

SOUTH BERGEN JOINTURE COMMISSION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Hasbrouck Heights, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

South Bergen Jointure Commission

Hasbrouck Heights, New Jersey

For The Fiscal Year Ended June 30, 2016

Prepared by

Business Office

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INTRODUCTORY SECTION

South Bergen Jointure Commission

BOARD OF EDUCATION
500 Route 17 South, Suite 307
Hasbrouck Heights, NJ 07604

Susan E. Cucciniello
Business Administrator / Board Secretary

P) 201-393-0475
F) 201-288-2825

November 14, 2016

Honorable President and Members
of the Board of Education
South Bergen Jointure Commission
Hasbrouck Heights, New Jersey

Dear Board Members:

The comprehensive annual financial report of the South Bergen Jointure Commission 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 Commission. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the district. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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 basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and the U.S. Uniform Guidance and New Jersey 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES: The Commission is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The Commission and all its schools constitute the District's reporting entity.

2. INTERNAL ACCOUNTING CONTROLS: Management of the Commission 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 generally accepted

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

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

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

3. BUDGETARY CONTROLS: In addition to internal accountability controls, the Commission 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 Board of Commissioners. Annual appropriated budgets are adopted for the general fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance 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 reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2016.

4. ACCOUNTING SYSTEM AND REPORTS: The Commission's accounting records reflect generally accepted accounting principals, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the district is organized on the basis funds.

5. FINANCIAL INFORMATION AT FISCAL YEAR-END: As demonstrated by the various statements and schedules included in the financial section of this report, the Commission continues to meet its responsibilities for sound financial management.

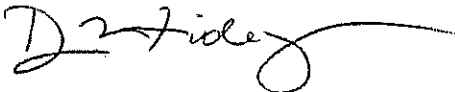
6. CASH MANAGEMENT: The investment policy of the Commission is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The Commission has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the act.

7. RISK MANAGEMENT: The Commission 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.

8. 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, was selected by the Commission. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act and the related U.S. Uniform Guidance and state Treasury Circular Letter 15-08 OMB. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

9. ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Commission for their concern in providing fiscal accountability and 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 Business Office staff.

Respectfully submitted,

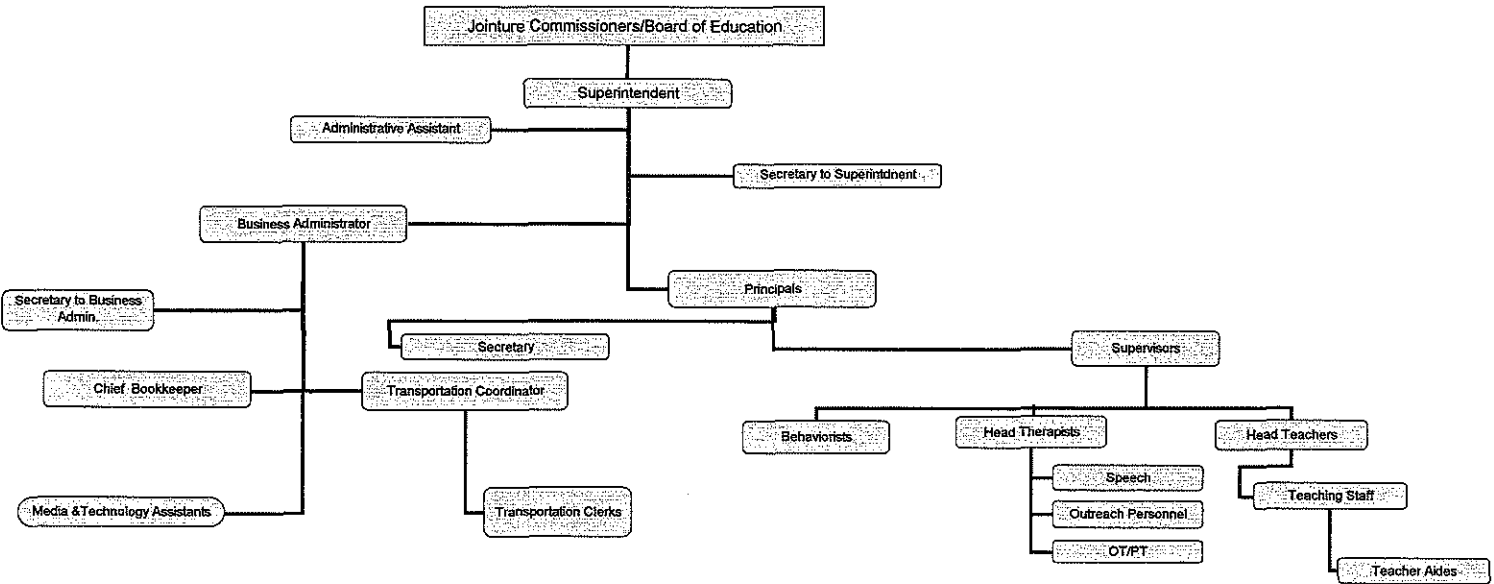


Dawn Fidanza, Ph.D.
Superintendent of Schools



Susan E. Cucciniello
Board Secretary / Business Administrator

Administrative Structure South Bergen Jointure Commission



AT

SOUTH BERGEN JOINTURE COMMISSION
Roster of Officials and Member Districts
Fiscal Year Ended June 30, 2016

<u>Members of the Board of Education</u>	<u>Member District</u>	<u>Term Expires</u>
Mr. Gregorio Maceri	South Hackensack	June 30, 2016
Dr. Oliver Stringham	North Arlington	June 30, 2016
Ms. Louise Clarke	Becton Regional	June 30, 2016
Dr. Letizia Pantoliano	Bogota	June 30, 2016
Mr. Steve Kollinok- President	Carlstadt	June 30, 2016
Mr. Joseph Abate	East Rutherford	June 30, 2016
Mr. Nicholas Perrapato	Garfield	June 30, 2016
Dr. Matt Helfant	Hasbrouck Heights	June 30, 2016
Mr. Frank Quatrone- VP	Lodi	June 30, 2016
Dr. James Corino	Lyndhurst	June 30, 2016
Dr. Jonathon Ponds	Moonachie	June 30, 2016
Mr. John Hurley	Rutherford	June 30, 2016
Mr. James Albro	Wallington	June 30, 2016
Mr. Nicholas Cipriano	Wood-Ridge	June 30, 2016

Other Officials

Dr. Dawn Fidanza, Ph.D., Superintendent

Ms. Susan Cucciniello, Board Secretary/Business Administrator

Ms. Nancy Ciavaglia, Treasurer

**SOUTH BERGEN JOINTURE COMMISSION
Consultants and Advisors
Fiscal Year Ended June 30, 2016**

Audit Firm

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

Attorney

Fogarty & Hara, Esqs.
1600 Route 208 South
Fair Lawn, New Jersey
07410

Official Depository

Capital One Bank

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 Commission
South Bergen Jointure Commission
Hasbrouck Heights, New Jersey

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 South Bergen Jointure Commission, as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the South Bergen Jointure Commission 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 Commission, 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

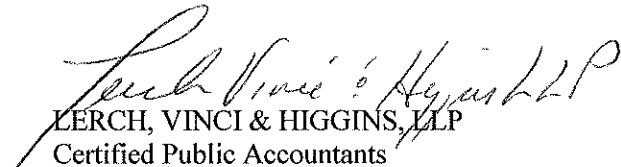
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the South Bergen Jointure Commission's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures 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 South Bergen Jointure Commission.

The combining 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 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.

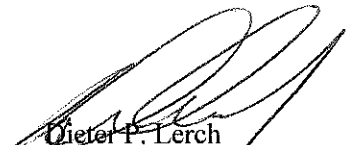
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 14, 2016 on our consideration of the South Bergen Jointure Commission'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 South Bergen Jointure Commission's internal control over financial reporting and compliance.



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



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
November 14, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

**SOUTH BERGEN JOINTURE COMMISSION
HASBROUCK HEIGHTS, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2016**

This section of the South Bergen Jointure Commission's annual financial report presents our discussion and analysis of the Commission's financial performance during the fiscal year that ended on June 30, 2016. Please read it in conjunction with the transmittal letter at the front of this report and the Commission's financial statements, which immediately follows this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Commission's (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued in June 1999.

FINANCIAL HIGHLIGHTS

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

- Governmental Activities - The assets and deferred outflows of resources of the South Bergen Jointure Commission exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$2,409,016 (net position).
- The Commission's total net position for governmental activities increased \$925,666.
- Overall Commission revenues for governmental activities were \$49,359,765. Program specific revenues in the form of charges for services and grants and contributions accounted for \$49,341,302 or 99% of total revenues.
- The Commission had \$48,393,299 in expenses for governmental activities.
- As of the close of the current fiscal year, the Commission's governmental funds reported a combined ending fund balance of \$8,793,619 an increase of \$1,003,063 when compared to the previous year ending fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *Commission wide financial statements* that provide both *short-term* and *long-term* information about the Commission's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual* parts of the Commission, reporting the Commission's operations in *more detail* than the Commission-wide statements.
 - The *governmental funds statements* tell how basic services were financed in the *short term* as well as what remains for future spending.
 - *Proprietary funds* statements offer *short-term* and *long-term* financial information about the activities the Commission operated like *businesses*.

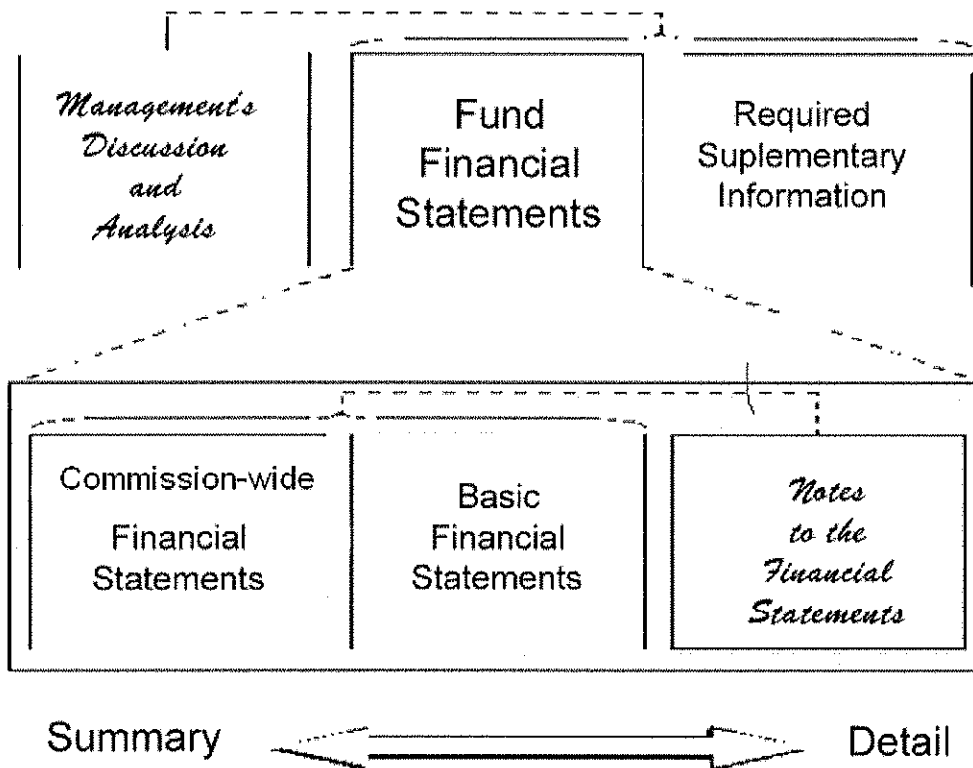
**SOUTH BERGEN JOINTURE COMMISSION
HASBROUCK HEIGHTS, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2016**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

-Fiduciary funds statements provide information about the financial relationships in which the Commission acts solely as a *trustee* or *agent* for the benefit of others to whom the resources belong.

The financial statements also include *notes* that explain the information in the statements and provide more detailed data. The following shows how the various parts of this annual report are arranged and related to one another.



