

OLD TAPPAN BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Old Tappan, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Old Tappan Board of Education

Old Tappan, New Jersey

For The Fiscal Year Ended June 30, 2015

Prepared by

Business Office

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INTRODUCTORY SECTION

Old Tappan Board of Education

BUSINESS ADMINISTRATOR / BOARD SECRETARY

November 16, 2015

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

Dear Board Members:

The comprehensive annual financial report of the Old Tappan Board of Education (the "Board") for the fiscal year ended June 30, 2015, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments", and the State Treasury Circular Letter 15-08 OMB, "Single Auditor Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the independent auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES:

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

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular and special education. The District completed the 2014-2015 fiscal year with an average daily enrollment of 736.7 students, which is a 1.76% decrease from the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

Average Daily Enrollment

<u>School Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2014-15	736.7	(1.76)%
2013-14	749.9	(0.80)%
2012-13	756.0	(2.41)%
2011-12	774.7	(5.63)%
2010-11	820.9	(5.83)%
2009-10	871.7	1.27%
2008-09	860.7	(0.73)%
2007-08	867.0	(1.31)%
2006-07	878.5	2.75
2005-06	855.0	4.10

2) ECONOMIC CONDITION AND OUTLOOK:

The Borough of Old Tappan comprises a land area of 3.2 square miles and is located in the northeastern part of Bergen County. In September 2005, a demographic study was conducted by Whitehall Associates, Inc. which projected residential development in the community as well as turnover of existing dwellings. Due to the current economic conditions the District enrollment has decreased four of the last five years.

3) MAJOR INITIATIVES:

- To improve preparation of faculty for the PARCC in 2014-2015 as measured by participation in a minimum of two workshops at the regional or local level.
- To improve preparation of students for the PARCC in 2014-2015 as evidenced by administration of sample assessment prototypes and orientation to the PARCC technology.
- To develop a regional writing assessment to replace the Northern Valley Criterion Referenced Test.
- To successfully transition the new instructional leadership team including middle school principal, supervisor of instruction, and superintendent as measured by a administrative feedback at year's end.
- To assess the district's technology infrastructure to determine upgrades to support successful classroom instruction and 21st century programming.

4) INTERNAL ACCOUNTING CONTROLS:

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

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

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

5) BUDGETARY CONTROLS:

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

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

6) ACCOUNTING SYSTEM AND REPORTS:

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

7) FINANCIAL INFORMATION AT FISCAL YEAR-END:

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

8) CASH MANAGEMENT:

The investment policy of the Board is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 3. The Board has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9) RISK MANAGEMENT:

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

10) OTHER INFORMATION:

A) Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board of Trustees selected the accounting firm of Lerch, Vinci, and Higgins, LLP. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act and the related OMB Circular A-133 and State Treasury Circular Letter 15-08 OMB. The auditor's report on the basic financial statements, the combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11) ACKNOWLEDGMENTS:

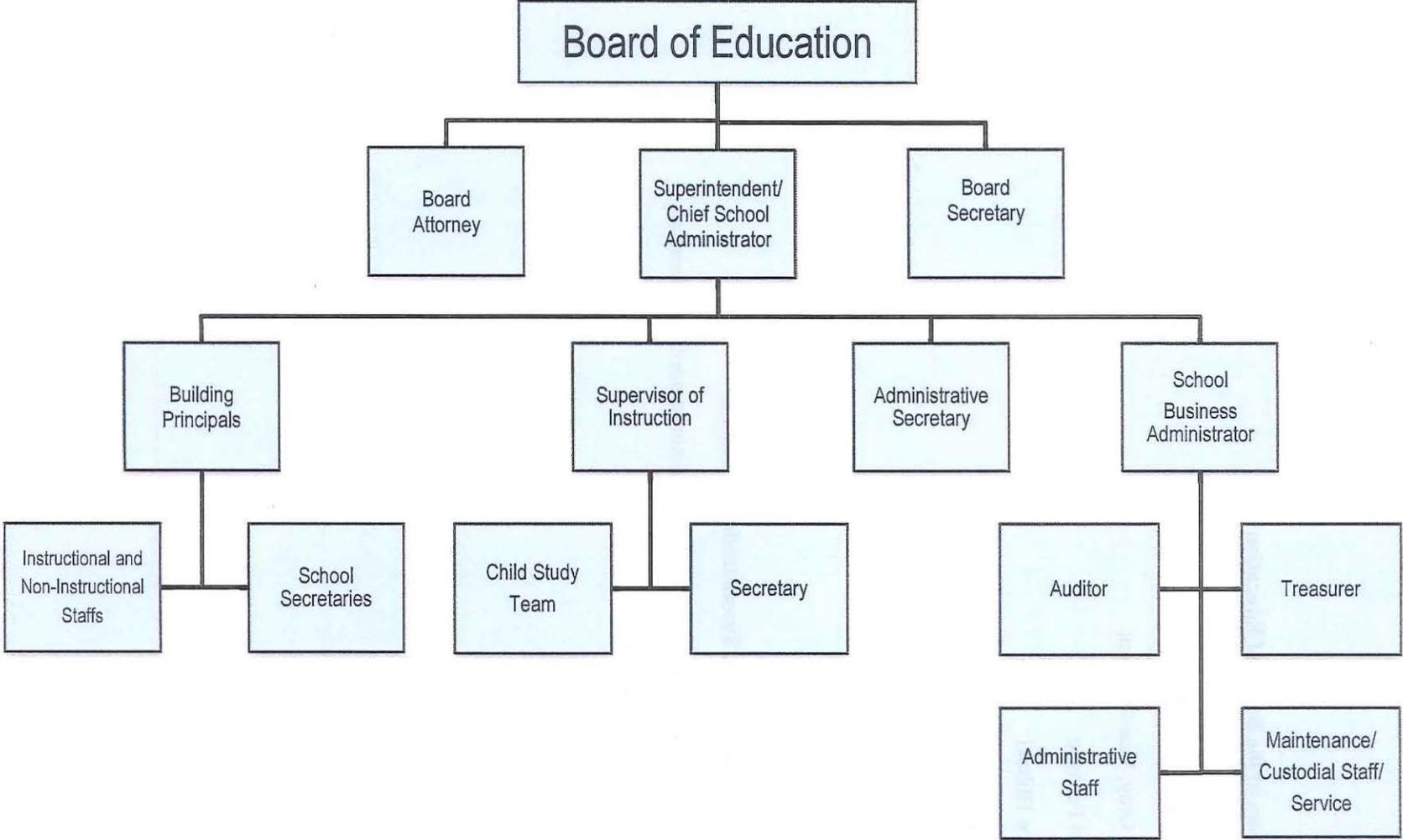
We would like to express our appreciation to the members of the Old Tappan Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.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

Respectfully submitted,



Douglas Barrett, CPA
Business Administrator/
Board Secretary

**OLD TAPPAN PUBLIC SCHOOLS
ORGANIZATIONAL CHART
2014-2015**



OLD TAPPAN BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2015

Members of the Board of Education

Maryellen LaFronz, President

Nicole Gray, Vice President

Richard Ferrigno

Lorraine Hliboki

Kurt Linder

Other Officials

Ms. Danielle M. Da Giau, Superintendent of Schools

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

Antoinette Kelly, Treasurer

OLD TAPPAN BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

Independent Auditor

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

Attorney

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

Official Depository

Capital One Bank
553 Broadway
Westwood, NJ 07675

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

DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLOSI, CPA
KATHLEEN WANG, CPA
ROBERT AMPONSAH, CPA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Old Tappan Board of Education, as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Old Tappan Board of Education as of June 30, 2015, 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.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2015, the Old Tappan Board of Education adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 16, 2015 on our consideration of the Old Tappan Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Old Tappan Board of Education's internal control over financial reporting and compliance.


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


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
November 16, 2015

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

OLD TAPPAN BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the Old Tappan School District's financial performance provides an overall review of its financial activities for the fiscal year ended June 30, 2015. The intent of this is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information between the current year (2014-2015) and the prior year (2013-2014) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for the 2014/2015 school year are as follows:

- The assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$15,221,596 (Net Position).
- The School District had \$15,252,725 in expenses; only \$3,413,036 of these expenses are offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$13,825,411 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$14,801,092 in revenues and \$13,136,922 in expenditures. The General Fund's fund balance increased by \$1,664,170 from June 30, 2014.
- The General Fund unassigned budgetary basis fund balance at June 30, 2015 was \$368,728, which represents an decrease of \$114,130 compared to the ending budgetary basis fund balance at June 30, 2014 of \$482,858.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document reports on all funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and ask the question, “How did we do financially during 2014/2015?” The Statement of Net Position and the Statement of Activities answer that question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year’s revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the District’s Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Enterprise Fund

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

The District as a Whole

The Statement of Net Position provides one perspective of the District as a whole. Below is a summary of the District's Net Position as of June 30, 2015 and 2014.

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and Other Assets	\$ 10,837,501	\$ 9,155,945	\$ 1,385	\$ 1,631	\$ 10,838,886	\$ 9,157,576
Capital Assets	9,538,131	9,889,608	-	-	9,538,131	9,889,608
Total Assets	20,375,632	19,045,553	1,385	1,631	20,377,017	19,047,184
Deferred Amounts on Refunding of Debt	30,436				30,436	-
Deferred Amounts on Net Pension Liability	583,432	52,835	-	-	583,432	52,835
Total Deferred Outflows of Resources	613,868	52,835	-	-	613,868	52,835
Long-Term Liabilities	5,440,671	5,718,925			5,440,671	5,718,925
Other Liabilities	155,496	145,220	-	-	155,496	145,220
Total Liabilities	5,596,167	5,864,145	-	-	5,596,167	5,864,145
Deferred Amounts on Net Pension Liability	173,122	-	-	-	173,122	-
Total Deferred Inflows of Resources	173,122	-	-	-	173,122	-
Net Position:						
Net Investment in Capital Assets	7,091,287	6,673,486			7,091,287	6,673,486
Restricted	6,782,473	4,900,969			6,782,473	4,900,969
Unrestricted	1,346,451	1,659,788	1,385	1,631	1,347,836	1,661,419
Total Net Position	\$ 15,220,211	\$ 13,234,243	\$ 1,385	\$ 1,631	\$ 15,221,596	\$ 13,235,874

Below is a summary of changes in Net Position for the fiscal years ended June 30, 2015 and 2014.

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program Revenues						
Charges for Services	\$ 27,997	\$ 14,161	\$ 3,685	\$ 2,967	\$ 31,682	\$ 17,128
Operating and Capital Grants and Contributions	3,379,482	1,769,941	1,872	2,083	3,381,354	1,772,024
General Revenues						
Property Taxes	13,594,559	13,235,319			13,594,559	13,235,319
Other	230,839	264,644	13	25	230,852	264,669
Total Revenues	<u>17,232,877</u>	<u>15,284,065</u>	<u>5,570</u>	<u>5,075</u>	<u>17,238,447</u>	<u>15,289,140</u>
Expenses						
Current						
Instruction	10,161,631	9,246,217			10,161,631	9,246,217
Support Services						
Student and Instruction Related Serv.	1,745,595	1,412,542			1,745,595	1,412,542
General and School Administration	1,104,828	857,385			1,104,828	857,385
Business / Central Services	521,438	454,420			521,438	454,420
Maintenance of Facilities	1,359,244	1,267,652			1,359,244	1,267,652
Pupil Transportation	216,934	264,216			216,934	264,216
Interest and Other Charges on Debt	137,239	171,225			137,239	171,225
Food Service	-	-	5,816	6,547	5,816	6,547
Total Expenses	<u>15,246,909</u>	<u>13,673,657</u>	<u>5,816</u>	<u>6,547</u>	<u>15,252,725</u>	<u>13,680,204</u>
Change in Net Position	1,985,968	1,610,408	(246)	(1,472)	1,985,722	1,608,936
Net Position, Beginning of Year	13,234,243	14,006,696	1,631	3,103	13,235,874	14,009,799
Prior Period Adjustment	-	(2,382,861)	-	-	-	(2,382,861)
Net Position, End of Year	<u>\$ 15,220,211</u>	<u>\$ 13,234,243</u>	<u>\$ 1,385</u>	<u>\$ 1,631</u>	<u>\$ 15,221,596</u>	<u>\$ 13,235,874</u>

Governmental Activities

Property taxes comprise 79 percent of revenues for governmental activities. The District's total revenues were \$17,232,877 for the fiscal year ended June 30, 2015. Federal and state grants accounted for 20 percent of revenue. The total cost of all programs and services was \$15,246,909. Instruction comprises 67 percent of District expenses.

