

**CRESSKILL BOARD OF EDUCATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**Cresskill, New Jersey**

**COMPREHENSIVE ANNUAL**

**FINANCIAL REPORT**

**of the**

**Cresskill Board of Education**

**County of Bergen, New Jersey**

**For The Fiscal Year Ended June 30, 2019**

**Prepared by**

**Finance Department**

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## **INTRODUCTORY SECTION**

# CRESSKILL PUBLIC SCHOOLS

*One Lincoln Drive  
Cresskill, NJ 07626*

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

December 20, 2019

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

Dear Board Members:

The comprehensive annual financial report of the Cresskill School District (“The District”) for the fiscal year ended June 30, 2019, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (“The Board”). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act, as amended, and the U.S. Uniform Guidance and the NJ Circular OMB 15-08. Information related to this single audit, including the auditors’ report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

**1. REPORTING ENTITY AND ITS SERVICES:** Cresskill School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds of the District are included in this report. The Cresskill Board of Education and all its schools constitute the District's reporting entity.



## 1. REPORTING ENTITY AND ITS SERVICES: (Continued)

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include advanced placement, regular and vocational as well as special education for handicapped youngsters. The District completed the 2018-2019 fiscal year with an enrollment of 1,835 students, which is 32 students greater than the previous year's enrollment.

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

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2018-19	1835	1.78
2017-18	1803	-2.01
2016-17	1840	2.56
2015-16	1794	.61
2014-15	1783	1.94
2013-14	1749	1.16
2012-13	1729	1.37
2011-12	1753	.46
2010-11	1745	.17
2009-10	1742	2.96

**2. ECONOMIC CONDITION AND OUTLOOK:** The Borough of Cresskill continues to grow at a steady rate despite the economic climate in the region. The state mandates and potential legislation on property tax have not had a significant impact on enrollment.

**3. MAJOR INITIATIVES:** We are continuing our district-wide transition to G-Suite for Education and training the staff on implementing Google Classroom in their instruction. We continue to expand our technology inventory, specifically with Chromebooks. The district is aiming for a 1:1 device to student, which will be maintained in each classroom. In our elementary schools, we have continued our Writing Workshop Initiative for Year 3 and our Readers' Workshop Initiative for Year 2. We are working with "Words of Advice Literacy" for both initiatives and seeing great success. Similar to our PARE (Personal Academic Reinforcement & Enrichment) program, the programs allow the teacher to target specific students for one on one or small group instruction while the majority of the class focuses on their individual improvement. Moving forward, the district will evaluate the "Profile of a Cresskill Graduate" and focus some of our resources according to this profile. Through the \$12.4 million referendum vote in September of 2017, we have completed replacements of the roofs and windows at our elementary schools, upgraded technology throughout the district and near the end of construction on an 8 classroom addition to Edward H. Bryan School.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as assignments of fund balance at June 30, 2019.

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

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

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

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

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

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

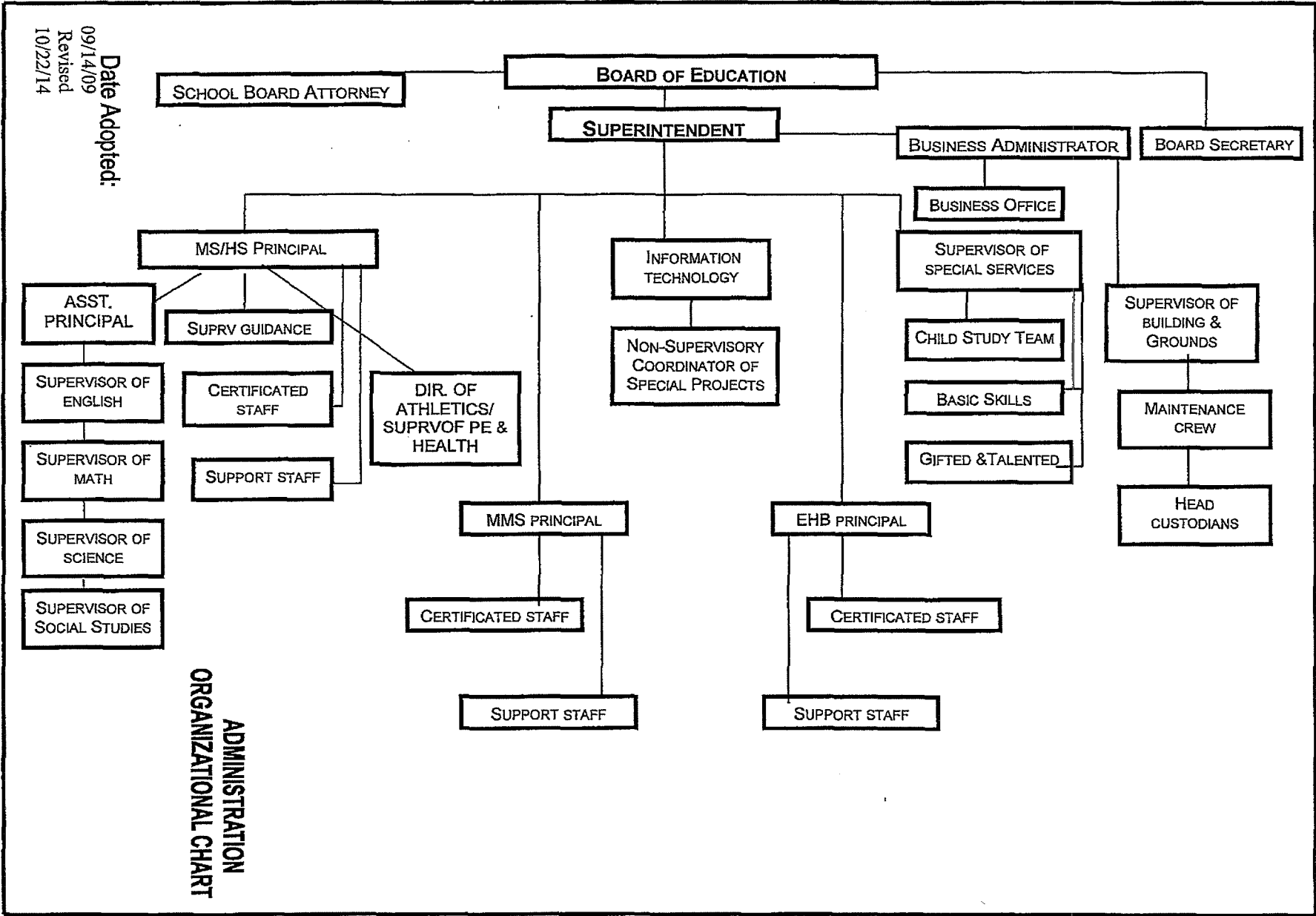
Respectfully submitted,



Dawn Delasandro  
Business Administrator/Board Secretary



Mr. Michael Burke  
Superintendent



ADMINISTRATION  
 ORGANIZATIONAL CHART

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

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

**ROSTER OF OFFICIALS  
JUNE 30, 2019**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Denise Villani, President	Jan. 2021
Stephen Moldt, Vice President	Jan. 2022
Sally Cummings	Jan. 2022
Michael DePalo	Jan. 2020
Eugene Gorfin	Jan. 2022
Dionna Griffin	Jan. 2020
Mary Klein	Jan. 2021
Raffi Odabashian	Jan. 2020
Amy Cusick	Jan. 2022

**Other Officials**

Michael Burke, Superintendent

Antionette Kelly, Business Administrator (7/1/18-8/31/18)

James Olobardi, Interim Business Administrator (9/1/18-10/1/18)

Alex Kim, Business Administrator (10/2/18-2/21/19)

Deborah Trainer, Interim Business Administrator (2/25/19-5/31/19)

Dawn Delasandro, Business Administrator (6/1/19-6/30/19)

**Cresskill Board of Education  
Cresskill, New Jersey**

**Consultants and Advisors  
June 30, 2019**

**Audit Firm**

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

**Attorney**

Scarinci Hollenbeck, LLC.  
1100 Valley Brook Ave  
Lyndhurst, NJ 07071

**Architect**

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

**Official Depository**

Capital One Bank  
710 Rte. 46  
Fairfield, NJ 07004

**FINANCIAL SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
RALPH M. PICONE, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
MARK SACO, CPA  
SHERYL M. LEIDIG, CPA, PSA  
ROBERT LERCH, CPA  
CHRIS SOHN, CPA

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Cresskill Board of Education, as of and for the fiscal year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

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

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

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Cresskill Board of Education as of June 30, 2019, 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, pension information and other postemployment benefits information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cresskill Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Cresskill Board of Education.

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

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



**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated December 20, 2019 on our consideration of the Cresskill Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Cresskill Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Cresskill Board of Education's internal control over financial reporting and compliance.

*Leach, Vinci & Higgins, LLP*

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



Jeffrey C. Bliss  
Public School Accountant  
PSA Number CS00932

Fair Lawn, New Jersey  
December 20, 2019

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

## CRESSKILL BOARD OF EDUCATION

### Management's Discussion and Analysis Fiscal Year Ended June 30, 2019

This section of Cresskill Board of Education's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2019. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

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

#### FINANCIAL HIGHLIGHTS

Key financial highlights for the 2018-2019 fiscal year include the following:

- The assets and deferred outflows of resources of the Cresskill Board of Education exceeded its liabilities at the close of the fiscal year by \$9,789,785.
- The District's total net position increased \$1,410,227.
- Overall District revenues were \$41,870,869. General revenues accounted for \$29,436,134 or 70% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$12,434,735 or 30% of total revenues.
- Overall District expenses were \$40,460,642. Governmental activities expenses accounted for \$40,104,923 or 99% and business-type activities expenses accounted for \$355,719 or 1%.
- The school district had \$40,104,923 in expenses for governmental activities; only \$12,093,678 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$29,435,646 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$7,800,699. Of this amount, \$1,025,000 (13%) is restricted for future operating budget expenditures (excess surplus); \$5,972,420 (77%) is restricted for capital projects; \$100,500 is restricted for facility maintenance costs (1%), and \$1 is restricted for debt service.
- The General Fund unassigned budgetary fund balance at the close of the current fiscal year was \$768,356 which represented an increase of \$31,860 from the previous year balance of \$736,496.
- The District's total outstanding long-term liabilities decreased by \$2,589,113 during the current fiscal year, primarily due to the pay down of bond principal (including unamortized premium) and the change in the net pension liability.

# CRESSKILL BOARD OF EDUCATION

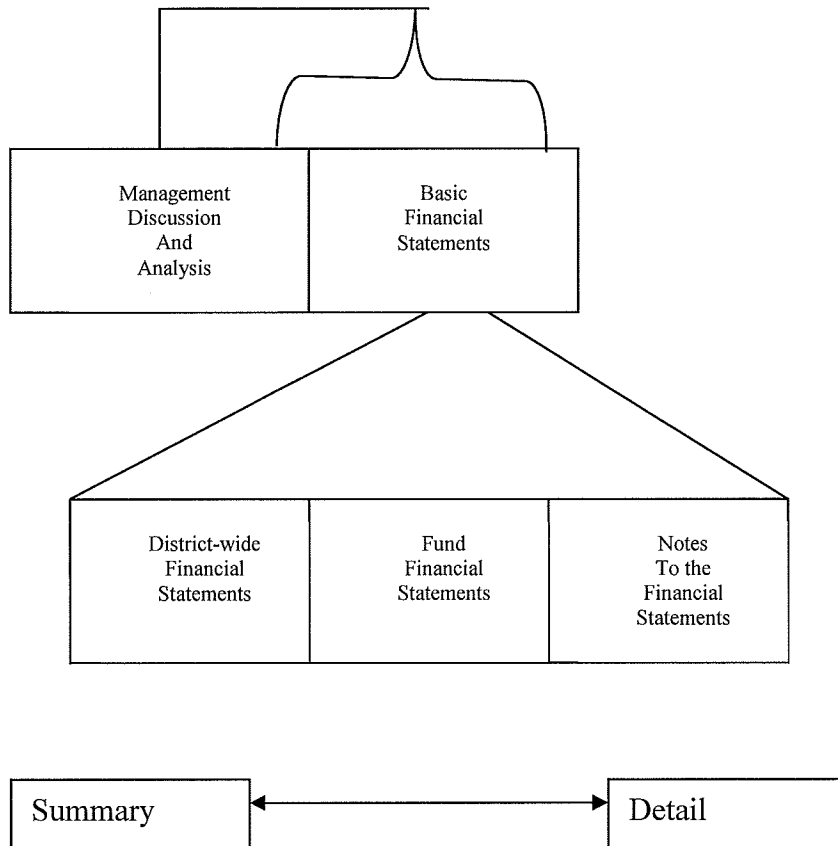
## Management's Discussion and Analysis Fiscal Year Ended June 30, 2019

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



CRESSKILL BOARD OF EDUCATION

Management’s Discussion and Analysis  
Fiscal Year Ended June 30, 2019

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

**MAJOR FEATURES OF THE DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS**

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

**District-wide Statements**

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

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

# CRESSKILL BOARD OF EDUCATION

## Management's Discussion and Analysis Fiscal Year Ended June 30, 2019

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

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

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

### Fund Financial Statements

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

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

The District has three kinds of funds:

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

### Notes to the Financial Statements

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

CRESSKILL BOARD OF EDUCATION

Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2019

**Other Information**

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

The District also presents required supplementary information regarding the accounting and financial reporting for pensions as required under GASB Statement No. 68 and postemployment medical benefits as required under GASB Statement No.75. The required supplementary information can be found following the notes to the financial statements.

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

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Net Position.** The District's *combined* net position were \$9,789,785 and \$8,379,558 on June 30, 2019 and 2018, respectively, as follows:

	<b>Net Position</b>					
	<b>As of June 30, 2019 and 2018</b>					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current and Other Assets	\$ 9,969,459	\$ 16,348,349	\$ 5,410	\$ 124,939	\$ 9,974,869	\$ 16,473,288
Capital Assets	<u>35,195,225</u>	<u>29,861,853</u>	<u>25,879</u>	<u>22,571</u>	<u>35,221,104</u>	<u>29,884,424</u>
<b>Total Assets</b>	<u>45,164,684</u>	<u>46,210,202</u>	<u>31,289</u>	<u>147,510</u>	<u>45,195,973</u>	<u>46,357,712</u>
Deferred Outflows of Resources						
Deferred Amounts on Refunding of Debt	522,709	638,525	-	-	522,709	638,525
Deferred Amounts on Net Pension Liability	<u>1,204,645</u>	<u>1,799,347</u>	<u>-</u>	<u>-</u>	<u>1,204,645</u>	<u>1,799,347</u>
<b>Total Deferred Outflows of Resources</b>	<u>1,727,354</u>	<u>2,437,872</u>	<u>-</u>	<u>-</u>	<u>1,727,354</u>	<u>2,437,872</u>
<b>Total Assets and Deferred Outflow of Resources</b>	<u>46,892,038</u>	<u>48,648,074</u>	<u>31,289</u>	<u>147,510</u>	<u>46,923,327</u>	<u>48,795,584</u>
Long-Term Liabilities	32,238,588	34,827,701			32,238,588	34,827,701
Other Liabilities	<u>2,515,408</u>	<u>3,633,903</u>	<u>11,983</u>	<u>114,030</u>	<u>2,527,391</u>	<u>3,747,933</u>
<b>Total Liabilities</b>	<u>34,753,996</u>	<u>38,461,604</u>	<u>11,983</u>	<u>114,030</u>	<u>34,765,979</u>	<u>38,575,634</u>
<b>Deferred Inflows of Resources</b>						
Deferred Amounts on Net Pension Liability	<u>2,367,563</u>	<u>1,840,392</u>	<u>-</u>	<u>-</u>	<u>2,367,563</u>	<u>1,840,392</u>
<b>Total Deferred Inflows of Resources</b>	<u>2,367,563</u>	<u>1,840,392</u>	<u>-</u>	<u>-</u>	<u>2,367,563</u>	<u>1,840,392</u>
<b>Total Liabilities and Deferred Outflow of Resources</b>	<u>37,121,559</u>	<u>40,301,996</u>	<u>11,983</u>	<u>114,030</u>	<u>37,133,542</u>	<u>40,416,026</u>
Net Investment in Capital Assets	15,867,265	14,996,636	25,879	22,571	15,893,144	15,019,207
Restricted	1,452,620	1,514,654			1,452,620	1,514,654
Unrestricted	<u>(7,549,406)</u>	<u>(8,165,212)</u>	<u>(6,573)</u>	<u>10,909</u>	<u>(7,555,979)</u>	<u>(8,154,303)</u>
<b>Total Net Position</b>	<u>\$ 9,770,479</u>	<u>\$ 8,346,078</u>	<u>\$ 19,306</u>	<u>\$ 33,480</u>	<u>\$ 9,789,785</u>	<u>\$ 8,379,558</u>

CRESSKILL BOARD OF EDUCATION

Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2019

The District's total net position of \$9,789,785 at June 30, 2019 represents a \$1,410,227 or 17% increase over the prior year. By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Changes in Net Position  
For The Fiscal Years Ended June 30, 2019 and 2018**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 1,502,559	\$ 1,501,173	\$ 341,057	\$ 341,968	\$ 1,843,616	\$ 1,843,141
Operating Grants and Contributions	10,579,065	12,859,141			10,579,065	12,859,141
Capital Grants and Contributions	12,054	17,013			12,054	17,013
General Revenues						
Property Taxes	29,200,584	27,850,539			29,200,584	27,850,539
State Aid	19,059	23,761			19,059	23,761
Miscellaneous	216,003	94,829	488	498	216,491	95,327
<b>Total Revenues</b>	<b><u>41,529,324</u></b>	<b><u>42,346,456</u></b>	<b><u>341,545</u></b>	<b><u>342,466</u></b>	<b><u>41,870,869</u></b>	<b><u>42,688,922</u></b>
<b>Expenses</b>						
Instruction						
Regular	17,225,661	18,832,667			17,225,661	18,832,667
Special Education	7,529,952	8,029,425			7,529,952	8,029,425
Other Instruction	1,399,111	1,450,619			1,399,111	1,450,619
School Sponsored Activities and Athletics	786,069	975,125			786,069	975,125
Support Services						
Student and Instruction Related Services	3,939,191	3,538,010			3,939,191	3,538,010
General Administration Services	782,521	735,828			782,521	735,828
School Administration Services	2,821,716	2,876,419			2,821,716	2,876,419
Central Services and Admin Info. Tech	808,375	798,100			808,375	798,100
Plant Operations and Maintenance	3,487,792	3,551,209			3,487,792	3,551,209
Pupil Transportation	454,426	456,471			454,426	456,471
Interest on Debt	870,109	607,871			870,109	607,871
Food Services	-	-	355,719	347,883	355,719	347,883
<b>Total Expenses</b>	<b><u>40,104,923</u></b>	<b><u>41,851,744</u></b>	<b><u>355,719</u></b>	<b><u>347,883</u></b>	<b><u>40,460,642</u></b>	<b><u>42,199,627</u></b>
<b>Change in Net Position</b>	<b>1,424,401</b>	<b>494,712</b>	<b>(14,174)</b>	<b>(5,417)</b>	<b>1,410,227</b>	<b>489,295</b>
<b>Net Position, Beginning of Year</b>	<b><u>8,346,078</u></b>	<b><u>7,851,366</u></b>	<b><u>33,480</u></b>	<b><u>38,897</u></b>	<b><u>8,379,558</u></b>	<b><u>7,890,263</u></b>
<b>Net Position, End of Year</b>	<b><u>\$ 9,770,479</u></b>	<b><u>\$ 8,346,078</u></b>	<b><u>\$ 19,306</u></b>	<b><u>\$ 33,480</u></b>	<b><u>\$ 9,789,785</u></b>	<b><u>\$ 8,379,558</u></b>



# CRESSKILL BOARD OF EDUCATION

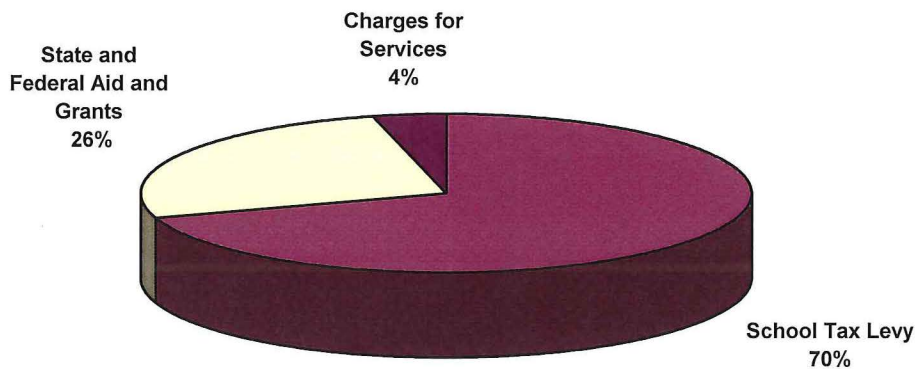
## Management's Discussion and Analysis Fiscal Year Ended June 30, 2019

**Governmental Activities.** The District's total governmental activities' revenues, which includes State and Federal grants, were \$41,529,324 for the year ended June 30, 2019. Property taxes of \$29,200,584 represented 70% of revenues. Another significant portion of revenues came from State and Federal aid; total State, Federal and local grants and aid was \$10,610,178 representing 26% of revenues. In addition, charges for services (tuition, related services and rentals) of \$1,502,559 comprised 4% of the total revenues. The remaining revenues are from miscellaneous income which includes items such as interest, prior year refunds and other miscellaneous items.