**SOUTH BERGEN JOINTURE COMMISSION
HASBROUCK HEIGHTS, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2016**

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

Major Features of the Commission-wide and Fund Financial Statements

	Commission-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Commission (except fiduciary funds)	The activities of the Commission that are not proprietary or fiduciary, such as Regular and Special Education Instruction and Building maintenance	Activities the Commission operates similar to private businesses: Enterprise Fund	Instances in which the Commission administers resources held in trust, such as Payroll Agency and Student Activities
Required financial statements	Statements of net position Statement of activities	Balance Sheet Statement of Revenues, Expenditures and changes in fund balances	Statement of Net Position Statement of revenue, expenses, and changes in net position Statement of cash flows	Statements of Fiduciary net position Statement of changes in fiduciary net position
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources Focus
Type of asset, deferred outflows/inflows of resources and liability Information	All assets, deferred outflows/inflows of resources and liabilities, both financial and capital, short-term and long-term	Generally assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows/inflows of resources and liabilities, both financial and capital term and long-term	All assets and liabilities, both short-term and long-term funds do not currently contain capital assets.
Type of inflow/outflow Information	All revenues and expenses during year, regardless of when cash is received or Paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods Or services have been Received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and dedications during the year, regardless of when cash is received or paid.

**SOUTH BERGEN JOINTURE COMMISSION
HASBROUCK HEIGHTS, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2016**

Commission-wide financial statements

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

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

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

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

- *Governmental activities* – Most of the Commission's basic services are included here, such as regular and special education, transportation, administration and plant operations and maintenance. Tuition charges and service fee revenues finance most of these activities.
- *Business type activities* – These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises.

Fund financial statements

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

- Some funds are required by State law and bond covenants.
- The Commission establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues (federal and state grants and restricted contributions and service fees).

The Commission has three kinds of funds:

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

**SOUTH BERGEN JOINTURE COMMISSION
HASBROUCK HEIGHTS, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2016**

Fund financial statements (continued)

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

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

Notes to the financial statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Commission's budget process. The Commission adopts an annual expenditure budget for the general and special revenue funds. A budgetary comparison statement has been provided for these funds as required supplementary information. The required supplementary information can be found following the notes to the financial statements.

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

COMMISSION-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Commission, assets exceeded liabilities by \$2,409,016 as of June 30, 2016 and \$1,483,350 as of June 30, 2015.

By far the largest portion of the Commission's net position is unrestricted and available to finance future expenses and capital acquisitions of the Commission. The other portion of net position reflects the Commission's investment in capital assets. The Commission uses these assets to provide services to its students and participating school districts utilizing the Commission's services.

**SOUTH BERGEN JOINTURE COMMISSION
HASBROUCK HEIGHTS, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2016**

**Net Position
As of June 30, 2016 and 2015**

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current Assets	\$ 8,800,019	\$ 7,895,113	\$ 47,358	\$ 46,424	\$ 8,847,377	\$ 7,941,537
Capital Assets	<u>244,068</u>	<u>357,975</u>	<u>4,510</u>	<u>6,407</u>	<u>248,578</u>	<u>364,382</u>
Total Assets	<u>9,044,087</u>	<u>8,253,088</u>	<u>51,868</u>	<u>52,831</u>	<u>9,095,955</u>	<u>8,305,919</u>
Deferred Outflows of Resources	<u>830,808</u>	<u>178,656</u>	<u>-</u>	<u>-</u>	<u>830,808</u>	<u>178,656</u>
Total Assets and Deferred Outflows of Resources	<u>9,874,895</u>	<u>8,431,744</u>	<u>51,868</u>	<u>52,831</u>	<u>9,926,763</u>	<u>8,484,575</u>
Current Liabilities	6,400	104,557			6,400	104,557
Non-Current Liabilities	<u>6,390,349</u>	<u>5,737,792</u>	<u>-</u>	<u>-</u>	<u>6,390,349</u>	<u>5,737,792</u>
Total Liabilities	<u>6,396,749</u>	<u>5,842,349</u>	<u>-</u>	<u>-</u>	<u>6,396,749</u>	<u>5,842,349</u>
Deferred Inflows of Resources	<u>1,069,130</u>	<u>1,106,045</u>	<u>546</u>	<u>811</u>	<u>1,069,676</u>	<u>1,106,856</u>
Total Liabilities and Deferred Inflows of Resources	<u>7,465,879</u>	<u>6,948,394</u>	<u>546</u>	<u>811</u>	<u>7,466,425</u>	<u>6,949,205</u>
Net Position						
Net Investment in Capital Assets	244,068	357,975	4,510	6,407	248,578	364,382
Unrestricted	<u>2,164,948</u>	<u>1,125,375</u>	<u>46,812</u>	<u>45,613</u>	<u>2,211,760</u>	<u>1,170,988</u>
Total Net Position	<u>\$ 2,409,016</u>	<u>\$ 1,483,350</u>	<u>\$ 51,322</u>	<u>\$ 52,020</u>	<u>\$ 2,460,338</u>	<u>\$ 1,535,370</u>

**SOUTH BERGEN JOINTURE COMMISSION
HASBROUCK HEIGHTS, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2016**

**Change in Net Position
For The Fiscal Years Ended June 30, 2016 and 2015**

	<u>Governmental Activities</u>		<u>Business - Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues						
Program Revenues						
Charges for Services	\$ 44,668,914	\$ 39,885,916	\$ 51,530	\$ 51,435	\$ 44,720,444	\$ 39,937,351
Operating Grants and Contributions	4,672,388	3,805,181	121,939	119,641	4,794,327	3,924,822
Interest	18,463	14,266	-	32	18,463	14,298
Total Revenues	<u>49,359,765</u>	<u>43,705,363</u>	<u>173,469</u>	<u>171,108</u>	<u>49,533,234</u>	<u>43,876,471</u>
Expenses						
Instruction						
Special Education	10,642,272	10,799,247			10,642,272	10,799,247
Support Services						
Student and Instruction Related Services	11,097,934	8,042,814			11,097,934	8,042,814
General Administrative Services	712,010	359,641			712,010	359,641
School Administrative Services	2,345,133	2,268,258			2,345,133	2,268,258
Central and Other Support Services	676,760	545,508			676,760	545,508
Plant Operations and Maintenance	2,087,439	1,944,218			2,087,439	1,944,218
Pupil Transportation	20,831,751	17,922,633			20,831,751	17,922,633
Food Services	-	-	214,967	211,174	214,967	211,174
Total Expenses	<u>48,393,299</u>	<u>41,882,319</u>	<u>214,967</u>	<u>211,174</u>	<u>48,608,266</u>	<u>42,093,493</u>
Increase (Decrease) in Net Position Before Transfers	<u>966,466</u>	<u>1,823,044</u>	<u>(41,498)</u>	<u>(40,066)</u>	<u>924,968</u>	<u>1,782,978</u>
Transfer	<u>(40,800)</u>	<u>(40,000)</u>	<u>40,800</u>	<u>40,000</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>\$ 925,666</u>	<u>\$ 1,783,044</u>	<u>\$ (698)</u>	<u>\$ (66)</u>	<u>\$ 924,968</u>	<u>\$ 1,782,978</u>

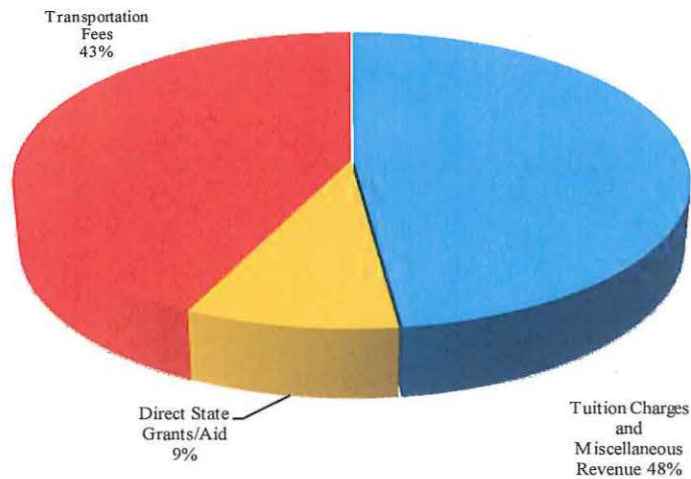
**SOUTH BERGEN JOINTURE COMMISSION
HASBROUCK HEIGHTS, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2016**

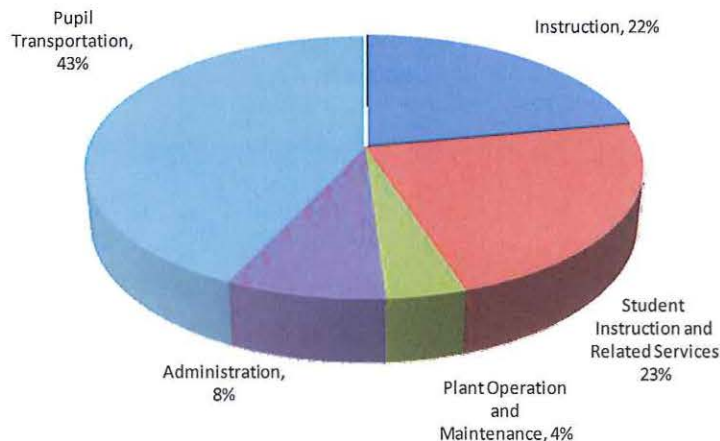
Governmental Activities. The Commission's total governmental activities' revenues, which includes State grants, were \$49,359,765 and \$43,705,363 for the year ended June 30, 2016 and 2015, respectively. Tuition revenue of \$23,754,275 and transportation fees of \$20,914,639, represented 48% and 43% respectively of the revenues for the fiscal year ended June 30, 2016. Another portion of revenues came from grants and contributions of \$4,672,388 or 9% of the revenues for the fiscal year ended June 30, 2016. Miscellaneous income includes items such as indirect cost fees, interest, prior year refunds and other miscellaneous items.

The total cost of all governmental activities programs and services were \$48,393,299 and \$41,882,319 for the years ended June 30, 2016 and 2015, respectively. The Commission's expenses are related to educating and caring for students. Instruction totaled \$10,642,272 and \$10,799,247 (22% and 26%) of total expenditures for the fiscal years ended June 30, 2016 and 2015 respectively. Support services (including pupil transportation), totaled \$37,751,027 and \$31,083,072 (78% and 74%) of total expenditures for the fiscal years end June 30, 2016 and June 30, 2015, respectively.

Revenues by Type- Governmental Activities
For Fiscal Year 2016



Expenses by Type- Governmental Activities
For Fiscal Year 2016



**SOUTH BERGEN JOINTURE COMMISSION
HASBROUCK HEIGHTS, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2016**

Net Cost of Governmental Activities. The Commission's total cost of services was \$48,393,299 for the fiscal year ended June 30, 2016. After applying program revenues, derived from charges for services and grants and contributions of \$49,341,302 the net revenue from services of the Commission was \$948,003 for the fiscal year ended June 30, 2016.

Net Cost of Governmental Activities

	<u>Total Cost of Services</u> <u>2016</u>	<u>(Net Cost) Revenue of Services</u> <u>2016</u>	<u>Total Cost of Services</u> <u>2015</u>	<u>(Net Cost) Revenue of Services</u> <u>2015</u>
Instruction				
Special Education	\$ 10,642,272	\$ 3,442,004	\$ 10,799,247	\$ 4,156,274
Support Services				
Student and Instruction Related Services	11,097,934	2,812,783	8,042,814	2,286,053
General Administrative Services	712,010	(581,044)	359,641	(359,641)
School Administrative Services	2,345,133	(2,044,429)	2,268,258	(1,835,288)
Central and Other Support Services	676,760	(676,760)	545,508	(399,908)
Plant Operations and Maintenance	2,087,439	(2,087,439)	1,944,218	(1,944,218)
Pupil Transportation	<u>20,831,751</u>	<u>82,888</u>	<u>17,922,633</u>	<u>(94,494)</u>
Total	<u>\$ 48,393,299</u>	<u>\$ 948,003</u>	<u>\$ 41,882,319</u>	<u>\$ 1,808,778</u>

**SOUTH BERGEN JOINTURE COMMISSION
HASBROUCK HEIGHTS, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2016**

FINANCIAL ANALYSIS OF THE COMMISSION'S FUNDS

As noted earlier, the Commission uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Commission's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Commission's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Commission's net resources available for spending at the end of the fiscal year.

The financial performance of the Commission as a whole is reflected in its governmental funds as well. As the Commission completed the year, its governmental funds reported a *combined* fund balance of \$8,793,619 for the year ended June 30, 2016 compared to \$7,790,556 for the year ended June 30, 2015.

