

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

Old Tappan, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Old Tappan Board of Education

Old Tappan, New Jersey

For The Fiscal Year Ended June 30, 2017

Prepared by

Business Office

**OLD TAPPAN BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

INTRODUCTORY SECTION

Letter of Transmittal	i-iv
Organizational Chart	v
Roster of Officials	vi
Consultants and Advisors	vii

FINANCIAL SECTION

Independent Auditor's Report	1-3
------------------------------	-----

REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis	4-10
--------------------------------------	------

Basic Financial Statements

A. District-wide Financial Statements

A-1 Statement of Net Position	11
A-2 Statement of Activities	12

B. Fund Financial Statements

Governmental Funds

B-1 Balance Sheet	13-14
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	15
B-3 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances With the District-Wide Statements	16

Proprietary Funds

B-4 Statement of Net Position	17
B-5 Statement of Revenues, Expenses, and Changes in Net Position	18
B-6 Statement of Cash Flows	19

Fiduciary Funds

B-7 Statement of Fiduciary Net Position	20
B-8 Statement of Changes in Fiduciary Net Position	21

Notes to the Financial Statements	22-53
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**OLD TAPPAN BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

REQUIRED SUPPLEMENTARY INFORMATION - PART II

C. Budgetary Comparison Schedules

C-1	Budgetary Comparison Schedule – General Fund	54-59
C-2	Budgetary Comparison Schedule – Special Revenue Fund	60
C-3	Budgetary Comparison Schedule – Note to Required Supplementary Information	61

REQUIRED SUPPLEMENTARY INFORMATION - PART III

L. Schedules Related to Accounting and Reporting for Pensions

L-1	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Public Employees Retirement System	62
L-2	Required Supplementary Information – Schedule of District Contributions – Public Employees Retirement System	63
L-3	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Teachers Pension and Annuity Fund	64
L-4	Notes to Required Supplementary Information	65

OTHER SUPPLEMENTARY INFORMATION

D. School Level Schedules – Not Applicable

E. Special Revenue Fund

E-1	Combining Schedule of Program Revenues and Expenditures Special Revenue Fund – Budgetary Basis	66
-----	---	----

F. Capital Projects Fund – Not Applicable

G. Proprietary Funds

Enterprise Fund

G-1	Combining Statement of Net Position – Not Applicable	67
G-2	Combining Statement of Revenues, Expenses and Changes in Net Position – Not Applicable	67
G-3	Combining Statement of Cash Flows – Not Applicable	67

H. Fiduciary Funds

H-1	Combining Statement of Assets & Liabilities	68
H-2	Combining Statement of Changes in Net Position – Not Applicable	69
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	69
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	70

**OLD TAPPAN BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

I. Long-Term Debt

I-1	Schedule of Serial Bonds	71
I-2	Schedule of Obligations under Capital Leases – Not Applicable	72
I-3	Debt Service Fund Budgetary Comparison Schedule	73

J. STATISTICAL SECTION (Unaudited)

J-1	Net Position by Component	74
J-2	Changes in Net Position	75-76
J-3	Fund Balances – Governmental Funds	77
J-4	Changes in Fund Balances – Governmental Funds	78
J-5	General Fund Other Local Revenue by Source	79
J-6	Assessed Value and Actual Value of Taxable Property	80
J-7	Property Tax Rates	81
J-8	Principal Property Taxpayers	82
J-9	Property Tax Levies and Collections	83
J-10	Ratios of Outstanding Debt by Type	84
J-11	Ratios of Net General Bonded Debt Outstanding	85
J-12	Computation of Direct and Overlapping Outstanding Bonded Debt	86
J-13	Legal Debt Margin Information	87
J-14	Demographic Statistics	88
J-15	Principal Employers	89
J-16	Full-Time Equivalent District Employees by Function/Program	90
J-17	Operating Statistics	91
J-18	School Building Information	92
J-19	Schedule of Required Maintenance Expenditures for School Facilities	93
J-20	Schedule of Insurance	94

K. SINGLE AUDIT SECTION

K-1	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	95-96
K-2	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	97-99
K-3	Schedule of Expenditures of Federal Awards	100
K-4	Schedule of Expenditures of State Financial Assistance	101
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	102-103
K-6	Schedule of Findings and Questioned Costs – Part 1 – Summary of Auditor's Results	104
K-7	Schedule of Findings and Questioned Costs – Part 2 – Schedule of Financial Statement Findings	105
K-7	Schedule of Findings and Questioned Costs – Part 3 – Schedule of Federal and State Award Findings and Questioned Costs	106
K-8	Summary Schedule of Prior Year Findings	107

INTRODUCTORY SECTION

Old Tappan Board of Education

277 Old Tappan Road . Old Tappan, NJ 07675

Telephone: 201-664-1421 Ext. 2503

Fax: 201-664-4418

School Business Administrator/
Board Secretary

October 25, 2017

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

Dear Board Members:

The comprehensive annual financial report of the Old Tappan Board of Education (the "Board") for the fiscal year ended June 30, 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. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

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

1) REPORTING ENTITY AND ITS SERVICES:

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

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular and special education students. The District completed the 2016-2017 fiscal year with an average daily enrollment of 683.4 students, which is a 4.08% decrease from the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

Average Daily Enrollment

<u>School Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2016-17	683.4	(4.08)%
2015-16	712.5	(3.28)%
2014-15	736.7	(1.76)%
2013-14	749.9	(0.80)%
2012-13	756.0	(2.41)%
2011-12	774.7	(5.63)%
2010-11	820.9	(5.83)%
2009-10	871.7	1.27%
2008-09	860.7	(0.73)%
2007-08	867.0	(1.31)%

2) ECONOMIC CONDITION AND OUTLOOK:

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

3) MAJOR INITIATIVES:

- To implement the usage of student technology devices -- Tablets in Kindergarten – Grade 1 and Chromebooks in Grades 2-8.
- To oversee the implementation of a multifaceted support system for new educators in the District.
- To continue to work collaboratively, as a think-tank, with faculty and staff, students, and community stakeholders to imagine the possibilities for District growth, in alignment with our District's Blueprint.
- To augment communication between and among the various District and community stakeholders.

4) INTERNAL ACCOUNTING CONTROLS:

Management of the Board is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Board are protected from loss, theft or misuse and to ensure that

adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

5) BUDGETARY CONTROLS:

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

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

6) ACCOUNTING SYSTEM AND REPORTS:

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

7) FINANCIAL INFORMATION AT FISCAL YEAR-END:

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

8) CASH MANAGEMENT:

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

9) RISK MANAGEMENT:

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

10) OTHER INFORMATION:

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

11) ACKNOWLEDGMENTS:

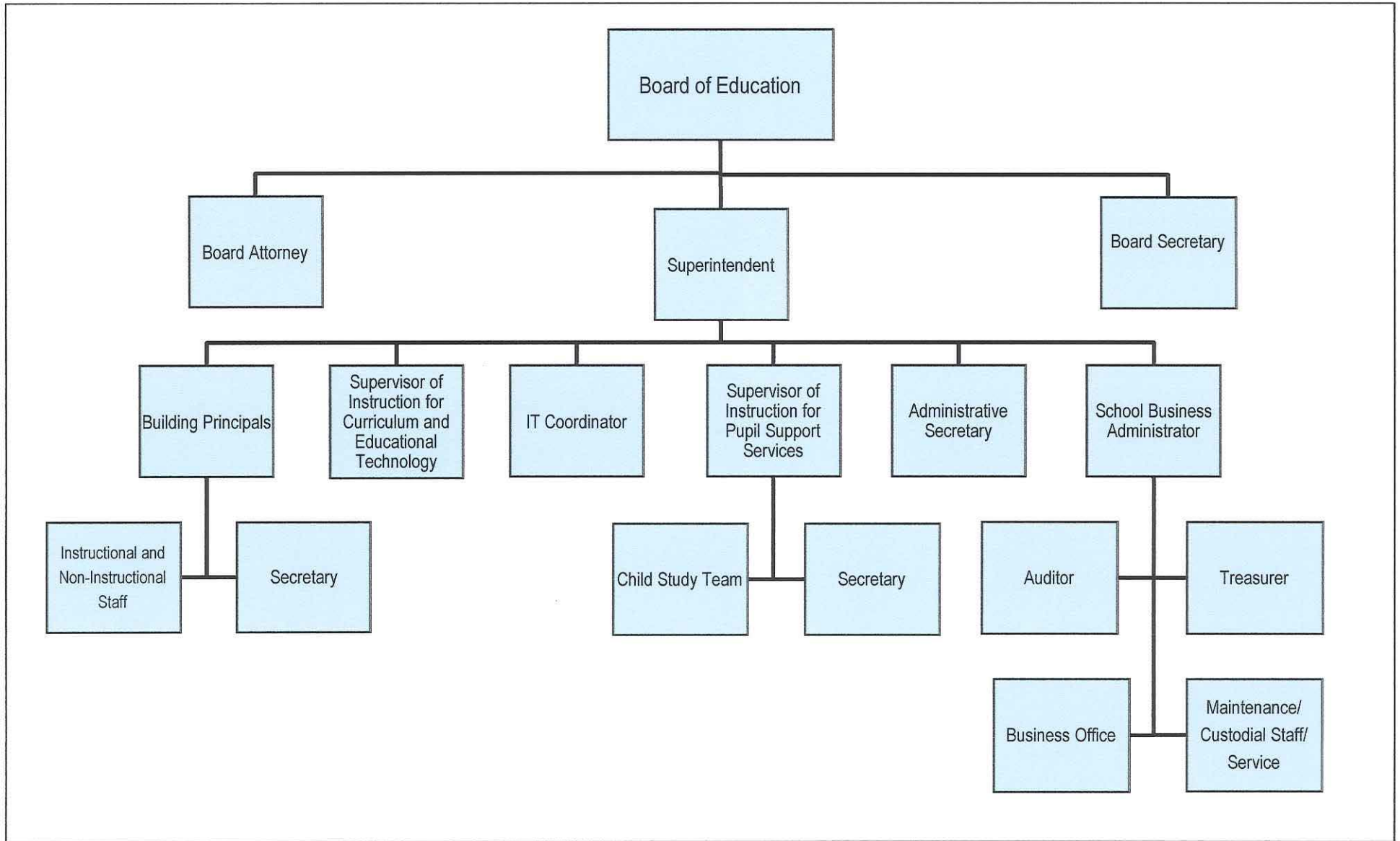
We would like to express our appreciation to the members of the Old Tappan Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.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

Respectfully submitted,



Douglas Barrett, CPA
Business Administrator/
Board Secretary

OLD TAPPAN PUBLIC SCHOOLS ORGANIZATIONAL CHART 2016-2017



OLD TAPPAN BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2017

Members of the Board of Education

Maryellen LaFronz, President

Nicole Gray, Vice President

Melissa Del Rosso

Kristen Santoro

John Shahdanian II

Other Officials

Ms. Danielle M. Da Giau, Superintendent of Schools

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

Antoinette Kelly, Treasurer

OLD TAPPAN BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

Independent Auditor

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

Attorney

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

Official Depository

Oritani Bank
370 Pascack Rd.
Township of Washington, NJ 07676

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 Trustees
Old Tappan Board of Education
Old Tappan, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Old Tappan Board of Education, as of and for the fiscal year ended June 30, 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 Old Tappan 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

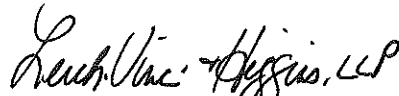
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Old Tappan Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, financial schedules, statistical section, schedule of expenditures of 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 Old Tappan Board of Education.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 8, 2017 on our consideration of the Old Tappan Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Old Tappan 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 Old Tappan Board of Education's internal control over financial reporting and compliance.



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



Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
November 8, 2017

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

OLD TAPPAN BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the Old Tappan School District's financial performance provides an overall review of its financial activities for the fiscal year ended June 30, 2017. The intent of this is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information between the current year (2016-2017) and the prior year (2015-2016) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for the 2016/2017 school year are as follows:

- The assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$17,282,646 (Net Position).
- The School District had \$18,818,673 in expenses; only \$5,320,941 of these expenses are offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$14,478,683 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$15,810,003 in revenues and \$14,725,986 in expenditures. The General Fund's fund balance increased by \$1,084,017 from June 30, 2016.
- The General Fund unassigned budgetary basis fund balance at June 30, 2017 was \$529,138, which represents an increase of \$117,954 compared to the ending budgetary basis fund balance at June 30, 2016 of \$411,184.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document reports on all funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and ask the question, "How did we do financially during 2016/2017?" The Statement of Net Position and the Statement of Activities answer that question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

- **Governmental Activities** – All programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- **Business-Type Activity** – This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service Enterprise Fund is reported as a business activity. The District discontinued the Food Service Enterprise Fund effective September 1, 2016.