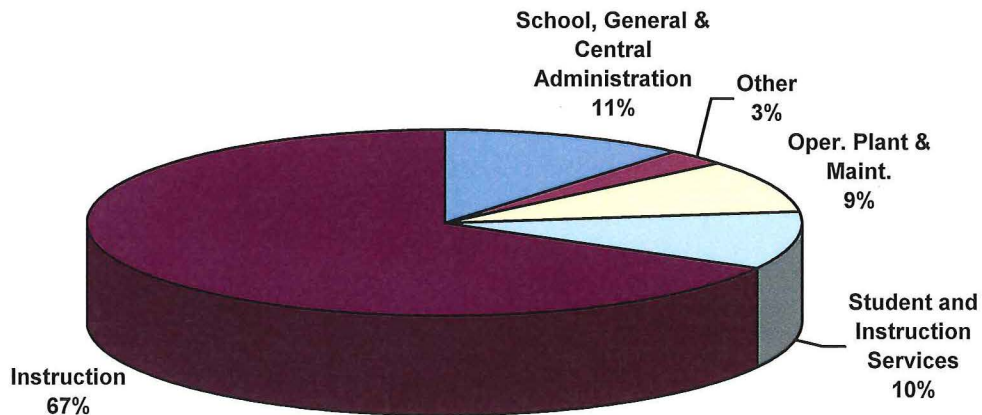
The total cost of all governmental activities programs and services was \$40,104,923. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$26,940,793 (67%) of total expenses. Support services represent \$12,294,021 (31%) of total expenses and interest on debt represents \$870,109 (2%) of total expenses.

Total governmental activities revenues exceeded expenses, increasing net position by \$1,424,401 over the previous year.

**Revenues by Sources – Governmental Activities  
For Fiscal Year 2019**



**Expenses by Use – Governmental Activities  
For Fiscal Year 2019**



CRESSKILL BOARD OF EDUCATION

Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2019

**Total and Net Cost of Governmental Activities.** The District's total cost of services was \$40,104,923. After applying program revenues, derived from operating grants and contributions of \$10,579,065, capital grants and contributions of \$12,054 and charges for services of \$1,502,559 the net cost of services of the District is \$28,011,245.

**Total and Net Cost of Governmental Activities  
For The Fiscal Years Ended June 30, 2019 and 2018**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Instruction				
Regular	\$ 17,225,661	\$ 18,832,667	\$ 11,908,822	\$ 11,547,603
Special Education	7,529,952	8,029,425	3,443,124	3,205,100
Other Instruction	1,399,111	1,450,619	954,708	896,830
School Sponsored Activities and Athletics	786,069	975,125	728,304	662,532
Support Services				
Student and Instruction Related Services	3,939,191	3,538,010	2,923,513	3,129,314
General Administration Services	782,521	735,828	682,099	697,912
School Administration Services	2,821,716	2,876,419	2,079,833	2,171,891
Central Services and Admin. Info. Tech.	808,375	798,100	777,357	751,047
Plant Operations and Maintenance	3,487,792	3,551,209	3,265,562	3,376,118
Pupil Transportation	454,426	456,471	377,814	438,015
Interest on Debt	870,109	607,871	870,109	598,055
<b>Total</b>	<b><u>\$ 40,104,923</u></b>	<b><u>\$ 41,851,744</u></b>	<b><u>\$ 28,011,245</u></b>	<b><u>\$ 27,474,417</u></b>

**Business-Type Activities** – The District's total business-type activities revenues were \$341,545 for the year ended June 30, 2019. Charges for services accounted for virtually 100% of total revenues. Miscellaneous revenues accounted for less than 1% of total revenues.

Total cost of all business-type activities programs and services was \$355,719. The District's expenses are related to Food Service (Cafeteria) operations.

Total business-type activities expenses exceeded revenues, decreasing net position by \$14,174.

CRESSKILL BOARD OF EDUCATION

Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2019

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

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

**GOVERNMENTAL FUNDS**

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund balance of \$7,800,699, a decrease of \$5,224,807 from last year's fund balance. This decrease can be mainly attributable to the District's expenditures for the 2017 referendum project.

Revenues for the District's governmental funds were \$38,114,998 and total expenses were \$43,339,805 for the fiscal year ended June 30, 2019.

**GENERAL FUND**

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

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

	Fiscal Year Ended		Amount of Increase (Decrease)	Percent Change
	<u>2019</u>	<u>2018</u>		
Local Sources				
Property Taxes	\$ 27,150,294	\$ 26,280,248	\$ 870,046	3%
Tuition/Related Services	1,496,034	1,490,473	5,561	0%
Other	116,804	82,180	34,624	42%
State Sources	<u>6,481,985</u>	<u>5,759,850</u>	<u>722,135</u>	13%
 Total General Fund Revenues	 <u>\$ 35,245,117</u>	 <u>\$ 33,612,751</u>	 <u>\$ 1,632,366</u>	 5%

Local property taxes increased by \$870,046 or 3% over the previous year to support increased operating expenditures. State aid revenue increased \$722,135 or 13% due to predominantly an increase in on-behalf TPAF pension contributions made by the State for the District's teaching professionals as well as the receipt of additional state aid. Tuition revenues increased \$5,561 less than 1%. Other local sources of revenues increased \$34,624 or 42% due to an increase in interest earnings from higher interest rates on higher available cash balances.

**CRESSKILL BOARD OF EDUCATION**

**Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2019**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (Continued)**

**GENERAL FUND (Continued)**

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

	Fiscal Year Ended		Amount of Increase (Decrease)	Percent Change
	<u>2019</u>	<u>2018</u>		
Instruction	\$ 23,635,384	\$ 23,065,830	\$ 569,554	2%
Support Services	10,546,127	9,900,961	645,166	7%
Debt Service	75,751	108,751	(33,000)	-30%
Capital Outlay	<u>95,416</u>	<u>41,779</u>	<u>53,637</u>	128%
 Total Expenditures	 <u>\$ 34,352,678</u>	 <u>\$ 33,117,321</u>	 <u>\$ 1,235,357</u>	 4%

Total General Fund expenditures increased \$1,235,357 or 4% over from the previous year. The majority of this increase can be attributed to increases in instruction costs for regular education and support service costs. Capital outlay expenditures increased due to costs associated with the HVAC project at Merritt Memorial School.

In 2018-2019 General Fund revenues and other financing sources exceeded expenditures by \$998,163. As a result, total fund balance increased to \$3,180,397 at June 30, 2019. After deducting restricted and assigned fund balances, the unassigned fund balance decreased from \$312,160 at June 30, 2018 to \$293,041 at June 30, 2019.

**CAPITAL ASSET ADMINISTRATION**

At the end of fiscal years 2019 and 2018, the District had \$35,195,225 and \$29,861,853, respectively, invested in land, land improvements, buildings and building improvements, construction in progress, furniture, equipment and vehicles for the governmental activities and \$25,879 and \$22,571, respectively for business-type activities. The following compares the June 30, 2019 and 2018 balances.

**CRESSKILL BOARD OF EDUCATION**

**Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2019**

**CAPITAL ASSET ADMINISTRATION (Continued)**

Capital Assets  
at June 30, 2019 and 2018

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 1,286,701	\$ 48,630			\$ 1,286,701	\$ 48,630
Construction in Progress	6,618,669	1,602,730			6,618,669	1,602,730
Buildings and Building Improvements	41,039,616	41,039,616	\$ 14,800	\$ 14,800	41,054,416	41,054,416
Improvements Other Than Buildings	742,641	742,641			742,641	742,641
Machinery and Equipment	<u>1,889,886</u>	<u>1,825,511</u>	<u>157,198</u>	<u>150,969</u>	<u>2,047,084</u>	<u>1,976,480</u>
	51,577,513	45,259,128	171,998	165,769	51,749,511	45,424,897
Less Accumulated Depreciation	<u>(16,382,288)</u>	<u>(15,397,275)</u>	<u>(146,119)</u>	<u>(143,198)</u>	<u>(16,528,407)</u>	<u>(15,540,473)</u>
<b>Total Capital Assets, Net</b>	<b><u>\$ 35,195,225</u></b>	<b><u>\$ 29,861,853</u></b>	<b><u>\$ 25,879</u></b>	<b><u>\$ 22,571</u></b>	<b><u>\$ 35,221,104</u></b>	<b><u>\$ 29,884,424</u></b>

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

**LONG TERM LIABILITIES**

At June 30, 2019 the District had \$32,238,588 of outstanding long-term liabilities. Of this amount, \$24,689,781 is for bonds payable; \$218,781 is for capital leases payable; \$1,109,290 is for compensated absences and \$6,220,736 is for net pension liability. This is in comparison to long-term liabilities at June 30, 2018 consisting of bonds payable of \$26,057,189; capital leases of \$289,823; compensated absences of \$1,117,911 and net pension liability of \$7,362,778 for a total of \$34,827,701.

Outstanding Long-Term Liabilities  
at June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Bonds Payable (Including Unamortized Premium)	\$ 24,689,781	\$ 26,057,189
Capital Lease Payable	218,781	289,823
Compensated Absences	1,109,290	1,117,911
Net Pension Liability	<u>6,220,736</u>	<u>7,362,778</u>
	<b><u>\$ 32,238,588</u></b>	<b><u>\$ 34,827,701</u></b>

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

# CRESSKILL BOARD OF EDUCATION

## Management's Discussion and Analysis Fiscal Year Ended June 30, 2019

### **General Fund Budgetary Highlights**

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

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

General Fund budgetary revenues and other financing sources exceeded budgetary expenditures increasing budgetary fund balance by \$1,049,142 over the previous year. After deducting restricted and assigned fund balances, the unassigned budgetary fund balance increased by \$31,860 from \$736,496 at June 30, 2018 to \$768,356 at June 30, 2019. The District increased its restricted fund balances for capital reserve by a net amount of \$37,717 at June 30, 2019 and decreased its maintenance reserve by net \$99,750.

### **FACTORS BEARING ON THE DISTRICT'S FUTURE**

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

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

These indicators were considered when adopting the budget for fiscal year 2019-2020. Budgeted expenditures in the General Fund increased 2 percent to \$30,800,161 in fiscal year 2019-2020. Increases in contractual payroll and related employee health benefits are the primary reasons for the increase.

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

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information contact the Business Office, Cresskill Board of Education, 129 Madison Avenue, Cresskill, NJ 07626.

## **BASIC FINANCIAL STATEMENTS**

**CRESSKILL BOARD OF EDUCATION**  
**STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2019**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 9,557,489	\$ 1,540	\$ 9,559,029
Receivables, net	411,970		411,970
Inventories		3,870	3,870
Capital Assets			
Capital Assets, Not Being Depreciated	7,905,370		7,905,370
Capital Assets, Being Depreciated	<u>27,289,855</u>	<u>25,879</u>	<u>27,315,734</u>
Total Assets	<u>45,164,684</u>	<u>31,289</u>	<u>45,195,973</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amounts on Refunding of Debt	522,709	-	522,709
Deferred Amounts on Net Pension Liability	<u>1,204,645</u>	<u>-</u>	<u>1,204,645</u>
Total Deferred Outflows of Resources	<u>1,727,354</u>	<u>-</u>	<u>1,727,354</u>
Total Assets and Deferred Outflows of Resources	<u>46,892,038</u>	<u>31,289</u>	<u>46,923,327</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	2,094,073	1,981	2,096,054
Payable to Other Governments	40,061		40,061
Accrued Interest Payable	346,648		346,648
Unearned Revenue	34,626	10,002	44,628
Noncurrent Liabilities			
Due Within One Year	1,486,542		1,486,542
Due Beyond One Year	<u>30,752,046</u>	<u>-</u>	<u>30,752,046</u>
Total Liabilities	<u>34,753,996</u>	<u>11,983</u>	<u>34,765,979</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Amounts on Net Pension Liability	<u>2,367,563</u>	<u>-</u>	<u>2,367,563</u>
Total Deferred Inflows of Resources	<u>2,367,563</u>	<u>-</u>	<u>2,367,563</u>
Total Liabilities and Deferred Inflows of Resources	<u>37,121,559</u>	<u>11,983</u>	<u>37,133,542</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	15,867,265	25,879	15,893,144
Restricted for			
Capital Projects	1,352,119		1,352,119
Plant Maintenance	100,500		100,500
Debt Service	1		1
Unrestricted	<u>(7,549,406)</u>	<u>(6,573)</u>	<u>(7,555,979)</u>
Total Net Position	<u>\$ 9,770,479</u>	<u>\$ 19,306</u>	<u>\$ 9,789,785</u>

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



**CRESSKILL BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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	\$ 17,225,661	\$ 286,592	\$ 5,030,247		\$ (11,908,822)		\$ (11,908,822)
Special Education	7,529,952	1,108,166	2,978,662		(3,443,124)		(3,443,124)
Other Instruction	1,399,111		444,403		(954,708)		(954,708)
School Sponsored Activities and Athletics	786,069		57,765		(728,304)		(728,304)
Support Services:							
Student & Instruction Related Services	3,939,191	101,276	902,348	\$ 12,054	(2,923,513)		(2,923,513)
General Administration Services	782,521		100,422		(682,099)		(682,099)
School Administration Services	2,821,716		741,883		(2,079,833)		(2,079,833)
Central Services and Admin Info. Tech.	808,375		31,018		(777,357)		(777,357)
Plant Operations and Maintenance	3,487,792	6,525	215,705		(3,265,562)		(3,265,562)
Pupil Transportation	454,426		76,612		(377,814)		(377,814)
Interest on Long-Term Debt	870,109	-	-	-	(870,109)	-	(870,109)
<b>Total Governmental Activities</b>	<b>40,104,923</b>	<b>1,502,559</b>	<b>10,579,065</b>	<b>12,054</b>	<b>(28,011,245)</b>	<b>-</b>	<b>(28,011,245)</b>
Business-Type Activities:							
Food Service	355,719	341,057	-	-	-	\$ (14,662)	(14,662)
<b>Total Business-Type Activities</b>	<b>355,719</b>	<b>341,057</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(14,662)</b>	<b>(14,662)</b>
<b>Total Primary Government</b>	<b>\$ 40,460,642</b>	<b>\$ 1,843,616</b>	<b>\$ 10,579,065</b>	<b>\$ 12,054</b>	<b>(28,011,245)</b>	<b>(14,662)</b>	<b>(28,025,907)</b>
General Revenues:							
Taxes:							
Property Taxes, levied for General Purposes					27,150,294		27,150,294
Property Taxes Levied for Debt Service					2,050,290		2,050,290
State Aid Restricted for Debt Service Principal					19,059		19,059
Investment Earnings					175,532	488	176,020
Miscellaneous Income					40,471	-	40,471
<b>Total General Revenues</b>					<b>29,435,646</b>	<b>488</b>	<b>29,436,134</b>
Change in Net Position					1,424,401	(14,174)	1,410,227
Net Position, Beginning of Year					8,346,078	33,480	8,379,558
Net Position, End of Year					<b>\$ 9,770,479</b>	<b>\$ 19,306</b>	<b>\$ 9,789,785</b>

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

**FUND FINANCIAL STATEMENTS**

**CRESSKILL BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2019**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 3,816,786		\$ 5,740,702	\$ 1	\$ 9,557,489
Receivables, Net					
Intergovernmental Receivables	59,113	\$ 288,670			347,783
Other Receivables	34,054	18,475			52,529
Due from Other Funds	<u>316,164</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>316,164</u>
Total Assets	<u>\$ 4,226,117</u>	<u>\$ 307,145</u>	<u>\$ 5,740,702</u>	<u>\$ 1</u>	<u>\$ 10,273,965</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	\$ 1,045,720	\$ 33,676	\$ 1,014,677		\$ 2,094,073
Due to Other Funds		198,782	105,724		304,506
Payable to State Governments		40,061			40,061
Unearned Revenue	<u>-</u>	<u>34,626</u>	<u>-</u>	<u>-</u>	<u>34,626</u>
Total Liabilities	<u>1,045,720</u>	<u>307,145</u>	<u>1,120,401</u>	<u>-</u>	<u>2,473,266</u>
Fund Balances:					
Restricted Fund Balance					
Capital Reserve	1,140,119				1,140,119
Capital Reserve- Designated for Subsequent Year's Expenditures	212,000				212,000
Maintenance Reserve	100,500				100,500
Excess Surplus	960,000				960,000
Excess Surplus- Designated for Subsequent Year's Expenditures (2019/2020 budget)	65,000				65,000
Capital Projects			\$ 4,620,301		4,620,301
Debt Service				\$ 1	1
Assigned Fund Balance					
Year End Encumbrances	192,462				192,462
Designated for Subsequent Year's Expenditures (2019/2020 budget)	217,275				217,275
Unassigned Fund Balance	<u>293,041</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>293,041</u>
Total Fund Balances	<u>3,180,397</u>	<u>-</u>	<u>4,620,301</u>	<u>1</u>	<u>7,800,699</u>
Total Liabilities and Fund Balances	<u>\$ 4,226,117</u>	<u>\$ 307,145</u>	<u>\$ 5,740,702</u>	<u>\$ 1</u>	<u>\$ 10,273,965</u>

**CRESSKILL BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2019**

<b>Total Fund Balance (Exhibit B-1)</b>		\$ 7,800,699
<b>Amounts reported for governmental activities in the statement of net position (A-1) are different because:</b>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$51,577,513 and the accumulated depreciation is \$16,382,288.		35,195,225
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.		522,709
Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and amortized over future years.		
	Deferred Outflows of Resources	\$ 1,204,645
	Deferred Inflow of Resources	<u>(2,367,563)</u>
		(1,162,918)
The District has financed capital assets through the issuance of bonds and long-term lease obligations. The interest accrual at year end is:		(346,648)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
	Bonds Payable (Including Unamortized Premium)	(24,689,781)
	Capital Lease Payable	(218,781)
	Compensated Absences Payable	(1,109,290)
	Net Pension Liability	<u>(6,220,736)</u>
		<u>(32,238,588)</u>
<b>Net Position of Governmental Activities (Exhibit A-1)</b>		<b>\$ <u>9,770,479</u></b>

**CRESSKILL BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 27,150,294			\$ 2,050,290	\$ 29,200,584
Tuition and Related Services Fees	1,496,034				1,496,034
Rentals	6,525				6,525
Interest and Investment Income	69,808		\$ 105,724		175,532
Miscellaneous	40,471	\$ 79,812	-	-	120,283
Total - Local Sources	28,763,132	79,812	105,724	2,050,290	30,998,958
State Sources	6,481,985	97,008	-	31,113	6,610,106
Federal Sources	-	505,934	-	-	505,934
Total Revenues	<u>35,245,117</u>	<u>682,754</u>	<u>105,724</u>	<u>2,081,403</u>	<u>38,114,998</u>
<b>EXPENDITURES</b>					
Current					
Instruction					
Regular Instruction	15,050,116	312,997			15,363,113
Special Education Instruction	6,617,165	321,194			6,938,359
Other Instruction	1,213,481	21,446			1,234,927
School-Sponsored Activities and Athletics	754,622				754,622
Support Services					
Student and Instruction Related Services	3,555,942	27,117			3,583,059
General Administration Services	739,582				739,582
School Administration Services	2,515,659				2,515,659
Central Services and Admin Info. Tech.	779,572				779,572
Plant Operations and Maintenance	2,500,946				2,500,946
Pupil Transportation	454,426				454,426
Debt Service					
Principal	71,042			1,275,000	1,346,042
Interest	4,709			806,404	811,113
Capital Outlay	95,416	-	6,222,969	-	6,318,385
Total Expenditures	<u>34,352,678</u>	<u>682,754</u>	<u>6,222,969</u>	<u>2,081,404</u>	<u>43,339,805</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>892,439</u>	<u>-</u>	<u>(6,117,245)</u>	<u>(1)</u>	<u>(5,224,807)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	105,724	-			105,724
Transfers Out	-	-	(105,724)	-	(105,724)
Total Other Financing Sources and Uses	<u>105,724</u>	<u>-</u>	<u>(105,724)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	998,163	-	(6,222,969)	(1)	(5,224,807)
Fund Balance, Beginning of Year	<u>2,182,234</u>	<u>-</u>	<u>10,843,270</u>	<u>2</u>	<u>13,025,506</u>
Fund Balance, End of Year	<u>\$ 3,180,397</u>	<u>\$ -</u>	<u>\$ 4,620,301</u>	<u>\$ 1</u>	<u>\$ 7,800,699</u>

**CRESSKILL BOARD OF EDUCATION  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2)** **\$ (5,224,807)**

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

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

This is the amount by which capital outlay exceeded depreciation expense in the period.

	\$ 6,318,385	
Capital outlays		
Depreciation expense	(985,013)	5,333,372

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

		71,042
Capital Lease Principal Repayment		
Repayment of Bond Principal		1,275,000

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

	92,408	
Amortization of Deferred Amount on Refunding of Debt		
Amortization of Original Issuance Premium	(115,816)	(23,408)

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.

