

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

River Edge, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

River Edge Board of Education

River Edge, New Jersey

For The Fiscal Year Ended June 30, 2016

Prepared by:

Business Office

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INTRODUCTORY SECTION

River Edge Elementary Schools

410 Bogert Road, River Edge, New Jersey 07661
201-261-3408 201-261-3404
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"Building Bright Futures Together"

Dr. Tova Ben-Dov
Superintendent of Schools

Patricia Salvati
Board Secretary/Business Administration

November 8, 2016

Honorable President and
Members of the Board of Education
River Edge School District
River Edge, NJ 07661

Dear Board Members:

The comprehensive annual financial report of the River Edge School District for the fiscal year ended June 30, 2016, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and result of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the Districts' 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. The MD&A can be found immediately following the "Independent Auditor's Report".

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the "Independent Auditor's Report", management's discussion and analysis (MD&A), the basic financial statements including the district-wide financial statements 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 New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to the State 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: River Edge School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds of the District are included in this report. The River Edge Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 6. These include regular, as well as special education for handicapped youngsters. The District completed the 2015-2016 fiscal year with an enrollment of 1,170 students, which is 35 less students than the previous year's enrollment. The following details show the changes in the student enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2015/16	1,170	(2.9)
2014/15	1,205	3.5
2013/14	1,164	(3.2)
2012/13	1,202	2.0
2011/12	1,179	(1.5)
2010/11	1,197	(.7)
2009/10	1,206	4.1
2008/09	1,158	.3
2007/08	1,154	2.3
2006/07	1,128	1.5

2.) ECONOMIC CONDITION AND OUTLOOK: The River Edge area is a stable community with a growing number of new residences each year. The Mayor and Council are actively engaged in developing plans for the redevelopment of the business district which will include additional housing.

3.) MAJOR INITIATIVES:

The River Edge Public School District continues to strive to educate all children within the district. Beginning in September 2007 when New Bridge Center was opened, the building has housed the Early Childhood wing and several special education classes. 2011-2012 brought the creation of a third special education class that serves a slightly different student population. These classes are educationally appropriate for the students and have provided the district with cost savings. In addition, the classes are a source of revenue by accepting students from other districts to join the classes on a tuition basis. In 2012-2013 River Edge implemented a full day Kindergarten that has been very successful and is currently serving 194 students in 9 classes. Due to the increase in K enrollment starting in the 2014-15 school year the Kindergarten classes were transferred to their home schools (RS and CHS) thus relieving some classroom space for the growing enrollment in CHS.

Our community continues to attract new residents seeking an excellent school system. Curriculum and staff development are guided by a Bi-Borough Supervisor of Curriculum and Instruction with costs for this position shared by the Oradell and River Edge School Districts. This consortium was created in 2014-15 school year. The River Edge Schools have also included the position of a Literacy Coach/Supervisor to guide the implementation of Reading/Writing Workshop programs and implement the Common Core State Standards as well as a Math and Science Coach/Supervisor to increase rigor in these subject areas. During the 2012-13 school year River Edge updated its technology Infra Structure and added technological devices to better prepare students for the 21st Century. During the 2013-14 School year the River Edge School District has also upgraded its safety provisions and protocols for students, including the addition of safety cameras in school buildings. We also began a one-on-one technology initiative of ChromeBooks for 6th grade. The Board of Education continues to support professional development efforts in order to maintain instructional excellence in the district. During 2014-15 we continued to augment our one-on-one technology initiative by adding individual devices for younger students. Currently all students in grades 3-6 are able to use individual devices. We also added a position of a second technology coach to help guide teachers and students. We updated and improved our curriculum to include 21st Century and Technology skills and integrated them into the curriculum. For the 2015-16 school year the technology labs were converted to classrooms as they were no longer needed due to our one-on-one initiative. This also freed up to classrooms to accommodate enrollment.

Math and Social Studies online resources were added and we deepened our alignment to the Common Core

State Standards (CCSS). At the same time instructional efforts were increased to add rigor to the math curriculum and to enhance students' higher-order thinking in all areas of the curriculum.

The River Edge School district is committed to a philosophy and practice of differentiation. During the 2015-16 school year the Post-dismissal Instructional Academy was added to help struggling students to reach their academic potential.

Students in River Edge enjoy a wide variety of educational experiences that extend and broaden the curriculum. The Discovery Room at each building provides a science lab to enhance our focus on hands-on science for students at all grade levels. Students enjoy an excellent fine arts program that includes general music instruction for all and instrumental music opportunities for older students. Several performance opportunities for Chorus and Band groups are offered each year. Musically talented and art talented students are given special opportunities to develop their skills through club programs that meet at lunchtime. The physical education program develops students' physical skills and introduces them to lifelong activities that will contribute to their physical well-being in the future. Developmental physical education is offered to students who need extra time and attention to demonstrate good skill development.

Character development is an important part of the school program. Pupil Assistance Counselors provide social/emotional support to students in crisis and design proactive programs for building students' self-confidence and resiliency. The school nurses and principals work closely with the counselors to identify students and design intervention and pro-active Anti-bullying programs that are meaningful and appropriate.

Teachers and students from the River Edge Schools are often recognized for excellence by national, state and local educational agencies. During the 2009-10 school year, students were recognized for achievements in the New Jersey Stock Market Game and the County Poster Contest. In subsequent years students ranked very high in the NJ Math Olympics. Student art work is often displayed at local cultural centers and musical groups perform for local community groups. Teachers lead staff development courses, teach at universities in the area and serve as consultants to other districts on science and authentic assessment topics. In addition, our administrators serve on the executive boards of their local professional organizations.

Parents are actively involved in our schools; Parent Teacher Organizations take an active role in supporting instructional decisions and activities by communicating school goals and programs to parents and by fundraising to help finance field trips, assemblies, and the purchase of additional instructional, enrichment materials. In addition, parents serve on committees to consider new programs or initiatives for the district, to establish school goals, and to provide valuable input for technology decisions and the development of security procedures for the schools.

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

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

5.) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the General, Special Revenue and Debt Service Funds. Project-length budgets are approved for the capital improvements accounted for in the Capital Projects Fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

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

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

7.) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements". The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Government 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.

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

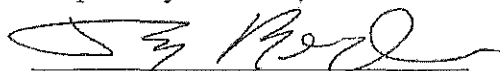
9.) OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci and Higgins, LLP, CPAs, was selected by the Board's finance committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of a single audit in accordance with New Jersey OMB Circular 15-08. The auditor's report on the basic financial statements and 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.

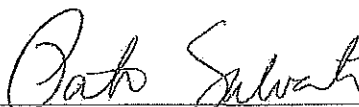
11.) ACKNOWLEDGMENTS:

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

Respectfully submitted,



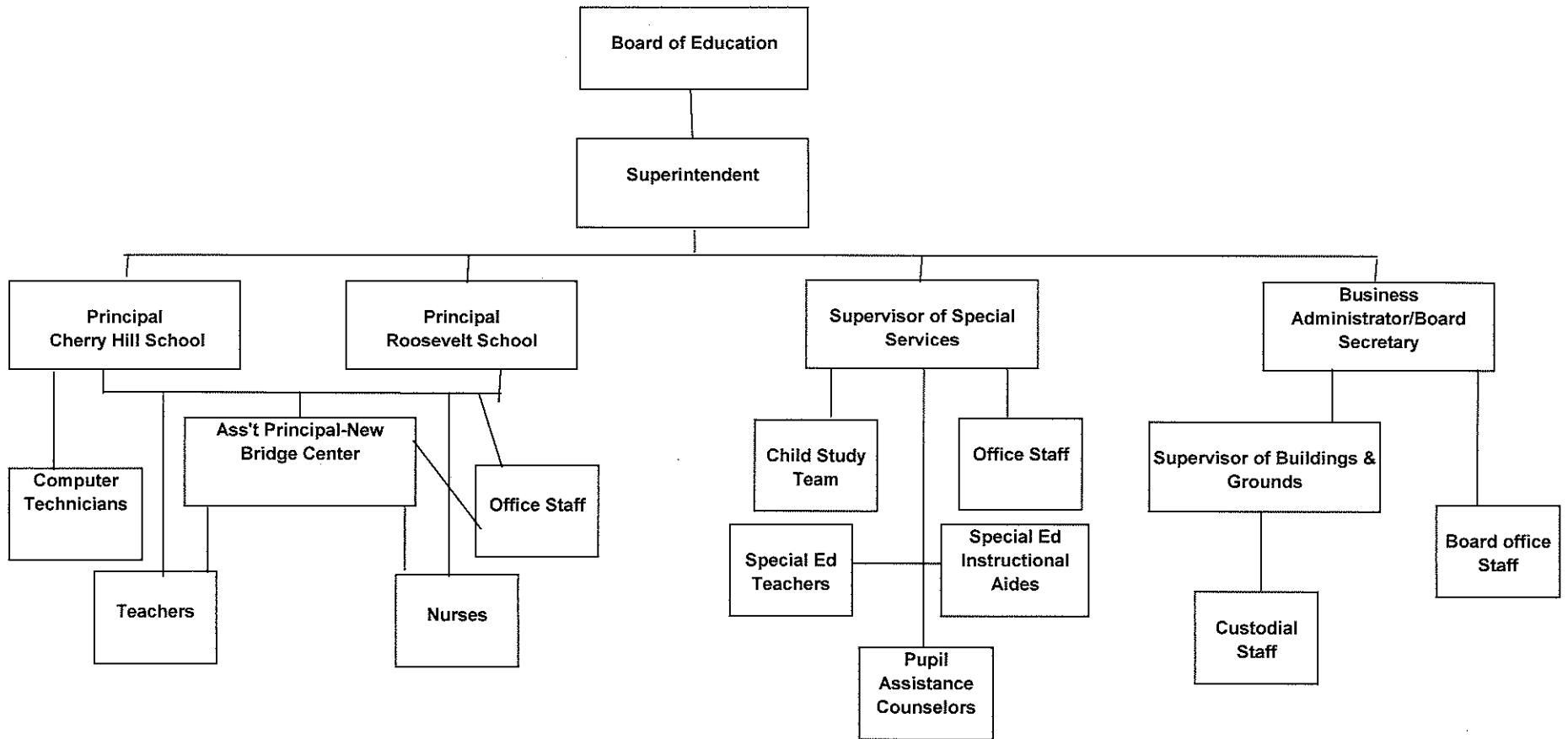
Dr. Tova Ben-Dov
Superintendent of Schools



Patricia Salvati
Board Secretary/Business Administrator

RIVER EDGE BOARD OF EDUCATION

ORGANIZATIONAL CHART



RIVER EDGE BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2016

<u>Members of the Board of Education</u>	<u>Term Expires January</u>
Paris Myers - President	2017
Gyuchang Sim – Vice President	2019
Sheli Dansky	2018
Cathy Danahy	2018
Michael Koth	2017
Anthony DiBella	2017
Colin Busteed	2019

Other Officials

Dr. Tova Ben-Dov - Superintendent

Patricia A. Salvati – Board Secretary/School Business Administrator

Antoinette Kelly – Treasurer

**RIVER EDGE BOARD OF EDUCATION
Consultants and Advisors**

Audit Firm

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

Attorney

Stephen Fogarty, Esq.
Fogarty & Hara
16-00 Route 208 S
Fair Lawn, NJ 07410

Official Depository

Capital One Bank
710 Route 46 East
Fairfield, NJ 07004

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

INDEPENDENT AUDITOR’S REPORT

Honorable President and Members
of the Board of Trustees
River Edge Board of Education
River Edge, 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 River Edge 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.

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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 River Edge 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 River Edge 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 River Edge Board of Education.

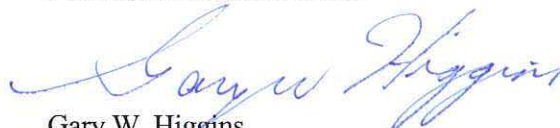
The combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 8, 2016 on our consideration of the River Edge 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 River Edge Board of Education's internal control over financial reporting and compliance.


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


Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
November 8, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

**RIVER EDGE BOARD OF EDUCATION
RIVER EDGE, NEW JERSEY**

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

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

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

Financial Highlights

Key financial highlights for 2016 is as follows:

- General revenues accounted for \$16,017,305 or 70 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$6,914,820 or 30 percent of total revenues of \$22,932,125.
- The School District had \$22,929,399 in expenses; only \$6,914,820 of these expenses are offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$16,017,305 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$18,044,513 in revenues and other financing sources and \$17,717,966 in expenditures. The General Fund's fund balance increased by \$326,547 from the fiscal year ended June 30, 2015.

**RIVER EDGE BOARD OF EDUCATION
RIVER EDGE, NEW JERSEY**

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

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document reports on all funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and ask the question, "How did we do financially during the fiscal year ended June 30, 2016?" The Statement of Net Position and the Statement of Activities answer that question. These statements include all assets, liabilities and deferred outflows/inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

**RIVER EDGE BOARD OF EDUCATION
RIVER EDGE, NEW JERSEY**

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

Reporting the School District as a Whole (Continued)

Statement of Net Position and the Statement of Activities (Continued)

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

- Governmental activities – All programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-Type activities – These services are provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service and Summer Enrichment enterprise funds are reported as business-type activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's funds. The District's governmental funds include the General, Special Revenue, Capital Projects and Debt Service Funds. The District's Enterprise Funds include the Food Service Fund and Summer Enrichment Program Fund.

Governmental Funds

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

Enterprise Funds

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

**RIVER EDGE BOARD OF EDUCATION
RIVER EDGE, NEW JERSEY**

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

The District as a Whole

The Statement of Net Position provides one perspective of the District as a whole.

Table 1 provides a summary of the District's net position as of June 30, 2016 and 2015.

Table 1
Net Position

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Assets						
Current and other assets	\$ 2,544,742	\$ 2,571,703	\$ 77,537	\$ 71,461	\$ 2,622,279	\$ 2,643,164
Capital assets, net	<u>20,149,229</u>	<u>20,842,466</u>	<u>-</u>	<u>-</u>	<u>20,149,229</u>	<u>20,842,466</u>
Total assets	<u>22,693,971</u>	<u>23,414,169</u>	<u>77,537</u>	<u>71,461</u>	<u>22,771,508</u>	<u>23,485,630</u>
Deferred Outflow of Resources						
Deferred Amount on Refunding of Debt	1,101,697	1,216,741			1,101,697	1,216,741
Deferred Amounts on Net Pension Liability	<u>1,621,658</u>	<u>565,380</u>	<u>-</u>	<u>-</u>	<u>1,621,658</u>	<u>565,380</u>
Total Deferred Outflow of Resources	<u>2,723,355</u>	<u>1,782,121</u>	<u>-</u>	<u>-</u>	<u>2,723,355</u>	<u>1,782,121</u>
Total Assets and Deferred Outflow of Resources	<u>25,417,326</u>	<u>25,196,290</u>	<u>77,537</u>	<u>71,461</u>	<u>25,494,863</u>	<u>25,267,751</u>
Liabilities						
Long-term liabilities	25,838,532	25,094,595			25,838,532	25,094,595
Other liabilities	<u>391,215</u>	<u>675,911</u>	<u>53,105</u>	<u>48,060</u>	<u>444,320</u>	<u>723,971</u>
Total liabilities	<u>26,229,747</u>	<u>25,770,506</u>	<u>53,105</u>	<u>48,060</u>	<u>26,282,852</u>	<u>25,818,566</u>
Deferred Inflow of Resources						
Deferred Amounts on Net Pension Liability	<u>124,745</u>	<u>364,645</u>	<u>-</u>	<u>-</u>	<u>124,745</u>	<u>364,645</u>
Total Deferred Inflow of Resources	<u>124,745</u>	<u>364,645</u>	<u>-</u>	<u>-</u>	<u>124,745</u>	<u>364,645</u>
Total Liabilities and Deferred Inflow of Resources	<u>26,354,492</u>	<u>26,135,151</u>	<u>53,105</u>	<u>48,060</u>	<u>26,407,597</u>	<u>26,183,211</u>
Net Position						
Net Investment in Capital Assets	\$ 3,171,066	\$ 3,085,602			\$ 3,171,066	\$ 3,085,602
Restricted	1,059,966	771,228			1,059,966	771,228
Unrestricted	<u>(5,168,198)</u>	<u>(4,795,691)</u>	<u>\$ 24,432</u>	<u>\$ 23,401</u>	<u>(5,143,766)</u>	<u>(4,772,290)</u>
Total net position	<u>\$ (937,166)</u>	<u>\$ (938,861)</u>	<u>\$ 24,432</u>	<u>\$ 23,401</u>	<u>\$ (912,734)</u>	<u>\$ (915,460)</u>

The District's combined net position were \$(912,734) and \$(915,460) as of June 30, 2016 and 2015, respectively.