Revenues for the Commission's governmental funds were \$46,844,883 and \$41,723,416, while total expenses and transfers were \$45,841,820 and \$40,133,045 for the fiscal years ended June 30, 2016 and 2015, respectively.

General Fund - The General Fund is the chief operating fund of the Commission and includes the primary operations in providing educational services to students, to special needs students, as well as, basic skills and home instruction to various local education agencies. In addition, the Commission provides contracted services for pupil transportation

The following schedule presents a summary of General Fund Revenues.

	June 30,		Amount of Increase (Decrease)	Percent Increase (Decrease)
	2016	2015		
Local Sources				
Tuition Charges	\$ 18,571,406	\$ 17,451,550	\$ 1,119,856	6%
Transportation Fees	20,914,639	17,828,139	3,086,500	17%
Miscellaneous	5,182,869	4,606,227	576,642	12%
Interest	18,463	14,266	4,197	29%
State Sources	<u>2,155,874</u>	<u>1,821,234</u>	<u>334,640</u>	18%
Total General Fund Revenues	<u>\$ 46,843,251</u>	<u>\$ 41,721,416</u>	<u>\$ 5,121,835</u>	12%

Tuition revenue increased \$1,119,856 or 6% over the previous year. Transportation fees increased \$3,086,500 or 17% from the previous year. Miscellaneous revenue increased \$576,642 or 12%, predominantly from other service fees charged to local education agencies. State aid revenues increased \$334,640 or 18% over the previous year.

**SOUTH BERGEN JOINTURE COMMISSION
HASBROUCK HEIGHTS, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2016**

The following schedule presents a summary of General Fund expenditures.

	June 30,		Amount of Increase (Decrease)	Percent Increase (Decrease)
	<u>2016</u>	<u>2015</u>		
Instruction	\$ 9,853,837	\$ 9,186,952	\$ 666,885	7%
Support Services	35,919,056	30,707,625	5,211,431	17%
Capital Outlay	<u>28,127</u>	<u>196,468</u>	<u>(168,341)</u>	-86%
Total Expenditures	<u>\$ 45,801,020</u>	<u>\$ 40,091,045</u>	<u>\$ 5,709,975</u>	14%

Total General Fund expenditures increased \$5,709,975 or 14% from the previous year. The increase is primarily attributable to an increase in expenditures for support services.

Special Revenue Fund - The Special Revenue Fund includes all restricted Federal, State and Local sources utilized in the operations of the Commission in providing educational services to students with special needs.

Revenues of the Special Revenue Fund were \$1,632 and \$2,000 for the years ended June 30, 2016 and 2015, respectively. Local sources accounted for 100% and 100% of the Special Revenue Funds revenue for the years ended June 30, 2016 and 2015, respectively.

Expenditures of the Special Revenue Fund were \$1,632 and \$2,000 for the fiscal years ended June 30, 2016 and 2015, respectively. Instructional expenditures were \$1,632 for June 30, 2016.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Commission's budget is prepared according to New Jersey Department of Education guidelines, 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 Commission revised the annual operating budget several times. These budget amendments were due to adjusted budgets for specially funded projects, which include additional service fee revenue and both federal and state grants.

**SOUTH BERGEN JOINTURE COMMISSION
HASBROUCK HEIGHTS, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year ended June 30, 2016**

CAPITAL ASSETS

The Commission's investment in capital assets for its governmental activities as of June 30, 2016 and 2015 amounted to \$244,068 and \$357,975 (net of accumulated depreciation). The capital assets consist of computers, specialized machinery and various other types of equipment. Depreciation charges for the fiscal years 2015-2016 amounted to \$142,034 for governmental activities.

**Capital Assets at June 30, 2016 and 2015
(Net of Accumulated Depreciation)**

	<u>2016</u>	<u>2015</u>
Machinery and Equipment	\$ 244,068	\$ 357,975
Total Net Capital Assets	<u>\$ 244,068</u>	<u>\$ 357,975</u>

Additional information on the Commission's capital assets is presented in Notes 1 and 3 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Many factors were considered by the Commission's administration during the process of developing the fiscal year 2016-2017 budget. The primary factors were the Commission's projected student population and services required to be provided to local education agencies as well as increasing transportation, salary and related benefit costs.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, and investors and creditors with a general overview of the Commission's finances and to demonstrate the Commission's accountability for the money it receives. If you have questions about this report or need additional information contact the School Business Administrator, South Bergen Jointure Commission, 624 Page Avenue, Hasbrouck Heights, NJ.

BASIC FINANCIAL STATEMENTS

SOUTH BERGEN JOINTURE COMMISSION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2016

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash	\$ 4,080,476	\$ 71,892	\$ 4,152,368
Receivables, net	4,652,221	10,809	4,663,030
Inventory		2,146	2,146
Other Assets	29,833		29,833
Internal Balances	37,489	(37,489)	
Capital Assets, Being Depreciated net	<u>244,068</u>	<u>4,510</u>	<u>248,578</u>
Total Assets	<u>9,044,087</u>	<u>51,868</u>	<u>9,095,955</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>830,808</u>	<u>-</u>	<u>830,808</u>
Total Deferred Outflows of Resources	<u>830,808</u>	<u>-</u>	<u>830,808</u>
Total Assets and Deferred Outflows of Resources	<u>9,874,895</u>	<u>51,868</u>	<u>9,926,763</u>
LIABILITIES			
Accounts Payable and Other Liabilities	6,400		6,400
Noncurrent Liabilities			
Due Beyond One Year	<u>6,390,349</u>	<u>-</u>	<u>6,390,349</u>
Total Liabilities	<u>6,396,749</u>	<u>-</u>	<u>6,396,749</u>
DEFERRED INFLOWS OF RESOURCES			
Unused Government Commodities		546	546
Deferred Amounts on Net Pension Liability	<u>1,069,130</u>	<u>-</u>	<u>1,069,130</u>
Total Deferred Inflows of Resources	<u>1,069,130</u>	<u>546</u>	<u>1,069,676</u>
Total Liabilities and Deferred Inflows of Resources	<u>7,465,879</u>	<u>546</u>	<u>7,466,425</u>
NET POSITION			
Net Investment in Capital Assets	244,068	4,510	248,578
Unrestricted	<u>2,164,948</u>	<u>46,812</u>	<u>2,211,760</u>
Total Net Position	<u>\$ 2,409,016</u>	<u>\$ 51,322</u>	<u>\$ 2,460,338</u>

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

**SOUTH BERGEN JOINTURE COMMISSION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		<u>Total</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Governmental Activities:						
Instruction:						
Special Education	\$ 10,642,272	\$ 12,628,556	\$ 1,455,720	\$ 3,442,004		\$ 3,442,004
Undistributed Expenditures:						
Student and Instruction Related Services	11,097,934	11,125,719	2,784,998	2,812,783		2,812,783
Support Services-General Administration	712,010		130,966	(581,044)		(581,044)
Support Services-School Administration	2,345,133		300,704	(2,044,429)		(2,044,429)
Central Services	676,760			(676,760)		(676,760)
Operation and Maintenance of Plant Services	2,087,439			(2,087,439)		(2,087,439)
Student Transportation Services	20,831,751	20,914,639	-	82,888	-	82,888
Total Governmental Activities	48,393,299	44,668,914	4,672,388	948,003	-	948,003
Business-Type Activities:						
Food Service	214,967	51,530	121,939	-	\$ (41,498)	(41,498)
Total Business-Type Activities	214,967	51,530	121,939	-	(41,498)	(41,498)
Total Primary Government	\$ 48,608,266	\$ 44,720,444	\$ 4,794,327	948,003	(41,498)	906,505
General Revenues and Transfers:						
Interest				\$ 18,463		
Transfers				(40,800)	40,800	\$ -
Total General Revenues and Transfers				(22,337)	40,800	18,463
Change in Net Position				925,666	(698)	924,968
Net Position, Beginning of Year				1,483,350	52,020	1,535,370
Net Position, End of Year				\$ 2,409,016	\$ 51,322	\$ 2,460,338

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

FUND FINANCIAL STATEMENTS

**SOUTH BERGEN JOINTURE COMMISSION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2016**

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ 4,080,476		\$ 4,080,476
Accounts Receivable			
Intergovernmental	4,651,421		4,651,421
Due from Other Funds	38,289		38,289
Other Assets	<u>29,833</u>	-	<u>29,833</u>
 Total Assets	 <u>8,800,019</u>	 -	 <u>8,800,019</u>
LIABILITIES			
Accounts Payable	<u>6,400</u>	-	<u>6,400</u>
 Total Liabilities	 <u>6,400</u>	 -	 <u>6,400</u>
FUND BALANCE			
Committed Fund Balance - Designated for STEM Labs and Programs	997,340		997,340
Unassigned Fund Balance	<u>7,796,279</u>	-	<u>7,796,279</u>
 Total Fund Balances	 <u>8,793,619</u>	 -	 <u>8,793,619</u>
 Total Liabilities and Fund Balances	 <u>\$ 8,800,019</u>	 <u>\$ -</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$747,586 and the accumulated depreciation is \$503,518. 244,068

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	\$ 830,808	
Deferred Inflows of Resources	<u>(1,069,130)</u>	(238,322)

Long-term liabilities, including compensating absences, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities consist of:

Compensated Absences	(60,311)	
Net Pension Liability	<u>(6,330,038)</u>	<u>(6,390,349)</u>

Net position of governmental activities	<u>\$ 2,409,016</u>	
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**SOUTH BERGEN JOINTURE COMMISSION
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</u>	<u>Total Governmental Funds</u>
REVENUES			
Local Sources:			
Tuition	\$ 18,571,406		\$ 18,571,406
Transportation Fees	20,914,639		20,914,639
Interest	18,463		18,463
Miscellaneous	<u>5,182,869</u>	<u>\$ 1,632</u>	<u>5,184,501</u>
 Total - Local Sources	 44,687,377	 1,632	 44,689,009
State Sources	<u>2,155,874</u>	<u>-</u>	<u>2,155,874</u>
 Total Revenues	 <u>46,843,251</u>	 <u>1,632</u>	 <u>46,844,883</u>
 EXPENDITURES			
Current			
Instruction			
Special Education - Instruction	9,852,205	1,632	9,853,837
Undistributed Expenditures			
Student and Instruction Related Services	9,592,467		9,592,467
Support Services-General Administration	634,403		634,403
Support Services-School Administration	2,079,095		2,079,095
Central Services	687,600		687,600
Operation and Maintenance of Plant Services	2,085,433		2,085,433
Student Transportation Services	20,840,058		20,840,058
Capital Outlay			
Equipment	<u>28,127</u>	<u>-</u>	<u>28,127</u>
 Total Expenditures	 <u>45,799,388</u>	 <u>1,632</u>	 <u>45,801,020</u>
 Excess (Deficiency) of Revenues Over Expenditures	 <u>1,043,863</u>	 <u>-</u>	 <u>1,043,863</u>
 OTHER FINANCING SOURCES (USES)			
Transfers to Food Service Fund	<u>(40,800)</u>	<u>-</u>	<u>(40,800)</u>
 Total Other Financing Sources and Uses	 <u>(40,800)</u>	 <u>-</u>	 <u>(40,800)</u>
 Net Change in Fund Balances	 1,003,063	 -	 1,003,063
Fund Balance, Beginning of Year	<u>7,790,556</u>	<u>-</u>	<u>7,790,556</u>
Fund Balance, End of Year	<u>\$ 8,793,619</u>	<u>\$ -</u>	<u>\$ 8,793,619</u>

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

**SOUTH BERGEN JOINTURE COMMISSION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ 1,003,063

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the period.