		(35,588)
Increase in Accrued Interest		

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

	8,621	
Net Decrease in Compensated Absences		
Decrease in Net Pension Expense	20,169	28,790

**Change in Net Position of Governmental Activities (Exhibit A-2)** **\$ 1,424,401**

**CRESSKILL BOARD OF EDUCATION  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2)** **\$ (5,224,807)**

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

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

Capital outlays	\$ 6,318,385	
Depreciation expense	<u>(985,013)</u>	5,333,372

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

Capital Lease Principal Repayment		71,042
Repayment of Bond Principal		<u>1,275,000</u>

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

Amortization of Deferred Amount on Refunding of Debt	92,408	
Amortization of Original Issuance Premium	<u>(115,816)</u>	(23,408)

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

Increase in Accrued Interest		(35,588)
------------------------------	--	----------

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

Net Decrease in Compensated Absences	8,621	
Decrease in Net Pension Expense	<u>20,169</u>	<u>28,790</u>

**Change in Net Position of Governmental Activities (Exhibit A-2)** **\$ 1,424,401**

**CRESSKILL BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF NET POSITION  
 AS OF JUNE 30, 2019**

	<b>Business-Type            Activities            Enterprise  <u>Food Services</u></b>
<b>ASSETS</b>	
Current Assets	
Cash	\$ 1,540
Inventories	<u>3,870</u>
Total Current Assets	<u>5,410</u>
Capital Assets	
Building Improvements	14,800
Furniture, Machinery and Equipment	157,198
Less: Accumulated Depreciation	<u>(146,119)</u>
Total Capital Assets, Net	<u>25,879</u>
Total Assets	<u>31,289</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	1,981
Unearned Revenue	<u>10,002</u>
Total Current Liabilities	<u>11,983</u>
<b>NET POSITION</b>	
Investment in Capital Assets	25,879
Unrestricted	<u>(6,573)</u>
Total Net Position	<u>\$ 19,306</u>

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



**CRESSKILL BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<b>Business-Type            Activities            Enterprise  <u>Food Services</u></b>
<b>OPERATING REVENUES</b>	
Charges for Services	
Daily Sales	\$ 336,443
Sales - Milk Program	<u>4,614</u>
Total Operating Revenues	<u>341,057</u>
<b>OPERATING EXPENSES</b>	
Salaries and Benefits	148,884
Cost of Sales	137,035
Management Fee	17,207
Other Purchased Services	14,498
Repair and Maintenance	4,193
Materials and Supplies	30,981
Depreciation	<u>2,921</u>
Total Operating Expenses	<u>355,719</u>
Operating Loss	<u>(14,662)</u>
<b>NONOPERATING REVENUES</b>	
Interest	<u>488</u>
Total Nonoperating Revenues	<u>488</u>
Change in Net Position	(14,174)
Total Net Position - Beginning of Year	<u>33,480</u>
Total Net Position - End of Year	<u>\$ 19,306</u>

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

**CRESSKILL BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<b>Business-Type            Activities            Enterprise  <u>Food Services</u></b>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 339,645
Cash Payments for Salaries and Benefits	(148,884)
Cash Payments to Suppliers for Goods and Services	<u>(305,397)</u>
Net Cash Used by Operating Activities	<u>(114,636)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Purchase of Capital Assets	<u>(6,229)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(6,229)</u>
<b>Cash Flows from Investing Activities</b>	
Interest on Investments	<u>488</u>
Net Cash Provided by Investing Activities	<u>488</u>
Net Decrease in Cash and Cash Equivalents	(120,377)
Cash and Cash Equivalents, Beginning of Year	<u>121,917</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,540</u>
<b>Reconciliation of Operating Loss to Net Cash            Used by Operating Activities</b>	
Operating Loss	\$ <u>(14,662)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Depreciation	2,921
Change in Assets and Liabilities	
(Increase)/Decrease in Inventories	(848)
Increase/(Decrease) in Accounts Payable	(100,635)
Increase/(Decrease) in Unearned Revenue	<u>(1,412)</u>
Total Adjustments	<u>(99,974)</u>
Net Cash Used by Operating Activities	<u>\$ (114,636)</u>

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

**CRESSKILL BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
AS OF JUNE 30, 2019**

	<b>Unemployment Compensation <u>Trust Fund</u></b>	<b><u>Scholarship Fund</u></b>	<b><u>Agency Fund</u></b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 78,082	\$ 74,808	\$ 701,656
Due from Other Funds	<u>-</u>	<u>-</u>	<u>4,591</u>
Total Assets	<u>78,082</u>	<u>74,808</u>	<u>706,247</u>
<b>LIABILITIES</b>			
Due to Other Funds	\$ 4,591		\$ 11,658
Payroll Deductions and Withholdings Payable			10,670
Flexible Spending Plan Deposits			37,649
Summer Savings Plan			397,500
Intergovernmental Payable- State	2,946		
Due to Student Groups	<u>-</u>	<u>-</u>	<u>248,770</u>
Total Liabilities	<u>7,537</u>	<u>-</u>	<u>\$ 706,247</u>
<b>NET POSITION</b>			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 70,545</u>	<u>\$ 74,808</u>	

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

**CRESSKILL BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<b>Unemployment Compensation <u>Trust Fund</u></b>	<b><u>Scholarship Fund</u></b>
<b>ADDITIONS</b>		
Contributions		
Employees	\$ 40,431	
Private Donations	-	\$ 42,703
	<hr/>	<hr/>
Total Contributions	40,431	42,703
Investment Earnings		
Interest	842	965
	<hr/>	<hr/>
Total Additions	41,273	43,668
<b>DEDUCTIONS</b>		
Scholarship Awards		44,850
Unemployment Claims and Contributions	35,147	-
	<hr/>	<hr/>
Total Deductions	35,147	44,850
Change in Net Position	6,126	(1,182)
Net Position, Beginning of the Year	64,419	75,990
	<hr/>	<hr/>
Net Position, End of the Year	\$ 70,545	\$ 74,808
	<hr/>	<hr/>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**CRESSKILL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

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

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

**B. New Accounting Standards**

During fiscal year 2019, the District adopted the following GASB statement:

- GASB No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistency provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms association with debt will be disclosed.

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

- 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.

**CRESSKILL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. New Accounting Standards (Continued)**

- 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.
- GASB No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, will be effective beginning with the fiscal year ending June 30, 2020. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

**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.

**CRESSKILL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation - Financial Statements**

**Fund Financial Statements (Continued)**

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

The District reports the following major governmental funds:

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

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

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

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

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

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

Additionally, the government reports the following fund types:

The *fiduciary trust funds* are used to account for resources legally held in trust for state unemployment insurance claims and for private donations for scholarship awards. All resources of the funds, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

The *fiduciary agency funds* account for assets held by the District as an agent for student activities and for payroll deductions and withholdings. The funds for the student activities fund are solely for noninstructional student activities that are supported and controlled by student organizations and clubs for which school administration does not have management involvement. The payroll funds are held to remit employee withholdings to respective state, federal and other agencies.

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.



**CRESSKILL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

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

Property taxes, tuition, related service fees, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

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

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

***1. Cash, Cash Equivalents and Investments***

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

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

***2. Receivables***

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

**CRESSKILL BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**3. Inventories**

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

Food Service Fund inventories are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased.

**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>
Land Improvements	20
Buildings	50
Building Improvements	20
Machinery and Equipment	5-10
Computer Equipment	5

**5. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The 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 amount 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.

**CRESSKILL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

***5. Deferred Outflows/Inflows of Resources (Continued)***

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board has only one type of item that qualifies for reporting in this category which 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.

***6. Compensated Absences***

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

***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. Gains resulting from debt refundings are classified as deferred inflows of resources and losses are reported as deferred outflows of resources. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Gains and losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported with the unamortized bond premium or discount. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

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

**CRESSKILL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

***9. Net Position/Fund Balance***

**District-Wide Statements**

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

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

**Governmental Fund Statements**

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

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

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

*Capital Reserve - Designated for Subsequent Year's Expenditures* – This designation was created to dedicate the portion of capital reserve fund balance appropriated by Board resolution prior to year end to fund projects to be done during 2019/2020.

*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 2E).

*Excess Surplus* – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2019 audited excess surplus that is required to be appropriated in the 2020/2021 original budget certified for taxes.

*Excess Surplus – Designated for Subsequent Year's Expenditures* - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2018 audited excess surplus that was appropriated in the 2019/2020 original budget certified for taxes.

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

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

**CRESSKILL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

**Governmental Fund Statements (Continued)**

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

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

*Designated for Subsequent Year's Expenditures* – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2019/2020 District budget certified for taxes.

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

In the general operating fund and other governmental funds (capital projects and debt service fund types), it is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

**10. *Fund Balance Policies***

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the government that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District has no committed fund balances at year end.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the School Business Administrator/Board Secretary to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**CRESSKILL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**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, 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 1<sup>st</sup> 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 2017-2018 and 2018-2019 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

**4. *Proprietary Funds, Operating and Nonoperating Revenues and Expenses***

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

**CRESSKILL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

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

Budget adoptions and amendments are recorded in the District’s board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2018/2019. Also, during 2018/2019 the Board increased the original general fund budget by \$388,887. The increase was funded by additional surplus and state aid appropriated, appropriation of maintenance reserve and the reappropriation of prior year general fund encumbrances. During the fiscal year the Board authorized and approved appropriation of \$120,219 of additional state, \$100,000 from the maintenance reserve and \$156,931 of prior year extraordinary aid which were approved on July 23, 2018 and August 27, 2018 and January 28, 2019, respectively. The Board also increased the original special revenue fund budget by \$95,452 which was funded by additional grant awards.

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

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

**CRESSKILL BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**B. Excess Expenditures Over Appropriations**

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in unfavorable variances.

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Care and Upkeep of Grounds			
Cleaning, Repair and Maintenance Services	\$77,940	\$78,394	\$454

The above variances were offset with other available resources.

**C. Deficit Fund Equity**

The Food Service Enterprise Fund has a cumulative deficit in unrestricted net position of \$6,573 as of June 30, 2019. The District expects to eliminate this deficit through normal operations in the 2019/2020 fiscal year.

**D. 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, 2019 is as follows:

Balance, July 1, 2018	\$ 1,314,402
Increased by	
Interest earnings	\$ 10,848
Deposits Approved by Board Resolution	<u>119,839</u>
Total Increases	<u>130,687</u>
	1,445,089
Decreased by:	
Withdrawals Approved in District Budget	<u>92,970</u>
Balance, June 30, 2019	<u>\$ 1,352,119</u>

The withdrawals from the capital reserve were approved in the District's budget. \$212,000 of the capital reserve balance at June 30, 2019 was designated by Board resolution to be appropriated for use in 2019/2020 for the High School Track Replacement project.



**CRESSKILL BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**E. Maintenance Reserve**

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

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

The activity of the maintenance reserve for the fiscal year ended June 30, 2019 is as follows:

Balance, July 1, 2018	\$ 200,250
Increased by:	
Interest Earned	\$ <u>250</u>
	<u>250</u>
	200,500
Decreased by:	
Withdrawals Approved by Board Resolution	<u>100,000</u>
Balance, June 30, 2019	<u>\$ 100,500</u>

The June 30, 2019 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$1,323,888. The withdrawals from the maintenance reserve were for use in required maintenance activities for school facilities.

**F. Transfers to Capital Outlay**

During the 2018/2019 school year, the district transferred \$38,500 to the non-equipment capital outlay accounts. The transfer was approved by the County Superintendent to support projects funded by additional state aid provided to the district.

**G. 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, 2019 is \$1,025,000. Of this amount, \$65,000 was designated and appropriated in the 2019/2020 original budget certified for taxes and the remaining amount of \$960,000 will be appropriated in the 2020/2021 original budget certified for taxes.

**CRESSKILL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**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 and NCUSIF.

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, 2019, the book value of the Board's deposits were \$10,413,575 and bank and brokerage firm balances of the Board's deposits amounted to \$11,060,380. 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>\$ 11,060,380</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, 2019 none of the Board's bank balances were exposed to custodial credit risk.

**Investments**

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America; Government Money Market Mutual Funds; any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; 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; Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law," (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by school districts; Local Government investment pools; deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2019, 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.

**CRESSKILL BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Cash Deposits and Investments (Continued)**

**Investments (Continued)**

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

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

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

**B. Receivables**

Receivables as of June 30, 2019 for the district’s individual major funds are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Receivables:			
Accounts	\$ 34,054		\$ 34,054
Intergovernmental			
Federal		\$ 288,670	288,670
Local	<u>59,113</u>	<u>18,475</u>	<u>77,588</u>
 Total Receivables	 <u>\$ 93,167</u>	 <u>\$ 307,145</u>	 <u>\$ 400,312</u>

**C. Unearned Revenue**

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

	<u>Total</u>
Special Revenue Fund	
Unencumbered Grant Draw Downs	25,332
Grant Draw Downs Reserved for Encumbrances	<u>9,294</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 34,626</u>

**CRESSKILL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2019 was as follows:

	Balance, July 1, 2018	Increases	Decreases	Balance, June 30, 2019
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 48,630	\$ 1,238,071		\$ 1,286,701
Construction in Progress	<u>1,602,730</u>	<u>5,015,939</u>	<u>-</u>	<u>6,618,669</u>
 Total Capital Assets, Not Being Depreciated	 <u>1,651,360</u>	 <u>6,254,010</u>	 <u>-</u>	 <u>7,905,370</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	41,039,616			41,039,616
Improvements Other Than Buildings	742,641			742,641
Machinery and Equipment	<u>1,825,511</u>	<u>64,375</u>	<u>-</u>	<u>1,889,886</u>
 Total Capital Assets Being Depreciated	 <u>43,607,768</u>	 <u>64,375</u>	 <u>-</u>	 <u>43,672,143</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(13,176,413)	(892,686)		(14,069,099)
Improvements Other Than Buildings	(591,845)	(3,637)		(595,482)
Machinery and Equipment	<u>(1,629,017)</u>	<u>(88,690)</u>	<u>-</u>	<u>(1,717,707)</u>
 Total Accumulated Depreciation	 <u>(15,397,275)</u>	 <u>(985,013)</u>	 <u>-</u>	 <u>(16,382,288)</u>
 Total Capital Assets, Being Depreciated, Net	 <u>28,210,493</u>	 <u>(920,638)</u>	 <u>-</u>	 <u>27,289,855</u>
 Governmental Activities Capital Assets, Net	 <u>\$ 29,861,853</u>	 <u>\$ 5,333,372</u>	 <u>\$ -</u>	 <u>\$ 35,195,225</u>

**CRESSKILL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets (Continued)**

	Balance, July 1, 2018	<u>Increases</u>	<u>Decreases</u>	Balance, June 30, 2019
<b>Business-Type Activities:</b>				
Capital Assets, Being Depreciated:				
Building Improvements	\$ 14,800			\$ 14,800
Machinery and Equipment	150,969	\$ 6,229	-	157,198
Total Capital Assets Being Depreciated	<u>165,769</u>	<u>6,229</u>	<u>-</u>	<u>171,998</u>
Less Accumulated Depreciation for:				
Building Improvements	(1,480)	(470)		(1,950)
Machinery and Equipment	(141,718)	(2,451)	-	(144,169)
Total Accumulated Depreciation	<u>(143,198)</u>	<u>(2,921)</u>	<u>-</u>	<u>(146,119)</u>
Total Capital Assets, Being Depreciated, Net	<u>22,571</u>	<u>3,308</u>	<u>-</u>	<u>25,879</u>
Business-Type Activities Capital Assets, Net	<u>\$ 22,571</u>	<u>\$ 3,308</u>	<u>\$ -</u>	<u>\$ 25,879</u>

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

**Governmental activities:**

Instruction	
Regular	\$ 33,064
Total Instruction	<u>33,064</u>
Support Services	
Student and Instruction Related Services	6,673
School Administration Services	11,132
Plant Operations and Maintenance	934,144
Total Support Services	<u>951,949</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 985,013</u>

**Business-Type Activities:**

Food Service Fund	\$ 2,921
Total Depreciation Expense-Business-Type Activities	<u>\$ 2,921</u>

**CRESSKILL BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets (Continued)**

**Construction and Other Significant Commitments**

The District has the following active construction projects as of June 30, 2019:

<u>Project</u>	<u>Remaining Commitment</u>
Additions and Alterations at Bryan School	\$ 3,313,100
Total	<u>\$ 3,313,100</u>

**E. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2019, is as follows:

**Due To/From Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 198,782
General Fund	Capital Project Fund	105,724
General Fund	Payroll Agency Fund	11,658
Payroll Agency Fund	Unemployment Compensation Fund	<u>4,591</u>
Total		<u>\$ 320,755</u>

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

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

**Interfund Transfers**

	<u>Transfer In:</u>
	General
	<u>Fund</u>
Transfer Out:	
Capital Projects Fund	\$ <u>105,724</u>
	<u>\$ 105,724</u>

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

**CRESSKILL BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Leases**

**Operating Leases**

The District leases two properties for school purposes from the Borough of Cresskill under noncancelable operating leases. Lease payments do not begin until the 2019/2020 school year. The lease term is for 30 years. The future minimum lease payments for these operating leases are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2020	\$ 55,714
2021	55,714
2022	55,714
2023	55,714
2024	55,714
2025-2029	278,572
2030-2034	278,572
2035-2039	278,572
2040-2044	278,572
2045-2047	<u>167,142</u>
Total	<u>\$ 1,560,000</u>

**Capital Leases**

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

The capital assets acquired through capital leases are as follows:

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

**CRESSKILL BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Leases (Continued)**

**Capital Leases (Continued)**

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2020	\$ 75,751
2021	75,750
2022	<u>75,750</u>
Total minimum lease payments	227,251
Less: amount representing interest	<u>(8,470)</u>
Present value of minimum lease payments	<u>\$ 218,781</u>

**G. Long-Term Debt**

**General Obligation Bonds**

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets and other purposes permitted by statute. 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, 2019 are comprised of the following issues:

\$8,960,000, 2012 Refunding Bonds, due in annual installments of \$720,000 to \$970,000 through February 1, 2025 interest at 3.0% - 4.0%	\$5,545,000
\$6,700,000, 2013 Refunding Bonds, due in annual installments of \$45,000 to \$1,040,000 through February 1, 2031, interest at 2.0% - 3.0%	6,440,000
\$12,446,000, 2018 Bonds, due in annual installments of \$350,000 to \$700,000 through February 1, 2043, interest at 3.00% - 3.50%	<u>12,446,000</u>
Total	<u>\$24,431,000</u>



**CRESSKILL BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**G. Long-Term Debt (Continued)**

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

**Governmental Activities:**

Fiscal Year Ending June 30,	Serial Bonds		Total
	Principal	Interest	
2020	\$ 1,365,000	\$ 823,116	\$ 2,188,116
2021	1,360,000	772,466	2,132,466
2022	1,360,000	721,578	2,081,578
2023	1,365,000	670,691	2,035,691
2024	1,360,000	619,903	1,979,903
2025-2029	6,810,000	2,424,120	9,234,120
2030-2034	4,590,000	1,486,957	6,076,957
2035-2039	3,450,000	849,800	4,299,800
2040-2043	<u>2,771,000</u>	<u>240,940</u>	<u>3,011,940</u>
Total	<u>\$ 24,431,000</u>	<u>\$ 8,609,571</u>	<u>\$ 33,040,571</u>

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2019 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 91,022,603
Less: Net Debt Issued and Authorized But Not Issued	<u>24,431,400</u>
Remaining Borrowing Power	<u>\$ 66,591,203</u>

**CRESSKILL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**H. Other Long-Term Liabilities**

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2019, was as follows:

	Balance <u>July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2019</u>	Due Within <u>One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable	\$ 25,706,000		\$ 1,275,000	\$ 24,431,000	\$ 1,365,000
Add:					
Unamortized Premiums	<u>351,189</u>	-	<u>92,408</u>	<u>258,781</u>	-
Bonds Payable, Net	26,057,189	-	1,367,408	24,689,781	1,365,000
Capital Lease Payable	289,823		71,042	218,781	71,542
Compensated Absences	1,117,911	\$ 13,879	22,500	1,109,290	50,000
Net Pension Liability	<u>7,362,778</u>	-	<u>1,142,042</u>	<u>6,220,736</u>	-
Governmental Activities Long-Term Liabilities	<u>\$ 34,827,701</u>	<u>\$ 13,879</u>	<u>\$ 2,602,992</u>	<u>\$ 32,238,588</u>	<u>\$ 1,486,542</u>

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

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

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

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

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

**CRESSKILL BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

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

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

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

Fiscal Year Ended <u>June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019	NONE	\$ 40,431	\$ 35,147	\$ 70,545
2018	NONE	35,920	29,032	64,419
2017	NONE	35,559	26,561	57,206

**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, 2019, 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, 2019, the District has not estimated its arbitrage earnings due to the IRS, if any.

**CRESSKILL BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans**

**Plan Descriptions and Benefits Provided**

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

**Public Employees’ Retirement System (PERS)** – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, 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. PERS is a cost sharing multiple employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division’s) Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

<b>Tier</b>	<b>Definition</b>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

**Teachers’ Pension and Annuity Fund (TPAF)** – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees. TPAF is a cost sharing multiple- employer defined benefit pension plan with a special funding situation, which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions. For additional information about TPAF, please refer to the State Division of Pension and Benefits (Division’s) Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**CRESSKILL BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Teachers' Pension and Annuity Fund (TPAF) (Continued)**

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represent the membership tiers for TPAF:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement for his/her respective tier. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

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

**Defined Contribution Retirement Program (DCRP)** – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not earn the minimum salary required or do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

**CRESSKILL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Other Pension Funds**

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

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

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

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits (“Division”), 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](http://www.state.nj.us/treasury/pensions).

**Plan Amendments**

The authority to amend the provisions of the above plans rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for TPAF and PERS, once a Target Funded Ratio (TFR) is met. The Pension Plan Design Committees will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation of final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committees will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period.

**Measurement Focus and Basis of Accounting**

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

**CRESSKILL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Investment Valuation**

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

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](http://www.state.nj.us/treasury/doinvest).

**Collective Net Pension Liability**

The collective net pension liability of the participating employers for local PERS at June 30, 2018 is \$19.7 billion and the plan fiduciary net position as a percentage of the total pension liability is 53.60%. The collective net pension liability of the State funded TPAF at June 30, 2018 is \$63.81 billion and the plan fiduciary net position as a percentage of total pension liability is 26.49%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2017 which were rolled forward to June 30, 2018.