**RIVER EDGE BOARD OF EDUCATION
RIVER EDGE, NEW JERSEY**

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

Table 2 shows changes in net position for fiscal years ended June 30, 2016 and 2015.

**Table 2
Changes in Net Position**

	<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	\$ 835,142	\$ 929,139	\$ 70,770	\$ 73,985	\$ 905,912	\$ 1,003,124
Operating grants and contributions	5,999,315	4,875,937			5,999,315	4,875,937
Capital grants and contributions	9,593	150,586			9,593	150,586
General revenues						
Property Taxes	15,509,911	15,039,097			15,509,911	15,039,097
Other revenues	507,275	490,877	119	120	507,394	490,997
Total revenues	<u>22,861,236</u>	<u>21,485,636</u>	<u>70,889</u>	<u>74,105</u>	<u>22,932,125</u>	<u>21,559,741</u>
Program Expenses						
Instruction	14,885,547	13,485,828			14,885,547	13,485,828
Support services						
Student and Instructional Related Services	2,681,295	2,529,563			2,681,295	2,529,563
General administration, school administration, business/central	2,376,463	2,218,692			2,376,463	2,218,692
Plant Operation and Maintenance	2,191,767	2,009,615			2,191,767	2,009,615
Pupil Transportation	99,234	84,448			99,234	84,448
Interest on debt	625,235	632,909			625,235	632,909
Food service and summer enrichment	-	-	69,858	62,177	69,858	62,177
Total expenses	<u>22,859,541</u>	<u>20,961,055</u>	<u>69,858</u>	<u>62,177</u>	<u>22,929,399</u>	<u>21,023,232</u>
Change in net position	1,695	524,581	1,031	11,928	2,726	536,509
Net Position Beginning of Year	<u>(938,861)</u>	<u>(1,463,442)</u>	<u>23,401</u>	<u>11,473</u>	<u>(915,460)</u>	<u>(1,451,969)</u>
Net Position End of Year	<u>\$ (937,166)</u>	<u>\$ (938,861)</u>	<u>\$ 24,432</u>	<u>\$ 23,401</u>	<u>\$ (912,734)</u>	<u>\$ (915,460)</u>

Governmental Activities

The unique nature of property taxes in New Jersey creates the legal requirement to annually seek voter approval for District operations. Property taxes made up 68 and 70 percent of revenues for governmental activities for the River Edge School District in fiscal years 2016 and 2015, respectively. The District's total revenues were \$22,861,236 and \$21,485,636 for the fiscal years ended June 30, 2016 and 2015, respectively. Federal, state, and local grants accounted for 27 and 23 percent of revenue for 2016 and 2015, respectively. The total cost of all programs and services was \$22,859,541 and \$20,961,055 for the fiscal years ended June 30, 2016 and 2015, respectively. Instruction comprises 65 and 64 percent of District expenses for the fiscal years ended June 30, 2016 and 2015, respectively.

**RIVER EDGE BOARD OF EDUCATION
RIVER EDGE, NEW JERSEY**

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

Business-Type Activities

Revenues for the District's business-type activities (Food Service Fund and Summer Enrichment Program Fund) were comprised of charges for services.

- Total business-type activities revenues exceeded expenses by \$1,031.
- Charges for services of \$70,770 represent 99 percent of revenue. This represents amounts paid for daily milk service and for summer enrichment program services.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3

Total Cost and Net Cost of Services

	Total Cost of Services		Net Cost of Services	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Instruction	\$ 14,885,547	\$ 13,485,828	\$ 8,873,146	\$ 8,306,953
Support services				
Student and Instructional Related Services	2,681,295	2,529,563	2,274,144	2,202,154
General administration, school administration, Business/Central	2,376,463	2,218,692	1,965,806	1,924,688
Plant Operation and Maintenance	2,191,767	2,009,615	2,182,174	1,859,029
Pupil Transportation	99,234	84,448	94,986	79,660
Interest and fiscal charges	<u>625,235</u>	<u>632,909</u>	<u>625,235</u>	<u>632,909</u>
 Total Expenses	 <u>\$ 22,859,541</u>	 <u>\$ 20,961,055</u>	 <u>\$ 16,015,491</u>	 <u>\$ 15,005,393</u>

**RIVER EDGE BOARD OF EDUCATION
RIVER EDGE, NEW JERSEY**

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

Governmental Activities (Continued)

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

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

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

Plant operation and maintenance involve keeping the school grounds, buildings, and equipment in an effective working condition.

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

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

The District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$20,413,065 and \$19,845,570 and expenditures were \$20,161,649 and \$19,556,864 during the fiscal years ended June 30, 2016 and 2015, respectively.

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

	<u>Year Ended June 30,</u>		Amount of Increase (Decrease)	Percent Increase (Decrease)
	<u>2016</u>	<u>2015</u>		
Local Sources	\$ 16,589,766	\$ 16,177,796	\$ 411,970	2.55%
State Sources	3,334,193	3,248,237	85,956	2.65%
Federal Sources	489,106	419,537	69,569	16.58%
Total Revenues	<u>\$ 20,413,065</u>	<u>\$ 19,845,570</u>	<u>\$ 567,495</u>	2.86%

**RIVER EDGE BOARD OF EDUCATION
RIVER EDGE, NEW JERSEY**

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

The District's Funds (Continued)

The following schedule represents a summary of governmental fund expenditures for the fiscal years ended June 30, 2016 and 2015.

	<u>Year Ended June 30,</u>		Amount of Increase <u>(Decrease)</u>	Percent Increase <u>(Decrease)</u>
	<u>2016</u>	<u>2015</u>		
Current:				
Instruction	\$ 12,540,498	\$ 11,961,363	\$ 579,135	4.84%
Undistributed Expenditures	6,186,671	5,798,290	388,381	6.70%
Capital Outlay	22,002	412,049	(390,047)	-94.66%
Debt Service:				
Principal	815,000	770,000	45,000	5.84%
Interest and Other Charges	<u>597,478</u>	<u>615,162</u>	<u>(17,684)</u>	-2.87%
 Total Expenditures	 <u>\$ 20,161,649</u>	 <u>\$ 19,556,864</u>	 <u>\$ 604,785</u>	 3.09%

General Fund Budgeting Highlights

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

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

**RIVER EDGE BOARD OF EDUCATION
RIVER EDGE, NEW JERSEY**

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

Capital Assets

At the end of fiscal years 2016 and 2015, the District had \$20,149,229 and \$20,842,466 (net of depreciation) in land, buildings, furniture, equipment and vehicles. Table 4 shows the capital assets balances, net of depreciation at June 30, 2016 and 2015.

Table 4
Capital Assets at June 30, 2016 and 2015

	Governmental <u>Activities</u>		Business-Type <u>Activities</u>		<u>Totals</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 28,106	\$ 28,106			\$ 28,106	\$ 28,106
Improvements Other Than Buildings	21,000	21,000			21,000	21,000
Buildings and Building Improvements	28,167,575	28,149,082			28,167,575	28,149,082
Machinery and Equipment	<u>433,540</u>	<u>430,031</u>	\$ 2,589	\$ 2,589	<u>436,129</u>	<u>432,620</u>
	28,650,221	28,628,219	2,589	2,589	28,652,810	28,630,808
Less Accumulated Depreciation	<u>(8,500,992)</u>	<u>(7,785,753)</u>	<u>(2,589)</u>	<u>(2,589)</u>	<u>(8,503,581)</u>	<u>(7,788,342)</u>
Capital Assets, Net	<u>\$ 20,149,229</u>	<u>\$ 20,842,466</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,149,229</u>	<u>\$ 20,842,466</u>

Additional information relating to the District's capital assets can be found in the notes to the financial statements.

Debt Administration

At June 30, 2016 and 2015, the District had \$25,838,532 and \$25,094,595 of outstanding long-term liabilities, respectively.

Table 5 shows an analysis of the outstanding liabilities.

	<u>2016</u>	<u>2015</u>
Bonds Payable (Including Unamortized Premium)	\$ 18,079,860	\$ 18,975,828
Net Pension Liability	<u>7,758,672</u>	<u>6,118,767</u>
	<u>\$ 25,838,532</u>	<u>\$ 25,094,595</u>

At June 30, 2016, the District's overall legal remaining debt margin was \$24,207,291.

Additional information pertaining to the District's long term debt can be found in the notes to the financial statements.

**RIVER EDGE BOARD OF EDUCATION
RIVER EDGE, NEW JERSEY**

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

For the Future

Currently, the District is in sound financial condition. Everyone associated with the River Edge School District is grateful for the community support of the schools. The District's major concerns are continued enrollment growth and the ability to maintain optimum class sizes and excellent services. This, in an environment of uncertain state aid support, means an ever-increasing reliance on local property taxes.

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

Contacting the District's Financial Management

If you have questions about this report or need additional information, contact the School Business Administrator at the River Edge Board of Education, 410 Bogert Road, River Edge, NJ 07661.

FINANCIAL STATEMENTS

**RIVER EDGE 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	\$ 2,197,071	\$ 77,537	\$ 2,274,608
Receivables, net			
Receivables from Other Governments	189,854		189,854
Other	11,319		11,319
Due From Other Funds	146,498		146,498
Capital Assets, net			
Not Being Depreciated	28,106		28,106
Being Depreciated	<u>20,121,123</u>	<u>-</u>	<u>20,121,123</u>
Total Assets	<u>22,693,971</u>	<u>77,537</u>	<u>22,771,508</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred Amount on Refunding of Debt	1,101,697		1,101,697
Deferred Amounts on Net Pension Liability	<u>1,621,658</u>	<u>-</u>	<u>1,621,658</u>
Total Deferred Outflow of Resources	<u>2,723,355</u>	<u>-</u>	<u>2,723,355</u>
Total Assets and Deferred Outflows of Resources	<u>25,417,326</u>	<u>77,537</u>	<u>25,494,863</u>
LIABILITIES			
Accounts Payable and Accrued Salaries	127,435		127,435
Payable to State Government	74,625		74,625
Accrued Interest Payable	166,168		166,168
Unearned Revenue	22,987	53,105	76,092
Noncurrent Liabilities			
Due within one year	840,000		840,000
Due beyond one year	<u>24,998,532</u>	<u>-</u>	<u>24,998,532</u>
Total Liabilities	<u>26,229,747</u>	<u>53,105</u>	<u>26,282,852</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>124,745</u>	<u>-</u>	<u>124,745</u>
Total Deferred Inflows of Resources	<u>124,745</u>	<u>-</u>	<u>124,745</u>
Total Liabilities and Deferred Inflows of Resources	<u>26,354,492</u>	<u>53,105</u>	<u>26,407,597</u>
NET POSITION			
Net Investment in Capital Assets	3,171,066		3,171,066
Restricted for			
Capital Projects	893,666		893,666
Other Purposes	166,300		166,300
Unrestricted	<u>(5,168,198)</u>	<u>24,432</u>	<u>(5,143,766)</u>
Total Net Position	<u>\$ (937,166)</u>	<u>\$ 24,432</u>	<u>\$ (912,734)</u>

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

**RIVER EDGE BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Net (Expense) Revenue and
Changes in Net Position**

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	\$ 9,430,279		\$ 3,117,625		\$ (6,312,654)		\$ (6,312,654)
Special Education	4,062,713	\$ 835,142	1,287,712		(1,939,859)		(1,939,859)
Other Instruction	1,392,555		771,922		(620,633)		(620,633)
Support Services							
Student and Instruction Related Services	2,681,295		407,151		(2,274,144)		(2,274,144)
General Administration Services	608,418				(608,418)		(608,418)
School Administration Services	1,156,852		203,769		(953,083)		(953,083)
Business/Central Services	611,193		206,888		(404,305)		(404,305)
Plant Operations and Maintenance	2,191,767			\$ 9,593	(2,182,174)		(2,182,174)
Pupil Transportation	99,234		4,248		(94,986)		(94,986)
Interest and Other Charges on Debt	625,235	-	-	-	(625,235)	-	(625,235)
Total Governmental Activities	<u>22,859,541</u>	<u>835,142</u>	<u>5,999,315</u>	<u>9,593</u>	<u>(16,015,491)</u>	<u>-</u>	<u>(16,015,491)</u>
Business-Type Activities							
Food Service	19,509	20,240				\$ 731	731
Summer Enrichment Program	50,349	50,530	-	-	-	181	181
Total Business-Type Activities	<u>69,858</u>	<u>70,770</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>912</u>	<u>912</u>
Total Primary Government	<u>\$ 22,929,399</u>	<u>\$ 905,912</u>	<u>\$ 5,999,315</u>	<u>\$ 9,593</u>	<u>(16,015,491)</u>	<u>912</u>	<u>(16,014,579)</u>
General Revenues							
Property Taxes, levied for General Purposes					14,308,961		14,308,961
Property Taxes, levied for Debt Service					1,200,950		1,200,950
State Aid - Unrestricted					274,243		274,243
Investment Earnings					4,595	119	4,714
Miscellaneous Income					228,437	-	228,437
Total General Revenues					<u>16,017,186</u>	<u>119</u>	<u>16,017,305</u>
Change in Net Position					1,695	1,031	2,726
Net Position, Beginning of Year					<u>(938,861)</u>	<u>23,401</u>	<u>(915,460)</u>
Net Position, End of Year					<u>\$ (937,166)</u>	<u>\$ 24,432</u>	<u>\$ (912,734)</u>

FUND FINANCIAL STATEMENTS

**RIVER EDGE 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	\$ 2,190,771			\$ 6,300	\$ 2,197,071
Receivables, Net					
Due from Other Funds	213,823				213,823
Receivables from Other Governments	29,417	\$ 160,437			189,854
Other Receivables	11,319	-	\$ -	-	11,319
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 2,445,330</u>	<u>\$ 160,437</u>	<u>\$ -</u>	<u>\$ 6,300</u>	<u>\$ 2,612,067</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable and Accrued Salaries	\$ 127,435				\$ 127,435
Due to Other Funds		\$ 67,325			67,325
Payable to State Government		74,625			74,625
Unearned Revenue	4,500	18,487	-	-	22,987
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>131,935</u>	<u>160,437</u>	<u>-</u>	<u>-</u>	<u>292,372</u>
Fund Balances					
Restricted:					
Capital Reserve	693,666				693,666
Capital Reserve - Designated for Subsequent Year's Expenditures	200,000				200,000
Maintenance Reserve	110,000				110,000
Tuition Adjustments - Designated for Subsequent Year's Expenditures	50,000				50,000
Excess Surplus - Designated for Subsequent Year's Expenditures	500,000				500,000
Excess Surplus	575,000				575,000
Debt Service Fund				\$ 6,300	6,300
Assigned:					
Year-end Encumbrances	42,540				42,540
Unassigned					
General Fund	142,189	-	-	-	142,189
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>2,313,395</u>	<u>-</u>	<u>-</u>	<u>6,300</u>	<u>2,319,695</u>
Total Liabilities and Fund Balances	<u>\$ 2,445,330</u>	<u>\$ 160,437</u>	<u>\$ -</u>	<u>\$ 6,300</u>	

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

Total Fund Balances (Exhibit B-1) \$ 2,319,695

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$28,650,221 and the accumulated depreciation is \$8,500,992. 20,149,229

The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is: (166,168)

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. 1,101,697

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

Deferred Outflows of Resources	\$ 1,621,658	
Deferred Inflows of Resources	(124,745)	
		1,496,913

Long-term liabilities, including bonds payable, compensated absences and net pension liability are not due and payable in the current period and therefore are not reported as liabilities in the funds. These items are as follows:

Bonds Payable	(17,265,000)	
Add: Unamortized Premium	(814,860)	
Net Pension Liability	(7,758,672)	
		(25,838,532)

Net Position of Governmental Activities (Exhibit A-1) \$ (937,166)

**RIVER EDGE 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 Taxes	\$ 14,308,961			\$ 1,200,950	\$ 15,509,911
Tuition	835,142				835,142
Interest	4,595				4,595
Miscellaneous	228,437	\$ 11,681	-	-	240,118
Total - Local Sources	<u>15,377,135</u>	<u>11,681</u>	<u>-</u>	<u>1,200,950</u>	<u>16,589,766</u>
State Sources	2,582,654	530,418	\$ 9,593	211,528	3,334,193
Federal Sources	-	489,106	-	-	489,106
Total Revenues	<u>17,959,789</u>	<u>1,031,205</u>	<u>9,593</u>	<u>1,412,478</u>	<u>20,413,065</u>
EXPENDITURES					
Current					
Regular Instruction	7,678,560	9,930			7,688,490
Special Education Instruction	3,466,985	182,079			3,649,064
Other Instruction	770,899	432,045			1,202,944
Support Services and Undistributed Costs					
Student and Instruction Related Services	2,158,975	407,151			2,566,126
General Administration Services	585,023				585,023
School Administration Services	1,010,852				1,010,852
Business/Central Services	495,774				495,774
Plant Operations and Maintenance	1,438,780				1,438,780
Pupil Transportation	90,116				90,116
Debt Service					
Principal				815,000	815,000
Interest				597,478	597,478
Capital Outlay	22,002	-	-	-	22,002
Total Expenditures	<u>17,717,966</u>	<u>1,031,205</u>	<u>-</u>	<u>1,412,478</u>	<u>20,161,649</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>241,823</u>	<u>-</u>	<u>9,593</u>	<u>-</u>	<u>251,416</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	84,724			2,223	86,947
Transfers Out	-	-	(86,947)	-	(86,947)
Total Other Financing Sources (Uses)	<u>84,724</u>	<u>-</u>	<u>(86,947)</u>	<u>2,223</u>	<u>-</u>
Net Change in Fund Balances	326,547	-	(77,354)	2,223	251,416
Fund Balance, Beginning of Year	1,986,848	-	77,354	4,077	2,068,279
Fund Balance, End of Year	<u>\$ 2,313,395</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,300</u>	<u>\$ 2,319,695</u>

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

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

Total net change in fund balances - governmental funds (Exhibit B-2) \$ 251,416

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 depreciation expense exceeds capital outlays in the current period.