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Enterprise Fund

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

The District as a Whole

The Statement of Net Position provides one perspective of the District as a whole. Below is a summary of the District's Net Position as of June 30, 2017 and 2016.

	Governmental Activities		Business-Type Activities		Total	
	2017	2016 (Restated)	2017	2016	2017	2016 (Restated)
Assets						
Current and Other Assets	\$ 13,016,439	\$ 11,954,893	\$ 1,024	\$ 1,021	\$ 13,017,463	\$ 11,955,914
Capital Assets	<u>7,810,797</u>	<u>8,765,925</u>	<u>-</u>	<u>-</u>	<u>7,810,797</u>	<u>8,765,925</u>
Total Assets	<u>20,827,236</u>	<u>20,720,818</u>	<u>1,024</u>	<u>1,021</u>	<u>20,828,260</u>	<u>20,721,839</u>
Deferred Outflows of Resources						
Deferred Amounts on Refunding of Debt	4,558	14,530			4,558	14,530
Deferred Amounts on Net Pension Liability	<u>960,772</u>	<u>791,431</u>	<u>-</u>	<u>-</u>	<u>960,772</u>	<u>791,431</u>
Total Deferred Outflows of Resources	<u>965,330</u>	<u>805,961</u>	<u>-</u>	<u>-</u>	<u>965,330</u>	<u>805,961</u>
Liabilities						
Long-Term Liabilities	3,327,837	4,689,431			3,327,837	4,689,431
Other Liabilities	<u>95,449</u>	<u>125,900</u>	<u>-</u>	<u>-</u>	<u>95,449</u>	<u>125,900</u>
Total Liabilities	<u>3,423,286</u>	<u>4,815,331</u>	<u>-</u>	<u>-</u>	<u>3,423,286</u>	<u>4,815,331</u>
Deferred Inflows of Resources						
Deferred Amounts on Net Pension Liability	<u>1,087,658</u>	<u>410,774</u>	<u>-</u>	<u>-</u>	<u>1,087,658</u>	<u>410,774</u>
Total Deferred Inflows of Resources	<u>1,087,658</u>	<u>410,774</u>	<u>-</u>	<u>-</u>	<u>1,087,658</u>	<u>410,774</u>
Net Position:						
Net Investment in Capital Assets	6,990,013	7,114,366			6,990,013	7,114,366
Restricted	9,595,761	7,918,138			9,595,761	7,918,138
Unrestricted	<u>695,848</u>	<u>1,268,170</u>	<u>1,024</u>	<u>1,021</u>	<u>696,872</u>	<u>1,269,191</u>
Total Net Position	<u>\$ 17,281,622</u>	<u>\$ 16,300,674</u>	<u>\$ 1,024</u>	<u>\$ 1,021</u>	<u>\$ 17,282,646</u>	<u>\$ 16,301,695</u>

Below is a summary of changes in Net Position for the fiscal years ended June 30, 2017 and 2016.

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program Revenues						
Charges for Services	\$ 34,440	\$ 19,694		\$ 3,919	\$ 34,440	\$ 23,613
Operating and Capital Grants and Contributions	5,286,501	3,923,145	-	1,544	5,286,501	3,924,689
General Revenues						
Property Taxes	14,236,864	13,895,990			14,236,864	13,895,990
Other	241,816	232,694	\$ 3	13	241,819	232,707
Total Revenues	19,799,621	18,071,523	3	5,476	19,799,624	18,076,999
Expenses						
Current						
Instruction	11,928,653	10,806,577			11,928,653	10,806,577
Support Services						
Student and Instruction Related Serv.	2,635,495	1,864,892			2,635,495	1,864,892
General and School Administration	1,090,843	1,071,344			1,090,843	1,071,344
Business / Central Services	579,745	540,173			579,745	540,173
Maintenance of Facilities	2,258,965	1,500,750			2,258,965	1,500,750
Pupil Transportation	258,510	229,232			258,510	229,232
Interest and Other Charges on Debt	66,462	102,410			66,462	102,410
Food Service	-	-	-	5,840	-	5,840
Total Expenses	18,818,673	16,115,378	-	5,840	18,818,673	16,121,218
Change in Net Position	980,948	1,956,145	3	(364)	980,951	1,955,781
Net Position, Beginning of Year	16,300,674	15,220,211	1,021	1,385	16,301,695	15,221,596
Prior Period Adjustment	-	(875,682)	-	-	-	(875,682)
Net Position, End of Year	\$ 17,281,622	\$ 16,300,674	\$ 1,024	\$ 1,021	\$ 17,282,646	\$ 16,301,695

Governmental Activities

Property taxes comprise 72 percent of revenues for governmental activities. The District's total revenues were \$19,799,621 for the fiscal year ended June 30, 2017. Federal and state grants accounted for 28 percent of revenue. The total cost of all programs and services was \$18,818,673. Instruction comprises 63 percent of District expenses.

Governmental Activities

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

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

<u>Functions/Programs</u>	<u>Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Instruction	\$ 11,928,653	\$ 10,806,577	\$ 7,611,878	\$ 7,552,768
Support Services				
Student and Instruction Related Svcs.	2,635,495	1,864,892	1,985,284	1,439,223
General and School Administrative Services	1,090,843	1,071,344	896,124	931,139
Business / Central Services	579,745	540,173	456,987	450,016
Maintenance of Facilities	2,258,965	1,500,750	2,246,177	1,489,319
Pupil Transportation	258,510	229,232	234,820	207,664
Interest and Other Charges on Debt	66,462	102,410	66,462	102,410
Total Governmental Activities	<u>\$ 18,818,673</u>	<u>\$ 16,115,378</u>	<u>\$ 13,497,732</u>	<u>\$ 12,172,539</u>

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

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

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

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

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

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

The District's Funds

All governmental funds (i.e., general fund, special revenue fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$16,865,279 and expenditures were \$15,781,262.

The District's Funds (Continued)

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a summary of the governmental fund revenues for the fiscal years ended June 30, 2017 and 2016.

	Fiscal Year Ended June 30, 2017	Fiscal Year Ended June 30, 2016	Amount of Increase (Decrease)	Percent Change
Local Sources	\$ 14,337,417	\$ 13,969,498	\$ 367,919	2.63%
State Sources	2,381,091	2,156,169	224,922	10.43%
Federal Sources	<u>146,771</u>	<u>156,901</u>	<u>(10,130)</u>	-6.46%
Total Revenues	<u>\$ 16,865,279</u>	<u>\$ 16,282,568</u>	<u>\$ 582,711</u>	3.58%

The following schedule represents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal years ended June 30, 2017 and 2016.

	Fiscal Year Ended June 30, 2017	Fiscal Year Ended June 30, 2016	Amount of Increase (Decrease)	Percent Change
Instruction	\$ 9,603,510	\$ 9,344,621	\$ 258,889	2.77%
Support Services	4,918,975	4,406,634	512,341	11.63%
Capital Outlay	353,560	486,630	(133,070)	-27.35%
Debt Service	<u>905,217</u>	<u>905,187</u>	<u>30</u>	0.00%
Total Expenditures	<u>\$ 15,781,262</u>	<u>\$ 15,143,072</u>	<u>\$ 638,190</u>	4.21%

General Fund Budgeting Highlights

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

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

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

General Fund Budgeting Highlights (Continued)

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

Capital Assets

At June 30, 2017, the District had \$16,859,543 in land, buildings, furniture, equipment and vehicles. Below is a comparison of the book value of capital assets (net of accumulated depreciation) at June 30, 2017 and 2016.

	<u>2017</u>	<u>2016</u> (Restated)
Land	\$ 38,600	\$ 38,600
Construction In Progress		484,041
Buildings and Building Improvements	7,628,678	8,141,706
Machinery, Equipment and Vehicles	<u>143,519</u>	<u>101,578</u>
Total	<u>\$ 7,810,797</u>	<u>\$ 8,765,925</u>

Debt Administration

At June 30, 2017 and 2016, the District had \$3,327,837 and \$4,689,431 of outstanding long-term liabilities. Of these amounts, \$40,706 and \$53,355 is for compensated absences; \$825,342 and \$1,666,089 are for serial bonds plus unamortized premiums previously issued for school construction projects; \$2,461,789 and \$2,969,987 is for net pension liability, as of June 30, 2017 and 2016, respectively.

For the Future

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

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

Contacting the District's Financial Management

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

FINANCIAL STATEMENTS

OLD TAPPAN BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 12,969,593	\$ 1,024	\$ 12,970,617
Receivables, net			
Receivables from Other Governments	46,846	-	46,846
Capital Assets			
Not Being Depreciated	38,600		38,600
Being Depreciated, net	<u>7,772,197</u>	<u>-</u>	<u>7,772,197</u>
Total Assets	<u>20,827,236</u>	<u>1,024</u>	<u>20,828,260</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding of Debt	4,558		4,558
Deferred Amounts on Net Pension Liability	<u>960,772</u>	<u>-</u>	<u>960,772</u>
Total Deferred Outflows of Resources	<u>965,330</u>	<u>-</u>	<u>965,330</u>
LIABILITIES			
Accounts Payable	14,774		14,774
Accrued Interest Payable	8,044		8,044
Unearned Revenue	72,631		72,631
Noncurrent Liabilities			
Due Within One Year	825,000		825,000
Due Beyond One Year	<u>2,502,837</u>	<u>-</u>	<u>2,502,837</u>
Total Liabilities	<u>3,423,286</u>	<u>-</u>	<u>3,423,286</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>1,087,658</u>	<u>-</u>	<u>1,087,658</u>
Total Deferred Inflows of Resources	<u>1,087,658</u>	<u>-</u>	<u>1,087,658</u>
NET POSITION			
Net Investment in Capital Assets	6,990,013		6,990,013
Restricted for			
Capital Projects	8,629,811		8,629,811
Other Purposes	965,950		965,950
Unrestricted	<u>695,848</u>	<u>1,024</u>	<u>696,872</u>
Total Net Position	<u>\$ 17,281,622</u>	<u>\$ 1,024</u>	<u>\$ 17,282,646</u>

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 8,429,741		\$ 3,052,515		\$ (5,377,226)		\$ (5,377,226)
Special Education	3,146,058		1,124,142		(2,021,916)		(2,021,916)
Other Instruction	274,139	\$ 34,440	105,678		(134,021)		(134,021)
School Sponsored Activities and Athletics	78,715				(78,715)		(78,715)
Support Services							
Student and Instruction Related Services	2,635,495		650,211		(1,985,284)		(1,985,284)
General Administration Services	440,462				(440,462)		(440,462)
School Administration Services	650,381		194,719		(455,662)		(455,662)
Business / Central Services	579,745		122,758		(456,987)		(456,987)
Plant Operations and Maintenance	2,258,965		12,788		(2,246,177)		(2,246,177)
Pupil Transportation	258,510		23,690		(234,820)		(234,820)
Interest and Other Charges on Debt	66,462	-	-	-	(66,462)	-	(66,462)
Total Governmental Activities	18,818,673	34,440	5,286,501	-	(13,497,732)	-	(13,497,732)
Business-Type Activities							
Food Service	-	-	-	-	-	-	-
Total Business-Type Activities	-	-	-	-	-	-	-
Total Primary Government	\$ 18,818,673	\$ 34,440	\$ 5,286,501	\$ -	(13,497,732)	-	(13,497,732)
General Revenues							
Property Taxes, Levied for							
General Purposes					13,505,322		13,505,322
Debt Service					731,542		731,542
Investment Earnings					57,084	\$ 3	57,087
State Aid Levied for Debt Service					172,553		172,553
Unrestricted State Aid					7,560		7,560
Miscellaneous Income					4,619	-	4,619
Total General Revenues					14,478,680	3	14,478,683
Change in Net Position					980,948	3	980,951
Net Position, Beginning of Year (Restated)					16,300,674	1,021	16,301,695
Net Position, End of Year					\$ 17,281,622	\$ 1,024	\$ 17,282,646

FUND FINANCIAL STATEMENTS

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 12,942,772	\$ 26,821		\$ 12,969,593
Receivables, Net				
Receivables from Other Governments	46,846	-	-	46,846
 Total Assets	\$ 12,989,618	\$ 26,821	\$ -	\$ 13,016,439
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 14,774			\$ 14,774
Unearned Revenue	45,810	\$ 26,821	-	72,631
 Total Liabilities	60,584	26,821	-	87,405
 Fund Balances				
Restricted				
Capital Reserve	7,704,811			7,704,811
Capital Reserve Designated for Subsequent				
Year's Budget	925,000			925,000
Maintenance Reserve	665,950			665,950
Maintenance Reserve Designated for Subsequent				
Year's Budget	50,000			50,000
Emergency Reserve	250,000			250,000
Excess Surplus	1,476,737			1,476,737
Excess Surplus Designated for Subsequent				
Year's Budget	1,622,205			1,622,205
Unassigned	234,331	-	-	234,331
 Total Fund Balances	12,929,034	-	-	12,929,034
 Total Liabilities and Fund Balances	\$ 12,989,618	\$ 26,821	\$ -	

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

Total Fund Balances (Exhibit B-1) **\$ 12,929,034**

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 \$16,859,543 and the accumulated depreciation is \$9,048,746.