**Actuarial Methods and Assumptions**

In the July 1, 2017 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**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 members 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 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2019.

**CRESSKILL BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Employer and Employee Pension Contributions (Continued)**

PERS employers' and TPAF State's nonemployer contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2019 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State's annual pension contribution was less than this actuarial determined amount. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployer 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. All PERS and DCRP contributions made by the Board for fiscal years 2019, 2018 and 2017 were equal to the required contributions.

During the fiscal years ended June 30, 2019, 2018 and 2017 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, contributed for TPAF, respectively for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2019	\$ 314,260	\$ 2,760,009	\$ 12,281
2018	293,011	2,077,523	20,671
2017	299,057	1,504,287	20,326

In addition for fiscal years 2019, 2018 and 2017 the District contributed \$1,424, \$3,807 and \$1,394, respectively for PERS and the State contributed \$3,003, \$3,896 and \$4,508, respectively 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 Statement No. 85, *Omnibus 2017* (GASB No. 85). The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$1,088,300 during the fiscal year ended June 30, 2019 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. 85.



**CRESSKILL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

**Public Employees Retirement System (PERS)**

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the measurement period July 1, 2017 through June 30, 2018. Employer allocation percentages have been rounded for presentation purposes.

Although the NJ Division of Pensions and Benefits (“Division”) administers one cost-sharing multiple employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2018 are based on the ratio of each employer’s contribution to total employer contributions of the group for the fiscal year ended June 30, 2018.

At June 30, 2019, the District reported in the statement of net position (accrual basis) a liability of \$6,220,736 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018 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 the District’s share of contributions to the pension plan relative to the contributions of all participating governmental entities, actuarially determined. At June 30, 2018, the District’s proportionate share was 0.03159 percent, which was a decrease of 0.00004 percent from its proportionate share measured as of June 30, 2017 of 0.03163 percent.

**CRESSKILL BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**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, 2019, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$294,091 for PERS. The pension contribution made by the District during the current 2018/2019 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2019 with a measurement date of the prior fiscal year end of June 30, 2018. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2019 for contributions made subsequent to the measurement date. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 118,630	\$ 32,076
Changes of Assumptions	1,025,074	1,989,061
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		58,351
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>60,941</u>	<u>288,075</u>
Total	<u>\$ 1,204,645</u>	<u>\$ 2,367,563</u>

At June 30, 2019, 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:

<b><u>Year Ending June 30,</u></b>	<b><u>Total</u></b>
2020	\$ (45,702)
2021	(79,458)
2022	(504,867)
2023	(413,654)
2024	(119,237)
Thereafter	<u>-</u>
	<u>\$ (1,162,918)</u>

**CRESSKILL BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
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**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, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.00%
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, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

**CRESSKILL BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
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**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***

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
US Equities	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%
Emerging Market Equities	6.50%	11.64%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%

***Discount Rate***

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2019	June 30, 2018	5.66%
2018	June 30, 2017	5.00%

**CRESSKILL BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**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, 2046
Municipal Bond Rate *	From July 1, 2046 and Thereafter

\* The municipal bond return rate used is 3.87% as of the measurement date of June 30, 2018. 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 5.66%, 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 (4.66 percent) or 1-percentage-point higher (6.66 percent) than the current rate:

	<b>1% Decrease <u>4.66%</u></b>	<b>Current Discount Rate <u>5.66%</u></b>	<b>1% Increase <u>6.66%</u></b>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 7,821,859</u>	<u>\$ 6,220,736</u>	<u>\$ 4,877,496</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2018. A sensitivity analysis specific to the District's net pension liability at June 30, 2018 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](http://www.state.nj.us/treasury/pensions).

**CRESSKILL BOARD OF EDUCATION  
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**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)**

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as an employer and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the fiscal year ended June 30, 2018. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2018, the State's pension contribution was less than the actuarial determined amount.

In accordance with GASB No. 68, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey, as a nonemployer contributing entity, 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, 2019, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$5,108,052 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2019 the State's proportionate share of the net pension liability attributable to the District is \$87,621,932. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer adjusted for unpaid early retirement incentives to total contributions to TPAF during the year ended June 30, 2018. At June 30, 2018, the State's share of the net pension liability attributable to the District was .13773 percent, which was a decrease of .00001 percent from its proportionate share measured as of June 30, 2017 of .13774 percent.

**CRESSKILL BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**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)**

**Actuarial Assumptions**

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<b><u>TPAF</u></b>
Inflation Rate	2.25%
Salary Increases:	
2011-2026	1.55-4.55%
Thereafter	2.00-5.45%
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2006

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, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

**CRESSKILL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**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**

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%



**CRESSKILL BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**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:

<b>Fiscal Year</b>	<b>Measurement Date</b>	<b>Discount Rate</b>
2019	June 30, 2018	4.86%
2018	June 30, 2017	4.25%

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, 2040
Municipal Bond Rate *	From July 1, 2040 and Thereafter

\* The municipal bond return rate used is 3.87% as of the measurement date of June 30, 2018. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

***Sensitivity of Net Pension Liability***

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.86%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.86 percent) or 1-percentage-point higher (5.86 percent) than the current rate:

	<b>1% Decrease (3.86%)</b>	<b>Current Discount Rate (4.86%)</b>	<b>1% Increase (5.86%)</b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 103,567,460</u>	<u>\$ 87,621,932</u>	<u>\$ 74,403,478</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2018. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2018 was not provided by the pension system.

**CRESSKILL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**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](http://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 plan for school districts.

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a single employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

**Plan Description and Benefits Provided**

The State of New Jersey sponsors and administers the following post-retirement health benefit program plan covering certain local school district employees, including those Board employees and retirees eligible for coverage.

**State Health Benefit Program Fund – Local Education Retired Employees Plan** (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage, prescription drug benefits and Medicare Part B reimbursement to qualified retired education employees and their covered dependents. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS and Alternate Benefits Program (ABP) 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 employer 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.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

**CRESSKILL BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

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](http://www.state.nj.us/treasury/pensions).

**Plan Membership**

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2017:

Active Plan Members	217,131
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	145,050
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u>          -</u>
 Total	 <u>362,181</u>

**Measurement Focus and Basis of Accounting**

The financial statements of the post-employment health benefit plans are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plans. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

**Investment Valuation**

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**Collective Net OPEB Liability**

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2018 is \$46.1 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2017 which were rolled forward to June 30, 2018.

**CRESSKILL BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**Actuarial Methods and Assumptions**

In the June 30, 2017 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**Post-Retirement Medical Benefits Contributions**

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.23 billion to the OPEB plan in fiscal year 2018.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution, an amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2019, 2018 and 2017 were \$1,251,935, \$1,341,828 and \$1,253,413, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. The nonemployer allocation percentages presented are based on the ratio of the State's contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the measurement period July 1, 2017 through June 30, 2018. Nonemployer allocation percentages have been rounded for presentation purposes.

In accordance with GASB No. 75, the District is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 75 is zero percent and the State's proportionate share is 100% of the OPEB liability attributable to the District. Therefore, in addition, the District does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

**CRESSKILL BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

For the fiscal year ended June 30, 2019, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$2,318,218. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2019 the State’s proportionate share of the OPEB liability attributable to the District is \$44,199,851. The nonemployer allocation percentages are based on the ratio of the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2018 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2018. At June 30, 2018, the state’s share of the OPEB liability attributable to the District was 0.09586 percent, which was a decrease of 0.00012 percent from its proportionate share measured as of June 30, 2017 of 0.09598 percent.

**Actuarial Assumptions**

The OPEB liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases *	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 4.55%
Rate Thereafter	2.00% to 5.45%
Mortality	Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disable Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.
Long-Term Rate of Return	1.00%

\*Salary increases are based on the defined benefit plan that the individual is enrolled in and his or her year of service for TPAF or his or her age for PERS.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2012 to June 30, 2015 and July 1, 2011 to June 30, 2014, respectively.

Healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.8 percent and decreases to a 5.0 percent long-term trend rate after eight years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5 percent. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8 percent and decreases to a 5.0 percent long-term trend rate after eight years. For prescription drug benefits, the initial trend rate is 8.0 percent and decreases to a 5.0 percent long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0 percent. This reflects the known underlying cost of the Part B premium. The Medicare Advantage trend rate is 4.5 percent and will continue in all future years.

**CRESSKILL BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**Long-Term Expected Rate of Return**

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 1.00% as of June 30, 2018.

**Discount Rate**

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2019	June 30, 2018	3.87%
2018	June 30, 2017	3.58%

The discount rate represents the municipal bond return rate as chosen by the Division. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**Changes in the Total OPEB Liability**

The change in the State’s proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2019 (measurement date June 30, 2018) is as follows:

	<u>Total OPEB Liability (State Share 100%)</u>
Balance, June 30, 2017 Measurement Date	\$ 51,482,993
Changes Recognized for the Fiscal Year:	
Service Cost	2,182,791
Interest on the Total OPEB Liability	1,900,990
Differences Between Expected and Actual Experiences	(5,153,729)
Changes of Assumptions	(5,072,154)
Gross Benefit Payments	(1,181,888)
Contributions from the Member	40,848
<b>Net Changes</b>	<u>\$ (7,283,142)</u>
Balance, June 30, 2018 Measurement Date	<u>\$ 44,199,851</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.58 percent in 2017 to 3.87 percent in 2018.

The change in the total OPEB liability was based on the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2018. A change in the total OPEB liability specific to the State’s proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2018 was not provided by the pension system.

**CRESSKILL BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**Sensitivity of OPEB Liability**

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 3.87%, as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87 percent) or 1-percentage-point higher (4.87 percent) than the current rate:

	<b>1% Decrease <u>(2.87%)</u></b>	<b>Current Discount Rate <u>(3.87%)</u></b>	<b>1% Increase <u>(4.87%)</u></b>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 52,253,221	\$ 44,199,851	\$ 37,798,253

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
Total OPEB Liability (School Retirees)	\$ 36,533,751	\$ 44,199,851	\$ 54,338,562

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2018. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2018 were not provided by the pension system.

**F. Tax Abatements**

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

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

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**  
**BUDGETARY COMPARISON SCHEDULES**



**CRESSKILL BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>REVENUES</b>					
<b>Local Sources</b>					
Property Taxes	\$ 27,150,294		\$ 27,150,294	\$ 27,150,294	
Tuition- Individuals (Regular)	208,022		208,022	286,592	\$ 78,570
Tuition- Other LEAs (Spec. Ed.)	1,115,291		1,115,291	1,108,166	(7,125)
Related Services Provided to Other LEAs				101,276	101,276
Interest				58,710	58,710
Interest on Capital Reserve Funds	250		250	10,848	10,598
Interest on Maintenance Reserve Funds	250		250	250	-
Rentals	10,000		10,000	6,525	(3,475)
Miscellaneous	40,255	-	40,255	40,471	216
<b>Total Local Sources</b>	<u>28,524,362</u>	<u>-</u>	<u>28,524,362</u>	<u>28,763,132</u>	<u>238,770</u>
<b>State Sources</b>					
Special Education Aid	732,897	\$ 89,003	821,900	821,900	
Transportation Aid	82,508		82,508	82,508	
Security Aid	111,900	31,216	143,116	143,116	
Extraordinary Special Education Costs Aid - FY 2019	197,443		197,443	380,810	183,367
Extraordinary Special Education Costs Aid - FY 2018	1,383		1,383	1,383	-
On-behalf TPAF Contributions (Non-budgeted)					
Pension - Non-Contributory Group Life Insurance				56,590	56,590
Pension - Normal Cost & Accrued Liab. Contribution				2,703,419	2,703,419
Long Term Disability Insurance				3,003	3,003
Post Retirement Medical Benefit Contribution				1,251,935	1,251,935
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	1,088,300	1,088,300
<b>Total State Sources</b>	<u>1,126,131</u>	<u>120,219</u>	<u>1,246,350</u>	<u>6,532,964</u>	<u>5,286,614</u>
<b>Total Revenues</b>	<u>29,650,493</u>	<u>120,219</u>	<u>29,770,712</u>	<u>35,296,096</u>	<u>5,525,384</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
<b>Regular Programs - Instruction</b>					
<b>Salaries of Teachers</b>					
Kindergarten	502,670	(58,542)	444,128	439,649	4,479
Grades 1-5	3,361,101	84,758	3,445,859	3,391,899	53,960
Grades 6-8	1,989,041	(89,505)	1,899,536	1,899,535	1
Grades 9-12	3,061,443	26,645	3,088,088	3,088,080	8
<b>Regular Programs - Home Instruction</b>					
Salaries of Teachers	10,000	12,694	22,694	20,149	2,545
Purchased Professional-Educational Services	2,000	2,066	4,066	2,925	1,141
<b>Regular Programs - Undistributed Instruction</b>					
Purchased Professional-Educational Services	95,128	253,646	348,774	308,638	40,136
Other Purchased Services	173,682	(4,093)	169,589	164,264	5,325
General Supplies	628,774	(42,020)	586,754	553,595	33,159
Textbooks	38,500	(17,500)	21,000	12,675	8,325
<b>Total Regular Programs</b>	<u>9,862,339</u>	<u>168,149</u>	<u>10,030,488</u>	<u>9,881,409</u>	<u>149,079</u>
<b>Special Education</b>					
<b>Cognitive-Mild</b>					
Salaries of Teachers	171,041	240	171,281	171,280	1
Other Salaries for Instruction	82,724	-	82,724	82,224	500
Purchased Professional- Educational Services	18,500	488	18,988	18,987	1
Other Purchased Services	1,500	(728)	772	271	501
General Supplies	16,700	-	16,700	11,371	5,329
<b>Total Cognitive Mild</b>	<u>290,465</u>	<u>-</u>	<u>290,465</u>	<u>284,133</u>	<u>6,332</u>

**CRESSKILL BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
<b>Special Education (Continued)</b>					
<b>Learning and/or Language Disabilities</b>					
Salaries of Teachers	\$ 562,268	\$ (83,908)	\$ 478,360	\$ 452,121	\$ 26,239
Other Salaries for Instruction	60,024	(25,018)	35,006	33,306	1,700
Purchased Professional- Educational Services	60,081	56,329	116,410	116,409	1
General Supplies	2,125	-	2,125	539	1,586
Textbooks	6,100	-	6,100	2,259	3,841
<b>Total Learning and/or Language Disabilities</b>	<u>690,598</u>	<u>(52,597)</u>	<u>638,001</u>	<u>604,634</u>	<u>33,367</u>
<b>Multiple Disabilities</b>					
Salaries of Teachers	256,641	6,965	263,606	260,074	3,532
Other Salaries for Instruction	119,721	354	120,075	119,574	501
Purchased Professional- Educational Services	217,092	(21,219)	195,873	194,607	1,266
General Supplies	3,550	-	3,550	2,815	735
<b>Total Multiple Disabilities</b>	<u>597,004</u>	<u>(13,900)</u>	<u>583,104</u>	<u>577,070</u>	<u>6,034</u>
<b>Resource Room/Resource Center</b>					
Salaries of Teachers	1,180,724	149,686	1,330,410	1,317,242	13,168
General Supplies	6,240	-	6,240	3,861	2,379
<b>Total Resource Room/Resource Center</b>	<u>1,186,964</u>	<u>149,686</u>	<u>1,336,650</u>	<u>1,321,103</u>	<u>15,547</u>
<b>Autism</b>					
Salaries of Teachers	405,066	142	405,208	402,600	2,608
Other Salaries for Instruction	296,100	(81,740)	214,360	214,058	302
Purchased Professional-Educational Services	418,149	66,486	484,635	484,635	-
General Supplies	11,909	(5,606)	6,303	6,303	-
<b>Total Autism</b>	<u>1,131,224</u>	<u>(20,718)</u>	<u>1,110,506</u>	<u>1,107,596</u>	<u>2,910</u>
<b>Preschool Disabled- Part Time</b>					
Salaries of Teachers	178,385	(2,921)	175,464	175,464	-
Other Salaries for Instruction	3,076	(1,974)	1,102	845	257
Purchased Professional-Educational Services	47,564	8,838	56,402	56,402	-
General Supplies	5,300	(2,698)	2,602	486	2,116
<b>Total Preschool Disabled-Part Time</b>	<u>234,325</u>	<u>1,245</u>	<u>235,570</u>	<u>233,197</u>	<u>2,373</u>
<b>Total Special Education</b>	<u>4,130,580</u>	<u>63,716</u>	<u>4,194,296</u>	<u>4,127,733</u>	<u>66,563</u>
<b>Basic Skills/Remedial</b>					
Salaries of Teachers	413,303	30,865	444,168	442,217	1,951
General Supplies	1,300	161	1,461	533	928
<b>Total Basic Skills/Remedial</b>	<u>414,603</u>	<u>31,026</u>	<u>445,629</u>	<u>442,750</u>	<u>2,879</u>
<b>Bilingual Education</b>					
Salaries of Teachers	345,228	79	345,307	344,168	1,139
General Supplies	4,600	(250)	4,350	374	3,976
<b>Total Bilingual Education</b>	<u>349,828</u>	<u>(171)</u>	<u>349,657</u>	<u>344,542</u>	<u>5,115</u>
<b>School Sponsored Co/Extra Curricular Activities</b>					
Salaries	90,585	11,500	102,085	73,912	28,173
Supplies and Materials	25,235	15,835	41,070	29,265	11,805
Other Objects	11,285	-	11,285	4,908	6,377
<b>Total School Sponsored Co/Extra Curricular Activ.</b>	<u>127,105</u>	<u>27,335</u>	<u>154,440</u>	<u>108,085</u>	<u>46,355</u>

**CRESSKILL BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
<b>School Sponsored Athletics</b>					
Salaries	\$ 334,415	\$ 10,287	\$ 344,702	\$ 329,181	\$ 15,521
Purchased Services	56,250	6,943	63,193	62,237	956
Supplies and Materials	41,500	(591)	40,909	40,909	-
Other Objects	42,513	4,344	46,857	39,716	7,141
Transfer to Cover Deficit (Agency Funds)	55,000	(28,780)	26,220	150	26,070
<b>Total School Sponsored Athletics</b>	<b>529,678</b>	<b>(7,797)</b>	<b>521,881</b>	<b>472,193</b>	<b>49,688</b>
<b>Total - Instruction</b>	<b>15,414,133</b>	<b>282,258</b>	<b>15,696,391</b>	<b>15,376,712</b>	<b>319,679</b>
<b>Undistributed Expenditures</b>					
<b>Instruction</b>					
Tuition to Other LEAs Within the State - Special	99,317	(9,933)	89,384	85,475	3,909
Tuition to County Voc. School Districts - Regular	436,932	(38,375)	398,557	398,556	1
Tuition to CSSD & Regional Day Schools	65,960	(65,900)	60	60	60
Tuition to APSSD Within State	598,187	139,395	737,582	729,349	8,233
Tuition to APSSD and Other LEAs-Special - Outside of State	100,700	(88,492)	12,208	12,208	-
<b>Total Undistributed Expenditures - Instruction</b>	<b>1,301,096</b>	<b>(63,305)</b>	<b>1,237,791</b>	<b>1,225,588</b>	<b>12,203</b>
<b>Attendance &amp; Social Work</b>					
Purchased Professional & Technical Services	18,500	-	18,500	9,350	9,150
<b>Total Attendance &amp; Social Work</b>	<b>18,500</b>	<b>-</b>	<b>18,500</b>	<b>9,350</b>	<b>9,150</b>
<b>Health Services</b>					
Salaries	230,894	6,844	237,738	227,408	10,330
Purchased Professional & Technical Services	11,000	2,930	13,930	8,457	5,473
Supplies and Materials	7,300	-	7,300	3,983	3,317
<b>Total Health Services</b>	<b>249,194</b>	<b>9,774</b>	<b>258,968</b>	<b>239,848</b>	<b>19,120</b>
<b>Speech, OT, PT &amp; Related Services</b>					
Salaries	243,033	(59,650)	183,383	180,492	2,891
Purchased Professional-Educational Services	53,650	103,118	156,768	140,509	16,259
Supplies and Materials	3,511	1,247	4,758	4,067	691
<b>Total Speech, OT, PT &amp; Related Services</b>	<b>300,194</b>	<b>44,715</b>	<b>344,909</b>	<b>325,068</b>	<b>19,841</b>
<b>Other Support Services - Students - Extra Services</b>					
Salaries	311,264	(53,901)	257,363	253,285	4,078
Purchased Professional-Educational Services	233,888	20,106	253,994	248,357	5,637
Supplies and Material	2,000	465	2,465	2,458	7
<b>Total Other Support Services-Students-Extra Svcs</b>	<b>547,152</b>	<b>(33,330)</b>	<b>513,822</b>	<b>504,100</b>	<b>9,722</b>
<b>Guidance</b>					
Salaries of Other Professional Staff	530,827	41,483	572,310	571,309	1,001
Salaries of Secretarial and Clerical Assistants	44,770	286	45,056	45,055	1
Purchased Professional-Educational Services	5,500	(1,000)	4,500	4,023	477
Other Purchased Services	7,650	(4,000)	3,650	2,079	1,571
Supplies and Materials	5,700	(2,000)	3,700	1,515	2,185
<b>Total Guidance</b>	<b>594,447</b>	<b>34,769</b>	<b>629,216</b>	<b>623,981</b>	<b>5,235</b>