Business-Type Activities

Revenues for the District's business-type activities (food service program) were comprised of charges for services and federal reimbursements.

- Food service expenses exceeded revenues by \$246.
- Charges for services represent 66 percent of revenue. This represents amounts paid for daily milk service.
- Federal reimbursement for milk totaled \$1,872.

Governmental Activities

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

Total Cost and Net Cost of Governmental Activities For the Fiscal Years Ended June 30, 2015 and 2014

<u>Functions/Programs</u>	<u>Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Instruction	\$ 10,161,631	\$ 9,246,217	\$ 7,313,153	\$ 7,700,747
Support Services				
Student and Instruction Related Svcs.	1,745,595	1,412,542	1,399,731	1,283,002
General and School Administrative Services	1,104,828	857,385	994,804	808,606
Business / Central Services	521,438	454,420	451,087	426,609
Maintenance of Facilities	1,359,244	1,267,652	1,347,850	1,256,092
Pupil Transportation	216,934	264,216	195,566	243,274
Interest and Other Charges on Debt	137,239	171,225	137,239	171,225
	<u>137,239</u>	<u>171,225</u>	<u>137,239</u>	<u>171,225</u>
Total Governmental Activities	<u>\$ 15,246,909</u>	<u>\$ 13,673,657</u>	<u>\$ 11,839,430</u>	<u>\$ 11,889,555</u>

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

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

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

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

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

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

The District's Funds

All governmental funds (i.e., general fund, special revenue fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$15,873,213 and expenditures were \$14,209,043.

The District's Funds (Continued)

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a summary of the governmental fund revenues for the fiscal years ended June 30, 2015 and 2014.

	Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2014	Amount of Increase (Decrease)	Percent Change
Local Sources	\$ 13,674,904	\$ 13,340,702	\$ 334,202	2.51%
State Sources	2,041,279	1,790,795	250,484	13.99%
Federal Sources	<u>157,030</u>	<u>152,568</u>	<u>4,462</u>	2.92%
Total Revenues	<u>\$ 15,873,213</u>	<u>\$ 15,284,065</u>	<u>\$ 589,148</u>	3.85%

The following schedule represents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal years ended June 30, 2015 and 2014.

	Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2014	Amount of Increase (Decrease)	Percent Change
Instruction	\$ 9,076,045	\$ 9,237,665	\$ (161,620)	-1.75%
Support Services	4,183,764	3,936,199	247,565	6.29%
Capital Outlay	35,607	761,909	(726,302)	-95.33%
Debt Service	<u>913,627</u>	<u>925,752</u>	<u>(12,125)</u>	-1.31%
Total Expenditures	<u>\$ 14,209,043</u>	<u>\$ 14,861,525</u>	<u>\$ (652,482)</u>	-4.39%

General Fund Budgeting Highlights

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

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

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

General Fund Budgeting Highlights (Continued)

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

Capital Assets

At June 30, 2015, the District had \$9,538,131 in land, buildings, furniture, equipment and vehicles. Below is a comparison of the book value of capital assets (net of accumulated depreciation) at June 30, 2015 and 2014.

	<u>2015</u>	<u>2014</u>
Land	\$ 38,600	\$ 38,600
Buildings and Building Improvements	9,342,554	9,710,375
Machinery, Equipment and Vehicles	<u>156,977</u>	<u>140,633</u>
Total	<u>\$ 9,538,131</u>	<u>\$ 9,889,608</u>

Debt Administration

At June 30, 2015 and 2014, the District had \$5,440,671 and \$5,718,925 of outstanding long-term liabilities. Of these amounts, \$58,387 and \$67,107 is for compensated absences; \$2,477,280 and \$3,268,957 are for serial bonds net of unamortized premiums previously issued for school construction projects; \$2,905,004 and \$2,382,861 is for net pension liability.

For the Future

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

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

Contacting the District's Financial Management

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

FINANCIAL STATEMENTS

OLD TAPPAN BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2015

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 10,818,747	\$ 1,233	\$ 10,819,980
Receivables, net			
Receivables from Other Governments	3,886	152	4,038
Other Receivables	14,868		14,868
Capital Assets Not Being Depreciated	38,600		38,600
Capital Assets, Being Depreciated, net	<u>9,499,531</u>	<u>-</u>	<u>9,499,531</u>
Total Assets	<u>20,375,632</u>	<u>1,385</u>	<u>20,377,017</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding of Debt	30,436		30,436
Deferred Amounts on Net Pension Liability	<u>583,432</u>	<u>-</u>	<u>583,432</u>
Total Deferred Outflows of Resources	<u>613,868</u>	<u>-</u>	<u>613,868</u>
LIABILITIES			
Accounts Payable	104,675		104,675
Accrued Interest Payable	23,516		23,516
Unearned Revenue	27,305		27,305
Noncurrent Liabilities			
Due Within One Year	960,164		960,164
Due Beyond One Year	<u>4,480,507</u>	<u>-</u>	<u>4,480,507</u>
Total Liabilities	<u>5,596,167</u>	<u>-</u>	<u>5,596,167</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>173,122</u>	<u>-</u>	<u>173,122</u>
Total Deferred Inflows of Resources	<u>173,122</u>	<u>-</u>	<u>173,122</u>
NET POSITION			
Net Investment in Capital Assets	7,091,287		7,091,287
Restricted for			
Capital Projects	5,816,523		5,816,523
Other Purposes	965,950		965,950
Unrestricted	<u>1,346,451</u>	<u>1,385</u>	<u>1,347,836</u>
Total Net Position	<u>\$ 15,220,211</u>	<u>\$ 1,385</u>	<u>\$ 15,221,596</u>

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

**OLD TAPPAN BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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	\$ 6,875,938	\$ 27,997	\$ 1,682,094		\$ (5,165,847)		\$ (5,165,847)
Special Education	2,751,863		1,015,576		(1,736,287)		(1,736,287)
Other Instruction	451,438		122,811		(328,627)		(328,627)
School Sponsored Activities and Athletics	82,392				(82,392)		(82,392)
Support Services					-		
Student and Instruction Related Services	1,745,595		345,864		(1,399,731)		(1,399,731)
General Administration Services	536,755				(536,755)		(536,755)
School Administration Services	568,073		110,024		(458,049)		(458,049)
Business / Central Services	521,438		70,351		(451,087)		(451,087)
Plant Operations and Maintenance	1,359,244		11,394		(1,347,850)		(1,347,850)
Pupil Transportation	216,934		21,368		(195,566)		(195,566)
Interest and Other Charges on Debt	137,239	-	-	-	(137,239)	-	(137,239)
Total Governmental Activities	15,246,909	27,997	3,379,482	-	(11,839,430)	-	(11,839,430)
Business-Type Activities							
Food Service	5,816	3,685	1,872	-	-	\$ (259)	(259)
Total Business-Type Activities	5,816	3,685	1,872	-	-	(259)	(259)
Total Primary Government	\$ 15,252,725	\$ 31,682	\$ 3,381,354	\$ -	(11,839,430)	(259)	(11,839,689)
General Revenues							
Property Taxes, Levied for							
General Purposes					12,856,212		12,856,212
Debt Service					738,347		738,347
Investment Earnings					35,148	13	35,161
State Aid Levied for Debt Service					174,158		174,158
Unrestricted State Aid					6,919		6,919
Miscellaneous Income					14,614	-	14,614
Total General Revenues					13,825,398	13	13,825,411
Change in Net Position					1,985,968	(246)	1,985,722
Net Position, Beginning of Year (Restated)					13,234,243	1,631	13,235,874
Net Position, End of Year					\$ 15,220,211	\$ 1,385	\$ 15,221,596

FUND FINANCIAL STATEMENTS

**OLD TAPPAN BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2015**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 10,791,442	\$ 27,305		\$ 10,818,747
Receivables, Net				
Receivables from Other Governments	3,886			3,886
Other Receivables	14,868	-	-	14,868
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 10,810,196</u>	<u>\$ 27,305</u>	<u>\$ -</u>	<u>\$ 10,837,501</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 104,675			\$ 104,675
Unearned Revenue	-	\$ 27,305	-	27,305
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>104,675</u>	<u>27,305</u>	<u>-</u>	<u>131,980</u>
Fund Balances				
Restricted Fund Balance				
Capital Reserve	4,486,523			4,486,523
Capital Reserve Designated for Subsequent				
Year's Budget	1,330,000			1,330,000
Maintenance Reserve	715,950			715,950
Emergency Reserve	250,000			250,000
Excess Surplus	1,778,871			1,778,871
Excess Surplus Designated for Subsequent				
Year's Budget	1,921,814			1,921,814
Unassigned Fund Balance	222,363	-	-	222,363
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>10,705,521</u>	<u>-</u>	<u>-</u>	<u>10,705,521</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 10,810,196</u>	<u>\$ 27,305</u>	<u>\$ -</u>	

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

**OLD TAPPAN BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2015**

Total Fund Balances (Exhibit B-1) \$ 10,705,521

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$17,328,375 and the accumulated depreciation is \$7,790,244. 9,538,131

The District has financed capital assets through the issuance of serial bonds. The interest accrual at year end is: (23,516)

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

Deferred Outflows of Resources	\$ 583,432	
Deferred Inflows of Resources	<u>(173,122)</u>	
		410,310

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. 30,436

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

Bonds Payable	(2,477,280)	
Compensated Absences	(58,387)	
Net Pension Liability	<u>(2,905,004)</u>	
		<u>(5,440,671)</u>

Net Position of Governmental Activities (Exhibit A-1) \$ 15,220,211

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

**OLD TAPPAN BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local Sources				
Property Tax Levy	\$ 12,856,212		\$ 738,347	\$ 13,594,559
Tuition	27,997			27,997
Interest	35,148			35,148
Miscellaneous	14,614	\$ 2,586	-	17,200
Total - Local Sources	<u>12,933,971</u>	<u>2,586</u>	<u>738,347</u>	<u>13,674,904</u>
Intergovernmental				
State Sources	1,867,121		174,158	2,041,279
Federal Sources	-	157,030	-	157,030
Total Intergovernmental Sources	<u>1,867,121</u>	<u>157,030</u>	<u>174,158</u>	<u>2,198,309</u>
Total Revenues	<u>14,801,092</u>	<u>159,616</u>	<u>912,505</u>	<u>15,873,213</u>
EXPENDITURES				
Current				
Instruction				
Regular Instruction	5,988,331	1,802		5,990,133
Special Education Instruction	2,462,594	148,756		2,611,350
Other Instruction	383,896	8,274		392,170
School-Sponsored Activities and Athletics	82,392			82,392
Support Services				
Student and Instruction Related Services	1,566,247	784		1,567,031
General Administration Services	424,922			424,922
School Administration Services	504,433			504,433
Business/Central Services	482,880			482,880
Plant Operations and Maintenance	987,564			987,564
Pupil Transportation	216,934			216,934
Debt Service				
Principal			790,000	790,000
Interest and Other Charges	1,122		122,505	123,627
Capital Outlay	35,607	-	-	35,607
Total Expenditures	<u>13,136,922</u>	<u>159,616</u>	<u>912,505</u>	<u>14,209,043</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,664,170	-	-	1,664,170
Fund Balance, Beginning of Year	<u>9,041,351</u>	-	-	<u>9,041,351</u>
Fund Balance, End of Year	<u>\$ 10,705,521</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,705,521</u>

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

**OLD TAPPAN BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) **\$ 1,664,170**

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

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

Capital Outlay	\$ 35,607	
Depreciation Expense	<u>(387,084)</u>	
		(351,477)

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

Bond Principal	790,000	
Amortization Expense:		
Deferred Amount on Refunding	(22,399)	
Original Issue Premium	<u>1,677</u>	
		769,278

