

CRESSKILL BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Cresskill, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Cresskill Board of Education

County of Bergen, New Jersey

For The Fiscal Year Ended June 30, 2017

Prepared by

Finance Department

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INTRODUCTORY SECTION

CRESSKILL PUBLIC SCHOOLS

*One Lincoln Drive
Cresskill, NJ 07626*

Phone: (201) 227-7791 Ext1206, Fax :(201) 567-7976

November 27, 2017

Honorable President and
Members of the Board of Education
Cresskill School District
County of Bergen, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Cresskill School District ("The District") for the fiscal year ended June 30, 2017, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education ("The Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the independent auditors' report, management's discussion and analysis (MD&A) and the basic financial statements including the district-wide financial statements presented in conformity with Governmental Accounting Standards Board Statement No. 34. The basic financial statements also include individual fund financial statements, notes to the financial statements and required supplemental information (RSI). The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act, as amended, and the U.S. Uniform Guidance and the NJ Circular OMB 15-08. Information related to this single audit, including the auditors' 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: Cresskill School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds of the District are included in this report. The Cresskill Board of Education and all its schools constitute the District's reporting entity.

1. REPORTING ENTITY AND ITS SERVICES: (Continued)

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include advanced placement, regular and vocational as well as special education for handicapped youngsters. The District completed the 2016-2017 fiscal year with an enrollment of 1,840 students, which is 46 students greater than the previous year's enrollment.

The following details the changes in the student enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2016-17	1840	2.56
2015-16	1794	.61
2014-15	1783	1.94
2013-14	1749	1.16
2012-13	1729	1.37
2011-12	1753	.46
2010-11	1745	.17
2009-10	1742	2.96
2008-09	1692	.35
2007-08	1686	2.06

2. ECONOMIC CONDITION AND OUTLOOK: The Borough of Cresskill continues to grow at a steady rate despite the economic climate in the region. The state mandates and potential legislation on property tax may affect enrollment in the future.

3. MAJOR INITIATIVES: We will be implementing a district-wide transition to G-Suite for Education. The entire District (K-12) is switching over to a Google-based platform. We have transitioned Gmail for staff and students, and the staff is receiving training on implementing G-suite in their instruction. In our elementary schools we have two overall initiatives. The first is our PARE (Personal Academic Reinforcement and Enrichment) period, which teachers are receiving training to gain remediation or enrichment with targeted practice. The second is our Writing Workshop with "Words of Advice Literacy". Similar to our PARE program, this allows the teacher to target specific students for one on one or small group instruction while the majority of the class focuses on their individual improvement. We are working throughout the year with consultants as well as pull-out time during the school day for staff. We will also address our increased enrollment issues by preparing and planning for a special election in September 2017 for a bond referendum vote for a \$12.4 million project. The project will include an 8 classroom addition to Edward H. Bryan School, roof and window replacement at our elementary schools, and districtwide security, technology and paving upgrades.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as assignments of fund balance at June 30, 2016.

6. ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements", Note 1.

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


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

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

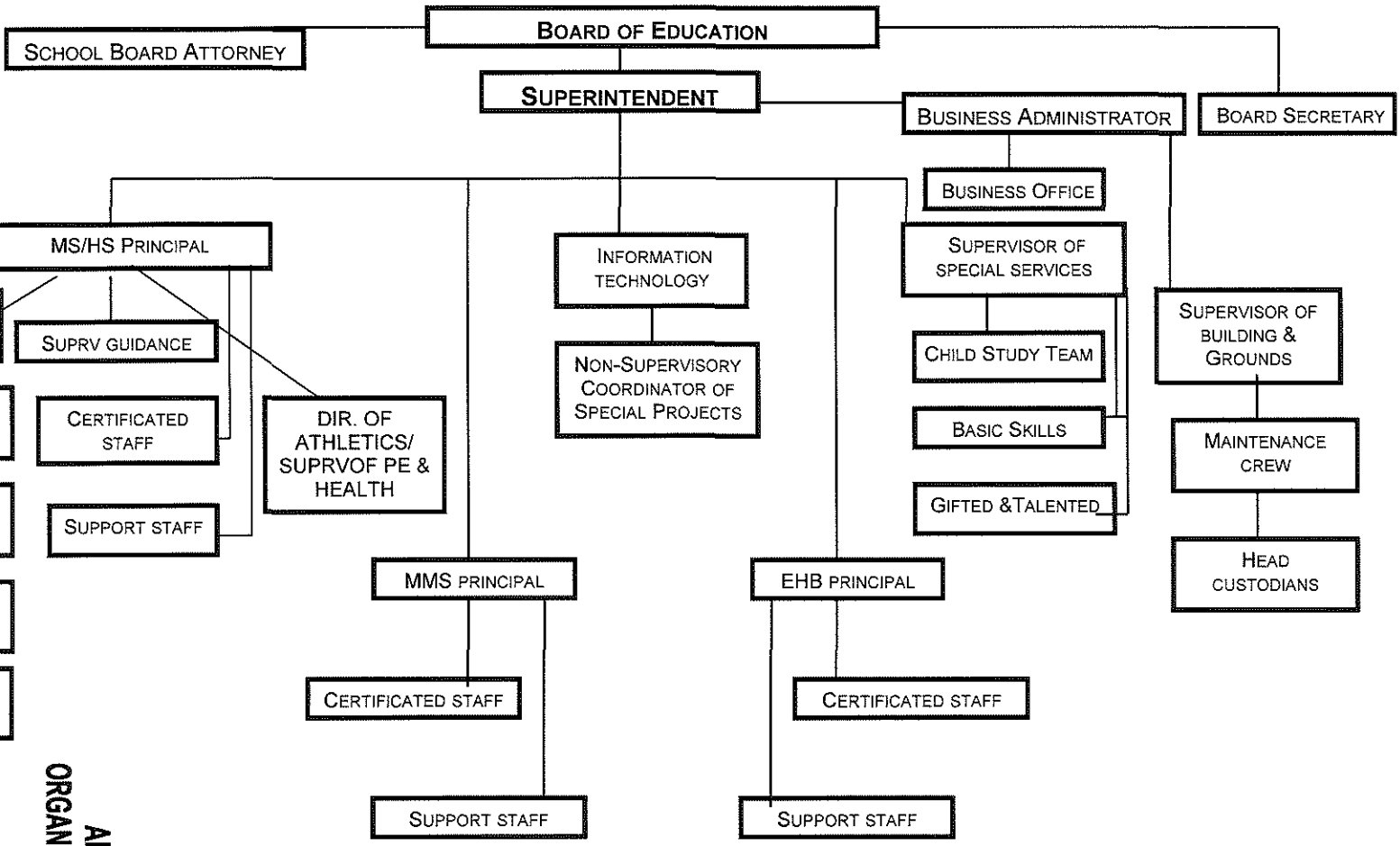
10. OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins, LLP was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act, as amended, and the related U.S. Uniform Guidance and NJ Circular OMB 15-08. The auditor's report on the basic financial statements is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

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

Respectfully submitted,


Antoinette Kelly, CPA
Business Administrator/Board Secretary


Mr. Michael Burke
Superintendent



ADMINISTRATION
 ORGANIZATIONAL CHART

Date Adopted:
 09/14/09
 Revised
 10/22/14

**CRESSKILL BOARD OF EDUCATION
CRESSKILL, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2017**

	<u>Term Expires January</u>
<u>Members of the Board of Education</u>	
Denise Villani, President	2018
Stephen Moldt, Vice President	2019
Mary Klein	2018
Michael DePalo	2020
Dionna Griffin	2020
Sally Cummings	2019
John Park	2018
Dr. Rosanne Rabinowitz	2019
Raffi Odabashian	2020
<u>Other Officials</u>	
Michael Burke, Superintendent	
Antoinette Kelly, CPA, Business Administrator/Board Secretary	

**CRESSKILL BOARD OF EDUCATION
CONSULTANTS AND ADVISORS**

Architect

DiCara/Rubino Architects
30 Galesi Drive, West Wing
Wayne, NJ 07470

Audit Firm

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

Attorney

Fogarty & Hara, Inc.
16-00 Route 208 South
Fair Lawn, NJ 07410

Official Depository

Capital One Bank
710 Rte. 46
Fairfield, NJ 07004

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Cresskill Board of Education
Cresskill, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Cresskill Board of Education, as of and for the fiscal year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 Cresskill Board of Education as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cresskill Board of Education'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 Cresskill Board of Education.

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 27, 2017 on our consideration of the Cresskill Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Cresskill Board of Education's 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 Cresskill Board of Education's internal control over financial reporting and compliance.

LERCH, VINCI & HIGGINS, LLP

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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
November 27, 2017

REQUIRED SUPPLEMENTARY INFORMATION – PART I
MANAGEMENT’S DISCUSSION AND ANALYSIS

CRESSKILL BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2017

This section of Cresskill Board of Education's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2017. Please read it in conjunction with the transmittal letter at the front of this report and the District'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 Board's (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2016-2017 fiscal year include the following:

- The assets and deferred outflows of resources of the Cresskill Board of Education exceeded its liabilities at the close of the fiscal year by \$7,890,263.
- The District's total net position decreased \$6,459.
- Overall District revenues were \$40,548,206. General revenues accounted for \$27,010,330 or 67% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$13,537,876 or 33% of total revenues.
- Overall District expenses were \$40,554,665. Governmental activities expenses accounted for \$40,216,583 or 99% and business-type activities expenses accounted for \$338,082 or 1%.
- The school district had \$40,216,583 in expenses for governmental activities; only \$13,219,714 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$27,010,096 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$2,007,516. Of this amount, \$260,578 (13%) is reserved for future budget operating expenditures (excess surplus), \$1,214,806 (61%) is reserved for capital projects \$100,000 for facility maintenance costs (5%), and \$266 is reserved for debt service.
- The General Fund unassigned budgetary fund balance at the close of the current fiscal year was \$765,904 which represented a decrease of \$96,836 from the previous year balance of \$862,740.
- The District's total outstanding long-term liabilities increased by \$1,760,790 during the current fiscal year.

CRESSKILL BOARD OF EDUCATION

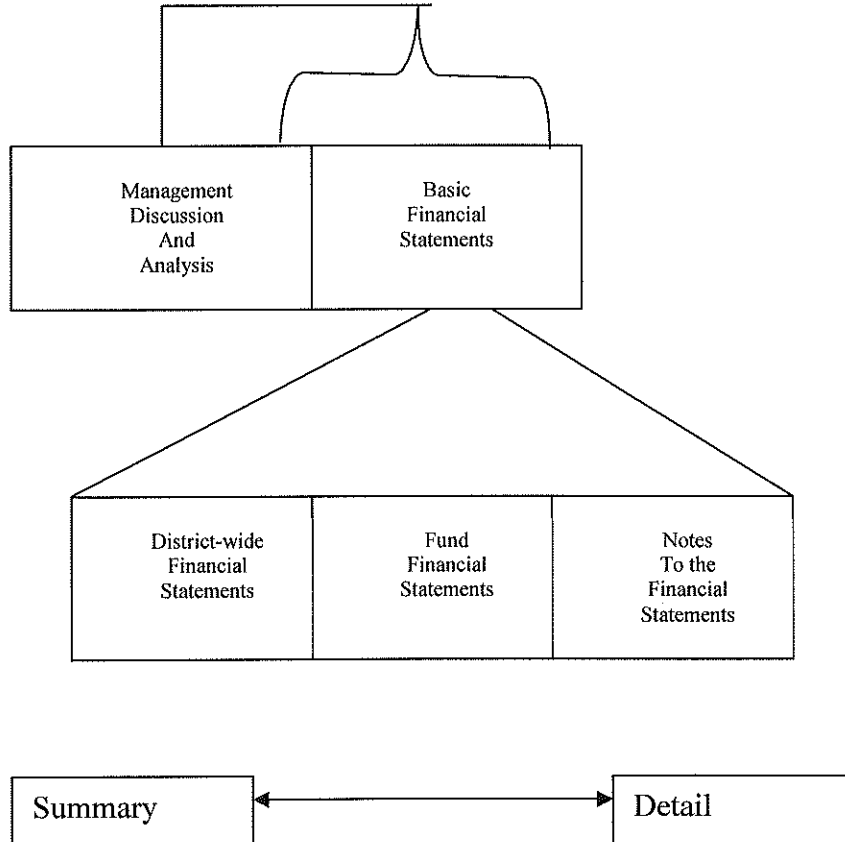
Management's Discussion and Analysis Fiscal Year Ended June 30, 2017

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



CRESSKILL BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2017

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

MAJOR FEATURES OF THE DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

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

District-wide Statements

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

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

CRESSKILL BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2017

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

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

- *Governmental activities* – Most of the District's basic services are included here, such as regular and special education, transportation, administration and plant operation and maintenance. Property taxes and state aid 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 enterprise. The District's food service program is included under this category.

Fund Financial Statements

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

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

The District has three kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.
- *Proprietary funds* – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.
 - *Enterprise Funds* – This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges. The District has one enterprise fund for the food service (cafeteria) program.
- *Fiduciary funds* – The District is the trustee, or *fiduciary*, for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

Notes to the Financial Statements

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

CRESSKILL BOARD OF EDUCATION

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017**

Other Information

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

The District also presents required supplementary information regarding the accounting and financial reporting for pensions as required under GASB Statement No. 68. The required supplementary information can be found following the notes to the financial statements.

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's *combined* net position were \$7,890,263 and \$7,896,722 on June 30, 2017 and 2016, respectively, as follows:

**Net Position
As of June 30, 2017 and 2016**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current and Other Assets	\$ 4,418,653	\$ 3,635,199	\$ 24,026	\$ 58,019	\$ 4,442,679	\$ 3,693,218
Capital Assets	<u>28,794,035</u>	<u>29,294,377</u>	<u>25,766</u>	<u>14,161</u>	<u>28,819,801</u>	<u>29,308,538</u>
Total Assets	<u>33,212,688</u>	<u>32,929,576</u>	<u>49,792</u>	<u>72,180</u>	<u>33,262,480</u>	<u>33,001,756</u>
Deferred Outflows of Resources						
Deferred Amounts on Refunding of Debt	772,956	920,724	-	-	772,956	920,724
Deferred Amounts on Net Pension Liability	<u>2,754,883</u>	<u>1,076,249</u>	<u>-</u>	<u>-</u>	<u>2,754,883</u>	<u>1,076,249</u>
Total Deferred Outflows of Resources	<u>3,527,839</u>	<u>1,996,973</u>	<u>-</u>	<u>-</u>	<u>3,527,839</u>	<u>1,996,973</u>
Total Assets and Deferred Outflow of Resources	<u>36,740,527</u>	<u>34,926,549</u>	<u>49,792</u>	<u>72,180</u>	<u>36,790,319</u>	<u>34,998,729</u>
Long-Term Liabilities	26,276,599	24,515,809			26,276,599	24,515,809
Other Liabilities	<u>2,612,562</u>	<u>2,452,230</u>	<u>10,895</u>	<u>13,597</u>	<u>2,623,457</u>	<u>2,465,827</u>
Total Liabilities	<u>28,889,161</u>	<u>26,968,039</u>	<u>10,895</u>	<u>13,597</u>	<u>28,900,056</u>	<u>26,981,636</u>
Deferred Inflows of Resources						
Deferred Amounts on Net Pension Liability	<u>-</u>	<u>120,371</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,371</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>120,371</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,371</u>
Total Liabilities and Deferred Outflow of Resources	<u>28,889,161</u>	<u>27,088,410</u>	<u>10,895</u>	<u>13,597</u>	<u>28,900,056</u>	<u>27,102,007</u>
Net Investment in Capital Assets	14,317,166	14,141,986	25,766	14,161	14,342,932	14,156,147
Restricted	1,315,072	646,274			1,315,072	646,274
Unrestricted	<u>(7,780,872)</u>	<u>(6,950,121)</u>	<u>13,131</u>	<u>44,422</u>	<u>(7,767,741)</u>	<u>(6,905,699)</u>
Total Net Position	<u>\$ 7,851,366</u>	<u>\$ 7,838,139</u>	<u>\$ 38,897</u>	<u>\$ 58,583</u>	<u>\$ 7,890,263</u>	<u>\$ 7,896,722</u>

CRESSKILL BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2017

The District's total net position of \$7,890,263 at June 30, 2017 represents a \$6,459 or less than 1% decrease over the prior year. By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Changes in Net Position For The Fiscal Years Ended June 30, 2017 and 2016

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues						
Program Revenues						
Charges for Services	\$ 1,361,350	\$ 1,266,011	\$ 318,162	\$ 323,646	\$ 1,679,512	\$ 1,589,657
Operating Grants and Contributions	11,854,014	9,142,412			11,854,014	9,142,412
Capital Grants and Contributions	4,350	157,961			4,350	157,961
General Revenues						
Property Taxes	26,897,333	26,173,717			26,897,333	26,173,717
State Aid	17,694	18,560			17,694	18,560
Miscellaneous	95,069	95,293	234	329	95,303	95,622
Total Revenues	<u>40,229,810</u>	<u>36,853,954</u>	<u>318,396</u>	<u>323,975</u>	<u>40,548,206</u>	<u>37,177,929</u>
Expenses						
Instruction						
Regular	17,856,975	15,940,432			17,856,975	15,940,432
Special Education	8,155,710	7,325,828			8,155,710	7,325,828
Other Instruction	1,401,524	1,063,352			1,401,524	1,063,352
School Sponsored Activities and Athletics	1,005,498	904,425			1,005,498	904,425
Support Services						
Student and Instruction Related Services	3,494,100	3,501,128			3,494,100	3,501,128
General Administration Services	710,738	648,006			710,738	648,006
School Administration Services	2,648,043	2,505,272			2,648,043	2,505,272
Central Services and Admin Info. Tech	669,237	682,143			669,237	682,143
Plant Operations and Maintenance	3,341,624	3,218,382			3,341,624	3,218,382
Pupil Transportation	418,144	385,357			418,144	385,357
Interest on Debt	514,990	542,990			514,990	542,990
Food Services	-	-	338,082	336,671	338,082	336,671
Total Expenses	<u>40,216,583</u>	<u>36,717,315</u>	<u>338,082</u>	<u>336,671</u>	<u>40,554,665</u>	<u>37,053,986</u>
Change in Net Position	13,227	136,639	(19,686)	(12,696)	(6,459)	123,943
Net Position, Beginning of Year	<u>7,838,139</u>	<u>7,701,500</u>	<u>58,583</u>	<u>71,279</u>	<u>7,896,722</u>	<u>7,772,779</u>
Net Position, End of Year	<u>\$ 7,851,366</u>	<u>\$ 7,838,139</u>	<u>\$ 38,897</u>	<u>\$ 58,583</u>	<u>\$ 7,890,263</u>	<u>\$ 7,896,722</u>

CRESSKILL BOARD OF EDUCATION

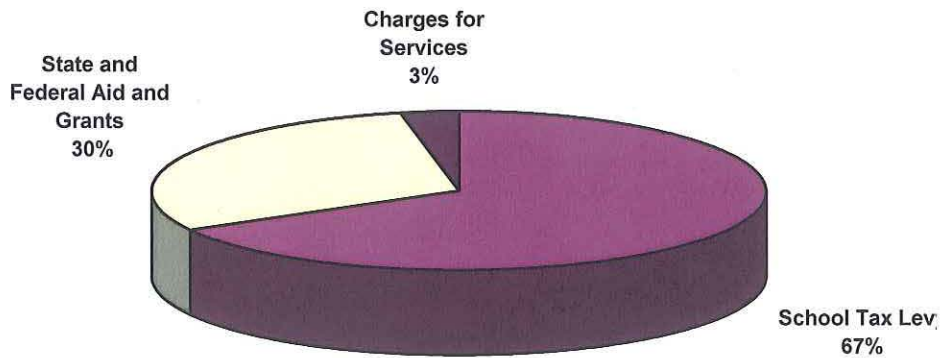
Management's Discussion and Analysis Fiscal Year Ended June 30, 2017

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$40,229,810 for the year ended June 30, 2017. Property taxes of \$26,897,333 represented 67% of revenues. Another significant portion of revenues came from State and Federal aid; total State, Federal and local grants and aid was \$11,876,058 representing 30% of revenues. In addition, charges for services (tuition, related services and rentals) of \$1,361,350 comprised 3% of the total revenues. The remaining revenues are from miscellaneous income which includes items such as interest, prior year refunds and other miscellaneous items.