Capital Outlays	\$ 22,002	
Depreciation Expense	<u>(715,239)</u>	
		(693,237)

Donations of capital assets increase net position in the statement of activities, however they have no affect in the government funds because they are not financial resources.

The Issuance of Long Term Debt (e.g. bonds, leases) provides current financial resources to governmental funds while the repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities.

Principal Repayments Bonds Payable		815,000
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Governmental Funds report the effect of issuance costs, premiums and deferred amounts on refundings pertaining to bonds issued when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Amortization of Premium	80,968	
Amortization of Deferred Amount on Refunding of Debt	<u>(115,044)</u>	
		(34,076)

In the statement of activities, certain operating expenses - pension expense is measured by the amounts accrued during the year. In the governmental funds, however, expenditures for this item is measured by the amount of financial resources used (paid):

Increase in Pension Expense		(343,727)
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Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

Decrease in accrued interest		<u>6,319</u>
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Change in net position of governmental activities (Exhibit A-2) \$ 1,695

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

	Non-Major Enterprise Funds <u>Totals</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ <u>77,537</u>
Total Current Assets	<u>77,537</u>
Capital Assets	
Machinery and Equipment	2,589
Less: Accumulated Depreciation	<u>(2,589)</u>
Total Capital Assets	<u>-</u>
Total Assets	<u>77,537</u>
LIABILITIES	
Unearned Revenue	<u>53,105</u>
Total Liabilities	<u>53,105</u>
NET POSITION	
Unrestricted	<u>24,432</u>
Total Net Position	<u>\$ 24,432</u>

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

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

	Non-Major Enterprise Funds <u>Totals</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales/Program Fees	\$ 70,770
Total Operating Revenues	70,770
OPERATING EXPENSES	
Salaries and Wages	46,801
Cost of Sales	19,509
Miscellaneous	3,548
Total Operating Expenses	69,858
Operating Income	912
NON-OPERATING REVENUES	
Interest Earned on Investments	119
Total Non-Operating Revenues	119
Change in Net Position	1,031
Net Position Beginning of Year	23,401
Net Position End of Year	\$ 24,432

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

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

	Non-Major Enterprise Funds <u>Totals</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 75,815
Cash Payments for Employees Salaries and Benefits	(46,801)
Cash Payments to Suppliers for Goods and Services	<u>(23,057)</u>
Net Cash Provided by Operating Activities	<u>5,957</u>
Cash Flows from Investing Activities	
Interest on Deposits	<u>119</u>
Net Cash Provided by Investing Activities	<u>119</u>
Net Increase in Cash and Cash Equivalents	6,076
Cash and Cash Equivalents, Beginning of Year	<u>71,461</u>
Cash and Cash Equivalents, End of Year	<u>\$ 77,537</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	<u>\$ 912</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Change in Assets and Liabilities	
Increase in Unearned Revenue	<u>5,045</u>
Total Adjustments	<u>5,045</u>
Net Cash Provided by Operating Activities	<u>\$ 5,957</u>

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

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

	<u>Private Purpose Trust Fund</u>	<u>Unemployment Compensation Trust Fund</u>	<u>Trust and Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 119,868	\$ 199,753	\$ 20,278
Intergovernmental Receivable - Other Governments	1,140,935		-
Other Accounts Receivable	<u>1,945</u>	<u>-</u>	<u>-</u>
Total Assets	<u>1,262,748</u>	<u>199,753</u>	<u>\$ 20,278</u>
LIABILITIES			
Payroll Deductions and Withholdings			\$ 4,274
Accrued Salaries and Wages			6,518
Due to Student Groups			9,486
Other Current Liabilities	852,507	4,661	
Due to Other Funds	<u>146,498</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>999,005</u>	<u>4,661</u>	<u>\$ 20,278</u>
NET POSITION			
Held in Trust for:			
Other Purposes	<u>\$ 263,743</u>		
Unemployment Claims		<u>\$ 195,092</u>	

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

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

	<u>Private Purpose Trust Fund</u>	<u>Unemployment Compensation Trust Fund</u>
ADDITIONS		
Contributions		
Employees		\$ 34,203
District		30,000
Other Governments	\$ 9,290,911	
Investment Earnings		578
Other	<u>16,574</u>	<u>-</u>
Total Additions	<u>9,307,485</u>	<u>64,781</u>
DEDUCTIONS		
Transportation and Special Education	9,273,628	
Unemployment Claims and Contributions		35,213
Miscellaneous	<u>16,843</u>	<u>-</u>
Total Deductions	<u>9,290,471</u>	<u>35,213</u>
Change in Net Position	17,014	29,568
Net Position Beginning of Year	<u>246,729</u>	<u>165,524</u>
Net Position End of Year	<u>\$ 263,743</u>	<u>\$ 195,092</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**RIVER EDGE 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 River Edge 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 seven 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 River Edge Board of Education this includes general operations, food service, summer enrichment and student related activities of the District.

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

B. New Accounting Standards

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

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

C. Basis of Presentation - Financial Statements

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

**RIVER EDGE 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 funds to be major funds and all of its enterprise funds to be nonmajor 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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

The District reports the following non-major proprietary funds which are 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.

The *summer enrichment program fund* accounts for the activities of the District's summer enrichment program.

Additionally, the government reports the following fund types:

The *fiduciary trust fund* is used to account for resources legally held in trust for the state unemployment insurance claims, Region V, 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.

The River Edge Board of Education serves as the sponsoring LEA for all business conducted by the Region V. The Region is comprised of certain member school districts within the County of Bergen which was established to provide for the transportation and instruction of special education students. The Region consists of a Superintendent's Advisory Council (SAC) which is comprised of the chief school administrators of the participating Boards of Education. The affairs of the Region are managed and governed by the SAC. The SAC approves the bylaws of the organization and appoints a Director to implement them. The Director of the Region is employed by the sponsoring local education agency (LEA) and is directly responsible to the SAC. The SAC is responsible to formulate policies and administrative guides for handicapped students in the Region, establishing a budget and coordinating the transportation and instruction related services provided by the Region.

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.

**RIVER EDGE 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)

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.

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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. *Capital Assets*

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

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

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District, 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>
Buildings and Building Improvements	20-45
Improvements Other than Buildings	20
Machinery and Equipment	5-20

5. *Deferred Outflows/Inflows of Resources*

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. Deferred Outflows/Inflows of Resources (Continued)

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

6. Compensated Absences

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused sick leave benefits. Payments to employees based upon resignations and retirements are restricted to amounts available and established per contract and the current annual budget appropriation.

7. Pensions

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

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

8. Long-Term Obligations

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Losses resulting from debt refundings are classified 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 including the unamortized portion of the original issue bond premium.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

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

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

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 2).

Tuition Adjustment – Designated for Subsequent Year's Expenditures – This restriction was created in accordance with NJAC 6A:23A-17.1(F)8 to represent foreseeable future tuition adjustments for the 2014/2015 contract year that is appropriated in the 2016/2017 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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

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.

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.

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.

**RIVER EDGE 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 and summer enrichment enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On February 1, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2015/2016. Also, during 2015/2016 the Board increased the original budget by \$392,791. The increase was funded by additional fund balance appropriated, grant awards and the reappropriation of prior year general fund encumbrances.

**RIVER EDGE 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)

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.

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

Balance, July 1, 2015		\$ 582,020
Increased by:		
Deposits of Unexpended Capital Projects Local Share	\$ 84,724	
Deposits Approved by Board Resolution	<u>226,922</u>	
Total Increases		<u>311,646</u>
Balance, June 30, 2016		<u>\$ 893,666</u>

The District has anticipated \$200,000 of the capital reserve balance in the 2016/17 adopted budget.

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Maintenance Reserve

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		\$ 60,000
Increased by:		
Deposits Approved by Board Resolution	\$ 50,000	
Total Increases		<u>50,000</u>
Balance, June 30, 2016		<u>\$ 110,000</u>

The June 30, 2016 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$946,202.

D. Transfers to Capital Outlay

During the 2015/2016 school year, the district transferred \$14,350 to the non-equipment capital outlay accounts. The transfer was made from the capital reserve account to fund a capital project in the district's approved Long Range Facilities Plan (LRFP).

E. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2016 is \$1,075,000. Of this amount, \$500,000 was designated and appropriated in the 2016/2017 original budget certified for taxes and the remaining amount of \$575,000 will be appropriated in the 2017/2018 original budget certified for taxes.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2016, the book value of the Board's deposits were \$2,614,507 and bank and brokerage firm balances of the Board's deposits amounted to \$3,923,432. 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>3,923,432</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2016 the Board had no bank balances exposed to custodial credit risk.

Investments

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

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

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

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.

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

**RIVER EDGE 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 and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Private Purpose Trust</u>	<u>Total</u>
Receivables:				
Intergovernmental				
Federal		\$ 160,437		\$ 160,437
State	\$ 29,417			29,417
Other			\$ 1,140,935	1,140,935
Other	<u>11,319</u>	<u>-</u>	<u>-</u>	<u>11,319</u>
Gross Receivables	40,736	160,437	1,140,935	1,342,108
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 40,736</u>	<u>\$ 160,437</u>	<u>\$ 1,140,935</u>	<u>\$ 1,342,108</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:

General Fund	
Tuition Charges Prepaid	\$ 4,500
Special Revenue	
Unencumbered Grant Draw Downs	<u>18,487</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 22,987</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

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

	<u>Balance, July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2016</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 28,106	-	-	\$ 28,106
Total capital assets, not being depreciated	<u>28,106</u>	<u>-</u>	<u>-</u>	<u>28,106</u>
Capital assets, being depreciated:				
Improvements other than buildings	21,000			21,000
Buildings and Building Improvements	28,149,082	\$ 18,493		28,167,575
Machinery and equipment	430,031	3,509	-	433,540
Total capital assets being depreciated	<u>28,600,113</u>	<u>22,002</u>	<u>-</u>	<u>28,622,115</u>
Less accumulated depreciation for:				
Improvements other than buildings	(21,000)			(21,000)
Buildings and building improvements	(7,432,872)	(700,280)		(8,133,152)
Machinery and equipment	(331,881)	(14,959)	-	(346,840)
Total accumulated depreciation	<u>(7,785,753)</u>	<u>(715,239)</u>	<u>-</u>	<u>(8,500,992)</u>
Total capital assets, being depreciated, net	<u>20,814,360</u>	<u>(693,237)</u>	<u>-</u>	<u>20,121,123</u>
Governmental activities capital assets, net	<u>\$ 20,842,466</u>	<u>\$ (693,237)</u>	<u>\$ -</u>	<u>\$ 20,149,229</u>

**RIVER EDGE 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)

	<u>Balance</u> <u>July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2016</u>
Business-type Activities:				
Capital assets, being depreciated:				
Machinery and equipment	\$ 2,589	-	-	\$ 2,589
Total capital assets being depreciated	<u>2,589</u>	<u>-</u>	<u>-</u>	<u>2,589</u>
Less accumulated depreciation for:				
Machinery and equipment	(2,589)	-	-	(2,589)
Total accumulated depreciation	<u>(2,589)</u>	<u>-</u>	<u>-</u>	<u>(2,589)</u>
Total capital assets, being depreciated, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-type activities capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Governmental activities:

Support Services		
Student and Instruction Related Services		\$ 1,516
School Administration Services		2,120
Plant Operations and Maintenance		706,086
Pupil Transportation		5,517
Total Support Services		<u>715,239</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 715,239</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

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

Due to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 67,325
General Fund	Private Purpose Trust Fund	<u>146,498</u>
		<u>\$ 213,823</u>

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

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

Interfund transfers

	<u>Transfer In:</u>		
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Transfer Out:			
Capital Projects Fund	\$ 84,724	\$ 2,223	\$ 86,947
Total transfers Out	<u>\$ 84,724</u>	<u>\$ 2,223</u>	<u>\$ 86,947</u>

The above transfers are the result of transferring unexpended completed capital projects funded by the capital reserve and/or bond proceeds.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt

General Obligation Bonds

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

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

\$8,855,000, 2006 Bonds, due in an annual installment of \$190,000 on October 15, 2016, interest at 4.125%	\$ 190,000
\$2,820,000, 2012 Refunding Bonds, due in annual installments of \$275,000 to \$295,000 through December 1, 2021, interest 2.500% to 4.000%	1,700,000
\$8,515,000, 2013 Refunding Bonds, due in annual installments of \$340,000 to \$635,000 through February 1, 2031, interest at 3.000 % to 4.000%	8,065,000
\$7,325,000, 2014 Refunding Bonds, due in annual installments of \$15,000 to \$905,000 through October 15, 2031, interest at 2.000 % to 4.500%	<u>7,310,000</u>
	<u>\$ 17,265,000</u>

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

Governmental Activities:

Fiscal Year Ending June 30,	<u>Bonds Payable</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2017	\$ 840,000	\$ 572,381	\$ 1,412,381
2018	865,000	544,313	1,409,313
2019	900,000	512,800	1,412,800
2020	940,000	476,700	1,416,700
2021	975,000	444,425	1,419,425
2022-2026	5,405,000	1,715,537	7,120,537
2027-2031	6,435,000	744,925	7,179,925
2032	<u>905,000</u>	<u>15,838</u>	<u>920,838</u>
Total	<u>\$ 17,265,000</u>	<u>\$ 5,026,919</u>	<u>\$ 22,291,919</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

Statutory Borrowing Power

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

2.5% of Equalized Valuation Basis (Municipal)	\$ 41,472,291
Less: Net Debt	<u>17,265,000</u>
Remaining Borrowing Power	<u>\$ 24,207,291</u>

Prior-Year Defeasance of Debt

In prior years, the District defeased certain serial bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. On June 30, 2016, \$7,210,000 of bonds outstanding are considered defeased. These bonds will be called for redemption on October 15, 2016.

