

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

North Caldwell, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

North Caldwell Board of Education

North Caldwell, New Jersey

For The Fiscal Year Ended June 30, 2015

Prepared by

Business Office

**NORTH CALDWELL BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

INTRODUCTORY SECTION

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

FINANCIAL SECTION

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

REQUIRED SUPPLEMENTARY INFORMATION- PART I

Management's Discussion and Analysis	4-11
--------------------------------------	------

Basic Financial Statements

A. District-wide Financial Statements

A-1 Statement of Net Position	12
A-2 Statement of Activities	13

B. Fund Financial Statements

Governmental Funds

B-1 Balance Sheet	14-15
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	16
B-3 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances with the District-Wide Statements	17

Proprietary Funds

B-4 Statement of Net Position – Not Applicable	18
B-5 Statement of Revenues, Expenses, and Changes in Net Position – Not Applicable	18
B-6 Statement of Cash Flows – Not Applicable	18

Fiduciary Funds

B-7 Statement of Fiduciary Net Position	19
B-8 Statement of Changes in Fiduciary Net Position	20

Notes to the Financial Statements	21-51
--	-------

**NORTH CALDWELL BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

REQUIRED SUPPLEMENTARY INFORMATION – PART II

C. Budgetary Comparison Schedules

C-1	Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	52-56
C-1a	Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Not Applicable	57
C-1b	Community Development Block Grant – Budget and Actual – Not Applicable	57
C-2	Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP) and Actual	58

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – PART II

C-3	Budgetary Comparison Schedule – Note to Required Supplementary Information	59
-----	--	----

REQUIRED SUPPLEMENTARY INFORMATION - PART III

L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)

L-1	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Public Employees Retirement System	60
L-2	Required Supplementary Information – Schedule of District Contributions – Public Employees Retirement System	61
L-3	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Teachers Pension and Annuity Fund	62
	Notes to Required Supplementary Information	63

OTHER SUPPLEMENTARY INFORMATION

D. School Level Schedules – Not Applicable

E. Special Revenue Fund

E-1	Combining Schedule of Program Revenues and Expenditures Special Revenue Fund – Budgetary Basis	64
E-2	Preschool Education Aid Schedule of Expenditures – Budgetary Basis – Not Applicable	65

F. Capital Projects Fund

F-1	Summary Schedule of Project Expenditures	66
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis	67
F-2a- 2e	Schedule of Project Revenues, Expenditures, Project Balances and Project Status	68-72

**NORTH CALDWELL BOARD OF EDUCATION
TABLE OF CONTENTS**

	<u>Page</u>
G. Proprietary Funds	
<i>Enterprise Fund</i>	
G-1 Combining Statement of Net Position – Not Applicable	73
G-2 Combining Statement of Revenues, Expenses and Changes in Net Position – Not Applicable	73
G-3 Combining Statement of Cash Flows – Not Applicable	73
H. Fiduciary Funds	
H-1 Combining Statement of Net Position	74
H-2 Combining Statement of Changes in Net Position – Not Applicable	75
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	75
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	76
I. Long-Term Debt	
I-1 Schedule of Bonds Payable	77
I-2 Schedule of Intergovernmental Loans Payable – Not Applicable	78
I-3 Debt Service Fund Budgetary Comparison Schedule	79
J.	STATISTICAL SECTION (Unaudited)
J-1 Net Position by Component	80
J-2 Changes in Net Position	81-82
J-3 Fund Balances – Governmental Funds	83
J-4 Changes in Fund Balances - Governmental Funds	84
J-5 General Fund Other Local Revenues by Source	85
J-6 Assessed Value and Actual Value of Taxable Property	86
J-7 Direct and Overlapping Property Tax Rates	87
J-8 Principal Property Taxpayers	88
J-9 Property Tax Levies and Collections	89
J-10 Ratios of Outstanding Debt by Type	90
J-11 Ratios of Net General Bonded Debt Outstanding	91
J-12 Computation of Direct and Overlapping Outstanding Debt	92
J-13 Legal Debt Margin Information	93
J-14 Demographic Statistics	94
J-15 Principal Employers	95
J-16 Full-Time Equivalent District Employees by Function/Program	96
J-17 Operating Statistics	97
J-18 School Building Information	98
J-19 Schedule of Required Maintenance for School Facilities	99
J-20 Schedule of Insurance	100

**NORTH CALDWELL BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

SINGLE AUDIT SECTION

K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards – Independent Auditor’s Report	101-102
K-2	Report on Compliance for each Major State Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of State Financial Assistance as Required by New Jersey OMB Circular 15-08 – Independent Auditor’s Report	103-105
K-3	Schedule of Expenditures of Federal Awards	106
K-4	Schedule of Expenditures of State Financial Assistance	107
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	108-109
K-6	Schedule of Findings and Questioned Costs	110-112
K-7	Summary Schedule of Prior Year Findings	113

INTRODUCTORY SECTION



NORTH CALDWELL BOARD OF EDUCATION
132A GOULD AVENUE
NORTH CALDWELL, NJ 07006

Robert Projansky, President
Valerie Buccino, Vice President
Marianne Bohrer
Jann Skelton
Mary Mokris

Telephone (973) 712-4400
Fax (973) 226-0359

December 18, 2015

Honorable President and
Members of the Board of Education
North Caldwell School District
County of Essex, New Jersey

Dear Board Members:

The comprehensive annual financial report of the North Caldwell School District (District) 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 of Education (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.

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 financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non Profit Organizations", and the New Jersey OMB Circular 15-08. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES: North Caldwell School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds of the District are included in this report. The North Caldwell 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 Pre-K through 6. These include regular, as well as special education for handicapped youngsters. The District completed the fiscal year with an average daily enrollment of 663 students. The following details the changes in the students' average daily enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2014-15	663	-.01%
2013-14	673	-0.02%
2012-13	686	.88%
2011-12	676	.81%
2010-11	670	4.69%
2009-10	640	4.06%
2008-09	615	-3.15%
2007-08	635	-1.70%
2006-07	646	.94%
2005-06	640	2.07%

2. DISTRICT SUMMARY: North Caldwell is a small community situated in northwest Essex County. The district is compact and strictly residential.

District goals encompass learning opportunities that help each student grow and develop intellectually, emotionally, physically, and socially. Both Grandview and Gould/Mountain schools emphasize a sound and basic curriculum. Individual student needs are addressed via differentiated instruction, as well as via the Renzulli Schoolwide Enrichment Program. There are Resource Centers in Grandview and Gould/Mountain for special needs students, as well as a full-day pre-school disabled class and two half-day integrated preschool disabilities classes at Grandview School. Heterogeneous groupings, augmented by flexible grouping, are used for instruction. The schools have upgraded computer technology components for all students.

Each library media center houses a minimum of twenty (20) computers. Additionally, there is a computer lab with a minimum of twenty (20) computers located in the library in the Mountain building. All school computers have Internet accessibility. Smart Boards are installed in all kindergarten to sixth grade classrooms and resource centers.

The district has been able to attract excellent teaching staff over the years. Eighty percent of the teachers are tenured. More than half are on the MA+ level. Enrollment for the 2014-2015 school year is approximately 663 students. Homerooms average eighteen (18) students.

Each member of the five-person school board is elected to three-year terms and represents a cross-section of the community.

North Caldwell students continue on to West Essex Regional Junior and Senior High Schools for grades 7-12. West Essex is a four-district regional school which includes Essex Fells, Roseland, and Fairfield, as well as North Caldwell.

3. STUDENT ACHIEVEMENT HIGHLIGHTS: Students in the North Caldwell Schools continue to demonstrate significant academic progress in all disciplines. A balanced literacy program begins in Kindergarten, providing students with a variety of reading experiences. A standards based mathematics program (Every Day Math) is used in Grades K-5 and Connected Math is used in Grade 6.

At the third grade level, 81% of the students scored in the proficient or advanced proficient level in the area of Language Arts Literacy as measured by NJASK3. In the area of Mathematics, 93% of the third grade students scored in the proficient or advanced proficient level.

At the fourth grade level, 88% of the students scored at the proficient or advanced proficient level in the area of Language Arts Literacy, 94% of the students scored at the proficient or advanced proficient level in the area of mathematics and 97% of the students scored within the proficient and advanced proficient range in Science as measured by the NJASK4. At the fifth grade level 93% of the students scored at the proficient or advanced proficient in the area of Language Arts Literacy and 94% of the students scored at the proficient or advanced proficient level in the area of mathematics. At the sixth grade level, 92% of the students scored at the proficient or advanced proficient level in the area of Language Arts Literacy and 97% of the students scored at the proficient or advance proficient level in the area of mathematics.

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

benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

5. BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general 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. Open encumbrances at year-end are either canceled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30.

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

8. **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, fidelity bonds, cyber insurance and student accident.

9. **OTHER INFORMATION:**

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins LLP, CPA's was selected by the Board's finance committee. 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 New Jersey OMB Circular 15-08. The auditor's report on the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information 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.