**CRESSKILL BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
<b>Undistributed Expenditures (Continued)</b>					
<b>Child Study Team</b>					
Salaries of Other Professional Staff	\$ 527,324	\$ 2,434	\$ 529,758	\$ 519,315	\$ 10,443
Salaries of Secretarial and Clerical Assistants	55,580	286	55,866	55,865	1
Purchased Professional-Educational Services	54,530	8,835	63,365	53,039	10,326
Misc Purchased Services	1,200	-	1,200	524	676
Supplies and Materials	1,600	9,875	11,475	9,240	2,235
<b>Total Child Study Team</b>	<b>640,234</b>	<b>21,430</b>	<b>661,664</b>	<b>637,983</b>	<b>23,681</b>
<b>Improvement of Instructional Services</b>					
Salaries of Other Professional Staff	26,920	(1,350)	25,570	5,703	19,867
Purchased Professional-Educational Services	63,675	(7,204)	56,471	48,089	8,382
Other Purchased Services	1,110	800	1,910	1,120	790
Supplies and Materials	1,000	-	1,000	608	392
Other Objects	150	600	750	550	200
<b>Total Improvement of Inst. Serv.</b>	<b>92,855</b>	<b>(7,154)</b>	<b>85,701</b>	<b>56,070</b>	<b>29,631</b>
<b>Educational Media Services/School Library</b>					
Salaries	114,652	-	114,652	113,852	800
Supplies and Materials	12,850	(2,600)	10,250	9,229	1,021
<b>Total Educational Media Services/School Library</b>	<b>127,502</b>	<b>(2,600)</b>	<b>124,902</b>	<b>123,081</b>	<b>1,821</b>
<b>Instructional Staff Training Services</b>					
Purchased Professional- Educational Services	18,200	15,490	33,690	28,777	4,913
Other Purchased Professional & Technical Services	-	1,000	1,000	800	200
<b>Total Instructional Staff Training Services</b>	<b>18,200</b>	<b>16,490</b>	<b>34,690</b>	<b>29,577</b>	<b>5,113</b>
<b>Support Services General Administration</b>					
Salaries	330,675	4,369	335,044	319,038	16,006
Legal Services	70,000	(11,994)	58,006	31,741	26,265
Audit Fees	26,000	2,235	28,235	28,235	-
Other Purchased Professional Services	8,000	14,396	22,396	22,396	-
Communications/Telephone	25,650	(2,800)	22,850	20,585	2,265
BOE Other Purchased Services	2,000	2,900	4,900	4,900	-
Misc. Purchased Services	51,140	(247)	50,893	50,081	812
General Supplies	1,000	-	1,000	292	708
BOE In-House Training/Meeting Supplies	2,000	(1,110)	890	266	624
Miscellaneous Expenditures	3,950	1,043	4,993	4,992	1
BOE Membership Dues and Fees	12,350	(336)	12,014	11,969	45
<b>Total Support Services General Administration</b>	<b>532,765</b>	<b>8,456</b>	<b>541,221</b>	<b>494,495</b>	<b>46,726</b>

**CRESSKILL BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
<b>Undistributed Expenditures (Continued)</b>					
<b>Support Services School Administration</b>					
Salaries of Principals/Asst. Principals/Prog. Dir.	\$ 817,016	\$ 32,481	\$ 849,497	\$ 828,088	\$ 21,409
Salaries of Other Prof. Staff	647,128	(96,886)	550,242	550,240	2
Salaries of Secretarial and Clerical Assistants	253,345	1,995	255,340	253,186	2,154
Other Purchased Services		4,917	4,917	4,690	227
Supplies and Materials	35,950	(3,067)	32,883	32,398	485
Other Objects	10,230	1,070	11,300	10,179	1,121
<b>Total Support Services School Administration</b>	<u>1,763,669</u>	<u>(59,490)</u>	<u>1,704,179</u>	<u>1,678,781</u>	<u>25,398</u>
<b>Central Services</b>					
Salaries	276,570	(21,370)	255,200	240,551	14,649
Purchased Technical Services	74,075	19,745	93,820	84,427	9,393
Misc. Purchased Services	4,500	(954)	3,546	752	2,794
Supplies and Materials	6,500	10,764	17,264	10,884	6,380
Miscellaneous Expenditures	2,000	-	2,000	910	1,090
<b>Total Central Services</b>	<u>363,645</u>	<u>8,185</u>	<u>371,830</u>	<u>337,524</u>	<u>34,306</u>
<b>Admin. Info. Tech</b>					
Salaries	122,440	2	122,442	122,442	-
Purchased Technical Services	122,972	7,951	130,923	127,617	3,306
Other Purchased Services	500	-	500	500	-
Supplies and Materials	12,000	23,008	35,008	34,611	397
<b>Total Admin. Info. Tech</b>	<u>257,912</u>	<u>30,961</u>	<u>288,873</u>	<u>284,670</u>	<u>4,203</u>
<b>Required Maintenance for School Facilities</b>					
Salaries	107,800	-	107,800	107,800	-
Cleaning, Repair and Maintenance Services	167,821	199,033	366,854	347,000	19,854
General Supplies	20,000	(740)	19,260	3,632	15,628
<b>Total Required Maintenance for School Facilities</b>	<u>295,621</u>	<u>198,293</u>	<u>493,914</u>	<u>458,432</u>	<u>35,482</u>
<b>Custodial Services</b>					
Salaries	862,879	1,420	864,299	852,823	11,476
Salaries of Non-Instructional Aides	41,010	-	41,010	21,853	19,157
Purchased Professional and Technical Services	5,750	1,605	7,355	7,355	-
Cleaning, Repair and Maintenance Services	18,000	(610)	17,390	12,408	4,982
Rental of Land & Bldg Oth. Than Lease Pur Agrmt	10,000	-	10,000	10,000	-
Lease Purchase Payments- Energy Savings	75,751	-	75,751	75,751	-
Other Purchased Property Services	32,260	-	32,260	26,958	5,302
Insurance	140,630	610	141,240	141,240	-
General Supplies	94,750	(5,533)	89,217	76,565	12,652
Energy (Natural Gas)	88,000	11,967	99,967	93,305	6,662
Energy (Electricity)	285,350	(2,736)	282,614	177,473	105,141
Energy (Gasoline)	3,000	-	3,000	2,457	543
Other Objects	2,175	(80)	2,095	221	1,874
<b>Total Custodial Services</b>	<u>1,659,555</u>	<u>6,643</u>	<u>1,666,198</u>	<u>1,498,409</u>	<u>167,789</u>
<b>Care and Upkeep of Grounds</b>					
Salaries	81,960	(417)	81,543	81,542	1
Purchased Professional and Technical Services	2,000	-	2,000	1,908	92
Cleaning, Repair, and Maintenance Svc.	39,000	38,940	77,940	78,394	(454)
General Supplies	13,000	(2,304)	10,696	10,696	-
<b>Total Care and Upkeep of Grounds</b>	<u>135,960</u>	<u>36,219</u>	<u>172,179</u>	<u>172,540</u>	<u>(361)</u>

**CRESSKILL BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
<b>Undistributed Expenditures (Continued)</b>					
<b>Security</b>					
Cleaning, Repair and Maintenance Services	\$ 2,500	\$ 63,592	\$ 66,092	\$ 956	\$ 65,136
General Supplies	10,000	1,644	11,644	9,879	1,765
Total Security	<u>12,500</u>	<u>65,236</u>	<u>77,736</u>	<u>10,835</u>	<u>66,901</u>
<b>Student Transportation Services</b>					
Contracted Services (Other Than Between Home and School) - Vendors	114,500	9,165	123,665	123,630	35
Contracted Services (Between Home and School) - Joint Agreements	34,050	(4,600)	29,450	29,428	22
Contracted Services ( Sp Ed Stds)-Joint Agreements	245,000	57,108	302,108	301,368	740
Total Student Transportation Services	<u>393,550</u>	<u>61,673</u>	<u>455,223</u>	<u>454,426</u>	<u>797</u>
<b>Unallocated Benefits</b>					
Social Security Contributions	325,000	-	325,000	252,641	72,359
Other Retirement Contributions- PERS	319,433	-	319,433	315,684	3,749
Other Retirement Contributions - Regular (DCRP)	33,100	167	33,267	12,281	20,986
Workmens Compensation	97,295	-	97,295	97,231	64
Health Benefits	4,208,300	(338,532)	3,869,768	3,686,215	183,553
Tuition Reimbursement	4,500	-	4,500	2,700	1,800
Other Employee Benefits	101,410	7,749	109,159	109,158	1
Unused Sick Payment to Terminated/Retired Staff	15,000	7,500	22,500	22,500	-
Total Employee Benefits	<u>5,104,038</u>	<u>(323,116)</u>	<u>4,780,922</u>	<u>4,498,410</u>	<u>282,512</u>
<b>On-behalf Contributions</b>					
<b>On-behalf TPAF Contributions (Non-Budgeted)</b>					
Pension - Non-Contributory Group Life Insurance				56,590	(56,590)
Pension - Normal Cost & Accrued Liab.				2,703,419	(2,703,419)
Post Retirement Medical Benefit Contribution				1,251,935	(1,251,935)
Long Term Disability Insurance				3,003	(3,003)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	1,088,300	<b>(1,088,300)</b>
Total On-Behalf Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,103,247</u>	<u>(5,103,247)</u>
Total Undistributed Expenditures	<u>14,408,589</u>	<u>53,849</u>	<u>14,462,438</u>	<u>18,766,415</u>	<u>(4,303,977)</u>
Interest Earned on Maintenance Reserve	250	-	250	-	250
Total Expenditures - Current Expenditures	<u>29,822,972</u>	<u>336,107</u>	<u>30,159,079</u>	<u>34,143,127</u>	<u>(3,984,048)</u>
<b>CAPITAL OUTLAY</b>					
<b>Equipment</b>					
<b>Undistributed</b>					
Required Maintenance for School Facilities	40,000	(6,010)	33,990	31,041	2,949
Care and Upkeep of Grounds	65,000	(625)	64,375	64,375	-
Total Equipment	<u>105,000</u>	<u>(6,635)</u>	<u>98,365</u>	<u>95,416</u>	<u>2,949</u>
<b>Facilities Acquisition and Construction Services</b>					
Architectural/Engineering Services		3,500	3,500		3,500
Construction Services		35,000	35,000		35,000
Assessment for Debt Service on SDA Funding	92,970	-	92,970	92,970	-
Total Facilities Acquisition and Construction Services	<u>92,970</u>	<u>38,500</u>	<u>131,470</u>	<u>92,970</u>	<u>38,500</u>
Interst Deposit to Capital Reserve	250	(250)	-	-	-
Total Capital Outlay	<u>198,220</u>	<u>31,615</u>	<u>229,835</u>	<u>188,386</u>	<u>41,449</u>
Transfer of Funds to Charter Schools	-	21,165	21,165	21,165	-
Total Expenditures	<u>30,021,192</u>	<u>388,887</u>	<u>30,410,079</u>	<u>34,352,678</u>	<u>(3,942,599)</u>

**CRESSKILL BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (370,699)	\$ (268,668)	\$ (639,367)	\$ 943,418	\$ 1,582,785
Other Financing Sources (Uses)					
Transfer In - Capital Projects Fund	-	-	-	105,724	105,724
Total Other Financing Sources	-	-	-	105,724	105,724
Net Change in Fund Balances	(370,699)	(268,668)	(639,367)	1,049,142	1,688,509
Fund Balances, Beginning of Year	2,606,570	-	2,606,570	2,606,570	-
Fund Balances, End of Year	<u>\$ 2,235,871</u>	<u>\$ (268,668)</u>	<u>\$ 1,967,203</u>	<u>\$ 3,655,712</u>	<u>\$ 1,688,509</u>
<b>Recapitulation</b>					
Restricted Fund Balance					
Capital Reserve				\$ 1,140,119	
Capital Reserve - Designated for Subsequent Years Expenditures				212,000	
Maintenance Reserve				100,500	
Excess Surplus - (2020/2021 Budget)				960,000	
Excess Surplus - Designated for Subsequent Year's Expenditures (2019/2020 Budget)				65,000	
Assigned Fund Balance					
Year End Encumbrances				192,462	
Designated for Subsequent Year's Expenditures (2019/2020 Budget)				217,275	
Unassigned Fund Balance				<u>768,356</u>	
				3,655,712	
Reconciliation to Governmental Funds Statements (GAAP)					
State Aid Revenue Not Recognized on GAAP Basis				<u>(475,315)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 3,180,397</u>	

**CRESSKILL BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
<b>REVENUES</b>					
Intergovernmental					
State	\$ 141,005	\$ (614)	\$ 140,391	\$ 99,956	\$ (40,435)
Federal	544,247	58,678	602,925	505,934	(96,991)
Local Sources					
Miscellaneous	80,606	37,388	117,994	86,158	(31,836)
Total Revenues	<u>765,858</u>	<u>95,452</u>	<u>861,310</u>	<u>692,048</u>	<u>(169,262)</u>
<b>EXPENDITURES</b>					
Instruction					
Salaries of Teachers	110,000	16,192	126,192	105,456	20,736
Purchased Professional and Technical Services	157,227	(13,225)	144,002	112,300	31,702
Other Purchased Services - Tuition	310,549	10,597	321,146	321,146	-
General Supplies	110,518	47,006	157,524	94,721	62,803
Textbooks	8,272	(2,078)	6,194	6,194	-
Total Instruction	<u>696,566</u>	<u>58,492</u>	<u>755,058</u>	<u>639,817</u>	<u>115,241</u>
Support Services					
Salaries	3,000	1,000	4,000	2,000	2,000
Purchased Professional and Technical Services	29,100	16,250	45,350	8,743	36,607
Other Purchased Services		25,237	25,237	16,374	8,863
Supplies and Materials	4,700	(1,211)	3,489	-	3,489
Total Support Services	<u>36,800</u>	<u>41,276</u>	<u>78,076</u>	<u>27,117</u>	<u>50,959</u>
Unallocated Benefits					
Employee Benefits	32,492	(6,535)	25,957	25,114	843
Facilities Acquisition and Construction					
Instructional Equipment	-	2,219	2,219	-	2,219
Total Facilities Acquisition and Construction	<u>-</u>	<u>2,219</u>	<u>2,219</u>	<u>-</u>	<u>2,219</u>
Total Expenditures	<u>765,858</u>	<u>95,452</u>	<u>861,310</u>	<u>692,048</u>	<u>169,262</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**CRESSKILL BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

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

	<b>General Fund</b>	<b>Special Revenue Fund</b>
<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary basis) revenue from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 35,296,096	\$ 692,048
Difference - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2019		(9,294)
State Aid revenue recognized for budgetary purposes, not recognized for GAAP statements (2017-2018)	424,336	
State Aid revenue recognized for budgetary purposes, not recognized for GAAP statements (2018-2019)	<u>(475,315)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 35,245,117</u>	<u>\$ 682,754</u>
<b>Uses/Outflows of Resources</b>		
Actual amounts (budgetary basis) total expenditures from the budgetary comparison schedule	\$ 34,352,678	\$ 692,048
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes but in the year the supplies are received for financial reporting purposes		
Encumbrances, June 30, 2019	<u>-</u>	<u>(9,294)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 34,352,678</u>	<u>\$ 682,754</u>

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**PENSION INFORMATION**

**AND**

**OTHER POST-EMPLOYMENT BENEFITS INFORMATION**

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

**Public Employees Retirement System**

**Last Six Fiscal Years\***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.03159%	0.03163%	0.03366%	0.03335%	0.03304%	0.03270%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 6,220,736	\$ 7,362,778	\$ 9,970,006	\$ 7,486,627	\$ 6,186,083	\$ 6,250,411
District's Covered Payroll	\$ 2,167,338	\$ 2,195,403	\$ 2,270,291	\$ 2,359,577	\$ 2,229,278	\$ 2,251,432
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	287%	335%	439%	317%	277%	278%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

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

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

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

**Public Employees Retirement System**

**Last Six Fiscal Years**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 314,260	\$ 293,011	\$ 299,057	\$ 286,729	\$ 272,381	\$ 246,419
Contributions in Relation to the Contractually Required Contribution	<u>314,260</u>	<u>293,011</u>	<u>299,057</u>	<u>286,729</u>	<u>272,381</u>	<u>246,419</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 2,198,080	\$ 2,167,338	\$ 2,195,405	\$ 2,270,291	\$ 2,359,577	\$ 2,229,278
Contributions as a Percentage of Covered Payroll	14.30%	13.52%	13.62%	12.63%	11.54%	10.94%

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

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

**Teachers Pension and Annuity Fund**

**Last Six Fiscal Years\***

	<u>2019</u>	<u>2018</u>	<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%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0	\$0	\$0	\$0	\$0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 87,621,932</u>	<u>\$ 90,170,838</u>	<u>\$ 101,475,040</u>	<u>\$ 81,650,274</u>	<u>\$ 66,031,518</u>	<u>\$ 65,387,289</u>
Total	<u>\$ 87,621,932</u>	<u>\$ 90,170,838</u>	<u>\$ 101,475,040</u>	<u>\$ 81,650,274</u>	<u>\$ 66,031,518</u>	<u>\$ 65,387,289</u>
District's Covered Payroll	\$ 14,818,859	\$ 14,443,153	\$ 14,107,227	\$ 13,695,726	\$ 12,962,278	\$ 12,584,942
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	0%	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

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

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

**CRESSKILL BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
AND SCHEDULE OF DISTRICT CONTRIBUTIONS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**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.

**CRESSKILL BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF  
TOTAL OPEB LIABILITY**

**Postemployment Health Benefit Plan**

**Last Two Fiscal Years\***

	<b>2019</b>	<b>2018</b>
<b>Total OPEB Liability</b>		
Service Cost	\$ 2,182,791	\$ 2,648,039
Interest on Total OPEB Liability	1,900,990	1,629,774
Differences between Expected and Actual Experiences	(5,153,729)	
Changes of Assumptions	(5,072,154)	(6,801,648)
Gross Benefit Payments	(1,181,888)	(1,509,756)
Contribution from the Member	40,848	55,593
<b>Net Change in Total OPEB Liability</b>	(7,283,142)	(3,977,998)
<b>Total OPEB Liability - Beginning</b>	51,482,993	55,460,991
<b>Total OPEB Liability - Ending</b>	\$ 44,199,851	\$ 51,482,993
District's Proportionate Share of OPEB Liability	\$ -	\$ -
State's Proportionate Share of OPEB Liability	44,199,851	51,482,993
Total OPEB Liability - Ending	\$ 44,199,851	\$ 51,482,993
District's Covered Payroll	\$ 16,986,197	\$ 16,638,556
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Payroll	0%	0%

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

\*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. 75. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**CRESSKILL BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY  
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**Changes in Benefit Terms:**

None.

**Changes of Assumptions**

Assumptions used in calculating the OPEB liability are presented in Note 4E.