G. Other Long-Term Liabilities

Changes in Long-Term Liabilities

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

	Balance, July 1, 2015	<u>Additions</u>	<u>Reductions</u>	Balance, June 30, 2016	Due Within One Year
Governmental activities:					
Bonds payable	\$ 18,080,000		\$ 815,000	\$ 17,265,000	\$ 840,000
Add: Unamortized Premium	<u>895,828</u>	-	<u>80,968</u>	<u>814,860</u>	-
Net Bonds Payable	<u>18,975,828</u>	-	<u>895,968</u>	<u>18,079,860</u>	<u>840,000</u>
Net Pension Liability	<u>6,118,767</u>	<u>1,900,532</u>	<u>260,627</u>	<u>7,758,672</u>	-
Governmental activity Long-term liabilities	<u>\$ 25,094,595</u>	<u>\$ 1,900,532</u>	<u>\$ 1,156,595</u>	<u>\$ 25,838,532</u>	<u>\$ 840,000</u>

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

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

NOTE 4 OTHER INFORMATION

A. Risk Management

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

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

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

NESBIG provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the insurance fund 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 <u>June 30,</u>	District <u>Contributions</u>	Employee <u>Contributions</u>	Amount <u>Reimbursed</u>	Ending <u>Balance</u>
2016	\$ 30,000	\$ 34,203	\$ 35,213	\$ 195,092
2015		33,303	29,588	165,524
2014		32,445	26,895	161,245

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

NOTE 4 OTHER INFORMATION (Continued)

B. Contingent Liabilities

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

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

C. Federal Arbitrage Regulations

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

D. Employee Retirement Systems and Pension Plans

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

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

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Other Pension Funds

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

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

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

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

Basis of Accounting

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

Investment Valuation

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress

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

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

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

Actuarial Methods and Assumptions

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

Employer and Employee Pension Contributions

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

Annual Pension Costs (APC)

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC) (Continued)

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

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2016	\$ 260,627	\$ 629,178	\$ 12,853
2015	269,417	431,108	7,941
2014	228,837	303,103	11,060

For fiscal years 2015/2016 and 2014/2015, the state contributed \$629,178 and \$431,108, 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 \$303,103 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 \$561,810 during the fiscal year ended June 30, 2016 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

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

Public Employees Retirement System (PERS)

At June 30, 2016, the District reported in the statement of net position (accrual basis) a liability of \$7,758,672 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 .03456 percent, which was an increase of .00188 percent from its proportionate share measured as of June 30, 2014 of .03268 percent.

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$604,354 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	\$ 185,095	
Changes of Assumptions	833,219	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 124,745
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>603,344</u>	<u>-</u>
Total	<u>\$ 1,621,658</u>	<u>\$ 124,745</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	\$ 295,760
2018	295,760
2019	295,760
2020	386,921
2021	<u>222,712</u>
	<u>\$ 1,496,913</u>

**RIVER EDGE 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.

**RIVER EDGE 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%

**RIVER EDGE 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 \$3,077,349 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 \$50,399,597. 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 .07974 percent, which was an increase of .00809 percent from its proportionate share measured as of June 30, 2014 of .07165 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.

**RIVER EDGE 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%

**RIVER EDGE 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 (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 59,898,037</u>	<u>\$ 50,399,597</u>	<u>\$ 42,216,122</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.

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

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 report 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.

**RIVER EDGE 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.

**RIVER EDGE 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 \$749,177, \$684,383 and \$496,975, 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

**RIVER EDGE BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
REVENUES					
Local Sources					
Local Tax Levy	\$ 14,308,961		\$ 14,308,961	\$ 14,308,961	-
Tuition	683,813		683,813	835,142	\$ 151,329
Interest	5,000		5,000	4,595	(405)
Interest - Capital Reserve Fund	600		600		(600)
Miscellaneous	142,759	-	142,759	228,437	85,678
Total Local Sources	15,141,133	-	15,141,133	15,377,135	236,002
State Sources					
Categorical Special Education Aid	404,603		404,603	404,603	
Categorical Security Aid	17,489		17,489	17,489	
Categorical Transportation Aid	2,540		2,540	2,540	
Under Adequacy Aid	23,482		23,482	23,482	
PARCC Readiness	11,260		11,260	11,260	
Per Pupil Growth	11,260		11,260	11,260	
Extraordinary Aid	130,000		130,000	272,445	142,445
Non Public Transportation Aid Reimbursement				1,740	1,740
On-behalf TPAF Pension System Payments					
Normal Cost (Non-Budget)				599,324	599,324
On-behalf TPAF Pension System Payments					
NCGI Premium (Non-Budget)				29,854	29,854
On-behalf TPAF Post-Retirement Medical					
(Non-Budget)				749,177	749,177
On-behalf TPAF Social Security Payments					
(Non-Budget)	-	-	-	561,810	561,810
Total State Sources	600,634	-	600,634	2,684,984	2,084,350
Total Revenues	15,741,767	-	15,741,767	18,062,119	2,320,352
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	60,271	\$ 51	60,322	60,185	137
Kindergarten	564,011	(34,200)	529,811	516,759	13,052
Grades 1-5	3,455,853	(155,061)	3,300,792	3,300,792	-
Grades 6-8	726,385	(2,715)	723,670	718,238	5,432
Regular Program - Home Instruction					
Salaries of Teachers	2,000	-	2,000		2,000
Other Salaries for Instruction	42,525	-	42,525	39,723	2,802
Purchased Professional - Educational Services	39,780	(34,713)	5,067	1,929	3,138
Purchased Technical Services	5,000	(3,500)	1,500		1,500
General Supplies	2,500	1,500	4,000	1,431	2,569
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	32,712	39,297	72,009	64,586	7,423
Other Purchased Services	134,100	36,792	170,892	170,380	512
General Supplies	146,153	85,188	231,341	222,821	8,520
Textbooks	48,555	16,899	65,454	62,889	2,565
Other Objects	104,100	6,060	110,160	103,505	6,655
Total Regular Programs	5,363,945	(44,402)	5,319,543	5,263,238	56,305

**RIVER EDGE BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education					
Multiple Disabilities					
Salaries of Teachers	\$ 268,540		\$ 268,540	\$ 267,062	\$ 1,478
Other Salaries for Instruction	1,080,909	\$ 68,764	1,149,673	1,121,036	28,637
Purchased Technical Services	51,000	7,320	58,320	53,410	4,910
General Supplies	9,300	7,000	16,300	16,127	173
Other Objects	3,000	1,000	4,000	3,075	925
Total Multiple Disabilities	1,412,749	84,084	1,496,833	1,460,710	36,123
Resource Room/Resource Center					
Salaries of Teachers	451,528	-	451,528	442,415	9,113
General Supplies	6,200	-	6,200	5,284	916
Textbooks	-	3,661	3,661	1,312	2,349
Total Resource Room/Resource Center	457,728	3,661	461,389	449,011	12,378
Autism					
Salaries of Teachers	70,744	4,951	75,695	73,467	2,228
Other Salaries for Instruction	399,430	16,237	415,667	404,069	11,598
Purchased Professional - Educational Services	5,000	(1,000)	4,000	205	3,795
General Supplies	3,100	1,000	4,100	3,573	527
Other Objects	500	-	500	-	500
Total Autism	478,774	21,188	499,962	481,314	18,648
Home Instruction					
Salaries of Teachers	-	2,000	2,000	1,033	967
Total Home Instruction	-	2,000	2,000	1,033	967
Total Special Education	2,349,251	110,933	2,460,184	2,392,068	68,116
Basic Skills/Remedial					
Salaries of Teachers	340,358	3,845	344,203	343,927	276
General Supplies	6,211	-	6,211	3,985	2,226
Total Basic Skills/Remedial	346,569	3,845	350,414	347,912	2,502
Bilingual Education					
Salaries of Teachers	163,002	(2,951)	160,051	158,718	1,333
General Supplies	1,817	2,951	4,768	4,768	-
Total Bilingual Education	164,819	-	164,819	163,486	1,333
Total Instruction	8,224,584	70,376	8,294,960	8,166,704	128,256
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State-Special		22,305	22,305	22,305	-
Tuition to County S.S. Districts and Reg. Day - W.I. State	71,460	(17,406)	54,054	40,240	13,814
Tuition to Priv. Sch. For the Disables - W.I. State	2,965	(2,965)			-
Tuition to Priv. Sch. For the Disables & Oth LEAs - Spl, O/S St		85,000	85,000	85,000	-
Tuition - Other	25,000	(25,000)	-	-	-
Total Undistributed Expenditures - Instruction	99,425	61,934	161,359	147,545	13,814

**RIVER EDGE BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Attendance and Social Work Services					
Salaries	\$ 500		\$ 500	\$ 500	
Purchased Professional and Technical Services	10,500	\$ 3,200	13,700	13,033	\$ 667
Other Purchased Services	3,200	(3,200)	-	-	-
Total Attendance and Social Work Services	<u>14,200</u>	<u>-</u>	<u>14,200</u>	<u>13,533</u>	<u>667</u>
Health Services					
Salaries	237,539	6,321	243,860	243,812	48
Supplies and Materials	5,036	-	5,036	3,827	1,209
Total Health Services	<u>242,575</u>	<u>6,321</u>	<u>248,896</u>	<u>247,639</u>	<u>1,257</u>
Speech, OT, PT & Related Services					
Salaries	135,016	26,000	161,016	119,428	41,588
Purchased Professional - Educational Services	34,000	(7,500)	26,500	16,218	10,282
Supplies and Materials	3,650	-	3,650	3,095	555
Other Objects	15,000	2,000	17,000	16,050	950
Total Other Support Serv. Students - Related Services	<u>187,666</u>	<u>20,500</u>	<u>208,166</u>	<u>154,791</u>	<u>53,375</u>
Other Support Services-Extra Services					
Other Salaries for Instruction	225,788	8,000	233,788	231,247	2,541
Total Other Support Services - Students - Extra Services	<u>225,788</u>	<u>8,000</u>	<u>233,788</u>	<u>231,247</u>	<u>2,541</u>
Other Support Services-Students-Guidance					
Salaries of Other Professional Staff	139,369	5,936	145,305	144,589	716
Other Salaries	4,000	2,375	6,375	6,375	-
Supplies and Materials	1,250	3,650	4,900	2,315	2,585
Total Other Support Services - Students - Guidance	<u>144,619</u>	<u>11,961</u>	<u>156,580</u>	<u>153,279</u>	<u>3,301</u>
Other Support Services-Students-Child Study Team					
Salaries of Other Professional Staff	395,693	5,366	401,059	401,059	-
Salaries of Secretarial and Clerical Assistants	45,543	6,007	51,550	51,545	5
Purchased Professional - Educational Services	18,000	-	18,000	17,497	503
Supplies and Materials	22,500	(2,550)	19,950	14,350	5,600
Other Objects	1,000	220	1,220	540	680
Total Other Support Services - Students - Child Study Team	<u>482,736</u>	<u>9,043</u>	<u>491,779</u>	<u>484,991</u>	<u>6,788</u>
Improvement of Instructional Services					
Purchased Professional - Educational Services	76,500	-	76,500	76,416	84
Purchased Services	-	5,130	5,130	5,130	-
Total Improvement of Instructional Services	<u>76,500</u>	<u>5,130</u>	<u>81,630</u>	<u>81,546</u>	<u>84</u>

**RIVER EDGE BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Educational Media Services/School Library					
Salaries	\$ 120,674	\$ (1,657)	\$ 119,017	\$ 118,736	\$ 281
Salaries of Technology Coordinators	121,927	-	121,927	112,055	9,872
Supplies and Materials	11,805	-	11,805	10,749	1,056
Total Educational Media Serv./School Library	254,406	(1,657)	252,749	241,540	11,209
Staff Training Services					
Salaries of Other Professional Staff	31,000	11,969	42,969	40,688	2,281
Purchased Professional - Educational Services	30,000	(16,301)	13,699	8,324	5,375
Total Staff Training Services	61,000	(4,332)	56,668	49,012	7,656
Support Services General Administration					
Salaries	300,708	1,891	302,599	302,599	-
Legal Services	25,000	-	25,000	17,290	7,710
Audit Fees	23,600	-	23,600	20,915	2,685
Architectural/Engineering Services	5,000	33,427	38,427	12,577	25,850
Other Purchased Professional Services	6,100	-	6,100	5,580	520
Purchased Technical Services	5,500	(2,790)	2,710	2,710	-
Communications/Telephone	33,000	11,000	44,000	38,395	5,605
BOE Other Purchased Services		5,347	5,347	4,079	1,268
Miscellaneous Purchased Services	22,757	3,350	26,107	26,107	-
General Supplies	19,000	(3,029)	15,971	13,953	2,018
Miscellaneous Expenditures	13,000	129	13,129	13,129	-
BOE Membership Dues and Fees	6,000	(100)	5,900	4,996	904
Total Support Services General Administration	459,665	49,225	508,890	462,330	46,560
Support Services School Administration					
Salaries of Principal/Asst. Principals	295,957	5,398	301,355	301,355	-
Salaries of Other Professional Staff	197,644	(21,398)	176,246	158,911	17,335
Salaries of Secretarial and Clerical Assistants	162,740	6,300	169,040	168,641	399
Other Salaries	62,220	1,000	63,220	63,073	147
Other Purchased Services	2,000	1,175	3,175	2,992	183
Supplies and Materials	19,000	3,510	22,510	22,394	116
Other Objects	1,000	4,495	5,495	5,155	340
Total Support Services School Administration	740,561	480	741,041	722,521	18,520
Support Services Central Services					
Salaries	298,943	7,353	306,296	305,968	328
Misc. Purchased Services	3,000	(1,787)	1,213	1,213	-
Supplies and Materials	16,000	(2,756)	13,244	13,244	-
Total Support Services Central Services	317,943	2,810	320,753	320,425	328
Admin. Info. Technology					
Other Purchased Services	16,125	2,953	19,078	17,878	1,200
Total Admin. Info. Technology	16,125	2,953	19,078	17,878	1,200

**RIVER EDGE BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Required Maintenance for School Facilities					
Salaries	\$ 109,702		\$ 109,702	\$ 100,560	\$ 9,142
Cleaning, Repair and Maintenance	134,600	\$ 66,510	201,110	195,593	5,517
General Supplies	2,000	1,517	3,517	2,440	1,077
	<u>246,302</u>	<u>68,027</u>	<u>314,329</u>	<u>298,593</u>	<u>15,736</u>
Total Required Maintenance for School Fac.					
Custodial Services					
Salaries	507,125	-	507,125	506,074	1,051
Cleaning, Repair and Maintenance	39,500	(16,000)	23,500	16,121	7,379
Other Purchased Property Services	9,900	2,000	11,900	11,326	574
Insurance	67,821	(3,865)	63,956	62,301	1,655
General Supplies	31,500	54,922	86,422	86,354	68
Energy (Natural Gas)	105,150	(12,636)	92,514	47,272	45,242
Energy (Electricity)	210,000	-	210,000	200,717	9,283
Other Objects	5,000	-	5,000	3,484	1,516
	<u>975,996</u>	<u>24,421</u>	<u>1,000,417</u>	<u>933,649</u>	<u>66,768</u>
Total Custodial Services					
Student Transportation Services					
Salaries for Non-Instructional Aides	16,253	2,900	19,153	18,188	965
Salaries for Pupil Transportation (Bet Home & Sch) Sp Ed	25,000	3,393	28,393	28,393	-
Contracted Services-Aid in Lieu Pymts - Non Pub	12,000	(393)	11,607	10,608	999
Contracted Services (Spl. Ed. Students) - Vendors	22,000	-	22,000	11,356	10,644
Other Objects	7,000	-	7,000	5,683	1,317
	<u>82,253</u>	<u>5,900</u>	<u>88,153</u>	<u>74,228</u>	<u>13,925</u>
Total Student Transportation Services					
Unallocated Benefits - Employee Benefits					
Social Security Contributions	298,000	-	298,000	281,283	16,717
Other Retirement Contributions - PERS	320,000	(26,000)	294,000	260,627	33,373
Other Retirement Contributions - Regular	11,000	6,000	17,000	12,853	4,147
Unemployment Compensation		30,000	30,000	30,000	-
Workmen's Compensation	118,000	(10,000)	108,000	88,688	19,312
Health Benefits	2,587,858	(187,914)	2,399,944	2,201,555	198,389
Tuition Reimbursement	8,500	3,500	12,000	12,000	-
Other Employee Benefits	30,000	10,000	40,000	38,779	1,221
	<u>3,373,358</u>	<u>(174,414)</u>	<u>3,198,944</u>	<u>2,925,785</u>	<u>273,159</u>
Total Unallocated Benefits - Employee Benefits					
On-behalf TPAF Pension System Payments					
Normal Cost (Non-Budget)				599,324	(599,324)
On-behalf TPAF Pension System Payments NCGI Premium (Non-Budget)				29,854	(29,854)
On-behalf TPAF Post-Retirement Medical (Non-Budget)				749,177	(749,177)
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	561,810	(561,810)
	<u>8,001,118</u>	<u>96,302</u>	<u>8,097,420</u>	<u>9,500,697</u>	<u>(1,403,277)</u>
Total Undistributed Expenditures					
Total Expenditures - Current Expenditures					
	<u>16,225,702</u>	<u>166,678</u>	<u>16,392,380</u>	<u>17,667,401</u>	<u>(1,275,021)</u>