7,810,797

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

(8,044)

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

Deferred Outflows of Resources
Deferred Inflows of Resources

\$ 960,772
(1,087,658)

(126,886)

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.

4,558

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

Bonds Payable
Compensated Absences
Net Pension Liability

(825,342)
(40,706)
(2,461,789)

(3,327,837)

Net Position of Governmental Activities (Exhibit A-1)

\$ 17,281,622

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local Sources				
Property Tax Levy	\$ 13,505,322		\$ 731,542	\$ 14,236,864
Tuition	34,440			34,440
Interest	57,084			57,084
Miscellaneous	4,619	\$ 4,410	-	9,029
	<u>13,601,465</u>	<u>4,410</u>	<u>731,542</u>	<u>14,337,417</u>
Total - Local Sources				
Intergovernmental				
State Sources	2,208,538		172,553	2,381,091
Federal Sources	-	146,771	-	146,771
	<u>2,208,538</u>	<u>146,771</u>	<u>172,553</u>	<u>2,527,862</u>
Total Intergovernmental Sources				
Total Revenues				
	<u>15,810,003</u>	<u>151,181</u>	<u>904,095</u>	<u>16,865,279</u>
EXPENDITURES				
Current				
Instruction				
Regular Instruction	6,477,312	3,410		6,480,722
Special Education Instruction	2,691,957	142,746		2,834,703
Other Instruction	205,322	4,025		209,347
School-Sponsored Activities and Athletics	78,738			78,738
Support Services				
Student and Instruction Related Services	2,223,314	1,000		2,224,314
General Administration Services	439,862			439,862
School Administration Services	518,936			518,936
Business/Central Services	501,578			501,578
Plant Operations and Maintenance	975,775			975,775
Pupil Transportation	258,510			258,510
Debt Service				
Principal			840,000	840,000
Interest and Other Charges	1,122		64,095	65,217
Capital Outlay	353,560	-	-	353,560
	<u>14,725,986</u>	<u>151,181</u>	<u>904,095</u>	<u>15,781,262</u>
Total Expenditures				
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	1,084,017	-	-	1,084,017
Fund Balance, Beginning of Year				
	<u>11,845,017</u>	<u>-</u>	<u>-</u>	<u>11,845,017</u>
Fund Balance, End of Year				
	<u>\$ 12,929,034</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,929,034</u>

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

**OLD TAPPAN BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) **\$ 1,084,017**

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

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

Capital Outlay	\$ 353,560	
Depreciation Expense	<u>(1,308,688)</u>	
		(955,128)

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

Bond Principal	840,000	
Amortization Expense:		
Deferred Amount on Refunding	(9,972)	
Original Issue Premium	<u>747</u>	
		830,775

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

Decrease in Compensated Absences	12,649	
Decrease in Pension Expense	<u>655</u>	
		13,304

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

Decrease in Accrued Interest		<u>7,980</u>
------------------------------	--	--------------

Change in Net Position of Governmental Activities (Exhibit A-2) **\$ 980,948**

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

**OLD TAPPAN BOARD OF EDUCATION
PROPRIETARY FUND
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
AS OF JUNE 30, 2017**

	Other Non-Major Enterprise Fund <u>Totals</u>
ASSETS	
Cash and Cash Equivalents	\$ <u>1,024</u>
Total Assets	<u>1,024</u>
NET POSITION	
Unrestricted	<u>1,024</u>
Total Net Position	<u>\$ 1,024</u>

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

**OLD TAPPAN BOARD OF EDUCATION
 PROPRIETARY FUND
 FOOD SERVICE ENTERPRISE FUND
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Other Non-Major Enterprise Fund <u>Totals</u>
NONOPERATING REVENUES	
Interest on Investments	\$ 3
Total Nonoperating Revenues	3
Change in Net Position	3
Net Position, Beginning of Year	1,021
Net Position, End of Year	\$ 1,024

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

**OLD TAPPAN BOARD OF EDUCATION
 PROPRIETARY FUND
 FOOD SERVICE ENTERPRISE FUND
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Other Non-Major Enterprise Fund <u>Totals</u>
CASH FLOWS FROM NONCAPITAL FINANCIAL ACTIVITIES	
Cash Received from State and Federal Subsidy Reimbursements	\$ <u>108</u>
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>108</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Investments	<u>3</u>
Net Cash Provided by (Used for) Investing Activities	<u>3</u>
Net Change in Cash and Cash Equivalents	111
Cash and Cash Equivalents, Beginning of Year	<u>913</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,024</u></u>

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

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

	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 617,139	\$ 126,195
Total Assets	<u>617,139</u>	<u>\$ 126,195</u>
LIABILITIES		
Payroll Deductions and Withholdings		\$ 61,483
Accrued Salaries And Wages		2,266
Due to Student Groups	-	<u>62,446</u>
Total Liabilities	<u>-</u>	<u>\$ 126,195</u>
NET POSITION		
Held in Trust for Unemployment Claims	<u>\$ 617,139</u>	

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

**OLD TAPPAN BOARD OF EDUCATION
FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Unemployment Compensation Trust</u>
ADDITIONS	
Contributions	
Employees	\$ 10,902
Investment Earnings	
Interest	<u>776</u>
Total Additions	11,678
DEDUCTIONS	
Unemployment Claims and Contributions	<u>5,536</u>
Change in Net Position	6,142
Net Position, Beginning of Year	<u>610,997</u>
Net Position, End of Year	<u>\$ 617,139</u>

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

NOTES TO THE FINANCIAL STATEMENTS

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. New Accounting Standards

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

- 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*.

**OLD TAPPAN 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.

**OLD TAPPAN 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

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.

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

**OLD TAPPAN BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 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 non-major proprietary funds which are organized to be self-supporting through user charges:

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

Additionally, the government reports the following fund types:

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

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

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

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

**OLD TAPPAN 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)

4. *Capital Assets*

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at 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>
Site Improvements	5-20
Buildings and Building Improvements	20-50
Machinery and Equipment	5-10

5. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to 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.

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

**OLD TAPPAN 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)

6. Compensated Absences

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

7. Pensions

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

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

8. Long-Term Obligations

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

9. Net Position/Fund Balance

District-Wide Statements

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

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

OLD TAPPAN 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)

9. *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 Budget – 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.)

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

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

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.

Excess Surplus - Designated for Subsequent Year's Budget - 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.

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

**OLD TAPPAN 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 for the sale of milk. Operating expenses for food service enterprise fund include the cost of sales and services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

**OLD TAPPAN 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. On February 6, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

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 budget by \$482,234. The increase was funded by additional surplus appropriated, grant awards and the reappropriation of prior year general fund encumbrances.

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.

**OLD TAPPAN 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		\$ 6,952,188
Increases		
Interest Earned	\$ 28,844	
Unexpended Balance of Capital Outlay Appropriations		
Funded by Capital Reserve	23,779	
Deposits Approved by Board Resolution	<u>1,625,000</u>	
		<u>1,677,623</u>
Balance, June 30, 2017		<u>\$ 8,629,811</u>

Analysis of Capital Reserve

Restricted Fund Balance	\$ 7,704,811
Designated for Subsequent Year's Budget	<u>925,000</u>
	<u>\$ 8,629,811</u>

C. Maintenance Reserve

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

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Maintenance Reserve (Continued)

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

Balance, July 1, 2016	\$ 715,950
Balance, June 30, 2017	<u>\$ 715,950</u>

Analysis of Maintenance Reserve

Restricted Fund Balance	\$ 665,950
Designated for Subsequent Year's Budget	<u>50,000</u>
	<u>\$ 715,950</u>

The June 30, 2017 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$715,950.

D. Emergency Reserve

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

Funds placed in the emergency reserve are restricted to finance reasonably unforeseeable costs and shall not include additional costs due to poor planning. A District may appropriate funds into the emergency reserve in the annual General Fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent or the withdrawal is included in the original budget certified for taxes to finance school security improvements to school facilities pursuant to 18A:7G-6(c)1. Pursuant to NJAC 6A:23A-14.4(A), the balance in the reserve cannot at any time exceed the greater of \$250,000 or one percent of the school district's General Fund budget as certified for taxes up to a maximum of \$1,000,000.

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

Balance, July 1, 2016	\$ 250,000
Balance, June 30, 2017	<u>\$ 250,000</u>

E. Transfers to Capital Outlay

During the 2016/2017 school year, the district transferred \$68,336 to only the equipment capital outlay accounts.

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

F. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2017 is \$3,098,942. Of this amount, \$1,622,205 was designated and appropriated in the 2017/2018 original budget certified for taxes and the remaining amount of \$1,476,737 will be appropriated in the 2018/2019 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2017, the book value of the Board's deposits were \$13,713,951 and bank and brokerage firm balances of the Board's deposits amounted to \$14,136,735. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ <u>14,136,735</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2017 the Board has no funds exposed to custodial credit risk.

**OLD TAPPAN 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.

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

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

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

B. Receivables

Receivables as of June 30, 2017 for the district’s individual major fund in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Total</u>
Receivables:		
Intergovernmental		
State	\$ 46,846	\$ 46,846
Less: Allowance for		
Uncollectibles	-	-
Net Total Receivables	<u>\$ 46,846</u>	<u>\$ 46,846</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

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:

Total

General Fund	
Unrealized Summer Enrichment Program Fees	\$ 45,810
Special Revenue Fund	
Unencumbered Grant Drawdowns - Local Sources	<u>26,821</u>
	<u>\$ 72,631</u>

D. Capital Assets

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

	<u>Balance</u> <u>July 1, 2016</u> <u>(Restated)</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2017</u>
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 38,600				\$ 38,600
Construction In Progress	484,041	-	-	\$ (484,041)	-
Total Capital Assets, Not Being Depreciated	<u>522,641</u>	<u>-</u>	<u>-</u>	<u>(484,041)</u>	<u>38,600</u>
Capital Assets, Being Depreciated:					
Buildings and Building Improvements	15,387,428	\$ 276,705		484,041	16,148,174
Site Improvements	85,559				85,559
Machinery and Equipment	510,355	76,855	-	-	587,210
Total Capital Assets Being Depreciated	<u>15,983,342</u>	<u>353,560</u>	<u>-</u>	<u>484,041</u>	<u>16,820,943</u>
Less Accumulated Depreciation for:					
Buildings and Building Improvements	(7,245,722)	(1,273,774)			(8,519,496)
Site Improvements	(85,559)				(85,559)
Machinery and Equipment	(408,777)	(34,914)	-	-	(443,691)
Total Accumulated Depreciation	<u>(7,740,058)</u>	<u>(1,308,688)</u>	<u>-</u>	<u>-</u>	<u>(9,048,746)</u>
Total Capital Assets, Being Depreciated, Net	<u>8,243,284</u>	<u>(955,128)</u>	<u>-</u>	<u>484,041</u>	<u>7,772,197</u>
Governmental Activities Capital Assets, Net	<u>\$ 8,765,925</u>	<u>\$ (955,128)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,810,797</u>

**OLD TAPPAN 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	\$ 17,977
Total Instruction	<u>17,977</u>
Support Services	
Student and Instruction Related Services	1,736
General Administration	710
School Administration	4,958
Plant Operations and Maintenance	<u>1,283,307</u>
Total Support Services	<u>1,290,711</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,308,688</u>

E. Long-Term Debt

General Obligation Bonds

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

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

\$9,085,000, 2001 Refunding Bonds, due April 1, 2018 in an amount of \$825,000, interest at 3.90%	<u>\$825,000</u>
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The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

Governmental Activities:

Fiscal Year <u>June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2018	<u>\$ 825,000</u>	<u>\$ 32,175</u>	<u>\$ 857,175</u>
	<u>\$ 825,000</u>	<u>\$ 32,175</u>	<u>\$ 857,175</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-Term Debt (Continued)

Statutory Borrowing Power

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

3% of Equalized Valuation Basis (Municipal)	\$ 51,990,284
Less: Net Debt	<u>825,000</u>
Remaining Borrowing Power	<u>\$ 51,165,284</u>

F. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2017, was as follows:

	Balance <u>July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2017</u>	Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable	\$ 1,665,000		\$ 840,000	\$ 825,000	\$ 825,000
Add:					
Unamortized Premiums	<u>1,089</u>	<u>-</u>	<u>747</u>	<u>342</u>	<u>-</u>
Sub-Total Bonds Payable	1,666,089	-	840,747	825,342	825,000
Compensated Absences	53,355	\$ 2,422	15,071	40,706	-
Net Pension Liability	<u>2,969,987</u>	<u>-</u>	<u>508,198</u>	<u>2,461,789</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 4,689,431</u>	<u>\$ 2,422</u>	<u>\$ 1,364,016</u>	<u>\$ 3,327,837</u>	<u>\$ 825,000</u>

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

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

NOTE 4 OTHER INFORMATION

A. Risk Management

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

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

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

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

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

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

Fiscal Year Ended <u>June 30,</u>	<u>Board Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017		\$ 10,902	\$ 5,536	\$ 617,139
2016		10,266	15,667	610,997
2015		10,580	10,822	616,398

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

NOTE 4 OTHER INFORMATION (Continued)

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 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.