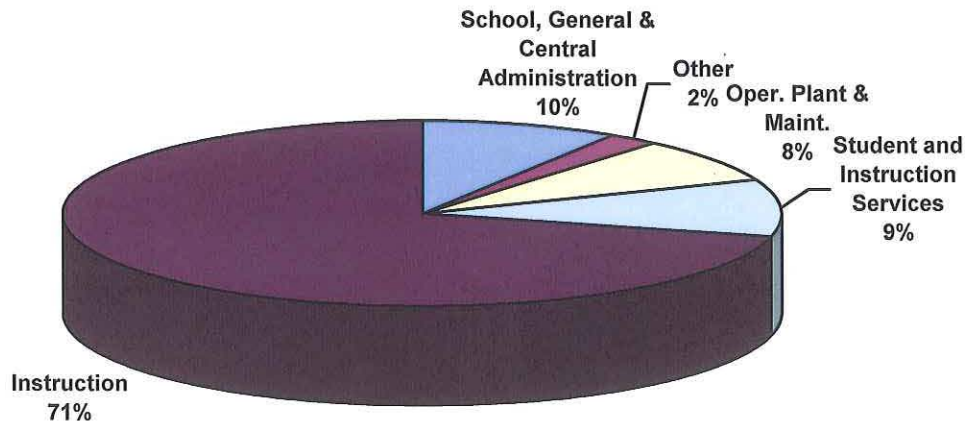
The total cost of all governmental activities programs and services was \$40,216,583. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$28,419,707 (71%) of total expenses. Support services represent \$11,281,886 (28%) of total expenses and interest on debt represents \$514,990 (1%) of total expenses.

Total governmental activities revenues exceeded expenses, increasing net position by \$13,227 over the previous year.

**Revenues by Sources – Governmental Activities
For Fiscal Year 2017**



**Expenses by Use – Governmental Activities
For Fiscal Year 2017**



CRESSKILL BOARD OF EDUCATION

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017**

Total and Net Cost of Governmental Activities. The District's total cost of services was \$40,216,583. After applying program revenues, derived from operating and capital grants and contributions of \$11,858,364 and charges for services of \$1,361,350 the net cost of services of the District is \$26,996,869.

**Total and Net Cost of Governmental Activities
For The Fiscal Years Ended June 30, 2017 and 2016**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Instruction				
Regular	\$ 17,856,975	\$ 15,940,432	\$ 11,021,442	\$ 10,789,440
Special Education	8,155,710	7,325,828	3,276,408	3,163,888
Other Instruction	1,401,524	1,063,352	871,934	735,734
School Sponsored Activities and Athletics	1,005,498	904,425	708,451	614,702
Support Services				
Student and Instruction Related Services	3,494,100	3,501,128	3,431,148	3,501,128
General Administration Services	710,738	648,006	710,738	648,006
School Administration Services	2,648,043	2,505,272	2,109,750	2,097,552
Central Services and Admin. Info. Tech.	669,237	682,143	669,237	682,143
Plant Operations and Maintenance	3,341,624	3,218,382	3,301,331	3,026,142
Pupil Transportation	418,144	385,357	399,133	367,765
Interest on Debt	514,990	542,990	497,297	524,431
Total	<u>\$ 40,216,583</u>	<u>\$ 36,717,315</u>	<u>\$ 26,996,869</u>	<u>\$ 26,150,931</u>

Business-Type Activities – The District's total business-type activities revenues were \$318,396 for the year ended June 30, 2017. Charges for services accounted for virtually 100% of total revenues. Miscellaneous revenues accounted for less than 1% of total revenues.

Total cost of all business-type activities programs and services was \$338,082. The District's expenses are related to Food Service (Cafeteria) operations.

Total business-type activities expenses exceeded revenues, decreasing net position by \$19,686.

CRESSKILL BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

GOVERNMENTAL FUNDS

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund balance of \$2,007,516, an increase of \$613,008 from last year's fund balance.

Revenues for the District's governmental funds were \$34,109,660 and total expenses were \$33,889,081 for the fiscal year ended June 30, 2017. The District also had other financing sources of \$392,429 related to capital lease proceeds to finance the LED Lighting project during the current fiscal year.

GENERAL FUND

The General Fund includes the primary operations of the District in providing educational services to students from kindergarten through Grade 12 including transportation and capital outlay activities.

The following schedule presents a comparison of General Fund Revenues (GAAP Basis):

	Fiscal		Amount of Increase (Decrease)	Percent Change
	Year Ended			
	<u>2017</u>	<u>2016</u>		
Local Sources				
Property Taxes	\$ 25,339,664	\$ 24,615,287	\$ 724,377	3%
Tuition/Related Services	1,350,650	1,256,444	94,206	7%
Other	105,504	104,651	853	1%
State Sources	<u>5,036,081</u>	<u>4,420,778</u>	<u>615,303</u>	14%
Total General Fund Revenues	<u>\$ 31,831,899</u>	<u>\$ 30,397,160</u>	<u>\$ 1,434,739</u>	5%

Local property taxes increased by \$724,377 or 3% over the previous year to support operating expenditures. State aid revenue increased \$615,303 or 14% due to predominantly an increase in on-behalf TPAF pension contributions made by the State for the District's teaching professionals. Tuition revenues increased \$94,206 or 7%, as the District experienced an increase in students being received from other LEAs and individuals. Other local sources of revenues increased \$853 or 1%.

CRESSKILL BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2017

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (Continued)

GENERAL FUND (Continued)

The following schedule presents a comparison of General Fund expenditure (GAAP Basis):

	Fiscal Year Ended		Amount of Increase (Decrease)	Percent Change
	<u>2017</u>	<u>2016</u>		
Instruction	\$ 21,903,426	\$ 20,745,620	\$ 1,157,806	6%
Support Services	9,275,088	9,514,603	(239,515)	-3%
Capital Outlay	<u>6,741</u>	<u>2,890</u>	<u>3,851</u>	(62)%
Total Expenditures	<u>\$ 31,185,255</u>	<u>\$ 30,263,113</u>	<u>\$ 922,142</u>	3%

Total General Fund expenditures increased \$922,142 or 3% over from the previous year. The majority of this increase can be attributed to an increase in instruction costs for regular and special education.

In 2016-2017 General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$703,944. As a result, total fund balance increased to \$2,007,250 at June 30, 2017. After deducting restricted and assigned fund balances, the unassigned fund balance decreased from \$338,549 at June 30, 2016 to \$260,093 at June 30, 2017.

CAPITAL ASSET ADMINISTRATION

At the end of fiscal years 2017 and 2016, the District had \$28,794,035 and \$29,294,377, respectively, invested in land, land improvements, buildings and building improvements, construction in progress, furniture, equipment and vehicles for the governmental activities and \$25,766 and \$14,161, respectively for business-type activities. The following compares the June 30, 2017 and 2016 balances.

CRESSKILL BOARD OF EDUCATION

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017**

CAPITAL ASSET ADMINISTRATION (Continued)

Capital Assets
at June 30, 2017 and 2016

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 48,630	\$ 48,630			\$ 48,630	\$ 48,630
Construction in Progress	32,000	-			32,000	-
Buildings and Building Improvements	40,663,556	40,269,225	\$ 14,800		40,678,356	40,269,225
Improvements Other Than Buildings	742,641	742,641			742,641	742,641
Machinery and Equipment	<u>1,766,719</u>	<u>1,755,628</u>	<u>150,969</u>	<u>\$ 150,969</u>	<u>1,917,688</u>	<u>1,906,597</u>
	43,253,546	42,816,124	165,769	150,969	43,419,315	42,967,093
Less Accumulated Depreciation	<u>(14,459,511)</u>	<u>(13,521,747)</u>	<u>(140,003)</u>	<u>(136,808)</u>	<u>(14,599,514)</u>	<u>(13,658,555)</u>
Total Capital Assets, Net	\$ 28,794,035	\$ 29,294,377	\$ 25,766	\$ 14,161	\$ 28,819,801	\$ 29,308,538

Additional information on the District's capital assets are presented in the "Notes to the Financial Statements" of this report.

LONG TERM LIABILITIES

At June 30, 2017 the District had \$26,276,599 of outstanding long-term liabilities. Of this amount, \$1,056,768 is for compensated absences; \$14,857,396 is for bonds payable \$392,429 is for capital leases payable and \$9,970,006 is for net pension liability. This is in comparison to long-term liabilities at June 30, 2016 consisting of compensated absences of \$956,067, bonds payable of \$16,073,115 and net pension liability of \$7,486,627 for a total of \$24,515,809.

Outstanding Long-Term Liabilities
at June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Bonds Payable (Including Unamortized Premium)	\$ 14,857,396	\$ 16,073,115
Capital Lease Payable	392,429	
Compensated Absences	1,056,768	956,067
Net Pension Liability	<u>9,970,006</u>	<u>7,486,627</u>
	<u>\$ 26,276,599</u>	<u>\$ 24,515,809</u>

Additional information on the District's long-term liabilities is presented in the "Notes to the Financial Statements" of this report.

CRESSKILL BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2017

General Fund Budgetary Highlights

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

- Implementing budgets for specially funded projects, which include both federal and state grants and reinstating prior year purchase orders being carried over as encumbrances.
- Increases in appropriations for significant unbudgeted costs.

General Fund budgetary revenues and other financing sources exceeded budgetary expenditures and other financing uses increasing budgetary fund balance by \$685,564 over the previous year. After deducting restricted and assigned fund balances, the unassigned budgetary fund balance decreased by \$96,836 from \$862,740 at June 30, 2016 to \$765,904 at June 30, 2017. However, the District increased its restricted fund balances for capital reserve and maintained reserve by \$659,734 and \$100,000, respectively, at June 30, 2017.

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

Currently, the District is in good financial condition. Everyone associated with the Cresskill School District is grateful for the community support of the schools. A major concern is continued enrollment growth and the need to address the District's facility needs in each of its three schools, while maintaining small class sizes and continuing to be sensitive to the increasing reliance on property taxes. This, in an environment of uncertainty regarding state aid support and increases in State mandates, means an ever-increasing utilization of the current District's resources without compromising educational programs.

These indicators were considered when adopting the budget for fiscal year 2017-2018. Budgeted expenditures in the General Fund increased 5 percent to \$29,268,572 in fiscal year 2017-2018. Increases in contractual payroll and related employee health benefits as well as capital outlay are the primary reasons for the increase.

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information contact the Business Office, Cresskill Board of Education, One Lincoln Drive, Cresskill, NJ 07626.

BASIC FINANCIAL STATEMENTS

**CRESSKILL BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2017**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 4,034,554	\$ 20,040	\$ 4,054,594
Receivables, net	364,213		364,213
Inventories		3,986	3,986
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agents	19,886		19,886
Capital Assets			
Capital Assets, Not Being Depreciated	80,630		80,630
Capital Assets, Being Depreciated	<u>28,713,405</u>	<u>25,766</u>	<u>28,739,171</u>
Total Assets	<u>33,212,688</u>	<u>49,792</u>	<u>33,262,480</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding of Debt	772,956	-	772,956
Deferred Amounts on Net Pension Liability	<u>2,754,883</u>	<u>-</u>	<u>2,754,883</u>
Total Deferred Outflows of Resources	<u>3,527,839</u>	<u>-</u>	<u>3,527,839</u>
Total Assets and Deferred Outflows of Resources	<u>36,740,527</u>	<u>49,792</u>	<u>36,790,319</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	2,361,652	3,004	2,364,656
Payable to Other Governments	34,265		34,265
Accrued Interest Payable	201,425		201,425
Unearned Revenue	15,220	7,891	23,111
Noncurrent Liabilities			
Due Within One Year	1,282,606		1,282,606
Due Beyond One Year	<u>24,993,993</u>	<u>-</u>	<u>24,993,993</u>
Total Liabilities	<u>28,889,161</u>	<u>10,895</u>	<u>28,900,056</u>
NET POSITION			
Net Investment in Capital Assets	14,317,166	25,766	14,342,932
Restricted for			
Capital Projects	1,214,806		1,214,806
Plant Maintenance	100,000		100,000
Debt Service	266		266
Unrestricted	<u>(7,780,872)</u>	<u>13,131</u>	<u>(7,767,741)</u>
Total Net Position	<u>\$ 7,851,366</u>	<u>\$ 38,897</u>	<u>\$ 7,890,263</u>

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

**CRESSKILL BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities:							
Instruction:							
Regular	\$ 17,856,975	\$ 257,635	\$ 6,573,548	\$ 4,350	\$ (11,021,442)		\$ (11,021,442)
Special Education	8,155,710	1,093,015	3,786,287		(3,276,408)		(3,276,408)
Other Instruction	1,401,524		529,590		(871,934)		(871,934)
School Sponsored Activities and Athletics	1,005,498		297,047		(708,451)		(708,451)
Support Services:							
Student & Instruction Related Services	3,494,100		62,952		(3,431,148)		(3,431,148)
General Administration Services	710,738				(710,738)		(710,738)
School Administration Services	2,648,043		538,293		(2,109,750)		(2,109,750)
Central Services and Admin Info. Tech.	669,237				(669,237)		(669,237)
Plant Operations and Maintenance	3,341,624	10,700	29,593	\$ -	(3,301,331)		(3,301,331)
Pupil Transportation	418,144		19,011		(399,133)		(399,133)
Interest on Long-Term Debt	514,990	-	17,693		(497,297)		(497,297)
Total Governmental Activities	40,216,583	1,361,350	11,854,014	4,350	(26,996,869)	-	(26,996,869)
Business-Type Activities:							
Food Service	338,082	318,162	-	-	-	\$ (19,920)	(19,920)
Total Business-Type Activities	338,082	318,162	-	-	-	(19,920)	(19,920)
Total Primary Government	\$ 40,554,665	\$ 1,679,512	\$ 11,854,014	\$ 4,350	(26,996,869)	(19,920)	(27,016,789)
General Revenues:							
Taxes:							
Property Taxes, levied for General Purposes					25,339,664		25,339,664
Property Taxes Levied for Debt Service					1,557,669		1,557,669
State Aid Restricted for Debt Service Principal					17,694		17,694
Investment Earnings					16,250	234	16,484
Miscellaneous Income					78,819	-	78,819
Total General Revenues					27,010,096	234	27,010,330
Change in Net Position					13,227	(19,686)	(6,459)
Net Position, Beginning of Year					7,838,139	58,583	7,896,722
Net Position, End of Year					\$ 7,851,366	\$ 38,897	\$ 7,890,263

FUND FINANCIAL STATEMENTS

**CRESSKILL BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2017**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 3,981,142	\$ 50,419	\$ 2,992	\$ 1	\$ 4,034,554
Receivables, Net					
Receivables From Other Governments	244,376	63,200	-		307,576
Other Receivables	53,370	3,267	-	-	56,637
Restricted Assets:					
Cash and Cash Equivalents with Fiscal Agents	<u>-</u>	<u>\$ -</u>	<u>19,886</u>	<u>\$ -</u>	<u>19,886</u>
Total Assets	<u>\$ 4,278,888</u>	<u>\$ 116,886</u>	<u>\$ 22,878</u>	<u>\$ 1</u>	<u>\$ 4,418,653</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 865,577	\$ 71,301	\$ 22,613		\$ 959,491
Accrued Salaries & Wages-Summer Pay	1,402,161				1,402,161
Payable to State Governments	-	34,265			34,265
Unearned Revenue	<u>3,900</u>	<u>11,320</u>	<u>-</u>	<u>-</u>	<u>15,220</u>
Total Liabilities	<u>2,271,638</u>	<u>116,886</u>	<u>22,613</u>	<u>-</u>	<u>2,411,137</u>
Fund Balances:					
Restricted Fund Balance					
Capital Reserve	799,806				799,806
Capital Reserve- Designated for Subsequent Year's Expenditures	415,000				415,000
Maintenance Reserve	100,000				100,000
Excess Surplus	128,622				128,622
Excess Surplus- Designated for Subsequent Year's Expenditures	131,956				131,956
Capital Projects					-
Debt Service			265	\$ 1	266
Assigned Fund Balance					
Year End Encumbrances	26,000				26,000
Designated for Subsequent Year's Expenditures	145,773				145,773
Unassigned Fund Balance	<u>260,093</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>260,093</u>
Total Fund Balances	<u>2,007,250</u>	<u>-</u>	<u>265</u>	<u>1</u>	<u>2,007,516</u>
Total Liabilities and Fund Balances	<u>\$ 4,278,888</u>	<u>\$ 116,886</u>	<u>\$ 22,878</u>	<u>\$ 1</u>	<u>\$ 4,418,653</u>

**CRESSKILL BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2017**

Total Fund Balance (Exhibit B-1)	\$	2,007,516
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 \$43,253,546 and the accumulated depreciation is \$14,459,511.		28,794,035
Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt.		772,956
Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and amortized over future years.		
	Deferred Outflows of Resources	2,754,883
The District has financed capital assets through the issuance of bonds and long-term lease obligations. The interest accrual at year end is:		(201,425)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
	Bonds Payable (Including Unamortized Premium)	\$ (14,857,396)
	Capital Lease Payable	(392,429)
	Compensated Absences Payable	(1,056,768)
	Net Pension Liability	(9,970,006)
		<u>(26,276,599)</u>
Net Position of Governmental Activities (Exhibit A-1)	\$	<u>7,851,366</u>

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

CRESSKILL BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 25,339,664			\$ 1,557,669	\$ 26,897,333
Tuition and Related Services Fees	1,350,650				1,350,650
Rentals	10,700				10,700
Interest and Investment Income	15,985		\$ 265		16,250
Miscellaneous	78,819	\$ 84,891	-	-	163,710
Total - Local Sources	26,795,818	84,891	265	1,557,669	28,438,643
State Sources	5,036,081	125,431	-	35,387	5,196,899
Federal Sources	-	474,118	-	-	474,118
Total Revenues	31,831,899	684,440	265	1,593,056	34,109,660
EXPENDITURES					
Current					
Instruction					
Regular Instruction	13,622,493	315,720			13,938,213
Special Education Instruction	6,390,599	301,418			6,692,017
Other Instruction	1,070,505				1,070,505
School-Sponsored Activities and Athletics	819,829				819,829
Support Services					
Student and Instruction Related Services	3,112,180	62,952			3,175,132
General Administration Services	663,886				663,886
School Administration Services	2,175,473				2,175,473
Central Services and Admin Info. Tech.	608,022				608,022
Plant Operations and Maintenance	2,297,383				2,297,383
Pupil Transportation	418,144				418,144
Debt Service					
Principal				1,090,000	1,090,000
Interest				503,055	503,055
Capital Outlay	6,741	4,350	426,331	-	437,422
Total Expenditures	31,185,255	684,440	426,331	1,593,055	33,889,081
Excess (Deficiency) of Revenues Over (Under) Expenditures	646,644	-	(426,066)	1	220,579
OTHER FINANCING SOURCES (USES)					
Capital Lease Proceeds			392,429	-	392,429
Transfers In	89,300	-	32,000	-	121,300
Transfers Out	(32,000)	-	(89,300)	-	(121,300)
Total Other Financing Sources and Uses	57,300	-	335,129	-	392,429
Net Change in Fund Balances	703,944	-	(90,937)	1	613,008
Fund Balance, Beginning of Year	1,303,306	-	91,202	-	1,394,508
Fund Balance, End of Year	\$ 2,007,250	\$ -	\$ 265	\$ 1	\$ 2,007,516

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

**CRESSKILL BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) **\$ 613,008**

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 outlay in the period.