**RIVER EDGE BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures					
Instruction		\$ 3,160	\$ 3,160		\$ 3,160
Custodial Services	-	9,499	9,499	\$ 9,499	-
Total Equipment	-	12,659	12,659	9,499	3,160
Facilities Acquisition and Construction Services					
Construction Services		14,350	14,350	12,503	1,847
Assessment for Debt Service on SDA Funding	\$ 19,483	-	19,483	19,483	-
Total Facilities Acquis. and Const. Services	19,483	14,350	33,833	31,986	1,847
Interest Deposit on Capital Reserve	600	(600)	-	-	-
Total Capital Outlay	20,083	26,409	46,492	41,485	5,007
Transfer of Funds to Charter School	-	9,080	9,080	9,080	-
Total Expenditures	16,245,785	202,167	16,447,952	17,717,966	(1,270,014)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(504,018)	(202,167)	(706,185)	344,153	1,050,338
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	84,724	84,724
Total Transfers	-	-	-	84,724	84,724
Fund Balance, Beginning of Year	2,202,070	-	2,202,070	2,202,070	-
Fund Balance, End of Year	\$ 1,698,052	\$ (202,167)	\$ 1,495,885	\$ 2,630,947	\$ 1,135,062
Recapitulation of Fund Balance					
Restricted:					
Capital Reserve				\$ 693,666	
Capital Reserve - Designated in Subsequent Year's Expenditures				200,000	
Maintenance Reserve				110,000	
Tuition Adjustments - Designated in Subsequent Year's Expenditures				50,000	
Excess Surplus- Designated in Subsequent Year's Expenditures				500,000	
Excess Surplus				575,000	
Assigned:					
Year-End Encumbrances				42,540	
Unassigned				459,741	
Reconciliation to Governmental Funds Statements (GAAP):				2,630,947	
Less: State Aid Payments not Recognized on Budgetary Basis:					
Deferred State Aid Payments				(45,107)	
Extraordinary Aid				(272,445)	
Fund Balance Per Governmental Funds (GAAP)				\$ 2,313,395	

EXHIBIT C-1a

**RIVER EDGE BOARD OF EDUCATION
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

NOT APPLICABLE

EXHIBIT C-1b

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

**RIVER EDGE BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 622,220	\$ (17,177)	\$ 605,043	\$ 530,418	\$ (74,625)
Federal	410,024	181,796	591,820	489,106	(102,714)
Other	-	26,005	26,005	11,681	(14,324)
	<u>1,032,244</u>	<u>190,624</u>	<u>1,222,868</u>	<u>1,031,205</u>	<u>(191,663)</u>
Total Revenues					
	<u>1,032,244</u>	<u>190,624</u>	<u>1,222,868</u>	<u>1,031,205</u>	<u>(191,663)</u>
EXPENDITURES					
Instruction					
Salaries		5,000	5,000		5,000
Purchased Prof./Technical Services	410,024	(320,845)	89,179	76,375	12,804
Tuition		100,461	100,461	87,981	12,480
Other Purchased Services	404,973	(29,413)	375,560	305,207	70,353
General Supplies	35,808	100,711	136,519	93,183	43,336
Textbooks	66,670	(3,803)	62,867	61,308	1,559
	<u>917,475</u>	<u>(147,889)</u>	<u>769,586</u>	<u>624,054</u>	<u>145,532</u>
Total Instruction					
	<u>917,475</u>	<u>(147,889)</u>	<u>769,586</u>	<u>624,054</u>	<u>145,532</u>
Support Services					
Salaries		33,826	33,826	13,010	20,816
Personnel Services - Employee Benefits		3,811	3,811	995	2,816
Purchased Prof./Technical Services		23,371	23,371	19,206	4,165
Other Purchased Services	114,769	271,504	386,273	373,940	12,333
Other Objects	-	3,501	3,501	-	3,501
	<u>114,769</u>	<u>336,013</u>	<u>450,782</u>	<u>407,151</u>	<u>43,631</u>
Total Support Services					
	<u>114,769</u>	<u>336,013</u>	<u>450,782</u>	<u>407,151</u>	<u>43,631</u>
Facilities Acquisition and Construction					
Instructional Equipment		2,500	2,500		2,500
Non-Instructional Equipment	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Facilities Acq. And Construction					
	<u>-</u>	<u>2,500</u>	<u>2,500</u>	<u>-</u>	<u>2,500</u>
Total Expenditures					
	<u>1,032,244</u>	<u>190,624</u>	<u>1,222,868</u>	<u>1,031,205</u>	<u>191,663</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 III

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

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibit C-1 and C-2)	\$ 18,062,119	\$ 1,031,205
Difference - Budget to GAAP		
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements (current year)	(317,552)	
State Aid payments recognized for GAAP statements, not recognized for budgetary statements (prior year)	<u>215,222</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2).	<u>\$ 17,959,789</u>	<u>\$ 1,031,205</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (Exhibits C-1 and C-2)	<u>\$ 17,717,966</u>	<u>\$ 1,031,205</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 17,717,966</u>	<u>\$ 1,031,205</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

**RIVER EDGE 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)	0.03456 %	0.03268 %	0.03037 %
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 7,758,672</u>	<u>\$ 6,118,767</u>	<u>\$ 5,804,444</u>
District's Covered-Employee Payroll	<u>\$ 2,406,632</u>	<u>\$ 2,275,030</u>	<u>\$ 2,203,935</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	322%	269%	263%
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.

**RIVER EDGE BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS**

**PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Three Fiscal Years**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 260,627	\$ 269,417	\$ 228,837
Contributions in Relation to the Contractually Required Contributions	<u>260,627</u>	<u>269,417</u>	<u>228,837</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered- Employee Payroll	<u>\$ 2,406,632</u>	<u>\$ 2,275,030</u>	<u>\$ 2,203,935</u>
Contributions as a Percentage of Covered-Employee Payroll	10.83%	11.84%	10.38%

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.

**RIVER EDGE 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>\$ 50,399,597</u>	<u>\$ 38,293,955</u>	<u>\$ 38,852,868</u>
Total	<u>\$ 50,399,597</u>	<u>\$ 38,293,955</u>	<u>\$ 38,852,868</u>
District's Covered-Employee Payroll	<u>\$ 7,641,947</u>	<u>\$ 7,722,649</u>	<u>\$ 7,576,844</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	33.64%	33.76%

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

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

**RIVER EDGE 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

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

	<u>Title IA</u>	<u>Title IIA</u>	<u>Title III</u>	<u>IDEA Part B Basic</u>	<u>IDEA Part B Preschool</u>	<u>Nonpublic Technology</u>	<u>Nonpublic Nursing</u>	<u>Nonpublic Textbooks</u>	<u>Local Donations</u>	<u>Total Exhibit E-1A</u>	<u>Total</u>
REVENUES											
Intergovernmental											
State						\$ 21,065	\$ 84,243	\$ 47,833		\$ 377,277	\$ 530,418
Federal	\$ 23,935	\$ 19,206	\$ 26,648	\$ 411,554	\$ 7,763					-	489,106
Other	-	-	-	-	-	-	-	-	\$ 11,681	-	11,681
Total Revenues	\$ 23,935	\$ 19,206	\$ 26,648	\$ 411,554	\$ 7,763	\$ 21,065	\$ 84,243	\$ 47,833	\$ 11,681	\$ 377,277	\$ 1,031,205
EXPENDITURES											
Instruction											
Purchased Prof./Technical Services				\$ 70,975	\$ 5,400						\$ 76,375
Tuition				87,981							87,981
Other Purchased Services										\$ 305,207	305,207
General Supplies	\$ 9,930		\$ 26,648	17,723		\$ 21,065			\$ 11,681	6,136	93,183
Textbooks	-	-	-	-	-	-	-	\$ 47,833	-	13,475	61,308
Total Instruction	9,930	-	26,648	176,679	5,400	21,065	-	47,833	11,681	324,818	624,054
Support Services											
Salaries	13,010										13,010
Personnel Services - Employee Benefits	995										995
Purchased Prof./Technical Services		\$ 19,206									19,206
Other Purchased Services	-	-	-	234,875	2,363	-	\$ 84,243	-	-	52,459	373,940
Total Support Services	14,005	19,206	-	234,875	2,363	-	84,243	-	-	52,459	407,151
Total Expenditures	\$ 23,935	\$ 19,206	\$ 26,648	\$ 411,554	\$ 7,763	\$ 21,065	\$ 84,243	\$ 47,833	\$ 11,681	\$ 377,277	\$ 1,031,205

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

	Nonpublic Security	Chapter 192				Chapter 193		Pass Through - River Dell			Sub-Total
		Compensatory Education	ESL	Transportation	Corrective Speech	Exam. & Classification	Supplemental Instruction	Nonpublic Nursing	Nonpublic Technology	Nonpublic Textbooks	
REVENUES											
Intergovernmental											
State	\$ 29,149	\$ 51,999	\$ 2,588	\$ 6,587	\$ 88,122	\$ 106,010	\$ 49,901	\$ 23,310	\$ 6,136	\$ 13,475	\$ 377,277
Total Revenues	\$ 29,149	\$ 51,999	\$ 2,588	\$ 6,587	\$ 88,122	\$ 106,010	\$ 49,901	\$ 23,310	\$ 6,136	\$ 13,475	\$ 377,277
EXPENDITURES											
Instruction											
Other Purchased Services		\$ 51,999	\$ 2,588	\$ 6,587	\$ 88,122	\$ 106,010	\$ 49,901		\$ 6,136		\$ 305,207
General Supplies											6,136
Textbooks										\$ 13,475	13,475
Total Instruction		51,999	2,588	6,587	88,122	106,010	49,901		6,136	13,475	324,818
Support Services											
Other Purchased Services	\$ 29,149							\$ 23,310			52,459
Total Support Services	29,149							23,310			52,459
Total Expenditures	\$ 29,149	\$ 51,999	\$ 2,588	\$ 6,587	\$ 88,122	\$ 106,010	\$ 49,901	\$ 23,310	\$ 6,136	\$ 13,475	\$ 377,277

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CAPITAL PROJECTS FUND

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

Issue/Project Title	Original	Cancellations	Grant	Transferred	Modified	Expenditures to Date		Unexpended	Unexpended
	Amount		Award		Authorization	Prior Years	Current Year	Balance	Balance,
	Authorized							Transferred	June 30, 2016
Cherry Hill Elementary School Additions and Alterations	\$ 16,829,275	\$ (89)	\$ 155,296	\$ (236,025)	\$ 16,748,457	\$ 16,746,234		\$ 2,223	\$ -
Roof Replacement at Cherry Hill Elementary School	501,685	(40,495)	-	-	461,190	376,466	\$ -	84,724	-
	<u>\$ 17,330,960</u>	<u>\$ (40,584)</u>	<u>\$ 155,296</u>	<u>\$ (236,025)</u>	<u>\$ 17,209,647</u>	<u>\$ 17,122,700</u>	<u>\$ -</u>	<u>\$ 86,947</u>	<u>\$ -</u>

RIVER EDGE 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

Other Financing Uses	
Transfers to General Fund - Capital Reserve	\$ 84,724
Transfers to Debt Service Fund	2,223
Prior Year SDA Grants Cancelled	<u>40,495</u>
Total Other Financing Uses	<u>127,442</u>
Excess (Deficiency) of Revenues Over/(Under)	
Expenditures and Other Financing Sources and Uses	(127,442)
Fund Balance, Beginning of Year	<u>127,442</u>
Fund Balance - End of Year	<u>\$ -</u>

**RIVER EDGE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
CHERRY HILL ELEMENTARY SCHOOL ADDITIONS AND ALTERATIONS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year (Cancelled)</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Grant Proceeds	\$ 155,296		\$ 155,296	\$ 155,296
Bond Proceeds	16,829,186	(2,223)	16,826,963	16,826,963
Total Revenues	16,984,482	(2,223)	16,982,259	16,982,259
EXPENDITURES AND OTHER FINANCING SOURCES				
Construction Services	14,474,023	-	14,474,023	14,474,023
Professional Services	2,272,211		2,272,211	2,272,211
Transfers Out	236,025	-	236,025	236,025
Total Expenditures and other Financing Sources	16,982,259	-	16,982,259	16,982,259
Excess (deficiency) of Revenues over (under) Expenditures	\$ 2,223	\$ (2,223)	\$ -	\$ -

Additional Project Information:

Project Number	# 4410-030-05-2000
Grant Date	(1)
Bond Authorization Date	9/27/2005
Bonds Authorized	16,829,275
Bonds Issued	16,829,186
Original Authorized Cost	16,829,275
Additional Authorized Cost/(Cancellation)	(238,248)
Revised Authorized Cost	16,591,027
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	100%
Original Target Completion Date	9/1/2008
Revised Target Completion Date	6/30/2013

(1) The District elected to receive debt service aid to fund future debt service payments in the amount of \$3,518,072 of the authorized cost.

**RIVER EDGE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
ROOF REPLACEMENT AT CHERRY HILL ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year (Cancelled)</u>	<u>Totals</u>	<u>Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
SDA Grant	\$ 200,674	(40,495)	\$ 160,179	\$ 160,179
Capital Reserve	301,011	(84,724)	216,287	216,287
Total Revenues	<u>501,685</u>	<u>(125,219)</u>	<u>376,466</u>	<u>376,466</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Construction Services	372,800		372,800	372,800
Professional Services	3,666		3,666	3,666
Other	-	-	-	-
Total Expenditures and other Financing Sources	<u>376,466</u>	<u>-</u>	<u>376,466</u>	<u>376,466</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ 125,219</u>	<u>\$ (125,219)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

Project Number	4410-030-14-1002-604
Grant Date	12/4/2013
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	501,685
Additional Authorized Cost/(Cancellation)	(125,219)
Revised Authorized Cost	376,466
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	100%
Original Target Completion Date	12/31/2014
Revised Target Completion Date	6/30/2015

ENTERPRISE FUND

**RIVER EDGE BOARD OF EDUCATION
ENTERPRISE FUNDS - NON-MAJOR
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2016**

	Food Service Fund	Summer Enrichment Program Fund	Non-Major Enterprise Funds Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 731	\$ 76,806	\$ 77,537
Total Current Assets	<u>731</u>	<u>76,806</u>	<u>77,537</u>
Capital Assets			
Machinery and Equipment	2,589		2,589
Less: Accumulated Depreciation	<u>(2,589)</u>	<u>-</u>	<u>(2,589)</u>
Total Capital Assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>731</u>	<u>76,806</u>	<u>77,537</u>
LIABILITIES			
Unearned Revenue	<u>-</u>	<u>53,105</u>	<u>53,105</u>
Total Liabilities	<u>-</u>	<u>53,105</u>	<u>53,105</u>
NET POSITION			
Unrestricted	<u>731</u>	<u>23,701</u>	<u>24,432</u>
Total Net Position	<u>\$ 731</u>	<u>\$ 23,701</u>	<u>\$ 24,432</u>

**RIVER EDGE BOARD OF EDUCATION
ENTERPRISE FUNDS - NON-MAJOR
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Food Service Fund	Summer Enrichment Program Fund	Non-Major Enterprise Funds Total
OPERATING REVENUES			
Local Sources			
Daily Sales / Program Fees - Non-reimbursable	\$ 20,240	\$ 50,530	\$ 70,770
Total Operating Revenues	<u>20,240</u>	<u>50,530</u>	<u>70,770</u>
OPERATING EXPENSES			
Salaries and Wages		46,801	46,801
Cost of Sales - Non-reimbursable	19,509	-	19,509
Miscellaneous	-	3,548	3,548
Total Operating Expenses	<u>19,509</u>	<u>50,349</u>	<u>69,858</u>
Operating Income	<u>731</u>	<u>181</u>	<u>912</u>
NON-OPERATING REVENUES			
Interest on Investments	-	119	119
Total Non-Operating Revenues	<u>-</u>	<u>119</u>	<u>119</u>
Change in Net Position		300	1,031
Total Net Position Beginning of Year	<u>-</u>	<u>23,401</u>	<u>23,401</u>
Total Net Position End of Year	<u>\$ 731</u>	<u>\$ 23,701</u>	<u>\$ 24,432</u>