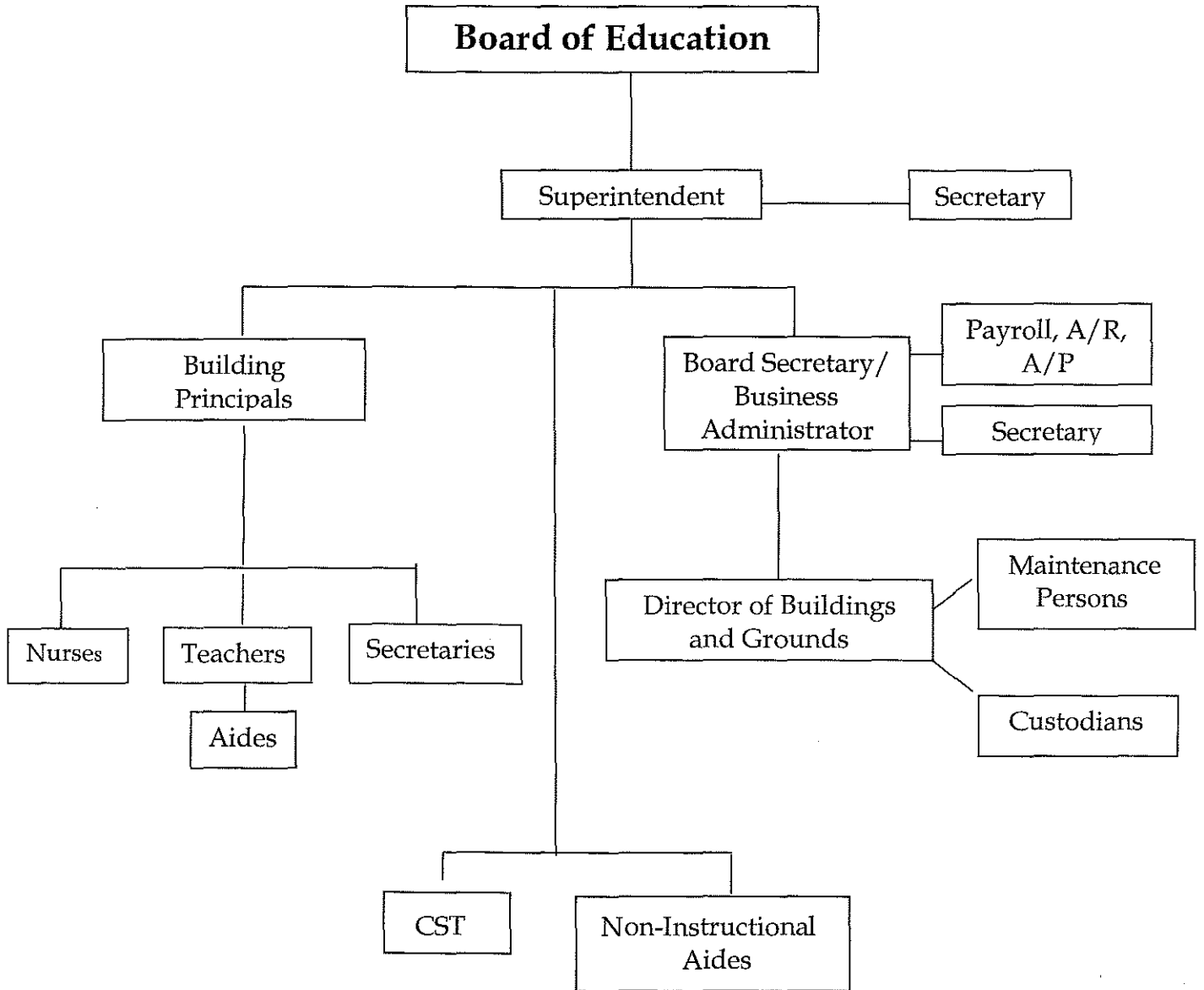
10. **ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the North Caldwell School Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and 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,



Michael W. Halik
Business Administrator/Board Secretary

NORTH CALDWELL BOARD OF EDUCATION
ORGANIZATION CHART
 (Unit Control)





**NORTH CALDWELL BOARD OF EDUCATION
NORTH CALDWELL, NEW JERSEY**

**ROSTER OF OFFICIALS
June 30, 2015**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Robert Projansky, President	2016
Valerie Buccino, Vice President	2017
Marianne Bohrer	2015
Jann Skelton	2015
Mary Mokris	2017

Other Officials

Linda Freda, Superintendent of Schools

Michael Halik, Business Administrator / Board Secretary

William Septka, Treasurer of School Monies



NORTH CALDWELL BOARD OF EDUCATION

Consultants and Advisors

ARCHITECT

DiCara/Rubino Architects
30 Galesi Drive
Wayne, NJ 07470

AUDIT FIRM

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

ATTORNEY

Sciarrillo, Cornell,
Merlino, McKeever & Osborne, LLC
238 St. Paul Street
Westfield, NJ 07090

OFFICIAL DEPOSITORY

Valley National Bank
9 Bloomfield Avenue
North Caldwell, NJ 07006

DISCLOSURE AGENT

Phoenix Advisors, LLC
4 West Park Street
Bordentown, NJ 08505

BOND ATTORNEY

McManimon & Scotland, LLC
One Riverfront Plaza, Fourth Floor
Newark, NJ 07102-5408

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
North Caldwell Board of Education
North Caldwell, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Caldwell 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, each major fund, and the aggregate remaining fund information of the North Caldwell Board of Education as of June 30, 2015, and the respective changes in financial position and 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 North Caldwell 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 North Caldwell Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the North Caldwell Board of Education.

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

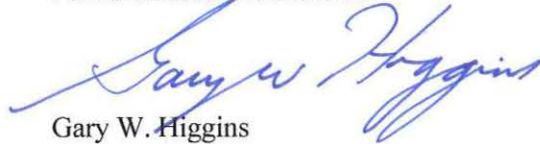
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 18, 2015 on our consideration of the North Caldwell 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 North Caldwell Board of Education's internal control over financial reporting and compliance.



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
December 18, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

**NORTH CALDWELL BOARD OF EDUCATION
NORTH CALDWELL, NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2015

This discussion and analysis of the North Caldwell 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.

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

Financial Highlights

Key financial highlights for 2015 is as follows:

- General revenues accounted for \$12,231,666 or 81 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2,944,452 or 19 percent of total revenues of \$15,176,118.
- The School District had \$13,845,462 in expenses; only \$2,944,452 of these expenses are offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$12,231,666 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$12,955,379 in revenues and \$12,366,747 in expenditures. The District also transferred \$370,500 from the General Fund to the Capital Projects Fund to finance certain capital projects. The General Fund's fund balance increased by \$218,132 from the fiscal year ended June 30, 2014.

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.

Using this Comprehensive Annual Financial Report (CAFR) (Continued)

The Statement of Net Position and Statement of Activities provides 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 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 asks the question, "How did we do financially during the fiscal year ended June 30, 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 its 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 has one distinct kind of activity:

- Governmental activities – All programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

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, Capital Projects 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.

The District as a Whole

The Statement of Net Position provides one perspective of the District as a whole.

Table 1 provides a summary of the District's net position as of June 30, 2015 and 2014.

Table 1
Net Position

	Governmental-	
	Type Activities	
	<u>2015</u>	<u>2014</u>
		(Restated)
Assets		
Current and Other Assets	\$ 4,104,146	\$ 3,879,319
Capital Assets, net of accumulated depreciation	<u>11,155,434</u>	<u>10,809,153</u>
Total Assets	<u>15,259,580</u>	<u>14,688,472</u>
Deferred Outflows of Resources		
Deferred Amounts on Refunding of Debt	141,796	185,663
Deferred Amounts on Net Pension Liability	<u>89,229</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>231,025</u>	<u>185,663</u>
Liabilities		
Long-term liabilities	7,577,252	8,455,814
Other Liabilities	<u>260,212</u>	<u>340,775</u>
Total Liabilities	<u>7,837,464</u>	<u>8,796,589</u>
Deferred Inflows of Resources		
Deferred Amounts on Net Pension Liability	<u>244,939</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>244,939</u>	<u>-</u>
Net Position		
Net Investment in Capital Assets	6,722,207	5,671,835
Restricted	2,911,650	2,613,231
Unrestricted	<u>(2,225,655)</u>	<u>(2,207,520)</u>
Total Net Position	<u>\$ 7,408,202</u>	<u>\$ 6,077,546</u>

The District's governmental type activities net position as of June 30, 2015 and 2014 was \$7,408,202 and \$6,077,546 (Restated), respectively.

Table 2 shows changes in net position for fiscal year ended June 30, 2015 and 2014.

Table 2
Changes in Net Position
For the Fiscal Years Ended June 30, 2015 and 2014

	Governmental- Type Activities	
	<u>2015</u>	<u>2014</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 73,200	\$ 98,326
Grants and Contributions	2,744,877	1,508,181
Capital grants and contributions	126,375	15,706
General Revenues:		
Property Taxes	12,154,672	11,932,354
Unrestricted State Aid	12,173	
Other	<u>64,821</u>	<u>69,699</u>
Total Revenues	<u>15,176,118</u>	<u>13,624,266</u>
Program Expenses		
Instruction	8,719,578	7,708,994
Support Services:		
Student and Instruction Related Services	1,344,614	1,255,231
General Administration, School Administration, Business/Central Services	1,513,513	1,270,248
Plant Operations and Maintenance	1,690,895	1,572,511
Pupil Transportation	404,134	433,571
Interest on Debt	<u>172,728</u>	<u>191,288</u>
Total Expenses	<u>13,845,462</u>	<u>12,431,843</u>
Change in Net Position	1,330,656	1,192,423
Net Position, Beginning of Year	<u>6,077,546</u>	<u>7,871,468</u>
Prior Period Adjustment	<u>-</u>	<u>(2,986,345)</u>
Net Position, End of Year	<u>\$ 7,408,202</u>	<u>\$ 6,077,546</u>

During the 2014/15 school year, the District implemented Government Accounting Standards Board ("GASB") Statement No. 68, "Accounting and Financial Reporting of Pensions". In conjunction with the implementation, the District was required to restate the June 30, 2014 financial statements.