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

Decrease in Compensated Absences	8,720	
Increase in Pension Expense	<u>(111,833)</u>	
		(103,113)

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

Decrease in Accrued Interest		<u>7,110</u>
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Change in Net Position of Governmental Activities (Exhibit A-2) **\$ 1,985,968**

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

**OLD TAPPAN BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2015**

	Other Non-Major Enterprise Fund <u>Totals</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 1,233
Intergovernmental Receivable	
Federal	<u>152</u>
Total Current Assets	<u>1,385</u>
Total Assets	<u>1,385</u>
NET POSITION	
Unrestricted	<u>1,385</u>
Total Net Position	<u><u>\$ 1,385</u></u>

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

**OLD TAPPAN BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Other Non-Major Enterprise Fund <u>Totals</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales	\$ 3,685
	<hr/>
Total Operating Revenues	3,685
OPERATING EXPENSES	
Cost of Sales	2,164
Salaries and Wages	3,652
	<hr/>
Total Operating Expenses	5,816
	<hr/>
Operating (Loss)	(2,131)
NONOPERATING REVENUES	
Federal Sources	
Special Milk Program	1,872
Interest on Investments	13
	<hr/>
Total Nonoperating Revenues	1,885
	<hr/>
Change in Net Position	(246)
	<hr/>
Net Position, Beginning of Year	1,631
	<hr/>
Net Position, End of Year	\$ 1,385
	<hr/> <hr/>

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

**OLD TAPPAN BOARD OF EDUCATION
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Other Non-Major Enterprise Fund <u>Totals</u>
CASH FLOW FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 3,685
Cash Payments for Salaries and Wages	(3,652)
Cash Payments to Suppliers for Goods and Services	<u>(2,164)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(2,131)</u>
CASH FLOWS FROM NONCAPITAL FINANCIAL ACTIVITIES	
Cash Received from State and Federal Subsidy Reimbursements	<u>2,111</u>
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>2,111</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Investments	<u>13</u>
Net Cash Provided by (Used for) Investing Activities	<u>13</u>
Net Change in Cash and Cash Equivalents	(7)
Cash and Cash Equivalents, Beginning of Year	<u>1,240</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,233</u></u>
RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED FOR) OPERATING ACTIVITIES	
Operating (Loss)	<u>\$ (2,131)</u>
Net Cash Provided by (Used for) Operating Activities	<u><u>\$ (2,131)</u></u>

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

**OLD TAPPAN BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2015**

	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ <u>616,953</u>	\$ <u>155,286</u>
Total Assets	<u>616,953</u>	<u>\$ 155,286</u>
LIABILITIES		
Payroll Deductions and Withholdings		60,613
Accrued Salaries And Wages		2,458
Due to State of New Jersey	555	
Due to Student Groups	<u>-</u>	<u>92,215</u>
Total Liabilities	<u>555</u>	<u>\$ 155,286</u>
NET POSITION		
Held in Trust for Unemployment Claims	<u>\$ 616,398</u>	

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

**OLD TAPPAN BOARD OF EDUCATION
FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Unemployment Compensation Trust</u>
ADDITIONS	
Contributions	
Employees	\$ 10,580
DEDUCTIONS	
Unemployment Claims and Contributions	<u>10,822</u>
Change in Net Position	(242)
Net Position, Beginning of Year	<u>616,640</u>
Net Position, End of Year	<u>\$ 616,398</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**OLD TAPPAN BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. New Accounting Standards

During fiscal year 2015, the District adopted the following GASB statements:

- GASB 68, *Accounting and Financial Reporting for Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.
- GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, should be applied simultaneously with the provisions of Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government’s beginning net pension liability.

**OLD TAPPAN BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

- GASB 72, *Fair Value Measurement and Application*, will be effective beginning with the fiscal year ending June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.
- GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, will be effective beginning with the fiscal year ending June 30, 2016. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

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.

**OLD TAPPAN BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

**OLD TAPPAN BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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

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

Additionally, the government reports the following fund types:

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

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

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

**OLD TAPPAN BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

3. Inventories

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

**OLD TAPPAN BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. *Capital Assets*

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Building Improvement	20-50
Site Improvements	5-10
Heavy Equipment	10-20
Machinery and Equipment	5-10

5. *Deferred Outflows/Inflows of Resources*

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

**OLD TAPPAN BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board has one type of item, which arises only under the accrual basis of accounting that qualify for reporting in this category. The item that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the 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 vacation and sick leave benefits. A long-term liability of accumulated vacation and sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds do not permit the accrual of unused vacation or sick leave. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

7. *Pensions*

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

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

8. *Long-Term Obligations*

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Gains resulting from debt refundings are classified as deferred inflows of resources and losses are reported as deferred outflows or 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 net of the applicable bond premium or discount. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

**OLD TAPPAN BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. *Long-Term Obligations (Continued)*

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.

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.

Capital Reserve - Designated for Subsequent Year's Budget – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2015/2016 District budget certified for taxes.

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

**OLD TAPPAN BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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)

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

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2015 audited excess surplus that is required to be appropriated in the 2016/2017 original budget certified for taxes.

Excess Surplus – Designated for Subsequent Year's Budget - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2014 audited excess surplus that was appropriated in the 2015/2016 original budget certified for taxes.

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

F. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

3. Tuition Revenues and Expenditures

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

Tuition Expenditures - Tuition charges for the fiscal years 2013-2014 and 2014-2015 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.

**OLD TAPPAN BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On February 6, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2014/2015. Also, during 2014/2015 the Board increased the original budget by \$265,243. The increase was funded by additional surplus appropriated and grant awards. The Board authorized and approved on March 2, 2015, fund balance appropriations of \$178,323 from the general fund.

**OLD TAPPAN BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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

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

B. Capital Reserve

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

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

The activity of the capital reserve for the fiscal year ended June 30, 2015 is as follows:

Balance, July 1, 2014		\$ 3,935,019
Increases		
Interest Earned	\$ 13,832	
Deposits Approved by Board Resolution	<u>1,867,672</u>	
		<u>1,881,504</u>
Balance, June 30, 2015		<u>\$ 5,816,523</u>

Analysis of Capital Reserve

Restricted Fund Balance		\$ 4,486,523
Designated for Subsequent Year's Budget		<u>1,330,000</u>
		<u>\$ 5,816,523</u>

**OLD TAPPAN BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Maintenance Reserve

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

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

The activity of the maintenance reserve for the fiscal year ended June 30, 2015 is as follows:

Balance, July 1, 2014	<u>\$ 715,950</u>
Balance, June 30, 2015	<u>\$ 715,950</u>

D. Emergency Reserve

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

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

The activity of the emergency reserve for the fiscal year ended June 30, 2015 is as follows:

Balance, July 1, 2014	<u>\$ 250,000</u>
Balance, June 30, 2015	<u>\$ 250,000</u>

**OLD TAPPAN BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

E. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve 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, 2015 is \$3,700,685. Of this amount, \$1,921,814 was designated and appropriated in the 2015/2016 original budget certified for taxes and the remaining amount of \$1,778,871 will be appropriated in the 2016/2017 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2015, the book value of the Board's deposits were \$11,592,219 and bank and brokerage firm balances of the Board's deposits amounted to \$11,836,097. 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>\$ 11,836,097</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, 2015 the Board has no funds exposed to custodial credit risk

Investments

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

**OLD TAPPAN BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments (Continued)

As of June 30, 2015, the Board had no outstanding investments.

B. Receivables

Receivables as of June 30, 2015 for the district's individual major funds, nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Nonmajor Fund</u>	<u>Total</u>
Receivables:			
Intergovernmental			
State	\$ 3,886		\$ 3,886
Federal		\$ 152	152
Other	14,868	-	14,868
Gross Receivables	<u>18,754</u>	<u>152</u>	<u>18,906</u>
Less: Allowance for Uncollectibles	-	-	-
Net Total Receivables	<u>\$ 18,754</u>	<u>\$ 152</u>	<u>\$ 18,906</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 Drawdowns - Local Sources	<u>\$ 27,305</u>

**OLD TAPPAN BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2015 was as follows:

	Balance <u>July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2015</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 38,600	-	-	\$ 38,600
Total Capital Assets, Not Being Depreciated	<u>38,600</u>	<u>-</u>	<u>-</u>	<u>38,600</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	16,648,845		-	16,648,845
Site Improvements	88,409			88,409
Machinery and Equipment	516,914	\$ 35,607	-	552,521
Total Capital Assets Being Depreciated	<u>17,254,168</u>	<u>35,607</u>	<u>-</u>	<u>17,289,775</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(6,938,470)	(367,821)		(7,306,291)
Site Improvements	(88,409)			(88,409)
Machinery and Equipment	(376,281)	(19,263)	-	(395,544)
Total Accumulated Depreciation	<u>(7,403,160)</u>	<u>(387,084)</u>	<u>-</u>	<u>(7,790,244)</u>
Total Capital Assets, Being Depreciated, Net	<u>9,851,008</u>	<u>(351,477)</u>	<u>-</u>	<u>9,499,531</u>
Governmental Activities Capital Assets, Net	<u>\$ 9,889,608</u>	<u>\$ (351,477)</u>	<u>\$ -</u>	<u>\$ 9,538,131</u>

**OLD TAPPAN BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

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

Governmental Activities:

Instruction

Regular	\$ 5,907
Special Education	3,036
Total Instruction	<u>8,943</u>

Support Services

School Administration Services	4,307
Business / Central Services	2,154
Plant Operations and Maintenance	371,680
Total Support Services	<u>378,141</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 387,084</u>
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E. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2015 are comprised of the following issues:

\$9,085,000, 2004 Refunding Bonds, due in annual installments of \$810,000 to \$840,000 through April 1, 2018 interest at 3.70% to 3.90%	<u>\$2,475,000</u>
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**OLD TAPPAN BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. 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 June 30,	<u>Serial Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 810,000	\$ 94,065	\$ 904,065
2017	840,000	64,095	904,095
2018	<u>825,000</u>	<u>32,175</u>	<u>857,175</u>
	<u>\$ 2,475,000</u>	<u>\$ 190,335</u>	<u>\$ 2,665,335</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2015 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 52,193,339
Less: Net Debt	<u>2,475,000</u>
Remaining Borrowing Power	<u>\$ 49,718,339</u>

F. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2015, was as follows:

	Balance June 30, 2014	<u>Additions</u>	<u>Reductions</u>	Balance June 30, 2015	Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable	\$ 3,265,000		\$ (790,000)	\$ 2,475,000	\$ 810,000
Add:					
Unamortized Premiums	<u>3,957</u>	<u>-</u>	<u>(1,677)</u>	<u>2,280</u>	<u>-</u>
Sub-Total Bonds Payable	3,268,957	-	(791,677)	2,477,280	810,000
Compensated Absences	67,107	\$ 21,280	(30,000)	58,387	-
Net Pension Liability	<u>2,382,861</u>	<u>522,143</u>	<u>-</u>	<u>2,905,004</u>	<u>150,164</u>
Governmental Activity Long-Term Liabilities	<u>\$ 5,718,925</u>	<u>\$ 543,423</u>	<u>\$ (821,677)</u>	<u>\$ 5,440,671</u>	<u>\$ 960,164</u>

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

**OLD TAPPAN BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 NESBIG 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 management, 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.

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

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

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

Fiscal Year Ended June 30,	Board Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2015		\$ 10,580	\$ 10,822	\$ 616,398
2014		10,233	1,132	616,640
2013		10,073	11,700	607,539

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.

**OLD TAPPAN BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

B. Contingent Liabilities (Continued)

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, 2015, 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, 2015, the District has not estimated its arbitrage earnings due to the IRS, if any.

D. Employee Retirement Systems and Pension Plans

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

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

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

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

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

**OLD TAPPAN BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

Basis of Accounting

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

Investment Valuation

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

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

**OLD TAPPAN BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 62.8 percent with an unfunded actuarial accrued liability of \$51.0 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 54.2 percent and \$37.3 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 75.4 percent and \$13.7 billion, respectively.