**RIVER EDGE BOARD OF EDUCATION
ENTERPRISE FUNDS - NON-MAJOR
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Food Service Fund</u>	<u>Summer Enrichment Program Fund</u>	<u>Non-Major Enterprise Funds Total</u>
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 20,240	\$ 55,575	\$ 75,815
Cash Payments for Employees			
Salaries and Benefits		(46,801)	(46,801)
Cash Payments to Suppliers for Goods and Services	<u>(19,509)</u>	<u>(3,548)</u>	<u>(23,057)</u>
Net Cash Provided by Operating Activities	<u>731</u>	<u>5,226</u>	<u>5,957</u>
Cash Flows from Investing Activities			
Interest on Deposits	<u>-</u>	<u>119</u>	<u>119</u>
Net Cash Provided by Investing Activities	<u>-</u>	<u>119</u>	<u>119</u>
Net Increase in Cash and Cash Equivalents	731	5,345	6,076
Cash and Cash Equivalents, Beginning of Year	<u>-</u>	<u>71,461</u>	<u>71,461</u>
Cash and Cash Equivalents, End of Year	<u>\$ 731</u>	<u>\$ 76,806</u>	<u>\$ 77,537</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income	<u>731</u>	<u>\$ 181</u>	<u>\$ 912</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by			
Change in Liabilities			
Increase in Unearned Revenue	<u>-</u>	<u>5,045</u>	<u>5,045</u>
Total Adjustments	<u>-</u>	<u>5,045</u>	<u>5,045</u>
Net Cash Provided by Operating Activities	<u>\$ 731</u>	<u>\$ 5,226</u>	<u>\$ 5,957</u>

FIDUCIARY FUNDS

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

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 9,486	\$ 10,792	\$ 20,278
Total Assets	<u>\$ 9,486</u>	<u>\$ 10,792</u>	<u>\$ 20,278</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 4,274	\$ 4,274
Accrued Salaries and Wages		6,518	6,518
Due to Student Groups	<u>\$ 9,486</u>	<u>-</u>	<u>9,486</u>
Total Liabilities	<u>\$ 9,486</u>	<u>\$ 10,792</u>	<u>\$ 20,278</u>

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

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-8

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

	<u>Balance, July 1, 2015</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2016</u>
Elementary Schools				
Cherry Hill	\$ 4,028	\$ 1,322		\$ 5,350
Roosevelt	<u>863</u>	<u>8,158</u>	<u>\$ 4,885</u>	<u>4,136</u>
 Total All Schools	 <u>\$ 4,891</u>	 <u>\$ 9,480</u>	 <u>\$ 4,885</u>	 <u>\$ 9,486</u>

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

	Balance, July 1, <u>2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2016</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 75,048	\$ 5,250,390	\$ 5,321,164	\$ 4,274
Accrued Salaries and Wages	<u>11,988</u>	<u>7,263,507</u>	<u>7,268,977</u>	<u>6,518</u>
 Total	 <u>\$ 87,036</u>	 <u>\$ 12,513,897</u>	 <u>\$ 12,590,141</u>	 <u>\$ 10,792</u>

LONG-TERM DEBT

RIVER EDGE 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 Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2015</u>	<u>Matured</u>	<u>Balance, June 30, 2016</u>
School Issue	10/15/2006	\$ 8,855,000	10/15/2016	\$ 190,000	4.125%	\$ 375,000	\$ 185,000	\$ 190,000
Refunding School Issue	3/17/2012	2,820,000	12/1/2016	295,000	2.500%	1,990,000	290,000	1,700,000
			12/1/2017-2018	285,000	2.500-4.000%			
			12/1/2019-2020	280,000	4.000%			
			12/1/2021	275,000	4.000%			
Refunding School Issue	9/27/2013	8,515,000	2/1/2017	340,000	4.000%	8,390,000	325,000	8,065,000
			2/1/2018	370,000	4.000%			
			2/1/2019	400,000	4.000%			
			2/1/2020	435,000	3.000%			
			2/1/2021	460,000	3.000%			
			2/1/2022	485,000	3.000%			
			2/1/2023	630,000	3.000%			
			2/1/2024	625,000	3.000%			
			2/1/2025	620,000	3.000%			
			2/1/2026	635,000	3.000%			
			2/1/2027	630,000	3.000%			
			2/1/2028	620,000	3.000%			
			2/1/2029	615,000	3.000%			
			2/1/2030	605,000	3.000%			
			2/1/2031	595,000	3.000%			
Refunding School Issue	11/25/2014	7,325,000	10/15/2016	15,000	2.000%	7,325,000	15,000	7,310,000
			10/15/2017	210,000	3.000%			
			10/15/2018	215,000	4.000%			
			10/15/2019	225,000	4.000%			
			10/15/2020	235,000	3.000%			
			10/15/2021	245,000	4.000%			
			10/15/2022	415,000	4.000%			
			10/15/2023	455,000	3.000%			
			10/15/2024	500,000	3.125%			
			10/15/2025	520,000	4.500%			
			10/15/2026	570,000	3.500%			
			10/15/2027	620,000	3.500%			
			10/15/2028	675,000	3.500%			
			10/15/2029	725,000	3.500%			
10/15/2030	780,000	3.500%						
10/15/2031	905,000	3.500%						
						<u>7,325,000</u>	<u>15,000</u>	<u>7,310,000</u>
						<u>\$ 18,080,000</u>	<u>\$ 815,000</u>	<u>\$ 17,265,000</u>
						Budget Appropriation	<u>\$ 815,000</u>	

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

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 1,200,950		\$ 1,200,950	\$ 1,200,950	
Debt Service Aid	<u>211,528</u>	<u>\$ -</u>	<u>211,528</u>	<u>211,528</u>	<u>-</u>
Total Revenues	<u>1,412,478</u>	<u>-</u>	<u>1,412,478</u>	<u>1,412,478</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	815,000		815,000	815,000	
Interest	<u>597,478</u>	<u>-</u>	<u>597,478</u>	<u>597,478</u>	<u>-</u>
Total Expenditures	<u>1,412,478</u>	<u>-</u>	<u>1,412,478</u>	<u>1,412,478</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,223</u>	<u>\$ 2,223</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,223</u>	<u>2,223</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,223</u>	<u>2,223</u>
Fund Balance, Beginning of Year	<u>4,077</u>	<u>-</u>	<u>4,077</u>	<u>4,077</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 4,077</u>	<u>\$ -</u>	<u>\$ 4,077</u>	<u>\$ 6,300</u>	<u>\$ 2,223</u>
<u>Analysis of Balance</u>					
Restricted for Debt Service					
Designated for Subsequent Year's Expenditures				\$ 4,077	
Available for Subsequent Year's Expenditures				<u>2,223</u>	
				<u>\$ 6,300</u>	

STATISTICAL SECTION

This part of the River Edge 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.

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Net Investment in Capital Assets	\$ 2,656,483	\$ 2,615,048	\$ 2,492,185	\$ 2,494,727	\$ 2,287,210	\$ 2,299,398	\$ 2,248,154	\$ 2,706,552	\$ 3,085,602	\$ 3,171,066
Restricted	591,512	671,513	100,403	146,290	192,189	267,939	378,813	621,003	771,228	1,059,966
Unrestricted	804,770	878,697	736,691	840,139	737,452	867,590	1,153,834	(4,790,997)	(4,795,691)	(5,168,198)
Total Governmental Activities Net Position	<u>\$ 4,052,765</u>	<u>\$ 4,165,258</u>	<u>\$ 3,329,279</u>	<u>\$ 3,481,156</u>	<u>\$ 3,216,851</u>	<u>\$ 3,434,927</u>	<u>\$ 3,780,801</u>	<u>\$ (1,463,442)</u>	<u>\$ (938,861)</u>	<u>\$ (937,166)</u>
Business-Type Activities										
Net Investment in Capital Assets	\$ 2,071	\$ 1,553	\$ 1,035	\$ 517						
Unrestricted	2,201	5,762	5,219	6,731	7,876	9,547	6,439	11,473	23,401	24,432
Total Business-Type Activities Net Position	<u>\$ 4,272</u>	<u>\$ 7,315</u>	<u>\$ 6,254</u>	<u>\$ 7,248</u>	<u>\$ 7,876</u>	<u>\$ 9,547</u>	<u>\$ 6,439</u>	<u>\$ 11,473</u>	<u>\$ 23,401</u>	<u>\$ 24,432</u>
District-Wide										
Net Investment in Capital Assets	\$ 2,658,554	\$ 2,616,601	\$ 2,493,220	\$ 2,495,244	\$ 2,287,210	\$ 2,299,398	\$ 2,248,154	\$ 2,706,552	\$ 3,085,602	\$ 3,171,066
Restricted	591,512	671,513	100,403	146,290	192,189	267,939	378,813	621,003	771,228	1,059,966
Unrestricted	806,971	884,459	741,910	846,870	745,328	877,137	1,160,273	(4,779,524)	(4,772,290)	(5,143,766)
Total District Net Position	<u>\$ 4,057,037</u>	<u>\$ 4,172,573</u>	<u>\$ 3,335,533</u>	<u>\$ 3,488,404</u>	<u>\$ 3,224,727</u>	<u>\$ 3,444,474</u>	<u>\$ 3,787,240</u>	<u>\$ (1,451,969)</u>	<u>\$ (915,460)</u>	<u>\$ (912,734)</u>

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"

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 6,000,327	\$ 6,500,556	\$ 6,558,610	\$ 6,602,547	\$ 6,849,342	\$ 6,881,874	\$ 7,138,658	\$ 6,861,154	\$ 8,435,228	\$ 9,430,279
Special Education	1,669,314	1,917,447	2,032,761	2,108,586	2,600,471	2,840,848	3,189,561	3,355,024	3,738,680	4,062,713
Other Instruction	827,985	800,671	651,899	973,052	888,181	978,354	1,048,138	1,082,954	1,311,920	1,392,555
Support Services:										
Student and Instruction Related Services	1,910,217	2,706,622	2,292,069	2,367,205	2,367,895	2,206,225	2,286,215	2,341,688	2,529,563	2,681,295
General Administration Services	569,316	586,005	582,616	612,461	507,008	565,302	689,068	551,565	641,985	608,418
School Administration Services	571,358	710,438	729,642	791,451	745,602	852,329	908,472	886,780	1,047,441	1,156,852
Business/ Central Services	278,697	365,132	324,566	343,502	361,676	365,252	455,388	428,759	529,266	611,193
Plant Operations And Maintenance	1,202,782	1,904,241	1,906,011	1,949,954	1,982,410	1,967,932	1,955,808	1,966,031	2,009,615	2,191,767
Pupil Transportation	278,185	194,417	150,910	100,786	93,119	46,463	50,201	49,428	84,448	99,234
Interest On Long-Term Debt	860,077	948,234	927,367	902,494	833,366	831,774	680,039	725,695	632,909	625,235
Total Governmental Activities Expenses	14,168,258	16,633,763	16,156,451	16,752,038	17,229,070	17,536,553	18,401,548	18,249,078	20,961,055	22,859,541
Business-Type Activities:										
Food Service	16,151	17,944	17,293	15,312	16,445	15,273	16,848	16,452	14,222	19,509
Summer Enrichment Program	44,630	52,180	58,503	63,503	57,701	56,416	55,096	53,046	47,955	50,349
Total Business-Type Activities Expense	60,781	70,124	75,796	78,815	74,146	71,689	71,944	69,498	62,177	69,858
Total District Expenses	\$ 14,229,039	\$ 16,703,887	\$ 16,232,247	\$ 16,830,853	\$ 17,303,216	\$ 17,608,242	\$ 18,473,492	\$ 18,318,576	\$ 21,023,232	\$ 22,929,399
Program Revenues										
Governmental Activities:										
Charges For Services:										
Special Education	\$ 8,000	\$ 270,450	\$ 192,403	\$ 500,413	\$ 466,579	\$ 484,142	\$ 777,275	\$ 790,310	\$ 929,139	\$ 835,142
Operating Grants And Contributions	2,547,665	3,083,629	2,375,836	2,488,154	2,200,419	2,584,964	3,083,986	2,891,826	4,875,937	5,999,315
Capital Grants And Contributions	-	-	-	55,000	-	90,000	65,296	41,669	150,586	9,593
Total Governmental Activities Program Revenues	2,555,665	3,356,079	2,568,239	3,043,567	2,666,998	3,159,106	3,926,557	3,723,805	5,955,662	6,844,050
Business-Type Activities:										
Charges For Services										
Food Service	\$ 13,052	\$ 17,207	\$ 16,775	\$ 16,079	\$ 16,445	\$ 16,519	\$ 15,602	\$ 16,452	\$ 14,222	\$ 20,240
Summer Enrichment Program	46,935	55,960	57,960	63,730	58,330	56,841	53,105	57,943	59,763	50,530
Operating Grants And Contributions	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Program Revenues	59,987	73,167	74,735	79,809	74,775	73,360	68,707	74,395	73,985	70,770
Total District Program Revenues	\$ 2,615,652	\$ 3,429,246	\$ 2,642,974	\$ 3,123,376	\$ 2,741,773	\$ 3,232,466	\$ 3,995,264	\$ 3,798,200	\$ 6,029,647	\$ 6,914,820
Net (Expense)/Revenue										
Governmental Activities										
Governmental Activities	\$ (11,612,593)	\$ (13,277,684)	\$ (13,588,212)	\$ (13,708,471)	\$ (14,562,072)	\$ (14,377,447)	\$ (14,474,991)	\$ (14,525,273)	\$ (15,005,393)	\$ (16,015,491)
Business-Type Activities	(794)	3,043	(1,061)	994	629	1,671	(3,237)	4,897	11,808	912
Total District-Wide Net Expense	\$ (11,613,387)	\$ (13,274,641)	\$ (13,589,273)	\$ (13,707,477)	\$ (14,561,443)	\$ (14,375,776)	\$ (14,478,228)	\$ (14,520,376)	\$ (14,993,585)	\$ (16,014,579)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied For General Purposes	\$ 10,462,823	\$ 11,334,010	\$ 11,776,036	\$ 12,237,477	\$ 12,867,707	\$ 12,983,676	\$ 13,243,350	\$ 13,508,217	\$ 13,850,746	\$ 14,308,961
Property Taxes Levied For Debt Service	996,710	1,038,020	625,109	1,217,792	1,256,360	1,255,573	1,211,928	1,186,228	1,188,351	1,200,950
Federal and State Aid - Unrestricted	209,270	658,878	260,213	311,216	219,274	217,099	233,024	243,431	272,955	274,243
Investment Earnings	690,463	277,342	47,849	28,352	25,860	10,334	9,626	8,556	5,046	4,595
Miscellaneous Income	51,419	81,927	43,026	65,511	76,730	128,841	122,937	139,042	202,276	228,437
Donated Capital Assets	-	-	-	-	-	-	-	-	10,600	-
Accrued Interest on Sale of Bonds	10,781	-	-	-	-	-	-	-	-	-
Loss on Disposition of Capital Assets	(62,634)	-	-	-	-	-	-	-	-	-
Total Governmental Activities	12,358,832	13,390,177	12,752,233	13,860,348	14,445,931	14,595,523	14,820,865	15,085,474	15,529,974	16,017,186
Total Business-Type Activities										
	-	-	-	-	-	-	129	137	120	119
Total District-Wide	\$ 12,358,832	\$ 13,390,177	\$ 12,752,233	\$ 13,860,348	\$ 14,445,931	\$ 14,595,523	\$ 14,820,994	\$ 15,085,611	\$ 15,530,094	\$ 16,017,305
Change in Net Position										
Governmental Activities										
Governmental Activities	\$ 746,239	\$ 112,493	\$ (835,979)	\$ 151,877	\$ (116,141)	\$ 218,076	\$ 345,874	\$ 560,201	\$ 524,581	\$ 1,695
Business-Type Activities	(794)	3,043	(1,061)	994	629	1,671	(3,108)	5,034	11,928	1,031
Total District	\$ 745,445	\$ 115,536	\$ (837,040)	\$ 152,871	\$ (115,512)	\$ 219,747	\$ 342,766	\$ 565,235	\$ 536,509	\$ 2,726

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Restricted					\$ 700,240	\$ 1,089,260	\$ 1,386,409	\$ 1,139,063	\$ 1,696,038	\$ 2,128,666
Assigned					279,046	191,156	125,808	213,100	154,208	42,540
Unassigned					144,604	125,766	126,986	134,713	136,602	142,189
Reserved	\$ 792,023	\$ 723,711	\$ 844,903	\$ 875,666						
Unreserved	277,108	493,215	245,990	358,893	-	-	-	-	-	-
Total General Fund	\$ 1,069,131	\$ 1,216,926	\$ 1,090,893	\$ 1,234,559	\$ 1,123,890	\$ 1,406,182	\$ 1,639,203	\$ 1,486,876	\$ 1,986,848	\$ 2,313,395
All Other Governmental Funds										
Restricted					\$ 129,334	\$ 88,892	\$ 49,539	\$ 337,697	\$ 81,431	\$ 6,300
Assigned						20,147	34,463			
Reserved	\$ 4,108,289	\$ 175,200								
Unreserved	1,724,774	926,184	\$ 321,858	\$ 84,610	-	-	-	-	-	-
Total All Other Governmental Funds	\$ 5,833,063	\$ 1,101,384	\$ 321,858	\$ 84,610	\$ 129,334	\$ 109,039	\$ 84,002	\$ 337,697	\$ 81,431	\$ 6,300

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.

