410			4,434
Examination and Classification	15-100-034-S120-066	7/1/14-6/30/15	12,968	3,066			3,066						23,494
Examination and Classification	16-100-034-S120-066	7/1/15-6/30/16	33,945			33,945	23,494			10,451			23,494
Curative Speech	15-100-034-S120-066	7/1/14-6/30/15	21,911	354			354						5,941
Curative Speech	16-100-034-S120-066	7/1/15-6/30/16	9,060	1,413		9,060	5,941			3,119			5,941
Supplementary Instruction	16-100-034-S120-066	7/1/15-6/30/16	9,060										-
Supplementary Instruction	15-100-034-S120-066	7/1/14-6/30/15	5,572										33,869
Total Nonpublic Handicapped Aid (Chapter 193) Cluster						106,076					23,457		76,619
Textbook Aid	16-100-034-S120-064	7/1/15-6/30/16	6,033			6,033	5,948			105			5,948
Textbook Aid	15-100-034-S120-064	7/1/14-6/30/15	6,435	1,312				1,312					-
Technology Aid	16-100-034-S120-373	7/1/15-6/30/16	2,756			2,756	2,533			223			2,533
Technology Aid	15-100-034-S120-373	7/1/14-6/30/15	3,456	108				108					-
Nursing Services	16-100-034-S120-070	7/1/15-6/30/16	9,540	307		9,540	9,254			286			9,254
Nursing Services	15-100-034-S120-070	7/1/14-6/30/15	10,244										-
Security	16-100-034-S120-509	7/1/15-6/30/16	2,650			2,650	2,650			20			2,650
Total Special Revenue Fund			74,773			106,076	76,619	7,473			23,457		76,619
State of New Jersey Schools Development Authority:													
Capital Projects													
Entrance Lobby at Front of School Security	SP#8970-050-14-GIFK	N/A	42,960	(39,560)			144			(42,960)		(42,960)	39,504
Total SDA Cluster/Capital Projects Fund				(39,560)			144			(42,960)		(42,960)	39,504
Total State Financial Assistance Subject to Single Audit Determination				(208,001)		1,749,392	1,652,897	7,473		(145,892)	23,457	(46,962)	1,692,257
State Financial Assistance Not Subject to Major Program Determination													
General Fund													
TPAF Pension Contributions	16-495-034-S120-002	7/1/15-6/30/16	348,926			(348,926)	(348,926)						(348,926)
TPAF Pension - NCGI Premium	16-495-034-S120-004	7/1/15-6/30/16	17,381			(17,381)	(17,381)						(17,381)
TPAF Pension-Post Retirement Medical	16-495-034-S120-001	7/1/15-6/30/16	456,170			(456,170)	(456,170)						(456,170)
Total State Financial Assistance Subject to Major Program Determination						\$ 946,915	\$ 850,420	\$ 7,473		\$ (145,892)	\$ 23,457	\$ (46,962)	\$ 889,780

See accompanying notes to schedule of expenditures of federal awards and state financial assistance.

**ORADELL 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 Oradell 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 an increase of \$56,653 for the general fund and a decrease of \$12,520 for the special revenue 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		\$ 1,632,787	\$ 1,632,787
Special Revenue Fund	\$ 217,233	76,619	293,852
Capital Projects Fund		144	144
Food Service Fund	4,109	-	4,109
	<u> </u>	<u> </u>	<u> </u>
Total Awards Financial Assistance	<u>\$ 221,342</u>	<u>\$ 1,709,550</u>	<u>\$ 1,930,892</u>

**ORADELL 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 \$357,889 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 \$366,307 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$436,170 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2016.

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

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

NOTE 7 DE MINIMIS INDIRECT COST RATE

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

**ORADELL 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

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

Federal Awards Section

NOT APPLICABLE

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

Part I – Summary of Auditor’s Results

State Awards Section

J) Dollar threshold used to distinguish Type A and Type B programs: \$ 750,000

K) Auditee qualified as low-risk auditee? X yes no

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

M) Internal Control over compliance:

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

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

N) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08, as amended? yes X none

O) Identification of major programs:

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

**ORADELL 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.

**ORADELL 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 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.

**ORADELL 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 Chapter 6.12 of *Government Auditing Standards*, U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

There were none.