Depreciation Expense	\$ (142,034)	
Capital Outlay	<u>28,127</u>	
		(113,907)

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

Compensated Absences, Net	(3,983)	
Decrease in Pension Expense	<u>40,493</u>	
		<u>36,510</u>

Change in net position of governmental activities (Exhibit A-2) \$ 925,666

**SOUTH BERGEN JOINTURE COMMISSION
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2016**

	Business-Type Activities Enterprise Fund <u>Food Services</u>
ASSETS	
Current Assets	
Cash	\$ 71,892
Intergovernmental Receivable	10,809
Inventory	<u>2,146</u>
Total Current Assets	<u>84,847</u>
Capital Assets	
Machinery and Equipment, Net	<u>4,510</u>
Total Capital Assets	<u>4,510</u>
Total Assets	<u>89,357</u>
LIABILITIES	
Due to Other Funds	<u>37,489</u>
Total Liabilities	<u>37,489</u>
DEFERRED INFLOWS OF RESOURCES	
Unused Government Commodities	<u>546</u>
Total Deferred Inflows of Resources	<u>546</u>
Total Liabilities and Deferred Inflows of Resources	<u>38,035</u>
NET POSITION	
Net Investment in Capital Assets	4,510
Unrestricted	<u>46,812</u>
Total Net Position	<u>\$ 51,322</u>

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

**SOUTH BERGEN JOINTURE COMMISSION
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Business-Type Activities Enterprise Fund <u>Food Services</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales - Reimbursable Programs	\$ 51,530
Total Operating Revenues	<u>51,530</u>
OPERATING EXPENSES	
Cost of Sales - Reimbursable Programs	104,279
Salaries and Wages	84,941
Insurance	9,031
Supplies and Materials	6,411
Depreciation	1,897
Management Fee	<u>8,408</u>
Total Operating Expenses	<u>214,967</u>
Operating Loss	<u>(163,437)</u>
NONOPERATING REVENUES	
State Sources	
State School Lunch Program	1,768
Federal Sources	
National School Breakfast Program	37,135
National School Lunch Program	71,252
USDA Commodities	<u>11,784</u>
Total Nonoperating Revenues	<u>121,939</u>
Net Income (Loss) Before Transfers	(41,498)
Transfer from General Fund	<u>40,800</u>
Change in Net Position	(698)
Net Position, Beginning of Year	<u>52,020</u>
Net Position, End of Year	<u>\$ 51,322</u>

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

**SOUTH BERGEN JOINTURE COMMISSION
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Business-Type Activities Enterprise Fund <u>Food Services</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 51,530
Cash Payments for Food Service Management	
Cash Payments for Supplies and Materials	<u>(201,474)</u>
Net Cash Provided (Used) by Operating Activities	<u>(149,944)</u>
Cash Flows from Non-Capital Financing Activities	
Cash Received/Paid from Other Funds	89,321
Cash Received from State and Federal Subsidy	<u>110,721</u>
Net Cash Provided by Non-Capital Financing Activities	<u>200,042</u>
Net Increase in Cash and Cash Equivalents	50,098
Cash and Cash Equivalents, Beginning of Year	<u>21,794</u>
Cash and Cash Equivalents, End of Year	<u>\$ 71,892</u>
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities	
Operating Income (Loss)	\$ (163,437)
Adjustments to Reconcile Operating/Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Depreciation	1,897
Non-Cash Federal Assistance-National School Lunch (Food Distribution)	11,784
Change in Assets and Liabilities	
(Increase)/Decrease in Inventory	77
Increase/(Decrease) in Unearned Revenue	<u>(265)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (149,944)</u>
Non-Cash Financing Activities	
National School Lunch (Food Distribution)	\$ 11,519

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

**SOUTH BERGEN JOINTURE COMMISSION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2016**

	Unemployment Compensation <u>Trust Fund</u>	<u>Agency Fund</u>
ASSETS		
Cash	\$ 77,371	\$ 38,105
Total Assets	<u>77,371</u>	<u>\$ 38,105</u>
LIABILITIES		
Payroll Deductions and Withholdings		\$ 12,563
Accrued Salaries and Wages		21,899
Due to Other Funds		800
Due to Student Groups	-	<u>2,843</u>
Total Liabilities	<u>-</u>	<u>\$ 38,105</u>
NET POSITION		
Held In Trust For Unemployment Claims	<u>\$ 77,371</u>	

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

**SOUTH BERGEN JOINTURE COMMISSION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016**

	Unemployment Compensation <u>Trust Fund</u>
ADDITIONS	
Employee Contributions	\$ <u>24,168</u>
Total Additions	<u>24,168</u>
DEDUCTIONS	
Claims	<u>14,683</u>
Total Deductions	<u>14,683</u>
Change in Net Position	9,485
Net Position, Beginning of Year	<u>67,886</u>
Net Position, End of Year	<u>\$ 77,371</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**SOUTH BERGEN JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The South Bergen Jointure Commission (the "Commission") is an instrumentality of the State of New Jersey, established to function as an education institution. The Commission consists of fourteen appointed officials one from each member school district and is responsible for the administrative control of the commission. Under existing statutes, the Commission'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 Commission 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 Commission are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Commission. For the South Bergen Jointure Commission this includes general operations, food service, and student related activities of the Commission.

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

B. New Accounting Standards

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

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

**SOUTH BERGEN JOINTURE COMMISSION
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 Commission 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, 2018. 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, 2018. 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 Commission-wide financial statements (based on the Commission as a whole) and fund financial statements (based on specific Commission activities or objectives). Both the Commission-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate Commission-wide and fund financial statements are presented, they are interrelated. In the Commission-wide financial statements, the governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the Commission's enterprise funds. Fiduciary funds are excluded from the Commission-wide financial statements.

**SOUTH BERGEN JOINTURE COMMISSION
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)

Commission-Wide Financial Statements

The Commission-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 Commission. 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 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 Commission-wide financial statements. Exceptions to this general rule are charges between the Commission'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 Commission-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 Commission considers all of its governmental and enterprise funds to be major funds.

The Commission reports the following major governmental funds:

The *general fund* is the Commission's primary operating fund. It accounts for all financial resources of the Commission, 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.

**SOUTH BERGEN JOINTURE COMMISSION
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 Commission reports the following major proprietary fund which is organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students as well as a la carte and catering services for teachers and special events.

Additionally, the government reports the following fund type:

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

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

The Commission-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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**SOUTH BERGEN JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission 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.

Tuition, transportation fees, 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 Commission.

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

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

3. Inventories

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

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities at year-end is reported as deferred inflows of resources.

**SOUTH BERGEN JOINTURE COMMISSION
 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 Commission-wide financial statements. Capital assets are defined by the Commission as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The Commission was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the Commission 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.

Property, plant, and equipment of the Commission is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Office Equipment and Furniture	7-10
Computer Equipment	5

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 commission has only one item which arises only under the accrual basis of accounting that qualifies for reporting in this category. It is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the Commission-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.

**SOUTH BERGEN JOINTURE COMMISSION
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 commission has two types of items, which arise only under the accrual basis of accounting that qualify for reporting in this category. One item that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the Commission-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.

The other item that qualifies for reporting in this category is the deferred commodities revenue, reported in both the Commission-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

6. Compensated Absences

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

7. Pensions

In the Commission-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.

**SOUTH BERGEN JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. *Net Position/Fund Balance*

Commission-Wide Statements

In the Commission-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.
- **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 Commission's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the Commission is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

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

Designated for STEM Labs and Programs – Represents funds committed by Commission resolution for the implementation of a program for STEM education programs.

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 Commission-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. *Tuition Revenues and Transportation Charges*

Tuition Revenues – Tuition charges were established by the Commission based on estimated costs and pupil enrollment. The charges are not subject to adjustment.

Transportation Charges – These charges are based upon actual routes, contract awards and students transported. The Commission assesses a 3% surcharge to cover administrative costs.

**SOUTH BERGEN JOINTURE COMMISSION
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. *Proprietary Funds, Operating and Non-Operating Revenues and Expenses*

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

In accordance with the requirements of the New Jersey Department of Education ("the Department"), the Commission 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.

The annual budget is adopted in the spring of the preceding year for the general and special revenue funds. The budget is submitted to the county superintendent for review and approval prior to adoption.

Budget adoptions and amendments are recorded in the Commission's minutes. The budget is amended by the 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 Commission approved several budget transfers during 2015/2016. Also, during 2015/2016 the Commission increased the general fund original budget by \$6,264,183. The increase was funded by additional transportation and tuition revenue. In addition, the special revenue fund budget was increased \$1,632 as a result of the receipt of grant funds.

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.

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.

**SOUTH BERGEN JOINTURE COMMISSION
 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 Commission'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 Commission 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 Commission's deposits were \$4,267,844 and bank and brokerage firm balances of the Commission's deposits amounted to \$8,544,422. The Commission's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ <u>8,544,422</u>

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 Commission does not have a policy for custodial credit risk. As of June 30, 2016 the Commission's bank balances were not exposed to custodial credit risk.

Investments

The Commission 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 Commission or bonds or other obligations of the local unit or units within which the Commission 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 Commission had no outstanding investments.

**SOUTH BERGEN JOINTURE COMMISSION
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 Commission's individual major funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Food Service</u>	<u>Total</u>
Receivables:			
Intergovernmental -			
Federal		\$ 10,640	\$ 10,640
State	\$ 35,867	169	36,036
Local	4,615,554	-	4,615,554
	<hr/>	<hr/>	<hr/>
Gross Receivables	4,651,421	10,809	4,662,230
Less: Allowance for Uncollectibles	-	-	-
	<hr/>	<hr/>	<hr/>
Net Total Receivables	<u>\$ 4,651,421</u>	<u>\$ 10,809</u>	<u>\$ 4,662,230</u>

C. 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, being depreciated:				
Machinery and Equipment	\$ 719,459	\$ 28,127	-	\$ 747,586
Total capital assets being depreciated	<u>719,459</u>	<u>28,127</u>	<u>-</u>	<u>747,586</u>
Less accumulated depreciation for:				
Machinery and Equipment	(361,484)	(142,034)	-	(503,518)
Total accumulated depreciation	<u>(361,484)</u>	<u>(142,034)</u>	<u>-</u>	<u>(503,518)</u>
Total capital assets, being depreciated, net	<u>357,975</u>	<u>(113,907)</u>	<u>-</u>	<u>244,068</u>
Governmental activities capital assets, net	<u>\$ 357,975</u>	<u>\$ (113,907)</u>	<u>\$ -</u>	<u>\$ 244,068</u>

**SOUTH BERGEN JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

	Balance, <u>July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2016</u>
Business-type activities:				
Capital assets, being depreciated:				
Machinery and equipment	\$ 43,242	-	-	\$ 43,242
Total capital assets being depreciated	<u>43,242</u>	<u>-</u>	<u>-</u>	<u>43,242</u>
Less accumulated depreciation for:				
Machinery and equipment	(36,835)	\$ (1,897)	-	(38,732)
Total accumulated depreciation	<u>(36,835)</u>	<u>(1,897)</u>	<u>-</u>	<u>(38,732)</u>
Total capital assets, being depreciated, net	<u>6,407</u>	<u>(1,897)</u>	<u>-</u>	<u>4,510</u>
Business-type activities capital assets, net	<u>\$ 6,407</u>	<u>\$ (1,897)</u>	<u>\$ -</u>	<u>\$ 4,510</u>

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

Governmental activities:	
Instruction:	
Special Education	\$ 1,525
Total Instruction	<u>1,525</u>
Support Services	
Student and Instruction Related Services	\$ 14,646
General Administration	16,033
School Administration	107,824
Operations and Maintenance of Plant	2,006
Total Support Services	<u>140,509</u>
Total Governmental Funds	<u>142,034</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 142,034</u>
Business-Type Activities:	
Food Service Fund	<u>\$ 1,897</u>

**SOUTH BERGEN JOINTURE COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. 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	Food Service Fund	\$ 37,489
General Fund	Agency Fund	<u>800</u>
		<u>\$ 38,289</u>

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another.

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

Interfund transfers

	<u>Transfer Out:</u>	
	<u>General</u>	<u>Total</u>
Transfer In:		
Food Service -		
Enterprise Fund	<u>\$ 40,800</u>	<u>\$ 40,800</u>
Total	<u>\$ 40,800</u>	<u>\$ 40,800</u>

The above transfers are the result of revenues earned and/or other financing sources received in one fund to finance expenditures in another fund.