**RIVER EDGE BOARD OF EDUCATION
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

(Unaudited)
(modified accrual basis of accounting)

	Fiscal Year Ended June 30									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax Levy	\$ 11,459,533	\$ 12,372,030	\$ 12,401,145	\$ 13,455,269	\$ 14,124,067	\$ 14,239,249	\$ 14,455,278	\$ 14,694,445	\$ 15,039,097	\$ 15,509,911
Tuition Charges	8,000	270,450	192,403	500,413	466,579	484,142	777,275	790,310	929,139	835,142
Interest Earnings	690,463	277,342	47,849	28,352	25,860	10,334	9,626	8,556	5,046	4,595
Miscellaneous	51,419	81,927	43,026	69,818	76,730	128,841	122,937	139,132	204,514	240,118
Other Local Sources										
State Sources	2,363,696	3,361,148	2,296,077	2,379,371	1,886,552	2,371,786	2,935,002	2,758,367	3,248,237	3,334,193
Federal Sources	393,239	383,359	339,972	474,999	533,141	520,277	447,304	418,469	419,537	489,106
Total Revenues	14,966,350	16,746,256	15,320,472	16,908,222	17,112,929	17,754,629	18,747,422	18,809,279	19,845,570	20,413,065
Expenditures										
Instruction										
Regular Instruction	5,999,877	6,500,106	6,558,160	6,602,097	6,849,342	6,964,044	7,138,658	6,861,154	7,276,076	7,688,490
Special Education Instruction	1,669,314	1,917,447	2,032,761	2,108,586	2,600,471	2,840,848	3,189,561	3,355,024	3,503,625	3,649,064
Other Instruction	827,985	800,671	651,899	973,052	888,181	978,354	1,048,138	1,082,954	1,181,662	1,202,944
Support Services:										
Student and Inst. Related Services	1,908,837	2,702,665	2,288,112	2,364,628	2,365,318	2,203,648	2,280,698	2,336,171	2,489,188	2,566,126
General Administration Services	569,316	586,005	582,616	612,461	507,008	565,502	572,140	551,565	523,122	585,023
School Administration Services	571,358	710,438	729,642	791,451	745,602	852,329	908,472	886,780	961,048	1,010,852
Business/ Central Services	278,697	365,132	324,566	343,502	361,676	365,252	455,388	428,759	458,049	495,774
Plant Operations And Maintenance	1,003,834	1,325,576	1,247,459	1,284,563	1,316,657	1,302,179	1,279,978	1,281,421	1,289,024	1,438,780
Pupil Transportation	278,185	194,417	150,910	100,786	93,119	46,463	50,201	49,428	77,859	90,116
Capital Outlay	12,252,953	4,758,221	188,016	343,112	22,672	149,138	108,713	380,509	412,049	22,002
Debt Service:										
Principal	293,128	520,000	545,000	570,000	595,000	620,000	797,467	804,317	770,000	815,000
Interest and Other Charges	903,582	949,462	926,890	903,259	833,828	813,839	710,014	689,829	615,162	597,478
Cost of Issuance of Refunding Bonds					69,079		116,928		111,175	
Payments to Refunding Escrow Agent	-	-	-	-	121,256	-	802,275	-	-	-
Total Expenditures	26,557,066	21,330,140	16,226,031	16,997,497	17,369,209	17,701,596	19,458,631	18,707,911	19,668,039	20,161,649
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,590,716)	(4,583,884)	(905,559)	(89,275)	(256,280)	53,033	(711,209)	101,368	177,531	251,416
Other Financing Sources (Uses)										
Capital Leases (Non-Budgeted)						208,954				
Cancellation of Grant Receivable				(4,307)						
Accrued Interest on Sale of Bonds	10,781									
Bond Proceeds	8,855,000								7,325,000	
Payments to Refunding Escrow Agent					(2,698,000)		(8,085,000)		(7,746,275)	
Refunding Bond Proceeds					2,820,000		8,515,000			
Premium on Issuance of Refunding Bond					68,335		489,203		487,450	
Transfers In	541,284	146,085	5,182	880	472	5,593	113	301,245	-	86,947
Transfers Out	(541,284)	(146,085)	(5,182)	(880)	(472)	(5,593)	(113)	(301,245)	-	(86,947)
Total Other Financing Sources (Uses)	8,865,781	-	-	(4,307)	190,335	208,954	919,203	-	66,175	-
Net Change in Fund Balances	\$ (2,724,935)	\$ (4,583,884)	\$ (905,559)	\$ (93,582)	\$ (65,945)	\$ 261,987	\$ 207,994	\$ 101,368	\$ 243,706	\$ 251,416
Debt Service as a Percentage of Noncapital Expenditures	8.37%	8.87%	9.18%	8.85%	9.33%	8.17%	8.18%	8.15%	7.77%	7.01%

* Noncapital expenditures are total expenditures less capital outlay.

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

<u>Fiscal Year Ended June 30,</u>	<u>Tuition</u>	<u>Interest on Investments</u>	<u>Misc.</u>	<u>Total</u>
2007	\$ 8,000	\$ 159,960	\$ 51,419	\$ 219,379
2008	270,450	152,916	81,927	505,293
2009	192,403	42,667	43,026	278,096
2010	500,413	27,472	69,818	597,703
2011	466,579	25,388	76,730	568,697
2012	484,142	10,074	128,841	623,057
2013	777,275	9,513	122,937	909,725
2014	790,310	8,322	139,042	937,674
2015	929,139	5,046	202,276	1,136,461
2016	835,142	4,595	228,437	1,068,174

Source: School Districts' Financial Statements

RIVER EDGE BOARD OF EDUCATION
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN YEARS
 (Unaudited)

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2007	\$ 7,055,300	\$ 1,402,078,700	N/A	N/A	\$ 120,723,800	\$ 12,088,000	\$ 70,886,900	\$ 1,612,832,700	\$ 7,062,847	\$ 1,619,895,547	\$ 1,798,693,560	\$ 0.77
2008	6,331,700	1,414,404,500	N/A	N/A	113,153,700	12,088,000	70,523,500	1,616,501,400	6,740,506	1,623,241,906	1,896,887,695	0.76
2009	11,167,500	1,421,404,500	N/A	N/A	105,142,400	11,978,000	70,523,500	1,620,215,900	6,952,327	1,627,168,227	1,920,855,215	0.83
2010	11,257,500	1,423,100,600	N/A	N/A	111,031,000	11,770,500	70,523,500	1,627,683,100	7,502,187	1,635,185,287	1,842,825,877	0.86
2011	11,268,700	1,424,860,900	N/A	N/A	109,821,000	11,628,300	70,523,500	1,628,102,400	6,992,114	1,635,094,514	1,845,519,614	0.87
(1) 2012	7,651,800	1,230,634,900	N/A	N/A	101,710,100	11,109,500	79,154,600	1,450,260,900	7,391,212	1,437,652,112	1,612,162,697	1.006
2013	7,651,800	1,230,141,600	N/A	N/A	101,255,800	11,109,500	79,154,600	1,429,313,300	4,948,498	1,434,261,798	1,650,484,645	1.025
2014	3,019,800	1,230,540,199	N/A	N/A	107,300,600	11,109,500	77,829,700	1,429,799,799	4,544,828	1,434,344,627	1,680,254,978	1.049
2015	3,055,800	1,237,865,699	N/A	N/A	110,334,400	9,957,700	76,839,700	1,438,033,299	4,509,632	1,442,542,931	1,652,674,244	1.075
2016	2,533,300	1,245,022,199	N/A	N/A	113,294,400	9,957,700	76,839,700	1,447,647,299	4,742,304	1,452,389,603	1,687,677,142	1.097

Source: County Abstract of Ratables

^a Tax rates are per \$100

(1) The Borough underwent a reassessment of real property which became effective January 1, 2012.

**RIVER EDGE BOARD OF EDUCATION
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
PER \$100 OF ASSESSED VALUATION
LAST TEN YEARS
(Unaudited)**

<u>Calendar Year</u>	<u>Total Direct School Tax Rate</u>	<u>Overlapping Rates</u>			<u>Total</u>
		<u>Regional High School District</u>	<u>Municipality (2)</u>	<u>County</u>	
2007	\$ 0.77	\$ 0.73	\$ 0.52	\$ 0.20	\$ 2.22
2008	0.76	0.79	0.55	0.22	2.32
2009	0.83	0.82	0.57	0.23	2.44
2010	0.86	0.83	0.64	0.23	2.56
2011	0.87	0.87	0.70	0.23	2.67
2012	(1) 1.006	0.998	0.816	0.245	3.065
2013	1.025	1.001	0.842	0.264	3.132
2014	1.049	1.039	0.862	0.273	3.223
2015	1.075	0.999	0.868	0.275	3.217
2016	1.097	1.023	0.880	0.286	3.286

(1) - The Borough underwent a reassessment of real property which became effective January 1, 2012.

(2) - Includes Library Tax

Source: Tax Collector

**RIVER EDGE 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
River Terrace Gardens, LLC	\$ 21,816,700	1.50%	\$ 19,825,900	1.22%
River Edge Associates	19,446,100	1.34%	15,761,300	0.97%
Route 4 - Maint Street, LLC	14,382,000	0.99%	10,176,800	0.63%
ESS WCOT Owner LLC, PTA	9,844,800	0.68%		
Gainesborough COOP Corp.	8,600,000	0.59%	10,524,100	0.65%
First Real Est. Investment Tr of NJ	8,475,900	0.58%	7,297,900	0.45%
River Terrace Gardens Assoc - R E Gardens	8,289,500	0.57%		
Grand Four Associates	6,500,000	0.45%	8,624,100	0.53%
Milpau, LLC.	5,431,200	0.37%	5,032,600	0.31%
Verizon - New Jersey	4,742,304	0.33%	7,062,847	0.44%
East Coast Storage			10,040,200	0.62%
Riverside Medical Arts Center			4,015,600	0.25%
	<u>\$ 107,528,504</u>	<u>7.40%</u>	<u>\$ 98,361,347</u>	<u>6.07%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Local School Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	\$ 11,459,533	\$ 11,459,533	100.00%	
2008	12,372,030	12,372,030	100.00%	
2009	12,401,145	12,401,145	100.00%	
2010	13,455,269	13,455,269	100.00%	
2011	14,124,067	14,124,067	100.00%	
2012	14,239,249	14,239,249	100.00%	
2013	14,455,278	14,455,278	100.00%	
2014	14,694,445	14,694,445	100.00%	
2015	15,039,097	15,039,097	100.00%	
2016	15,509,911	15,509,911	100.00%	

**RIVER EDGE 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	Capital Leases			
2007	\$ 22,508,000		\$ 22,508,000	10,609	\$ 2,122
2008	21,988,000		21,988,000	10,627	2,069
2009	21,443,000		21,443,000	10,691	2,006
2010	20,873,000		20,873,000	11,361	1,837
2011	20,400,000		20,400,000	11,446	1,782
2012	19,780,000	\$ 126,784	19,906,784	11,497	1,731
2013	19,480,000	59,317	19,539,317	11,560	1,690
2014	18,735,000	-	18,735,000	11,609	1,614
2015	18,080,000	-	18,080,000	11,668	1,550
2016	17,265,000	-	17,265,000	11,668 (1)	1,480

(1) - estimated

Source: District records

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

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Debt	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2007	\$ 22,508,000		\$ 22,508,000	1.39%	\$ 2,122
2008	21,988,000		21,988,000	1.35%	2,069
2009	21,443,000		21,443,000	1.32%	2,006
2010	20,873,000		20,873,000	1.28%	1,837
2011	20,400,000		20,400,000	1.25%	1,782
2012	19,780,000		19,780,000	1.38%	1,720
2013	19,480,000		19,480,000	1.36%	1,685
2014	18,735,000		18,735,000	1.31%	1,614
2015	18,080,000		18,080,000	1.25%	1,550
2016	17,265,000		17,265,000	1.19%	1,480

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

RIVER EDGE BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT
FOR YEAR ENDED DECEMBER 31, 2015
(Unaudited)

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Borough of River Edge	\$ 11,978,693		\$ 11,978,693
Regional School District	5,355,132	\$ 5,355,132	
Local School District	<u>17,590,000</u>	<u>17,590,000</u>	<u>-</u>
	<u>\$ 34,923,825</u>	<u>\$ 22,945,132</u>	11,978,693
Overlapping Debt Apportioned to the Municipality:			
Bergen County			
County of Bergen (3); (A)			9,683,362
Bergen County Utilities Authority - Water Pollution Control (2); (B)			<u>2,860,535</u>
Total Direct and Overlapping Debt			<u>\$ 24,522,590</u>

(A) The debt for this entity was apportioned to the Borough of River Edge by dividing the Municipality's 2015 equalized value by the total 2015 equalized value for Bergen County.

(B) Overlapping debt was computed based upon municipal flow to the Authority.

Sources:

- (1) Borough of River Edge 2015 Annual Debt Statement.
- (2) BCUA 2015 audit.
- (3) Bergen County 2015 Annual Debt Statement

**RIVER EDGE BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
AS OF JUNE 30,
(Unaudited)**

Legal Debt Margin Calculation for Fiscal Year 2016

Equalized valuation basis		
2015	\$	1,668,832,887
2014		1,635,739,388
2013		1,672,102,597
		<u>\$ 4,976,674,872</u>
 Average equalized valuation of taxable property	 \$	 1,658,891,624
 Debt limit (2.5% of average equalization value)		 41,472,291
Total Net Debt Applicable to Limit		<u>17,265,000</u>
Legal debt margin		<u>\$ 24,207,291</u>

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 40,139,968	\$ 43,992,029	\$ 46,433,937	\$ 46,750,086	\$ 46,355,838	\$ 45,270,222	\$ 43,775,847	\$ 42,423,181	\$ 41,262,018	\$ 41,472,291
Total net debt applicable to limit	<u>22,509,098</u>	<u>21,988,000</u>	<u>21,443,000</u>	<u>20,873,000</u>	<u>20,400,000</u>	<u>19,780,000</u>	<u>19,480,000</u>	<u>18,735,000</u>	<u>18,080,000</u>	<u>17,265,000</u>
Legal debt margin	<u>\$ 17,630,870</u>	<u>\$ 22,004,029</u>	<u>\$ 24,990,937</u>	<u>\$ 25,877,086</u>	<u>\$ 25,955,838</u>	<u>\$ 25,490,222</u>	<u>\$ 24,295,847</u>	<u>\$ 23,688,181</u>	<u>\$ 23,182,018</u>	<u>\$ 24,207,291</u>
 Total net debt applicable to the limit as a percentage of debt limit	 56.08%	 49.98%	 46.18%	 44.65%	 44.01%	 43.69%	 44.50%	 44.16%	 43.82%	 41.63%

Source: Annual Debt Statements

**RIVER EDGE BOARD OF EDUCATION
DEMOGRAPHIC STATISTICS
LAST TEN YEARS
(Unaudited)**

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income(1)</u>	<u>School District Population</u>
2007	2.6	68,147	10,609
2008	3.4	68,548	10,627
2009	6.2	64,571	10,691
2010	6.4	65,275	11,361
2011	6.3	68,244	11,446
2012	6.4	71,380	11,497
2013	6.6	70,498	11,560
2014	4.6	73,536	11,609
2015	3.6	N/A	11,668
2016	N/A	N/A	11,668 (2)

N/A - Not Available

Source: United States Bureau of Census
School District Records

(1) Represents the County of Bergen's Per Capita Income

(2) Estimated

RIVER EDGE BOARD OF EDUCATION
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