D. Employee Retirement Systems and Pension Plans

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

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

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Other Pension Funds

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

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

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

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

Basis of Accounting

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

Investment Valuation

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

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

**OLD TAPPAN 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)

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.

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.

**OLD TAPPAN 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)

Annual Pension Costs (APC) (Continued)

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 June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2017	\$ 73,843	\$ 672,870	\$ 12,909
2016	113,747	488,619	8,173
2015	127,911	319,067	3,843

In addition for fiscal year 2016/2017 the District contributed \$141 for PERS and the State contributed \$694 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 \$435,155 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.

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 \$2,461,789 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 .00831 percent, which was a decrease of .00492 percent from its proportionate share measured as of June 30, 2015 of .01323 percent.

**OLD TAPPAN 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)

For the fiscal year ended June 30, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$73,188 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	\$ 45,782	
Changes of Assumptions	509,951	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	93,870	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>311,169</u>	<u>\$ 1,087,658</u>
Total	<u>\$ 960,772</u>	<u>\$ 1,087,658</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 June 30,	<u>Total</u>
2018	\$ (24,838)
2019	(24,838)
2020	(24,838)
2021	(24,838)
2022	(27,534)
Thereafter	<u>-</u>
	<u>\$ (126,886)</u>

**OLD TAPPAN 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.

**OLD TAPPAN 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%

**OLD TAPPAN 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 (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 3,016,635</u>	<u>\$ 2,461,789</u>	<u>\$ 2,003,715</u>

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.

**OLD TAPPAN 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 \$3,607,212 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 \$48,009,054. 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 .06103 percent, which was an increase of .00202 percent from its proportionate share measured as of June 30, 2015 of .05901 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.

**OLD TAPPAN 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%

**OLD TAPPAN 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>\$ 57,333,539</u>	<u>\$ 48,009,054</u>	<u>\$ 40,394,408</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.

**OLD TAPPAN 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.

**OLD TAPPAN 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.

**OLD TAPPAN 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/2015divisioncombined.pdf>.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2017, 2016 and 2015 were \$560,654, \$581,810 and \$506,519, 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.

NOTE 5 RESTATEMENT

The financial statements for June 30, 2016 have been restated to reflect an updated inventory of the District's capital assets as provided by an independent consultant. The effect of this restatement results in a net decrease of \$875,682 in governmental activities capital assets with a corresponding decrease in the net investment in capital assets component of net position at June 30, 2016.

In the District-wide financial statements, the above restatements reduced total net position of governmental activities at June 30, 2016 from \$17,176,356 as originally reported to \$16,300,674.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

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

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
REVENUES					
Local Sources					
Property Tax Levy	\$ 13,505,322		\$ 13,505,322	\$ 13,505,322	
Tuition				34,440	\$ 34,440
Interest				28,240	28,240
Interest on Capital Reserve	500		500	28,844	28,344
Miscellaneous	7,500	-	7,500	4,619	(2,881)
Total Local Sources	13,513,322	-	13,513,322	13,601,465	88,143
State Sources					
Special Education Aid	325,509		325,509	325,509	
Transportation Aid	19,500		19,500	19,500	
Security Aid	12,912		12,912	12,912	
PARCC Readiness Aid	7,560		7,560	7,560	
Per Pupil Growth Aid	7,560		7,560	7,560	
Professional Learning Community Aid	7,060		7,060	7,060	
Extraordinary Aid				263,656	263,656
Non-Public Transportation Aid				4,350	4,350
On-behalf TPAF					
Pension Contributions - Normal Cost				649,343	649,343
Pension Contributions - NCGI				23,527	23,527
Post Retirement Medical Cont.				560,654	560,654
Long-Term Disability Insurance Cont.				694	694
Social Security Payments	-	-	-	435,155	435,155
Total State Sources	380,101	-	380,101	2,317,480	1,937,379
Total Revenues	13,893,423	-	13,893,423	15,918,945	2,025,522
EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	284,905	\$ (53,500)	231,405	226,948	4,457
Grades 1-5	1,943,737	395,950.00	2,339,687	2,337,025	2,662
Grades 6-8	1,891,811	(242,667)	1,649,144	1,637,331	11,813
Regular Program - Home Instruction					
Salaries of Teachers	7,500		7,500	2,371	5,129
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	117,363	6,378	123,741	123,741	
Purchased Professional - Educational Services	2,100	(865)	1,235	900	335
Purchased Technical Services	9,090	(3,623)	5,467	5,113	354
General Supplies	185,027	39,680	224,707	219,125	5,582
Textbooks	25,800	(6,940)	18,860	17,002	1,858
Other Objects	660	(461)	199	199	-
Total Regular Programs	4,467,993	133,952	4,601,945	4,569,755	32,190
Special Education					
Auditory Impairments					
Purchased Professional-Educational Services	110,000	26,131	136,131	130,797	5,334
Total Auditory Impairments	110,000	26,131	136,131	130,797	5,334

**OLD TAPPAN 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 To Actual</u>
EXPENDITURES					
CURRENT (Continued)					
Special Education (Continued)					
Resource Room / Resource Center					
Salaries of Teachers	\$ 790,267	\$ (26,131)	\$ 764,136	\$ 691,471	\$ 72,665
General Supplies	2,950		2,950	1,276	1,674
Textbooks	850	-	850	-	850
Total Resource Room / Resource Center	<u>794,067</u>	<u>(26,131)</u>	<u>767,936</u>	<u>692,747</u>	<u>75,189</u>
Preschool Disabilities-Full Time					
Other Salaries for Instruction	423,416	(423,416)	-	-	-
Total Preschool Disabilities-Full Time	<u>423,416</u>	<u>(423,416)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Special Education	<u>1,327,483</u>	<u>(423,416)</u>	<u>904,067</u>	<u>823,544</u>	<u>80,523</u>
Basic Skills/Remedial					
Salaries of Teachers	185,215	(135,520)	49,695	43,730	5,965
Total Basic Skills/Remedial	<u>185,215</u>	<u>(135,520)</u>	<u>49,695</u>	<u>43,730</u>	<u>5,965</u>
Bilingual Education					
Salaries of Teachers	55,942	210	56,152	56,152	
General Supplies	100	310	410	392	18
Total Bilingual Education	<u>56,042</u>	<u>520</u>	<u>56,562</u>	<u>56,544</u>	<u>18</u>
School Sponsored Co/Extra Curricular Activities					
Salaries	57,148	(5,000)	52,148	46,996	5,152
Supplies and Materials	5,000	(2,500)	2,500	1,947	553
Other Objects	29,050	(11,000)	18,050	13,829	4,221
Total School Sponsored Co/Extra Curricular Activities	<u>91,198</u>	<u>(18,500)</u>	<u>72,698</u>	<u>62,772</u>	<u>9,926</u>
Summer School - Instruction					
Salaries	8,000	33,302	41,302	40,611	691
General Supplies	888	917	1,805	1,804	1
Total Summer School - Instruction	<u>8,888</u>	<u>34,219</u>	<u>43,107</u>	<u>42,415</u>	<u>692</u>
Total Instruction	<u>6,136,819</u>	<u>(408,745)</u>	<u>5,728,074</u>	<u>5,598,760</u>	<u>129,314</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State - Special	1,708,461		1,708,461	1,275,738	432,723
Tuition to CSSD and Regional Day Schools Within the State	-	61,960	61,960	61,960	
Tuition to Priv. Sch. for the Handicap Within the State	450,896	12,105	463,001	222,451	240,550
Total Undistributed Expenditures - Instruction	<u>2,159,357</u>	<u>74,065</u>	<u>2,233,422</u>	<u>1,560,149</u>	<u>673,273</u>
Attendance & Social Work					
Purchased Prof. and Tech Service	12,500	1,681	14,181	14,181	-
Total Attendance & Social Work	<u>12,500</u>	<u>1,681</u>	<u>14,181</u>	<u>14,181</u>	<u>-</u>

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

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT (Continued)					
Undistributed Expenditures (Continued)					
Health Services					
Salaries	\$ 183,188	\$ (180)	\$ 183,008	\$ 181,439	\$ 1,569
Purchased Professional and Technical Services	16,000	4,153	20,153	19,928	225
Supplies and Materials	7,000	(4,153)	2,847	1,537	1,310
Other Objects	1,350	-	1,350	395	955
Total Health Services	207,538	(180)	207,358	203,299	4,059
Speech, OT, PT & Related Services					
Salaries	52,456	1,263	53,719	53,719	
Purchased Professional and Technical Services	-	1,900	1,900	1,900	
Supplies and Materials	150	-	150	75	75
Total Speech, OT, PT & Related Services	52,606	3,163	55,769	55,694	75
Other Support Services - Extra Services					
Salaries	-	420,253	420,253	333,232	87,021
Total Other Support Services - Extra Services	-	420,253	420,253	333,232	87,021
Guidance					
Salaries of Other Professional Staff	82,240	1,000	83,240	83,089	151
Other Purchased Services	4,700	(3,200)	1,500	1,453	47
Supplies and Materials	9,000	(4,187)	4,813	32	4,781
Total Guidance	95,940	(6,387)	89,553	84,574	4,979
Child Study Team					
Salaries of Other Professional Staff	279,738	12,500	292,238	257,790	34,448
Salaries of Secretarial and Clerical Assistants	47,328	(5,500)	41,828	41,478	350
Purchased Professional - Educational Svs.	185,000	4,386	189,386	189,386	-
Other Purchased Professional and Tech. Services	14,000	(6,500)	7,500	6,597	903
Miscellaneous Purchased Services	2,500		2,500	2,140	360
Supplies and Materials	5,000		5,000	2,851	2,149
Other Objects	4,000	-	4,000	2,682	1,318
Total Child Study Team	537,566	4,886	542,452	502,924	39,528
Improvement of Instructional Services					
Salaries of Supervisor of Instruction	174,236	4,138	178,374	178,374	
Other Purchased Services	40,487	(2,370)	38,117	36,162	1,955
Other Objects	-	2,370	2,370	2,366	4
Total Improvement of Instructional Services	214,723	4,138	218,861	216,902	1,959
Educational Media Services/School Library					
Salaries	133,552	345	133,897	133,897	
Salaries of Technology Coordinators	80,573	57	80,630	80,630	
Supplies and Materials	17,500	(339)	17,161	14,837	2,324
Total Educational Media Serv./School Library	231,625	63	231,688	229,364	2,324
Staff Training Services					
Purchased Professional/Educational Services	47,607	(4,137)	43,470	30,581	12,889
Other Purchased Services	2,900	-	2,900	1,858	1,042
Total Staff Training Services	50,507	(4,137)	46,370	32,439	13,931