Governmental Activities

The unique nature of property taxes in New Jersey creates the legal requirement to annually seek voter approval for District operations. Property taxes comprised 80 and 88 percent of revenues for governmental activities for the North Caldwell School District in fiscal years ended June 30, 2015 and 2014, respectively. The District's total revenues were \$15,176,118 and \$13,624,266 for the fiscal years ended June 30, 2015 and 2014, respectively. Federal, state, and local grants accounted for 19 and 11 percent of revenue for the fiscal years ended June 30, 2015 and 2014, respectively. The total cost of all programs and services was \$13,845,462 and \$12,431,843 in fiscal years ended June 30, 2015 and 2014, respectively. Instruction totaling \$8,719,578 and \$7,708,994 comprises 63 and 62 percent of District expenses for the fiscal years ended June 30, 2015 and 2014, respectively.

In the District-wide financial statements, State Aid and program expenses increased significantly in the 2014/15 fiscal year, due to the full accrual of the TPAF on-behalf pension expense to comply with GASB 68.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 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.

Table 3
Total Cost and Net Cost of Services

	<u>Total Cost of Services</u>		<u>Net cost of Services</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Instruction	\$ 8,719,578	\$ 7,708,994	\$ 6,348,443	\$ 6,375,454
Support Services:				
Student and Instruction Related Services	1,344,614	1,255,231	1,337,444	1,248,008
General Administration, School Administration, Business/Central Services	1,513,513	1,270,248	1,210,193	1,139,465
Plant Operations and Maintenance	1,690,895	1,572,511	1,514,957	1,507,538
Pupil Transportation	404,134	433,571	317,245	347,877
Interest on Debt	172,728	191,288	172,728	191,288
 Total Expenses	 <u>\$ 13,845,462</u>	 <u>\$ 12,431,843</u>	 <u>\$ 10,901,010</u>	 <u>\$ 10,809,630</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.

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

Governmental Activities (Continued)

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 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, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. For the fiscal years ended June 30, 2015 and 2014 total revenues amounted to \$14,118,384 and \$13,624,266 and expenditures were \$13,818,900 and \$12,913,247 respectively. Total revenues exceeded expenditures by \$299,484 for the year ended June 30, 2015.

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 funds revenues for the fiscal years ended June 30, 2015 and 2014.

<u>Revenue</u>	<u>Amount</u>		Amount of Increase (Decrease)	Percent Change
	<u>2015</u>	<u>2014</u>		
Local Sources	\$ 12,292,693	\$ 12,100,379	\$ 192,314	1.59%
State Sources	1,671,786	1,377,245	294,541	21.39%
Federal Sources	153,905	146,642	7,263	4.95%
Total	<u>\$ 14,118,384</u>	<u>\$ 13,624,266</u>	<u>\$ 494,118</u>	3.63%

The following schedule represents a summary of the governmental funds expenditures for the fiscal years ended June 30, 2015 and 2014.

<u>Expenditures</u>	<u>Amount</u>		Amount of Increase (Decrease)	Percent Change
	<u>2015</u>	<u>2014</u>		
Instruction	\$ 7,775,444	\$ 7,711,063	\$ 64,381	0.83%
Support Services	4,406,257	4,154,219	252,038	6.07%
Capital Outlay	754,474	166,540	587,934	353.03%
Debt Service:				
Principal	700,000	685,000	15,000	2.19%
Interest	182,725	196,425	(13,700)	-6.97%
Total	<u>\$ 13,818,900</u>	<u>\$ 12,913,247</u>	<u>\$ 905,653</u>	7.01%

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.

Capital Assets

As of June 30, 2015 and 2014, the District had \$11,155,434 and \$10,809,153 in land, buildings and building improvements and machinery and equipment net of depreciation, respectively. Table 4 shows capital assets at June 30, 2015 and 2014 net of depreciation.

Table 4
Capital Assets (Net of Depreciation)

	Governmental	
	<u>Activities</u>	
	<u>2015</u>	<u>2014</u>
Land	\$ 52,316	\$ 52,316
Construction in Progress	454,788	39,265
Building and Building Improvements	15,862,448	15,557,925
Machinery and Equipment	<u>643,312</u>	<u>608,884</u>
	17,012,864	16,258,390
Less Depreciation	<u>(5,857,430)</u>	<u>(5,449,237)</u>
Total Capital Assets, Net of Depreciation	<u>\$ 11,155,434</u>	<u>\$ 10,809,153</u>

Additional information pertaining to capital assets can be found in the Notes to the Financial Statements.

Debt Administration

At June 30, 2015 and 2014, the District had \$7,577,252 and \$8,455,814 of outstanding long-term liabilities. Of this amount, \$164,654 and \$146,488 is for compensated absences, \$2,837,575 and \$2,986,345 is for net pension liability and \$4,575,023 and \$5,322,981 is for bonds payable for school construction, respectively.

Additional information pertaining to debt administration can be found in the Notes to the Financial Statements.

For the Future

Currently, the District is in sound financial condition. Everyone associated with the North Caldwell School District is grateful for the community support of the schools. The District's major concerns are continued enrollment growth and the ability to maintain optimum class sizes and excellent services. This, in an environment of uncertain state aid support, means an ever-increasing reliance on local property taxes.

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

Contacting the District's Financial Management

If you have questions about this report or need additional information, contact the School Business Administrator at the North Caldwell Board of Education, Gould Avenue, North Caldwell, NJ 07006.

BASIC FINANCIAL STATEMENTS

**NORTH CALDWELL BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2015**

	Governmental Activities	Total
ASSETS		
Cash and Cash Equivalents	\$ 3,831,851	\$ 3,831,851
Receivables, net		
Receivables from Other Governments	271,937	271,937
Other	358	358
Capital Assets, net		
Not Being Depreciated	507,104	507,104
Being Depreciated	10,648,330	10,648,330
Total Assets	15,259,580	15,259,580
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Amounts on Refunding of Debt	141,796	141,796
Deferred Amounts on Net Pension Liability	89,229	89,229
Total Deferred Outflows of Resources	231,025	89,229
Total Assets and Deferred Outflows of Resources	15,490,605	15,348,809
LIABILITIES		
Accounts Payable	67,740	67,740
Unearned Revenue	129,856	129,856
Accrued Interest Payable	62,616	62,616
Noncurrent Liabilities		
Due within one year	866,360	866,360
Due beyond one year	6,710,892	6,710,892
Total Liabilities	7,837,464	7,837,464
DEFERRED INFLOWS OF RESOURCES		
Deferred Amounts on Net Pension Liability	244,939	244,939
Total Deferred Inflows of Resources	244,939	244,939
Total Liabilities and Deferred Inflows of Resources	8,082,403	8,082,403
NET POSITION		
Net Investment in Capital Assets	6,722,207	6,722,207
Restricted for		
Capital Projects	2,687,314	2,687,314
Debt Service	1	1
Maintenance	224,335	224,335
Unrestricted	(2,225,655)	(2,225,655)
Total Net Position	\$ 7,408,202	\$ 7,408,202

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

**NORTH CALDWELL BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Functions/Programs	Expenses	Program Revenues			Governmental Activities	Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Governmental Activities						
Instruction						
Regular	\$ 5,928,526	\$ 73,200	\$ 1,321,315		\$ (4,534,011)	\$ (4,534,011)
Special Education	2,791,052		976,620		(1,814,432)	(1,814,432)
Support Services						
Student and Instruction Related Services	1,344,614		7,170		(1,337,444)	(1,337,444)
General Administration Services	510,496		94,820		(415,676)	(415,676)
School Administration Services	538,293		101,513		(436,780)	(436,780)
Business/Central Services	464,724		106,987		(357,737)	(357,737)
Plant Operations and Maintenance	1,690,895		49,563	\$ 126,375	(1,514,957)	(1,514,957)
Pupil Transportation	404,134		86,889		(317,245)	(317,245)
Interest on Debt	172,728	-	-	-	(172,728)	(172,728)
Total Governmental Activities	13,845,462	73,200	2,744,877	126,375	(10,901,010)	(10,901,010)
Total Primary Government	\$ 13,845,462	\$ 73,200	\$ 2,744,877	\$ 126,375	(10,901,010)	(10,901,010)
General Revenues						
Taxes						
Property Taxes Levied for General Purposes					11,271,947	11,271,947
Property Taxes Levied for Debt Service					882,725	882,725
Unrestricted State Aid					12,173	12,173
Interest Income					13,157	13,157
Miscellaneous Income					51,664	51,664
Total General Revenues					12,231,666	12,231,666
Change in Net Position					1,330,656	1,330,656
Net Position, Beginning of Year (Restated)					6,077,546	6,077,546
Net Position, End of Year					\$ 7,408,202	\$ 7,408,202

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

FUND FINANCIAL STATEMENTS

**NORTH CALDWELL BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2015**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 3,462,348		\$ 369,502	\$ 1	\$ 3,831,851
Due from Other Funds	358				358
Receivables from Other Governments	-	-	271,937	-	271,937
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	\$ 3,462,706	\$ -	\$ 641,439	\$ 1	\$ 4,104,146
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 21,855		\$ 45,885		\$ 67,740
Unearned Revenue	-	-	129,856	-	129,856
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	21,855	-	175,741	-	197,596
Fund Balances					
Restricted Fund Balance:					
Capital Reserve	2,221,616				2,221,616
Emergency Reserve	250,000				250,000
Maintenance Reserve	224,335				224,335
Excess Surplus - Designated for Subsequent Year's Expenditures	200,000				200,000
Excess Surplus	150,000				150,000
Capital Projects			465,698		465,698
Debt Service				\$ 1	1
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures	148,654				148,654
Year End Encumbrances	109,858				109,858
Unassigned Fund Balance					
General Fund	136,388	-	-	-	136,388
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	3,440,851	-	465,698	1	3,906,550
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	\$ 3,462,706	\$ -	\$ 641,439	\$ 1	