**SOUTH BERGEN JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Leases

Operating Leases

The Commission leases classrooms and office space under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2016 were \$746,145. The future minimum lease payments for these operating leases are as follows:

Fiscal Year Ending June 30	Our Lady Queen of <u>Peace</u> School Building Maywood, NJ	St. Francis de Salos <u>R.C. Church</u> School Building Lodi, NJ	(Business <u>Office</u>) 500 Rte. 17 South, LLC Hasbrouck Hts.	<u>Amount</u>
2017	\$ 394,797	\$ 257,187	\$ 112,955	\$ 764,939
2018		264,902	112,955	377,857
2019	-	<u>272,850</u>	<u>112,955</u>	<u>385,805</u>
Total	<u>\$ 394,797</u>	<u>\$ 794,939</u>	<u>\$ 338,865</u>	<u>\$ 1,528,601</u>

F. Other Long-Term Liabilities

Changes in Long-Term Liabilities

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

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Due Within <u>One Year</u>
Governmental activities:					
Compensated absences	\$ 56,328	\$ 3,983		\$ 60,311	
Net Pension Liability	<u>5,681,464</u>	<u>891,007</u>	<u>\$ 242,433</u>	<u>6,330,038</u>	-
Governmental activity Long-term liabilities	<u>\$ 5,737,792</u>	<u>\$ 894,990</u>	<u>\$ 242,433</u>	<u>\$ 6,390,349</u>	-

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

**SOUTH BERGEN JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION

A. Risk Management

The Commission 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 Commission has obtained commercial insurance coverage to guard against these events to minimize the exposure to the Commission should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The Commission is a member of the New Jersey School Boards Association Insurance Group (NJSBAIG). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation and general liability claims.

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

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

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

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

Fiscal Year Ended <u>June 30,</u>	<u>Commission Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016		\$ 24,168	\$ 14,683	\$ 77,371
2015	\$ 45,000	22,393	81,116	67,886
2014	20,000	20,803	51,964	81,555

**SOUTH BERGEN JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

B Contingent Liabilities

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

Federal and State Awards – The Commission 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 Commission 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 Commission 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 Commission.

C. 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 Commission 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 Commission employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected, certain appointed officials, and certain Commission 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.

**SOUTH BERGEN JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

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.

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.

**SOUTH BERGEN JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress (Continued)

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 Commission. PERS employer contributions are made annually by the Commission 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.

**SOUTH BERGEN JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

During the fiscal years ended June 30, 2016, 2015 and 2014 the Commission 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	\$ 242,433	\$ 652,502	\$ 53,851
2015	250,162	443,721	51,131
2014	264,464	356,809	10,487

For fiscal years 2015/2016 and 2014/2015, the state contributed \$652,502 and \$443,721, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2014/2015 the State did not contribute to the TPAF for accrued liability but did contribute \$356,809 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 Commission-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 Commission \$726,422 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 Commission-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 Commission reported in the statement of net position (accrual basis) a liability of \$6,330,038 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 Commission's proportionate share of the net pension liability was based on a projection of the Commission'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 Commission's proportionate share was 0.02819 percent, which was a decrease of 0.00216 percent from its proportionate share measured as of June 30, 2014 of 0.03035 percent.

**SOUTH BERGEN JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

C. 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 Commission recognized in the Commission-wide statement of activities (accrual basis) pension expense of \$201,940 for PERS. At June 30, 2016, the Commission reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 151,012	
Changes of Assumptions	679,796	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 101,775
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	-	967,355
Total	<u>\$ 830,808</u>	<u>\$ 1,069,130</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	\$ (81,955)
2018	(81,955)
2019	(81,955)
2020	2,691
2021	<u>4,852</u>
	<u>\$ (238,322)</u>

**SOUTH BERGEN JOINTURE COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

C. 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:

Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15-4.40%
Thereafter	Based on Age 3.15-5.40%
Investment Rate of Return	Based on Age 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.

**SOUTH BERGEN JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

C. 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%

**SOUTH BERGEN JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

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

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

Sensitivity of Net Pension Liability

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

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 7,867,463</u>	<u>\$ 6,330,038</u>	<u>\$ 5,041,072</u>

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

Pension Plan Fiduciary Net Position

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

**SOUTH BERGEN JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

C. 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 Commission 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 Commission. Accordingly, the Commission'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 Commission 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 Commission recognized in the Commission-wide statement of activities (accrual basis) pension expense of \$3,167,384 for TPAF. This amount has been included in the Commission-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 Commission is \$51,874,146. 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 0.08207 percent, which was a decrease of 0.00227 percent from its proportionate share measured as of June 30, 2014 of 0.08434 percent.

Actuarial Assumptions

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

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

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

**SOUTH BERGEN JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

C. 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%

**SOUTH BERGEN JOINTURE COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

C. 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 Commission 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 Commission 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>\$ 61,650,484</u>	<u>\$ 51,874,146</u>	<u>\$ 43,451,246</u>

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

**SOUTH BERGEN JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

D. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for the Commission. 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 Commission (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 Commission employees and retirees eligible for coverage.

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

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

**SOUTH BERGEN JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. 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.

**SOUTH BERGEN JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. 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 Commission for the fiscal years ended June 30, 2016, 2015 and 2014 were \$776,950, \$704,408, and \$585,033, 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 Commission was not determined or made available by the State of New Jersey.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**SOUTH BERGEN JOINTURE COMMISSION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

EXHIBIT C-1

	Original Budget	Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES					
Local Sources					
Tuition from Other LEA's - Within the State	\$ 16,839,244	\$ 1,538,853	\$ 18,378,097	\$ 18,571,406	\$ 193,309
Transportation Fees from Other LEA's	17,020,970	3,680,656	20,701,626	20,914,639	213,013
Interest	12,000		12,000	18,463	6,463
Miscellaneous	3,942,238	1,044,674	4,986,912	5,182,869	195,957
Total Local Sources	37,814,452	6,264,183	44,078,635	44,687,377	608,742
State Sources					
On Behalf TPAF Pension Contribution (Non Budgeted) - Normal Costs				621,541	621,541
On Behalf TPAF Pension Contribution (Non Budgeted) - NCGI Premium				30,961	30,961
On Behalf TPAF Pension Contribution (Non Budgeted) - Post Retirement Medical				776,950	776,950
Reimbursed TPAF Social Security Contribution (Non Budgeted)	-	-	-	726,422	726,422
Total State Sources	-	-	-	2,155,874	2,155,874
Total Revenues	37,814,452	6,264,183	44,078,635	46,843,251	2,764,616
EXPENDITURES					
CURRENT EXPENDITURES					
Special Education					
Behavioral Disabilities					
Salaries of Teachers	578,185	15,696	593,881	593,880	1
Other Salaries for Instruction	558,734	(124,495)	434,239	432,866	1,373
Other Purchased Services	47,459	47,902	95,361	95,360	1
General Supplies	2,947	11,310	14,257	14,256	1
Textbooks	8,961	-	8,961	6,788	2,173
Total Behavioral Disabilities	1,196,286	(49,587)	1,146,699	1,143,150	3,549
Multiple Disabilities					
Salaries of Teachers	782,361	(147,000)	635,361	624,738	10,623
Other Salaries for Instruction	702,682	(207,000)	495,682	491,817	3,865
Other Purchased Services	47,459	27,865	75,324	75,323	1
General Supplies	4,256	40,268	44,524	44,216	308
Textbooks	5,176	-	5,176	-	5,176
Total Multiple Disabilities	1,541,934	(285,867)	1,256,067	1,236,094	19,973
Autistic Program					
Salaries of Teachers	1,275,186	96,821	1,372,007	1,372,006	1
Other Salaries for Instruction	1,236,370	307,552	1,543,922	1,543,921	1
Other Purchased Services	47,459	14,558	62,017	62,017	-
General Supplies	13,183	17,744	30,927	30,262	665
Textbooks	1,944	-	1,944	143	1,801
Total Autistic Program	2,574,142	436,675	3,010,817	3,008,349	2,468

**SOUTH BERGEN JOINTURE COMMISSION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

EXHIBIT C-1

	Original Budget	Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
Preschool Disabilities - Part-Time					
Salaries of Teachers	\$ 510,790	\$ 180,342	\$ 691,132	\$ 691,131	\$ 1
Other Salaries for Instruction	337,166	237,234	574,400	574,399	1
Other Purchased Services	47,459	20,493	67,952	67,952	-
General Supplies	2,347	55,143	57,490	57,485	5
Total Preschool Disabilities - Part-Time	<u>897,762</u>	<u>493,212</u>	<u>1,390,974</u>	<u>1,390,967</u>	<u>7</u>
Home Instruction					
Salaries of Teachers	85,094	10,000	95,094	92,912	2,182
Other Salaries for Instruction	58,650	12,000	70,650	64,443	6,207
Total Home Instruction	<u>143,744</u>	<u>22,000</u>	<u>165,744</u>	<u>157,355</u>	<u>8,389</u>
Total Special Education	<u>6,353,868</u>	<u>616,433</u>	<u>6,970,301</u>	<u>6,935,915</u>	<u>34,386</u>
Undistributed Expenditures					
Health Services					
Salaries	269,666	26,335	296,001	296,001	-
Purchased Professional and Technical Services	24,643	-	24,643	22,280	2,363
Other Purchased Services	-	-	-	-	-
Supplies and Materials	3,344	5,330	8,674	8,659	15
Total Health Services	<u>297,653</u>	<u>31,665</u>	<u>329,318</u>	<u>326,940</u>	<u>2,378</u>
Speech, OT/PT, and Related Services					
Salaries	4,422,121	359,811	4,781,932	4,781,931	1
Travel	-	-	-	-	-
Supplies and Materials	8,469	2,710	11,179	11,179	-
Other Objects	5,086	-	5,086	3,865	1,221
Total Speech, OT/PT, and Related Services	<u>4,435,676</u>	<u>362,521</u>	<u>4,798,197</u>	<u>4,796,975</u>	<u>1,222</u>
Child Study Teams					
Salaries of Other Professional Staff	1,299,555	94,444	1,393,999	1,385,521	8,478
Supplies and Materials	4,058	21,891	25,949	25,573	376
Total Child Study Teams	<u>1,303,613</u>	<u>116,335</u>	<u>1,419,948</u>	<u>1,411,094</u>	<u>8,854</u>
Improvement of Instructional Services					
Purchase Professional - Educational Services	54,096	(36,617)	17,479	14,307	3,172
Other Purchased Services	1,536	-	1,536	198	1,338
Other Objects	14,686	18,003	32,689	27,792	4,897
Total Improvement of Instructional Services	<u>70,318</u>	<u>(18,614)</u>	<u>51,704</u>	<u>42,297</u>	<u>9,407</u>

**SOUTH BERGEN JOINTURE COMMISSION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

EXHIBIT C-1

	Original Budget	Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Support Services General Administration					
Salaries	\$ 218,849	\$ 85,098	\$ 303,947	\$ 303,946	\$ 1
Legal Service	20,526	(10,000)	10,526	7,095	3,431
Audit Fees	22,000	3,100	25,100	25,100	-
Communications/Telephone	103,249	10,770	114,019	114,018	1
BOE Other Purchased Services	1,199	214	1,413	1,413	-
Misc. Purchased Services	408	-	408	-	408
General Supplies	11,614	-	11,614	11,142	472
Miscellaneous Expenditures	16,999	13,791	30,790	29,900	890
Total Support Services General Administration	394,844	102,973	497,817	492,614	5,203
Support Services School Administration					
Salaries of Principals/Asst. Principals	641,825	56,506	698,331	697,872	459
Salaries of Secretarial and Clerical Assistants	87,151	38,445	125,596	125,595	1
Purchased Professional and Technical Services	65,045	6,393	71,438	53,680	17,758
Other Purchased Services	33,595	14,919	48,514	34,999	13,515
Supplies and Materials	316,821	442,694	759,515	752,034	7,481
Other Objects	31,480	4,934	36,414	36,413	1
Total Support Services School Administration	1,175,917	563,891	1,739,808	1,700,593	39,215
Central Services					
Salaries	293,514	85,990	379,504	368,441	11,063
Purchased Professional Services	16,417	120,925	137,342	137,342	-
Misc Purchased Services	2,285	3,084	5,369	5,368	1
Supplies and Materials	16,739	-	16,739	10,793	5,946
Miscellaneous Expenditures	9,931	-	9,931	9,355	576
Total Central Services	338,886	209,999	548,885	531,299	17,586
Administration Information Technology					
Other Purchased Services	1,308	-	1,308	971	337
Total Administration Information Technology	1,308	-	1,308	971	337
Custodial Services					
Cleaning, Repair and Maintenance Services	321,670	166,975	488,645	484,096	4,549
Rental of Land and Buildings	1,570,176	(38,149)	1,532,027	1,529,610	2,417
Insurance	26,280	4,097	30,377	30,376	1
General Supplies	103,144	(70,000)	33,144	30,947	2,197
Energy (Electricity)	38,830	(8,207)	30,623	10,404	20,219
Total Custodial Services	2,060,100	54,716	2,114,816	2,085,433	29,383
Student Transportation Services					
Salaries for Pupil Transp. Btw. Home and Sch.- Sp Ed	406,880	(124,525)	282,355	282,354	1
Other Purchased Professional and Technical Services	3,000	6,291	9,291	9,291	-
Contracted Services - Transportation (Other than Between Home and School) - Vendors	116,308	8,261	124,569	124,568	1
Contracted Services (Special Education Students) - Vendors	16,525,214	3,779,594	20,304,808	20,304,808	-
General Supplies	2,000	-	2,000	-	2,000
Total Student Transportation Services	17,053,402	3,669,621	20,723,023	20,721,021	2,002