**SCHOOL LEVEL SCHEDULES**

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

**NOT APPLICABLE**

**SPECIAL REVENUE FUND**

CRESSKILL BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Every Student Succeeds Act (ESEA)					IDEA Part B- Basic	IDEA Part B- Preschool	Total Page 2	Grand Total
	Title I	Title II-A	Title III Immigrant	Title III	Title IV				
REVENUES									
Intergovernmental									
State								\$ 99,956	\$ 99,956
Federal	\$ 108,498	\$ 31,324	\$ 600	\$ 21,708	\$ 6,236	\$ 323,002	\$ 14,566	-	505,934
Local	-	-	-	-	-	-	-	86,158	86,158
Total Revenues	<u>\$ 108,498</u>	<u>\$ 31,324</u>	<u>\$ 600</u>	<u>\$ 21,708</u>	<u>\$ 6,236</u>	<u>\$ 323,002</u>	<u>\$ 14,566</u>	<u>\$ 186,114</u>	<u>\$ 692,048</u>
EXPENDITURES									
Instruction									
Salaries of Teachers	\$ 84,206			\$ 15,000	\$ 2,250			\$ 4,000	\$ 105,456
Purchased Professional and Technical Services		\$ 29,363			1,564			81,373	112,300
Other Purchased Services						\$ 306,580	\$ 14,566	-	321,146
General Supplies	-	-	\$ 600	1,196	250	48	-	92,627	94,721
Total Instruction	<u>84,206</u>	<u>29,363</u>	<u>600</u>	<u>16,196</u>	<u>4,064</u>	<u>306,628</u>	<u>14,566</u>	<u>184,194</u>	<u>639,817</u>
Support Services									
Salaries	2,000								2,000
Employee Benefits	20,292			4,650	172			-	25,114
Purchased Professional and Technical Services	2,000	1,961		862	2,000			1,920	8,743
Other Purchased Services	-	\$ -	-	-	-	16,374	-	-	16,374
Total Support Services	<u>24,292</u>	<u>1,961</u>	<u>-</u>	<u>5,512</u>	<u>2,172</u>	<u>16,374</u>	<u>-</u>	<u>1,920</u>	<u>52,231</u>
Total Expenditures	<u>\$ 108,498</u>	<u>\$ 31,324</u>	<u>\$ 600</u>	<u>\$ 21,708</u>	<u>\$ 6,236</u>	<u>\$ 323,002</u>	<u>\$ 14,566</u>	<u>\$ 186,114</u>	<u>\$ 692,048</u>

CRESSKILL BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Nonpublic Textbooks	Nonpublic Technology	Nonpublic Nursing	Nonpublic Security	Ch. 193			Ch. 192	Local Revenue	Total (Carried Forward)
					Supplemental Instruction	Exam & Classification	Corrective Speech	Compensatory Education		
<b>REVENUES</b>										
Intergovernmental										
State	\$ 6,194	\$ 3,658	\$ 10,614	\$ 8,731	\$ 8,882	\$ 12,009	\$ 15,267	\$ 34,601		\$ 99,956
Federal										-
Local	-	-	-	-	-	-	-	-	\$ 86,158	86,158
<b>Total Revenues</b>	<b>\$ 6,194</b>	<b>\$ 3,658</b>	<b>\$ 10,614</b>	<b>\$ 8,731</b>	<b>\$ 8,882</b>	<b>\$ 12,009</b>	<b>\$ 15,267</b>	<b>\$ 34,601</b>	<b>\$ 86,158</b>	<b>\$ 186,114</b>
<b>EXPENDITURES</b>										
Instruction										
Salaries of Teachers									\$ 4,000	4,000
Purchased Professional Technical Services			\$ 10,614		\$ 8,882	\$ 12,009	\$ 15,267	\$ 34,601		81,373
Other Purchased Services										-
General Supplies		\$ 3,658	-	\$ 8,731	-	-	-	-	80,238	92,627
Textbooks	\$ 6,194	-	-	-	-	-	-	-	-	6,194
<b>Total Instruction</b>	<b>6,194</b>	<b>3,658</b>	<b>10,614</b>	<b>8,731</b>	<b>8,882</b>	<b>12,009</b>	<b>15,267</b>	<b>34,601</b>	<b>84,238</b>	<b>184,194</b>
Support Services										
Salaries										-
Employee Benefits										-
Purchased Professional and Technical Services	-	-	-	-	-	-	-	-	1,920	1,920
Other Purchased Services	-	-	-	-	-	-	-	-	-	-
<b>Total Support Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,920</b>	<b>1,920</b>
<b>Total Expenditures</b>	<b>\$ 6,194</b>	<b>\$ 3,658</b>	<b>\$ 10,614</b>	<b>\$ 8,731</b>	<b>\$ 8,882</b>	<b>\$ 12,009</b>	<b>\$ 15,267</b>	<b>\$ 34,601</b>	<b>\$ 86,158</b>	<b>\$ 186,114</b>

**CRESSKILL BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF PRESCHOOL EDUCATION PROGRAM AID EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOT APPLICABLE**

**CAPITAL PROJECTS FUND**

**CRESSKILL BOARD OF EDUCATION**  
**CAPITAL PROJECTS FUND**  
**SUMMARY SCHEDULE OF PROJECT EXPENDITURES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<u>Project</u>	<u>Appropriation</u>	<u>Expenditures to Date</u>		<u>Balance,</u>
		<u>Prior Year</u>	<u>Current Year</u>	<u>June 30, 2019</u>
2017 Referendum Projects - Various Renovations, Alterations and Improvements to All District Schools	\$ 12,446,400	\$ 1,602,730	\$ 6,222,969	\$ 4,620,701
	<u>\$ 12,446,400</u>	<u>\$ 1,602,730</u>	<u>\$ 6,222,969</u>	<u>\$ 4,620,701</u>
<b><u>Reconciliation to GAAP</u></b>				
Project Balance (Budgetary Basis)				\$ 4,620,701
Bonds Authorized But Not Issued				<u>(400)</u>
Fund Balance, GAAP Basis				<u>\$ 4,620,301</u>
<b><u>Recapitulation of Fund Balance</u></b>				
Restricted for Capital Projects:				
Year-End Encumbrances				\$ 3,608,337
Available for Capital Projects				<u>1,011,964</u>
Total Fund Balance - Restricted for Capital Projects				<u>\$ 4,620,301</u>

**CRESSKILL BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**Revenues and Other Financing Sources**

Revenues	
Interest	\$ <u>105,724</u>
 Total Revenues and Other Financing Sources	 <u>105,724</u>

**Expenditures and Other Financing Uses**

Expenditures	
Legal Services	14,235
Architectural/Engineering Services	242,363
Other Purchased Prof. and Tech. Services	74,733
Construction Services	4,642,932
Materials and Supplies	6,069
Acquisition of Land	1,238,071
Instructional Equipment	4,566
 Other Financing Uses	
Transfer to General Fund	<u>105,724</u>
 Total Expenditures and Other Financing Uses	 <u>6,328,693</u>

Deficiency of Revenues and Other Financing Sources under Expenditures and Other Financing Uses	(6,222,969)
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Fund Balance, Beginning of Year	<u>10,843,270</u>
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Fund Balance, End of Year	<u>\$ 4,620,301</u>
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**Reconciliation to GAAP**

Fund Balance-End of Year-Budgetary Basis	<u>\$ 4,620,301</u>
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Fund Balance- End of Year GAAP Basis	<u>\$ 4,620,301</u>
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**CRESSKILL BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
2017 REFERENDUM PROJECTS - VARIOUS RENOVATIONS, ALTERATIONS, AND IMPROVEMENTS-  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Prior Year</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Bond Proceeds	\$ 12,446,000	-	\$ 12,446,000	\$ 12,446,400
 Total Revenues	 12,446,000	 -	 12,446,000	 12,446,400
<b>Expenditures and Other Financing Uses</b>				
Legal Services	10,519	\$ 14,235	24,754	26,848
Architectural/Engineering Services	719,952	242,363	962,315	899,000
Other Purchased Prof. and Tech. Services	154,360	74,733	229,093	246,152
Construction Services	717,899	4,642,932	5,360,831	10,016,400
Land Acquisition	-	1,238,071	1,238,071	1,238,000
Materials and Supplies		6,069	6,069	10,000
Instructional Equipment	-	4,566	4,566	10,000
 Total Expenditures	 1,602,730	 6,222,969	 7,825,699	 12,446,400
 Excess of Revenue Over Expenditures	 \$ 10,843,270	 \$ (6,222,969)	 \$ 4,620,301	 \$ -

**Additional Project Information:**

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	9/26/2017
Bonds Authorized	\$ 12,446,400
Bonds Issued	12,446,000
Original Authorized Cost	12,446,400
Additional Authorized Cost	-
Revised Authorized Cost	-
 Percentage Increase Over Original Authorized Cost	 0%
Percentage Completion	63.00%
Original Target Completion Date	2018/2019
Revised Target Completion Date	2019/2020

**PROPRIETARY FUNDS**

**ENTERPRISE FUNDS**

**EXHIBIT G-1**

**CRESSKILL BOARD OF EDUCATION  
ENTERPRISE FUND  
COMBINING STATEMENT OF NET POSITION  
AS OF JUNE 30, 2019**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**EXHIBIT G-2**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**EXHIBIT G-3**

**COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

**INTERNAL SERVICE FUND**

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

**NOT APPLICABLE**

**FIDUCIARY FUNDS**

**AGENCY FUNDS**

**CRESSKILL BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF ASSETS AND LIABILITIES  
AS OF JUNE 30, 2019**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 248,770	\$ 452,886	\$ 701,656
Due from Other Funds	<u>-</u>	<u>4,591</u>	<u>4,591</u>
 Total Assets	 <u>\$ 248,770</u>	 <u>\$ 457,477</u>	 <u>\$ 706,247</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings Payable		\$ 10,670	\$ 10,670
Flexible Spending Plan Deposits		37,649	37,649
Summer Savings Plan		397,500	397,500
Due to Other Funds		11,658	11,658
Due to Student Groups	<u>\$ 248,770</u>	<u>-</u>	<u>248,770</u>
 Total Liabilities	 <u>\$ 248,770</u>	 <u>\$ 457,477</u>	 <u>\$ 706,247</u>

**CRESSKILL BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOT APPLICABLE

**STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<b>Balance, July 1, <u>2018</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance, June 30, <u>2019</u></b>
<b>ELEMENTARY SCHOOLS</b>				
Merritt	\$ 8,912	\$ 4,735	\$ 4,522	\$ 9,125
Bryan	7,037	30,792	27,318	10,511
<b>HIGH SCHOOL</b>				
Cresskill High School	<u>268,729</u>	<u>240,243</u>	<u>279,838</u>	<u>229,134</u>
Total	<u>\$ 284,678</u>	<u>\$ 275,770</u>	<u>\$ 311,678</u>	<u>\$ 248,770</u>



**CRESSKILL BOARD OF EDUCATION  
PAYROLL AGENCY FUND  
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Balance, July 1, <u>2018</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2019</u>
<b>ASSETS</b>				
Cash	\$ 163,291	\$ 21,886,176	\$ 21,596,581	\$ 452,886
Due from Other Funds	<u>5,744</u>	<u>4,591</u>	<u>5,744</u>	<u>4,591</u>
 Total Assets	 <u>\$ 169,035</u>	 <u>\$ 21,890,767</u>	 <u>\$ 21,602,325</u>	 <u>\$ 457,477</u>
<b>LIABILITIES</b>				
Payroll Deductions and Withholdings	\$ 154,969	\$ 9,920,232	\$ 10,064,531	\$ 10,670
Accrued Salaries and Wages	1,048	11,489,017	11,490,065	-
Flexible Spending Plan Deposits	13,018	72,360	47,729	37,649
Summer Saving Plan	-	397,500		397,500
Due to Other Funds	<u>-</u>	<u>11,658</u>	<u>-</u>	<u>11,658</u>
 Total Liabilities	 <u>\$ 169,035</u>	 <u>\$ 21,890,767</u>	 <u>\$ 21,602,325</u>	 <u>\$ 457,477</u>

**LONG-TERM DEBT**



CRESSKILL BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF CAPITAL LEASES PAYABLE  
FOR THE FISCAL YEAR JUNE 30, 2019

<u>Series</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2018</u>	<u>Retired</u>	<u>Balance, June 30, 2019</u>
LED Lighting Project	1.924%	\$ 392,429	<u>\$ 289,823</u>	<u>\$ 71,042</u>	<u>\$ 218,781</u>
			<u>\$ 289,823</u>	<u>\$ 71,042</u>	<u>\$ 218,781</u>

**CRESSKILL BOARD OF EDUCATION  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
<b>REVENUES</b>					
Local Sources					
Property Taxes	\$ 2,050,290		\$ 2,050,290	\$ 2,050,290	
Intergovernmental State Debt Service Aid Type II	<u>31,113</u>	<u>-</u>	<u>31,113</u>	<u>31,113</u>	<u>-</u>
 Total Revenues	 <u>2,081,403</u>	 <u>-</u>	 <u>2,081,403</u>	 <u>2,081,403</u>	 <u>-</u>
<b>EXPENDITURES</b>					
Regular Debt Service					
Principal	1,275,000	-	1,275,000	1,275,000	
Interest	<u>806,404</u>	<u>-</u>	<u>806,404</u>	<u>806,404</u>	<u>\$ -</u>
 Total Expenditures	 <u>2,081,404</u>	 <u>-</u>	 <u>2,081,404</u>	 <u>2,081,404</u>	 <u>-</u>
 Net Changes in Fund Balance	 (1)	 -	 (1)	 (1)	 -
 Fund Balance, Beginning of Year	 <u>2</u>	 <u>-</u>	 <u>2</u>	 <u>2</u>	 <u>-</u>
 Fund Balance, End of Year	 <u>\$ 1</u>	 <u>\$ -</u>	 <u>\$ 1</u>	 <u>\$ 1</u>	 <u>\$ -</u>

Recapitulation of Fund Balance

Restricted for Debt Service

Designated for Subsequent Year's Expenditures (2019/20 Budget) \$ 1

Total Fund Balance - Restricted for Debt Service \$ 1

## STATISTICAL SECTION

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

### Contents

### Exhibits

#### **Financial Trends**

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

J-1 to J-5

#### **Revenue Capacity**

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

J-6 to J-9

#### **Debt Capacity**

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

J-10 to J-13

#### **Demographic and Economic Information**

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

J-14 and J-15

#### **Operating Information**

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

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

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

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 12,109,928	\$ 12,570,296	\$ 12,847,635	\$ 12,826,527	\$ 13,249,466	\$ 13,583,569	\$ 14,141,986	\$ 14,317,166	\$ 14,996,636	\$ 15,867,265
Restricted	1	226,725	195,769	364,709	413,870	929,245	646,274	1,315,072	1,514,654	1,452,620
Unrestricted	(506,562)	(571,544)	(190,479)	(232,308)	(6,635,207)	(6,811,314)	(6,950,121)	(7,780,872)	(8,165,212)	(7,549,406)
<b>Total Governmental Activities Net Position</b>	<b>\$ 11,603,367</b>	<b>\$ 12,225,477</b>	<b>\$ 12,852,925</b>	<b>\$ 12,958,928</b>	<b>\$ 7,028,129</b>	<b>\$ 7,701,500</b>	<b>\$ 7,838,139</b>	<b>\$ 7,851,366</b>	<b>\$ 8,346,078</b>	<b>\$ 9,770,479</b>
<b>Business-Type Activities</b>										
Net Investment in Capital Assets	\$ 8,943	\$ 10,800	\$ 16,361	\$ 18,893	\$ 16,677	\$ 16,616	\$ 14,161	\$ 25,766	\$ 22,571	\$ 25,879
Unrestricted	73,037	65,849	70,202	73,516	67,281	54,663	44,422	13,131	10,909	(6,573)
<b>Total Business-Type Activities Net Position</b>	<b>\$ 81,980</b>	<b>\$ 76,649</b>	<b>\$ 86,563</b>	<b>\$ 92,409</b>	<b>\$ 83,958</b>	<b>\$ 71,279</b>	<b>\$ 58,583</b>	<b>\$ 38,897</b>	<b>\$ 33,480</b>	<b>\$ 19,306</b>
<b>District-Wide</b>										
Net Investment in Capital Assets	\$ 12,118,871	\$ 12,581,096	\$ 12,863,996	\$ 12,845,420	\$ 13,266,143	\$ 13,600,185	\$ 14,156,147	\$ 14,342,932	\$ 15,019,207	\$ 15,893,144
Restricted	1	226,725	195,769	364,709	413,870	929,245	646,274	1,315,072	1,514,654	1,452,620
Unrestricted	(433,525)	(505,695)	(120,277)	(158,792)	(6,567,926)	(6,756,651)	(6,905,699)	(7,767,741)	(8,154,303)	(7,555,979)
<b>Total District Net Position</b>	<b>\$ 11,685,347</b>	<b>\$ 12,302,126</b>	<b>\$ 12,939,488</b>	<b>\$ 13,051,337</b>	<b>\$ 7,112,087</b>	<b>\$ 7,772,779</b>	<b>\$ 7,896,722</b>	<b>\$ 7,890,263</b>	<b>\$ 8,379,558</b>	<b>\$ 9,789,785</b>

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

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

Source: School District's financial statements

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

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses</b>										
<b>Governmental Activities</b>										
Instruction										
Regular	\$ 10,701,308	\$ 10,691,713	\$ 11,284,312	\$ 11,808,805	\$ 12,152,470	\$ 14,020,663	\$ 15,940,432	\$ 17,856,975	\$ 18,832,667	\$ 17,225,661
Special Education	3,788,211	4,231,848	4,384,782	5,241,978	5,530,491	7,227,329	7,325,828	8,155,710	8,029,425	7,529,952
Other Instruction	814,517	790,651	827,881	1,104,577	748,546	918,970	1,063,352	1,401,524	1,450,619	1,399,111
School Sponsored Activities And Athletics	675,280	661,365	669,459	719,481	741,117	811,390	904,425	1,005,498	975,125	786,069
Support Services:										
Student & Instruction Related Services	3,904,218	3,900,765	3,749,932	3,400,194	3,223,379	3,236,916	3,501,128	3,494,100	3,538,010	3,939,191
General Administration Services	522,683	645,140	565,124	791,756	670,510	652,965	648,006	710,738	735,828	782,521
School Administration Services	1,424,952	1,499,294	1,730,730	1,984,158	1,948,526	2,284,712	2,505,272	2,648,043	2,876,419	2,821,716
Central Services/Business Services	559,109	556,790	641,300	601,111	643,264	678,291	682,143	669,237	798,100	808,375
Plant Operations And Maintenance	3,144,414	2,936,208	3,052,524	3,144,420	3,220,274	3,276,427	3,218,382	3,341,624	3,551,209	3,487,792
Pupil Transportation	544,104	431,983	310,171	310,917	322,389	340,074	385,357	418,144	456,471	454,426
Interest On Long-Term Debt	905,303	870,110	833,201	664,229	602,569	580,644	542,990	514,990	607,871	870,109
<b>Total Governmental Activities Expenses</b>	<b>26,984,099</b>	<b>27,215,867</b>	<b>28,049,416</b>	<b>29,771,626</b>	<b>29,803,535</b>	<b>34,028,381</b>	<b>36,717,315</b>	<b>40,216,583</b>	<b>41,851,744</b>	<b>40,104,923</b>
<b>Business-Type Activities:</b>										
Food Service	392,350	348,468	364,366	341,879	349,623	355,614	336,671	338,082	347,883	355,719
CSI Program	211,406	23,094	-	-	-	-	-	-	-	-
<b>Total Business-Type Activities Expense</b>	<b>603,756</b>	<b>371,562</b>	<b>364,366</b>	<b>341,879</b>	<b>349,623</b>	<b>355,614</b>	<b>336,671</b>	<b>338,082</b>	<b>347,883</b>	<b>355,719</b>
<b>Total District Expenses</b>	<b>\$ 27,587,855</b>	<b>\$ 27,587,429</b>	<b>\$ 28,413,782</b>	<b>\$ 30,113,505</b>	<b>\$ 30,153,158</b>	<b>\$ 34,383,995</b>	<b>\$ 37,053,986</b>	<b>\$ 40,554,665</b>	<b>\$ 42,199,627</b>	<b>\$ 40,460,642</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges For Services:										
Regular Instruction	\$ 288,052	\$ 323,926	\$ 481,169	\$ 395,221	\$ 306,004	\$ 274,131	\$ 247,599	\$ 257,635	\$ 283,190	\$ 286,592
Special Education Instruction	303,825	751,945	670,641	651,839	889,452	1,120,012	1,008,845	1,093,015	1,110,133	1,108,166
Student & Instruction Related Services									97,150	101,276
Plant Operations And Maintenance				8,960	21,400	9,820	9,567	10,700	10,700	6,525
Operating Grants And Contributions	4,118,917	2,937,010	3,578,231	4,378,651	3,948,049	7,428,995	9,142,412	11,854,014	12,859,141	10,591,119
Capital Grants And Contributions	92,129	-	-	-	50,576	115,399	157,961	4,350	17,013	-
<b>Total Governmental Activities Program Revenues</b>	<b>4,802,923</b>	<b>4,012,881</b>	<b>4,730,041</b>	<b>5,434,671</b>	<b>5,215,481</b>	<b>8,948,357</b>	<b>10,566,384</b>	<b>13,219,714</b>	<b>14,377,327</b>	<b>12,093,678</b>
<b>Business-Type Activities:</b>										
Charges For Services:										
Food Service	342,834	340,000	350,302	345,410	340,680	342,634	323,646	318,162	341,968	341,057
CSI Program	234,500									
Operating Grants And Contributions	28,072	25,683	23,583	1,789	-	-	-	-	-	-
<b>Total Business Type Activities Program Revenues</b>	<b>605,406</b>	<b>365,683</b>	<b>373,885</b>	<b>347,199</b>	<b>340,680</b>	<b>342,634</b>	<b>323,646</b>	<b>318,162</b>	<b>341,968</b>	<b>341,057</b>
<b>Total District Program Revenues</b>	<b>\$ 5,408,329</b>	<b>\$ 4,378,564</b>	<b>\$ 5,103,926</b>	<b>\$ 5,781,870</b>	<b>\$ 5,556,161</b>	<b>\$ 9,290,991</b>	<b>\$ 10,890,030</b>	<b>\$ 13,537,876</b>	<b>\$ 14,719,295</b>	<b>\$ 12,434,735</b>
<b>Net (Expense)/Revenue</b>										
<b>Governmental Activities</b>	<b>\$ (22,181,176)</b>	<b>\$ (23,202,986)</b>	<b>\$ (23,319,375)</b>	<b>\$ (24,336,955)</b>	<b>\$ (24,588,054)</b>	<b>\$ (25,080,024)</b>	<b>\$ (26,150,931)</b>	<b>\$ (26,996,869)</b>	<b>\$ (27,474,417)</b>	<b>\$ (28,011,245)</b>
<b>Business-Type Activities</b>	<b>1,650</b>	<b>(5,879)</b>	<b>9,519</b>	<b>5,320</b>	<b>(8,943)</b>	<b>(12,980)</b>	<b>(13,025)</b>	<b>(19,920)</b>	<b>(5,915)</b>	<b>(14,662)</b>
<b>Total District-Wide Net Expense</b>	<b>\$ (22,179,526)</b>	<b>\$ (23,208,865)</b>	<b>\$ (23,309,856)</b>	<b>\$ (24,331,635)</b>	<b>\$ (24,596,997)</b>	<b>\$ (25,093,004)</b>	<b>\$ (26,163,956)</b>	<b>\$ (27,016,789)</b>	<b>\$ (27,480,332)</b>	<b>\$ (28,025,907)</b>