NORTH CALDWELL BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2015

Total Fund Balances (Exhibit B-1)		3,906,550
<p>Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$17,012,864 and the accumulated depreciation is \$5,857,430</p>		11,155,434
<p>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.</p>		141,796
<p>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.</p>		
<p>Deferred Outflows of Resources</p>	\$ 89,229	
<p>Deferred Inflows of Resources</p>	<u>(244,939)</u>	(155,710)
<p>The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is:</p>		(62,616)
<p>Long-term liabilities, including bonds payable, capital leases, compensated absences and net pension liability are not due and payable in the current period and therefore are not reported as liabilities in the funds.</p>		
<p>Bonds Payable (Including Unamortized Premium)</p>	\$ (4,575,023)	
<p>Compensated Absences Payable</p>	(164,654)	
<p>Net Pension Liability</p>	<u>(2,837,575)</u>	<u>(7,577,252)</u>
<p>Net position of governmental activities (Exhibit A-1)</p>		<u>\$ 7,408,202</u>

**NORTH CALDWELL 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>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Taxes	\$ 11,271,947			\$ 882,725	\$ 12,154,672
Tuition	73,200				73,200
Use of Facility Fees	8,500				8,500
Interest Income	13,157				13,157
Miscellaneous	43,164	-	-	-	43,164
Total - Local Sources	<u>11,409,968</u>	<u>-</u>	<u>-</u>	<u>882,725</u>	<u>12,292,693</u>
State Sources	1,545,411		\$ 126,375		1,671,786
Federal Sources	-	\$ 153,905	-	-	153,905
Total Revenues	<u>12,955,379</u>	<u>153,905</u>	<u>126,375</u>	<u>882,725</u>	<u>14,118,384</u>
EXPENDITURES					
Current					
Regular Instruction	5,233,329				5,233,329
Special Education Instruction	2,395,380	146,735			2,542,115
Support Services					
Student and Instruction Related Services	1,334,869	7,170			1,342,039
General Administration Services	463,094				463,094
School Administration Services	486,898				486,898
Business/Central Services	410,885				410,885
Plant Operations and Maintenance	1,299,254				1,299,254
Pupil Transportation	404,087				404,087
Debt Service					
Principal				700,000	700,000
Interest				182,725	182,725
Capital Outlay	338,951	-	415,523	-	754,474
Total Expenditures	<u>12,366,747</u>	<u>153,905</u>	<u>415,523</u>	<u>882,725</u>	<u>13,818,900</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>588,632</u>	<u>-</u>	<u>(289,148)</u>	<u>-</u>	<u>299,484</u>
OTHER FINANCING SOURCES (USES)					
Transfer Out	(370,500)				(370,500)
Transfer In	-	-	370,500	-	370,500
Total Other Financing Sources and Uses	<u>(370,500)</u>	<u>-</u>	<u>370,500</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	218,132	-	81,352	-	299,484
Fund Balance, Beginning of Year	<u>3,222,719</u>	<u>-</u>	<u>384,346</u>	<u>1</u>	<u>3,607,066</u>
Fund Balance, End of Year	<u>\$ 3,440,851</u>	<u>\$ -</u>	<u>\$ 465,698</u>	<u>\$ 1</u>	<u>\$ 3,906,550</u>

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

**NORTH CALDWELL 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) \$ 299,484

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

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

Capital Outlay	\$ 754,474	
Depreciation Expense	<u>(408,193)</u>	
		346,281

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

Increase in Compensated Absences	(18,166)	
Increase in Pension Expense	<u>(6,940)</u>	
		(25,106)

The Issuance of Long Term Debt (e.g. bonds, leases) provides current financial resources to governmental funds while the repayment of 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 issuance costs, premiums, discounts and similar items when the debt is issued, whereas these amounts are deferred and amortized in the statement of activities:

Repayment of Bond Principal		700,000
-----------------------------	--	---------

Governmental Funds report the effect of issuance costs, premiums and deferred amounts on refundings pertaining to bonds issued when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Amortization of Deferred Charge on Refunding of Debt	(43,867)	
Amortization of Premium	<u>47,958</u>	
		4,091

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>5,906</u>
------------------------------	--	--------------

Change in net position of governmental activities (Exhibit A-2)		<u>\$ 1,330,656</u>
---	--	---------------------

**NORTH CALDWELL BOARD OF EDUCATION
PROPRIETARY FUND
STATEMENT OF NET POSITION
AS OF JUNE 30, 2015**

NOT APPLICABLE

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

NOT APPLICABLE

**NORTH CALDWELL BOARD OF EDUCATION
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOT APPLICABLE

**NORTH CALDWELL BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2015**

	Unemployment Compensation <u>Trust Fund</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ <u>243,957</u>	\$ <u>54,307</u>
Total Assets	<u>243,957</u>	<u>\$ 54,307</u>
LIABILITIES		
Payroll Deductions and Withholdings		\$ 37,602
Accrued Salary and Wages		3,931
Due to Other Funds		358
Due to Student Groups		12,416
Accounts Payable	<u>2,896</u>	<u>-</u>
Total Liabilities	<u>2,896</u>	<u>\$ 54,307</u>
NET POSITION		
Held in Trust for Unemployment Claims	<u>\$ 241,061</u>	

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

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

	Unemployment Compensation <u>Trust Fund</u>
ADDITIONS	
Contributions	
Board	\$ 78,468
Employees	19,682
Interest Income	<u>365</u>
Total Additions	<u>98,515</u>
DEDUCTIONS	
Unemployment Claims and Contributions	<u>8,908</u>
Total Deductions	<u>8,908</u>
Change in Net Position	89,607
Net Position, Beginning of Year	<u>151,454</u>
Net Position, End of Year	<u><u>\$ 241,061</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

**NORTH CALDWELL 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 North Caldwell 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 North Caldwell Board of Education this includes general operations, 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.

**NORTH CALDWELL 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 the activities of the governmental 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. Fiduciary funds are excluded from the district-wide financial statements.

District-Wide Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property taxes and intergovernmental revenues. In the statement of net position, the governmental activities column (a) is 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.

**NORTH CALDWELL 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 (Continued)

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 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 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 funds, each reported as separate columns in the fund financial statements. The District considers all of its governmental funds to be major funds.

The District reports the following major governmental funds:

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

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

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

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

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.

**NORTH CALDWELL 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)

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”.

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

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

Property taxes, tuition, 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 government’s policy to use restricted resources first, then unrestricted resources as they are needed.

**NORTH CALDWELL 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

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. 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.

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 Improvements	40
Machinery and Equipment	5

4. 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.

**NORTH CALDWELL 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. 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 arise only under the accrual basis of accounting that qualifies 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.

5. Compensated Absences

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

6. 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.

7. Long-Term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities, 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.

NORTH CALDWELL 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. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

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

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

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.

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.

Excess Surplus – Designated for Subsequent Year's Expenditures - 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.

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.

**NORTH CALDWELL 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. *Net Position/Fund Balance (Continued)*

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

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

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

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

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

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

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.

**NORTH CALDWELL 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)

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.

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.

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 January 31, 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 \$781,371. The increase was funded by transfer of capital reserve funds, additional grant awards and the reappropriation of prior year general fund encumbrances.

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

**NORTH CALDWELL 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)

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		\$ 2,004,549
Increased by:		
Unexpended Withdrawal Returned From Capital Outlay	62,977	
Deposit Approved by Board Resolution	<u>892,090</u>	
		<u>955,067</u>
		2,959,616
Withdrawals:		
Capital Projects Fund	370,500	
Capital Outlay	<u>367,500</u>	
Approved by Board Resolution		<u>738,000</u>
Balance, June 30, 2015		<u>\$ 2,221,616</u>

The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan.

**NORTH CALDWELL 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>\$ 224,335</u>
Balance, June 30, 2015	<u>\$ 224,335</u>

The June 30, 2015 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$495,381.

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>

E. Transfers to Capital Outlay

During the 2014/2015 school year, the district transferred \$367,500 to the non-equipment capital outlay accounts. The transfer was made from the capital reserve account a capital project approved by the County Superintendent.

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

F. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2015 is \$350,000. Of this amount, \$200,000 was designated and appropriated in the 2015/2016 original budget certified for taxes and the remaining amount of \$150,000 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 \$4,130,115 and bank and brokerage firm balances of the Board's deposits amounted to \$4,673,316. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ <u>4,673,316</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2015 the Board's bank balance of \$4,673,316 was not exposed to custodial credit risk.