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

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT (Continued)					
Undistributed Expenditures (Continued)					
Support Services General Administration					
Salaries	\$ 227,012		\$ 227,012	\$ 226,997	\$ 15
Legal Services	73,000	\$ (6,428)	66,572	29,187	37,385
Audit Fees	28,000	(22)	27,978	23,372	4,606
Architectural/Engineering Services	5,000	(3,000)	2,000	-	2,000
Purchased Technical Services	5,000	9,450	14,450	14,450	-
Communications/Telephone	40,795	-	40,795	34,868	5,927
Miscellaneous Purchased Services	54,814	-	54,814	25,608	29,206
General Supplies	5,000	-	5,000	2,026	2,974
Miscellaneous Expenditures	845	-	845	-	845
BOE Membership Dues and Fees	10,200	-	10,200	6,238	3,962
Total Support Services General Administration	449,666	-	449,666	362,746	86,920
Support Services School Administration					
Salaries of Principal/Asst. Principals/Program Dir.	269,119	-	269,119	269,119	-
Salaries of Secretarial and Clerical Assistants	95,575	1,100	96,675	95,105	1,570
Purchased Professional and Technical Services	3,850	(1,100)	2,750	404	2,346
Other Purchased Services	5,900	26	5,926	1,059	4,867
Supplies and Materials	4,000	(26)	3,974	964	3,010
Total Support Services School Administration	378,444	-	378,444	366,651	11,793
Central Services					
Salaries	333,403		333,403	322,942	10,461
Miscellaneous Purchased Services	34,350		34,350	29,682	4,668
Supplies and Materials	5,500	(1,072)	4,428	2,224	2,204
Total Central Services	373,253	(1,072)	372,181	354,848	17,333
Admin. Info Technology					
Salaries	4,110		4,110	4,110	
Purchased Professional Services	5,655	(43)	5,612	5,551	61
Other Purchased Services	1,850		1,850		1,850
Supplies and Materials	7,600	1,115	8,715	7,963	752
Total Admin. Info Technology	19,215	1,072	20,287	17,624	2,663
Required Maintenance for School Facilities					
Salaries	102,159	20,000	122,159	105,229	16,930
Cleaning, Repair and Maintenance	126,000	(24,926)	101,074	71,189	29,885
General Supplies	16,000	51,216	67,216	63,465	3,751
Other Objects	500	-	500	191	309
Total Required Maintenance for School Facilities	244,659	46,290	290,949	240,074	50,875
Custodial Services					
Salaries	179,250	(20,000)	159,250	135,966	23,284
Purchased Prof. And Technical Serv.	31,500		31,500	24,182	7,318
Cleaning, Repair and Maint. Serv.	203,500	(18,257)	185,243	154,811	30,432
Other Purchased Property Services	18,500		18,500	11,881	6,619
Insurance	126,851	(40,000)	86,851	77,233	9,618
Miscellaneous Purchased Services	7,225		7,225	2,657	4,568
General Supplies	35,000		35,000	17,308	17,692
Energy (Natural Gas)	219,683		219,683	76,329	143,354
Energy (Electricity)	176,233		176,233	111,451	64,782
Energy (Gasoline)	2,000		2,000	666	1,334
Other Objects	1,500	-	1,500	717	783
Total Custodial Services	1,001,242	(78,257)	922,985	613,201	309,784

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

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT(Continued)					
Undistributed Expenditures (Continued)					
Care & Upkeep of Grounds					
Cleaning, Repair, and Maintenance Services	\$ 21,000		\$ 21,000	\$ 18,390	\$ 2,610
General Supplies	7,500	-	7,500	7,280	220
Total Care & Upkeep of Grounds	28,500	-	28,500	25,670	2,830
Security					
Cleaning, Repair, and Maintenance Services	30,700	\$ (11,702)	18,998	14,891	4,107
Total Security	30,700	(11,702)	18,998	14,891	4,107
Student Transportation Services					
Contracted Services (Between Home and School)- Vendors					
	108,739		108,739	70,735	38,004
Contracted Services (Spl. Ed. Students) - Joint Agreements					
	216,861		216,861	155,307	61,554
Contract Serv. - Aid in Lieu Pymts - NonPub	38,000	-	38,000	32,468	5,532
Total Student Transportation Services	363,600	-	363,600	258,510	105,090
Unallocated Benefits - Employee Benefits					
Social Security Contributions	128,379	8,108	136,487	136,487	
Other Retirement Contributions - PERS	104,883	(21,017)	83,866	73,984	9,882
Other Retirement Contributions - Regular	-	12,909	12,909	12,909	
Workers Compensation	106,556	-	106,556	48,947	57,609
Health Benefits	2,729,893	(176,928)	2,552,965	1,177,731	1,375,234
Tuition Reimbursement	5,000	(500)	4,500	-	4,500
Other Employee Benefits	7,500	167,709	175,209	174,659	550
Total Unallocated Benefits - Employee Benefits	3,082,211	(9,719)	3,072,492	1,624,717	1,447,775
On-Behalf TPAF (Non-Budget)					
Pension Contributions - Normal Cost					
				649,343	(649,343)
Pension Contributions NCGI					
				23,527	(23,527)
Post Retirement Medical Cont.					
				560,654	(560,654)
Long-Term Disability Insurance Cont.					
				694	(694)
Social Security Payments					
	-	-	-	435,155	(435,155)
Total On-Behalf Payments	-	-	-	1,669,373	(1,669,373)
Total Undistributed Expenditures	9,533,852	444,157	9,978,009	8,781,063	1,196,946
Total Current Expenditures	15,670,671	35,412	15,706,083	14,379,823	1,326,260
CAPITAL OUTLAY					
Interest Deposit to Capital Reserve	500	-	500	-	500
Total Interest	500	-	500	-	500
Equipment					
Instruction					
Grades 1-5		8,875	8,875	8,875	
Grades 6-8		8,875	8,875	8,875	
Undistributed Expenditures					
School Administration					
		4,469	4,469	4,469	
Operations & Maintenance					
	-	46,117	46,117	46,117	-
Total Equipment	-	68,336	68,336	68,336	-

**OLD TAPPAN 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 To Actual</u>
EXPENDITURES					
CAPITAL OUTLAY (Continued)					
Facilities Acquisition and Construction Serv.					
Architectural/Engineering Services		\$ 13,080	\$ 13,080	\$ 8,452	\$ 4,628
Construction Services		287,404	287,404	268,253	19,151
Assessment for Debt Service on SDA Funding	\$ 1,122	-	1,122	1,122	-
Total Facilities Acquisition and Construction Serv.	<u>1,122</u>	<u>300,484</u>	<u>301,606</u>	<u>277,827</u>	<u>23,779</u>
Total Capital Outlay	<u>1,622</u>	<u>368,820</u>	<u>370,442</u>	<u>346,163</u>	<u>24,279</u>
Total Expenditures	<u>15,672,293</u>	<u>404,232</u>	<u>16,076,525</u>	<u>14,725,986</u>	<u>1,350,539</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(1,778,870)	(404,232)	(2,183,102)	1,192,959	3,376,061
Fund Balance, Beginning of Year	<u>12,030,882</u>	<u>-</u>	<u>12,030,882</u>	<u>12,030,882</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 10,252,012</u>	<u>\$ (404,232)</u>	<u>\$ 9,847,780</u>	<u>\$ 13,223,841</u>	<u>\$ 3,376,061</u>
Recapitulation of Fund Balance					
Restricted					
Capital Reserve			\$ 7,704,811		
Capital Reserve Designated for Subsequent Year's Budget			925,000		
Maintenance Reserve			665,950		
Maintenance Reserve Designated for Subsequent Year's Budget			50,000		
Emergency Reserve			250,000		
Excess Surplus			1,476,737		
Excess Surplus Designated for Subsequent Year's Budget			1,622,205		
Unassigned			<u>529,138</u>		
Fund Balance (Budgetary Basis)			13,223,841		
Less:					
State Aid not Recognized on GAAP Basis			<u>(294,807)</u>		
Fund Balance (GAAP Basis)			<u>\$ 12,929,034</u>		

**OLD TAPPAN BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Modified Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
Federal	\$ 100,000	\$ 46,771	\$ 146,771	\$ 146,771	
Local Sources					
Miscellaneous	-	31,231	31,231	4,410	\$ (26,821)
Total Revenues	<u>100,000</u>	<u>78,002</u>	<u>178,002</u>	<u>151,181</u>	<u>(26,821)</u>
EXPENDITURES					
Instruction					
Tuition	100,000	42,746	142,746	142,746	-
General Supplies	-	34,253	34,253	7,435	26,818
Total Expenditures	<u>100,000</u>	<u>76,999</u>	<u>176,999</u>	<u>150,181</u>	<u>26,818</u>
Support Services					
Other Objects	-	1,003	1,003	1,000	3
Total Support Services	<u>-</u>	<u>1,003</u>	<u>1,003</u>	<u>1,000</u>	<u>3</u>
Total Expenditures	<u>100,000</u>	<u>78,002</u>	<u>178,002</u>	<u>151,181</u>	<u>26,821</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**OLD TAPPAN BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 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 Funds are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual Revenues (budgetary basis)	(C-1) \$ 15,918,945	(C-2) \$ 151,181
Difference - Budget to GAAP:		
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements.(current year)	(294,807)	
State Aid payments recognized for GAAP statements, not recognized for Budgetary purposes.(prior year)	<u>185,865</u>	<u>-</u>
Total Revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2) \$ <u>15,810,003</u>	(B-2) \$ <u>151,181</u>
Uses/outflows of resources		
Actual Expenditures (budgetary basis)	(C-1) \$ <u>14,725,986</u>	(C-2) \$ <u>151,181</u>
Total Expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>14,725,986</u>	(B-2) \$ <u>151,181</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

Public Employees Retirement System

Last Four Fiscal Years*
 (Dollar amounts in thousands)

	2017	2016	2015	2014
District's Proportion of the Net Position Liability (Asset)	0.00831%	0.01323%	0.01552%	0.01247%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 2,461,789	\$ 2,969,987	\$ 2,905,004	\$2,382,861
District's Covered-Employee Payroll	\$ 619,654	\$ 542,412	\$ 875,957	\$ 945,643
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	397.28%	547.55%	331.64%	251.98%
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.

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

Public Employees Retirement System

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 73,843	\$ 113,747	\$ 127,911	\$ 93,943
Contributions in Relation to the Contractually Required Contribution	<u>73,843</u>	<u>113,747</u>	<u>127,911</u>	<u>93,943</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 619,654	\$ 542,412	\$ 875,957	\$ 945,643
Contributions as a Percentage of Covered-Employee Payroll	11.92%	20.97%	14.60%	9.93%

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

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

Teachers Pension and Annuity Fund

Last Four Fiscal Years*
(Dollar amounts in thousands)

	<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>48,009,054</u>	<u>37,301,205</u>	<u>31,197,728</u>	<u>30,777,544</u>
Total	<u>\$ 48,009,054</u>	<u>\$ 37,301,205</u>	<u>\$ 31,197,728</u>	<u>\$30,777,544</u>
District's Covered-Employee Payroll	\$ 5,953,450	\$ 6,115,101	\$ 5,881,469	\$ 5,959,323
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%	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.