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

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

Actuarial Methods and Assumptions

In the July 1, 2013 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.90 percent and (b) projected salary increases of 4.24 percent for the PERS and 3.33 percent for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.9% for PERS, 6.9% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2015 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

**OLD TAPPAN BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

During the fiscal years ended June 30, 2015, 2014 and 2013 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2015	\$ 127,911	\$ 319,067	\$ 3,843
2014	93,943	246,936	655
2013	95,326	393,498	268

For fiscal years 2014/2015 and 2012/2013, the state contributed \$319,067 and \$393,498, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$246,936 for normal cost pension and NCGI premium.

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$442,338 during the fiscal year ended June 30, 2015 for the employer’s share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

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

Public Employees Retirement System (PERS)

At June 30, 2015, the District reported in the statement of net position (accrual basis) a liability of \$2,905,004 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportionate share of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2014, the District’s proportionate share was 0.01552 percent, which was an increase of 0.00305 percent from its proportionate share measured as of June 30, 2013.

**OLD TAPPAN BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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, 2015, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$239,744 for PERS. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience Changes of Assumptions	\$ 91,349	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 173,122
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>492,083</u>	<u>-</u>
Total	<u>\$ 583,432</u>	<u>\$ 173,122</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Fiscal Year Ending <u>June 30,</u>	
2016	\$ 63,968
2017	63,968
2018	63,968
2019	63,968
2020	107,249
Thereafter	<u>47,189</u>
	<u>\$ 410,310</u>

**OLD TAPPAN BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15-4.40%
	Based on Age
Thereafter	3.15-5.40%
	Based on Age
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2008 -
Study Upon Which Actuarial	June 30, 2011
Assumptions were Based	

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

**OLD TAPPAN BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

Discount Rate

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

<u>Plan</u>	<u>Discount Rate</u>
PERS	5.39%

**OLD TAPPAN BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% 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, 2015, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,678,731 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2015 the State's proportionate share of the net pension liability attributable to the District is \$31,197,728. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2014.

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

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

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

**OLD TAPPAN BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

**OLD TAPPAN BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

<u>Plan</u>	<u>Discount Rate</u>
TPAF	4.68%

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

TPAF

Period of Projected Benefit	
Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2027
Municipal Bond Rate *	From July 1, 2027 and Thereafter

* The municipal bond return rate used is 4.29%. 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 4.68%, 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 (3.68 percent) or 1-percentage-point higher (5.68 percent) than the current rate:

	1% Decrease <u>(3.68%)</u>	Current Discount Rate <u>(4.68%)</u>	1% Increase <u>(5.68%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 37,522,755</u>	<u>\$ 31,197,728</u>	<u>\$ 25,937,167</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2014. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2014 was not provided by the pension system.

**OLD TAPPAN BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

E. Post-Retirement Medical Benefits

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

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 590 state and local participating employers and contributing entities for Fiscal Year 2014.

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

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

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

**OLD TAPPAN BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Basis of Accounting

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

Significant Legislation

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

Investment Valuation

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

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the State had a \$53.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$19.7 billion for state active and retired members and \$33.3 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

Actuarial Methods and Assumptions

In the July 1, 2013, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**OLD TAPPAN BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2014, there were 103,432, retirees receiving post-retirement medical benefits and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2015, 2014 and 2013 were \$506,519, \$404,883 and \$444,946, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

NOTE 5 RESTATEMENT

On July 1, 2014, the Old Tappan Board of Education implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions. The Old Tappan Board of Education has determined that the effect of implementing this accounting change on the financial statements previously reported as of and for the fiscal year ended June 30, 2014 was to recognize the District's proportionate share of the Public Employees' Retirement System's (PERS) net pension liability, deferred outflows of resources and deferred inflows of resources with a corresponding reduction in the unrestricted component of net position in the amount of \$2,382,861. The result of this restatement is to reduce total net position of Governmental Activities at June 30, 2014 from \$15,617,104 as originally reported to \$13,234,243 as adjusted for the effects of the change in accounting principle.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**OLD TAPPAN BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
REVENUES					
Local Sources					
Property Tax Levy	\$ 12,856,212		\$ 12,856,212	\$ 12,856,212	
Tuition				27,997	\$ 27,997
Interest				21,316	21,316
Interest on Capital Reserve	500		500	13,832	13,332
Miscellaneous	7,500	-	7,500	14,614	7,114
Total Local Sources	12,864,212	-	12,864,212	12,933,971	69,759
State Sources					
Special Education Aid	327,148		327,148	327,148	-
Transportation Aid	17,546		17,546	17,546	-
Security Aid	11,399		11,399	11,399	-
PARCC Readiness Aid	7,560		7,560	7,560	-
Per Pupil Growth Aid	7,560		7,560	7,560	-
Extraordinary Aid				114,900	114,900
Non-Public Transportation Aid				3,828	3,828
On-behalf TPAF					
Pension Contributions - Normal Cost				297,652	297,652
Pension Contributions - NCGI				21,415	21,415
Post Retirement Medical Cont.				506,519	506,519
Social Security Payments	-	-	-	442,338	442,338
Total State Sources	371,213	-	371,213	1,757,865	1,386,652
Total Revenues	13,235,425	-	13,235,425	14,691,836	1,456,411
EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	271,360	\$ 45,454	316,814	313,220	3,594
Grades 1-5	1,999,311	(45,454)	1,953,857	1,911,589	42,268
Grades 6-8	1,779,684	-	1,779,684	1,730,200	49,484
Regular Program - Home Instruction					
Salaries of Teachers	7,500	-	7,500	1,435	6,065
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	115,067	-	115,067	103,695	11,372
Purchased Professional - Educational Services	-	17,690	17,690	15,213	2,477
Purchased Technical Services	9,000	(2,690)	6,310	1,900	4,410
General Supplies	178,006	23,900	201,906	191,984	9,922
Textbooks	31,800	2,100	33,900	33,866	34
Other Objects	1,060	-	1,060	-	1,060
Total Regular Programs	4,392,788	41,000	4,433,788	4,303,102	130,686
Special Education					
Auditory Impairments					
Purchased Professional-Educational Services	95,000	-	95,000	70,159	24,841
Total Auditory Impairments	95,000	-	95,000	70,159	24,841
Multiple Disabilities					
Salaries of Teachers	63,026	-	63,026	61,924	1,102
Total Multiple Disabilities	63,026	-	63,026	61,924	1,102

**OLD TAPPAN BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT (Continued)					
Special Education (Continued)					
Resource Room / Resource Center					
Salaries of Teachers	\$ 681,205	-	\$ 681,205	\$ 681,010	\$ 195
General Supplies	4,400	-	4,400	2,322	2,078
Textbooks	1,500	-	1,500	308	1,192
Total Resource Room / Resource Center	687,105	-	687,105	683,640	3,465
Preschool Disabilities-Full Time					
Other Salaries for Instruction	418,630	\$ (63,683)	354,947	198,933	156,014
Total Preschool Disabilities-Full Time	418,630	(63,683)	354,947	198,933	156,014
Total Special Education	1,263,761	(63,683)	1,200,078	1,014,656	185,422
Basic Skills/Remedial					
Salaries of Teachers	178,869	-	178,869	178,869	-
Total Basic Skills/Remedial	178,869	-	178,869	178,869	-
Bilingual Education					
Salaries of Teachers	84,246	7,699	91,945	91,937	8
General Supplies	200	569	769	753	16
Total Bilingual Education	84,446	8,268	92,714	92,690	24
School Sponsored Co/Extra Curricular Activities					
Salaries	50,181	1	50,182	45,474	4,708
Supplies and Materials	5,000	-	5,000	2,714	2,286
Other Objects	29,050	(69)	28,981	14,906	14,075
Total School Sponsored Co/Extra Curricular Activities	84,231	(68)	84,163	63,094	21,069
Total Instruction	6,004,095	(14,483)	5,989,612	5,652,411	337,201
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State - Special	1,276,718	(15,000)	1,261,718	667,775	593,943
Tuition to CSSD and Regional Day Schools Within the State	65,223	-	65,223	55,450	9,773
Tuition to Priv. Sch. for the Handicap Within the State	723,740	178,323	902,063	332,108	569,955
Total Undistributed Expenditures - Instruction	2,065,681	163,323	2,229,004	1,055,333	1,173,671
Attendance & Social Work					
Purchased Prof. and Tech Service	11,217	-	11,217	10,199	1,018
Total Attendance & Social Work	11,217	-	11,217	10,199	1,018

**OLD TAPPAN BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT (Continued)					
Undistributed Expenditures (Continued)					
Health Services					
Salaries	\$ 180,252	-	\$ 180,252	\$ 178,646	\$ 1,606
Purchased Professional and Technical Services	15,500	\$ 400	15,900	15,550	350
Supplies and Materials	7,000	-	7,000	2,343	4,657
Other Objects	1,350	(400)	950	815	135
Total Health Services	204,102	-	204,102	197,354	6,748
Speech, OT, PT & Related Services					
Salaries	48,409	-	48,409	48,409	-
Supplies and Materials	400	-	400	399	1
Total Speech, OT, PT & Related Services	48,809	-	48,809	48,808	1
Guidance					
Salaries of Other Professional Staff	75,673	-	75,673	75,673	-
Other Purchased Services	4,700	-	4,700	1,118	3,582
Supplies and Materials	9,000	-	9,000	262	8,738
Total Guidance	89,373	-	89,373	77,053	12,320
Child Study Team					
Salaries of Other Professional Staff	271,924	-	271,924	256,005	15,919
Salaries of Secretarial and Clerical Assistants	45,252	-	45,252	39,402	5,850
Purchased Professional - Educational Svs.	184,000	(1,605)	182,395	123,775	58,620
Other Purchased Professional and Tech. Services	14,000	1,605	15,605	14,924	681
Miscellaneous Purchased Services	2,500	-	2,500	1,276	1,224
Supplies and Materials	6,000	(559)	5,441	3,516	1,925
Other Objects	4,000	-	4,000	2,526	1,474
Total Child Study Team	527,676	(559)	527,117	441,424	85,693
Improvement of Instructional Services					
Salaries of Supervisor of Instruction	125,000	1	125,001	125,000	1
Other Purchased Services	40,487	(1)	40,486	36,162	4,324
Total Improvement of Instructional Services	165,487	-	165,487	161,162	4,325
Educational Media Services/School Library					
Salaries	134,103	(1,943)	132,160	132,160	-
Salaries of Technology Coordinators	74,152	3,500	77,652	68,610	9,042
Supplies and Materials	11,600	(1,558)	10,042	9,698	344
Total Educational Media Serv./School Library	219,855	(1)	219,854	210,468	9,386
Staff Training Services					
Purchased Professional/Educational Services	47,607	-	47,607	35,049	12,558
Other Purchased Services	2,900	-	2,900	442	2,458
Total Staff Training Services	50,507	-	50,507	35,491	15,016