	\$ (937,764)	
Depreciation expense	437,422	
Capital outlays	<u> </u>	
		(500,342)

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

	(392,429)	
Issuance of Capital Lease	1,090,000	
Repayment of Bond Principal	<u> </u>	
		697,571

Governmental Funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

	(147,768)	
Amortization of Deferred Amount on Refunding of Debt	125,719	
Amortization of Original Issuance Premium	<u> </u>	
		(22,049)

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

		10,114
Decrease in Accrued Interest		

In the statement of activities, certain operating expenses, e.g., compensated absences, pension costs are measured by the amounts earned or incurred during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation; when the paid amount exceeds the earned amount the difference is an addition to the reconciliation.

	(100,701)	
Increase in Compensated Absences	(684,374)	
Increase in Net Pension Liability	<u> </u>	
		(785,075)

Change in Net Position of Governmental Activities (Exhibit A-2) **\$ 13,227**

**CRESSKILL BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2017**

		Business-Type Activities Enterprise <u>Food Services</u>
ASSETS		
Current Assets		
Cash	\$	20,040
Inventories		<u>3,986</u>
Total Current Assets		<u>24,026</u>
Capital Assets		
Building Improvements		14,800
Furniture, Machinery and Equipment		150,969
Less: Accumulated Depreciation		<u>(140,003)</u>
Total Capital Assets, Net		<u>25,766</u>
Total Assets		<u>49,792</u>
LIABILITIES		
Current Liabilities		
Accounts Payable		3,004
Unearned Revenue		<u>7,891</u>
Total Current Liabilities		<u>10,895</u>
NET POSITION		
Investment in Capital Assets		25,766
Unrestricted		<u>13,131</u>
Total Net Position	\$	<u><u>38,897</u></u>

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

**CRESSKILL BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Business-Type Activities Enterprise <u>Food Services</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales	\$ 312,607
Sales - Milk Program	<u>5,555</u>
Total Operating Revenues	<u>318,162</u>
OPERATING EXPENSES	
Salaries and Benefits	140,876
Cost of Sales	138,684
Management Fee	15,010
Other Purchased Services	11,809
Other Supplies/Services	28,508
Depreciation	<u>3,195</u>
Total Operating Expenses	<u>338,082</u>
Operating Loss	<u>(19,920)</u>
NONOPERATING REVENUES	
Interest	<u>234</u>
Total Nonoperating Revenues	<u>234</u>
Change in Net Position	(19,686)
Total Net Position - Beginning of Year	<u>58,583</u>
Total Net Position - End of Year	<u>\$ 38,897</u>

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

**CRESSKILL BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Business-Type Activities Enterprise <u>Food Services</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 317,715
Cash Payments for Salaries and Benefits	(140,876)
Cash Payments to Suppliers for Goods and Services	<u>(195,776)</u>
Net Cash Used by Operating Activities	<u>(18,937)</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	<u>(14,800)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(14,800)</u>
Cash Flows from Investing Activities	
Interest on Investments	<u>234</u>
Net Cash Provided by Investing Activities	<u>234</u>
Net Decrease in Cash and Cash Equivalents	(33,503)
Cash and Cash Equivalents, Beginning of Year	<u>53,543</u>
Cash and Cash Equivalents, End of Year	<u>\$ 20,040</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Operating Loss	<u>\$ (19,920)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Depreciation	3,195
Change in Assets and Liabilities	
(Increase)/Decrease in Inventories	490
Increase/(Decrease) in Accounts Payable	(2,255)
Increase/(Decrease) in Unearned Revenue	<u>(447)</u>
Total Adjustments	<u>983</u>
Net Cash Used by Operating Activities	<u>\$ (18,937)</u>

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

**CRESSKILL BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2017**

	Unemployment Compensation <u>Trust Fund</u>	<u>Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 61,140	\$ 59,760	\$ 471,554
Due from Other Funds	<u>-</u>	<u>-</u>	<u>3,397</u>
 Total Assets	 <u>61,140</u>	 <u>59,760</u>	 <u>474,951</u>
LIABILITIES			
Due to Other Funds	\$ 3,397		
Payroll Deductions and Withholdings Payable			\$ 144,021
Accrued Salaries and Wages			780
Reserve for Flexible Spending Plan			10,125
Intergovernmental Payable- State	537		-
Due to Student Groups	<u>-</u>	<u>-</u>	<u>320,025</u>
 Total Liabilities	 <u>3,934</u>	 <u>-</u>	 <u>\$ 474,951</u>
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 57,206</u>	<u>\$ 59,760</u>	

**CRESSKILL BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Unemployment Compensation <u>Trust Fund</u>	<u>Scholarship Fund</u>
ADDITIONS		
Contributions		
Employees	\$ 35,559	
Private Donations	-	\$ 44,438
	<hr/>	<hr/>
Total Contributions	35,559	44,438
Investment Earnings		
Interest	203	224
	<hr/>	<hr/>
Total Additions	35,762	44,662
DEDUCTIONS		
Scholarship Awards		42,202
Unemployment Claims and Contributions	26,561	-
	<hr/>	<hr/>
Total Deductions	26,561	42,202
Change in Net Position	9,201	2,460
Net Position, Beginning of the Year	48,005	57,300
	<hr/>	<hr/>
Net Position, End of the Year	\$ 57,206	\$ 59,760
	<hr/>	<hr/>

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

NOTES TO THE FINANCIAL STATEMENTS

**CRESSKILL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. New Accounting Standards

During fiscal year 2017, the District adopted the following GASB statements:

- 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*. 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. 77, *Tax Abatement Disclosures*. 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. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14. *The Financial Reporting Entity, as amended*.

**CRESSKILL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to 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.

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

- 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. 84, *Fiduciary Activities*, will be effective with the fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.
- GASB No. 85, *Omnibus 2017*, will be effective with the fiscal year ending June 30, 2018. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pensions and other post-employment benefits (OPEB)).
- GASB No. 86, *Certain Debt Extinguishment Issues*, will be effective with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.
- GASB No. 87, *Leases*, will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

C. Basis of Presentation - Financial Statements

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

**CRESSKILL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

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

**CRESSKILL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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

The *food service fund* accounts for the activities of the school cafeteria, which provides 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 types:

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

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

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

**CRESSKILL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

Property taxes, tuition, related service 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 District.

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

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

1. *Cash, Cash Equivalents and Investments*

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

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

2. *Receivables*

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

3. *Inventories*

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

4. *Restricted Assets*

Certain assets are classified as restricted on the balance sheet because they are maintained in separate bank accounts and their use is limited to capital projects and capital lease agreement debt service.

**CRESSKILL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. *Capital Assets*

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

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

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

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings	20-50
Building Improvements	20
Heavy Equipment	10-20
Office Equipment and Furniture	7-10
Computer Equipment	5

6. *Deferred Outflows of Resources*

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

7. *Compensated Absences*

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused sick leave benefits. A long-term liability of accumulated sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. 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.

**CRESSKILL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. *Pensions*

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

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

9. *Long-Term Obligations*

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

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

10. *Net Position/Fund Balance*

District-Wide Statements

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

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

**CRESSKILL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. Net Position/Fund Balance (Continued)

Governmental Fund Statements

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

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

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

Capital Reserve - Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2017/2018 District budget certified for taxes.

Maintenance Reserve – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education. (See Note 2C).

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2017 audited excess surplus that is required to be appropriated in the 2018/2019 original budget certified for taxes. (See Note 2D).

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2016 audited excess surplus that was appropriated in the 2017/2018 original budget certified for taxes.

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

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

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

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

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2017/2018 District budget certified for taxes.

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

**CRESSKILL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

3. Tuition Revenues and Expenditures

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

Tuition Expenditures - Tuition charges for the fiscal years 2015-2016 and 2016-2017 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

4. Proprietary Funds, Operating and Nonoperating Revenues and Expenses

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

**CRESSKILL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2016/2017. Also, during 2016/2017 the Board increased the original general fund budget by \$354,109. The increase was funded by the additional appropriation of restricted and unassigned fund balances. The Board approved the appropriation of \$200,000 and \$122,109 of unassigned fund balance on February 27, 2017 and May 8, 2017, respectively, and a withdrawal of \$32,000 from the Capital Reserve on May 8, 2017.

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

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

**CRESSKILL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Capital Reserve

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

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

The activity of the capital reserve for the fiscal year ended June 30, 2017 is as follows:

Balance, July 1, 2016		\$ 555,072
Increased by		
Interest earnings	\$ 2,434	
Deposits Approved by Board Resolution	600,000	
Unexpended Balances Returned from Capital Projects Fund	<u>89,300</u>	
Total Increases		<u>691,734</u>
		1,246,806
Withdrawals		
Approved by Board Resolution		<u>32,000</u>
Balance, June 30, 2017		<u>\$ 1,214,806</u>

The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan of the capital reserve balance at June 30, 2017. Of the capital reserve balance at June 30, 2017, \$415,000 was designated and appropriated for use in the 2017/2018 original budget certified for taxes.

C. Maintenance Reserve

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

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

**CRESSKILL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments

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

As of June 30, 2017, the Board had no outstanding investments.

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

B. Receivables

Receivables as of June 30, 2017 for the district's individual major funds are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Receivables:			
Accounts	\$ 53,370	\$ 3,267	\$ 56,637
Intergovernmental			
Federal		63,200	63,200
State	190,443		190,443
Local	53,933	-	53,933
	<hr/>	<hr/>	<hr/>
Total Receivables	\$ 297,746	\$ 66,467	\$ 364,213

C. Unearned Revenue

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

General Fund	<u>Total</u>
Prepaid Tuition	\$ 3,900
Special Revenue Fund	
Unencumbered Grant Draw Downs	5,933
Grant Draw Downs Reserved for Encumbrances	5,387
	<hr/>
Total Unearned Revenue for Governmental Funds	\$ 15,220

**CRESSKILL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2017 was as follows:

	Balance, <u>July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2017</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 48,630	-		\$ 48,630
Construction in Progress	<u>-</u>	<u>\$ 32,000</u>	<u>-</u>	<u>32,000</u>
Total Capital Assets, Not Being Depreciated	<u>48,630</u>	<u>32,000</u>	<u>-</u>	<u>80,630</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	40,269,225	\$ 394,331		40,663,556
Improvements Other Than Buildings	742,641			742,641
Machinery and Equipment	<u>1,755,628</u>	<u>11,091</u>	<u>-</u>	<u>1,766,719</u>
Total Capital Assets Being Depreciated	<u>42,767,494</u>	<u>405,422</u>	<u>-</u>	<u>43,172,916</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(11,459,779)	(858,317)		(12,318,096)
Improvements Other Than Buildings	(566,551)	(12,647)		(579,198)
Machinery and Equipment	<u>(1,495,417)</u>	<u>(66,800)</u>	<u>-</u>	<u>(1,562,217)</u>
Total Accumulated Depreciation	<u>(13,521,747)</u>	<u>(937,764)</u>	<u>-</u>	<u>(14,459,511)</u>
Total Capital Assets, Being Depreciated, Net	<u>29,245,747</u>	<u>(532,342)</u>	<u>-</u>	<u>28,713,405</u>
Governmental Activities Capital Assets, Net	<u>\$ 29,294,377</u>	<u>\$ (500,342)</u>	<u>\$ -</u>	<u>\$ 28,794,035</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Building Improvements		\$ 14,800		\$ 14,800
Machinery and Equipment	<u>\$ 150,969</u>	<u>-</u>	<u>-</u>	<u>150,969</u>
Total Capital Assets Being Depreciated	<u>150,969</u>	<u>14,800</u>	<u>-</u>	<u>165,769</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	<u>(136,808)</u>	<u>\$ (3,195)</u>	<u>-</u>	<u>(140,003)</u>
Total Accumulated Depreciation	<u>(136,808)</u>	<u>(3,195)</u>	<u>-</u>	<u>(140,003)</u>
Total Capital Assets, Being Depreciated, Net	<u>14,161</u>	<u>11,605</u>	<u>-</u>	<u>25,766</u>
Business-Type Activities Capital Assets, Net	<u>\$ 14,161</u>	<u>\$ 11,605</u>	<u>\$ -</u>	<u>\$ 25,766</u>

**CRESSKILL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

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

Governmental activities:

Instruction	
Regular	\$ 39,472
Total Instruction	<u>39,472</u>
Support Services	
Student and Instruction Related Services	6,297
School Administration Services	10,505
Plant Operations and Maintenance	881,490
Total Support Services	<u>898,292</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 937,764</u>

Business-Type Activities:

Food Service Fund	\$ 3,195
Total Depreciation Expense-Business-Type Activities	<u>\$ 3,195</u>

E. Interfund Receivables, Payables, and Transfers

Interfund Transfers

	<u>Transfer In:</u>		<u>Total</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	
Transfer Out:			
General Fund		\$ 32,000	\$ 32,000
Capital Projects Fund	\$ 89,300	-	<u>89,300</u>
	<u>\$ 89,300</u>	<u>\$ 32,000</u>	<u>\$ 121,300</u>

The above transfers are the result of fund balances available in one fund to finance expenditures in another fund or to return unused funds in one fund to their originating fund.

**CRESSKILL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases

Capital Leases

The District is leasing an LED Lighting project totaling \$392,429 under a capital lease. The lease is for a term of 5 years.

The capital assets acquired through capital leases are as follows:

	Governmental <u>Activities</u>
Building Improvements	\$ <u>392,429</u>

The unexpended proceeds from lease purchase agreement in the amount of \$19,886 at June 30, 2017 are held with the Fiscal Agent.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017 were as follows:

<u>Fiscal Year Ending June 30</u>	Governmental <u>Activities</u>
2018	\$ 108,751
2019	75,751
2020	75,751
2021	75,750
2022	<u>75,750</u>
Total minimum lease payments	411,753
Less: amount representing interest	<u>(19,324)</u>
Present value of minimum lease payments	<u>\$ 392,429</u>

**CRESSKILL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2017 are comprised of the following issues:

\$2,520,000, 2008 Refunding Bonds, due in annual installments of \$250,000 to \$260,000 through August 1, 2018, interest at 3.00% to 5.00%	\$510,000
\$8,960,000, 2012 Refunding Bonds, due in annual installments of \$720,000 to \$980,000 through February 1, 2025, interest at 3.00% to 4.00%	7,355,000
\$6,700,000, 2013 Refunding Bonds, due in annual installments of \$45,000 to \$1,040,000 through August 1, 2031, interest at 2.00% to 3.00%	<u>6,530,000</u>
Total	<u>\$14,395,000</u>

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

Governmental Activities:

Fiscal Year Ending June 30,	Serial Bonds		Total
	Principal	Interest	
2018	\$ 1,135,000	\$ 468,868	\$ 1,603,868
2019	1,275,000	432,868	1,707,868
2020	1,015,000	397,568	1,412,568
2021	1,010,000	357,418	1,367,418
2022	1,010,000	317,468	1,327,468
2023-2028	5,090,000	1,010,348	6,100,348
2029-3033	<u>3,860,000</u>	<u>266,434</u>	<u>4,126,434</u>
Total	<u>\$ 14,395,000</u>	<u>\$ 3,250,972</u>	<u>\$ 17,645,972</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2017 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 85,601,316
Less: Net Debt	<u>14,395,000</u>
Remaining Borrowing Power	<u>\$ 71,206,316</u>

**CRESSKILL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2017, 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:					
Bonds Payable	\$ 15,485,000		\$ (1,090,000)	\$ 14,395,000	\$ 1,135,000
Add:					
Unamortized Premiums	<u>588,115</u>	<u>-</u>	<u>(125,719)</u>	<u>462,396</u>	<u>-</u>
Bonds Payable, Net	16,073,115	-	(1,215,719)	14,857,396	1,135,000
Capital Lease Payable		\$ 392,429		392,429	102,606
Compensated Absences	956,067	126,301	(25,600)	1,056,768	45,000
Net Pension Liability	<u>7,486,627</u>	<u>2,782,436</u>	<u>(299,057)</u>	<u>9,970,006</u>	<u>-</u>
Governmental Activities Long-Term Liabilities	<u>\$ 24,515,809</u>	<u>\$ 3,301,166</u>	<u>\$ (1,540,376)</u>	<u>\$ 26,276,599</u>	<u>\$ 1,282,606</u>

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

NOTE 4 OTHER INFORMATION

A. Risk Management

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

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

The relationship between the Board 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 Board 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.

**CRESSKILL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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

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

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

Fiscal Year Ended June 30,	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2017	NONE	\$ 35,559	\$ 26,561	\$ 57,206
2016	NONE	36,577	26,955	48,005
2015	NONE	37,630	26,854	38,246

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2017, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2017, the District has not estimated its arbitrage earnings due to the IRS, if any.

**CRESSKILL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

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

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

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

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

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

Other Pension Funds

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

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

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

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

**CRESSKILL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Basis of Accounting

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

Investment Valuation

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

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

Funding Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 28 percent with an unfunded actuarial accrued liability of \$108.6 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 22.33 percent and \$79.0 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 40.14 percent and \$29.6 billion, respectively.

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

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

Actuarial Methods and Assumptions

In the July 1, 2015 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 7.65 percent and (b) projected salary increases applied through the year 2026 of 1.65-5.15 percent based on age for the PERS and varying percentages based on experience for TPAF.