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

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 21,052,000	\$ 21,892,509	\$ 22,249,000	\$ 22,693,980	\$ 23,280,958	\$ 24,102,843	\$ 24,615,287	\$ 25,339,664	\$ 26,280,248	\$ 27,150,294
Property Taxes Levied For Debt Service, Net	1,611,737	1,638,970	1,635,267	1,642,982	1,513,767	1,541,868	1,558,430	1,557,669	1,570,291	2,050,290
State Aid Restricted for Debt Service	18,901	17,814		18,237	18,681	18,485	18,560	17,694	23,761	19,059
Unrestricted State Aid										
Investment Earnings	21,369	30,056	18,067	14,826	14,474	11,026	12,157	16,250	47,901	175,532
Miscellaneous Income	127,946	245,747	120,476	72,933	79,786	79,173	83,136	78,819	46,928	40,471
<b>Total Governmental Activities</b>	<b>22,831,953</b>	<b>23,825,096</b>	<b>24,022,810</b>	<b>24,442,958</b>	<b>24,907,666</b>	<b>25,753,395</b>	<b>26,287,570</b>	<b>27,010,096</b>	<b>27,969,129</b>	<b>29,435,646</b>
Business-Type Activities:										
Investment Earnings	585	548	395	526	492	301	329	234	498	488
<b>Total Business-Type Activities</b>	<b>585</b>	<b>548</b>	<b>395</b>	<b>526</b>	<b>492</b>	<b>301</b>	<b>329</b>	<b>234</b>	<b>498</b>	<b>488</b>
<b>Total District-Wide</b>	<b>\$ 22,832,538</b>	<b>\$ 23,825,644</b>	<b>\$ 24,023,205</b>	<b>\$ 24,443,484</b>	<b>\$ 24,908,158</b>	<b>\$ 25,753,696</b>	<b>\$ 26,287,899</b>	<b>\$ 27,010,330</b>	<b>\$ 27,969,627</b>	<b>\$ 29,436,134</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ 650,777	\$ 622,110	\$ 703,435	\$ 106,003	\$ 319,612	\$ 673,371	\$ 136,639	\$ 13,227	\$ 494,712	\$ 1,424,401
Business-Type Activities	2,235	(5,331)	9,914	5,846	(8,451)	(12,679)	(12,696)	(19,686)	(5,417)	(14,174)
<b>Total District</b>	<b>\$ 653,012</b>	<b>\$ 616,779</b>	<b>\$ 713,349</b>	<b>\$ 111,849</b>	<b>\$ 311,161</b>	<b>\$ 660,692</b>	<b>\$ 123,943</b>	<b>\$ (6,459)</b>	<b>\$ 489,295</b>	<b>\$ 1,410,227</b>

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

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 367,285									
Unreserved	278,457									
Restricted		\$ 225,000	\$ 536,307	\$ 748,529	\$ 497,305	\$ 703,528	\$ 687,028	\$ 1,575,384	\$ 1,708,274	\$ 2,477,619
Committed		33,731								
Assigned		243,467	232,873	20,200	177,320	177,320	277,729	171,773	161,800	409,737
Unassigned	-	316,743	353,822	345,108	360,425	338,202	338,549	260,093	312,160	293,041
<b>Total General Fund</b>	<b>\$ 645,742</b>	<b>\$ 818,941</b>	<b>\$ 1,123,002</b>	<b>\$ 1,113,837</b>	<b>\$ 1,035,050</b>	<b>\$ 1,219,050</b>	<b>\$ 1,303,306</b>	<b>\$ 2,007,250</b>	<b>\$ 2,182,234</b>	<b>\$ 3,180,397</b>
All Other Governmental Funds										
Reserved										
Unreserved	1,712									
Assigned										
Restricted	-	\$ 1,725	\$ 5,000	\$ 58,041	\$ 113,297	\$ 326,126	\$ 91,202	\$ 266	\$ 10,843,272	\$ 4,620,302
<b>Total All Other Governmental Funds</b>	<b>\$ 1,712</b>	<b>\$ 1,725</b>	<b>\$ 5,000</b>	<b>\$ 58,041</b>	<b>\$ 113,297</b>	<b>\$ 326,126</b>	<b>\$ 91,202</b>	<b>\$ 266</b>	<b>\$ 10,843,272</b>	<b>\$ 4,620,302</b>

Source: School District's financial statements

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

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

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues</b>										
Tax Levy	\$ 22,663,737	\$ 23,531,479	\$ 23,884,267	\$ 24,336,962	\$ 24,794,725	\$ 25,644,711	\$ 26,173,717	\$ 26,897,333	\$ 27,850,539	\$ 29,200,584
Tuition Charges	591,877	1,075,871	1,151,810	1,047,060	1,195,456	1,394,143	1,256,444	1,350,650	1,490,473	1,496,034
Interest Earnings	21,369	30,056	8,976	14,826	21,400	11,026	12,157	16,250	47,901	175,532
Miscellaneous	224,211	396,194	226,805	173,016	174,654	168,855	185,535	174,410	125,681	126,808
State Sources	3,402,615	2,328,964	3,064,824	3,914,408	3,543,141	4,191,567	4,741,899	5,196,899	5,898,368	6,610,106
Federal Sources	705,557	475,413	416,169	391,357	393,771	406,754	531,495	474,118	541,414	505,934
<b>Total Revenue</b>	<b>27,609,366</b>	<b>27,837,977</b>	<b>28,752,851</b>	<b>29,877,629</b>	<b>30,123,147</b>	<b>31,817,056</b>	<b>32,901,247</b>	<b>34,109,660</b>	<b>35,954,376</b>	<b>38,114,998</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	10,655,035	10,605,735	11,225,725	11,731,571	12,008,586	12,276,821	13,373,181	13,938,213	15,018,657	15,363,113
Special Education Instruction	3,788,911	4,215,848	4,389,309	5,241,547	5,515,584	6,335,823	6,356,881	6,692,017	6,757,318	6,938,359
Other Instruction	796,752	781,751	829,120	1,104,449	745,794	800,594	882,335	1,070,505	1,134,871	1,234,927
School Sponsored Activities and Athletics	676,480	660,265	670,216	719,420	739,173	733,150	785,938	819,829	796,898	754,622
<b>Support Services:</b>										
Student and Inst. Related Services	3,874,855	3,865,832	3,727,091	3,372,175	3,201,071	3,200,859	3,381,591	3,175,132	3,204,423	3,583,059
General Administrative Services	522,683	645,140	565,719	791,713	669,020	649,309	633,126	663,886	683,916	739,582
School Administrative Services	1,463,553	1,526,459	1,724,065	1,974,713	1,940,029	2,123,104	2,226,331	2,175,473	2,384,819	2,515,659
Central Services/Business Services	565,484	555,965	643,287	600,945	641,394	673,758	663,041	608,022	703,440	779,572
Plant Operations And Maintenance	2,363,401	2,149,148	2,242,087	2,333,120	2,385,625	2,415,359	2,300,433	2,297,383	2,523,373	2,500,946
Pupil Transportation	544,104	431,983	310,171	310,917	322,389	340,074	385,357	418,144	456,471	454,426
Capital Outlay	142,218	481,362	382,364	215,365	383,905	280,377	468,152	437,422	2,005,582	6,318,385
<b>Debt Service:</b>										
Principal	914,640	869,115	894,206	906,017	990,000	1,015,000	1,060,000	1,090,000	1,237,606	1,346,042
Interest and Other Charges	912,781	876,162	842,155	758,463	604,208	575,999	535,549	503,055	475,012	811,113
Advance Refunding Escrow	-	-	-	-	-	-	-	-	-	-
Cost of Issuance	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>27,220,897</b>	<b>27,664,765</b>	<b>28,445,515</b>	<b>30,060,415</b>	<b>30,146,778</b>	<b>31,420,227</b>	<b>33,051,915</b>	<b>33,889,081</b>	<b>37,382,386</b>	<b>43,339,805</b>
<b>Excess (Deficiency) of Revenues</b>										
Over (Under) Expenditures	388,469	173,212	307,336	(182,786)	(23,631)	396,829	(150,668)	220,579	(1,428,010)	(5,224,807)
<b>Other Financing Sources (Uses)</b>										
Bond Sale Proceeds	-	-	-	15,660,000	-	-	-	-	12,446,000	-
Capital Leases (Non-Budgeted)	-	-	-	-	-	-	-	-	-	-
Premium on Sale of Bonds	-	-	-	1,052,504	-	-	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	(16,485,842)	-	-	-	-	-	-
Lease Purchase Proceeds	-	-	-	-	-	-	-	392,429	-	-
Transfers In	287	1,724	109,970	134,765	306,817	398,653	50,209	121,300	367,674	105,724
Transfers Out	(287)	(1,724)	(109,970)	(134,765)	(306,817)	(398,653)	(50,209)	(121,300)	(367,674)	(105,724)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>226,662</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>392,429</b>	<b>12,446,000</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>\$ 388,469</b>	<b>\$ 173,212</b>	<b>\$ 307,336</b>	<b>\$ 43,876</b>	<b>\$ (23,631)</b>	<b>\$ 396,829</b>	<b>\$ (150,668)</b>	<b>\$ 613,008</b>	<b>\$ 11,017,990</b>	<b>\$ (5,224,807)</b>
<b>Debt Service as a Percentage of</b>										
Noncapital Expenditures	6.75%	6.42%	6.19%	5.58%	5.36%	5.11%	4.90%	4.76%	4.84%	5.83%

\* Noncapital expenditures are total expenditures less capital outlay.

Source: School District's financial statements

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

<b>Fiscal Year Ended June 30,</b>	<b>Tuition</b>	<b>Related Services Provided to Other LEAs</b>	<b>Interest on Invest.</b>	<b>Rentals</b>	<b>Student Activity/ Athletic Fee</b>	<b>E-Rate Reimbursement</b>	<b>Miscellaneous</b>	<b>Total</b>
2010	\$ 591,877		\$ 21,082	\$ 72,527			\$ 55,419	\$ 740,905
2011	1,075,871	\$ 96,521	30,043	22,366	\$ 44,227		82,633	1,351,661
2012	1,072,039	79,771	8,856	3,585			107,915	1,272,166
2013	965,788	81,272	14,561	8,960		\$ 47,791	25,142	1,143,514
2014	1,078,131	117,325	14,474	21,400		50,995	28,791	1,311,116
2015	1,217,848	176,295	10,460	9,820		49,432	29,741	1,493,596
2016	1,155,289	101,155	11,948	9,567		46,484	36,652	1,361,095
2017	1,250,497	100,153	15,985	10,700		32,973	45,846	1,456,154
2018	1,393,323	97,150	24,552	10,700		26,733	20,195	1,572,653
2019	1,394,758	101,276	69,808	6,525		34,465	6,006	1,612,838

Source School District's Financial Statements

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>a</sup>
2010	\$ 28,070,300	\$ 1,616,918,500	\$ 119,604,100	\$ 2,965,000	\$ 5,053,200	\$ 1,772,611,100	\$ 658,243	\$ 1,773,269,343	\$ 2,492,849,585	\$ 1.33
2011	22,697,900	1,615,957,000	119,812,800	2,330,000	5,053,200	1,765,850,900	580,804	1,766,431,704	2,303,399,323	1.35
2012	17,877,000	1,641,269,000	138,099,100	2,336,100	5,684,500	1,805,265,700	738,164	1,806,003,864	1,994,212,751	1.35
2013	18,665,100	1,622,930,800	136,905,200	2,336,100	5,663,400	1,786,563,600	738,200	1,787,301,800	2,056,298,706	1.39
2014	17,654,200	1,622,421,300	134,294,800	2,138,100	5,663,400	1,782,171,800	423,986	1,782,595,786	2,000,038,733	1.44
2015	18,947,600	1,622,807,600	127,766,400	2,138,100	5,663,400	1,777,323,100	407,914	1,777,731,014	2,075,667,633	1.47
2016	21,820,400	1,623,946,700	124,731,700	2,138,100	5,663,400	1,778,300,300	-	1,778,300,300	2,145,106,430	1.51
2017	21,008,400	1,640,487,300	123,015,200	2,138,100	5,669,500	1,792,318,500	-	1,792,318,500	2,218,765,165	1.55
2018 (1)	19,049,400	1,934,454,200	146,012,500	2,416,900	6,347,700	2,108,280,700	-	2,108,280,700	2,202,549,833	1.39
2019	18,091,700	1,950,844,000	157,251,100	2,643,000	6,857,100	2,135,686,900	-	2,135,686,900	2,241,386,341	1.39

Source: County Abstract of Ratables

(1) The Borough undertook a revaluation of real property effective January 1, 2008  
a Tax rates are per \$100

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

<u>Calendar Year</u>	<b>Total Direct School Tax Rate Cresskill Local School District</b>	<u>Overlapping Rates</u>		<b>Total Direct and Overlapping Tax Rate</b>
		<u>Municipality of Cresskill</u>	<u>County of Bergen</u>	
2010	\$1.33	\$0.70	\$0.27	\$2.30
2011	1.35	0.73	0.27	2.35
2012	1.35	0.74	0.24	2.33
2013	1.39	0.75	0.26	2.40
2014	1.44	0.78	0.26	2.48
2015	1.47	0.81	0.28	2.56
2016	1.51	0.82	0.31	2.64
2017	1.55	0.86	0.31	2.72
2018	(1) 1.39	0.76	0.26	2.40
2019	1.39	0.76	0.26	2.41

Source: Tax Duplicate, Borough of Cresskill

(1)- The Borough undertook a revaluation of real property effective January 1, 2018.

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

Taxpayer	2019	
	Taxable Assessed Value	% of Total District Net Assessed Value
CNL Retirement Suni Cresskill	\$ 46,464,800	2.18%
Care One at Dunroven	7,955,100	0.37%
Kings Supermarkets, Inc.	7,214,700	0.34%
Cresskill Mill C/O Asset Realty	5,904,400	0.28%
P.S. Realty, LLC C/O CVS	5,620,000	0.26%
Resident	4,655,500	0.22%
MTX Wealth Mang.-D. Carl Trust	4,500,000	0.21%
Cresskill Industrial Park	4,420,000	0.21%
Resident	3,699,600	0.17%
Resident	3,617,500	0.17%
	\$ 94,051,600	4.40%
	2010	
	Taxable Assessed Value	% of Total District's Net Assessed Value
CNL Retirement Suni Cresskill	\$ 30,000,000	1.69%
Care One at Dunroven	7,000,000	0.39%
MTX Wealth Mang-D. Carl Trust	4,785,000	0.27%
Cresskill Mill C/O Asset Realty	4,515,000	0.25%
P.S. Realty, LLC	4,127,500	0.23%
Resident	4,125,600	0.23%
Kings Supermarket	3,791,000	0.21%
Resident	3,789,500	0.21%
Resident	3,625,800	0.20%
Resident	3,623,300	0.20%
	\$ 69,382,700	3.91%

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Local School District Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2010	\$ 22,663,737	\$ 22,663,737	100.00%	
2011	23,531,479	23,531,479	100.00%	
2012	23,884,267	23,884,267	100.00%	
2013	24,336,962	24,336,962	100.00%	
2014	24,794,725	24,794,725	100.00%	
2015	25,644,711	25,644,711	100.00%	
2016	26,173,717	26,173,717	100.00%	
2017	26,897,333	26,897,333	100.00%	
2018	27,850,539	27,850,539	100.00%	
2019	29,200,584	29,200,584	100.00%	

Source: District records



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

Fiscal Year Ended June 30,	Governmental Activities			Total District	Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases/Lease Purchase Agreements			
2010	\$ 20,480,000		\$ 144,338	\$ 20,624,338	8,614	\$ 2,394
2011	19,675,000		80,223	19,755,223	8,564	2,307
2012	18,840,000		21,017	18,861,017	8,614	2,190
2013	18,550,000			18,550,000	8,639	2,147
2014	17,560,000			17,560,000	8,671	2,025
2015	16,545,000			16,545,000	8,678	1,907
2016	15,485,000			15,485,000	8,695	1,781
2017	14,395,000		392,429	14,787,429	8,681	1,703
2018	25,706,000		289,823	25,995,823	8,794	2,956
2019	24,431,000		218,781	24,649,781	8,775	2,809

Source: District records

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

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
2010	\$ 20,480,000		\$ 20,480,000	1.15%	\$ 2,394
2011	19,675,000		19,675,000	1.11%	2,303
2012	18,840,000		18,840,000	1.04%	2,183
2013	18,550,000		18,550,000	1.04%	2,137
2014	17,560,000		17,560,000	0.99%	2,010
2015	17,560,000		17,560,000	0.99%	1,886
2016	15,485,000		15,485,000	0.87%	1,757
2017	14,395,000		14,395,000	0.80%	1,685
2018	25,706,000		25,706,000	1.22%	2,909
2019	24,431,000		24,431,000	1.14%	2,909

Source: District records

**CRESSKILL BOARD OF EDUCATION  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(UNAUDITED)**

Municipal Debt:	
Cresskill Board of Education (as of June 30, 2019)	\$ 24,431,400
Borough of Cresskill	<u>15,720,329</u>
 Total Direct Debt	 <u>40,151,729</u>
 Overlapping Debt Apportioned to the Municipality:	
Bergen County:	
County of Bergen (A)	17,848,178
Bergen County Utilities Authority - Water Pollution (B)	<u>1,666,216</u>
 Total Overlapping Debt	 <u>19,514,394</u>
 Total Direct and Overlapping Debt	 <u>\$ 59,666,123</u>

(A) The debt for this entity was apportioned by dividing the Municipality's 2018 equalized value by the total 2018 equalized value for Bergen County.

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

Sources:

Borough of Cresskill 2018 Annual Debt Statement

BCUA 2018 Audit

Bergen County 2018 Annual Debt Statement

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

**Legal Debt Margin Calculation for Fiscal Year 2019**

	Equalized valuation basis	
	2016	\$ 2,201,411,612
	2017	2,283,790,138
	2018	<u>2,341,493,447</u>
		<u>\$ 6,826,695,197</u>
Average equalized valuation of taxable property	\$	2,275,565,066
Debt limit (4 % of average equalization value)		91,022,603
Total Net Debt Applicable to Limit		<u>24,431,400</u>
Legal debt margin	\$	<u>66,591,203</u>

	2010	2011	2012	#	2013	2014	2015	2016	2017	2018	2019
Debt Limit	\$ 102,932,871	\$ 99,995,063	\$ 93,292,658		\$ 87,603,914	\$ 85,601,316	\$ 82,039,726	\$ 82,933,207	\$ 85,601,316	\$ 88,347,187	\$ 91,022,603
Total Net Debt Applicable to Limit	<u>20,480,000</u>	<u>19,675,000</u>	<u>18,840,000</u>		<u>18,550,000</u>	<u>17,560,000</u>	<u>16,545,000</u>	<u>15,485,000</u>	<u>14,395,000</u>	<u>25,706,400</u>	<u>24,431,400</u>
Legal Debt Margin	<u>\$ 82,452,871</u>	<u>\$ 80,320,063</u>	<u>\$ 74,452,658</u>		<u>\$ 69,053,914</u>	<u>\$ 68,041,316</u>	<u>\$ 65,494,726</u>	<u>\$ 67,448,207</u>	<u>\$ 71,206,316</u>	<u>\$ 62,640,787</u>	<u>\$ 66,591,203</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	19.90%	19.68%	20.19%		21.17%	20.51%	20.17%	18.67%	16.82%	29.10%	26.84%

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

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

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>County Per Capita Income (1)</u>	<u>School District Population</u>
2010	5.3	\$ 67,308	8,564
2011	5.2	64,280	8,614
2012	5.3	65,992	8,639
2013	4.5	68,865	8,671
2014	4.5	71,789	8,678
2015	4.5	71,100	8,695
2016	3.7	73,637	8,681
2017	3.3	76,821	8,794
2018	3.2	77,901	8,775
2019	2.8	(E) 81,203	(E) 8,775

(E) Estimate

Source: United States Bureau of Census  
School District Records

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

	<u>2019</u>		<u>2010</u>	
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

INFORMATION NOT AVAILABLE

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

<u>Function/Program</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>	<u>2018</u>	<u>2019</u>
Instruction										
Regular	124	132	116.50	113.80	116.40	117.10	120.30	122.30	124.30	122.30
Special Education	13	26	41	58	63	62	48	49	49	53
Support Services:										
Student and Instruction Related Services	43.5	44.5	42.6	37.2	38.4	42.0	42.0	42.0	42.0	42.0
General Administration	3	2	2	3	3	3	3	3	3	3
School Administrative Services	12	11	13	16.6	17.4	18.5	18.5	18.5	18.0	18.0
Central Services	3	3	4	3	3	3	3	3	3	3
Administrative Information Technology	2	1	1	1	1	1	1	1	1	1
Plant Operations And Maintenance	19	20	28	28	28	26	26	26	26	20
Pupil Transportation	-	-	-	-	-	-	-	-	-	-
Total	<u>219.5</u>	<u>239.5</u>	<u>248.10</u>	<u>260.60</u>	<u>270.20</u>	<u>272.80</u>	<u>261.80</u>	<u>264.80</u>	<u>266.30</u>	<u>261.80</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Junior Senior High School				
2010	1,742.0	\$ 25,251,258	\$ 14,496	-0.17%	132	13:1	13:1	1,732.3	1,665.9	3.00%	96.17%
2011	1,745.0	25,438,126	14,578	0.57%	143	13.:1	11:1	1,774.1	1,679.8	2.41%	94.68%
2012	1,753.0	26,326,790	15,018	3.02%	146	12:1	12:1	1,754.2	1,688.6	-1.12%	96.26%
2013	1,729.0	28,180,570	16,299	8.53%	144	12:1	12:1	1,691.6	1,631.5	-3.57%	96.45%
2014	1,749.0	28,168,565	16,106	-1.19%	143	12:1	12:01	1,706.4	1,649.4	0.87%	96.66%
2015	1,783.0	29,548,461	16,572	2.90%	150	12.1:1	11.7:1	1,777.3	1,718.0	4.15%	96.66%
2016	1,794.0	30,988,214	17,273	4.23%	153	12.8:1	10.9:1	1,799.1	1,740.5	1.23%	96.74%
2017	1,840.0	31,858,604	17,314	0.24%	156	12.7:1	10.9:1	1,848.8	1,784.0	2.76%	96.50%
2018	1,848.0	33,664,186	18,217	5.21%	158	12.3:1	11.3:1	1,850.7	1,783.8	0.10%	96.39%
2019	1,835.0	34,864,265	19,000	4.30%	159	12.1:1	11.1:1	1,812.9	1,746.7	-2.04%	96.35%