**NORTH CALDWELL 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

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

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

B. Receivables

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

	<u>Capital Projects</u>
Receivables:	
Intergovernmental- State	\$ <u>271,937</u>
Gross Receivables	271,937
Less: Allowance for Uncollectibles	<u> -</u>
Net Total Receivables	\$ <u>271,937</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 unearned revenue reported in the governmental funds was as follows:

Capital Projects Fund	
Unrealized School Facilities Grants	\$ <u>129,856</u>
Total Unearned Revenue for Governmental Funds	\$ <u>129,856</u>

**NORTH CALDWELL 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>	<u>Adjustments</u>	Balance, <u>June 30, 2015</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 52,316				\$ 52,316
Construction in progress	<u>39,265</u>	<u>\$ 415,523</u>	<u>-</u>	<u>-</u>	<u>454,788</u>
Total capital assets, not being depreciated	<u>91,581</u>	<u>415,523</u>	<u>-</u>	<u>-</u>	<u>507,104</u>
Capital assets, being depreciated:					
Buildings and Building Improvements	15,557,925	304,523			15,862,448
Machinery and equipment	<u>608,884</u>	<u>34,428</u>	<u>-</u>	<u>\$ -</u>	<u>643,312</u>
Total capital assets being depreciated	<u>16,166,809</u>	<u>338,951</u>	<u>-</u>	<u>-</u>	<u>16,505,760</u>
Less accumulated depreciation for:					
Buildings and Building Improvements	(4,947,924)	(376,446)			(5,324,370)
Machinery and equipment	<u>(501,313)</u>	<u>(31,747)</u>	<u>-</u>	<u>-</u>	<u>(533,060)</u>
Total accumulated depreciation	<u>(5,449,237)</u>	<u>(408,193)</u>	<u>-</u>	<u>-</u>	<u>(5,857,430)</u>
Total capital assets, being depreciated, net	<u>10,717,572</u>	<u>(69,242)</u>	<u>-</u>	<u>-</u>	<u>10,648,330</u>
Government activities capital assets, net	<u>\$ 10,809,153</u>	<u>\$ 346,281</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,155,434</u>

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

Governmental activities:	
Instruction	
Regular	\$ 14,323
Special	<u>1,456</u>
Total Instruction	<u>15,779</u>
Support Services	
Student and instruction Related Services	2,626
Operations and Maintenance of Plant	<u>389,788</u>
Total Support Services	<u>392,414</u>
Total Depreciation Expense-Governmental Activities	<u>\$ 408,193</u>

**NORTH CALDWELL 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 (Continued)

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2015:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Security Cameras and Swipe Card Systems for Gould and Grandview Schools	\$ 279,285	\$ 69,372
Furnish and Install the Art Room Casework at Gould School		73,806
Exterior Masonry Repair at Gould School		78,000
Partial Roof Replacement Project at Gould School		107,000
Art Room Renovations at the Gould School	9,310	144,830
Asbestos Abatement		18,600
		<u>\$ 491,608</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2015, is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Agency Fund	<u>\$ 358</u>

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

The District expects the interfund balance to be liquidated within one year.

Interfund transfers

	Transfer In: <u>Capital Projects</u>
Transfer Out:	
General Fund	\$ 370,500
Total Transfers Out	<u>\$ 370,500</u>

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

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. 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 is comprised of the following issue:

\$6,775,000, 2010 Refunding Bonds, due in annual installments of \$515,000 to \$720,000 through February 15, 2023, interest at 3.00% to 5.00%	<u>\$4,420,000</u>
---	--------------------

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

Governmental Activities:

Fiscal Year Ending June 30,	Serial Bonds		Total
	Principal	Interest	
2016	\$ 720,000	\$ 166,975	\$ 886,975
2017	535,000	145,375	680,375
2018	535,000	123,975	658,975
2019	530,000	102,575	632,575
2020	530,000	81,375	611,375
2021-2023	<u>1,570,000</u>	<u>114,450</u>	<u>1,684,450</u>
	<u>\$ 4,420,000</u>	<u>\$ 734,725</u>	<u>\$ 5,154,725</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:

2.5 % of Equalized Valuation Basis (Municipal)	\$ 40,442,684
Less: Net Debt	<u>4,420,000</u>
Remaining Borrowing Power	<u>\$ 36,022,684</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Other Long-Term Liabilities

Changes in Long-Term Liabilities

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

	Beginning Balance (Restated)	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable	\$ 5,120,000		\$ 700,000	\$ 4,420,000	\$ 720,000
Add: Unamortized Premium (Net)	202,981	-	47,958	155,023	-
	5,322,981	-	747,958	4,575,023	720,000
Compensated Absences	146,488	\$ 20,688	2,522	164,654	
Net Pension Liability	2,986,345	-	148,770	2,837,575	146,360
Governmental Activity Long-Term Liabilities	<u>\$ 8,455,814</u>	<u>\$ 20,688</u>	<u>\$ 899,250</u>	<u>\$ 7,577,252</u>	<u>\$ 866,360</u>

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

NOTE 4 OTHER INFORMATION

A. Risk Management

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

The District is a member of the NJ Schools Insurance Group (NJSIG or the "Group"). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

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

NJSIG 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.

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

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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:

<u>Fiscal Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015	\$ 78,468	\$ 19,682	\$ 8,908	\$ 241,061
2014	70,000	19,614	10,650	151,454
2013	60,000	18,563	14,805	72,286

B. Contingent Liabilities

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

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

**NORTH CALDWELL 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

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

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

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

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

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

Other Pension Funds

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

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

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

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

**NORTH CALDWELL 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)

Basis of Accounting

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

Investment Valuation

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

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

Funding Status and Funding Progress

As of July 1, 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.

**NORTH CALDWELL 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)

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.

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	\$ 124,942	\$ 268,915	\$ 57
2014	117,735	195,146	1,082
2013	139,285	293,930	4,966

For fiscal years 2014/2015 and 2012/2013, the state contributed \$268,915 and \$293,930, 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 \$195,146 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 \$362,285 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.

**NORTH CALDWELL 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

Public Employees Retirement System (PERS)

At June 30, 2015, the District reported in the statement of net position (accrual basis) a liability of \$2,837,575 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 .01515 percent, which was a decrease of .00047 percent from its proportionate share measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$131,882 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	\$ 89,229	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 169,104
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	-	75,835
Total	<u>\$ 89,229</u>	<u>\$ 244,939</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>	<u>Total</u>
2016	\$ (39,814)
2017	(39,814)
2018	(39,814)
2019	(39,814)
2020	2,462
Thereafter	<u>1,084</u>
	<u>\$ (155,710)</u>

**NORTH CALDWELL 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.

**NORTH CALDWELL 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%

**NORTH CALDWELL 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 \$1,326,649 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 \$24,654,605. 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.

**NORTH CALDWELL 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%

**NORTH CALDWELL 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>
District's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 29,653,080</u>	<u>\$ 24,654,605</u>	<u>\$ 20,497,346</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.

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

E. Post-Retirement Medical Benefits

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

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

**NORTH CALDWELL 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.

**NORTH CALDWELL 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 \$426,902, \$319,967 and \$332,361 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 North Caldwell Board of Education implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions. The North Caldwell 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 \$2,986,345. The result of this restatement is to reduce total net position of Governmental Activities at June 30, 2014 from \$9,063,891 as originally reported to \$6,077,546 as adjusted for the effects of the change in accounting principle.

BUDGETARY COMPARISON SCHEDULES

REQUIRED SUPPLEMENTARY INFORMATION - PART II

**NORTH CALDWELL BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
REVENUES					
Local Sources					
Local Tax Levy	\$ 11,271,947		\$ 11,271,947	\$ 11,271,947	
Tuition	63,000		63,000	73,200	\$ 10,200
Use of Facility Fees	7,000		7,000	8,500	1,500
Miscellaneous	13,000	-	13,000	56,321	43,321
Total Local Sources	11,354,947	-	11,354,947	11,409,968	55,021
State Sources					
Special Education Aid	86,078		86,078	86,078	
Transportation Aid	85,492		85,492	85,492	
Security Aid	48,817		48,817	48,817	
Additional Adjustment Aid	1		1	1	
PARCC Readiness Aid	6,540		6,540	6,540	
Per Pupil Growth Aid	6,540		6,540	6,540	
Extraordinary Aid	100,000		100,000	277,133	177,133
TPAF Pension-Post Retirement Medical Contribution (Non Budgeted)				426,902	426,902
TPAF Pension - On-Behalf Normal Costs (Non Budgeted)				250,866	250,866
TPAF Pension - On-Behalf NCGI Premium (Non Budgeted)				18,049	18,049
TPAF Social Security Contributions (Non-Budgeted)	-	-	-	362,285	362,285
Total State Sources	333,468	-	333,468	1,568,703	1,235,235
Total Revenues	11,688,415	-	11,688,415	12,978,671	1,290,256
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	275,508	\$ 34,700	310,208	307,618	2,590
Grades 1-5	2,559,505	(106,808)	2,452,697	2,452,696	1
Grades 6-8	345,886	23,575	369,461	356,164	13,297
Regular Program - Home Instruction					
Salaries of Teachers	1,750	-	1,750	150	1,600
Regular Programs - Undistributed Instruction					
Other Purchased Services	175,600	(6,410)	169,190	134,703	34,487
General Supplies	207,200	103,727	310,927	266,695	44,232
Textbooks	58,000	(10,000)	48,000	37,464	10,536
Other Objects	8,500	(4,248)	4,252	-	4,252
Total Regular Programs	3,631,949	34,536	3,666,485	3,555,490	110,995
Resource Room					
Salaries of Teachers	905,546	67,000	972,546	932,011	40,535
Other Salaries for Instruction	455,807	(76,585)	379,222	378,530	692
General Supplies	7,539	1,694	9,233	4,375	4,858
Total Resource Room	1,368,892	(7,891)	1,361,001	1,314,916	46,085
Preschool Disabilities - Part-Time					
Salaries of Teachers	173,346	51,575	224,921	224,602	319
Other Salaries for Instruction	1,500	-	1,500	-	1,500
General Supplies	561	-	561	519	42
Total Preschool Disabilities - Part-Time	175,407	51,575	226,982	225,121	1,861