**CRESSKILL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.06% for PERS, 7.06% 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, 2017 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the fiscal years ended June 30, 2017, 2016 and 2015 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF, respectively 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>
2017	\$ 299,057	\$ 1,504,287	\$ 20,326
2016	286,729	1,032,777	30,011
2015	272,381	698,420	26,279

In addition for fiscal year 2016/2017 the District contributed \$1,394 for PERS and the State contributed \$4,508 for TPAF for Long Term Disability Insurance Premium (LTDI).

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$1,030,678 during the fiscal year ended June 30, 2017 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

**CRESSKILL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS)

At June 30, 2017, the District reported in the statement of net position (accrual basis) a liability of \$9,970,006 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2016, the District's proportionate share was .03366 percent, which was an increase of .00031 percent from its proportionate share measured as of June 30, 2015 of .03335 percent.

For the fiscal year ended June 30, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$983,431 for PERS. At June 30, 2017, the District 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	\$ 185,412	
Changes of Assumptions	2,065,253	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	380,165	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>124,053</u>	<u>\$ -</u>
Total	<u>\$ 2,754,883</u>	<u>\$ -</u>

At June 30, 2017, the 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>	<u>Total</u>
2018	\$ 624,067
2019	624,067
2020	716,231
2021	599,786
2022	<u>190,732</u>
	<u>\$ 2,754,883</u>

**CRESSKILL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The District's total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.65%
Mortality Rate Table	RP-2000

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

**CRESSKILL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2016 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%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

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

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2016	3.98%

**CRESSKILL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2034
Municipal Bond Rate *	From July 1, 2034 and Thereafter

* The municipal bond return rate used is 2.85% as of the measurement date of June 30, 2016. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 3.98%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98 percent) or 1-percentage-point higher (4.98 percent) than the current rate:

	1% Decrease <u>(2.98%)</u>	Current Discount Rate <u>(3.98%)</u>	1% Increase <u>(4.98%)</u>
District's Proportionate Share of the PERS Net Pension Liability	\$ 12,217,079	\$ 9,970,006	\$ 8,114,853

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2016. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

**CRESSKILL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

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

For the fiscal year ended June 30, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$7,624,437 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2017 the State's proportionate share of the net pension liability attributable to the District is \$101,475,040. 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, 2016. At June 30, 2016, the state's share of the net pension liability attributable to the District was .12899 percent, which was a decrease of .00019 percent from its proportionate share measured as of June 30, 2015 of .12918 percent.

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

Assumptions for mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational bases based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

**CRESSKILL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2016 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%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Markets Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

**CRESSKILL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2016	3.22%

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, 2029
Municipal Bond Rate *	From July 1, 2029 and Thereafter

* The municipal bond return rate used is 2.85% as of the measurement date of June 30, 2016. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 3.22% as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.22 percent) or 1-percentage-point higher (4.22 percent) than the current rate:

	1% Decrease <u>(2.22%)</u>	Current Discount Rate <u>(3.22%)</u>	1% Increase <u>(4.22%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 121,183,875</u>	<u>\$ 101,475,040</u>	<u>\$ 85,380,233</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2016. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2016 was not provided by the pension system.

**CRESSKILL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

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

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 584 state and local participating employers and contributing entities for Fiscal Year 2016.

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

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

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

**CRESSKILL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Basis of Accounting

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

Significant Legislation

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

Investment Valuation

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

Funded Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, the State had a \$84.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$25.9 billion for state active and retired members and \$41.6 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, 2015, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**CRESSKILL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2016, there were 110,512, retirees receiving post-retirement medical benefits and the State contributed \$1.37 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 (ABP) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

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/2016divisioncombined.pdf>.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2017, 2016 and 2015 were \$1,253,413, \$1,229,752 and \$1,108,742, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

F. Subsequent Events

On April 19, 2017 the Board approved a 30 year lease agreement with the Borough of Cresskill for the use of two properties for school purposes. The lease commences July 1, 2017 and expires June 30, 2047. Annual lease payments will be \$52,000 per year, with payments beginning in the 2019/2020 school year. The rent payments for the thirty (30) year term will be prorated over the last twenty eight (28) years of the lease. The agreement was revised by the Borough and Board on June 26, 2017 and received final approval from the State Department of Education, Office of School Facilities on July 5, 2017.

On September 26, 2017 the voters of the Cresskill Board of Education approved a \$12,446,400 referendum authorizing the District to issue bonds and/or notes to finance various capital improvements and upgrades consulting of an eight classroom addition for preschool and Kindergarten to the Edward H. Bryan Elementary School, roof and window replacement at the elementary schools and district-wide security, technology and paving upgrades. The referendum project includes \$2,906,540 of project costs eligible for State of New Jersey debt service aid. As of the date of the audit, the Board has not sold bonds and/or notes in conjunction with this project.

**CRESSKILL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

G. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the municipality in which the school district is situated may have entered into tax abatement agreements, and that potential school tax revenue must be disclosed in these financial statements. If the municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For Cresskill Board of Education, the District's share of abated taxes resulting from the municipality having entered into a tax abatement agreement is indeterminate.

REQUIRED SUPPLEMENTARY INFORMATION - PART II
BUDGETARY COMPARISON SCHEDULES

**CRESSKILL BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
REVENUES					
Local Sources					
Property Taxes	\$ 25,339,664		\$ 25,339,664	\$ 25,339,664	
Tuition- Individuals (Regular)	275,620		275,620	257,635	\$ (17,985)
Tuition- Other LEAs (Spec. Ed.)	780,239		780,239	992,862	212,623
Related Services Provided to Other LEAs	119,542		119,542	100,153	(19,389)
Interest	10,000		10,000	13,551	3,551
Interest on Capital Reserve Funds	500		500	2,434	1,934
Rentals	10,000		10,000	10,700	700
Miscellaneous	30,255	-	30,255	78,819	48,564
Total Local Sources	26,565,820	-	26,565,820	26,795,818	229,998
State Sources					
Special Education Aid	668,578		668,578	668,578	
Transportation Aid	18,791		18,791	18,791	
Security Aid	29,323		29,323	29,323	
PARCC Readiness Aid	17,150		17,150	17,150	
Per Pupil Growth Aid	17,150		17,150	17,150	
Professional Learning Community Aid	17,580		17,580	17,580	
Extraordinary Special Education Costs Aid	238,826		238,826	456,243	217,417
On-behalf TPAF Pension System Contributions (Non-budgeted)					
Non-Contributory Group Life Insurance				52,598	52,598
Normal Cost & Accrued Liab. Contribution				1,451,689	1,451,689
Long Term Disability Insurance				4,508	4,508
Post Retirement Medical Benefit Contribution				1,253,413	1,253,413
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	1,030,678	1,030,678
Total State Sources	1,007,398	-	1,007,398	5,017,701	4,010,303
Total Revenues	27,573,218	-	27,573,218	31,813,519	4,240,301
EXPENDITURES					
CURRENT EXPENDITURES					
Regular Programs - Instruction					
Salaries of Teachers					
Kindergarten	427,660	\$ 1,271	428,931	428,931	
Grades 1-5	2,881,968	178,324	3,060,292	3,060,292	
Grades 6-8	1,884,114	45,225	1,929,339	1,929,339	-
Grades 9-12	3,076,996	(80,992)	2,996,004	2,995,414	590
Regular Programs - Home Instruction					
Salaries of Teachers	5,000	4,422	9,422	9,422	
Purchased Professional-Educational Services	2,000	300	2,300	2,296	4
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	44,067	328	44,395	44,395	
Purchased Professional-Educational Services	1,000	23,200	24,200	23,099	1,101
Other Purchased Services	133,780	9,498	143,278	140,972	2,306
General Supplies	551,855	58,675	610,530	577,953	32,577
Textbooks	55,350	(21,107)	34,243	28,694	5,549
Total Regular Programs	9,063,790	219,144	9,282,934	9,240,807	42,127
Special Education					
Cognitive-Mild					
Salaries of Teachers	158,568	(1)	158,567	158,567	-
Other Salaries for Instruction	107,159	(20,606)	86,553	86,553	-
Purchased Professional- Educational Services	20,000	15,105	35,105	35,033	72
Other Purchased Services	1,500	-	1,500	659	841
General Supplies	14,800	(2,011)	12,789	12,789	-
Total Cognitive Mild	302,027	(7,513)	294,514	293,601	913

CRESSKILL BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
Learning and/or Language Disabilities					
Salaries of Teachers	\$ 462,979	\$ (3,511)	\$ 459,468	\$ 459,468	-
Other Salaries for Instruction	140,648	(363)	140,285	120,556	\$ 19,729
Purchased Professional- Educational Services	50,432	(18,493)	31,939	30,053	1,886
General Supplies	2,100	(10)	2,090	1,786	304
Textbooks	1,500	-	1,500	1,183	317
Total Learning and/or Language Disabilities	<u>657,659</u>	<u>(22,377)</u>	<u>635,282</u>	<u>613,046</u>	<u>22,236</u>
Multiple Disabilities					
Salaries of Teachers	241,780	2,946	244,726	244,705	21
Other Salaries for Instruction	87,065	(670)	86,395	58,295	28,100
Purchased Professional- Educational Services	66,323	81,465	147,788	147,788	-
General Supplies	7,400	(3,149)	4,251	4,206	45
Total Multiple Disabilities	<u>402,568</u>	<u>80,592</u>	<u>483,160</u>	<u>454,994</u>	<u>28,166</u>
Resource Room/Resource Center					
Salaries of Teachers	1,128,715	14,473	1,143,188	1,119,003	24,185
General Supplies	5,650	(290)	5,360	3,698	1,662
Total Resource Room/Resource Center	<u>1,134,365</u>	<u>14,183</u>	<u>1,148,548</u>	<u>1,122,701</u>	<u>25,847</u>
Autism					
Salaries of Teachers	394,981	(1,722)	393,259	390,003	3,256
Other Salaries for Instruction	460,326	(300)	460,026	372,286	87,740
Purchased Professional-Educational Services	236,203	66,379	302,582	221,509	81,073
General Supplies	4,660	-	4,660	4,548	112
Total Autism	<u>1,096,170</u>	<u>64,357</u>	<u>1,160,527</u>	<u>988,346</u>	<u>172,181</u>
Preschool Disabled- Part Time					
Salaries of Teachers	167,009	(1,723)	165,286	153,563	11,723
Other Salaries for Instruction	32,895	(915)	31,980	31,980	-
Purchased Professional-Educational Services	10,280	10,034	20,314	20,314	-
General Supplies	982	(333)	649	604	45
Total Preschool Disabled-Part Time	<u>211,166</u>	<u>7,063</u>	<u>218,229</u>	<u>206,461</u>	<u>11,768</u>
Total Special Education	<u>3,803,955</u>	<u>136,305</u>	<u>3,940,260</u>	<u>3,679,149</u>	<u>261,111</u>
Basic Skills/Remedial					
Salaries of Teachers	486,950	10,075	497,025	497,025	-
General Supplies	1,300	-	1,300	1,160	140
Total Basic Skills/Remedial	<u>488,250</u>	<u>10,075</u>	<u>498,325</u>	<u>498,185</u>	<u>140</u>
Bilingual Education					
Salaries of Teachers	237,869	2,221	240,090	225,531	14,559
General Supplies	3,600	(2,500)	1,100	319	781
Total Bilingual Education	<u>241,469</u>	<u>(279)</u>	<u>241,190</u>	<u>225,850</u>	<u>15,340</u>
School Sponsored Co/Extra Curricular Activities					
Salaries	79,207	5,239	84,446	84,446	-
Supplies and Materials	22,425	(1,659)	20,766	16,897	3,869
Other Objects	10,035	3,282	13,317	11,437	1,880
Total School Sponsored Co/Extra Curricular Activ.	<u>111,667</u>	<u>6,862</u>	<u>118,529</u>	<u>112,780</u>	<u>5,749</u>

CRESSKILL BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
School Sponsored Athletics					
Salaries	\$ 326,530	\$ (5,695)	\$ 320,835	\$ 320,835	
Purchased Services	63,500	(4,602)	58,898	55,458	\$ 3,440
Supplies and Materials	41,000	1,522	42,522	42,522	-
Other Objects	40,021	(67)	39,954	39,139	815
Transfer to Cover Deficit (Agency Funds)	55,000	(240)	54,760	54,760	-
Total School Sponsored Athletics	<u>526,051</u>	<u>(9,082)</u>	<u>516,969</u>	<u>512,714</u>	<u>4,255</u>
Total - Instruction	<u>14,235,182</u>	<u>363,025</u>	<u>14,598,207</u>	<u>14,269,485</u>	<u>328,722</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State - Special	60,203	116,746	176,949	176,949	-
Tuition to County Voc. School Districts - Regular	278,283	51,207	329,490	321,323	8,167
Tuition to CSSD & Regional Day Schools	9,000	86,605	95,605	95,605	-
Tuition - Private School for the Disabled - Within State	663,408	(110,526)	552,882	551,949	933
Tuition to Priv. Sch. Disabled & Other LEAS Spl. O/S State	411,014	(55,139)	355,875	354,933	942
Total Undistributed Expenditures - Instruction	<u>1,421,908</u>	<u>88,893</u>	<u>1,510,801</u>	<u>1,500,759</u>	<u>10,042</u>
Attendance & Social Work					
Purchased Professional & Technical Services	15,250	1,035	16,285	16,285	-
Total Attendance & Social Work	<u>15,250</u>	<u>1,035</u>	<u>16,285</u>	<u>16,285</u>	<u>-</u>
Health Services					
Salaries	226,414	(1,095)	225,319	225,319	-
Purchased Professional & Technical Services	11,000	-	11,000	7,905	3,095
Supplies and Materials	6,700	(4,657)	2,043	2,043	-
Total Health Services	<u>244,114</u>	<u>(5,752)</u>	<u>238,362</u>	<u>235,267</u>	<u>3,095</u>
Speech, OT, PT & Related Services					
Salaries	177,692	9,369	187,061	187,061	-
Purchased Professional-Educational Services	127,050	(55,906)	71,144	65,622	5,522
Supplies and Materials	5,550	(528)	5,022	5,022	-
Total Speech, OT, PT & Related Services	<u>310,292</u>	<u>(47,065)</u>	<u>263,227</u>	<u>257,705</u>	<u>5,522</u>
Other Support Services - Students - Extra Services					
Salaries	289,691	27,100	316,791	313,887	2,904
Purchased Professional-Educational Services	137,465	10,060	147,525	142,642	4,883
Supplies and Material	6,913	(503)	6,410	6,410	-
Total Other Support Services-Students-Extra Svcs	<u>434,069</u>	<u>36,657</u>	<u>470,726</u>	<u>462,939</u>	<u>7,787</u>
Guidance					
Salaries of Other Professional Staff	499,055	9,043	508,098	508,098	-
Salaries of Secretarial and Clerical Assistants	43,470	-	43,470	43,470	-
Purchased Professional-Educational Services	5,975	(2,867)	3,108	3,108	-
Other Purchased Services	5,250	(2,859)	2,391	2,391	-
Supplies and Materials	5,200	(3,709)	1,491	1,491	-
Total Guidance	<u>558,950</u>	<u>(392)</u>	<u>558,558</u>	<u>558,558</u>	<u>-</u>

**CRESSKILL BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Child Study Team					
Salaries of Other Professional Staff	\$ 498,671	\$ (3,210)	\$ 495,461	\$ 495,461	
Salaries of Secretarial and Clerical Assistants	52,790	(240)	52,550	52,550	
Purchased Professional-Educational Services	44,532	10,277	54,809	52,402	\$ 2,407
Misc Purchased Services	300	(78)	222	222	
Supplies and Materials	1,830	(16)	1,814	1,814	-
Total Child Study Team	<u>598,123</u>	<u>6,733</u>	<u>604,856</u>	<u>602,449</u>	<u>2,407</u>
Improvement of Instructional Services					
Salaries of Other Professional Staff	10,000	(9,178)	822	-	822
Purchased Professional-Educational Services	61,950	(76)	61,874	54,974	6,900
Other Purchased Services	1,500	(326)	1,174	1,173	1
Supplies and Materials	1,000	(1,000)	-	-	-
Other Objects	120	(45)	75	75	-
Total Improvement of Inst. Serv.	<u>74,570</u>	<u>(10,625)</u>	<u>63,945</u>	<u>56,222</u>	<u>7,723</u>
Educational Media Services/School Library					
Salaries	114,085	270	114,355	114,355	
Salaries of Technology Coordinators	130,275	(1,275)	129,000	129,000	
Supplies and Materials	22,240	(1,398)	20,842	20,667	175
Total Educational Media Services/School Library	<u>266,600</u>	<u>(2,403)</u>	<u>264,197</u>	<u>264,022</u>	<u>175</u>
Instructional Staff Training Services					
Purchased Professional- Educational Services	7,500	2,488	9,988	9,194	794
Total Instructional Staff Training Services	<u>7,500</u>	<u>2,488</u>	<u>9,988</u>	<u>9,194</u>	<u>794</u>
Support Services General Administration					
Salaries	297,775	(1,795)	295,980	290,734	5,246
Legal Services	40,000	20,702	60,702	60,229	473
Audit Fees	25,000	86	25,086	25,086	-
Architectural/Engineering Services	5,000	4,790	9,790	9,790	-
BOE Other Purchased Services	7,850	(214)	7,636	7,636	-
Other Purchased Professional Services	38,500	(13,956)	24,544	17,491	7,053
Communications/Telephone	1,500	973	2,473	2,473	-
Misc. Purchased Services	47,000	(1,396)	45,604	44,286	1,318
General Supplies	1,200	(100)	1,100	335	765
BOE In-House Training/Meeting Supplies	2,000	(1,242)	758	90	668
Miscellaneous Expenditures	3,100	439	3,539	3,465	74
BOE Membership Dues and Fees	12,350	(381)	11,969	11,969	-
Total Support Services General Administration	<u>481,275</u>	<u>7,906</u>	<u>489,181</u>	<u>473,584</u>	<u>15,597</u>