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

INFORMATION NOT AVAILABLE

RIVER EDGE 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	72.0	77.0	78.0	77.0	72.0	72.0	74.0	74.0	76.5	77.1
Special education	6.0	18.5	24.5	27.5	29.0	34.0	40.0	47.0	47.0	49.0
Other instruction	3.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0	3.0
Co-curricular activities										
Support Services:										
Student and instruction related services	9.5	12.5	12.5	12.5	12.5	11.5	11.5	17.0	17.5	18.5
General administration Services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
School administration Services	4.0	4.0	4.0	4.0	4.0	4.0	4.0	6.0	6.0	6.0
Central services	4.0	4.0	4.0	4.0	4.0	4.5	4.5	5.5	5.5	7.0
Plant operations and maintenance	7.0	8.0	8.0	8.0	8.0	8.0	8.0	9.0	9.0	9.0
Pupil transportation					1.0	1.0	1.0	1.0	1.0	1.0
Total	108.5	130.0	137.0	139.0	136.5	141.0	149.0	166.5	169.5	173.6

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary					
2007	1,128	\$ 13,107,403	\$ 11,620	8.01%	91.00	01:15.4		1,130	1,092	2.08%	96.60%
2008	1,154	15,102,457	13,087	11.21%	105.00	01:13.8		1,140	1,099	1.01%	96.40%
2009	1,158	14,566,125	12,579	-3.88%	105.00	01:13.8		1,158	1,115	1.55%	96.30%
2010	1,206	15,181,126	12,588	0.07%	105.00	01:13.8		1,198	1,154	3.34%	96.30%
2011	1,197	15,727,374	13,139	4.38%	105.00	01:13.8		1,197	1,153	-0.08%	96.40%
2012	1,179	16,118,619	13,671	4.05%	105.00	01:13.8		1,169	1,132	-2.40%	96.40%
2013	1,202	16,923,234	14,079	2.98%	105.00	01:13.8		1,196	1,153	2.24%	95.90%
2014	1,167	16,833,256	14,424	2.45%	106.00	01:14.4		1,166	1,121	-2.56%	96.06%
2015	1,205	17,759,653	14,738	2.18%	109.00	01:11.1		1,201	1,169	2.91%	97.01%
2016	1,170	18,727,169	16,006	8.60%	107.00	01:11		1,177	1,133	-2.04%	96.26%

Sources: District records

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

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
District Building										
<u>Cherry Hill Elementary School</u>										
Square Feet	61,500	101,900	101,900	101,900	101,900	101,900	101,900	101,900	101,900	101,900
Capacity (students)	491	850	850	850	850	850	850	850	850	850
Enrollment	588	696	703	736	720	727	745	730	760	667
<u>Roosevelt Elementary School</u>										
Square Feet	62,400	63,520	63,520	63,520	63,520	63,520	63,520	63,250	63,250	63,250
Capacity (students)	488	596	596	596	596	596	596	596	596	596
Enrollment	549	458	455	470	477	452	457	437	445	503

Number of Schools at June 30, 2016
 Elementary = 2

Source: District Records

Note:
 GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only nine years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**RIVER EDGE BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
School Facilities										
Cherry Hill School	\$ 82,031	\$ 112,969	\$ 91,094	\$ 116,953	\$ 104,287	\$ 142,159	\$ 153,759	\$ 123,998	\$ 124,109	\$ 142,655
Roosevelt School	<u>86,192</u>	<u>81,355</u>	<u>64,460</u>	<u>87,309</u>	<u>120,787</u>	<u>135,294</u>	<u>106,362</u>	<u>69,959</u>	<u>113,568</u>	<u>155,938</u>
Total School Facilities	<u>168,223</u>	<u>194,324</u>	<u>155,554</u>	<u>204,262</u>	<u>225,074</u>	<u>277,453</u>	<u>260,121</u>	<u>193,957</u>	<u>237,677</u>	<u>298,593</u>
Grand Total	<u>\$ 168,223</u>	<u>\$ 194,324</u>	<u>\$ 155,554</u>	<u>\$ 204,262</u>	<u>\$ 225,074</u>	<u>\$ 277,453</u>	<u>\$ 260,121</u>	<u>\$ 193,957</u>	<u>\$ 237,677</u>	<u>\$ 298,593</u>

Source: District Records

* School Facilities as defined under EFCFA.
(N.J.A.C. 6:26-1.2 and N.J.A.C. 6:24.1.3)

RIVER EDGE BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2016
(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - Great American Insurance		
Property - Blanket Building & Contents	\$ 54,528,073	\$ 5,000
Flood and Earthquake (per occurrence and annual aggregate)	5,000,000	50,000
Automobile Liability	1,000,000	
General Liability - General Aggregate	2,000,000	
Crime Coverage - Selective Insurance Company of America		
Blanket Employee Dishonesty - per employee/per loss	100,000/400,000	5,000/100,000
Commercial Umbrella Policy - Great American Insurance Insurance Co.	9,000,000	
Commercial Umbrella Excess - Fireman's Fund Insurance Company	50,000,000	
Surety Bonds		
Treasurer of School Monies	210,000	
Board Secretary/Business Administrator	200,000	

Source: School District's records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

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

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

INDEPENDENT AUDITOR’S REPORT

Honorable President and Members
of the Board of Trustees
River Edge Board of Education
River Edge, 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 River Edge 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 River Edge Board of Education’s basic financial statements and have issued our report thereon dated November 8, 2016.

Internal Control Over Financial Reporting

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

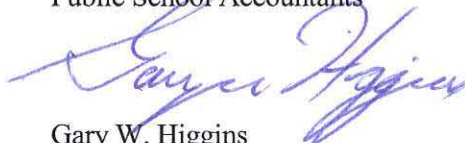
As part of obtaining reasonable assurance about whether the River Edge Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have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

Purpose of this Report

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



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
November 8, 2016



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, 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
River Edge Board of Education
River Edge, New Jersey

Report on Compliance for Each Major State Program

We have audited the River Edge Board of Education's compliance with the types of compliance requirements described in d the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the River Edge Board of Education's major state programs for the fiscal year ended June 30, 2016. The River Edge 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 River Edge 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 River Edge 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 River Edge Board of Education's compliance.

Opinion on Each Major State Program

In our opinion, the River Edge 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 River Edge 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 River Edge 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 River Edge Board of Education's internal control over compliance.

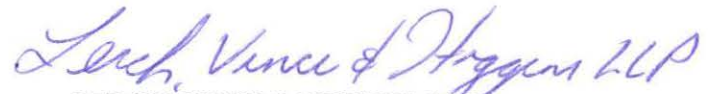
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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 River Edge Board of Education, as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated November 8, 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 is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
November 8, 2016

**RIVER EDGE 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	Federal FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2015					Cash Received	Budgetary Expenditures	June 30, 2016		Memo GAAP Receivables	
						(Account Receivable)	Unearned Revenue	Deferred Revenue Carryover Amount	A/R Carryover Amount	Due to Grantor			Unearned Revenue	(Account Receivable)		
U.S. Department of Education Passed-through State Department of Education																
Special Revenue Fund																
I.D.E.A. Part B, Basic Regular	84.027		IDEA441015	7/1/14-6/30/15	\$ 394,075	\$ (161,526)	\$ 44,296	\$ (44,296)	\$ 44,296		\$ 117,230					
I.D.E.A. Part B, Preschool	84.173		IDEA441015	7/1/14-6/30/15	15,949	(4,151)					4,151					
I.D.E.A. Part B, Basic Regular	84.027	H027A150100	IDEA441016	7/1/15-6/30/16	416,280			44,296	(44,296)		263,968	\$ 411,554	\$ 49,022	\$ (196,608)	\$ (147,586)	
I.D.E.A. Part B, Preschool	84.173	H173A150114	IDEA441016	7/1/15-6/30/16	16,542	-	-	-	-		3,880	7,763	8,779	(12,662)	(3,883)	
Total Special Education Cluster (IDEA)						-	-	-	-		389,229	419,317	57,801	(209,270)	(151,469)	
Title I	84.010A	S010A150030	NCLB441016	7/1/15-6/30/16	64,683						14,967	23,935	40,748	(49,716)	(8,968)	
Title II A	84.367A	S367A150029	NCLB441016	7/1/15-6/30/16	23,371						23,371	19,206	4,165			
Title III	84.365A	S365A150030	NCLB441016	7/1/15-6/30/16	26,648						26,648	26,648	-			
Total Special Revenue Fund						(165,677)	44,296	-	-		454,215	489,106	102,714	(258,986)	(160,437)	
Total Federal Awards						\$ (165,677)	\$ 44,296	\$ -	\$ -	\$ -	\$ 454,215	\$ 489,106	\$ 102,714	\$ (258,986)	\$ (160,437)	

Note - This schedule was not subject to an audit in accordance with U.S. Uniform Guidance

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

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

State Department of Education State Grant/Program Title	Grant or State Award Number	Grant Period	Award Amount	Balance, July 1, 2015		Cash Received	Budgetary Expenditures	Refund of Prior Years' Business		Adjustments (1)	Balance, June 30, 2016		MEMO GAAP Reversible Expenditures
				Unearned Rev./ (Cash Received)	Due to Grantor			Unearned Revenue	Accrued Reversible		Due to Grantor	GAAP Reversible	
State Department of Education													
General Fund													
Special Education Categorical Aid	15-495-034-5120-089	7/1/15-6/30/16	\$ 404,603	(\$3,850)	\$	\$63,825	\$ 404,603				\$ (98,778)	\$	\$ 404,603
Security Categorical Aid	15-495-034-5120-084	7/1/15-6/30/16	17,489	(1,462)	15,813	17,489					(1,676)		17,489
Under Adequacy Aid	15-495-034-5120-096	7/1/15-6/30/16	23,482	(1,963)	21,231	23,482					(2,251)		23,482
Per Page Growth Aid	15-495-034-5120-097	7/1/15-6/30/16	11,260	(942)	10,181	11,260					(1,079)		11,260
PARCC Readiness	15-495-034-5120-098	7/1/15-6/30/16	11,260	(942)	10,181	11,260					(1,079)		11,260
Total State Aid Public Cluster						\$62,370	\$68,094				(\$4,853)		\$ 68,094
Transportation Aid	15-495-034-5120-014	7/1/15-6/30/16	2,540	(212)	2,296	2,540					(244)		2,540
Non Public Transportation Reimbursement	N/A	7/1/15-6/30/16	1,740	(2,088)	2,088	1,740					(1,740)		1,740
Total Transportation Cluster						4,296	4,280				(1,984)		4,280
Extracurricular Aid	15-495-034-5120-044	7/1/15-6/30/16	272,445	(175,871)	175,871	272,445					(272,445)		272,445
On-Behalf TP&F Normal Course	15-495-034-5120-473	7/1/15-6/30/16	175,871		175,871	175,871							175,871
On-Behalf TP&F NCOI Payments	15-495-034-5120-402	7/1/15-6/30/16	29,854		29,854	29,854							29,854
On-Behalf TP&F Post-Secondary Medical Contributions	15-495-034-5120-401	7/1/15-6/30/16	749,177		749,177	749,177							749,177
On-Behalf TP&F Sec. Sec. Contributions	15-495-034-5120-403	7/1/15-6/30/16	561,810	(\$1,477)	561,133	561,810					(27,677)		561,810
Total General Fund						\$1,477	\$1,477						
Special Revenue Fund													
New Jersey Nonpublic Aid													
Textbook Aid	15-100-034-5120-054	7/1/15-6/30/16	49,302	\$	49,302	47,833						\$ 1,599	47,833
Textbook Aid - Pass Through River Dell Regional	15-100-034-5120-064	7/1/15-6/30/16	13,475	\$	13,475	13,475							13,475
Textbook Aid	15-100-034-5120-064	7/1/15-6/30/16	53,445	\$	53,445	51,308							51,308
Total Textbook Aid Cluster						112,202	112,616						112,616
Nursing Aid	15-100-034-5120-070	7/1/15-6/30/16	84,530		84,530	84,243							84,243
Nursing Aid - Pass Through River Dell Regional	15-100-034-5120-070	7/1/15-6/30/16	23,310		23,310	23,310							23,310
Total Nursing Aid Cluster						107,840	107,553						107,553
Technology Aid	15-100-034-5120-573	7/1/15-6/30/16	22,490		22,490	21,065							21,065
Technology Aid - Pass Through River Dell Regional	15-100-034-5120-573	7/1/15-6/30/16	6,136		6,136	6,136							6,136
Total Technology Aid Cluster						28,626	27,201						27,201
Auxiliary Services													
Complementary Education	15-100-034-5120-067	7/1/15-6/30/16	81,388		81,388	51,999							51,999
Complementary Education	15-100-034-5120-067	7/1/15-6/30/16	83,131		83,131	35,027							35,027
English as a Second Language	15-100-034-5120-067	7/1/15-6/30/16	8,428		8,428	2,388							2,388
English as a Second Language	15-100-034-5120-067	7/1/15-6/30/16	10,640		10,640	8,678							8,678
Transportation	15-100-034-5120-067	7/1/15-6/30/16	13,175		13,175	6,587							6,587
Total Auxiliary Services Aid						103,191	61,174						61,174
Handicapped Services													
Corrective Speech	15-100-034-5120-066	7/1/15-6/30/16	91,967		91,967	88,122							88,122
Examination & Classification	15-100-034-5120-066	7/1/15-6/30/16	126,640		126,640	106,610							106,610
Examination & Classification	15-100-034-5120-066	7/1/15-6/30/16	186,607		186,607	49,901							49,901
Supplementary Instruction	15-100-034-5120-066	7/1/15-6/30/16	53,714		53,714	3,924							3,924
Total Handicapped Aid						344,033	244,033						244,033

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

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

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2015		Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Adjustments (1)	Balance, June 30, 2016			MEMO	
				Unearned Rev./ (Acct. Receiv.)	Due to Grantor					Unearned Revenue	(Accounts Receivable)	Due to Grantor	GAAP Receivable	Cumulative Expenditures
Security Aid	16-100-034-5120-509	7/1/15-6/30/16	30,350	-	-	30,350	29,149	-	-	-	-	1,201	-	29,149
Total Special Revenue Fund				-	103,276	605,043	530,418	103,276	-	-	-	74,625	-	530,418
Capital Projects Fund														
Roof Replacement at Cherry Hill Elementary School	4410-030-14-1002-604		160,179	(84,026)	-	93,619	-	-	\$ (9,593)	\$ -	-	-	-	160,179
Total Capital Projects Fund				(84,026)	-	93,619	-	-	(9,593)	-	-	-	-	160,179
Debt Service Fund														
Debt Service Aid-State Support	16-495-034-5120-075	7/1/15-6/30/16	211,528	-	-	211,528	211,528	-	-	-	-	-	-	211,528
Total Debt Service Fund				-	-	211,528	211,528	-	-	-	-	-	-	211,528
Total				(352,813)	103,276	3,516,992	3,426,930	103,276	(9,593)	-	(346,969)	74,625	(29,417)	3,587,109
State Financial Assistance Not Subject to Single Audit Determination														
General Fund														
On-Behalf TPAF Normal Costs						(599,324)	(599,324)							(599,324)
On-Behalf TPAF NCGI Premium						(29,854)	(29,854)							(29,854)
On-Behalf TPAF Post-Retirements Medical Contributions						(749,177)	(749,177)							(749,177)
Total State Financial Assistance Subject to Single Audit				\$ (352,813)	\$ 103,276	\$ 2,158,637	\$ 2,048,575	\$ 103,276	\$ (9,593)	\$ -	\$ (346,969)	\$ 74,625	\$ (29,417)	\$ 2,208,754

(1) - To adjust deferred revenue balance and reclassify prior year expenditures

**RIVER EDGE 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 River Edge Board of Education. The Board of Education is defined in Note 1(A) to the Board's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the budgetary basis of accounting. 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 decrease of \$102,330 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 2,582,654	\$ 2,582,654
Special Revenue Fund	\$ 489,106	530,418	1,019,524
Capital Projects Fund		9,593	9,593
Debt Service Fund	-	211,528	211,528
	<u> </u>	<u> </u>	<u> </u>
Total Financial Assistance	\$ 489,106	\$ 3,334,193	\$ 3,823,299

**RIVER EDGE 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 \$561,810 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 \$629,178 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$749,177 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.

**RIVER EDGE 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 auditors' report issued: | Unmodified _____ |
| 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 basic financial statements noted? | _____ yes <u> x </u> no |

Federal Awards Section

Not Applicable

**RIVER EDGE 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? yes x no

O) Identification of major programs:

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

**RIVER EDGE 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.

**RIVER EDGE 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.

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

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

STATUS OF PRIOR YEAR FINDINGS

There were none.