Sources: District records



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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
<b><u>Edward H. Bryan School</u></b>										
Square Feet	48,738	48,738	48,738	48,738	48,738	48,738	48,738	48,738	48,738	48,738
Capacity (students)	378	378	378	378	378	378	378	378	378	378
Enrollment	478	465	483	460	471	483	496	496	500	478
<b><u>Merrill Memorial School</u></b>										
Square Feet	42,540	42,540	42,540	42,540	42,540	42,540	42,540	42,540	42,540	42,540
Capacity (students)	313	313	313	313	313	313	313	313	313	313
Enrollment	299	304	301	303	323	340	335	335	357	352
<b><u>Middle School/High School</u></b>										
Square Feet	141,769	141,769	141,769	141,769	141,769	141,769	141,769	141,769	141,769	141,769
Capacity (students)	956	956	956	956	956	956	956	956	956	956
Enrollment	965	976	969	966	955	960	963	963	982	968

Number of Schools at June 30, 2019

Elementary = 2

Junior/Senior High School = 1

Source: District Records

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

<u>School Facilities</u>	<u>Project # (s)</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Edward H. Bryan	N/A	\$ 87,776	\$ 76,979	\$ 90,086	\$ 72,715	\$ 85,821	\$ 88,975	\$ 54,592	\$ 89,714	\$ 86,697	\$ 70,115
Merritt Memorial School	N/A	61,613	36,173	79,802	71,279	109,760	116,412	76,734	86,103	78,006	63,087
Middle School/High School	N/A	<u>405,596</u>	<u>480,215</u>	<u>196,731</u>	<u>190,361</u>	<u>188,555</u>	<u>174,552</u>	<u>174,314</u>	<u>200,414</u>	<u>402,143</u>	<u>325,230</u>
Total School Facilities		<u>\$ 554,985</u>	<u>\$ 593,367</u>	<u>\$ 366,619</u>	<u>\$ 334,355</u>	<u>\$ 384,136</u>	<u>\$ 379,939</u>	<u>\$ 305,640</u>	<u>\$ 376,231</u>	<u>\$ 566,846</u>	<u>\$ 458,432</u>

**CRESSKILL BOARD OF EDUCATION**  
**SCHEDULE OF INSURANCE**  
**JUNE 30, 2019**  
**(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - Great American Insurance Co.		
Property Blanket Building & Contents	\$ 57,283,991	\$ 5,000
General Liability		
General Aggregate	2,000,000	
Products Completed Operations	2,000,000	
Personal & Advertising Injury	1,000,000	
Each Occurrence Limit	1,000,000	
Fire Legal Liability	1,000,000	
Medical Expense	5,000	
Commercial Auto Policy - Great American Insurance Company	1,000,000	1,000
Umbrella Liability Policy - Great American Insurance Company	9,000,000	
Excess Umbrella Liability Policy - Star Stone National Insurance Co.	50,000,000	
	(Shared limit among all Boards)	
Boiler & Machinery - Great American Insurance Co.	57,283,991	5,000
Environmental Impairment Liability- Chubb Ace American	20,000,000	
	(Group Aggregate)	
Each Impairment		
Aggregate per Named Insured	4,000,000	15,000
Mold Policy Aggregate	4,000,000	25,000
School Board Legal Liability - Greenwich Insurance Co.	1,000,000	5,000
Employment Related Practices Liability		15,000
Crime - Selective Insurance Company of America		
Employee Dishonesty	\$100,000 Per Employee	5,000
	\$500,000 Per Loss	100,000
Forgery & Alteration	100,000	1,000
Workers' Compensation - Safety National		
BI by Accident - Each Accident	1,000,000	
BI by Accident - Each Employee	1,000,000	
BI by Disease - Policy Limit	1,000,000	
Employers Liability Retained Limit	1,000,000	
Cyber Liability-Indian Harbor		
Each Claim	1,000,000	15,000
Aggregate	6,000,000	
Privacy and Cyber Security	2,000,000	5,000
Data Breach Response and Crisis Management	1,000,000	25000

**SINGLE AUDIT SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
RALPH M. PICONE, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
MARK SACO, CPA  
SHERYL M. LEIDIG, CPA, PSA  
ROBERT LERCH, CPA  
CHRIS SOHN, CPA

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

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Cresskill Board of Education as of and for the fiscal year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the Cresskill Board of Education's basic financial statements and have issued our report thereon dated December 20, 2019.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a significant deficiency

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Cresskill Board of Education’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is 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 and which is described in the accompanying schedule of findings and questioned costs as item 2019-001.

We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Cresskill Board of Education in a separate report entitled, “Auditor’s Management Report on Administrative Findings – Financial, Compliance and Performance” dated December 20, 2019.

### Cresskill Board of Education’s Responses to Findings

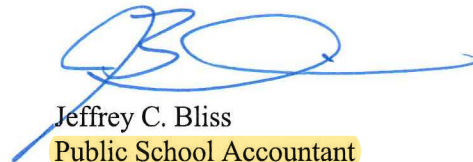
The Cresskill Board of Education’s response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Cresskill Board of Education’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### Purpose of this Report

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

*LERCH, VINCI & HIGGINS, LLP*

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



Jeffrey C. Bliss  
Public School Accountant  
PSA Number CS00932

Fair Lawn, New Jersey  
December 20, 2019



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
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DEBRA GOLLE, CPA  
MARK SACO, CPA  
SHERYL M. LEIDIG, CPA, PSA  
ROBERT LERCH, CPA  
CHRIS SOHN, CPA

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

**INDEPENDENT AUDITOR’S REPORT**

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

**Report on Compliance for Each Major State Program**

We have audited the Cresskill Board of Education’s compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Cresskill Board of Education’s major state programs for the fiscal year ended June 30, 2019. The Cresskill Board of Education’s major state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

***Management’s Responsibility***

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

***Auditor’s Responsibility***

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

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

### ***Opinion on Each Major State Program***

In our opinion, the Cresskill Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2019.

### **Report on Internal Control Over Compliance**

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

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

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

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

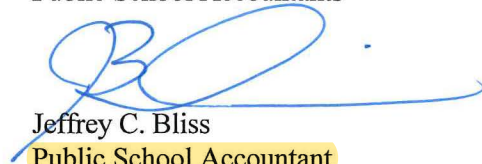


**Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08**

We have audited the financial statements of the Cresskill Board of Education, as of and for the fiscal year ended June 30, 2019 and have issued our report thereon dated December 20, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

*LERCH, VINCI & HIGGINS, LLP*

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



Jeffrey C. Bliss  
Public School Accountant  
PSA Number CS00932

Fair Lawn, New Jersey  
December 20, 2019

CRESSKILL BOARD OF EDUCATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2018	Carryover/ Deferred Revenue	Carryover/ (Accounts Receivable)	Cash Received	Budgetary Expenditures	Funds Released Adjust Deferred Revenue	Adjust (Accounts Receivable)	(Accounts Receivable)	June 30, 2019 Unearned Revenue	Due to Grantor	* MEMO GAAP Receivable
<b>U.S. Department of Education</b>																
<b>Passed-through State Department of Education</b>																
ESSA Title I	84.010	S010A180030	ESEA30990-19	7/1/18-6/30/19	\$ 130,485		\$ 11,643	\$ (11,643)	\$ 29,688	\$ 108,498		-	\$ (112,440)	\$ 33,630		* \$ (78,810)
ESSA Title I	84.010	S010A170030	ESEA30990-18	7/1/17-6/30/18	129,628	\$ (37,721)	(11,643)	11,643	37,721	-	-	-	-	-	-	* -
Total Title I Cluster						(37,721)	-	-	67,409	108,498	-	-	(112,440)	33,630	-	* (78,810)
ESSA Title IIA	84.367A	S367A180029	ESEA30990-19	7/1/18-6/30/19	29,363		4,830	(4,830)	-	31,324		-	(34,193)	2,869		* (31,324)
ESSA Title IIA	84.367A	S367A170029	ESEA30990-18	7/1/17-6/30/18	27,938	(3,075)	(4,830)	4,830	3,075	-	-	-	-	-	-	* -
Total Title II Cluster						(3,075)	-	-	3,075	31,324	-	-	(34,193)	2,869	-	* (31,324)
ESSA Title III	84.365	S365A180030	ESEA30990-19	7/1/18-6/30/19	29,885		6,980	(6,980)	-	21,708		-	(36,865)	15,157		* (21,708)
ESSA Title III	84.365	S365A170030	ESEA30990-18	7/1/17-6/30/18	23,630	(6,840)	(6,980)	6,980	6,840	-	-	-	-	-	-	* -
ESSA Title III-Immigrant	84.365	S365A180030	ESEA30990-19	7/1/18-6/30/19	14,976		10,304	(10,304)	508	600	\$ (9,704)	\$ 9,704	(15,068)	14,976		* (92)
ESSA Title III-Immigrant	84.365	S365A170030	ESEA30990-18	7/1/17-6/30/18	12,646	-	(10,304)	10,304	-	-	-	-	-	-	-	* -
Total Title III Cluster						(6,840)	-	-	7,348	22,308	(9,704)	9,704	(51,933)	30,133	-	* (21,800)
ESSA Title IV	84.424	S424A180031	ESEA30990-19	7/1/18-6/30/19	10,000		8,027	(8,027)	295	6,236	(1,791)	1,791	(15,941)	10,000		* (5,941)
ESSA Title IV	84.424	S424A170031	ESEA30990-18	7/1/17-6/30/18	10,000	(383)	(8,027)	8,027	383	-	-	-	-	-	-	* -
Total Title IV Cluster						(383)	-	-	678	6,236	(1,791)	1,791	(15,941)	10,000	-	* (5,941)
I.D.E.A. Part B- Basic	84.027	H027A180100	FT-03-0990-19	7/1/18-6/30/19	328,136		3,729	(3,729)	181,645	323,002			(150,220)	8,863		* (141,357)
I.D.E.A. Part B- Basic	84.027	H027A170100	FT-03-0990-18	7/1/17-6/30/18	329,598	(57,777)	(3,729)	3,729	57,777	-	-	-	-	-	-	* -
I.D.E.A. Part B-Preschool	84.173	H173A180114	PS-03-0990-19	7/1/18-6/30/19	14,566				5,128	14,566			(9,438)			* (9,438)
I.D.E.A. Part B-Preschool	84.173	H173A170114	PS-03-0990-18	7/1/17-6/30/18	14,257	(1,129)			1,129							* -
Total Special Education (IDEA) Cluster						(58,906)	-	-	245,679	337,568	-	-	(159,658)	8,863	-	* (150,795)
Total U.S. Department of Education/Special Revenue Fund						\$ (106,925)	\$ -	\$ -	\$ 324,189	\$ 505,934	\$ (11,495)	\$ 11,495	\$ (374,165)	\$ 85,495	\$ -	* \$ (288,670)

Note: The District is not subject to a Federal Single Audit in accordance with US Uniform Guidance.

**CRESSKILL BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2018	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	(Accounts Receivable)	June 30, 2019 Unearned Revenue	Due to Grantor	Memo	
											GAAP Receivable	Cumulative Total Expenditures
<b>State Department of Education</b>												
<b>Current Expense</b>												
Special Education Categorical Aid	19-495-034-5120-089	7/1/18-6/30/19	\$ 821,900		\$ 747,750	\$ 821,900		\$ (74,150)				\$ 821,900
Special Education Categorical Aid	18-495-034-5120-089	7/1/17-6/30/18	732,897	\$ (60,346)	60,346			-				-
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	143,116		130,204	143,116		(12,912)				143,116
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	29,323	(2,414)	2,414			-				-
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	17,150	(1,412)	1,412			-				-
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	17,150	(1,412)	1,412			-				-
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	17,580	(1,448)	1,448			-				-
<b>Total State Aid Public Cluster</b>				<b>(67,032)</b>	<b>944,986</b>	<b>965,016</b>	<b>-</b>	<b>(87,062)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>965,016</b>
Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	82,508		75,065	82,508		(7,443)				82,508
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	18,791	(1,547)	1,547			-				-
Extraordinary Sp. Ed. Costs Aid	19-495-034-5120-473	7/1/18-6/30/19	380,810		357,140	380,810		(380,810)				380,810
Extraordinary Sp. Ed. Costs Aid	18-495-034-5120-473	7/1/17-6/30/18	357,140	(355,757)	357,140	1,383		-				1,383
<b>TPAF On behalf Contributions</b>												
Pension - Non-Contributory Insurance	19-495-034-5094-004	7/1/18-6/30/19	56,590		56,590	56,590						56,590
Pension - Normal Cost & Accrued Liability	19-495-034-5095-002	7/1/18-6/30/19	2,703,419		2,703,419	2,703,419						2,703,419
Long Term Disability Insurance	19-495-034-5094-004	7/1/18-6/30/19	3,003		3,003	3,003						3,003
Post Retirement Medical Benefit Contrib	19-495-034-5095-001	7/1/18-6/30/19	1,251,935	-	1,251,935	1,251,935	-	-	-	-	-	1,251,935
<b>Total On-Behalf Pension Contribution Cluster</b>				<b>-</b>	<b>4,014,947</b>	<b>4,014,947</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,014,947</b>
TPAF Social Security Tax	19-495-034-5095-003	7/1/18-6/30/19	1,088,300		1,088,300	1,088,300		-				1,088,300
TPAF Social Security Tax	18-495-034-5095-003	7/1/17-6/30/18	1,059,867	(193,277)	193,277	-		-				-
<b>Total General Fund</b>				<b>(617,613)</b>	<b>6,675,262</b>	<b>6,532,964</b>	<b>-</b>	<b>(475,315)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,532,964</b>
<b>Special Revenue Fund</b>												
<b>New Jersey Nonpublic Aid</b>												
Technology Aid	19-100-034-5120-373	7/1/18-6/30/19	4,176		4,176	3,658				\$ 518		3,658
Technology Aid	18-100-034-5120-373	7/1/17-6/30/18	5,587	18			\$ 18					-
Textbook Aid	19-100-034-5120-664	7/1/18-6/30/19	6,194		6,194	6,194						6,194
Textbook Aid	18-100-034-5120-664	7/1/17-6/30/18	8,272	100			100					-
Nursing Services	19-100-034-5120-070	7/1/18-6/30/19	11,252		11,252	10,614				638		10,614
Nursing Services	18-100-034-5120-070	7/1/17-6/30/18	14,647	50			50					-
Security Aid	19-100-034-5120-509	7/1/18-6/30/19	17,400		17,400	8,731				8,669		8,731
Security Aid	18-100-034-5120-509	7/1/17-6/30/18	11,325	5			5					-
<b>Auxiliary Services</b>												
English as a Second Language	18-100-034-5120-067	7/1/17-6/30/18	903	903			903					-
Compensatory Education	19-100-034-5120-067	7/1/18-6/30/19	37,648		37,648	34,601				3,047		34,601
Compensatory Education	18-100-034-5120-067	7/1/17-6/30/18	30,119	2,658			2,658					-
Transportation	19-100-034-5120-068	7/1/18-6/30/19	15,810		15,810					15,810		-
Transportation	18-100-034-5120-068	7/1/17-6/30/18	15,575	9,345			9,345					-
<b>Total Nonpublic Auxiliary Services (Chap. 192) Cluster</b>				<b>12,906</b>	<b>53,458</b>	<b>34,601</b>	<b>12,906</b>	<b>-</b>	<b>-</b>	<b>18,857</b>	<b>-</b>	<b>34,601</b>

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**CRESSKILL BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2018	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	(Accounts Receivable)	June 30, 2019 Unearned Revenue	Due to Grantor	Memo	
											GAAP Receivable	Cumulative Total Expenditures
Handicapped Services												
Examination and Classification	19-100-034-5120-066	7/1/18-6/30/19	16,200		\$ 16,200	\$ 12,009				\$ 4,191		\$ 12,009
Examination and Classification	18-100-034-5120-066	7/1/17-6/30/18	19,476	\$ 9,462			\$ 9,462			-		-
Corrective Speech	19-100-034-5120-066	7/1/18-6/30/19	17,856		17,856	15,267				2,589		15,267
Corrective Speech	18-100-034-5120-066	7/1/17-6/30/18	16,070	3,928			3,928			-		-
Supplemental Instruction	19-100-034-5120-066	7/1/18-6/30/19	13,480		13,480	8,882				4,598		8,882
Supplemental Instruction	18-100-034-5120-066	7/1/17-6/30/18	19,031	9,595	-	-	9,595	-	-	-	-	-
<b>Total Nonpublic Handicapped Services (Chap. 193) Cluster</b>				<u>22,985</u>	<u>47,536</u>	<u>36,158</u>	<u>22,985</u>	<u>-</u>	<u>-</u>	<u>11,378</u>	<u>-</u>	<u>36,158</u>
<b>Total Special Revenue Fund</b>				<u>36,064</u>	<u>140,016</u>	<u>99,956</u>	<u>36,064</u>	<u>-</u>	<u>-</u>	<u>40,060</u>	<u>-</u>	<u>99,956</u>
<b>Debt Service</b>												
Debt Service Aid- State Support	19-495-034-5120-075	7/1/18-6/30/19	31,113	-	31,113	31,113	-	-	-	-	-	31,113
<b>Total Debt Service Fund</b>				<u>-</u>	<u>31,113</u>	<u>31,113</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,113</u>
<b>Total State Financial Assistance Subject to Single Audit Determination</b>				<u>\$ (581,549)</u>	<u>\$ 6,846,391</u>	<u>\$ 6,664,033</u>	<u>\$ 36,064</u>	<u>\$ (475,315)</u>	<u>\$ -</u>	<u>\$ 40,060</u>	<u>\$ -</u>	<u>\$ 6,664,033</u>
<b>State Financial Assistance Not Subject to Single Audit Determination</b>												
General Fund												
On-Behalf TPAF Pension-NCGI	19-100-034-5094-004	7/1/18-6/30/19	56,590		(56,590)	(56,590)						(56,590)
On-Behalf TPAF Pension-Normal Costs	19-100-034-5094-006	7/1/18-6/30/19	2,703,419		(2,703,419)	(2,703,419)						(2,703,419)
On-Behalf TPAF-Long Term Disability	19-100-034-5094-004	7/1/18-6/30/19	3,003		(3,003)	(3,003)						(3,003)
On-Behalf TPAF Post Retirement Medical	19-100-034-5094-001	7/1/18-6/30/19	1,251,935		(1,251,935)	(1,251,935)						(1,251,935)
<b>Total State Financial Assistance Subject to Major Program Determination</b>				<u>\$ (581,549)</u>	<u>\$ 2,831,444</u>	<u>\$ 2,649,086</u>	<u>\$ 36,064</u>	<u>\$ (475,315)</u>	<u>\$ -</u>	<u>\$ 40,060</u>	<u>\$ -</u>	<u>\$ 2,649,086</u>

**CRESSKILL BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 1 GENERAL**

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

**NOTE 2 BASIS OF ACCOUNTING**

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

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$50,979 for the general fund and a decrease of \$9,294 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 6,481,985	\$ 6,481,985
Special Revenue Fund	\$ 505,934	97,008	602,942
Debt Service Fund	-	31,113	31,113
	<u>505,934</u>	<u>6,610,106</u>	<u>7,116,040</u>
Total Financial Assistance	<u>\$ 505,934</u>	<u>\$ 6,610,106</u>	<u>\$ 7,116,040</u>

**CRESSKILL BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**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**

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$1,088,300 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, 2019. The amount reported as TPAF Pension System Contributions in the amount of \$2,760,009, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,251,935 and TPAF Long-Term Disability Insurance in the amount of \$3,003 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2019.

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

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

**NOTE 7 DE MINIMIS INDIRECT COST RATE**

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

CRESSKILL BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Part I – Summary of Auditor’s Results

**Financial Statement Section**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

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

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

**Federal Awards Section**

Not Applicable





**CRESSKILL BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

***Part 2 – Schedule of Financial Statement Findings***

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

**Finding 2019-001:**

Our audit of the general ledger account balances revealed certain adjusting journal entries were required to reconcile the Board records to agree with subsidiary records and supporting documentation. We noted that certain year-end receivables and interest earnings due from the Capital Projects Fund were not accrued, and state aid deductions were not properly reflected.

**Criteria or specific requirement:**

The State Department of Education's GAAP Technical Systems Manual

**Condition:**

Certain adjusting journal entries were required to reclassify receipts, accrue revenues and correct general ledger entries in the General and Special Revenue Funds.

**Questioned Costs:**

None.

**Context:**

Certain journal entries were required to reclassify postings and record certain transactions in the General and Special Revenue Funds.

**Effect:**

The Board Secretary's records were not in agreement with subsidiary records and supporting documentation.

**Recommendation:**

Internal controls over financial accounting and reporting be reviewed and enhanced to ensure financial transactions are properly recorded and reported in the District's internal accounting records.

**Views of Responsible Officials and Planned Corrective Action Plan:**

Management has reviewed this finding and has indicated it will review and revise its procedures to ensure corrective action is taken.

**CRESSKILL BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

**CURRENT YEAR FEDERAL AWARDS**

Not Applicable

**CRESSKILL BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

**CURRENT YEAR STATE AWARDS**

There are none.

**CRESSKILL BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

*Part 2 – Schedule of Financial Statement Findings*

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

**STATUS OF PRIOR YEAR FINDINGS**

There were none.