**OLD TAPPAN BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT (Continued)					
Undistributed Expenditures (Continued)					
Support Services General Administration					
Salaries	\$ 218,180	\$ (14,231)	\$ 203,949	\$ 203,948	\$ 1
Legal Services	73,000	(9,349)	63,651	15,806	47,845
Audit Fees	28,000	27,300	55,300	49,145	6,155
Architectural/Engineering Services	5,000	-	5,000	-	5,000
Purchased Technical Services	5,000	(300)	4,700	1,346	3,354
Communications/Telephone	40,795	-	40,795	33,526	7,269
Miscellaneous Purchased Services	55,837	(3,000)	52,837	27,023	25,814
General Supplies	5,000	(420)	4,580	1,416	3,164
Miscellaneous Expenditures	845	-	845	-	845
BOE Membership Dues and Fees	10,200	-	10,200	6,164	4,036
Total Support Services General Administration	441,857	-	441,857	338,374	103,483
Support Services School Administration					
Salaries of Principal/Asst. Principals/Program Dir.	282,106	80	282,186	260,135	22,051
Salaries of Secretarial and Clerical Assistants	91,348	(79)	91,269	90,004	1,265
Purchased Professional and Technical Services	3,850	-	3,850	2,951	899
Other Purchased Services	6,250	-	6,250	1,378	4,872
Supplies and Materials	4,800	559	5,359	3,860	1,499
Total Support Services School Administration	388,354	560	388,914	358,328	30,586
Central Services					
Salaries	316,864	1	316,865	309,375	7,490
Miscellaneous Purchased Services	34,350	(218)	34,132	23,188	10,944
Supplies and Materials	5,500	-	5,500	2,183	3,317
Total Central Services	356,714	(217)	356,497	334,746	21,751
Admin. Info Technology					
Salaries	3,732	218	3,950	3,921	29
Purchased Professional Services	8,163	(1)	8,162	7,016	1,146
Other Purchased Services	1,850	(382)	1,468	-	1,468
Supplies and Materials	5,600	232	5,832	5,832	-
Total Admin. Info Technology	19,345	67	19,412	16,769	2,643
Required Maintenance for School Facilities					
Salaries	99,762	2,000	101,762	101,749	13
Cleaning, Repair and Maintenance	122,000	4,500	126,500	119,409	7,091
General Supplies	20,000	-	20,000	13,350	6,650
Other Objects	500	-	500	-	500
Total Required Maintenance for School Facilities	242,262	6,500	248,762	234,508	14,254
Custodial Services					
Salaries	180,143	(6,500)	173,643	134,882	38,761
Purchased Prof. And Technical Serv.	31,500	-	31,500	13,334	18,166
Cleaning, Repair and Maint. Serv.	203,500	-	203,500	153,651	49,849
Other Purchased Property Services	18,500	-	18,500	12,034	6,466
Insurance	124,363	(37)	124,326	79,140	45,186
Miscellaneous Purchased Services	7,225	188	7,413	4,711	2,702
General Supplies	35,000	-	35,000	17,636	17,364
Energy (Natural Gas)	-	215,183	215,183	90,547	124,636
Energy (Electricity)	397,916	(221,683)	176,233	115,356	60,877
Energy (Gasoline)	-	2,000	2,000	792	1,208
Other Objects	1,500	-	1,500	688	812
Total Custodial Services	999,647	(10,849)	988,798	622,771	366,027

**OLD TAPPAN BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT(Continued)					
Undistributed Expenditures (Continued)					
Care & Upkeep of Grounds					
Cleaning, Repair, and Maintenance Services	\$ 21,000	\$ 4,500	\$ 25,500	\$ 25,495	\$ 5
General Supplies	7,500	-	7,500	5,945	1,555
Total Care & Upkeep of Grounds	28,500	4,500	33,000	31,440	1,560
Security					
Cleaning, Repair, and Maintenance Services	30,700	-	30,700	4,551	26,149
Total Security	30,700	-	30,700	4,551	26,149
Student Transportation Services					
Contracted Services (Between Home and School)- Vendors					
	143,392	-	143,392	113,541	29,851
Contracted Services (Spl. Ed. Students) - Joint Agreements					
	216,861	-	216,861	103,393	113,468
Total Student Transportation Services	360,253	-	360,253	216,934	143,319
Unallocated Benefits - Employee Benefits					
Social Security Contributions	118,691	-	118,691	113,740	4,951
Other Retirement Contributions - PERS	159,393	(10,843)	148,550	127,911	20,639
Other Retirement Contributions - Regular		3,843	3,843	3,843	-
Workers Compensation	104,467	-	104,467	60,227	44,240
Health Benefits	2,560,016	(34,750)	2,525,266	1,417,666	1,107,600
Tuition Reimbursement	21,133	-	21,133	18,133	3,000
Other Employee Benefits	7,000	41,749	48,749	48,749	-
Total Unallocated Benefits - Employee Benefits	2,970,700	(1)	2,970,699	1,790,269	1,180,430
On-Behalf TPAF (Non-Budget)					
Pension Contributions - Normal Cost				297,652	(297,652)
Pension Contributions NCGI				21,415	(21,415)
Post Retirement Medical Cont.				506,519	(506,519)
Social Security Payments	-	-	-	442,338	(442,338)
Total On-Behalf Payments	-	-	-	1,267,924	(1,267,924)
Total Undistributed Expenditures	9,221,039	163,323	9,384,362	7,453,906	1,930,456
Total Current Expenditures	15,225,134	148,840	15,373,974	13,106,317	2,267,657
CAPITAL OUTLAY					
Interest Deposit to Capital Reserve					
	500	-	500	-	500
Total Interest	500	-	500	-	500
Equipment					
Undistributed Expenditures					
Required Maintenance for School Facilities		18,488	18,488	18,488	-
Other Support Services	-	10,995	10,995	10,995	-
Total Equipment	-	29,483	29,483	29,483	-

**OLD TAPPAN BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CAPITAL OUTLAY (Continued)					
Facilities Acquisition and Construction Serv. Assessment for Debt Service on SDA Funding	\$ 1,122	-	\$ 1,122	\$ 1,122	-
Total Facilities Acquisition and Construction Serv.	1,122	-	1,122	1,122	-
Total Capital Outlay	1,622	\$ 29,483	31,105	30,605	\$ 500
Total Expenditures	15,226,756	178,323	15,405,079	13,136,922	2,268,157
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(1,991,331)	(178,323)	(2,169,654)	1,554,914	3,724,568
Fund Balance, Beginning of Year	9,296,972	-	9,296,972	9,296,972	-
Fund Balance, End of Year	\$ 7,305,641	\$ (178,323)	\$ 7,127,318	\$ 10,851,886	\$ 3,724,568
Recapitulation of Fund Balance					
Restricted Fund Balance					
Capital Reserve				\$ 4,486,523	
Capital Reserve Designated for Subsequent Year's Budget				1,330,000	
Maintenance Reserve				715,950	
Emergency Reserve				250,000	
Excess Surplus				1,778,871	
Excess Surplus Designated for Subsequent Year's Budget				1,921,814	
Unassigned Fund Balance				368,728	
Fund Balance (Budgetary Basis)				10,851,886	
Less:					
State Aid not Recognized on GAAP Basis				(146,365)	
Fund Balance (GAAP Basis)				\$ 10,705,521	

**OLD TAPPAN BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Modified Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
Federal	\$ 100,000	\$ 57,030	\$ 157,030	\$ 157,030	
Local Sources					
Miscellaneous	-	29,890	29,890	2,586	\$ (27,304)
Total Revenues	<u>100,000</u>	<u>86,920</u>	<u>186,920</u>	<u>159,616</u>	<u>(27,304)</u>
EXPENDITURES					
Instruction					
Tuition	100,000	48,756	148,756	148,756	-
General Supplies	-	37,377	37,377	10,076	27,301
Total Expenditures	<u>100,000</u>	<u>86,133</u>	<u>186,133</u>	<u>158,832</u>	<u>27,301</u>
Support Services					
Other Objects	-	787	787	784	3
Total Support Services	<u>-</u>	<u>787</u>	<u>787</u>	<u>784</u>	<u>3</u>
Total Expenditures	<u>100,000</u>	<u>86,920</u>	<u>186,920</u>	<u>159,616</u>	<u>27,304</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**OLD TAPPAN BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual Revenues (budgetary basis)	(C-1) \$ 14,691,836	(C-2) \$ 159,616
Difference - Budget to GAAP:		
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements.(current year)	(146,365)	
State Aid payments recognized for GAAP statements, not recognized for Budgetary purposes.(prior year)	<u>255,621</u>	<u>-</u>
 Total Revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	 (B-2) <u>\$ 14,801,092</u>	 (B-2) <u>\$ 159,616</u>
 Uses/outflows of resources		
Actual Expenditures (budgetary basis)	(C-1) <u>\$ 13,136,922</u>	(C-2) <u>\$ 159,616</u>
 Total Expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	 (B-2) <u>\$ 13,136,922</u>	 (B-2) <u>\$ 159,616</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

Public Employees Retirement System

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

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.01552%	0.01247%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 2,905,004	\$ 2,382,861
District's Covered-Employee Payroll	\$ 875,957	\$ 945,643
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	331.64%	251.98%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	48.72%

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

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

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

Public Employees Retirement System

Last Two Fiscal Years
 (Dollar amounts in thousands)

	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 127,911	\$ 93,943
Contributions in Relation to the Contractually Required Contribution	<u>127,911</u>	<u>93,943</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 875,957	\$ 945,643
Contributions as a Percentage of Covered-Employee Payroll	14.60%	9.93%

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

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

Teachers Pension and Annuity Fund

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

	2015	2014
District's Proportion of the Net Position Liability (Asset)	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>31,197,728</u>	<u>30,777,544</u>
Total	<u>\$ 31,197,728</u>	<u>\$ 30,777,544</u>
District's Covered-Employee Payroll	\$ 5,881,469	\$ 5,959,323
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	33.76%

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

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

**OLD TAPPAN BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Change of Benefit Terms: None.

Change of Assumptions: The discount rate changed from the District's rate as of June 30, 2014 to the District's rate as of June 30, 2015, in accordance with GASB Statement No. 67.

SPECIAL REVENUE FUND

**OLD TAPPAN BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>IDEA Basic</u>	<u>IDEA Preschool</u>	<u>NCLB III</u>	<u>BCUA Recycling Grant</u>	<u>Private Donation</u>	<u>Music Madness</u>	<u>Total</u>
REVENUES							
Intergovernmental							
Federal	\$ 136,378	\$ 12,378	\$ 8,274				\$ 157,030
Local	-	-	-	\$ 784	\$ 1,040	\$ 762	2,586
Total Revenues	<u>\$ 136,378</u>	<u>\$ 12,378</u>	<u>\$ 8,274</u>	<u>\$ 784</u>	<u>\$ 1,040</u>	<u>\$ 762</u>	<u>\$ 159,616</u>
EXPENDITURES							
Instruction							
Tuition	\$ 136,378	\$ 12,378					\$ 148,756
General Supplies	-	-	\$ 8,274	-	\$ 1,040	\$ 762	10,076
Total Instruction	<u>136,378</u>	<u>12,378</u>	<u>8,274</u>	<u>-</u>	<u>1,040</u>	<u>762</u>	<u>158,832</u>
Support Services							
Other Objects	-	-	-	\$ 784	-	-	784
Total Support Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>784</u>	<u>-</u>	<u>-</u>	<u>784</u>
Total Expenditures	<u>\$ 136,378</u>	<u>\$ 12,378</u>	<u>\$ 8,274</u>	<u>\$ 784</u>	<u>\$ 1,040</u>	<u>\$ 762</u>	<u>\$ 159,616</u>

ENTERPRISE FUND

**OLD TAPPAN BOARD OF EDUCATION
ENTERPRISE FUND
STATEMENT OF NET POSITION
AS OF JUNE 30, 2015**

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

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

**STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

FIDUCIARY FUNDS

**OLD TAPPAN BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AS OF JUNE 30, 2015**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 92,215	\$ 63,071	\$ 155,286
Total Assets	<u>\$ 92,215</u>	<u>\$ 63,071</u>	<u>\$ 155,286</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 60,613	\$ 60,613
Accrued Salaries and Wages		2,458	2,458
Due to Student Groups	<u>\$ 92,215</u>	<u>-</u>	<u>92,215</u>
Total Liabilities	<u>\$ 92,215</u>	<u>\$ 63,071</u>	<u>\$ 155,286</u>

**OLD TAPPAN BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

**STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Balance, July 1, 2014</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2015</u>
T. Baldwin Demarest School	\$ 7,029	\$ 14,032	\$ 11,026	\$ 10,035
Charles DeWolf School	82,518	114,094	117,563	79,049
Athletics	26	4,300	4,094	232
Field Trips	<u>2,900</u>	<u>10</u>	<u>11</u>	<u>2,899</u>
 Total All Schools	 <u>\$ 92,473</u>	 <u>\$ 132,436</u>	 <u>\$ 132,694</u>	 <u>\$ 92,215</u>

**OLD TAPPAN BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Balance, July 1, <u>2014</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2015</u>
ASSETS				
Cash and Cash Equivalents	\$ 61,492	\$ 11,800,519	\$ 11,798,940	\$ 63,071
LIABILITIES				
Payroll Deductions and Withholdings	\$ 59,242	\$ 3,403,723	\$ 3,402,352	\$ 60,613
Accrued Salaries and Wages	2,250	8,109,708	8,109,500	2,458
Interfund Payable	-	287,088	287,088	-
Total	\$ 61,492	\$ 11,800,519	\$ 11,798,940	\$ 63,071