**CRESSKILL BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Support Services School Administration					
Salaries of Principals/Asst. Principals/Prog. Dir.	\$ 795,126	\$ (60,695)	\$ 734,431	\$ 734,431	
Salaries of Other Prof. Staff	608,564	(70,225)	538,339	538,339	
Salaries of Secretarial and Clerical Assistants	236,870	4,202	241,072	241,072	
Other Purchased Services	2,000	640	2,640	2,640	
Supplies and Materials	35,080	5,042	40,122	36,697	\$ 3,425
Other Objects	9,310	-	9,310	9,199	111
Total Support Services School Administration	1,686,950	(121,036)	1,565,914	1,562,378	3,536
Central Services					
Salaries	264,401	640	265,041	264,446	595
Purchased Technical Services	100,530	(53,654)	46,876	46,876	-
Misc. Purchased Services	1,500	882	2,382	2,087	295
Supplies and Materials	5,000	4,305	9,305	9,256	49
Miscellaneous Expenditures	1,950	(485)	1,465	1,465	-
Total Central Services	373,381	(48,312)	325,069	324,130	939
Admin. Info. Tech					
Salaries	114,287	5,500	119,787	115,410	4,377
Purchased Technical Services	110,441	(16,558)	93,883	34,967	58,916
Other Purchased Services		451	451	451	-
Supplies and Materials	12,000	(1,014)	10,986	5,896	5,090
Total Admin. Info. Tech	236,728	(11,621)	225,107	156,724	68,383
Required Maintenance for School Facilities					
Salaries	104,708	-	104,708	103,710	998
Cleaning, Repair and Maintenance Services	193,600	93,950	287,550	267,550	20,000
General Supplies	15,000	(8,655)	6,345	4,971	1,374
Total Required Maintenance for School Facilities	313,308	85,295	398,603	376,231	22,372
Custodial Services					
Energy (Gasoline)	4,000	-	4,000	1,827	2,173
Salaries	809,354	904	810,258	803,180	7,078
Purchased Professional and Technical Services	4,500	(180)	4,320	4,320	-
Cleaning, Repair and Maintenance Services	15,805	(1,890)	13,915	11,673	2,242
Rental of Land & Bldg Oth. Than Lease Pur Agrmt	10,000	-	10,000	10,000	-
Other Purchased Property Services	25,610	6,303	31,913	31,791	122
Insurance	138,000	(1,603)	136,397	136,397	-
General Supplies	85,800	2,087	87,887	85,006	2,881
Energy (Electricity)	330,000	(30,738)	299,262	276,081	23,181
Other Objects	2,175	(1,000)	1,175	200	975
Salaries of Non-Instructional Aides	43,026	-	43,026	27,459	15,567
Energy (Natural Gas)	94,000	(3,510)	90,490	78,313	12,177
Total Custodial Services	1,562,270	(29,627)	1,532,643	1,466,247	66,396
Care and Upkeep of Grounds					
Salaries	74,510	1,100	75,610	75,565	45
Purchased Professional and Technical Services	1,900	-	1,900	1,820	80
Cleaning, Repair, and Maintenance Svc.	28,000	400	28,400	18,572	9,828
General Supplies	13,500	-	13,500	8,105	5,395
Total Care and Upkeep of Grounds	117,910	1,500	119,410	104,062	15,348

**CRESSKILL BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Security					
Cleaning, Repair and Maintenance Services	\$ 2,500	\$ -	\$ 2,500	\$ 2,220	\$ 280
General Supplies	11,000	-	11,000	10,525	475
Total Security	<u>13,500</u>	<u>-</u>	<u>13,500</u>	<u>12,745</u>	<u>755</u>
Student Transportation Services					
Contracted Services (Between Home and School) - Vendors	-	-			
Contracted Services (Other Than Between Home and School) - Vendors	106,650	9,034	115,684	107,814	7,870
Contracted Services (Between Home and School) Joint Agreements	23,400	3,179	26,579	26,579	
Contract Services (Special Ed) - Vendors	-	-			
Contracted Services (Sp Ed Stds)-Joint Agreements	<u>233,900</u>	<u>63,573</u>	<u>297,473</u>	<u>283,751</u>	<u>13,722</u>
Total Student Transportation Services	<u>363,950</u>	<u>75,786</u>	<u>439,736</u>	<u>418,144</u>	<u>21,592</u>
Unallocated Benefits					
Social Security Contributions	325,000	(6,900)	318,100	277,712	40,388
Other Retirement Contributions- PERS	315,585	(15,134)	300,451	300,451	
Other Retirement Contributions - Regular (DCRP)	32,000	-	32,000	20,326	11,674
Workmens Compensation	108,678	532	109,210	109,210	
Health Benefits	3,553,080	(88,358)	3,464,722	3,318,092	146,630
Tuition Reimbursement	4,500	-	4,500	4,190	310
Other Employee Benefits	102,804	7,143	109,947	109,947	
Unused Sick Payment to Terminated/Retired Staff	-	25,600	25,600	25,600	
Total Employee Benefits	<u>4,441,647</u>	<u>(77,117)</u>	<u>4,364,530</u>	<u>4,165,528</u>	<u>199,002</u>
On-behalf Contributions					
On-behalf TPAF Pension System Contributions (Non-Budgeted)					
Non-Contributory Group Life Insurance				52,598	(52,598)
Normal Cost & Accrued Liab.				1,451,689	(1,451,689)
Post Retirement Medical Benefit Contribution				1,253,413	(1,253,413)
Long Term Disability Insurance				4,508	(4,508)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	1,030,678	(1,030,678)
Total On-Behalf Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,792,886</u>	<u>(3,792,886)</u>
Total Undistributed Expenditures	<u>13,522,295</u>	<u>(47,657)</u>	<u>13,474,638</u>	<u>16,816,059</u>	<u>(3,341,421)</u>
Total Expenditures - Current Expenditures	<u>27,757,477</u>	<u>315,368</u>	<u>28,072,845</u>	<u>31,085,544</u>	<u>(3,012,699)</u>
CAPITAL OUTLAY					
Equipment					
Undistributed					
Multiple Disabilities	-	4,049	4,049	4,049	-
School Sponsored Co-Curricular	-	2,692	2,692	2,692	-
Total Equipment	<u>-</u>	<u>6,741</u>	<u>6,741</u>	<u>6,741</u>	<u>-</u>
Facilities Acquisition and Construction Services					
Assessment for Debt Service on SDA Funding	92,970	-	92,970	92,970	-
Total Facilities Acquisition and Construction Services	<u>92,970</u>	<u>-</u>	<u>92,970</u>	<u>92,970</u>	<u>-</u>
Interest Deposit to Capital Reserve	500	-	500	-	500
Total Capital Outlay	<u>93,470</u>	<u>6,741</u>	<u>100,211</u>	<u>99,711</u>	<u>500</u>
Total Expenditures	<u>27,850,947</u>	<u>322,109</u>	<u>28,173,056</u>	<u>31,185,255</u>	<u>(3,012,199)</u>

**CRESSKILL BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (277,729)	(322,109)	\$ (599,838)	\$ 628,264	\$ 1,228,102
Other Financing Sources (Uses)					
Transfer In				89,300	89,300
Transfer Out-Capital Reserve to Capital Projects	-	(32,000)	(32,000)	(32,000)	-
Total Other Financing Sources	-	(32,000)	(32,000)	57,300	89,300
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Sources	(277,729)	(354,109)	(631,838)	685,564	1,317,402
Fund Balances, Beginning of Year	1,827,497	-	1,827,497	1,827,497	-
Fund Balances, End of Year	\$ 1,549,768	\$ (354,109)	\$ 1,195,659	\$ 2,513,061	\$ 1,317,402
Recapitulation					
Restricted Fund Balance					
Capital Reserve				\$ 799,806	
Capital Reserve - Designated for Subsequent Years Expenditures (2017/2018 Budget)				415,000	
Maintenance Reserve				100,000	
Excess Surplus - (2018/2019 Budget)				128,622	
Excess Surplus - Designated for Subsequent Year's Expenditures (2017/2018 Budget)				131,956	
Assigned Fund Balance					
Year End Encumbrances				26,000	
Designated for Subsequent Year's Expenditures (2017/2018 Budget)				145,773	
Unassigned Fund Balance				765,904	
				2,513,061	
Reconciliation to Governmental Funds Statements (GAAP)					
State Aid Revenue Not Recognized on GAAP Basis				(505,811)	
Fund Balance per Governmental Funds (GAAP)				\$ 2,007,250	

**CRESSKILL BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 161,715	\$ (2,019)	\$ 159,696	\$ 125,431	\$ (34,265)
Federal	607,809	(10,372)	597,437	479,505	(117,932)
Local Sources					
Miscellaneous	<u>87,009</u>	<u>9,649</u>	<u>96,658</u>	<u>84,891</u>	<u>(11,767)</u>
Total Revenues	<u>856,533</u>	<u>(2,742)</u>	<u>853,791</u>	<u>689,827</u>	<u>(163,964)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	20,000	53,200	73,200	73,200	-
Tuition	312,916	(11,498)	301,418	301,418	-
Purchased Professional and Technical Services	269,273	(36,003)	233,270	116,732	116,538
Textbooks	10,449	(650)	9,799	8,755	1,044
General Supplies	<u>103,544</u>	<u>13,643</u>	<u>117,187</u>	<u>98,391</u>	<u>18,796</u>
Total Instruction	<u>716,182</u>	<u>18,692</u>	<u>734,874</u>	<u>598,496</u>	<u>136,378</u>
Support Services					
Salaries	2,000	6,318	8,318	7,318	1,000
Purchased Professional and Technical Services	-	25,000	25,000	9,500	15,500
Purchased Professional-Educational Services	46,895	(27,619)	19,276	10,632	8,644
Other Purchased Services	45,062	(1,932)	43,130	41,143	1,987
Supplies and Materials	<u>11,658</u>	<u>(9,526)</u>	<u>2,132</u>	<u>1,677</u>	<u>455</u>
Total Support Services	<u>105,615</u>	<u>(7,759)</u>	<u>97,856</u>	<u>70,270</u>	<u>27,586</u>
Unallocated Benefits					
Employee Benefits	<u>7,800</u>	<u>8,911</u>	<u>16,711</u>	<u>16,711</u>	<u>-</u>
Facilities Acquisition and Construction					
Instructional Equipment	16,766	(12,416)	4,350	4,350	-
Noninstructional Equipment	<u>10,170</u>	<u>(10,170)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Facilities Acquisition and Construction	<u>26,936</u>	<u>(22,586)</u>	<u>4,350</u>	<u>4,350</u>	<u>-</u>
Total Expenditures	<u>856,533</u>	<u>(2,742)</u>	<u>853,791</u>	<u>689,827</u>	<u>163,964</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CRESSKILL BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary basis) revenue from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 31,813,519	\$ 689,827
Difference - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2017		(5,387)
State Aid revenue recognized for budgetary purposes, not recognized for GAAP statements (2015-2016)	524,191	
State Aid revenue recognized for budgetary purposes, not recognized for GAAP statements (2016-2017)	<u>(505,811)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 31,831,899</u>	<u>\$ 684,440</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) total expenditures from the budgetary comparison schedule	\$ 31,185,255	\$ 689,827
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes but in the year the supplies are received for financial reporting purposes		
Encumbrances, June 30, 2017	<u>-</u>	<u>(5,387)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 31,185,255</u>	<u>\$ 684,440</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

PENSION INFORMATION

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

Public Employees Retirement System

Last Four Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.03366%	0.03335%	0.03304%	0.03270%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 9,970,006	\$ 7,486,627	\$ 6,186,083	\$ 6,250,411
District's Covered-Employee Payroll	\$ 2,270,291	\$ 2,359,577	\$ 2,229,278	\$ 2,251,432
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	439%	317%	277%	278%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.93%	52.08%	48.72%

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

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

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

Public Employees Retirement System

Last Four Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 299,057	\$ 286,729	\$ 272,381	\$ 246,419
Contributions in Relation to the Contractually Required Contribution	<u>299,057</u>	<u>286,729</u>	<u>272,381</u>	<u>246,419</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 2,270,291	\$ 2,359,577	\$ 2,229,278	\$ 2,251,432
Contributions as a Percentage of Covered-Employee Payroll	13.17%	12.15%	12.22%	10.94%

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.

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

Teachers Pension and Annuity Fund

Last Four Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0	\$0	\$0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 101,475,040</u>	<u>\$ 81,650,274</u>	<u>\$ 66,031,518</u>	<u>\$ 65,387,289</u>
Total	<u>\$ 101,475,040</u>	<u>\$ 81,650,274</u>	<u>\$ 66,031,518</u>	<u>\$ 65,387,289</u>
District's Covered-Employee Payroll	\$ 14,107,227	\$ 13,695,726	\$ 12,962,278	\$ 12,584,942
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	22.33%	28.71%	33.64%	33.76%

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

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

**CRESSKILL BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Change of Benefit Terms: None.

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

SCHOOL LEVEL SCHEDULES

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

NOT APPLICABLE

SPECIAL REVENUE FUND

CRESSKILL BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	No Child Left Behind (N.C.L.B.)				IDEA	IDEA	Total Page 2	Grand Total
	Title I	Title II-A	Title III Immigrant	Title III	Part B- Basic	Part B- Preschool		
REVENUES								
Intergovernmental							\$ 125,431	\$ 125,431
State							-	479,505
Federal	\$ 93,713	\$ 15,656	\$ 7,616	\$ 19,151	\$ 329,077	\$ 14,292	-	84,891
Local	-	-	-	-	-	-	84,891	84,891
Total Revenues	\$ 93,713	\$ 15,656	\$ 7,616	\$ 19,151	\$ 329,077	\$ 14,292	\$ 210,322	\$ 689,827
EXPENDITURES								
Instruction								
Salaries of Teachers	\$ 56,200			\$ 15,000			\$ 2,000	\$ 73,200
Tuition					\$ 287,126	\$ 14,292		301,418
Purchased Professional and Technical Services	11,456		\$ -		-		105,276	116,732
General Supplies			7,391	251	808		89,941	98,391
Textbooks							8,755	8,755
Total Instruction	67,656	-	7,391	15,251	287,934	14,292	205,972	598,496
Support Services								
Salaries	4,000	3,318						7,318
Employee Benefits	12,557	254		3,900				16,711
Purchased Professional and Technical Services	9,500							9,500
Purchased Professional-Education Services	-	10,407	225	-	-	-	-	10,632
Other Purchased Services	-				41,143			41,143
Supplies and Materials	-	1,677						1,677
Total Support Services	26,057	15,656	225	3,900	41,143	-	-	86,981
Facilities Acquisition and Construction								
Instructional Equipment							4,350	4,350
Noninstructional Equipment								
Total Facilities Acquisition and Construction	-	-	-	-	-	-	4,350	4,350
Total Expenditures	\$ 93,713	\$ 15,656	\$ 7,616	\$ 19,151	\$ 329,077	\$ 14,292	\$ 210,322	\$ 689,827

CRESSKILL BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Nonpublic <u>Textbooks</u>	Nonpublic <u>Transportation</u>	Nonpublic <u>Technology</u>	Nonpublic <u>Nursing</u>	Nonpublic <u>Security</u>	Ch. 193			Ch. 192	Local <u>Revenue</u>	Total (Carried <u>Forward</u>)
						Supplemental <u>Instruction</u>	Exam & <u>Classification</u>	Corrective <u>Speech</u>	Compensatory <u>Education</u>		
REVENUES											
Intergovernmental											
State	\$ 8,755	\$ 15,300	\$ 3,059	\$ 15,390	\$ 8,341	\$ 13,340	\$ 12,252	\$ 13,341	\$ 35,653		\$ 125,431
Federal											
Local	-	-	-	-	-	-	-	-	-	\$ 84,891	84,891
Total Revenues	<u>\$ 8,755</u>	<u>\$ 15,300</u>	<u>\$ 3,059</u>	<u>\$ 15,390</u>	<u>\$ 8,341</u>	<u>\$ 13,340</u>	<u>\$ 12,252</u>	<u>\$ 13,341</u>	<u>\$ 35,653</u>	<u>\$ 84,891</u>	<u>\$ 210,322</u>
EXPENDITURES											
Instruction											
Salaries of Teachers										\$ 2,000	2,000
Purchased Professional Technical Services		\$ 15,300		\$ 15,390		\$ 13,340	\$ 12,252	\$ 13,341	\$ 35,653		\$ 105,276
General Supplies			\$ 3,059		\$ 8,341					78,541	89,941
Textbooks	\$ 8,755	-	-	-	-	-	-	-	-	-	8,755
Total Instruction	<u>8,755</u>	<u>15,300</u>	<u>3,059</u>	<u>15,390</u>	<u>8,341</u>	<u>13,340</u>	<u>12,252</u>	<u>13,341</u>	<u>35,653</u>	<u>80,541</u>	<u>205,972</u>
Support Services											
Purchased Professional and Technical Services	-	-	-	-	-	-	-	-	-	-	-
Total Support Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Facilities Acquisition and Construction											
Instructional Equipment										4,350	4,350
Noninstructional Equipment	-	-	-	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,350</u>	<u>4,350</u>
Total Expenditures	<u>\$ 8,755</u>	<u>\$ 15,300</u>	<u>\$ 3,059</u>	<u>\$ 15,390</u>	<u>\$ 8,341</u>	<u>\$ 13,340</u>	<u>\$ 12,252</u>	<u>\$ 13,341</u>	<u>\$ 35,653</u>	<u>\$ 84,891</u>	<u>\$ 210,322</u>

**CRESSKILL BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION PROGRAM AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOT APPLICABLE

CAPITAL PROJECTS FUND

CRESSKILL BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<u>Project</u>	<u>Appropriation</u>	<u>Expenditures to Date</u>		<u>Cancelled</u>	<u>Balance, June 30, 2017</u>
		<u>Prior Year</u>	<u>Current Year</u>		
Toilet Renovations at Merritt Memorial School	\$ 306,154	\$ 259,885		\$ 46,269	\$ -
Toilet Renovations at Cresskill Middle School	223,689	180,772		42,917	-
Replace PA System at Cresskill High School	50,000	47,984	\$ 1,902	114	-
District-Wide LED Lighting Project	392,429		392,429		
High School/Middle School Interior Renovation Project	<u>32,000</u>	<u>-</u>	<u>32,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,004,272</u>	<u>\$ 488,641</u>	<u>\$ 426,331</u>	<u>\$ 89,300</u>	<u>\$ -</u>
Project Balance (Budgetary Basis)					<u>\$ -</u>
Fund Balance, GAAP Basis					<u>\$ -</u>
<u>Recapitulation of Fund Balance</u>					
Reserved for Debt Service					<u>\$ 265</u>
Total Fund Balance - Restricted for Capital Projects					<u>\$ 265</u>

**CRESSKILL BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Revenues and Other Financing Sources

Revenues	
Interest	\$ 265
Other Financing Sources	
Transfer from Capital Reserve	32,000
Capital Lease Proceeds	<u>392,429</u>
 Total Revenues and Other Financing Sources	 <u>424,694</u>

Expenditures and Other Financing Uses

Expenditures	
Architectural/Engineering Services	32,000
Construction Services	394,331
Other Financing Uses	
Transfer to General Fund- Returned Unexpended Capital Reserve	<u>89,300</u>
 Total Expenditures and Other Financing Uses	 <u>515,631</u>

Excess of Expenditures Over Revenues (90,937)

Fund Balance, Beginning of Year 91,202

Fund Balance, End of Year \$ 265

Reconciliation to GAAP

Fund Balance-End of Year-Budgetary Basis \$ 265

Fund Balance- End of Year GAAP Basis \$ 265

**CRESSKILL BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
TOILET RENOVATIONS- MERRITT MEMORIAL ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State- Regular Operating District Grants	\$ 103,954		\$ 103,954	\$ 103,954
Transfers from Capital Reserve	<u>202,200</u>	<u>\$ (46,269)</u>	<u>155,931</u>	<u>155,931</u>
 Total Revenues	 <u>306,154</u>	 <u>(46,269)</u>	 <u>259,885</u>	 <u>259,885</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	\$ 30,412	-	30,412	30,412
Construction Services	<u>229,473</u>	<u>-</u>	<u>229,473</u>	<u>229,473</u>
 Total Expenditures	 <u>259,885</u>	 <u>-</u>	 <u>259,885</u>	 <u>259,885</u>
 Excess of Revenue Over Expenditures	 <u>\$ 46,269</u>	 <u>\$ (46,269)</u>	 <u>\$ -</u>	 <u>\$ -</u>