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

SPECIAL REVENUE FUND

**OLD TAPPAN BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>IDEA Basic</u>	<u>IDEA Preschool</u>	<u>NCLB III</u>	<u>BCUA Recycling Grant</u>	<u>Private Donation</u>	<u>Music Madness</u>	<u>Total</u>
REVENUES							
Intergovernmental							
Federal	\$ 130,211	\$ 12,535	\$ 4,025				\$ 146,771
Local Sources	-	-	-	\$ 1,000	\$ 2,000	\$ 1,410	4,410
Total Revenues	<u>\$ 130,211</u>	<u>\$ 12,535</u>	<u>\$ 4,025</u>	<u>\$ 1,000</u>	<u>\$ 2,000</u>	<u>\$ 1,410</u>	<u>\$ 151,181</u>
EXPENDITURES							
Instruction							
Tuition	\$ 130,211	\$ 12,535					\$ 142,746
General Supplies	-	-	\$ 4,025	-	\$ 2,000	\$ 1,410	7,435
Total Instruction	<u>130,211</u>	<u>12,535</u>	<u>4,025</u>	<u>-</u>	<u>2,000</u>	<u>1,410</u>	<u>150,181</u>
Support Services							
Other Objects	-	-	-	\$ 1,000	-	-	1,000
Total Support Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
Total Expenditures	<u>\$ 130,211</u>	<u>\$ 12,535</u>	<u>\$ 4,025</u>	<u>\$ 1,000</u>	<u>\$ 2,000</u>	<u>\$ 1,410</u>	<u>\$ 151,181</u>

ENTERPRISE FUND

EXHIBIT G-1

**OLD TAPPAN BOARD OF EDUCATION
ENTERPRISE FUND
STATEMENT OF NET POSITION
AS OF JUNE 30, 2017**

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

EXHIBIT G-2

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

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

EXHIBIT G-3

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

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

FIDUCIARY FUNDS

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

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 62,446	\$ 63,749	\$ 126,195
Total Assets	<u>\$ 62,446</u>	<u>\$ 63,749</u>	<u>\$ 126,195</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 61,483	\$ 61,483
Accrued Salaries and Wages		2,266	2,266
Due to Student Groups	<u>\$ 62,446</u>	<u>-</u>	<u>62,446</u>
Total Liabilities	<u>\$ 62,446</u>	<u>\$ 63,749</u>	<u>\$ 126,195</u>

**OLD TAPPAN 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**

	<u>Balance, July 1, 2016</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2017</u>
T. Baldwin Demarest School	\$ 6,715	\$ 15,581	\$ 16,190	\$ 6,106
Charles DeWolf School	68,403	96,093	112,335	52,161
Athletics	1,205	4,064	3,990	1,279
Field Trips	<u>2,899</u>	<u>12</u>	<u>11</u>	<u>2,900</u>
 Total All Schools	 <u>\$ 79,222</u>	 <u>\$ 115,750</u>	 <u>\$ 132,526</u>	 <u>\$ 62,446</u>

**OLD TAPPAN BOARD OF EDUCATION
PAYROLL 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>
ASSETS				
Cash and Cash Equivalents	\$ 61,190	\$ 9,810,719	\$ 9,808,160	\$ 63,749
LIABILITIES				
Payroll Deductions and Withholdings	\$ 58,971	\$ 3,459,877	\$ 3,457,365	\$ 61,483
Accrued Salaries and Wages	2,219	5,958,484	5,958,437	2,266
Interfund Payable	-	392,358	392,358	-
Total	\$ 61,190	\$ 9,810,719	\$ 9,808,160	\$ 63,749

LONG-TERM DEBT

OLD TAPPAN BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

**OLD TAPPAN BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOT APPLICABLE

**OLD TAPPAN BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

REVENUES	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Local Sources					
Property Tax Levy	\$ 731,542		\$ 731,542	\$ 731,542	
State Sources					
Debt Service Aid	<u>172,553</u>	<u>-</u>	<u>172,553</u>	<u>172,553</u>	<u>-</u>
Total Revenues	<u>904,095</u>	<u>-</u>	<u>904,095</u>	<u>904,095</u>	<u>-</u>
 EXPENDITURES					
Regular Debt Service					
Principal	840,000		840,000	840,000	
Interest	<u>64,095</u>	<u>-</u>	<u>64,095</u>	<u>64,095</u>	<u>-</u>
Total Expenditures	<u>904,095</u>	<u>-</u>	<u>904,095</u>	<u>904,095</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

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

Note:

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

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities										
Net Investment in Capital Assets	\$ 3,218,995	\$ 3,518,495	\$ 3,868,726	\$ 4,217,463	\$ 4,604,779	\$ 5,491,310	\$ 6,673,486	\$ 7,091,287	\$ 7,990,048	\$ 6,990,013
Restricted	275,039	575,023	1,550,449	1,964,647	3,264,931	3,380,693	4,900,969	6,782,473	7,918,138	9,595,761
Unrestricted	4,101,550	4,727,904	4,316,361	4,500,728	4,483,781	5,134,693	1,659,788	1,346,451	1,268,170	695,848
Total Governmental Activities Net Position	\$ 7,595,584	\$ 8,821,422	\$ 9,735,536	\$ 10,682,838	\$ 12,353,491	\$ 14,006,696	\$ 13,234,243	\$ 15,220,211	\$ 17,176,356	\$ 17,281,622
Business-Type Activities										
Unrestricted	\$ 9,062	\$ 1,305	\$ 1,933	\$ 2,046	\$ 1,914	\$ 3,103	\$ 1,631	\$ 1,385	\$ 1,021	\$ 1,024
Total Business-Type Activities Net Position	\$ 9,062	\$ 1,305	\$ 1,933	\$ 2,046	\$ 1,914	\$ 3,103	\$ 1,631	\$ 1,385	\$ 1,021	\$ 1,024
District-Wide										
Net Investment in Capital Assets	\$ 3,218,995	\$ 3,518,495	\$ 3,868,726	\$ 4,217,463	\$ 4,604,779	\$ 5,491,310	\$ 6,673,486	\$ 7,091,287	\$ 7,990,048	\$ 6,990,013
Restricted	275,039	575,023	1,550,449	1,964,647	3,264,931	3,380,693	4,900,969	6,782,473	7,918,138	9,595,761
Unrestricted	4,110,612	4,729,209	4,318,294	4,502,774	4,485,695	5,137,796	1,661,419	1,347,836	1,269,191	696,872
Total District Net Position	\$ 7,604,646	\$ 8,822,727	\$ 9,737,469	\$ 10,684,884	\$ 12,355,405	\$ 14,009,799	\$ 13,235,874	\$ 15,221,596	\$ 17,177,377	\$ 17,282,646

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

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

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 5,189,551	\$ 5,189,620	\$ 5,609,260	\$ 5,511,489	\$ 5,576,329	\$ 5,916,021	\$ 5,784,320	\$ 6,875,938	\$ 7,209,373	\$ 8,429,741
Special Education	2,119,200	2,434,167	2,637,656	2,687,933	2,243,385	2,784,323	3,022,334	2,751,863	3,066,946	3,146,058
Other Instruction	328,347	243,594	249,692	261,281	279,707	305,404	362,426	451,438	451,500	274,139
School Sponsored Activities And Athletics	54,067	55,817	65,660	65,716	72,974	81,322	77,137	82,392	78,758	78,715
Support Services:										
Student & Instruction Related Services	1,287,010	1,311,367	1,404,264	1,481,700	1,682,628	1,359,596	1,412,542	1,745,595	1,864,892	2,635,495
General Administration Services	423,478	465,156	517,269	502,256	467,978	492,186	343,404	536,755	459,534	440,462
School Administration Services	486,218	494,783	526,291	487,340	495,023	541,712	513,981	568,073	611,810	650,381
Business / Central Services	443,913	447,149	479,621	441,966	438,393	438,455	454,420	521,438	540,173	579,745
Plant Operations And Maintenance	1,329,147	1,367,096	1,293,711	1,178,669	1,166,711	1,197,727	1,267,652	1,359,244	1,500,750	2,258,965
Pupil Transportation	199,968	204,732	234,576	202,455	224,360	258,150	264,216	216,934	229,232	258,510
Interest On Long-Term Debt	363,725	336,137	307,043	275,696	244,567	204,423	171,225	137,239	102,410	66,462
Total Governmental Activities Expenses	12,224,624	12,549,618	13,325,043	13,096,501	12,892,055	13,579,319	13,673,657	15,246,909	16,115,378	18,818,673
Business-Type Activities:										
Food Service	15,452	18,525	8,249	9,276	8,116	5,901	6,547	5,816	5,840	-
Total Business-Type Activities Expense	15,452	18,525	8,249	9,276	8,116	5,901	6,547	5,816	5,840	-
Total District Expenses	\$ 12,240,076	\$ 12,568,143	\$ 13,333,292	\$ 13,105,777	\$ 12,900,171	\$ 13,585,220	\$ 13,680,204	\$ 15,252,725	\$ 16,121,218	\$ 18,818,673
Program Revenues										
Governmental Activities:										
Charges For Services:										
Regular Instruction	\$ 30,173	\$ 38,374	\$ 21,702	\$ 15,061	\$ 8,235	\$ 2,980	\$ 14,161	\$ 27,997	\$ 19,694	\$ 34,440
Other Instruction	-	-	-	2,385	-	-	-	-	-	-
Operating Grants And Contributions	1,505,607	1,514,970	1,641,706	1,341,317	1,619,822	2,066,389	1,769,941	3,379,482	3,923,145	5,286,501
Capital Grants And Contributions	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities Program Revenues	1,535,780	1,553,344	1,663,408	1,358,763	1,628,057	2,069,369	1,784,102	3,407,479	3,942,839	5,320,941
Business-Type Activities:										
Charges For Services										
Food Service	5,620	5,756	5,104	5,824	5,070	4,614	2,967	3,685	3,919	-
Operating Grants And Contributions	4,496	4,920	3,737	3,519	2,892	2,453	2,083	1,872	1,544	-
Total Business Type Activities Program Revenues	10,116	10,676	8,841	9,343	7,962	7,067	5,050	5,557	5,463	-
Total District Program Revenues	\$ 1,545,896	\$ 1,564,020	\$ 1,672,249	\$ 1,368,106	\$ 1,636,019	\$ 2,076,436	\$ 1,789,152	\$ 3,413,036	\$ 3,948,302	\$ 5,320,941
Net (Expense)/Revenue										
Governmental Activities	\$ (10,688,844)	\$ (10,996,274)	\$ (11,661,635)	\$ (11,737,738)	\$ (11,263,998)	\$ (11,509,950)	\$ (11,889,555)	\$ (11,839,430)	\$ (12,172,539)	\$ (13,497,732)
Business-Type Activities	(5,336)	(7,849)	592	67	(154)	1,166	(1,497)	(259)	(377)	-
Total District-Wide Net Expense	\$ (10,694,180)	\$ (11,004,123)	\$ (11,661,043)	\$ (11,737,671)	\$ (11,264,152)	\$ (11,508,784)	\$ (11,891,052)	\$ (11,839,689)	\$ (12,172,916)	\$ (13,497,732)

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

	Fiscal Year Ended 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	\$ 10,775,932	\$ 11,206,969	\$ 11,525,063	\$ 11,674,488	\$ 11,907,978	\$ 12,146,138	\$ 12,487,161	\$ 12,856,212	\$ 13,164,472	\$ 13,505,322
Taxes Levied For Debt Service	691,102	703,295	720,951	749,211	764,384	756,928	748,158	738,347	731,518	731,542
Unrestricted Grants And Contributions	446,101	22,454	38,377	15,258	19,578	1,753	-	6,919	7,582	7,560
State Aid Restricted for Debt Service	204,334	203,646	208,760	176,721	180,299	178,541	176,472	174,158	172,547	172,553
Investment Earnings	139,752	65,395	50,915	55,274	29,098	44,567	45,710	35,148	41,726	57,084
Miscellaneous Income	54,270	17,016	31,683	14,088	33,314	35,228	42,462	14,614	10,839	4,619
Total Governmental Activities	12,311,491	12,218,775	12,575,749	12,685,040	12,934,651	13,163,155	13,499,963	13,825,398	14,128,684	14,478,680
Business-Type Activities:										
Investment Earnings	771	92	36	46	22	23	25	13	13	3
Total Business-Type Activities	771	92	36	46	22	23	25	13	13	3
Total District-Wide	\$ 12,312,262	\$ 12,218,867	\$ 12,575,785	\$ 12,685,086	\$ 12,934,673	\$ 13,163,178	\$ 13,499,988	\$ 13,825,411	\$ 14,128,697	\$ 14,478,683
Change in Net Position										
Governmental Activities	\$ 1,622,647	\$ 1,222,501	\$ 914,114	\$ 947,302	\$ 1,670,653	\$ 1,653,205	\$ 1,610,408	\$ 1,985,968	\$ 1,956,145	\$ 980,948
Business-Type Activities	(4,565)	(7,757)	628	113	(132)	1,189	(1,472)	(246)	(364)	3
Total District	\$ 1,618,082	\$ 1,214,744	\$ 914,742	\$ 947,415	\$ 1,670,521	\$ 1,654,394	\$ 1,608,936	\$ 1,985,722	\$ 1,955,781	\$ 980,951