LONG-TERM DEBT

OLD TAPPAN BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2014</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2015</u>
			<u>Date</u>	<u>Amount</u>					
Refunding Bonds	9/1/2004	\$ 9,085,000	4/1/2016	810,000	3.70%				
			4/1/2017	840,000	3.80%				
			4/1/2018	825,000	3.90%	\$ 3,265,000	-	\$ 790,000	\$ 2,475,000
						<u>\$ 3,265,000</u>	<u>\$ -</u>	<u>\$ 790,000</u>	<u>\$ 2,475,000</u>

**OLD TAPPAN BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

**OLD TAPPAN BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 738,347		\$ 738,347	\$ 738,347	
State Sources					
Debt Service Aid	174,158	-	174,158	174,158	-
	<u>912,505</u>	<u>-</u>	<u>912,505</u>	<u>912,505</u>	<u>-</u>
Total Revenues					
EXPENDITURES					
Regular Debt Service					
Principal	790,000		790,000	790,000	
Interest	122,505	-	122,505	122,505	-
	<u>912,505</u>	<u>-</u>	<u>912,505</u>	<u>912,505</u>	<u>-</u>
Total Expenditures					
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

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

Note:

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

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

		Fiscal Year Ended June 30,									
		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	Governmental Activities										
	Net Investment in Capital Assets	\$ 1,845,847	\$ 2,548,737	\$ 3,218,995	\$ 3,518,495	\$ 3,868,726	\$ 4,217,463	\$ 4,604,779	\$ 5,491,310	\$ 6,673,486	\$ 7,091,287
	Restricted	292,208	39,601	275,039	575,023	1,550,449	1,964,647	3,264,931	3,380,693	4,900,969	6,782,473
	Unrestricted	<u>1,993,529</u>	<u>3,387,936</u>	<u>4,101,550</u>	<u>4,727,904</u>	<u>4,316,361</u>	<u>4,500,728</u>	<u>4,483,781</u>	<u>5,134,693</u>	<u>1,659,788</u>	<u>1,346,451</u>
	Total Governmental Activities Net Position	<u>\$ 4,131,584</u>	<u>\$ 5,976,274</u>	<u>\$ 7,595,584</u>	<u>\$ 8,821,422</u>	<u>\$ 9,735,536</u>	<u>\$ 10,682,838</u>	<u>\$ 12,353,491</u>	<u>\$ 14,006,696</u>	<u>\$ 13,234,243</u>	<u>\$ 15,220,211</u>
	Business-Type Activities										
	Unrestricted	\$ 9,492	\$ 13,627	\$ 9,062	\$ 1,305	\$ 1,933	\$ 2,046	\$ 1,914	\$ 3,103	\$ 1,631	\$ 1,385
	Total Business-Type Activities Net Position	<u>\$ 9,492</u>	<u>\$ 13,627</u>	<u>\$ 9,062</u>	<u>\$ 1,305</u>	<u>\$ 1,933</u>	<u>\$ 2,046</u>	<u>\$ 1,914</u>	<u>\$ 3,103</u>	<u>\$ 1,631</u>	<u>\$ 1,385</u>
	District-Wide										
	Net Investment in Capital Assets	\$ 1,845,847	\$ 2,548,737	\$ 3,218,995	\$ 3,518,495	\$ 3,868,726	\$ 4,217,463	\$ 4,604,779	\$ 5,491,310	\$ 6,673,486	\$ 7,091,287
	Restricted	292,208	39,601	275,039	575,023	1,550,449	1,964,647	3,264,931	3,380,693	4,900,969	6,782,473
	Unrestricted	<u>2,003,021</u>	<u>3,401,563</u>	<u>4,110,612</u>	<u>4,729,209</u>	<u>4,318,294</u>	<u>4,502,774</u>	<u>4,485,695</u>	<u>5,137,796</u>	<u>1,661,419</u>	<u>1,347,836</u>
	Total District Net Position	<u>\$ 4,141,076</u>	<u>\$ 5,989,901</u>	<u>\$ 7,604,646</u>	<u>\$ 8,822,727</u>	<u>\$ 9,737,469</u>	<u>\$ 10,684,884</u>	<u>\$ 12,355,405</u>	<u>\$ 14,009,799</u>	<u>\$ 13,235,874</u>	<u>\$ 15,221,596</u>

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

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

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

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 4,773,399	\$ 5,088,782	\$ 5,189,551	\$ 5,189,620	\$ 5,609,260	\$ 5,511,489	\$ 5,576,329	\$ 5,916,021	\$ 5,784,320	\$ 6,875,938
Special Education	1,648,198	1,968,730	2,119,200	2,434,167	2,637,656	2,687,933	2,243,385	2,784,323	3,022,334	2,751,863
Other Instruction	90,447	111,638	328,347	243,594	249,692	261,281	279,707	305,404	362,426	451,438
School Sponsored Activities And Athletics	45,090	53,246	54,067	55,817	65,660	65,716	72,974	81,322	77,137	82,392
Support Services:										
Student & Instruction Related Services	1,161,318	1,195,465	1,287,010	1,311,367	1,404,264	1,481,700	1,682,628	1,359,596	1,412,542	1,745,595
General Administration Services	446,704	389,311	423,478	465,156	517,269	502,256	467,978	492,186	343,404	536,755
School Administration Services	445,545	487,531	486,218	494,783	526,291	487,340	495,023	541,712	513,981	568,073
Business / Central Services	335,503	377,327	443,913	447,149	479,621	441,966	438,393	438,455	454,420	521,438
Plant Operations And Maintenance	1,305,357	1,300,445	1,329,147	1,367,096	1,293,711	1,178,669	1,166,711	1,197,727	1,267,652	1,359,244
Pupil Transportation	202,598	179,988	199,968	204,732	234,576	202,455	224,360	258,150	264,216	216,934
Interest On Long-Term Debt	448,137	393,050	363,725	336,137	307,043	275,696	244,567	204,423	171,225	137,239
Total Governmental Activities Expenses	10,902,296	11,545,513	12,224,624	12,549,618	13,325,043	13,096,501	12,892,055	13,579,319	13,673,657	15,246,909
Business-Type Activities:										
Food Service	6,163	6,822	15,452	18,525	8,249	9,276	8,116	5,901	6,547	5,816
Total Business-Type Activities Expense	6,163	6,822	15,452	18,525	8,249	9,276	8,116	5,901	6,547	5,816
Total District Expenses	\$ 10,908,459	\$ 11,552,335	\$ 12,240,076	\$ 12,568,143	\$ 13,333,292	\$ 13,105,777	\$ 12,900,171	\$ 13,585,220	\$ 13,680,204	\$ 15,252,725
Program Revenues										
Governmental Activities:										
Charges For Services:										
Regular Instruction	\$ 1,921	\$ 22,529	\$ 30,173	\$ 38,374	\$ 21,702	\$ 15,061	\$ 8,235	\$ 2,980	\$ 14,161	\$ 27,997
Operating Grants And Contributions	1,052,299	1,425,070	1,505,607	1,514,970	1,641,706	1,341,317	1,619,822	2,066,389	1,769,941	3,379,482
Capital Grants And Contributions	12,148	117,840	-	-	-	2,385	-	-	-	-
Total Governmental Activities Program Revenues	1,066,368	1,565,439	1,535,780	1,553,344	1,663,408	1,358,763	1,628,057	2,069,369	1,784,102	3,407,479
Business-Type Activities:										
Charges For Services:										
Food Service	5,217	5,726	5,620	5,756	5,104	5,824	5,070	4,614	2,967	3,685
Operating Grants And Contributions	4,741	4,400	4,496	4,920	3,737	3,519	2,892	2,453	2,083	1,872
Total Business Type Activities Program Revenues	9,958	10,126	10,116	10,676	8,841	9,343	7,962	7,067	5,050	5,557
Total District Program Revenues	\$ 1,076,326	\$ 1,575,565	\$ 1,545,896	\$ 1,564,020	\$ 1,672,249	\$ 1,368,106	\$ 1,636,019	\$ 2,076,436	\$ 1,789,152	\$ 3,413,036
Net (Expense)/Revenue										
Governmental Activities	\$ (9,835,928)	\$ (9,980,074)	\$ (10,688,844)	\$ (10,996,274)	\$ (11,661,635)	\$ (11,737,738)	\$ (11,263,998)	\$ (11,509,950)	\$ (11,889,555)	\$ (11,839,430)
Business-Type Activities	3,795	3,304	(5,336)	(7,849)	592	67	(154)	1,166	(1,497)	(259)
Total District-Wide Net Expense	\$ (9,832,133)	\$ (9,976,770)	\$ (10,694,180)	\$ (11,004,123)	\$ (11,661,043)	\$ (11,737,671)	\$ (11,264,152)	\$ (11,508,784)	\$ (11,891,052)	\$ (11,839,689)

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

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 9,677,046	\$ 10,284,928	\$ 10,775,932	\$ 11,206,969	\$ 11,525,063	\$ 11,674,488	\$ 11,907,978	\$ 12,146,138	\$ 12,487,161	\$ 12,856,212
Taxes Levied For Debt Service	729,536	702,834	691,102	703,295	720,951	749,211	764,384	756,928	748,158	738,347
Unrestricted Grants And Contributions	443,548	435,863	446,101	22,454	38,377	15,258	19,578	1,753	-	6,919
State Aid Restricted for Debt Service	204,592	210,789	204,334	203,646	208,760	176,721	180,299	178,541	176,472	174,158
Investment Earnings	74,953	165,369	139,752	65,395	50,915	55,274	29,098	44,567	45,710	35,148
Miscellaneous Income	53,438	24,981	54,270	17,016	31,683	14,088	33,314	35,228	42,462	14,614
Total Governmental Activities	11,183,113	11,824,764	12,311,491	12,218,775	12,575,749	12,685,040	12,934,651	13,163,155	13,499,963	13,825,398
Business-Type Activities:										
Investment Earnings	429	831	771	92	36	46	22	23	25	13
Total Business-Type Activities	429	831	771	92	36	46	22	23	25	13
Total District-Wide	\$ 11,183,542	\$ 11,825,595	\$ 12,312,262	\$ 12,218,867	\$ 12,575,785	\$ 12,685,086	\$ 12,934,673	\$ 13,163,178	\$ 13,499,988	\$ 13,825,411
Change in Net Position										
Governmental Activities	\$ 1,347,185	\$ 1,844,690	\$ 1,622,647	\$ 1,222,501	\$ 914,114	\$ 947,302	\$ 1,670,653	\$ 1,653,205	\$ 1,610,408	\$ 1,985,968
Business-Type Activities	4,224	4,135	(4,565)	(7,757)	628	113	(132)	1,189	(1,472)	(246)
Total District	\$ 1,351,409	\$ 1,848,825	\$ 1,618,082	\$ 1,214,744	\$ 914,742	\$ 947,415	\$ 1,670,521	\$ 1,654,394	\$ 1,608,936	\$ 1,985,722

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

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 1,860,651	\$ 3,277,333	\$ 4,236,639	\$ 5,304,948	\$ 5,841,341					
Unreserved	179,634	225,505	227,384	76,266	113,707					
Restricted						\$ 6,286,638	\$ 7,601,392	\$ 7,460,731	\$ 8,814,114	\$ 10,483,158
Committed								935,741	-	-
Assigned								3,730	-	-
Unassigned	-	-	-	-	-	263,643	224,558	218,609	227,237	222,363
Total General Fund	\$ 2,040,285	\$ 3,502,838	\$ 4,464,023	\$ 5,381,214	\$ 5,955,048	\$ 6,550,281	\$ 7,825,950	\$ 8,618,811	\$ 9,041,351	\$ 10,705,521
All Other Governmental Funds										
Reserved	\$ 379,153									
Unreserved	(111,945)	\$ 65,319	\$ 50,757	\$ 50,741	\$ 1					
Restricted	-	-	-	-	-	\$ 1	\$ 1	\$ -	\$ -	\$ -
Total All Other Governmental Funds	\$ 267,208	\$ 65,319	\$ 50,757	\$ 50,741	\$ 1	\$ 1	\$ 1	\$ -	\$ -	\$ -