Additional Project Information:

Project Number	0990-060-14-1003-G04 FEC
Grant Date	1/6/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 337,000
Additional Authorized Cost	-
Revised Authorized Cost	259,885
Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	100%
Original Target Completion Date	2015/2016
Revised Target Completion Date	2015/2016

**CRESSKILL BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
TOILET RENOVATTIONS- CRESSKILL MIDDLE SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Year</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State- Regular Operating District Grants	\$ 72,309		\$ 72,309	\$ 72,309
Transfers from Capital Reserve	151,380	\$ (42,917)	108,463	108,463
	<u>223,689</u>	<u>(42,917)</u>	<u>180,772</u>	<u>180,772</u>
Total Revenues				
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	\$ 23,195	-	23,195	23,195
Construction Services	157,577	-	157,577	157,577
	<u>180,772</u>	<u>-</u>	<u>180,772</u>	<u>180,772</u>
Total Expenditures				
Excess of Revenue Over Expenditures	<u>\$ 42,917</u>	<u>\$ (42,917)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

Project Number	0990-045-14-1002-G04 FEC
Grant Date	1/6/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 252,300
Additional Authorized Cost	-
Revised Authorized Cost	180,772
Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	100%
Original Target Completion Date	2015/2016
Revised Target Completion Date	2015/2016

**CRESSKILL BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
REPLACEMENT OF PA SYSTEM AT CRESSKILL HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Year</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Transfers from Capital Reserve	<u>50,000</u>	<u>\$ (114)</u>	<u>\$ 49,886</u>	<u>\$ 49,886</u>
 Total Revenues	 <u>50,000</u>	 <u>(114)</u>	 <u>49,886</u>	 <u>49,886</u>
Expenditures and Other Financing Uses				
Construction Services	<u>47,984</u>	<u>1,902</u>	<u>49,886</u>	<u>49,886</u>
 Total Expenditures	 <u>47,984</u>	 <u>1,902</u>	 <u>49,886</u>	 <u>49,886</u>
 Excess of Revenue Over Expenditures	 <u>\$ 2,016</u>	 <u>\$ (2,016)</u>	 <u>\$ -</u>	 <u>\$ -</u>

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 50,000
Additional Authorized Cost	-
Revised Authorized Cost	49,886
Percentage Increase Over Original Authorized Cost	0%
Percentage Completion	100.00%
Original Target Completion Date	2015/2016
Revised Target Completion Date	2016/2017

**CRESSKILL BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
DISTRICT-WIDE LED LIGHTING PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Year</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Capital Lease Proceeds	-	\$ 392,429	\$ 392,429	\$ 392,429
 Total Revenues	 -	 392,429	 392,429	 392,429
Expenditures and Other Financing Uses				
Construction Services	-	392,429	392,429	392,429
 Total Expenditures	 -	 392,429	 392,429	 392,429
 Excess of Revenue Over Expenditures	 \$ -	 \$ -	 \$ -	 \$ -

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 392,429
Additional Authorized Cost	-
Revised Authorized Cost	-
 Percentage Increase Over Original Authorized Cost	 0%
Percentage Completion	100.00%
Original Target Completion Date	2016/2017
Revised Target Completion Date	

**CRESSKILL BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
HIGH SCHOOL/MIDDLE SCHOOL INTERIOR RENOVATIONS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Year</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Transfer from Capital Reserve	-	\$ 32,000	\$ 32,000	\$ 32,000
Total Revenues	-	32,000	32,000	32,000
 Expenditures and Other Financing Uses				
Architectural/Engineering Services	-	32,000	32,000	32,000
Total Expenditures	-	32,000	32,000	32,000
Excess of Revenue Over Expenditures	\$ -	\$ -	\$ -	\$ -

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 32,000
Additional Authorized Cost	-
Revised Authorized Cost	-
Percentage Increase Over Original Authorized Cost	0%
Percentage Completion	100.00%
Original Target Completion Date	2016/2017
Revised Target Completion Date	

ENTERPRISE FUNDS

EXHIBIT G-1

**CRESSKILL BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

INTERNAL SERVICE FUND

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

NOT APPLICABLE

FIDUCIARY FUNDS

**CRESSKILL BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AS OF JUNE 30, 2017**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 320,025	\$ 151,529	\$ 471,554
Due from Other Funds	<u>-</u>	<u>3,397</u>	<u>3,397</u>
Total Assets	<u>\$ 320,025</u>	<u>\$ 154,926</u>	<u>\$ 474,951</u>
LIABILITIES			
Payroll Deductions and Withholdings Payable		\$ 144,021	\$ 144,021
Accrued Salaries and Wages		780	780
Reserve for Flexible Spending Plan		10,125	10,125
Due to Student Groups	<u>\$ 320,025</u>	<u>-</u>	<u>320,025</u>
Total Liabilities	<u>\$ 320,025</u>	<u>\$ 154,926</u>	<u>\$ 474,951</u>

**CRESSKILL BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOT APPLICABLE

**STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Balance, July 1, <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2017</u>
ELEMENTARY SCHOOLS				
Merritt	\$ 10,084	\$ 6,452	\$ 5,521	\$ 11,015
Bryan	14,070	25,621	25,849	13,842
HIGH SCHOOL				
Cresskill High School	<u>269,920</u>	<u>456,980</u>	<u>431,732</u>	<u>295,168</u>
Total	<u>\$ 294,074</u>	<u>\$ 489,053</u>	<u>\$ 463,102</u>	<u>\$ 320,025</u>

**CRESSKILL BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Balance, July 1, <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2017</u>
ASSETS				
Cash	\$ 153,042	\$ 30,894,726	\$ 30,896,239	\$ 151,529
Due from Other Funds	<u>3,421</u>	<u>3,397</u>	<u>3,421</u>	<u>3,397</u>
 Total Assets	 <u>\$ 156,463</u>	 <u>\$ 30,898,123</u>	 <u>\$ 30,899,660</u>	 <u>\$ 154,926</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 146,783	\$ 20,352,221	\$ 20,354,983	\$ 144,021
Accrued Salaries and Wages	3,567	10,501,211	10,503,998	780
Reserve for Flexible Spending	<u>6,113</u>	<u>41,271</u>	<u>37,259</u>	<u>10,125</u>
 Total Liabilities	 <u>\$ 156,463</u>	 <u>\$ 30,894,703</u>	 <u>\$ 30,896,240</u>	 <u>\$ 154,926</u>

LONG-TERM DEBT

**CRESSKILL BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2016</u>	<u>Retired</u>	<u>Balance, June 30, 2017</u>
			<u>Date</u>	<u>Amount</u>				
Refunding School Bonds	5/28/2008	\$ 2,520,000	8/1/2017	\$ 260,000	3.0-5.0%	\$ 775,000	\$ 265,000	\$ 510,000
			8/1/2018	250,000				
Refunding School Bonds	8/15/2012	8,960,000	2/1/2018	830,000	3.0-4.0%	8,140,000	785,000	7,355,000
			2/1/2019	980,000				
			2/1/2020	970,000				
			2/1/2021-23	965,000				
			2/1/2024	960,000				
			2/1/2025	720,000				
Refunding School Bonds	2/22/2013	6,700,000	2/1/2018-22	45,000	2.0-3.0%	<u>6,570,000</u>	<u>40,000</u>	<u>6,530,000</u>
			2/1/2023-24	50,000				
			2/1/2025	285,000				
			2/1/2026	1,040,000				
			2/1/2027	1,020,000				
			2/1/2028	1,005,000				
			2/1/2029	990,000				
			2/1/2030	975,000				
			2/1/2031	890,000				
						<u>\$ 15,485,000</u>	<u>\$ 1,090,000</u>	<u>\$ 14,395,000</u>
Paid by Budget Appropriation							<u>\$ 1,090,000</u>	

CRESSKILL BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF CAPITAL LEASES PAYABLE
FOR THE FISCAL YEAR JUNE 30, 2017

<u>Series</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2016</u>	<u>Issued</u>	<u>Balance, June 30, 2017</u>
LED Lighting Project	1.924%	\$ 392,429	-	\$ 392,429	\$ 392,429
		<u>\$ 392,429</u>	<u>\$ -</u>	<u>\$ 392,429</u>	<u>\$ 392,429</u>

**CRESSKILL BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Local Sources					
Property Taxes	\$ 1,557,669		\$ 1,557,669	\$ 1,557,669	
Intergovernmental State					
Debt Service Aid Type II	<u>35,387</u>	<u>-</u>	<u>35,387</u>	<u>35,387</u>	<u>-</u>
Total Revenues	<u>1,593,056</u>	<u>-</u>	<u>1,593,056</u>	<u>1,593,056</u>	<u>-</u>
 EXPENDITURES					
Regular Debt Service					
Principal	1,090,000	-	1,090,000	1,090,000	
Interest	<u>503,056</u>	<u>-</u>	<u>503,056</u>	<u>503,055</u>	<u>1</u>
Total Expenditures	<u>1,593,056</u>	<u>-</u>	<u>1,593,056</u>	<u>1,593,055</u>	<u>1</u>
Net Changes in Fund Balance	-	-	-	1	(1)
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ (1)</u>

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. J-16 to J-20

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

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

	Fiscal Year Ending June 30,									
	2008 (Restated)	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities										
Net Investment in Capital Assets	\$ 13,140,837	\$ 12,182,578	\$ 12,109,928	\$ 12,570,296	\$ 12,847,635	\$ 12,826,527	\$ 13,249,466	\$ 13,583,569	\$ 14,141,986	\$ 14,317,166
Restricted	10,050	23,455	1	226,725	195,769	364,709	413,870	929,245	646,274	1,315,072
Unrestricted	<u>(1,921,191)</u>	<u>(1,253,443)</u>	<u>(506,562)</u>	<u>(571,544)</u>	<u>(190,479)</u>	<u>(232,308)</u>	<u>(6,635,207)</u>	<u>(6,811,314)</u>	<u>(6,950,121)</u>	<u>(7,780,872)</u>
Total Governmental Activities Net Position	\$ 11,229,696	\$ 10,952,590	\$ 11,603,367	\$ 12,225,477	\$ 12,852,925	\$ 12,958,928	\$ 7,028,129	\$ 7,701,500	\$ 7,838,139	\$ 7,851,366
Business-Type Activities										
Net Investment in Capital Assets	\$ 8,420		\$ 8,943	\$ 10,800	\$ 16,361	\$ 18,893	\$ 16,677	\$ 16,616	\$ 14,161	\$ 25,766
Unrestricted	<u>74,671</u>	<u>79,745</u>	<u>73,037</u>	<u>65,849</u>	<u>70,202</u>	<u>73,516</u>	<u>67,281</u>	<u>54,663</u>	<u>44,422</u>	<u>13,131</u>
Total Business-Type Activities Net Position	\$ 83,091	\$ 79,745	\$ 81,980	\$ 76,649	\$ 86,563	\$ 92,409	\$ 83,958	\$ 71,279	\$ 58,583	\$ 38,897
District-Wide										
Net Investment in Capital Assets	\$ 13,149,257	\$ 12,182,578	\$ 12,118,871	\$ 12,581,096	\$ 12,863,996	\$ 12,845,420	\$ 13,266,143	\$ 13,600,185	\$ 14,156,147	\$ 14,342,932
Restricted	10,050	23,455	1	226,725	195,769	364,709	413,870	929,245	646,274	1,315,072
Unrestricted	<u>(1,846,520)</u>	<u>(1,173,698)</u>	<u>(433,525)</u>	<u>(505,695)</u>	<u>(120,277)</u>	<u>(158,792)</u>	<u>(6,567,926)</u>	<u>(6,756,651)</u>	<u>(6,905,699)</u>	<u>(7,767,741)</u>
Total District Net Position	\$ 11,312,787	\$ 11,032,335	\$ 11,685,347	\$ 12,302,126	\$ 12,939,488	\$ 13,051,337	\$ 7,112,087	\$ 7,772,779	\$ 7,896,722	\$ 7,890,263

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

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

Source: School District's financial statements

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 10,762,060	\$ 10,402,088	\$ 10,701,308	\$ 10,691,713	\$ 11,284,312	\$ 11,808,805	\$ 12,152,470	\$ 14,020,663	\$ 15,940,432	\$ 17,856,975
Special Education	4,086,717	4,030,225	3,788,211	4,231,848	4,384,782	5,241,978	5,530,491	7,227,329	7,325,828	8,155,710
Other Instruction	839,494	722,043	814,517	790,651	827,881	1,104,577	748,546	918,970	1,063,352	1,401,524
School Sponsored Activities And Athletics	651,377	658,837	675,280	661,365	669,459	719,481	741,117	811,390	904,425	1,005,498
Support Services:										
Student & Instruction Related Services	3,505,701	3,684,962	3,904,218	3,900,765	3,749,932	3,400,194	3,223,379	3,236,916	3,501,128	3,494,100
General Administration Services	700,326	592,010	522,683	645,140	565,124	791,756	670,510	652,965	648,006	710,738
School Administration Services	1,359,410	1,359,102	1,424,952	1,499,294	1,730,730	1,984,158	1,948,526	2,284,712	2,505,272	2,648,043
Central Services/Business Services	519,102	759,933	559,109	556,790	641,300	601,111	643,264	678,291	682,143	669,237
Administrative Information Technology	-	-	-	-	-	-	-	-	-	-
Plant Operations And Maintenance	2,610,468	2,762,583	3,144,414	2,936,208	3,052,524	3,144,420	3,220,274	3,276,427	3,218,382	3,341,624
Pupil Transportation	790,467	587,325	544,104	431,983	310,171	310,917	322,389	340,074	385,357	418,144
Interest On Long-Term Debt	901,485	942,575	905,303	870,110	833,201	664,229	602,569	580,644	542,990	514,990
Total Governmental Activities Expenses	26,726,607	26,501,683	26,984,099	27,215,867	28,049,416	29,771,626	29,803,535	34,028,381	36,717,315	40,216,583
Business-Type Activities:										
Food Service	263,506	362,220	392,350	348,468	364,366	341,879	349,623	355,614	336,671	338,082
CSI Program	-	-	211,406	23,094	-	-	-	-	-	-
Total Business-Type Activities Expense	263,506	362,220	603,756	371,562	364,366	341,879	349,623	355,614	336,671	338,082
Total District Expenses	\$ 26,990,113	\$ 26,863,903	\$ 27,587,855	\$ 27,587,429	\$ 28,413,782	\$ 30,113,505	\$ 30,153,158	\$ 34,383,995	\$ 37,053,986	\$ 40,554,665
Program Revenues										
Governmental Activities:										
Charges For Services:										
Instruction (Regular)	\$ 318,309	\$ 381,957	\$ 288,052	\$ 323,926	\$ 481,169	\$ 395,221	\$ 306,004	\$ 274,131	\$ 247,599	\$ 257,635
Special Education	81,200	95,489	303,825	751,945	670,641	651,839	889,452	1,120,012	1,008,845	1,093,015
Plant Operations And Maintenance	-	-	-	-	-	8,960	21,400	9,820	9,567	10,700
Operating Grants And Contributions	3,873,081	3,146,613	4,118,917	2,937,010	3,578,231	4,378,651	3,948,049	7,428,995	9,142,412	11,854,014
Capital Grants And Contributions	2,662,932	133,060	92,129	-	-	-	50,576	115,399	157,961	4,350
Total Governmental Activities Program Revenues	6,935,522	3,757,119	4,802,923	4,012,881	4,730,041	5,434,671	5,215,481	8,948,357	10,566,384	13,219,714
Business-Type Activities:										
Charges For Services										
Food Service	262,854	333,252	342,834	340,000	350,302	345,410	340,680	342,634	323,646	318,162
CSI Program	-	-	234,500	-	-	-	-	-	-	-
Operating Grants And Contributions	13,766	25,622	28,072	25,683	23,583	1,789	-	-	-	-
Total Business Type Activities Program Revenues	276,620	358,874	605,406	365,683	373,885	347,199	340,680	342,634	323,646	318,162
Total District Program Revenues	\$ 7,212,142	\$ 4,115,993	\$ 5,408,329	\$ 4,378,564	\$ 5,103,926	\$ 5,781,870	\$ 5,556,161	\$ 9,290,991	\$ 10,890,030	\$ 13,537,876
Net (Expense)/Revenue										
Governmental Activities	\$ (19,791,085)	\$ (22,744,564)	\$ (22,181,176)	\$ (23,202,986)	\$ (23,319,375)	\$ (24,336,955)	\$ (24,588,054)	\$ (25,080,024)	\$ (26,150,931)	\$ (26,996,869)
Business-Type Activities	13,114	(3,346)	1,650	(5,879)	9,519	5,320	(8,943)	(12,980)	(13,025)	(19,920)
Total District-Wide Net Expense	\$ (19,777,971)	\$ (22,747,910)	\$ (22,179,526)	\$ (23,208,865)	\$ (23,309,856)	\$ (24,331,635)	\$ (24,596,997)	\$ (25,093,004)	\$ (26,163,956)	\$ (27,016,789)

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 19,896,511	\$ 20,422,815	\$ 21,052,000	\$ 21,892,509	\$ 22,249,000	\$ 22,693,980	\$ 23,280,958	\$ 24,102,843	\$ 24,615,287	\$ 25,339,664
Property Taxes Levied For Debt Service, Net	1,640,858	1,639,664	1,611,737	1,638,970	1,635,267	1,642,982	1,513,767	1,541,868	1,558,430	1,557,669
State Aid Restricted for Debt Service	44,201	20,325	18,901	17,814		18,237	18,681	18,485	18,560	17,694
Unrestricted State Aid	268,869									
Investment Earnings	254,691	339,480	21,369	30,056	18,067	14,826	14,474	11,026	12,157	16,250
Miscellaneous Income	16,626	45,173	127,946	245,747	120,476	72,933	79,786	79,173	83,136	78,819
Total Governmental Activities	22,121,756	22,467,457	22,831,953	23,825,096	24,022,810	24,442,958	24,907,666	25,753,395	26,287,570	27,010,096
Business-Type Activities:										
Investment Earnings	2,099	-	585	548	395	526	492	301	329	234
Total Business-Type Activities	2,099	-	585	548	395	526	492	301	329	234
Total District-Wide	\$ 22,123,855	\$ 22,467,457	\$ 22,832,538	\$ 23,825,644	\$ 24,023,205	\$ 24,443,484	\$ 24,908,158	\$ 25,753,696	\$ 26,287,899	\$ 27,010,330
Change in Net Position										
Governmental Activities	\$ 2,330,671	\$ (277,107)	\$ 650,777	\$ 622,110	\$ 703,435	\$ 106,003	\$ 319,612	\$ 673,371	\$ 136,639	\$ 13,227
Business-Type Activities	15,213	(3,346)	2,235	(5,331)	9,914	5,846	(8,451)	(12,679)	(12,696)	(19,686)
Total District	\$ 2,345,884	\$ (280,453)	\$ 653,012	\$ 616,779	\$ 713,349	\$ 111,849	\$ 311,161	\$ 660,692	\$ 123,943	\$ (6,459)