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 4,236,639	\$ 5,304,948	\$ 5,841,341							
Unreserved	227,384	76,266	113,707							
Restricted				\$ 6,286,638	\$ 7,601,392	\$ 7,460,731	\$ 8,814,114	\$ 10,483,158	\$ 11,319,214	\$ 12,694,703
Committed						935,741			300,484	-
Assigned						3,730				
Unassigned	-	-	-	263,643	224,558	218,609	227,237	222,363	225,319	234,331
Total General Fund	\$ 4,464,023	\$ 5,381,214	\$ 5,955,048	\$ 6,550,281	\$ 7,825,950	\$ 8,618,811	\$ 9,041,351	\$ 10,705,521	\$ 11,845,017	\$ 12,929,034
All Other Governmental Funds										
Reserved										
Unreserved	\$ 50,757	\$ 50,741	\$ 1							
Restricted	-	-	-	\$ 1	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -
Total All Other Governmental Funds	\$ 50,757	\$ 50,741	\$ 1	\$ 1	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -

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

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax Levy	\$ 11,467,034	\$ 11,910,264	\$ 12,246,014	\$ 12,423,699	\$ 12,672,362	\$ 12,903,066	\$ 13,235,319	\$ 13,594,559	\$ 13,895,990	\$ 14,236,864
Tuition Charges	30,173	38,374	21,702	15,061	8,235	2,980	14,161	27,997	19,694	34,440
Interest Earnings	139,752	65,395	50,915	55,274	29,098	44,567	45,710	35,148	41,726	57,084
Miscellaneous	63,345	19,739	36,394	16,846	35,881	39,233	45,512	17,200	12,088	9,029
State Sources	1,978,172	1,568,816	1,586,494	1,287,359	1,631,742	2,081,122	1,790,795	2,041,279	2,156,169	2,381,091
Federal Sources	168,795	169,531	297,638	243,179	185,420	161,556	152,568	157,030	156,901	146,771
Total Revenue	13,847,271	13,772,119	14,239,157	14,041,418	14,562,738	15,232,524	15,284,065	15,873,213	16,282,568	16,865,279
Expenditures										
Instruction										
Regular Instruction	5,187,628	5,187,697	5,602,493	5,502,747	5,572,432	5,910,509	5,778,808	5,990,133	6,064,353	6,480,722
Special Education Instruction	2,119,200	2,434,167	2,637,656	2,684,893	2,240,345	2,781,283	3,019,294	2,611,350	2,828,365	2,834,703
Other Instruction	328,347	243,594	249,692	261,281	279,707	305,404	362,426	392,170	376,432	209,347
School Sponsored Activities and Athletics	54,067	55,817	65,660	65,716	72,974	81,322	77,137	82,392	75,471	78,738
Support Services:										
Student and Inst. Related Services	1,281,360	1,305,717	1,398,614	1,453,964	1,654,863	1,359,346	1,412,542	1,567,031	1,624,441	2,224,314
General Administration Services	423,478	465,156	506,504	470,274	476,804	492,186	343,404	424,922	442,248	439,862
School Administrative Services	486,218	494,783	526,291	487,344	495,023	509,066	508,584	504,433	520,872	518,936
Business / Central Services	441,851	445,087	477,559	440,180	436,607	436,669	451,358	482,880	478,216	501,578
Plant Operations And Maintenance	1,019,928	1,036,423	963,038	866,548	857,341	888,357	956,095	987,564	1,111,625	975,775
Pupil Transportation	199,968	204,732	234,576	202,455	224,360	258,150	264,216	216,934	229,232	258,510
Capital Outlay	448,583	74,814	124,247	84,851	31,900	480,780	761,909	35,607	486,630	353,560
Bond Issuance Costs										
Advance Refunding Escrow										
Debt Service:										
Principal	615,000	635,000	680,000	700,000	745,000	760,000	775,000	790,000	810,000	840,000
Interest and Other Charges	295,020	271,957	249,733	225,932	199,683	176,592	150,752	123,627	95,187	65,217
Total Expenditures	12,900,648	12,854,944	13,716,063	13,446,185	13,287,039	14,439,664	14,861,525	14,209,043	15,143,072	15,781,262
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	946,623	917,175	523,094	595,233	1,275,699	792,860	422,540	1,664,170	1,139,496	1,084,017
Other Financing Sources (Uses)										
Transfers In	22	-	52,253	-	-	-	-	-	-	-
Transfers Out	(22)	-	(52,253)	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	-	-
Net Change in Fund Balances	\$ 946,623	\$ 917,175	\$ 523,094	\$ 595,233	\$ 1,275,699	\$ 792,860	\$ 422,540	\$ 1,664,170	\$ 1,139,496	\$ 1,084,017
Debt Service as a Percentage of Noncapital Expenditures	7.31%	7.10%	6.84%	6.93%	7.13%	6.71%	6.57%	6.45%	6.18%	5.87%

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

Fiscal Year Ended <u>June 30</u>	Interest on <u>Deposit</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
2008	\$ 139,730	\$ 30,173	\$ 54,270	\$ 224,173
2009	65,395	38,374	17,016	120,785
2010	49,380	21,702	31,683	102,765
2011	55,274	15,061	14,088	84,423
2012	29,098	8,235	33,314	70,647
2013	44,567	2,980	35,228	82,775
2014	45,710	14,161	42,462	102,333
2015	35,148	27,997	14,614	77,759
2016	41,726	19,694	10,839	72,259
2017	57,084	34,440	4,619	96,143

Source: School District's Financial Statements

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Apartment	Total Assessed Valuation	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Valuation	Total School Tax Rate
2008	\$ 34,314,800	\$ 1,186,252,900	\$ 380,400	\$ 9,900	\$ 61,889,900	\$ 331,800	\$ 1,283,179,700	\$ 1,013,376	\$ 1,284,193,076	\$ 1,932,044,002	\$ 1
2009	35,466,800	1,197,274,300	308,100	9,900	60,361,700	331,800	1,293,752,600	1,247,192	1,294,999,792	1,970,249,241	1.529
2010	33,777,900	1,207,995,400	308,100	9,900	61,568,200	331,800	1,303,991,300	1,290,151	1,305,281,451	1,914,086,815	1.547
2011 (1)	48,784,800	1,595,215,800	359,600	2,500	85,162,000	698,100	1,730,222,800	1,468,244	1,731,691,044	1,734,301,523	1.199
2012	47,906,700	1,597,442,700	371,300	2,500	81,586,500	698,100	1,728,007,800	1,361,526	1,729,369,326	1,970,249,291	1.248
2013	47,525,500	1,600,828,900	371,300	2,500	81,308,800	698,100	1,730,735,100	1,299,066	1,732,034,166	1,783,242,734	1.293
2014	43,661,000	1,594,422,600	371,300	2,500	80,435,200	698,100	1,719,590,700	1,156,788	1,720,747,488	1,708,954,754	1.347
2015	43,312,500	1,599,653,900	371,300	2,500	80,399,200	698,100	1,724,437,500	1,190,284	1,725,627,784	1,733,909,301	1.375
2016	40,450,900	1,606,134,700	371,300	2,500	80,545,500	2,817,100	1,730,322,000	1,149,128	1,731,471,128	1,721,634,054	1.392
2017	39,118,600	1,609,983,000	371,300	2,500	80,256,200	2,817,100	1,732,548,700	1,117,527	1,733,666,227	1,765,955,122	1.424

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

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

<u>Year</u>	<u>Total</u>	<u>Local and Regional School Districts</u>	<u>Municipality</u>	<u>County</u>
2008	\$ 2.067	\$ 1.478	\$ 0.309	\$ 0.280
2009	2.141	1.529	0.309	0.303
2010	2.171	1.547	0.298	0.326
2011	(1) 1.682	1.199	0.267	0.216
2012	1.751	1.248	0.277	0.226
2013	1.814	1.293	0.284	0.237
2014	1.871	1.347	0.292	0.232
2015	1.922	1.375	0.305	0.242
2016	1.953	1.392	0.316	0.245
2017	2.005	1.424	0.325	0.256

Source: Tax Duplicate, Borough of Old Tappan

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

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

Taxpayer	2017		2008	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
United Water of NJ	\$ 26,460,000	1.53%	\$19,824,000	1.57%
Prentice Hall	19,000,000	1.10%	13,882,900	1.11%
A & R a Ltd. Partnership	17,096,800	0.99%	14,000,000	1.10%
Sunrise Assisted Living	10,860,000	0.63%	8,326,000	0.66%
Individual	3,924,000	0.23%	4,550,300	0.36%
Individual	3,400,000	0.20%	2,626,400	0.21%
Individual	3,230,700	0.19%	2,241,000	0.18%
Individual	2,889,900	0.17%		
MCH-OT Rlty LLC	2,809,800	0.16%		
Rockland Electric			2,809,000	0.22%
Old Tappan Development Inc.			2,522,600	0.20%
Woodland Green Partners, LP			2,416,500	0.19%
	<u>\$ 89,671,200</u>	<u>5.18%</u>	<u>\$ 73,198,700</u>	<u>5.80%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	\$ 11,467,034	\$ 11,467,034	100.00%	N/A
2009	11,910,264	11,910,264	100.00%	N/A
2010	12,246,014	12,246,014	100.00%	N/A
2011	12,423,699	12,423,699	100.00%	N/A
2012	12,672,362	12,672,362	100.00%	N/A
2013	12,903,066	12,903,066	100.00%	N/A
2014	13,235,319	13,235,319	100.00%	N/A
2015	13,594,559	13,594,559	100.00%	N/A
2016	13,895,990	13,895,990	100.00%	N/A
2017	14,236,864	14,236,864	100.00%	N/A

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

<u>Fiscal Year Ended June 30,</u>	<u>Governmental Activities</u>			<u>Population</u>	<u>Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Capital Leases</u>	<u>Total District</u>		
2008	\$ 7,560,000		\$ 7,560,000	5,996	\$ 1,261
2009	6,925,000		6,925,000	6,054	1,144
2010	6,245,000		6,245,000	5,755	1,085
2011	5,545,000		5,545,000	5,830	951
2012	4,800,000		4,800,000	5,863	819
2013	4,040,000		4,040,000	5,922	682
2014	3,265,000		3,265,000	5,961	548
2015	2,475,000		2,475,000	6,016	411
2016	1,665,000		1,665,000	6,002	277
2017	825,000		825,000	6,002 *	137

Source: District records

*Estimate

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions			
2008	\$ 7,560,000		\$ 7,560,000	0.59%	1,261
2009	6,925,000		6,925,000	0.53%	1,144
2010	6,245,000		6,245,000	0.48%	1,085
2011	5,545,000		5,545,000	0.32%	951
2012	4,800,000		4,800,000	0.28%	819
2013	4,040,000		4,040,000	0.23%	682
2014	3,265,000		3,265,000	0.19%	548
2015	2,475,000		2,475,000	0.14%	411
2016	1,665,000		1,665,000	0.10%	277
2017	825,000		825,000	0.05%	137

Source: District records

**OLD TAPPAN BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT
AS OF DECEMBER 31, 2016
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt:			
Northern Valley Regional School District	\$ 4,295,621	\$ 4,295,621	
Old Tappan Board of Education	1,665,000	1,665,000	
Borough of Old Tappan	<u>9,172,350</u>	<u>2,653,114</u>	\$ 6,519,236
	<u>\$ 15,132,971</u>	<u>\$ 8,613,735</u>	<u>6,519,236</u>
Overlapping Debt Apportioned to the Municipality:			
County of Bergen (A)			12,351,598
Bergen County Utilities Authority (BCUA) - Water Pollution (B)			<u>1,111,976</u>
			<u>13,463,574</u>
Total Direct and Overlapping Debt			<u>\$ 19,982,810</u>

Sources:

- (1) Borough of Old Tappan Annual Debt Statement
- (2) BCUA audit.
- (3) Bergen County Debt Statement December 31, 2016

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt Limit	\$ 53,209,329	\$ 56,848,700	\$ 57,454,485	\$ 56,851,504	\$ 55,105,273	\$ 53,923,462	\$ 52,690,283	\$ 52,193,339	\$ 51,550,825	\$ 51,990,284
Total Net Debt Applicable To Limit	<u>7,560,000</u>	<u>6,925,000</u>	<u>6,245,000</u>	<u>5,545,000</u>	<u>4,800,000</u>	<u>4,040,000</u>	<u>3,265,000</u>	<u>2,475,000</u>	<u>1,665,000</u>	<u>825,000</u>
Legal Debt Margin	<u>\$ 45,649,329</u>	<u>\$ 49,923,700</u>	<u>\$ 51,209,485</u>	<u>\$ 51,306,504</u>	<u>\$ 50,305,273</u>	<u>\$ 49,883,462</u>	<u>\$ 49,425,283</u>	<u>\$ 49,718,339</u>	<u>\$ 49,885,825</u>	<u>\$ 51,165,284</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	14.21%	12.18%	10.87%	9.75%	8.71%	7.49%	6.20%	4.74%	3.23%	1.59%