Beginning with Fiscal Year 2011/12, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

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

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Tax Levy	\$ 10,406,582	\$ 10,987,762	\$ 11,467,034	\$ 11,910,264	\$ 12,246,014	\$ 12,423,699	\$ 12,672,362	\$ 12,903,066	\$ 13,235,319	\$ 13,594,559
Tuition Charges	1,921	22,529	30,173	38,374	21,702	15,061	8,235	2,980	14,161	27,997
Interest Earnings	74,953	165,369	139,752	65,395	50,915	55,274	29,098	44,567	45,710	35,148
Miscellaneous	65,086	52,506	63,345	19,739	36,394	16,846	35,881	39,233	45,512	17,200
State Sources	1,552,634	2,009,913	1,978,172	1,568,816	1,586,494	1,287,359	1,631,742	2,081,122	1,790,795	2,041,279
Federal Sources	148,305	152,124	168,795	169,531	297,638	243,179	185,420	161,556	152,568	157,030
Total Revenue	12,249,481	13,390,203	13,847,271	13,772,119	14,239,157	14,041,418	14,562,738	15,232,524	15,284,065	15,873,213
Expenditures										
Instruction										
Regular Instruction	4,778,736	5,111,216	5,187,628	5,187,697	5,602,493	5,502,747	5,572,432	5,910,509	5,778,808	5,990,133
Special Education Instruction	1,648,198	1,968,730	2,119,200	2,434,167	2,637,656	2,684,893	2,240,345	2,781,283	3,019,294	2,611,350
Other Instruction	90,447	111,638	328,347	243,594	249,692	261,281	279,707	305,404	362,426	392,170
School Sponsored Activities and Athletics	45,090	53,246	54,067	55,817	65,660	65,716	72,974	81,322	77,137	82,392
Support Services:										
Student and Inst. Related Services	1,154,921	1,189,815	1,281,360	1,305,717	1,398,614	1,453,964	1,654,863	1,359,346	1,412,542	1,567,031
General Administration Services	453,494	383,928	423,478	465,156	506,504	470,274	476,804	492,186	343,404	424,922
School Administrative Services	450,996	486,090	486,218	494,783	526,291	487,344	495,023	509,066	508,584	504,433
Business / Central Services	334,751	375,265	441,851	445,087	477,559	440,180	436,607	436,669	451,358	482,880
Plant Operations And Maintenance	1,064,961	985,761	1,019,928	1,036,423	963,038	866,548	857,341	888,357	956,095	987,564
Pupil Transportation	202,598	179,988	199,968	204,732	234,576	202,455	224,360	258,150	264,216	216,934
Capital Outlay	50,176	345,092	448,583	74,814	124,247	84,851	31,900	480,780	761,909	35,607
Bond Issuance Costs										
Advance Refunding Escrow										
Debt Service:										
Principal	595,000	625,000	615,000	635,000	680,000	700,000	745,000	760,000	775,000	790,000
Interest and Other Charges	341,114	313,770	295,020	271,957	249,733	225,932	199,683	176,592	150,752	123,627
Total Expenditures	11,210,482	12,129,539	12,900,648	12,854,944	13,716,063	13,446,185	13,287,039	14,439,664	14,861,525	14,209,043
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	1,038,999	1,260,664	946,623	917,175	523,094	595,233	1,275,699	792,860	422,540	1,664,170
Other Financing Sources (Uses)										
Transfers In	245,717	17	22		52,253	-	-	-	-	-
Transfers Out	(245,717)	(17)	(22)	-	(52,253)	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	-	-
Net Change in Fund Balances	\$ 1,038,999	\$ 1,260,664	\$ 946,623	\$ 917,175	\$ 523,094	\$ 595,233	\$ 1,275,699	\$ 792,860	\$ 422,540	\$ 1,664,170
Debt Service as a Percentage of										
Noncapital Expenditures	8.39%	7.97%	7.31%	7.10%	6.84%	6.93%	7.13%	6.71%	6.57%	6.45%

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

<u>Fiscal Year Ended June 30</u>	<u>Interest on Deposit</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
2006	\$ 74,936	\$ 1,921	\$ 30,029	\$ 106,886
2007	165,352	22,529	24,981	212,862
2008	139,730	30,173	54,270	224,173
2009	65,395	38,374	17,016	120,785
2010	49,380	21,702	31,683	102,765
2011	55,274	15,061	14,088	84,423
2012	29,098	8,235	33,314	70,647
2013	44,567	2,980	35,228	82,775
2014	45,710	14,161	42,462	102,333
2015	35,148	27,997	14,614	77,759

Source: School District's Financial Statements

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total School Tax Rate
2006	\$ 36,137,900	\$ 1,165,433,600	\$ 380,400	\$ 9,900	\$ 62,791,700	\$ 331,800	\$ 1,265,085,300	\$ 1,019,490	\$ 1,266,104,790	\$ 1,632,324,203	\$ 1.420
2007	36,722,900	1,165,297,800	380,400	9,900	61,889,900	331,800	1,264,632,700	905,277	1,265,537,977	1,871,806,190	1.442
2008	34,314,800	1,186,252,900	380,400	9,900	61,889,900	331,800	1,283,179,700	1,013,376	1,284,193,076	1,932,044,002	1.478
2009	35,466,800	1,197,274,300	308,100	9,900	60,361,700	331,800	1,293,752,600	1,247,192	1,294,999,792	1,970,249,241	1.529
2010	33,777,900	1,207,995,400	308,100	9,900	61,568,200	331,800	1,303,991,300	1,290,151	1,305,281,451	1,914,086,815	1.547
2011 (1)	48,784,800	1,595,215,800	359,600	2,500	85,162,000	698,100	1,730,222,800	1,468,244	1,731,691,044	1,734,301,523	1.199
2012	47,906,700	1,597,442,700	371,300	2,500	81,586,500	698,100	1,728,007,800	1,361,526	1,729,369,326	1,970,249,291	1.248
2013	47,525,500	1,600,828,900	371,300	2,500	81,308,800	698,100	1,730,735,100	1,299,066	1,732,034,166	1,783,242,734	1.293
2014	43,661,000	1,594,422,600	371,300	2,500	80,435,200	698,100	1,719,590,700	1,156,788	1,720,747,488	1,708,954,754	1.347
2015	43,312,500	1,599,653,900	373,800	-	80,399,200	698,100	1,724,437,500	1,190,284	1,725,627,784	1,733,909,301	1.375

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

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

<u>Year</u>	<u>Total</u>	<u>Local and Regional School Districts</u>	<u>Municipality</u>	<u>County</u>
2006	\$ 1.920	\$ 1.420	\$ 0.257	\$ 0.243
2007	1.980	1.442	0.274	0.264
2008	2.067	1.478	0.309	0.280
2009	2.141	1.529	0.309	0.303
2010	2.171	1.547	0.298	0.326
2011 (1)	1.682	1.199	0.267	0.216
2012	1.751	1.248	0.277	0.226
2013	1.814	1.293	0.284	0.237
2014	1.871	1.347	0.292	0.232
2015	1.922	1.375	0.305	0.242

Source: Tax Duplicate, Borough of Old Tappan

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

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

Taxpayer	2015		2006	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
United Water of NJ	\$ 26,460,000	2.03%	\$19,824,000	1.64%
Prentice Hall	19,000,000	1.46%	13,882,900	1.15%
A & R a Ltd. Partnership	17,096,800	1.31%	14,000,000	1.16%
Sunrise Assisted Living	10,860,800	0.83%	8,326,000	0.69%
Individual	-	0.00%	4,550,300	0.38%
Rockland Electric	3,983,200	0.23%	2,805,000	0.23%
Individual	3,924,000	0.30%	2,193,900	0.18%
Individual	3,400,000	0.26%		
Individual	3,230,700	0.25%		
Individual	2,889,900	0.22%		
MCH-OT Rlty LLC	2,809,800	0.22%		
Woodland Green Partners, LP			6,115,900	0.51%
Pascack Hills Properties II, LLC			4,120,500	0.34%
Old Tappan Road Associates Inc			2,215,000	0.18%
	<u>\$ 93,655,200</u>	<u>7.11%</u>	<u>\$ 78,033,500</u>	<u>6.46%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2006	\$ 10,406,582	\$ 10,406,582	100.00%	N/A
2007	10,987,762	10,987,762	100.00%	N/A
2008	11,467,034	11,467,034	100.00%	N/A
2009	11,910,264	11,910,264	100.00%	N/A
2010	12,246,014	12,246,014	100.00%	N/A
2011	12,423,699	12,423,699	100.00%	N/A
2012	12,672,362	12,672,362	100.00%	N/A
2013	12,903,066	12,903,066	100.00%	N/A
2014	13,235,319	13,235,319	100.00%	N/A
2015	13,594,559	13,594,559	100.00%	N/A

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases			
2006	\$ 8,800,000		\$ 8,800,000	5,884	\$ 1,496
2007	8,175,000		8,175,000	5,958	1,372
2008	7,560,000		7,560,000	5,996	1,261
2009	6,925,000		6,925,000	6,054	1,144
2010	6,245,000		6,245,000	5,758	1,085
2011	5,545,000		5,545,000	5,815	954
2012	4,800,000		4,800,000	5,841	822
2013	4,040,000		4,040,000	5,885	686
2014	3,265,000		3,265,000	5,943	549
2015	2,475,000		2,475,000	5,943 *	416

Source: District records

*Estimate

OLD TAPPAN 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
2006	\$ 8,800,000		\$ 8,800,000	0.70%	\$ 1,496
2007	8,175,000		8,175,000	0.65%	1,372
2008	7,560,000		7,560,000	0.59%	1,261
2009	6,925,000		6,925,000	0.53%	1,144
2010	6,245,000		6,245,000	0.48%	1,085
2011	5,545,000		5,545,000	0.32%	954
2012	4,800,000		4,800,000	0.28%	822
2013	4,040,000		4,040,000	0.23%	686
2014	3,265,000		3,265,000	0.19%	549
2015	2,475,000		2,475,000	0.14%	416

Source: District records

**OLD TAPPAN BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT
FOR THE YEAR ENDED DECEMBER 31, 2014
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt:			
Northern Valley Regional School District	\$ 2,686,469	\$ 2,686,469	
Old Tappan Board of Education	3,265,000	3,265,000	
Borough of Old Tappan	<u>10,970,977</u>	<u>4,276,860</u>	\$ <u>6,694,117</u>
	<u>\$ 16,922,446</u>	<u>\$ 10,228,329</u>	<u>6,694,117</u>
Overlapping Debt Apportioned to the Municipality:			
County of Bergen (A)			9,828,502
Bergen County Utilities Authority (BCUA) - Water Pollution (B)			<u>1,317,646</u>
			<u>11,146,148</u>
 Total Direct and Overlapping Debt			 <u>\$ 17,840,265</u>

Sources:

- (1) Borough of Old Tappan Annual Debt Statement
- (2) BCUA audit.
- (3) Bergen County Debt Statement December 31, 2014

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

	Fiscal Year Ended June 30.									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$ 41,846,600	\$ 47,992,241	\$ 53,209,329	56,848,700	\$ 57,454,485	\$ 56,851,504	\$ 55,105,273	\$ 53,923,462	\$ 52,690,283	\$ 52,193,339
Total Net Debt Applicable To Limit	8,800,000	8,175,000	7,560,000	6,925,000	6,245,000	5,545,000	4,800,000	4,040,000	3,265,000	2,475,000
Legal Debt Margin	\$ 33,046,600	\$ 39,817,241	\$ 45,649,329	\$ 49,923,700	\$ 51,209,485	\$ 51,306,504	\$ 50,305,273	\$ 49,883,462	\$ 49,425,283	\$ 49,718,339
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	21.03%	17.03%	14.21%	12.18%	10.87%	9.75%	8.71%	7.49%	6.20%	4.74%