**SOUTH BERGEN JOINTURE COMMISSION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

EXHIBIT C-1

	Original Budget	Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Unallocated Benefits - Employee Benefits					
Social Security Contributions	\$ 324,586	\$ 31,003	\$ 355,589	\$ 355,588	\$ 1
Other Retirement Contribution-PERS	324,203	(81,770)	242,433	242,433	-
Other Retirement Contribution-Regular		71,770	71,770	53,851	17,919
Unemployment Compensation	60,510	(34,150)	26,360	473	25,887
Worker's Compensation	99,859	-	99,859	81,300	18,559
Health Benefits	3,227,158	574,457	3,801,615	3,801,614	1
Tuition Reimbursement	44,880	-	44,880	31,966	12,914
Other Employee Benefits	4,596	-	4,596	3,010	1,586
Total Unallocated Benefits - Employee Benefits	<u>4,085,792</u>	<u>561,310</u>	<u>4,647,102</u>	<u>4,570,235</u>	<u>76,867</u>
On Behalf Payments (Non-Budgeted)					
On Behalf TPAF Pension Contribution (Non Budgeted) - Normal Costs				621,541	(621,541)
On Behalf TPAF Pension Contribution (Non Budgeted) - NCGI Premium				30,961	(30,961)
On Behalf TPAF Pension Contribution (Non Budgeted) - Post Retirement Medical				776,950	(776,950)
Reimbursed TPAF Social Security Contribution (Non Budgeted)	-	-	-	726,422	(726,422)
Total Undistributed Expenditures	<u>31,217,509</u>	<u>5,654,417</u>	<u>36,871,926</u>	<u>38,835,346</u>	<u>(1,963,420)</u>
Total - Current Expenditures	<u>37,571,377</u>	<u>6,270,850</u>	<u>43,842,227</u>	<u>45,771,261</u>	<u>(1,929,034)</u>
CAPITAL OUTLAY					
Equipment					
Special Education Instruction Undistributed Expenditures		14,547	14,547	13,820	727
General Administration	23,759	-	23,759		23,759
School Administration	178,516	(21,214)	157,302	14,307	142,995
Total Equipment	<u>202,275</u>	<u>(6,667)</u>	<u>195,608</u>	<u>28,127</u>	<u>167,481</u>
Total Capital Outlay	<u>202,275</u>	<u>(6,667)</u>	<u>195,608</u>	<u>28,127</u>	<u>167,481</u>
Total Expenditures - General Fund	<u>37,773,652</u>	<u>6,264,183</u>	<u>44,037,835</u>	<u>45,799,388</u>	<u>(1,761,553)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	40,800	-	40,800	1,043,863	1,003,063
Other Financing Sources					
Operating Transfers Out - Food Service	(40,800)	-	(40,800)	(40,800)	-
Total Other Financing Sources	<u>(40,800)</u>	<u>-</u>	<u>(40,800)</u>	<u>(40,800)</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	-	-	1,003,063	1,003,063
Fund Balances, Beginning of Year	7,790,556	-	7,790,556	7,790,556	-
Fund Balances, End of Year	<u>\$ 7,790,556</u>	<u>\$ -</u>	<u>\$ 7,790,556</u>	<u>\$ 8,793,619</u>	<u>\$ 1,003,063</u>
Recapitulation					
Committed Fund Balance - Designated for STEM Labs and Programs				\$ 997,340	
Unassigned Fund Balance				7,796,279	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 8,793,619</u>	

SOUTH BERGEN JOINTURE COMMISSION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES					
Local Sources	-	\$ 1,632	\$ 1,632	\$ 1,632	\$ -
Total Revenues	\$ -	\$ 1,632	\$ 1,632	\$ 1,632	\$ -
EXPENDITURES					
Instruction					
General Supplies	-	\$ 1,632	\$ 1,632	\$ 1,632	\$ -
Total Instruction	-	1,632	1,632	1,632	-
Total Expenditures	-	1,632	1,632	1,632	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**SOUTH BERGEN JOINTURE COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America. 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 following presents a reconciliation of the General Fund from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General 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)	\$ 46,843,251	\$ 1,632
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 46,843,251</u>	<u>\$ 1,632</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) total outflows from the budgetary comparison schedule	\$ 45,799,388	\$ 1,632
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 45,799,388</u>	<u>\$ 1,632</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

**SOUTH BERGEN JOINTURE COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Public Employees Retirement System

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.08219%	0.03034%	0.03510
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 6,330,038	\$ 5,681,464	\$ 6,708,121
District's Covered-Employee Payroll	\$ 1,833,132	\$ 1,927,098	\$ 2,126,937
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	345.31%	294.82%	315.39%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.92%	52.08%	48.72%

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

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

**SOUTH BERGEN JOINTURE COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS**

Public Employees Retirement System

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 242,433	\$ 250,162	\$ 264,464
Contributions in Relation to the Contractually Required Contribution	<u>242,433</u>	<u>250,162</u>	<u>264,464</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$1,833,132	\$1,927,098	\$ 2,126,937
Contributions as a Percentage of Covered-Employee Payroll	13.23%	12.98%	12.43%

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.

**SOUTH BERGEN JOINTURE COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Teachers Pension and Annuity Fund

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	-	-	-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$51,874,146</u>	<u>\$45,078,903</u>	<u>\$ 45,568,935</u>
Total	<u>\$51,874,146</u>	<u>\$45,078,903</u>	<u>\$ 45,568,935</u>
District's Covered-Employee Payroll	\$ 8,908,782	\$ 8,264,745	\$ 8,243,046
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	28.74%	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.

**SOUTH BERGEN JOINTURE COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Change of Benefit Terms: None.

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

SCHOOL LEVEL SCHEDULES

EXHIBITS D-1, D-2 AND D-3

NOT APPLICABLE

SPECIAL REVENUE FUND

**SOUTH BERGEN JOINTURE COMMISSION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Miscellaneous <u>Local Grant</u>	<u>Total</u>
REVENUES		
Local Sources	\$ 1,632	\$ 1,632
Total Revenues	<u>\$ 1,632</u>	<u>\$ 1,632</u>
EXPENDITURES		
Instruction		
General Supplies	\$ 1,632	\$ 1,632
Total Instruction	<u>1,632</u>	<u>1,632</u>
Total Expenditures	<u>\$ 1,632</u>	<u>\$ 1,632</u>

CAPITAL PROJECTS FUND

**SOUTH BERGEN JOINTURE COMMISSION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

THIS SCHEDULE IS NOT APPLICABLE

ENTERPRISE FUNDS

EXHIBIT G-1

**SOUTH BERGEN JOINTURE COMMISSION
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2016**

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

EXHIBIT G-2

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

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

EXHIBIT G-3

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

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

INTERNAL SERVICE FUND

EXHIBITS G-4, G-5 AND G-6

NOT APPLICABLE

FIDUCIARY FUNDS

**SOUTH BERGEN JOINTURE COMMISSION
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES
AS OF JUNE 30, 2016**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 3,643	\$ 34,462	\$ 38,105
Total Assets	<u>\$ 3,643</u>	<u>\$ 34,462</u>	<u>\$ 38,105</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 12,563	\$ 12,563
Accrued Salaries and Wages		21,899	21,899
Due to Other Funds	\$ 800		800
Due to Student Groups	<u>2,843</u>	<u>-</u>	<u>2,843</u>
Total Liabilities	<u>\$ 3,643</u>	<u>\$ 34,462</u>	<u>\$ 38,105</u>

**SOUTH BERGEN JOINTURE COMMISSION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
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>
Due to Student Groups	\$ 825	\$ 2,281	\$ 263	\$ 2,843
Due to Other Funds	<u>-</u>	<u>800</u>	<u>-</u>	<u>800</u>
Total All Schools	<u>\$ 825</u>	<u>\$ 3,081</u>	<u>\$ 263</u>	<u>\$ 3,643</u>

**SOUTH BERGEN JOINTURE COMMISSION
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	\$ 12,563	\$ 6,631,801	\$ 6,631,801	\$ 12,563
Accrued Salaries and Wages	<u>21,899</u>	<u>9,453,669</u>	<u>9,453,669</u>	<u>21,899</u>
Total	<u>\$ 34,462</u>	<u>\$ 16,085,470</u>	<u>\$ 16,085,470</u>	<u>\$ 34,462</u>

LONG-TERM DEBT

**SOUTH BERGEN JOINTURE COMMISSION
LONG TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

THIS STATEMENT IS NOT APPLICABLE

**LONG TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

THIS STATEMENT IS NOT APPLICABLE

**DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

THIS STATEMENT IS NOT APPLICABLE

STATISTICAL SECTION

This part of the South Bergen Jointure Commission'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.

SOUTH BERGEN JOINTURE COMMISSION
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Net Investment in Capital Assets	\$ 70,621	\$ 99,298	\$ 109,761	\$ 134,363	\$ 137,527	\$ 125,987	\$ 136,352	\$ 264,247	\$ 357,975	\$ 244,068
Restricted										
Unrestricted	3,528,126	3,741,312	4,697,302	4,175,790	3,269,169	4,570,932	5,799,014	(563,941)	1,125,375	2,164,948
Total Governmental Activities Net Position	<u>\$ 3,598,747</u>	<u>\$ 3,840,610</u>	<u>\$ 4,807,063</u>	<u>\$ 4,310,153</u>	<u>\$ 3,406,696</u>	<u>\$ 4,696,919</u>	<u>\$ 5,935,366</u>	<u>\$ (299,694)</u>	<u>\$ 1,483,350</u>	<u>\$ 2,409,016</u>
Business-Type Activities										
Net Investment in Capital Assets	\$ 13,003	\$ 15,340	\$ 15,141	\$ 17,859	\$ 14,420	\$ 11,911	\$ 10,201	\$ 8,304	\$ 6,407	\$ 4,510
Restricted										
Unrestricted	1,463	(46,793)	6,982	34,564	36,541	39,237	42,570	43,782	45,613	46,812
Total Business-Type Activities Net Position	<u>\$ 14,466</u>	<u>\$ (31,453)</u>	<u>\$ 22,123</u>	<u>\$ 52,423</u>	<u>\$ 50,961</u>	<u>\$ 51,148</u>	<u>\$ 52,771</u>	<u>\$ 52,086</u>	<u>\$ 52,020</u>	<u>\$ 51,322</u>
District-Wide										
Net Investment in Capital Assets	\$ 83,624	\$ 114,638	\$ 124,902	\$ 152,222	\$ 151,947	\$ 137,898	\$ 146,553	\$ 272,551	\$ 364,382	\$ 248,578
Restricted										
Unrestricted	3,529,589	3,694,519	4,704,284	4,210,354	3,305,710	4,610,169	5,841,584	(520,159)	1,170,988	2,211,760
Total District Net Position	<u>\$ 3,613,213</u>	<u>\$ 3,809,157</u>	<u>\$ 4,829,186</u>	<u>\$ 4,362,576</u>	<u>\$ 3,457,657</u>	<u>\$ 4,748,067</u>	<u>\$ 5,988,137</u>	<u>\$ (247,608)</u>	<u>\$ 1,535,370</u>	<u>\$ 2,460,338</u>

Note 1 - Net Position at June 30, 2014 is restated to reflect the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions".