**NORTH CALDWELL BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
Home Instruction					
Salaries of Teachers	\$ 10,500	-	\$ 10,500	\$ 2,000	\$ 8,500
Total Home Instruction	10,500	-	10,500	2,000	8,500
Total Special Education	1,554,799	\$ 43,684	1,598,483	1,542,037	56,446
Total Instruction	5,186,748	78,220	5,264,968	5,097,527	167,441
Undistributed Expenditures					
Instruction					
Tuition to Priv. Sch. For the Disabled W/1 State	208,429	(20,000)	188,429	41,585	146,844
Total Undistributed Expenditures - Instruction	208,429	(20,000)	188,429	41,585	146,844
Health Services					
Salaries	155,603	-	155,603	155,603	-
Other Purchased Services	100	-	100	-	100
Supplies and Materials	1,580	3,159	4,739	3,375	1,364
Total Health Services	157,283	3,159	160,442	158,978	1,464
Other Support Serv. Students OT, PT and Related Serv.					
Salaries	182,347	13,150	195,497	193,652	1,845
Purchased Professional-Educational Services	218,746	3,940	222,686	222,084	602
Supplies and Materials	5,000	-	5,000	2,267	2,733
Total Other Support Serv. Students OT, PT and Related Serv.	406,093	17,090	423,183	418,003	5,180
Other Support Serv. Students - Extra. Svcs.					
Purchased Professional-Educational Services	50,000	20,000	70,000	68,132	1,868
Total Other Support Serv. Students - Extra Serv.	50,000	20,000	70,000	68,132	1,868
Child Study Team					
Salaries of Other Professional Staff	253,218	16,775	269,993	247,952	22,041
Salaries of Secretarial and Clerical Assistants	44,300	-	44,300	44,074	226
Other Salaries	75,000	(44,699)	30,301	-	30,301
Purchased Professional - Educational Services	13,650	1,000	14,650	14,332	318
Other Purchased Professional and Technical Services	21,000	(1,100)	19,900	7,515	12,385
Misc Purchased Services	2,500	-	2,500	-	2,500
Supplies and Materials	16,050	6,100	22,150	21,914	236
Other Objects	850	-	850	200	650
Total Child Study Team	426,568	(21,924)	404,644	335,987	68,657

**NORTH CALDWELL BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Educational Media Services/School Library					
Salaries	98,476	\$ 1,900	100,376	\$ 99,660	716
Salaries of Technology Coordinators	9,500	(400)	9,100	8,250	850
Supplies and Materials	6,875	4,800	11,675	7,660	4,015
Total Educational Media Serv./School Library	114,851	6,300	121,151	115,570	5,581
Staff Training Services					
Purchased Professional-Educational Services	15,500	9,000	24,500	19,413	5,087
Other Purchased Services	2,575	-	2,575	881	1,694
Total Staff Training Services	18,075	9,000	27,075	20,294	6,781
Support Services General Administration					
Salaries	221,136	4,460	225,596	223,656	1,940
Legal Services	43,000	151	43,151	43,151	-
Audit Fees	25,000	-	25,000	21,518	3,482
Architectural/Engineering Services	45,000	(151)	44,849	2,000	42,849
Other Purchased Professional Services	15,000	-	15,000	2,845	12,155
Communications/Telephone	43,500	(5,650)	37,850	21,134	16,716
BOE Other Purchased Services	3,000	-	3,000	-	3,000
Miscellaneous Purchased Services	4,000	5,000	9,000	7,457	1,543
General Supplies	7,020	(1,300)	5,720	2,145	3,575
BOE In-House Training/Meeting Supplies	1,000	-	1,000	22	978
Miscellaneous Expenditures	5,000	-	5,000	3,298	1,702
BOE Membership Fees	13,425	-	13,425	12,010	1,415
Total Support Services General Administration	426,081	2,510	428,591	339,236	89,355
Support Services School Administration					
Salaries of Principal/Asst. Principals	239,210	4,052	243,262	239,442	3,820
Salaries of Other Professional Staff	7,626	-	7,626	7,552	74
Salaries of Secretarial and Clerical Assistants	79,889	1,000	80,889	78,776	2,113
Purchased Professional and Technical Services	8,000	-	8,000	-	8,000
Other Purchased Services	2,000	-	2,000	-	2,000
Supplies and Materials	5,426	10,548	15,974	2,793	13,181
Other Objects	3,000	300	3,300	500	2,800
Total Support Services School Administration	345,151	15,900	361,051	329,063	31,988

**NORTH CALDWELL BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Central Services					
Salaries	\$ 214,181	\$ 3,200	\$ 217,381	\$ 211,104	\$ 6,277
Purchased Technical Services	23,500	(2,300)	21,200	5,961	15,239
Miscellaneous Purchased Services	2,750	-	2,750	1,896	854
Supplies and Materials	4,500	8,000	12,500	10,975	1,525
Miscellaneous Expenditures	2,000	500	2,500	1,624	876
Total Central Services	246,931	9,400	256,331	231,560	24,771
Administrative Information Technology					
Salaries	46,350	1,500	47,850	41,250	6,600
Purchased Technical Services	20,000	-	20,000	11,174	8,826
Total Administrative Information Technology	66,350	1,500	67,850	52,424	15,426
Required Maintenance for School Facilities					
Salaries	61,304	110	61,414	58,017	3,397
Cleaning, Repair and Maintenance Services	317,450	(44,347)	273,103	234,396	38,707
General Supplies	18,450	44,779	63,229	62,083	1,146
Other Objects	5,000	2,037	7,037	2,037	5,000
Total Required Maintenance for School Facilities	402,204	2,579	404,783	356,533	48,250
Custodial Services					
Salaries	428,510	10,700	439,210	415,252	23,958
Cleaning, Repair and Maint. Serv.	26,000	10,384	36,384	10,256	26,128
Other Purchased Property Services	13,750	1,599	15,349	11,643	3,706
Insurance	60,000	2,170	62,170	62,170	-
Miscellaneous Purchased Services	3,000	-	3,000	616	2,384
General Supplies	31,280	(12,751)	18,529	11,325	7,204
Energy (Natural Gas)	103,650	(12,620)	91,030	82,709	8,321
Energy (Electricity)	173,500	(2,180)	171,320	137,327	33,993
Energy (Gasoline)	5,200	-	5,200	3,928	1,272
Total Custodial Services	844,890	(2,698)	842,192	735,226	106,966
Student Transportation Services					
Salaries for Pupil Transportation (Between Home and School) - Regular	12,577	-	12,577	12,382	195
Contracted Services (Aid In Lieu of Payment for Non-public)	36,000	-	36,000	22,100	13,900
Contracted Services (Bet. Home and Sch) - Vendors	277,500	-	277,500	252,213	25,287
Contracted Services (Other than Between Home and School) - Vendors	7,000	-	7,000	4,350	2,650
Contracted Services (Spl. Ed. Students) - Joint Agmts.	271,000	(50,600)	220,400	107,647	112,753
Total Student Transportation Services	604,077	(50,600)	553,477	398,692	154,785
Unallocated Benefits - Employee Benefits					
Social Security Contributions	166,900	-	166,900	130,971	35,929
Other Retirement Contributions - Regular	176,995	(12,500)	164,495	124,999	39,496
Unemployment Compensation	70,000	8,468	78,468	78,468	-
Workmen's Compensation	73,250	-	73,250	71,820	1,430
Health Benefits	1,985,454	(78,668)	1,906,786	1,793,184	113,602
Tuition Reimbursement	40,000	-	40,000	40,000	-
Other Employee Benefits	30,500	-	30,500	2,456	28,044
Total Unallocated Benefits - Employee Benefits	2,543,099	(82,700)	2,460,399	2,241,898	218,501

**NORTH CALDWELL BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXPENDITURES	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
TPAF Pension-Post Retirement Medical Contribution (Non Budgeted)				\$ 426,902	\$ (426,902)
TPAF Pension - On-Behalf Normal Costs (Non Budgeted)				250,866	(250,866)
TPAF Pension - On-Behalf NCGI Premium (Non Budgeted)				18,049	(18,049)
TPAF Social Security Contributions (Non-Budgeted)	-	-	-	362,285	(362,285)
Total Undistributed Expenditures	\$ 6,860,082	\$ (90,484)	\$ 6,769,598	6,901,283	(131,685)
Total Expenditures - Current Expenditures	12,046,830	(12,264)	12,034,566	11,998,810	35,756
Capital Outlay					
Equipment					
Grades 1-5 Undistributed Expenditures - Custodial Services	10,000	16,181 9,799	16,181 19,799	16,181 19,798	- 1
Total Equipment	10,000	25,980	35,980	35,979	1
Facilities Acquisition and Construction Serv.					
Other Facilities Acq. And Construction Svc. Assessment Debt Service on SDA Funding	-	367,500 -	367,500 11,389	304,523 11,389	62,977 -
Total Facilities Acquisition and Constr. Services	11,389	367,500	378,889	315,912	62,977
Total Capital Outlay	21,389	393,480	414,869	351,891	62,978
Transfer to Charter School	18,723	391	19,114	16,046	3,068
Total Expenditures	12,086,942	381,607	12,468,549	12,366,747	101,802
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(398,527)	(381,607)	(780,134)	611,924	1,392,058
Other Financing Sources Transfers Out	-	(370,500)	(370,500)	(370,500)	-
Total Other Financing Sources	-	(370,500)	(370,500)	(370,500)	-
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources	(398,527)	(752,107)	(1,150,634)	241,424	1,392,058
Fund Balance, Beginning of Year	3,490,172	-	3,490,172	3,490,172	-
Fund Balance, End of Year	\$ 3,091,645	\$ (752,107)	\$ 2,339,538	\$ 3,731,596	\$ 1,392,058
Recapitulation of Fund Balance					
Restricted:					
Capital Reserve Account				\$ 2,221,616	
Emergency Reserve				250,000	
Maintenance Reserve				224,335	
Excess Surplus - Designated for Subsequent Years Expenditures				200,000	
Excess Surplus				150,000	
Assigned					
Designated for Subsequent Year's Expenditures				148,654	
Year End Encumbrances				109,858	
Unassigned				427,133	
Reconciliation to Governmental Funds Statements (GAAP):					
Less: State Aid Payments Not Recognized on GAAP Basis				3,731,596	(290,745)
Fund Balance Per Governmental Funds (GAAP)				\$ 3,440,851	