Legal Debt Margin Calculation for Fiscal Year 2015

Equalized Valuation Basis

2014	\$ 1,725,803,593
2013	1,716,658,500
2012	<u>1,776,871,774</u>

Average Equalized Valuation Of Taxable Property \$ 1,739,777,956

Debt Limit (3% of Average Equalization Value) \$ 52,193,339
 Total Net Debt Applicable to Limit 2,475,000

Legal Debt Margin \$ 49,718,339

Source: Annual Debt Statements

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

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income</u>	<u>Population</u>
2005	2.9	\$ 57,674	5,805
2006	3.1	63,103	5,884
2007	2.8	67,544	5,958
2008	3.6	67,331	5,996
2009	6.5	63,874	6,054
2010	6.7	63,885	5,758
2011	6.6	67,248	5,815
2012	6.7	69,281	5,841
2013	6.8	69,495	5,885
2014	4.1	Not Available	5,943

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

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

	<u>2015</u>		<u>2006</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

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

<u>Function/Program</u>	<u>Fiscal Year Ended June 30,</u>									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction										
Regular	60.0	60.0	59.6	59.1	61.0	58.2	57.1	57.2	55.0	54.7
Special Education	9.5	9.5	11.5	12.6	12.6	12.0	12.4	10.0	10.3	10.0
Other Special Education	5.0	5.0	5.5	5.5	5.5	5.5	5.0	5.0	5.4	6.0
Other Instruction	10.5	14.0	15.0	14.0	14.0	13.0	13.0	14.4	15.0	10.5
Support Services:										
Student & Instruction Related Services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
General Administration	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.6	3.0
School Administrative Services	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Other Administrative Services	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.5	3.5	3.5
Central Services										
Administrative Information Technology	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.4	1.4	1.0
Plant Operation and Maintenance		5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Pupil Transportation										
Other Support Services		2.0	2.0	1.4	1.4	1.4	1.4	1.1	1.1	1.1
Total	<u>100</u>	<u>110.5</u>	<u>113.6</u>	<u>112.6</u>	<u>114.5</u>	<u>110.1</u>	<u>108.9</u>	<u>107.6</u>	<u>106.3</u>	<u>101.8</u>

Source: District Personnel Records

Notes:

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

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

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

Fiscal Year Ended June 30,	Enrollment^a	Operating Expenditures^b	Cost Per Pupil^c	Percentage Change	Teaching Staff	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
2006	855.0	\$ 10,224,192	\$ 11,958	1.35%	81.0	855.0	825.2	4.10%	96.51%
2007	879	10,845,677	12,346	3.24%	83.5	878.5	846.1	2.75%	96.31%
2008	866	11,542,045	13,328	7.96%	83.5	867.0	835.8	-1.31%	96.40%
2009	868	11,947,987	13,765	3.28%	83.5	865.7	835.8	-0.15%	96.55%
2010	886	12,662,083	14,291	3.82%	82.6	871.7	842.8	0.69%	96.68%
2011	842	12,435,402	14,769	3.34%	79.4	820.9	793.4	-5.83%	96.65%
2012	793	12,310,456	15,524	5.11%	73.6	774.7	748.9	-5.63%	96.67%
2013	779	13,022,292	16,717	7.68%	69.8	756.0	730.5	-2.41%	96.63%
2014	781	13,173,864	16,868	8.66%	66.3	750.0	723.3	-3.19%	96.44%
2015	752	13,259,809	17,633	5.48%	65.7	736.7	714	-2.55%	96.92%

Sources: District records

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

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

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<u>District Building</u>										
<u>Elementary</u>										
T. Baldwin Demarest (1964)										
Square Feet	59,270	59,270	59,270	59,270	59,270	59,270	59,270	59,270	59,270	59,270
Capacity (students)	407	407	407	407	407	407	407	407	407	407
Enrollment	451	459	439	452	440	414	380	372	349	352
<u>Middle School</u>										
Charles DeWolf (1927)										
Square Feet	65,896	65,896	65,896	65,896	65,896	65,896	65,896	65,896	65,896	65,896
Capacity (students)	426	426	426	426	426	426	426	426	426	426
Enrollment	418	420	427	409	433	406	394	384	401	384

Source: District Records

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

	<u>Fiscal Year Ended June 30,</u>									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
School Facilities										
T.Baldwin Demarest School	\$ 131,237	\$ 107,569	\$ 112,640	\$ 117,057	\$ 94,839	\$ 81,483	\$ 78,341	\$ 83,242	\$ 110,079	\$ 113,997
Charles DeWolf School	<u>126,090</u>	<u>97,032</u>	<u>102,061</u>	<u>130,436</u>	<u>104,313</u>	<u>89,623</u>	<u>86,504</u>	<u>92,150</u>	<u>122,004</u>	<u>120,511</u>
	<u>\$ 257,327</u>	<u>\$ 204,601</u>	<u>\$ 214,701</u>	<u>\$ 247,493</u>	<u>\$ 199,152</u>	<u>\$ 171,106</u>	<u>\$ 164,845</u>	<u>\$ 175,392</u>	<u>\$ 232,083</u>	<u>\$ 234,508</u>

**OLD TAPPAN BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2015
(Unaudited)**

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

Source: School District's Records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

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
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ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Old Tappan Board of Education as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Old Tappan Board of Education's basic financial statements and have issued our report thereon dated November 16, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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


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


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
November 16, 2015



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
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RALPH M. PICONE, CPA, RMA, PSA

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

We have audited the Old Tappan Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Old Tappan Board of Education's major state programs for the fiscal year ended June 30, 2015. The Old Tappan Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the Old Tappan Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2015.

Report on Internal Control Over Compliance

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

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Old Tappan Board of Education, as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated November 16, 2015, 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
Certified Public Accountants
Public School Accountants


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
November 16, 2015

OLD TAPPAN BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2014			Cash Received	Budgetary Expenditures	Paid to Grantor	June 30, 2015			MEMO GAAP Receivable
					Unearned Revenue	(Accounts Receivable)	Due to Grantor				Unearned Revenue	Accounts Receivable	Due to Grantor	
U.S. Department of Agriculture Passed-Through State Department of Education														
<u>Enterprise Fund</u>														
Special Milk Program	10.556	N/A	7/1/14-6/30/15	\$ 1,872			\$ 1,720	\$ 1,872			\$ (152)		\$ (152)	
Special Milk Program	10.556	N/A	7/1/13-6/30/14	2,083	-	(391)	391	-	-	-	-	-	-	
Total Enterprise Fund					-	(391)	2,111	1,872	-	-	(152)	-	(152)	
U.S. Department of Education Passed-Through State Department of Education														
<u>Special Revenue Fund</u>														
I.D.E.A. Part B. Basic	84.027	IDEA385012	7/1/14-6/30/15	136,378			136,378	136,378						
I.D.E.A. Part B. Preschool	84.173	IDEA385012	7/1/14-6/30/15	12,378			12,378	12,378						
NVR Consolidated Title III	84.365	NCLB385012	7/1/14-6/30/15	8,274	-	-	8,274	8,274	-	-	-	-	-	
Total Special Revenue Fund					-	-	157,030	157,030	-	-	-	-	-	
Total Federal Financial Awards					\$ -	\$ (391)	\$ 159,141	\$ 158,902	\$ -	\$ -	\$ (152)	\$ -	\$ (152)	

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

OLD TAPPAN BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2014		Cash Received	Budgetary Expenditures	Adjustment	June 30, 2015		Memo	
				Unearned Revenue	(Accounts Receivable)				Unearned Revenue	(Accounts Receivable)	GAAP Receivable	Cumulative Total Expenditures
<u>State Department of Education</u>												
General Fund												
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	\$ 327,148			\$ 299,418	\$ 327,148			\$ (27,730)		\$ 327,148
Special Education Aid	14-495-034-5120-089	7/1/13-6/30/14	327,148	\$ (27,605)		27,605						
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	11,399			10,433	11,399			(966)		11,399
Security Aid	14-495-034-5120-084	7/1/13-6/30/14	11,399		(961)	961						
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	7,560			6,919	7,560			(641)		7,560
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	7,560			6,919	7,560			(641)		7,560
Extraordinary Aid	15-100-034-5120-473	7/1/14-6/30/15	114,900				114,900			(114,900)		114,900
Extraordinary Aid	14-100-034-5120-473	7/1/13-6/30/14	225,574		(225,574)	225,574						
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	17,546			16,059	17,546			(1,487)		17,546
Transportation Aid	14-495-034-5120-014	7/1/13-6/30/14	17,546		(1,481)	1,481						
Additional Non-Public Transportation Aid	N/A	7/1/14-6/30/15	3,828				3,828			(3,828)	\$ (3,828)	3,828
Additional Non-Public Transportation Aid	N/A	7/1/13-6/30/14	3,336		(3,336)	3,336						
On-Behalf TPAF												
Pension Contributions - Normal	15-495-034-5094-006	7/1/14-6/30/15	297,652			297,652	297,652					297,652
Pension Contributions - NCGI	15-495-034-5094-007	7/1/14-6/30/15	21,415			21,415	21,415					21,415
Post Retirement Medical Cont.	15-495-034-5094-001	7/1/14-6/30/15	506,519			506,519	506,519					506,519
Soc. Security Contribution	15-495-034-5094-003	7/1/14-6/30/15	442,338	\$ -	-	442,280	442,338	\$ -	\$ -	(58)	(58)	442,338
Total General Fund				-	(258,957)	1,866,571	1,757,865	-	-	(150,251)	(3,886)	1,757,865
Debt Service Fund												
Debt Service Aid	15-495-034-5120-075	7/1/14-6/30/15	174,158	-	-	174,158	174,158	-	-	-	-	174,158
Total State Financial Assistance				\$ -	\$ (258,957)	2,040,729	1,932,023	\$ -	\$ -	\$ (150,251)	\$ (3,886)	\$ 1,932,023
State Financial Assistance Not Subject to Single Audit Determination												
General Fund - On-Behalf TPAF												
Pension System Contributions Normal Cost						(297,652)	(297,652)					
Pension System Contributions NCGI						(21,415)	(21,415)					
Pension System Contribution Post Retirement Medical						(506,519)	(506,519)					
Total State Financial Assistance Subject to Single Audit						\$ 1,215,143	\$ 1,106,437					

**OLD TAPPAN BOARD OF EDUCATION
 NOTES TO THE SCHEDULES OF EXPENDITURES OF
 FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with requirements of U.S. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$109,256 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,867,121	\$ 1,867,121
Special Revenue Fund	\$ 157,030		157,030
Debt Service Fund		174,158	174,158
Food Service Fund	<u>1,872</u>	<u>-</u>	<u>1,872</u>
Total Financial Assistance	<u>\$ 158,902</u>	<u>\$ 2,041,279</u>	<u>\$ 2,200,181</u>

**OLD TAPPAN BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

TPAF Social Security contributions in the amount of \$442,338 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, 2015. The amount reported as TPAF Pension System Contributions in the amount of \$319,067 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$506,519 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2015.

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

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

**OLD TAPPAN BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditors' report issued on financial statements Unmodified

Internal control over financial reporting:

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

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

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

State Awards Section

Internal Control over major programs:

Dollar threshold used to determine Type A programs: \$300,000

Auditee qualified as low-risk auditee? X yes no

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

Internal Control over compliance:

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

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

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

Identification of major state programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
15-495-034-5094-003	TPAF Social Security Tax
15-495-034-5120-089	Special Education Aid
15-495-034-5120-084	Security Aid
15-495-034-5120-098	PARCC Readiness Aid
15-495-034-5120-097	Per Pupil Growth Aid

Federal Awards Section

Not subject to Federal Single Audit.

**OLD TAPPAN BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Part 2 – Schedule of Financial Statement Findings

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

There are none.

**OLD TAPPAN BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 OMB Circular A-133 and New Jersey OMB's Circular 15-08.

CURRENT YEAR FEDERAL AWARDS

Not Applicable.

CURRENT YEAR STATE AWARDS

There are none.

**OLD TAPPAN BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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. OMB Circular A-133 (Section .315(a)(b)) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR YEAR FINDINGS

There were none.