Source: School District's financial statements

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 459,230	\$ 245,493	\$ 367,285							
Unreserved	84,644	(14,500)	278,457							
Restricted				\$ 225,000	\$ 536,307	\$ 748,529	\$ 497,305	\$ 703,528	\$ 687,028	\$ 1,575,384
Committed				33,731						
Assigned				243,467	232,873	20,200	177,320	177,320	277,729	171,773
Unassigned	-	-	-	316,743	353,822	345,108	360,425	338,202	338,549	260,093
Total General Fund	\$ 543,874	\$ 230,993	\$ 645,742	\$ 818,941	\$ 1,123,002	\$ 1,113,837	\$ 1,035,050	\$ 1,219,050	\$ 1,303,306	\$ 2,007,250
All Other Governmental Funds										
Reserved	\$ 333,289									
Unreserved	78,484	27,992	1,712							
Assigned										
Restricted	-	-	-	\$ 1,725	\$ 5,000	\$ 58,041	\$ 113,297	\$ 326,126	\$ 91,202	\$ 266
Total All Other Governmental Funds	\$ 411,773	\$ 27,992	\$ 1,712	\$ 1,725	\$ 5,000	\$ 58,041	\$ 113,297	\$ 326,126	\$ 91,202	\$ 266

Source: School District's financial statements

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

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax Levy	\$ 21,537,369	\$ 22,062,479	\$ 22,663,737	\$ 23,531,479	\$ 23,884,267	\$ 24,336,962	\$ 24,794,725	\$ 25,644,711	\$ 26,173,717	\$ 26,897,333
Tuition Charges	399,509	477,446	591,877	1,075,871	1,151,810	1,047,060	1,195,456	1,394,143	1,256,444	1,350,650
Interest Earnings	254,691	45,173	21,369	30,056	8,976	14,826	21,400	11,026	12,157	16,250
Miscellaneous	282,295	339,480	224,211	396,194	226,805	173,016	174,654	168,855	185,535	174,410
State Sources	6,222,772	2,943,554	3,402,615	2,328,964	3,064,824	3,914,408	3,543,141	4,191,567	4,741,899	5,196,899
Federal Sources	360,642	356,445	705,557	475,413	416,169	391,357	393,771	406,754	531,495	474,118
Total Revenue	29,057,278	26,224,577	27,609,366	27,837,977	28,752,851	29,877,629	30,123,147	31,817,056	32,901,247	34,109,660
Expenditures										
Instruction										
Regular Instruction	10,682,218	10,305,610	10,655,035	10,605,735	11,225,725	11,731,571	12,008,586	12,276,821	13,373,181	13,938,213
Special Education Instruction	4,097,215	4,026,400	3,788,911	4,215,848	4,389,309	5,241,547	5,515,584	6,335,823	6,356,881	6,692,017
Other Instruction	839,494	733,758	796,752	781,751	829,120	1,104,449	745,794	800,594	882,335	1,070,505
School Sponsored Activities and Athletics	651,377	650,037	676,480	660,265	670,216	719,420	739,173	733,150	785,938	819,829
Support Services:										
Student and Inst. Related Services	3,459,432	3,637,630	3,874,855	3,865,832	3,727,091	3,372,175	3,201,071	3,200,859	3,381,591	3,175,132
General Administrative Services	587,381	559,005	522,683	645,140	565,719	791,713	669,020	649,309	633,126	663,886
School Administrative Services	1,345,135	1,345,719	1,463,553	1,526,459	1,724,065	1,974,713	1,940,029	2,123,104	2,226,331	2,175,473
Central Services/Business Services	519,102	759,933	565,484	555,965	643,287	600,945	641,394	673,758	663,041	608,022
Plant Operations And Maintenance	1,888,119	1,963,669	2,363,401	2,149,148	2,242,087	2,333,120	2,385,625	2,415,359	2,300,433	2,297,383
Pupil Transportation	790,467	587,325	544,104	431,983	310,171	310,917	322,389	340,074	385,357	418,144
Capital Outlay	8,659,051	530,246	142,218	481,362	382,364	215,365	383,905	280,377	468,152	437,422
Debt Service:										
Principal	701,522	904,068	914,640	869,115	894,206	906,017	990,000	1,015,000	1,060,000	1,090,000
Interest and Other Charges	1,096,695	917,839	912,781	876,162	842,155	758,463	604,208	575,999	535,549	503,055
Advance Refunding Escrow	49,332	-	-	-	-	-	-	-	-	-
Cost of Issuance	56,643	-	-	-	-	-	-	-	-	-
Total Expenditures	35,423,183	26,921,239	27,220,897	27,664,765	28,445,515	30,060,415	30,146,778	31,420,227	33,051,915	33,889,081
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,365,905)	(696,662)	388,469	173,212	307,336	(182,786)	(23,631)	396,829	(150,668)	220,579
Other Financing Sources (Uses)										
Bond Sale Proceeds	2,520,000	-	-	-	-	15,660,000	-	-	-	-
Capital Leases (Non-Budgeted)	292,099	-	-	-	-	-	-	-	-	-
Premium on Sale of Bonds	38,025	-	-	-	-	1,052,504	-	-	-	-
Payment to Refunded Bond Escrow Agent	(2,442,000)	-	-	-	-	(16,485,842)	-	-	-	-
Lease Purchase Proceeds	-	-	-	-	-	-	-	-	-	392,429
Transfers In	387,366	35,764	287	1,724	109,970	134,765	306,817	398,653	50,209	121,300
Transfers Out	(387,366)	(35,764)	(287)	(1,724)	(109,970)	(134,765)	(306,817)	(398,653)	(50,209)	(121,300)
Total Other Financing Sources (Uses)	408,124	-	-	-	-	226,662	-	-	-	392,429
Net Change in Fund Balances	\$ (5,957,781)	\$ (696,662)	\$ 388,469	\$ 173,212	\$ 307,336	\$ 43,876	\$ (23,631)	\$ 396,829	\$ (150,668)	\$ 613,008
Debt Service as a Percentage of Noncapital Expenditures	6.72%	6.90%	6.75%	6.42%	6.19%	5.58%	5.36%	5.11%	4.90%	4.76%

* Noncapital expenditures are total expenditures less capital outlay.

Source: School District's financial statements

**CRESSKILL BOARD OF EDUCATION
GENERAL FUND
OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year Ended June 30,	Tuition	Related Services Provided to Other LEAs	Interest on Invest.	Rentals	Student Activity/ Athletic Fee	E-Rate Reimbursement	Miscellaneous	Total
2008	399,509		\$ 107,325	\$ 7,350			\$ 9,276	\$ 523,460
2009	477,446		29,309	71,504			64,614	642,873
2010	591,877		21,082	72,527			55,419	740,905
2011	1,075,871	\$ 96,521	30,043	22,366	\$ 44,227		82,633	1,351,661
2012	1,072,039	79,771	8,856	3,585			107,915	1,272,166
2013	965,788	81,272	14,561	8,960		\$ 47,791	25,142	1,143,514
2014	1,078,131	117,325	14,474	21,400		50,995	28,791	1,311,116
2015	1,217,848	176,295	10,460	9,820		49,432	29,741	1,493,596
2016	1,155,289	101,155	11,948	9,567		46,484	36,652	1,361,095
2017	1,250,497	100,153	15,985	10,700		32,973	45,846	1,456,154

Source School District's Financial Statements

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2008	\$ 29,370,000	\$ 1,623,996,100	\$ 129,953,800	\$ 3,985,100	\$ 5,340,800	\$ 1,792,646,400	\$ 639,075	\$ 1,793,285,475	\$ 2,526,369,398	1.23
2009	30,045,300	1,622,233,700	129,276,900	3,985,100	5,053,200	1,785,594,200	631,556	1,786,225,756	2,692,596,856	1.27
2010	28,070,300	1,616,918,500	119,604,100	2,965,000	5,053,200	1,772,611,100	658,243	1,773,269,343	2,492,849,585	1.33
2011	22,697,900	1,615,957,000	119,812,800	2,330,000	5,053,200	1,765,850,900	580,804	1,766,431,704	2,303,399,323	1.35
2012	17,877,000	1,641,269,000	138,099,100	2,336,100	5,684,500	1,805,265,700	738,164	1,806,003,864	1,994,212,751	1.35
2013	18,665,100	1,622,930,800	136,905,200	2,336,100	5,663,400	1,786,563,600	738,200	1,787,301,800	2,056,298,706	1.39
2014	17,654,200	1,622,421,300	134,294,800	2,138,100	5,663,400	1,782,171,800	423,986	1,782,595,786	2,000,038,733	1.44
2015	18,947,600	1,622,807,600	127,766,400	2,138,100	5,663,400	1,777,323,100	407,914	1,777,731,014	2,075,667,633	1.47
2016	21,820,400	1,623,946,700	124,731,700	2,138,100	5,663,400	1,778,300,300	-	1,778,300,300	2,145,106,430	1.51
2017	21,008,400	1,640,487,300	123,015,200	2,138,100	5,669,500	1,792,318,500	-	1,792,318,500	2,218,765,165	1.55

Source: County Abstract of Ratables

(1) The Borough undertook a revaluation of real property effective January 1, 2004

a Tax rates are per \$100

**CRESSKILL BOARD OF EDUCATION
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(UNAUDITED)
Per \$100 OF Assessed Valuation**

Calendar Year	Total Direct School Tax Rate Cresskill Local School District	Overlapping Rates		Total Direct and Overlapping Tax Rate
		Municipality of Cresskill	County of Bergen	
2008	\$1.23	\$0.61	\$0.26	\$2.10
2009	\$1.27	\$0.66	\$0.29	\$2.21
2010	\$1.33	\$0.70	\$0.27	\$2.30
2011	\$1.35	\$0.73	\$0.27	\$2.35
2012	\$1.35	\$0.74	\$0.24	\$2.33
2013	\$1.39	\$0.75	\$0.26	\$2.40
2014	\$1.44	\$0.78	\$0.26	\$2.48
2015	\$1.47	\$0.81	\$0.28	\$2.56
2016	\$1.51	\$0.82	\$0.31	\$2.64
2017	\$1.55	\$0.86	\$0.31	\$2.72

Source: Tax Duplicate, Borough of Cresskill

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

Taxpayer	2017	
	Taxable Assessed Value	% of Total District Net Assessed Value
CNL Retirement Suni Cresskill	\$ 36,757,300	2.07%
Care One at Dunroven	3,760,000	0.21%
Kings Supermarket Inc.	5,635,300	0.32%
Cresskill Mill C/O Asset Realty	5,275,000	0.30%
P.S. Realty, L.L.C.	4,234,000	0.24%
MTX Wealth Mang.-D. Carl Trust	4,210,700	0.24%
Resident	3,800,000	0.21%
Cresskill Industrial Park	3,798,200	0.21%
Resident	3,440,400	0.19%
Resident	3,350,000	0.19%
	\$ 74,260,900	4.18%
	2008	
	Taxable Assessed Value	% of Total District's Net Assessed Value
CNL Retirement Suni Cresskill	\$ 36,500,000	2.14%
Millennium/Dunrovan Nursing Home	7,855,500	0.46%
Asset Realty Services, Inc.	6,014,000	0.35%
Tenakill Developers, LLC	5,696,800	0.33%
MTX Wealth Mang.-D. Carl Trust	4,913,700	0.29%
Kings Supermarket	4,698,500	0.28%
Resident	4,166,100	0.24%
Devonshire Associates, LP	3,878,600	0.23%
Resident	3,805,100	0.22%
Resident	3,800,000	0.22%
	\$ 81,328,300	4.77%

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Local School District Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	\$ 21,537,369	\$ 21,537,369	100.00%	
2009	22,062,479	22,062,479	100.00%	
2010	22,663,737	22,663,737	100.00%	
2011	23,531,479	23,531,479	100.00%	
2012	23,884,267	23,884,267	100.00%	
2013	24,336,962	24,336,962	100.00%	
2014	24,794,725	24,794,725	100.00%	
2015	25,644,711	25,644,711	100.00%	
2016	26,173,717	26,173,717	100.00%	
2017	26,897,333	26,897,333	100.00%	

Source: District records

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

Fiscal Year Ended June 30,	Governmental Activities			Total District	Population	Per Capita	
	General Obligation Bonds	Certificates of Participation	Capital Leases/Lease Purchase Agreements				Bond Anticipation Notes (BANs)
2008	\$ 22,020,000		\$ 423,046	\$ 5,019,900	\$ 27,462,946	8,456	\$ 3,248
2009	21,255,000		283,978		21,538,978	8,567	2,514
2010	20,480,000		144,338		20,624,338	8,614	2,394
2011	19,675,000		80,223		19,755,223	8,577	2,303
2012	18,840,000		21,017		18,861,017	8,641	2,183
2013	18,550,000				18,550,000	8,681	2,137
2014	17,560,000				17,560,000	8,737	2,010
2015	16,545,000				16,545,000	8,772	1,886
2016	15,485,000				15,485,000	8,812	1,757
2017	14,395,000		392,429		14,787,429	8,777	1,685

Source: District records

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

General Bonded Debt Outstanding

Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
2008	\$ 22,020,000		\$ 22,020,000	1.23%	\$ 3,248
2009	21,255,000		21,255,000	1.20%	2,514
2010	20,480,000		20,480,000	1.16%	2,394
2011	19,675,000		19,675,000	1.09%	2,303
2012	18,840,000		18,840,000	1.04%	2,183
2013	18,550,000		18,550,000	1.04%	2,137
2014	17,560,000		17,560,000	0.99%	2,010
2015	17,560,000		17,560,000	0.99%	1,886
2016	15,485,000		15,485,000	0.87%	1,757
2017	14,395,000		14,395,000	0.00%	1,685

Source: District records

**CRESSKILL BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)**

Municipal Debt:	
Cresskill Board of Education (as of June 30, 2017)	\$ 14,395,000
Borough of Cresskill	<u>14,541,559</u>
 Total Direct Debt	 <u>28,936,559</u>
 Overlapping Debt Apportioned to the Municipality:	
Bergen County:	
County of Bergen (A)	15,389,735
Bergen County Utilities Authority - Water Pollution (B)	<u>1,734,582</u>
 Total Overlapping Debt	 <u>17,124,317</u>
 Total Direct and Overlapping Debt	 <u>\$ 46,060,876</u>

- (A) The debt for this entity was apportioned by dividing the Municipality's 2016 equalized value by the total 2016 equalized value for Bergen County.
- (B) Overlapping Debt was computed based upon municipal flow to the Authority.

Sources:
Borough of Cresskill 2016 Annual Debt Statement
BCUA 2016 Audit
Bergen County 2016 Annual Debt Statement

**CRESSKILL BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

Legal Debt Margin Calculation for Fiscal Year 2017

	Equalized valuation basis
	2014 \$ 2,077,849,831
	2015 2,140,837,268
	2016 <u>2,201,411,612</u>
	<u>\$ 6,420,098,711</u>
Average equalized valuation of taxable property	\$ 2,140,032,904
Debt limit (4 % of average equalization value)	85,601,316
Total Net Debt Applicable to Limit	<u>14,395,000</u>
Legal debt margin	<u>\$ 71,206,316</u>

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt Limit	\$ 90,361,757	\$ 100,289,934	\$ 102,932,871	\$ 99,995,063	\$ 93,292,658	\$ 87,603,914	\$ 85,601,316	\$ 82,039,726	\$ 82,933,207	\$ 85,601,316
Total Net Debt Applicable to Limit	<u>28,709,849</u>	<u>21,255,000</u>	<u>20,480,000</u>	<u>19,675,000</u>	<u>18,840,000</u>	<u>18,550,000</u>	<u>17,560,000</u>	<u>16,545,000</u>	<u>15,485,000</u>	<u>14,395,000</u>
Legal Debt Margin	<u>\$ 61,651,908</u>	<u>\$ 79,034,934</u>	<u>\$ 82,452,871</u>	<u>\$ 80,320,063</u>	<u>\$ 74,452,658</u>	<u>\$ 69,053,914</u>	<u>\$ 68,041,316</u>	<u>\$ 65,494,726</u>	<u>\$ 67,448,207</u>	<u>\$ 71,206,316</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	31.77%	21.19%	19.90%	19.68%	20.19%	21.17%	20.51%	20.17%	18.67%	16.82%

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

**CRESSKILL BOARD OF EDUCATION
DEMOGRAPHIC STATISTICS
LAST TEN YEARS
(UNAUDITED)**

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>County Per Capita Income (1)</u>	<u>School District Population</u>
2008	2.9	63,814	8,456
2009	5.2	68,147	8,567
2010	5.3	68,548	8,614
2011	5.2	64,571	8,577
2012	5.3	65,275	8,641
2013	4.5	68,244	8,681
2014	4.5	71,380	8,737
2015	4.5	70,498	8,722
2016	3.7	73,536	8,812
2017	3.3 (E)	75,849 (E)	8,777

(E) Estimate

Source: United States Bureau of Census
School District Records

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

	<u>2017</u>		<u>2008</u>	
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

INFORMATION NOT AVAILABLE

**CRESSKILL BOARD OF EDUCATION
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
 LAST NINE FISCAL YEARS
 (Unaudited)**

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Instruction										
Regular	112	119	124	132	116.50	113.80	116.40	117.10	120.30	122.30
Special Education	31	30	13	26	41	58	63	62	48	49
Support Services:										
Student and Instruction Related Services	22	17	43.5	44.5	42.6	37.2	38.4	42.0	42.0	42.0
General Administration	3	3	3	2	2	3	3	3	3	3
School Administrative Services	12	12	12	11	13	16.6	17.4	18.5	18.5	18.5
Central Services	3	3	3	3	4	3	3	3	3	3
Administrative Information Technology	2	2	2	1	1	1	1	1	1	1
Plant Operations And Maintenance	17	17	19	20	28	28	28	26	26	26
Pupil Transportation	-	-	-	-	-	-	-	-	-	-
Total	<u>202</u>	<u>203</u>	<u>219.5</u>	<u>239.5</u>	<u>248.10</u>	<u>260.60</u>	<u>270.20</u>	<u>272.80</u>	<u>261.80</u>	<u>264.80</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Junior Senior High School				
2008	1,686.0	\$ 24,859,940	14,745	4.04%	130	14:1	12:1	1,692.7	1,625.2	2.68%	96.01%
2009	1,692.0	24,569,086	14,521	-1.52%	135	12:1	13:1	1,681.8	1,614.8	-0.64%	96.02%
2010	1,742.0	25,251,258	14,496	-0.17%	132	13:1	13:1	1,732.5	1,665.9	3.00%	96.17%
2011	1,745.0	25,438,126	14,578	0.57%	143	13:1	11:1	1,774.1	1,679.8	2.41%	94.68%
2012	1,753.0	26,326,790	15,018	3.02%	146	12:1	12:1	1,754.2	1,688.6	-1.12%	96.26%
2013	1,729.0	28,180,570	16,299	8.53%	144	12:1	12:1	1,691.6	1,631.5	-3.57%	96.45%
2014	1,749.0	28,168,565	16,106	-1.19%	143	12:1	12:1	1,706.4	1,649.4	0.87%	96.66%
2015	1,783.0	29,548,461	16,572	2.90%	150	12.1:1	11.7:1	1,777.3	1,718.0	4.15%	96.66%
2016	1,794.0	30,988,214	17,273	4.23%	153	12.8:1	10.9:1	1,799.1	1,740.5	1.23%	96.74%
2017	1,840.0	31,858,604	17,314	0.24%	156	12.7:1	10.9:1	1,848.8	1,784.0	2.76%	96.50%