SOUTH BERGEN JOINTURE COMMISSION
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities										
Instruction										
Special Education	\$ 7,429,284	7,966,472	\$ 8,849,199	\$ 9,510,780	\$ 9,260,471	\$ 8,801,671	\$ 8,816,759	\$ 8,765,898	\$ 10,799,247	\$ 10,642,272
Support Services:										
Student & Instruction Related Services	5,806,080	6,434,192	6,881,322	7,404,335	7,780,761	7,262,586	7,453,090	7,159,895	8,042,814	11,097,934
School Administrative Services	905,167	923,762	372,020	418,994	417,343	439,354	449,341	459,214	2,268,258	2,345,133
General Administration	348,997	351,180	942,456	1,153,772	1,130,810	1,238,862	1,354,085	1,436,669	359,641	712,010
Central Services	316,631	323,155	354,803	442,179	398,494	465,685	451,666	483,136	545,508	676,760
Plant Operations And Maintenance	1,140,252	1,265,379	1,411,136	1,527,340	1,550,322	1,604,497	1,718,053	1,925,426	1,944,218	2,087,439
Pupil Transportation	19,380,419	19,955,177	18,414,733	18,110,840	16,761,062	15,308,673	16,263,959	17,217,172	17,922,633	20,831,751
Unallocated Benefits										
TPAF Pension										
TPAF Social Security										
Total Governmental Activities Expenses	<u>35,326,830</u>	<u>37,219,317</u>	<u>37,225,669</u>	<u>38,568,240</u>	<u>37,299,263</u>	<u>35,121,328</u>	<u>36,506,953</u>	<u>37,449,410</u>	<u>41,882,319</u>	<u>48,393,299</u>
Business-Type Activities:										
Food Service	142,986	204,507	194,807	185,578	185,719	195,793	190,880	202,201	211,174	214,967
Total Business-Type Activities Expense	<u>142,986</u>	<u>204,507</u>	<u>194,807</u>	<u>185,578</u>	<u>185,719</u>	<u>195,793</u>	<u>190,880</u>	<u>202,201</u>	<u>211,174</u>	<u>214,967</u>
Total District Expenses	<u>\$ 35,469,816</u>	<u>\$ 37,423,824</u>	<u>\$ 37,420,476</u>	<u>\$ 38,753,818</u>	<u>\$ 37,484,982</u>	<u>\$ 35,317,121</u>	<u>\$ 36,697,833</u>	<u>\$ 37,651,611</u>	<u>\$ 42,093,493</u>	<u>\$ 48,608,266</u>
Program Revenues										
Governmental Activities:										
Charges For Services:										
Instruction (Tuition)	\$ 15,103,956	\$ 16,187,285	\$ 18,151,003	\$ 18,433,495	\$ 18,328,400	\$ 19,710,875	\$ 19,606,499	\$ 19,269,624	\$ 22,057,777	\$ 23,754,275
Pupil Transportation	19,331,492	19,793,464	18,694,562	18,403,634	16,756,290	15,248,829	16,292,208	17,108,392	17,828,139	20,914,639
Operating Grants And Contributions	<u>1,059,622</u>	<u>1,411,068</u>	<u>1,372,674</u>	<u>1,237,006</u>	<u>1,275,409</u>	<u>1,468,649</u>	<u>1,862,863</u>	<u>1,561,985</u>	<u>3,805,181</u>	<u>4,672,388</u>
Total Governmental Activities Program Revenues	<u>35,495,070</u>	<u>37,391,817</u>	<u>38,218,239</u>	<u>38,074,135</u>	<u>36,360,099</u>	<u>36,428,353</u>	<u>37,761,570</u>	<u>37,940,001</u>	<u>45,691,097</u>	<u>49,341,302</u>
Business-Type Activities:										
Charges For Services										
Food Service	66,386	72,550	70,340	66,144	63,381	62,404	55,211	50,211	51,435	51,530
Operating Grants And Contributions	<u>80,567</u>	<u>85,575</u>	<u>97,765</u>	<u>109,567</u>	<u>95,667</u>	<u>103,427</u>	<u>102,126</u>	<u>111,017</u>	<u>119,641</u>	<u>121,939</u>
Total Business-Type Activities Program Revenues	<u>146,953</u>	<u>158,125</u>	<u>168,105</u>	<u>175,711</u>	<u>159,048</u>	<u>165,831</u>	<u>157,337</u>	<u>161,228</u>	<u>171,076</u>	<u>173,469</u>
Total District Program Revenues	<u>\$ 35,642,023</u>	<u>\$ 37,549,942</u>	<u>\$ 38,386,344</u>	<u>\$ 38,249,846</u>	<u>\$ 36,519,147</u>	<u>\$ 36,594,184</u>	<u>\$ 37,918,907</u>	<u>\$ 38,101,229</u>	<u>\$ 43,862,173</u>	<u>\$ 49,514,771</u>
Net (Expense)/Revenue										
Governmental Activities	\$ 168,240	\$ 172,500	\$ 992,570	\$ (494,105)	\$ (939,164)	\$ 1,307,025	\$ 1,254,617	\$ 490,591	\$ 1,808,778	\$ 948,003
Business-Type Activities	3,967	(46,382)	(26,702)	(9,867)	(26,671)	(29,962)	(33,543)	(40,973)	(40,098)	(41,498)
Total District-Wide Net Expense	<u>\$ 172,207</u>	<u>\$ 126,118</u>	<u>\$ 965,868</u>	<u>\$ (503,972)</u>	<u>\$ (965,835)</u>	<u>\$ 1,277,063</u>	<u>\$ 1,221,074</u>	<u>\$ 449,618</u>	<u>\$ 1,768,680</u>	<u>\$ 906,505</u>
General Revenues And Other Changes In Net Position										
Governmental Activities:										
Investment Earnings	\$ 176,701	\$ 142,761	\$ 53,883	\$ 37,195	\$ 29,145	\$ 13,198	\$ 18,830	\$ 22,470	\$ 14,266	\$ 18,463
Transfers			(80,000)	(40,000)	(25,000)	(30,000)	(35,000)	(40,000)	(40,000)	(40,800)
Total Governmental Activities	<u>176,701</u>	<u>142,761</u>	<u>(26,117)</u>	<u>(2,805)</u>	<u>4,145</u>	<u>(16,802)</u>	<u>(16,170)</u>	<u>(17,530)</u>	<u>(25,734)</u>	<u>(22,337)</u>
Business-Type Activities:										
Investment Earnings	608	463	278	167	209	149	166	288	32	-
Transfers			80,000	40,000	25,000	30,000	35,000	40,000	40,000	40,800
Total Business-Type Activities	<u>608</u>	<u>463</u>	<u>80,278</u>	<u>40,167</u>	<u>25,209</u>	<u>30,149</u>	<u>35,166</u>	<u>40,288</u>	<u>40,032</u>	<u>40,800</u>
Total District-Wide	<u>\$ 177,309</u>	<u>\$ 143,224</u>	<u>\$ 54,161</u>	<u>\$ 37,362</u>	<u>\$ 29,354</u>	<u>\$ 13,347</u>	<u>\$ 18,996</u>	<u>\$ 22,758</u>	<u>\$ 14,298</u>	<u>\$ 18,463</u>
Change In Net Position										
Governmental Activities	\$ 344,941	\$ 315,261	\$ 966,453	\$ (496,910)	\$ (935,019)	\$ 1,290,223	\$ 1,238,447	\$ 473,061	\$ 1,783,044	\$ 925,666
Business-Type Activities	4,575	(45,919)	53,576	30,300	(1,462)	187	1,623	(685)	(66)	(698)
Total District	<u>\$ 349,516</u>	<u>\$ 269,342</u>	<u>\$ 1,020,029</u>	<u>\$ (466,610)</u>	<u>\$ (936,481)</u>	<u>\$ 1,290,410</u>	<u>\$ 1,240,070</u>	<u>\$ 472,376</u>	<u>\$ 1,782,978</u>	<u>\$ 924,968</u>

SOUTH BERGEN JOINTURE COMMISSION
 FUND BALANCES - GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (Unaudited)
 (modified accrual basis of accounting)

	2007	2008	2009	2010	Fiscal Year Ending June 30,		2013	2014	2015	2016
					2011	2012				
General Fund										
Reserved	\$ 19,071							\$ 997,340	\$ 997,340	\$ 997,340
Unassigned	3,556,426	\$ 3,814,003	\$ 4,786,140	\$ 4,280,372	\$ 3,342,909	\$ 4,631,296	\$ 5,856,741	5,202,845	6,793,216	7,796,279
Total General Fund	<u>\$ 3,575,497</u>	<u>\$ 3,814,003</u>	<u>\$ 4,786,140</u>	<u>\$ 4,280,372</u>	<u>\$ 3,342,909</u>	<u>\$ 4,631,296</u>	<u>\$ 5,856,741</u>	<u>\$ 6,200,185</u>	<u>\$ 7,790,556</u>	<u>\$ 8,793,619</u>

SOUTH BERGEN JOINTURE COMMISSION
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(Unaudited)

(modified accrual basis of accounting)

Fiscal Year Ending June 30,

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tuition	\$ 12,294,442	\$ 13,517,366	\$ 15,065,903	\$ 15,070,228	\$ 14,549,488	\$ 15,832,659	\$ 15,521,494	\$ 15,576,178	\$ 17,451,550	\$ 18,571,406
Transportation Fees	19,331,492	19,793,464	18,694,562	18,403,634	16,756,290	15,248,829	16,292,208	17,108,392	17,828,139	20,914,639
Miscellaneous	2,986,215	2,812,680	3,138,983	3,407,179	3,814,340	3,897,414	4,106,335	3,716,916	4,622,493	5,202,964
State Sources	1,059,622	1,411,068	1,134,919	1,218,044	1,269,126	1,462,649	1,860,363	1,560,985	1,821,234	2,155,874
Federal Sources	-	-	237,755	12,245	-	-	-	-	-	-
Total Revenue	35,671,771	37,534,578	38,272,122	38,111,330	36,389,244	36,441,551	37,780,400	37,962,471	41,723,416	46,844,883
Expenditures										
Instruction										
Regular Instruction		73,398								
Special Education Instruction	7,427,117	7,941,152	8,833,052	9,495,036	9,289,788	8,813,522	8,817,871	8,766,095	9,188,952	9,853,837
Support Services:										
Student and Inst. Related Services	5,806,080	6,434,192	6,881,322	7,404,335	7,764,405	7,246,230	7,436,734	7,145,249	7,956,177	9,592,467
School Administrative Services	899,719	918,314	937,008	1,147,874	1,129,597	1,237,649	1,352,872	1,399,697	1,973,036	2,079,095
General Administration	348,997	351,180	372,020	415,838	407,603	431,072	441,441	449,419	443,935	634,403
Plant Operations And Maintenance	1,137,850	1,262,977	1,408,734	1,524,938	1,547,708	1,602,491	1,716,047	1,923,420	1,942,212	2,085,433
Pupil Transportation	19,380,419	19,955,177	18,414,733	18,110,840	16,761,062	15,308,673	16,263,959	17,217,172	17,922,633	20,840,058
Central Services	316,631	323,155	354,803	442,179	398,494	465,685	451,666	485,136	469,632	687,600
Unallocated Benefits										
Capital Outlay	43,177	36,527	18,313	36,058	3,050	17,842	39,365	192,839	196,468	28,127
Total Expenditures	35,359,990	37,296,072	37,219,985	38,577,098	37,301,707	35,123,164	36,519,955	37,579,027	40,093,045	45,801,020
Excess (Deficiency) of Revenues Over (Under) Expenditures	311,781	238,506	1,052,137	(465,768)	(912,463)	1,318,387	1,260,445	383,444	1,630,371	1,043,863
Other Financing Sources (Uses)										
Transfers Out			(80,000)	(40,000)	(25,000)	(30,000)	(35,000)	(40,000)	(40,000)	(40,800)
Total Other Financing Sources (Uses)	-	-	(80,000)	(40,000)	(25,000)	(30,000)	(35,000)	(40,000)	(40,000)	(40,800)
Net Change in Fund Balances	\$ 311,781	\$ 238,506	\$ 972,137	\$ (505,768)	\$ (937,463)	\$ 1,288,387	\$ 1,225,445	\$ 343,444	\$ 1,590,371	\$ 1,003,063

**SOUTH BERGEN JOINTURE COMMISSION
GENERAL FUND REVENUE BY SOURCE
LAST TEN YEARS
(Unaudited)**

Fiscal Year Ended June 30,	<u>Tuition</u>	<u>Transportation Fees</u>	<u>Other Local Revenue</u>	<u>State Revenue</u>	<u>Federal Revenue</u>	<u>Total</u>
2016	\$ 18,571,406	\$ 20,914,639	\$ 5,201,332	\$ 2,155,874		\$ 46,843,251
2015	17,451,550	17,828,139	4,620,493	1,821,234		41,721,416
2014	15,576,178	17,108,392	3,715,916	1,560,985		37,961,471
2013	15,521,494	16,292,208	4,103,835	1,860,363		37,777,900
2012	15,832,659	15,248,829	3,897,414	1,462,649		36,441,551
2011	14,549,488	16,756,290	3,814,340	1,269,126		36,389,244
2010	15,070,228	18,403,634	3,407,179	1,218,044	\$ 12,245	38,111,330
2009	15,065,903	18,694,562	3,138,983	1,134,919	237,755	38,272,122
2008	13,517,366	19,793,464	2,812,680	1,411,068		37,534,578
2007	12,294,442	19,331,492	2,986,215	1,059,622		35,671,771