**NORTH CALDWELL BOARD OF EDUCATION
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

**COMMUNITY DEVELOPMENT BLOCK GRANT-
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

**NORTH CALDWELL BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Modified Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Intergovernmental					
Federal	\$ 124,644	\$ 29,264	\$ 153,908	\$ 153,905	(3)
Total Revenues	<u>124,644</u>	<u>29,264</u>	<u>153,908</u>	<u>153,905</u>	<u>(3)</u>
EXPENDITURES					
Instruction					
Purchased Professional/Technical Services	-	6,000	6,000	6,000	-
Tuition	118,505	21,425	139,930	139,927	3
General Supplies	-	808	808	808	-
Total Instruction	<u>118,505</u>	<u>28,233</u>	<u>146,738</u>	<u>146,735</u>	<u>3</u>
Support Services					
Purchased Professional/Technical Services	6,139	31	6,170	6,170	-
General Supplies	-	1,000	1,000	1,000	-
Total Support Services	<u>6,139</u>	<u>1,031</u>	<u>7,170</u>	<u>7,170</u>	<u>-</u>
Total Expenditures	<u>124,644</u>	<u>29,264</u>	<u>153,908</u>	<u>153,905</u>	<u>3</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**NORTH CALDWELL BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
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 Fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 12,978,671	(C-2) \$ 153,905
Difference - Budget to GAAP:		
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements (prior year)	267,453	
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements (current year)	<u>(290,745)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 12,955,379</u>	<u>\$ 153,905</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ <u>12,366,747</u>	(C-2) \$ <u>153,905</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 12,366,747</u>	<u>\$ 153,905</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

**NORTH CALDWELL 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 ***

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.01515 %	0.01562 %
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 2,837,575</u>	<u>\$ 2,986,345</u>
District's Covered-Employee Payroll	<u>\$ 1,189,503</u>	<u>\$ 1,054,265</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	239%	283%
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.

**NORTH CALDWELL BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS**

PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Two Fiscal Years

	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 124,942	\$ 117,735
Contributions in Relation to the Contractually Required Contributions	<u>124,942</u>	<u>117,735</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
District's Covered- Employee Payroll	\$ 1,189,503	\$ 1,054,265
Contributions as a Percentage of Covered-Employee Payroll	10.50%	11.17%

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.

**NORTH CALDWELL 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 ***

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	- %	- %
District's Proportionate Share of the Net Pension Liability (Asset)	-	-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 24,654,605</u>	<u>\$ 22,989,850</u>
Total	<u>\$ 24,654,605</u>	<u>\$ 22,989,850</u>
District's Covered-Employee Payroll	\$ 4,873,882	\$ 4,746,510
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.

**NORTH CALDWELL 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.

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

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

	<u>NCLB Title II A</u>	<u>IDEA Part B Basic</u>	<u>IDEA Part B Preschool</u>	<u>Total</u>
REVENUES				
Intergovernmental				
Federal	\$ 7,170	\$ 139,927	\$ 6,808	\$ 153,905
Total Revenues	<u>\$ 7,170</u>	<u>\$ 139,927</u>	<u>\$ 6,808</u>	<u>\$ 153,905</u>
EXPENDITURES				
Instruction				
Purchased Professional/Technical Services			\$ 6,000	\$ 6,000
Tuition		\$ 139,927		139,927
General Supplies	-	-	808	808
Total Instruction	<u>-</u>	<u>139,927</u>	<u>6,808</u>	<u>146,735</u>
Support Services				
Purchased Professional/Technical Services	\$ 6,170			6,170
General Supplies	1,000	-	-	1,000
Total Support Services	<u>7,170</u>	<u>-</u>	<u>-</u>	<u>7,170</u>
Total Expenditures	<u>\$ 7,170</u>	<u>\$ 139,927</u>	<u>\$ 6,808</u>	<u>\$ 153,905</u>

**NORTH CALDWELL BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

CAPITAL PROJECTS FUND

NORTH CALDWELL BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>Issue/Project Title</u>	<u>Original Amount Authorized</u>	<u>Expenditures to Date</u>		<u>Balance, June 30, 2015</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Gould Mountain Elementary School Exterior Masonry Repairs	\$ 108,657	11,000	\$ 3,895	\$ 93,762
Gould Mountain Elementary School Partial Roof Replacement	130,685	11,244	3,348	116,093
Gould Mountain Elementary School Security Upgrades	189,500	8,635	147,541	33,324
Grandview Elementary School Security Upgrades	251,000	8,386	161,154	81,460
Gould Mountain Elementary School Art Room Renovations	<u>370,500</u>	<u>-</u>	<u>99,585</u>	<u>270,915</u>
	<u>\$ 1,050,342</u>	<u>\$ 39,265</u>	<u>\$ 415,523</u>	<u>595,554</u>

Less: Unearned Revenue (129,856)

GAAP Fund Balance at June 30, 2015 \$ 465,698

Analysis of Balance

Year End Encumbrances	\$ 462,996
Available for Capital Projects	<u>132,558</u>
	<u>\$ 595,554</u>

Analysis of Appropriations

Gould Mountain Elementary School Exterior Masonry Repairs	SDA Grant	\$ 43,463
	Capital Reserve	<u>65,194</u>
		<u>\$ 108,657</u>
Gould Mountain Elementary School Partial Roof Replacement	SDA Grant	\$ 52,274
	Capital Reserve	<u>78,411</u>
		<u>\$ 130,685</u>
Gould Mountain Elementary School Security Upgrades	SDA Grant	\$ 75,800
	Capital Reserve	<u>113,700</u>
		<u>\$ 189,500</u>
Grandview Elementary School Security Upgrades	SDA Grant	\$ 100,400
	Capital Reserve	<u>150,600</u>
		<u>\$ 251,000</u>
Gould Mountain Elementary School Art Room Renovations	Capital Reserve	<u>\$ 370,500</u>
		<u>\$ 370,500</u>

**NORTH CALDWELL BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Revenues and Other Financing Sources	
Transfer from Capital Reserve	\$ <u>370,500</u>
Total Revenues and Other Financing Sources	<u>370,500</u>
Expenditures and Other Financing Uses	
Professional Services	82,753
Construction Services	<u>332,770</u>
Total Expenditures and Other Financing Uses	<u>415,523</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	(45,023)
Fund Balance - Beginning of Year	\$ <u>640,577</u>
Fund Balance- End of Year	<u>\$ 595,554</u>
<u>Reconciliation to GAAP</u>	
Fund Balance - Budgetary	\$ 595,554
Less:	
Unearned Revenue at June 30, 2015	<u>(129,856)</u>
Fund Balance - GAAP	<u>\$ 465,698</u>

**NORTH CALDWELL BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
GOULD MOUNTAIN ELEMENTARY SCHOOL
EXTERIOR MASONRY REPAIRS
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
SDA Grant	\$ 43,463		\$ 43,463	\$ 43,463
Capital Reserve	65,194	\$ -	65,194	65,194
	<u>108,657</u>	<u>-</u>	<u>108,657</u>	<u>108,657</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Professional Services	11,000	3,895	14,895	17,250
Construction Services	-	-	-	91,407
	<u>11,000</u>	<u>3,895</u>	<u>14,895</u>	<u>108,657</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ 97,657</u>	<u>\$ (3,895)</u>	<u>\$ 93,762</u>	<u>\$ -</u>

Additional Project Information:

Project Number	3630-050-14-1001-G04
Grant Date	12/4/2013
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 108,657
Additional Authorized Cost	-
Revised Authorized Cost	\$ 108,657

Percentage Increase Over Original

Authorized Cost	0.00%
Percentage Completion	13.71%
Original Target Completion Date	8/31/2015
Completion Date	N/A

NORTH CALDWELL BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
GOULD MOUNTAIN ELEMENTARY SCHOOL
PARTIAL ROOF REPLACEMENT
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
SDA Grant	\$ 52,274		\$ 52,274	\$ 52,274
Capital Reserve	78,411	\$ -	78,411	78,411
	<u>130,685</u>	<u>-</u>	<u>130,685</u>	<u>130,685</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Professional Services	11,244	3,348	14,592	17,000
Construction Services	-	-	-	113,685
	<u>11,244</u>	<u>3,348</u>	<u>14,592</u>	<u>130,685</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ 119,441</u>	<u>\$ (3,348)</u>	<u>\$ 116,093</u>	<u>\$ -</u>

Additional Project Information:

Project Number	3630-050-14-1002-G04
Grant Date	12/4/2013
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 130,685
Additional Authorized Cost	-
Revised Authorized Cost	\$ 130,685
Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	11.17%
Original Target Completion Date	8/31/2015
Completion Date	N/A