Sources: District records

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>District Building</u>										
<u>Elementary</u>										
<u>Edward H. Bryan School</u>										
Square Feet	48,738	48,738	48,738	48,738	48,738	48,738	48,738	48,738	48,738	48,738
Capacity (students)	378	378	378	378	378	378	378	378	378	378
Enrollment	548	474	478	465	483	460	471	483	496	496
<u>Merrill Memorial School</u>										
Square Feet	42,540	42,540	42,540	42,540	42,540	42,540	42,540	42,540	42,540	42,540
Capacity (students)	313	313	313	313	313	313	313	313	313	313
Enrollment	354	280	299	304	301	303	323	340	335	335
<u>Middle School/High School</u>										
Square Feet	141,769	141,769	141,769	141,769	141,769	141,769	141,769	141,769	141,769	141,769
Capacity (students)	956	956	956	956	956	956	956	956	956	956
Enrollment	784	938	965	976	969	966	955	960	963	963

Number of Schools at June 30, 2016

Elementary = 2

Junior/Senior High School = 1

Source: District Records

CRESSKILL BOARD OF EDUCATION
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>School Facilities</u>	<u>Project # (s)</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Edward H. Bryan	N/A	\$ 45,764	\$ 27,504	\$ 87,776	\$ 76,979	\$ 90,086	\$ 72,715	\$ 85,821	\$ 88,975	\$ 54,592	\$ 89,714
Merritt Memorial School	N/A	34,309	25,567	61,613	36,173	79,802	71,279	109,760	116,412	76,734	86,103
Middle School/High School	N/A	<u>101,572</u>	<u>99,771</u>	<u>405,596</u>	<u>480,215</u>	<u>196,731</u>	<u>190,361</u>	<u>188,555</u>	<u>174,552</u>	<u>174,314</u>	<u>200,414</u>
Total School Facilities		<u>\$ 181,645</u>	<u>\$ 152,842</u>	<u>\$ 554,985</u>	<u>\$ 593,367</u>	<u>\$ 366,619</u>	<u>\$ 334,355</u>	<u>\$ 384,136</u>	<u>\$ 379,939</u>	<u>\$ 305,640</u>	<u>\$ 376,231</u>

**CRESSKILL BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2017
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - Great American Insurance Co.		
Property Blanket Building & Contents	\$ 56,483,991	\$ 5,000
General Liability		
General Aggregate	2,000,000	
Products Completed Operations	2,000,000	
Personal & Advertising Injury	1,000,000	
Each Occurrence Limit	1,000,000	
Fire Legal Liability	1,000,000	
Medical Expense	5,000	
Commercial Auto Policy - Selective Insurance Group	1,000,000	1,000
Umbrella Liability Policy - American Alt Ins.	9,000,000	
Excess Umbrella Liability Policy - Firemen's Fund	50,000,000	
	(Shared limit among all Boards)	
Boiler & Machinery - Great American Insurance Co.	56,483,991	5,000
Bonds		
Public Official Bond - Bus. Admn.	250,000	
Environmental Impairment Liability- Ace American Insurance Co.	20,000,000	
	(Group Aggregate)	
Each Impairment		
Aggregate per Named Insured	4,000,000	15,000
Mold Policy Aggregate	4,000,000	25,000
School Board Legal Liability - Darwin National Assurance Co.	1,000,000	5,000
Employment Related Practices Liability		15,000
Crime - Selective Insurance Company of America		
Employee Dishonesty	\$100,000 Per Employee	5,000
	\$400,000 Per Loss	100,000
Forgery & Alteration	50,000	1,000
Workers' Compensation - Safety National		
BI by Accident - Each Accident	1,000,000	
BI by Accident - Each Employee	1,000,000	
BI by Disease - Policy Limit	1,000,000	
Employers Liability Retained Limit	500,000	
Cyber Liability-Indian Harbor		
Each Claim	1,000,000	15,000
Aggregate	4,000,000	
Privacy Notifications	1,000,000	25,000

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, PSA

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Cresskill Board of Education
Cresskill, 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 Cresskill Board of Education as of and for the fiscal year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Cresskill Board of Education's basic financial statements and have issued our report thereon dated November 27, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Cresskill Board of Education's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Cresskill Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Cresskill Board of Education's internal control.

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

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

Compliance and Other Matters

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

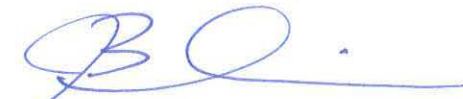
However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Cresskill Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 27, 2017.

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 Cresskill Board of Education's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Cresskill Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

LERCH, VINCI & HIGGINS, LLP

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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
November 27, 2017



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
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**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
AS REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Cresskill Board of Education
Cresskill, New Jersey

Report on Compliance for Each State Program

We have audited the Cresskill Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Cresskill Board of Education's major state programs for the fiscal year ended June 30, 2017. The Cresskill Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the Cresskill Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the Cresskill Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Cresskill Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with 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 Cresskill Board of Education's internal control over compliance.

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Cresskill Board of Education, as of and for the fiscal year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated November 27, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain

additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

LERCH, VINCI & HIGGINS, LLP

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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
November 27, 2017

CRESSKILL BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2016	Carryover Amount	Cash Received	Budgetary Expenditures	Funds Released Accounts Receivable	Deferred Revenue	Adjustment	Carryover Receivable Adjustment	(Accounts Receivable)	June 30, 2017 Unearned Revenue	Due to Grantor	* MEMO GAAP Receivable
U.S. Department of Education																	
Passed-through State Department of Education																	
NCLB Title I	84.010	S010A160030	NCLB0990-17	7/1/16-6/30/17	\$ 129,186		\$ 66,914	\$ 73,063	\$ 93,713	\$ 83,010	\$ (83,010)		\$ (66,914)	\$ (40,027)	\$ 19,377		\$ (20,650)
NCLB Title I	84.010	S010A150030	NCLB0990-16	7/1/15-6/30/16	134,042	\$ (10,094)	(66,914)	10,094	-	-	-	-	66,914	-	-	-	-
Total Title I Cluster						(10,094)	-	83,157	93,713	83,010	(83,010)	-	-	(40,027)	19,377	-	(20,650)
NCLB Title IIA	84.367A	S367A160029	NCLB0990-17	7/1/16-6/30/17	16,241	-	1,139	12,730	15,656	-	-	-	\$ (1,139)	(4,650)	1,724	-	(2,926)
NCLB Title IIA	84.367A	S367A150029	NCLB0990-16	7/1/15-6/30/16	18,881	(1,423)	(1,139)	1,423	-	-	-	-	1,139	-	-	-	-
Total Title II Cluster						(1,423)	-	14,153	15,656	-	-	-	-	(4,650)	1,724	-	(2,926)
NCLB Title III	84.365	S365A160030	NCLB0990-17	7/1/16-6/30/17	22,439	-	1,624	14,250	19,151	-	-	-	(1,624)	(9,813)	4,912	-	(4,901)
NCLB Title III	84.365	S365A150030	NCLB0990-16	7/1/15-6/30/16	32,554	(6,440)	(1,624)	6,440	-	-	-	-	1,624	-	-	-	-
NCLB Title III-Immigrant	84.365	S365A160030	NCLB0990-17	7/1/16-6/30/17	12,609	-	2,717	3,201	7,616	-	-	-	(2,717)	(12,125)	7,710	-	(4,415)
NCLB Title III-Immigrant	84.365	S365B150030	NCLB0990-16	7/1/15-6/30/16	35,603	(2,434)	(2,717)	2,434	-	-	-	-	2,717	-	-	-	-
Total Title III Cluster						(8,874)	-	26,325	26,767	-	-	-	-	(21,938)	12,622	-	(9,316)
I.D.E.A. Part B- Basic	84.027	H027A160100	FT-0990-17	7/1/16-6/30/17	330,257		19	298,769	329,077				(19)	(31,507)	1,199		(30,308)
I.D.E.A. Part B- Basic	84.027	H027A150100	FT-0990-16	7/1/15-6/30/16	343,304	(29,132)	(19)	29,132	-	-	-	-	19	-	-	-	-
I.D.E.A. Part B-Preschool	84.173	H173A160114	PS-0990-17	7/1/16-6/30/17	14,292			14,292	14,292								
I.D.E.A. Part B-Preschool	84.173	H173A150114	PS-0990-16	7/1/15-6/30/16	14,089	(2,139)	-	2,139	-	-	-	-	-	-	-	-	-
Total Special Education (IDEA) Cluster						(31,271)	-	344,332	343,369	-	-	-	-	(31,507)	1,199	-	(30,308)
Total U.S. Department of Education/Special Revenue Fund						\$ (51,662)	\$ -	\$ 467,967	\$ 479,505	\$ -	\$ -	\$ -	\$ -	\$ (98,122)	\$ 34,922	\$ -	\$ (65,200)

Note: The District is not subject to a Federal Single Audit.

**CRESSKILL BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, Julv 1, 2016	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	(Accounts Receivable)	June 30, 2017 Unearned Revenue	Due to Grantor	Memo	
											GAAP Receivable	Cumulative Total Expenditures
State Department of Education												
Current Expense												
Special Education Categorical Aid	17-495-034-5120-089	7/1/16-6/30/17	\$ 668,578		\$ 625,459	\$ 668,578		\$ (43,119)				\$ 668,578
Special Education Categorical Aid	16-495-034-5120-089	7/1/15-6/30/16	667,983	\$ (56,749)	56,749			-				-
Security Aid	17-495-034-5120-084	7/1/16-6/20/17	29,323		27,432	29,323		(1,891)				29,323
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	25,438	(2,161)	2,161			-				-
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	17,150		16,044	17,150		(1,106)				17,150
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	17,150	(1,457)	1,457			-				-
Per Pupil Growth Aid	15-495-034-5120-098	7/1/16-6/30/17	17,150		16,044	17,150		(1,106)				17,150
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	17,150	(1,457)	1,457			-				-
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	17,580		16,446	17,580		(1,134)				17,580
Total State Aid Public Cluster				(61,824)	763,249	749,781	-	(48,356)	-	-	-	749,781
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	18,791		17,579	18,791		(1,212)				18,791
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	16,859	(1,432)	1,432			-				-
Extraordinary Sp. Ed. Costs Aid	17-100-034-5120-473	7/1/16-6/30/17	456,243			456,243		(456,243)				456,243
Extraordinary Sp. Ed. Costs Aid	16-100-034-5120-473	7/1/15-6/30/16	460,935	(460,935)	460,935			-				-
TPAF On behalf Pension Contribution												
Non-Contributory Insurance	17-100-034-5094-004	7/1/16-6/30/17	52,598		52,598	52,598						52,598
Normal Cost & Accrued Liability	17-100-034-5095-002	7/1/16-6/30/17	1,451,689		1,451,689	1,451,689						1,451,689
Long Term Disability Insurance	17-100-034-5094-004	7/1/16-6/30/17	4,508		4,508	4,508						4,508
Post Retirement Medical Benefit Contrib	17-100-034-5095-001	7/1/16-6/30/17	1,253,413		1,253,413	1,253,413						1,253,413
Total On-Behalf Pension Contribution Cluster				-	2,762,208	2,762,208	-	-	-	-	-	2,762,208
TPAF Social Security Tax	17-100-034-5095-003	7/1/16-6/30/17	1,030,678		840,235	1,030,678		(190,443)				\$ (190,443)
TPAF Social Security Tax	16-100-034-5095-003	7/1/15-6/30/16	1,019,032	(143,323)	143,323			-				-
Total General Fund				(667,514)	4,988,961	5,017,701	-	(696,254)	-	-	-	(190,443)
Special Revenue Fund												
New Jersey Nonpublic Aid												
Technology Aid	17-100-034-5120-373	7/1/16-6/30/17	4,420		4,420	3,059				\$ 1,361		3,059
Technology Aid	16-100-034-5120-373	7/1/15-6/30/16	4,758	311			311					-
Textbook Aid	16-100-034-5120-664	7/1/16-6/30/17	9,799		9,799	8,755				1,044		8,755
Textbook Aid	16-100-034-5120-664	7/1/15-6/30/16	10,449	231			231					-
Nursing Services	17-100-034-5120-070	7/1/16-6/30/17	15,390		15,390	15,390						15,390
Nursing Services	16-100-034-5120-070	7/1/15-6/30/16	16,470									-
Security Aid	17-100-034-5120-509	7/1/16-6/30/17	8,550		8,550	8,341				209		8,341
Security Aid	16-100-034-5120-509	7/1/15-6/30/16	4,575	3			3					-
Auxiliary Services												
English as a Second Language	17-100-034-5120-067	7/1/16-6/30/17	6,395		6,395					6,395		-
English as a Second Language	16-100-034-5120-067	7/1/15-6/30/16	11,216	10,526			10,526					-
Compensatory Education	17-100-034-5120-067	7/1/16-6/30/17	38,519		38,519	35,653				2,866		35,653
Compensatory Education	16-100-034-5120-067	7/1/15-6/30/16	43,148	14,721			14,721					-
Transportation	17-100-034-5120-068	7/1/16-6/30/17	15,300		15,300	15,300						15,300
Total Nonpublic Auxiliary Services (Chap. 192) Cluster				25,247	60,214	50,953	25,247	-	-	9,261	-	50,953

See Accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance

**CRESSKILL BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2016	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	(Accounts Receivable)	June 30, 2017 Unearned Revenue	Due to Grantor	Memo		
											GAAP Receivable	Cumulative Total Expenditures	
Handicapped Services													
Examination and Classification	17-100-034-5120-066	7/1/16-6/30/17	23,053		23,053	12,252				\$ 10,801		\$ 12,252	
Examination and Classification	16-100-034-5120-066	7/1/15-6/30/16	20,798	3,751			3,751						
Corrective Speech	17-100-034-5120-066	7/1/16-6/30/17	19,437	-	19,437	13,341				6,096		13,341	
Corrective Speech	16-100-034-5120-066	7/1/15-6/30/16	19,230	5,017			5,017					-	
Supplemental Instruction	17-100-034-5120-066	7/1/16-6/30/17	18,883		18,833	13,340				5,493		13,340	
Supplemental Instruction	16-100-034-5120-066	7/1/15-6/30/16	17,896	1,114	-	-	1,114	-	-	-	-	-	
Total Nonpublic Handicapped Services (Chap. 193) Cluster				<u>9,882</u>	<u>61,323</u>	<u>38,933</u>	<u>9,882</u>	<u>-</u>	<u>-</u>	<u>22,390</u>	<u>-</u>	<u>38,933</u>	
Total Special Revenue Fund				<u>35,674</u>	<u>159,696</u>	<u>125,431</u>	<u>35,674</u>	<u>-</u>	<u>-</u>	<u>34,265</u>	<u>-</u>	<u>125,431</u>	
Debt Service													
Debt Service Aid- State Support	17-495-034-5120-075	7/1/16-6/30/17	35,387	-	35,387	35,387	-	-	-	-	-	35,387	
Total Debt Service Fund				<u>-</u>	<u>35,387</u>	<u>35,387</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,387</u>
Total State Financial Assistance Subject to Single Audit Determination				<u>\$ (631,840)</u>	<u>\$ 5,184,044</u>	<u>\$ 5,178,519</u>	<u>\$ 35,674</u>	<u>\$ (696,254)</u>	<u>\$ -</u>	<u>\$ 34,265</u>	<u>\$ (190,443)</u>	<u>\$ 5,178,519</u>	
State Financial Assistance Not Subject to Single Audit Determination													
General Fund													
On-Behalf TPAF Pension-NCGI	17-100-034-5094-004	7/1/16-6/30/17	52,598		(52,598)	(52,598)						(52,598)	
On-Behalf TPAF Pension-Normal Costs	17-100-034-5094-006	7/1/16-6/30/17	1,451,689		(1,451,689)	(1,451,689)						(1,451,689)	
On-Behalf TPAF-Long Term Disability	17-100-034-5094-004	7/1/16-6/30/17	4,508		(4,508)	(4,508)						(4,508)	
On-Behalf TPAF Post Retirement Medical	17-100-034-5094-001	7/1/16-6/30/17	1,253,413		(1,253,413)	(1,253,413)						(1,253,413)	
Total State Financial Assistance Subject to Major Program Determination				<u>\$ (631,840)</u>	<u>\$ 2,421,836</u>	<u>\$ 2,416,311</u>	<u>\$ 35,674</u>	<u>\$ (696,254)</u>	<u>\$ -</u>	<u>\$ 34,265</u>	<u>\$ (190,443)</u>	<u>\$ 2,416,311</u>	

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**CRESSKILL BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$18,380 for the general fund and a decrease of \$5,387 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 5,036,081	\$ 5,036,081
Special Revenue Fund	\$ 474,118	125,431	599,549
Debt Service Fund	-	35,387	35,387
Total Financial Assistance	<u>\$ 474,118</u>	<u>\$ 5,196,899</u>	<u>\$ 5,671,017</u>

**CRESSKILL BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

TPAF Social Security contributions in the amount of \$1,030,678 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, 2017. The amount reported as TPAF Pension System Contributions in the amount of \$1,504,287, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,253,413 and TPAF Long-Term Disability Insurance in the amount of \$4,508 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2017.

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

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

NOTE 7 DE MINIMIS INDIRECT COST RATE

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

**CRESSKILL BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Part I – Summary of Auditor’s Results

Financial Statement Section

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

Federal Awards Section

Not Applicable

**CRESSKILL BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 15-08. _____ yes X none

Identification of major programs:

<u>State Grant/Project Number (s)</u>	<u>Name of State Program</u>
<u>495-034-5120-089</u>	<u>Special Education Aid</u>
<u>495-034-5120-084</u>	<u>Security Aid</u>
<u>495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>495-034-5120-098</u>	<u>PARCC Readiness</u>
<u>495-034-5120-101</u>	<u>Professional Learning Community Aid</u>

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

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

**CRESSKILL BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

There are none.

**CRESSKILL BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**CRESSKILL BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 STATE AWARDS

There are none.

**CRESSKILL BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Part 2 – Schedule of Financial Statement Findings

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

Finding 2016-001

Condition

Health benefit waivers were being calculated and paid at an incorrect rate. In addition, proof of other insurance was not obtained from employees who waived health benefits.

Current Status

Corrective action has been taken.