Legal Debt Margin Calculation for Fiscal Year 2017

Equalized Valuation Basis	
2016	\$ 1,760,604,396
2015	1,712,620,419
2014	1,725,803,593
 Average Equalized Valuation Of Taxable Property	 <u>\$ 1,733,009,469</u>
 Debt Limit (3% of Average Equalization Value)	 \$ 51,990,284
Total Net Debt Applicable to Limit	<u>825,000</u>
 Legal Debt Margin	 <u>\$ 51,165,284</u>

Source: Annual Debt Statements

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

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income</u>	<u>Population</u>	
2008	3.6	68,548	5,996	
2009	6.5	64,571	6,054	
2010	6.7	65,275	5,755	
2011	6.6	68,244	5,830	
2012	6.7	71,380	5,863	
2013	6.8	70,498	5,922	
2014	4.1	73,536	5,961	
2015	3.6	75,849	6,016	
2016	3.1	Not Available	6,002	
2017	Not Available	Not Available	6,002	*

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

*Estimate

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

		2017			2008
<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

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

<u>Function/Program</u>	<u>Fiscal Year Ended June 30,</u>									
	<u>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	59.6	59.1	61.0	58.2	57.1	57.2	55.0	54.7	52.6	51.7
Special Education	11.5	12.6	12.6	12.0	12.4	10.0	10.3	10.0	10.0	10.7
Other Special Education	5.5	5.5	5.5	5.5	5.0	5.0	5.4	6.0	5.4	5.4
Other Instruction	15.0	14.0	14.0	13.0	13.0	14.4	15.0	10.5	15.5	16.9
Support Services:										
Student & Instruction Related Services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0
General Administration	3.0	3.0	3.0	3.0	3.0	3.0	2.6	3.0	3.0	2.1
School Administrative Services	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Other Administrative Services	4.0	4.0	4.0	4.0	4.0	3.5	3.5	3.5	3.6	3.6
Central Services										
Administrative Information Technology	1.0	1.0	1.0	1.0	1.0	1.4	1.4	1.0	1.4	1.4
Plant Operation and Maintenance	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.7	4.5
Pupil Transportation										
Other Support Services	2.0	1.4	1.4	1.4	1.4	1.1	1.1	1.1	1.1	1.1
Total	<u>113.6</u>	<u>112.6</u>	<u>114.5</u>	<u>110.1</u>	<u>108.9</u>	<u>107.6</u>	<u>106.3</u>	<u>101.8</u>	<u>104.3</u>	<u>105.4</u>

Source: District Personnel Records

Notes:

- Special Education = Special Education Teachers
- Other Special Education = Child Study Team, Speech and CST Secretary
- Other Instruction = Teacher Aides

- Student & Instruction Related Services = Guidance and Nurses
- General Administrative Services = CSA, CSA Secretary and Treasurer
- School Administrative Services = Principals and School Secretaries
- Other Administrative Services = SBA and Business Office
- Administrative Information Technology = Technology Employees

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

Fiscal Year Ended June 30,	Enrollment^a	Operating Expenditures^b	Cost Per Pupil^c	Percentage Change	Teaching Staff	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
2008	866	\$ 11,542,045	\$ 13,328	7.96%	83.5	867.0	835.8	-1.31%	96.40%
2009	868	11,947,987	13,765	3.28%	83.5	860.7	835.8	-0.73%	97.11%
2010	886	12,662,083	14,291	3.82%	82.6	871.7	842.8	1.28%	96.68%
2011	842	12,435,402	14,769	3.34%	79.4	820.9	793.4	-5.83%	96.65%
2012	793	12,310,456	15,524	5.11%	73.6	774.7	748.9	-5.63%	96.67%
2013	779	13,022,292	16,717	7.68%	69.8	756.0	730.5	-2.41%	96.63%
2014	781	13,173,864	16,868	0.90%	66.3	750.0	723.3	-0.79%	96.44%
2015	752	13,259,809	17,633	4.53%	65.7	736.7	714	-1.77%	96.92%
2016	722	13,751,255	19,046	8.02%	63.6	712.5	680	-3.28%	95.44%
2017	708	14,522,485	20,512	7.70%	63.6	683.4	644	-4.08%	94.23%

Sources: District records

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

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

	Fiscal Year Ended June 30,										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	
<u>District Building</u>											
<u>Elementary</u>											
T. Baldwin Demarest (1964)											
Square Feet	59,270	59,270	59,270	59,270	59,270	59,270	59,270	59,270	59,270	59,270	59,270
Capacity (students)	407	407	407	407	407	407	407	407	407	407	407
Enrollment	439	452	440	414	380	372	349	352	331	331	331
 <u>Middle School</u>											
Charles DeWolf (1927)											
Square Feet	65,896	65,896	65,896	65,896	65,896	65,896	65,896	65,896	65,896	65,896	65,896
Capacity (students)	426	426	426	426	426	426	426	426	426	426	426
Enrollment	427	409	433	406	394	384	401	384	373	373	373

Source: District Records

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

	Fiscal Year Ended June 30,									
	<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>
School Facilities										
T.Baldwin Demarest School	\$ 112,640	\$ 117,057	\$ 94,839	\$ 81,483	\$ 78,341	\$ 83,242	\$ 110,079	\$ 113,997	\$ 181,471	\$ 100,486
Charles DeWolf School	102,061	130,436	104,313	89,623	86,504	92,150	122,004	120,511	200,645	139,588
	<u>\$ 214,701</u>	<u>\$ 247,493</u>	<u>\$ 199,152</u>	<u>\$ 171,106</u>	<u>\$ 164,845</u>	<u>\$ 175,392</u>	<u>\$ 232,083</u>	<u>\$ 234,508</u>	<u>\$ 382,116</u>	<u>\$ 240,074</u>

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

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

Source: School District's Records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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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 Trustees
Old Tappan Board of Education
Old Tappan, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Old Tappan Board of Education as of and for the fiscal year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Old Tappan Board of Education's basic financial statements and have issued our report thereon dated November 8, 2017.

Internal Control Over Financial Reporting

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

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


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


Compliance and Other Matters

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

Purpose of this Report

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


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


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
November 8, 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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CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA, PSA

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

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


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


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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Old Tappan Board of Education, as of and for the fiscal year ended June 30, 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 8, 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
Certified Public Accountants
Public School Accountants


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
November 8, 2017

OLD TAPPAN 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			Cash Received	Budgetary Expenditures	Paid to Grantor	June 30, 2017			MEMO GAAP Receivable
						Unearned Revenue	(Accounts Receivable)	Due to Grantor				Unearned Revenue	Accounts Receivable	Due to Grantor	
U.S. Department of Agriculture Passed-Through State Department of Education															
Enterprise Fund Special Milk Program	10.556	16161NJ304N1099	N/A	7/1/15-6/30/16	1,544	-	(108)	-	\$ 108	-	-	-	-	-	-
Total Enterprise Fund						-	(108)	-	108	-	-	-	-	-	-
U.S. Department of Education Passed-Through State Department of Education															
Special Revenue Fund															
I.D.E.A. Part B, Basic	84.027	H027A160100	IDEA385017	7/1/16-6/30/17	130,211	-	-	-	130,211	\$ 130,211	-	-	-	-	-
I.D.E.A. Part B, Preschool	84.173	H173A160114	IDEA385017	7/1/16-6/30/17	12,535	-	-	-	12,535	12,535	-	-	-	-	-
Total Special Education Cluster (IDEA)						-	-	-	142,746	142,746	-	-	-	-	-
NVR Consolidated Title III	84.365	S365A160030	NCLB385017	7/1/16-6/30/17	4,025	\$ -	-	\$ -	4,025	4,025	\$ -	\$ -	\$ -	\$ -	\$ -
Total Special Revenue Fund						-	-	-	146,771	146,771	-	-	-	-	-
Total Federal Financial Awards						\$ -	(108)	\$ -	146,879	146,771	\$ -	\$ -	\$ -	\$ -	\$ -

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

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

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

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2016		Cash Received	Budgetary Expenditures	June 30, 2017		Memo	
				Unearned Revenue	(Accounts Receivable)			Unearned Revenue	(Accounts Receivable)	GAAP Receivable	Cumulative Total Expenditures
State Department of Education											
General Fund											
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	\$ 325,509			\$ 298,832	\$ 325,509	\$ (26,677)		\$	325,509
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	327,148	\$ (26,810)		26,810					
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	12,912			11,854	12,912	(1,058)			12,912
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	11,399	(934)		934					
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	7,060			6,481	7,060	(579)			7,060
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	7,560			6,940	7,560	(620)			7,560
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	7,560	(620)		620					
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	7,560			6,941	7,560	(619)			7,560
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	7,560	-	(619)	619	-	-	-	-	-
Total State Aid Public Cluster				-	(28,983)	360,031	360,601	-	(29,553)	-	360,601
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	19,500			17,902	19,500	(1,598)			19,500
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	17,546	(1,438)		1,438					
Additional Non-Public Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	4,350				4,350	(4,350)	\$ (4,350)		4,350
Additional Non-Public Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	3,973	-	(3,973)	3,973	-	-	-	-	-
Total Transportation Aid Cluster				-	(5,411)	23,313	23,850	-	(5,948)	(4,350)	23,850
Extraordinary Aid	17-100-034-5120-044	7/1/16-6/30/17	263,656				263,656	(263,656)			263,656
Extraordinary Aid	16-100-034-5120-044	7/1/15-6/30/16	155,444	(155,444)		155,444					
On-Behalf TPAF											
Pension Contributions - Normal	17-495-034-5094-002	7/1/16-6/30/17	649,343			649,343	649,343				649,343
Pension Contributions - NCGI	17-495-034-5094-004	7/1/16-6/30/17	23,527			23,527	23,527				23,527
Long-Term Disability Insurance Contribution	17-495-034-5094-004	7/1/16-6/30/17	694			694	694				694
Post Retirement Medical Cont.	17-495-034-5094-001	7/1/16-6/30/17	560,654			560,654	560,654				560,654
Soc. Security Contribution	17-495-034-5094-003	7/1/16-6/30/17	435,155	-	-	392,659	435,155	-	(42,496)	(42,496)	435,155
Total General Fund				-	(189,838)	2,165,665	2,317,480	-	(341,653)	(46,846)	2,317,480
Debt Service Fund											
Debt Service Aid	17-495-034-5120-075	7/1/16-6/30/17	172,553	\$ -	-	172,553	172,553	\$ -	-	-	172,553
Total State Financial Assistance				\$ -	\$ (189,838)	2,338,218	2,490,033	\$ -	\$ (341,653)	\$ (46,846)	\$ 2,490,033
State Financial Assistance Not Subject to Single Audit Determination											
General Fund - On-Behalf TPAF											
Normal Cost						(649,343)	(649,343)				
NCGI						(23,527)	(23,527)				
Long-Term Disability Insurance						(694)	(694)				
Post Retirement Medical						(560,654)	(560,654)				
Total State Financial Assistance Subject to Single Audit						\$ 1,104,000	\$ 1,255,815				

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

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with the requirements of 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 a decrease of \$108,942 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 2,208,538	\$ 2,208,538
Special Revenue Fund	\$ 146,771		146,771
Debt Service Fund	-	172,553	172,553
	<u>\$ 146,771</u>	<u>\$ 2,381,091</u>	<u>\$ 2,527,862</u>
Total Financial Assistance			

**OLD TAPPAN BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 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 \$435,155 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 \$672,870, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$560,654 and TPAF Long-Term Disability Insurance in the amount of \$694 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.

**OLD TAPPAN 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 auditors' report issued on financial statements Unmodified

Internal control over financial reporting:

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

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

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

State Awards Section

Internal Control over major programs:

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

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

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

Internal Control over compliance:

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

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

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

Identification of major state programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
17-495-034-5120-089	Special Education Aid
17-495-034-5120-084	Security Aid
17-495-034-5120-101	Professional Learning Community Aid
17-495-034-5120-098	PARCC Readiness Aid
17-495-034-5120-097	Per Pupil Growth Aid

Federal Awards Section

Not subject to Federal Single Audit.

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

Part 2 – Schedule of Financial Statement Findings

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

There are none.

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

CURRENT YEAR STATE AWARDS

There are none.

**OLD TAPPAN BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

STATUS OF PRIOR YEAR FINDINGS

There were none.