**SOUTH BERGEN JOINTURE COMMISSION
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
(Unaudited)**

NOT APPLICABLE

**SOUTH BERGEN JOINTURE COMMISSION
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(Unaudited)
*(rate per \$100 of assessed value)***

NOT APPLICABLE

**SOUTH BERGEN JOINTURE COMMISSION
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

NOT APPLICABLE

**SOUTH BERGEN JOINTURE COMMISSION
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

NOT APPLICABLE

**SOUTH BERGEN JOINTURE COMMISSION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)**

NOT APPLICABLE

**SOUTH BERGEN JOINTURE COMMISSION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)**

NOT APPLICABLE

**SOUTH BERGEN JOINTURE COMMISSION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2016
(Unaudited)**

NOT APPLICABLE

**SOUTH BERGEN JOINTURE COMMISSION
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

NOT APPLICABLE

**SOUTH BERGEN JOINTURE COMMISSION
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)**

NOT APPLICABLE

**SOUTH BERGEN JOINTURE COMMISSION
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

NOT APPLICABLE

**SOUTH BERGEN JOINTURE COMMISSION
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)**

NOT APPLICABLE

SOUTH BERGEN JOINTURE COMMISSION
ATTENDANCE DATA
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30	Average Daily Enrollment	Average Daily Attendance	% Change in Average Daily Enrollment	ADA Rate
2016	343.8	317.9	2.4%	92.5%
2015	339.5	310.4	6.6%	91.4%
2014	314.4	291.3	-0.8%	92.6%
2013	316.0	293.6	-7.5%	92.9%
2012	314.0	317.3	-0.3%	93.0%
2011	343.9	318.4	-11.4%	92.6%
2010	385.5	359.2	0.8%	93.2%
2009	382.7	356.3	4.4%	93.1%
2008	366.5	340.4	4.3%	92.9%
2007	351.3	325.0	8.3%	92.5%

**SOUTH BERGEN JOINTURE COMMISSION
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)**

NOT APPLICABLE

**SOUTH BERGEN JOINTURE COMMISSION
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN YEARS
(Unaudited)**

NOT APPLICABLE

**SOUTH BERGEN JOINTURE COMMISSION
SCHEDULE OF INSURANCE
JUNE 30, 2016
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - (Pooled Coverage) Property Blanket Real and Personal Property	\$350,000,000	\$1,000
Comprehensive General Liability	6,000,000	1,000
Comprehensive Automobile	6,000,000	
Liability		
Comprehensive Crime Coverage	25,000	500
Excess Property		
Hardware/Software	225,000	1,000
Paper & Records	10,000,000	1,000
School Board Legal Liability	3,000,000	5,000
Public Employees' Faithful Performance Blanket		
Position Bond - Western Surety		
Treasurer	250,000	1,000
Business Administrator	150,000	1,000
Property Damage	100,000,000	1,000

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 Commission
South Bergen Jointure Commission
Hasbrouck Heights, 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 South Bergen Jointure Commission as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the South Bergen Jointure Commission's basic financial statements and have issued our report thereon dated November 14, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the South Bergen Jointure Commission'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 South Bergen Jointure Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the South Bergen Jointure Commission'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.

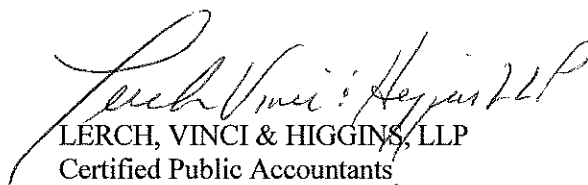
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

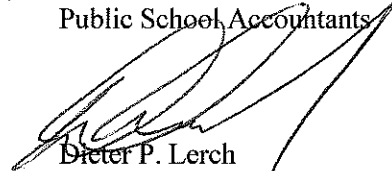
As part of obtaining reasonable assurance about whether the South Bergen Jointure Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have 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 South Bergen Jointure Commission'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 South Bergen Jointure Commission'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



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
November 14, 2016



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
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**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
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 Commission
South Bergen Jointure Commission
Hasbrouck Heights, New Jersey

Report on Compliance for Each Major State Program

We have audited the South Bergen Jointure Commission's compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the South Bergen Jointure Commission's major state programs for the fiscal year ended June 30, 2016. The South Bergen Jointure Commission'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 laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the South Bergen Jointure Commission'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 Circulars 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 South Bergen Jointure Commission'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 the major state program. However, our audit does not provide a legal determination of the South Bergen Jointure Commission's compliance.

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

Management of the South Bergen Jointure Commission 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 South Bergen Jointure Commission's internal control over compliance with the types of requirements that could have a direct and material effect on the major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major state program and to test and report on internal control over compliance in accordance with 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 South Bergen Jointure Commission'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.

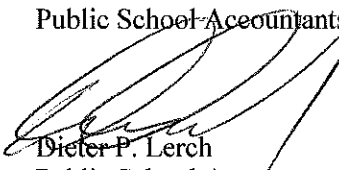
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Report on and 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 South Bergen Jointure Commission, as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements. We issued our report thereon dated November 14, 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance are 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



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
November 14 2016

**SOUTH BERGEN JOINTURE COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant Period	Award Amount	Balance July 1, 2015	Cash Received	Budgetary Expenditures	Adjustments	Refund of Prior Years' Balances	Balance, June 30, 2016		
										(Accounts Receivable)	Unearned Revenue	Due to Grantor
U.S. Department of Education												
Passed-through State Department of Education												
<i>Enterprise Fund</i>												
Food Distribution Program - Non-Cash Assistance	10.555		7/1/15-6/30/16	\$ 11,519		\$ 11,519	\$ 10,973				\$ 546	
Food Distribution Program - Non-Cash Assistance	10.555		7/1/14-6/30/15	12,198	\$ 811		811					
National School Lunch Program	10.555	16161NJ304N1099	7/1/15-6/30/16	69,159		62,404	69,160			\$ (6,756)		
National School Lunch Program	10.555		7/1/14-6/30/15	65,590	(6,906)	6,906						
National School Lunch PB	10.555	16161NJ304N1099	7/1/15-6/30/16	2,091		1,886	2,092			(206)		
National School Lunch PB	10.555		7/1/14-6/30/15	2,029	(211)	211						
School Breakfast Program	10.553	16161NJ304N1099	7/1/15-6/30/16	37,134		33,457	37,135			(3,678)		
School Breakfast Program	10.553		7/1/14-6/30/15	38,253	(4,084)	4,084	-	-	-	-	-	-
Total Enterprise Fund					(10,390)	120,467	120,171	-	-	(10,640)	546	-
Total Federal Financial Awards					\$ (10,390)	\$ 120,467	\$ 120,171	\$ -	\$ -	\$ (10,640)	\$ 546	\$ -

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

SOUTH BERGEN JOINTURE COMMISSION
 SCHEDULE 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, June 30, 2015				Balance, June 30, 2016					Memo		
				(Accounts Receivable)	Deferred Revenue	Due to Grantor	Cash Received	Budgetary Expenditures	Adjustments	(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures	
State Department of Education															
<i>General Fund</i>															
On-Behalf TPAF Pension System Contributions (Normal Cost)	16-495-034-5094-006	7/1/15-6/30/16	\$ 621,541				\$ 621,541	\$ 621,541						\$ 621,541	
On-Behalf TPAF Pension System Contributions (NCGI Premium)	16-495-034-5094-007	7/1/15-6/30/16	30,961				30,961	30,961						30,961	
On-Behalf TPAF Pension Systems Contributions (Post Retirement Medical)	16-495-034-5095-001	7/1/15-6/30/16	776,950				776,950	776,950						776,950	
Reimbursed TPAF Social Security	16-495-034-5094-003	7/1/15-6/30/16	726,422				690,555	726,422		\$ (35,867)			\$ 35,867	726,422	
Reimbursed TPAF Social Security	15-495-034-5094-003	7/1/14-6/30/15	673,105	\$ (33,481)	-	-	33,481	-	-	-	-	-	-	-	
Total General Fund				(33,481)	-	-	2,153,488	2,155,874	-	(35,867)	-	-	35,867	2,155,874	
<i>Enterprise Fund</i>															
State School Lunch Program	16-100-010-3350-023	7/1/15-6/30/16	1,718				1,599	1,768		(169)			169	1,768	
State School Lunch Program	15-100-010-3350-023	7/1/14-6/30/15	1,761	(174)	-	-	174	-	-	-	-	-	-	-	
Total Enterprise Fund				(174)	-	-	1,773	1,768	-	(169)	-	-	169	1,768	
Total				(33,655)	-	-	2,155,261	2,157,642	-	(36,036)	-	-	36,036	2,157,642	
State Financial Assistance Not Subject to Major Program Determination															
On-Behalf TPAF Pension System Contributions (Normal Cost)	16-495-034-5094-006	7/1/15-6/30/16	\$ 621,541				(621,541)	(621,541)						\$ (621,541)	
On-Behalf TPAF Pension System Contributions (NCGI Premium)	16-495-034-5094-007	7/1/15-6/30/16	30,961				(30,961)	(30,961)						(30,961)	
On-Behalf TPAF Pension Systems Contributions (Post Retirement Medical)	16-495-034-5095-001	7/1/15-6/30/16	776,950				(776,950)	(776,950)						(776,950)	
State Financial Assistance Subject to Major Program Determination				\$ (33,655)	\$ -	\$ -	\$ 725,809	\$ 728,190	\$ -	\$ (36,036)	\$ -	\$ -	\$ 36,036	\$ 728,190	

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**SOUTH BERGEN JOINTURE COMMISSION
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 South Bergen Jointure Commission. The Commission is defined in Note 1(A) to the Commission's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(C) to the Commission's financial statements. The information in these schedules is presented in accordance with 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 \$-0- for the general fund and \$-0- for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Commission’s financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 2,155,874	\$ 2,155,874
Food Service Fund	\$ 120,171	1,768	121,939
Total Awards Financial Assistance	<u>\$ 120,171</u>	<u>\$ 2,157,642</u>	<u>\$ 2,277,813</u>

**SOUTH BERGEN JOINTURE COMMISSION
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 Commission's fiscal year and grant program years.

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$726,422 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 \$652,502 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$776,950 represents the amount paid by the State on behalf of the Commission 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 Commission's financial statements and the amount subject to State single audit and major program determination.

SOUTH BERGEN JOINTURE COMMISSION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor's report issued: _____ Unmodified _____

Internal control over financial reporting:

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

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

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

Federal Awards Section - NOT APPLICABLE

Internal Control over compliance:

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

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

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

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section.510(a))? _____ yes _____ none

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

Dollar threshold used to distinguish between Type A and Type B Programs \$ _____

Auditee qualified as low-risk auditee? _____ yes _____ no

**SOUTH BERGEN JOINTURE COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Part I – Summary of Auditor’s Results

State Awards Section

Internal Control over compliance:

- 1) Material weakness(es) identified? _____ yes X no
- 2) Were significant deficiency(ies) identified that were not considered to be material weaknesses? _____ yes X none reported

Type of auditor's report on compliance for major programs: _____ Unmodified

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04, as amended? _____ yes X none

Identification of major programs:

<u>State Grant/Project Number (s)</u>	<u>Name of State Program</u>
495-034-5094-003	Reimbursed TPAF Social Security

Dollar threshold used to distinguish between Type A and Type B Programs \$ 750,000

Auditee qualified as low-risk auditee? X yes _____ no

**SOUTH BERGEN JOINTURE COMMISSION
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.

**SOUTH BERGEN JOINTURE COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

CURRENT YEAR FEDERAL AWARDS

Not Applicable.

CURRENT YEAR STATE AWARDS

There are none.

**SOUTH BERGEN JOINTURE COMMISSION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. Uniform Guidance and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR YEAR FINDINGS

There were none.