NORTH CALDWELL BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
 GOULD MOUNTAIN ELEMENTARY SCHOOL
 SECURITY UPGRADES
 FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
SDA Grant	\$ 75,800		\$ 75,800	\$ 75,800
Capital Reserve	113,700	\$ -	113,700	113,700
 Total Revenues	 189,500	 -	 189,500	 189,500
EXPENDITURES AND OTHER FINANCING SOURCES				
Professional Services	8,635	14,778	23,413	25,750
Construction Services	-	132,763	132,763	163,750
 Total Expenditures and Other Financing Uses	 8,635	 147,541	 156,176	 189,500
 Excess (deficiency) of Revenues over (under) Expenditures	 \$ 180,865	 \$ (147,541)	 \$ 33,324	 \$ -

Additional Project Information:

Project Number	3630-050-14-1003-G04
Grant Date	12/4/2013
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 189,500
Additional Authorized Cost	-
Revised Authorized Cost	\$ 189,500

Percentage Increase Over Original

Authorized Cost	0.00%
Percentage Completion	82.41%
Original Target Completion Date	6/30/2015
Completion Date	N/A

**NORTH CALDWELL BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
GRANDVIEW ELEMENTARY SCHOOL
SECURITY UPGRADES
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
SDA Grant	\$ 100,400	-	\$ 100,400	\$ 100,400
Capital Reserve	150,600	-	150,600	150,600
	<u>251,000</u>	<u>-</u>	<u>251,000</u>	<u>251,000</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Professional Services	8,386	14,632	23,018	25,750
Construction Services	-	146,522	146,522	225,250
	<u>8,386</u>	<u>161,154</u>	<u>169,540</u>	<u>251,000</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ 242,614</u>	<u>\$ (161,154)</u>	<u>\$ 81,460</u>	<u>\$ -</u>

Additional Project Information:

Project Number	3630-060-14-1004-G04
Grant Date	12/4/2013
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 251,000
Additional Authorized Cost	-
Revised Authorized Cost	\$ 251,000

Percentage Increase Over Original

Authorized Cost	0.00%
Percentage Completion	67.55%
Original Target Completion Date	6/30/2015
Completion Date	N/A

NORTH CALDWELL BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
 GOULD MOUNTAIN ELEMENTARY SCHOOL
 ART ROOM RENOVATIONS
 FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Capital Reserve	\$ -	\$ 370,500	\$ 370,500	\$ 370,500
Total Revenues	<u>-</u>	<u>370,500</u>	<u>370,500</u>	<u>370,500</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Professional Services		46,100	46,100	70,500
Construction Services	-	53,485	53,485	300,000
Total Expenditures and Other Financing Uses	<u>-</u>	<u>99,585</u>	<u>99,585</u>	<u>370,500</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ -</u>	<u>\$ 270,915</u>	<u>\$ 270,915</u>	<u>\$ -</u>
 Additional Project Information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$	370,500		
Additional Authorized Cost		-		
Revised Authorized Cost	\$	370,500		
 Percentage Increase Over Original				
Authorized Cost	0.00%			
Percentage Completion	26.88%			
Original Target Completion Date	6/30/2016			
Completion Date	N/A			

**NORTH CALDWELL BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2015**

THIS STATEMENT IS NOT APPLICABLE

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
AS OF JUNE 30, 2015**

THIS STATEMENT IS NOT APPLICABLE

**COMBINING STATEMENT OF CASH FLOWS
AS OF JUNE 30, 2015**

THIS STATEMENT IS NOT APPLICABLE

FIDUCIARY FUNDS

**NORTH CALDWELL BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY 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	\$ 12,416	\$ 41,891	\$ 54,307
Total Assets	<u>\$ 12,416</u>	<u>\$ 41,891</u>	<u>\$ 54,307</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 37,602	\$ 37,602
Due to Other Funds		358	358
Accrued Salaries and Wages		3,931	3,931
Due to Student Groups	<u>\$ 12,416</u>	<u>-</u>	<u>\$ 12,416</u>
Total Liabilities	<u>\$ 12,416</u>	<u>\$ 41,891</u>	<u>\$ 54,307</u>

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

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

**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>
Elementary Schools				
General Organization	\$ 17,012	\$ 57,703	\$ 62,299	\$ 12,416
 Total All Schools	<u>\$ 17,012</u>	<u>\$ 57,703</u>	<u>\$ 62,299</u>	<u>\$ 12,416</u>

NORTH CALDWELL 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>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 33,996	\$ 3,385,286	\$ 3,381,680	\$ 37,602
Accrued Salaries and Wages	1,786	3,988,315	3,986,170	3,931
Due to Other Funds	<u>1,434</u>	<u>358</u>	<u>1,434</u>	<u>358</u>
Total	<u>\$ 37,216</u>	<u>\$ 7,373,959</u>	<u>\$ 7,369,284</u>	<u>\$ 41,891</u>

LONG-TERM DEBT

NORTH CALDWELL BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2014</u>	<u>Retired</u>	<u>Balance, June 30, 2015</u>
			<u>Date</u>	<u>Amount</u>				
2011 Refunding Bonds	11/23/2010	\$ 6,775,000	2/15/16	\$ 720,000	3.00%			
			2/15/17-18	535,000	4.00%			
			2/15/19-21	530,000	3.00-5.00%			
			2/15/22	525,000	3.50%			
			2/15/23	515,000	4.00%	\$ 5,120,000	\$ 700,000	\$ 4,420,000
						\$ 5,120,000	\$ 700,000	\$ 4,420,000

**NORTH CALDWELL BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF INTERGOVERNMENTAL LOANS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

**NORTH CALDWELL BOARD OF EDUCATION
LONG-TERM DEBT
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 882,725	-	\$ 882,725	\$ 882,725	-
Total Revenues	<u>882,725</u>	<u>-</u>	<u>882,725</u>	<u>882,725</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	700,000		700,000	700,000	
Interest	<u>182,725</u>	<u>-</u>	<u>182,725</u>	<u>182,725</u>	\$ -
Total Expenditures	<u>882,725</u>	<u>-</u>	<u>882,725</u>	<u>882,725</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>
<u>Recapitulation of Balance</u>					
Available for Subsequent Years Expenditures				<u>\$ 1</u>	

STATISTICAL SECTION

This part of the North Caldwell 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.

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

	Fiscal Years Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012 (Restated)	2013	2014 (Restated)	2015
Governmental activities										
Net Investment in Capital Assets	\$ 1,954,439	\$ 2,282,331	\$ 2,884,681	\$ 3,105,038	\$ 3,400,736	\$ 3,778,953	\$ 4,410,489	\$ 5,213,326	\$ 5,671,835	\$ 6,722,207
Restricted	149,875	25,003	25,002	25,027	250,026	1,136,761	1,493,259	1,792,969	2,613,231	2,911,650
Unrestricted	374,118	348,562	84,220	227,234	676,351	772,572	878,227	865,173	(2,207,520)	(2,225,655)
Total governmental activities net position	\$ 2,478,432	\$ 2,655,896	\$ 2,993,903	\$ 3,357,299	\$ 4,327,113	\$ 5,688,286	\$ 6,781,975	\$ 7,871,468	\$ 6,077,546	\$ 7,408,202
Business-type activities										
Net Investment in Capital Assets										
Unrestricted	\$ 1,650	\$ 596	\$ 677	\$ 1,745	\$ 3,417	\$ 4,190	\$ 6,140	\$ -	\$ -	\$ -
Total business-type activities net position	\$ 1,650	\$ 596	\$ 677	\$ 1,745	\$ 3,417	\$ 4,190	\$ 6,140	\$ -	\$ -	\$ -
District-wide										
Net Investment in Capital Assets	\$ 1,954,439	\$ 2,282,331	\$ 2,884,681	\$ 3,105,038	\$ 3,400,736	\$ 3,778,953	\$ 4,410,489	\$ 5,213,326	\$ 5,671,835	\$ 6,722,207
Restricted	149,875	25,003	25,002	25,027	250,026	1,136,761	1,493,259	1,792,969	2,613,231	2,911,650
Unrestricted	375,768	349,158	84,897	228,979	679,768	776,762	884,367	865,173	(2,207,520)	(2,225,655)
Total district net position	\$ 2,480,082	\$ 2,656,492	\$ 2,994,580	\$ 3,359,044	\$ 4,330,530	\$ 5,692,476	\$ 6,788,115	\$ 7,871,468	\$ 6,077,546	\$ 7,408,202

Note 1 - Net Position at June 30, 2012 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".

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

	Fiscal Years Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities										
Instruction										
Regular	\$ 3,852,344	\$ 4,240,251	\$ 4,451,185	\$ 4,550,029	\$ 4,152,390	\$ 4,289,215	\$ 4,665,844	\$ 5,137,691	\$ 5,048,885	\$ 5,928,526
Special education	1,673,176	1,863,152	1,907,628	2,034,648	2,623,927	2,575,559	2,635,320	2,452,885	2,660,109	2,791,052
School Sponsored Activities and Athletics	991	1,020	1,002	942	980	3,499				
Support Services:										
Student & instruction related services	1,126,128	1,231,778	1,124,945	1,259,091	1,318,848	1,270,964	1,282,616	1,377,549	1,255,231	1,344,614
General Administration services	323,211	373,704	398,672	392,709	398,452	379,141	472,601	468,082	413,956	510,496
School Administration services	447,901	520,958	475,665	454,043	483,494	428,637	450,189	473,613	461,265	538,293
Business / Central services	229,282	237,859	247,167	250,952	267,187	311,545	379,285	370,911	395,027	464,724
Plant operations and maintenance	901,263	1,039,207	1,418,809	1,491,578	1,512,247	1,323,531	1,410,664	1,673,716	1,572,511	1,690,895
Pupil transportation	461,233	512,942	589,725	587,573	603,845	474,117	433,407	406,809	433,571	404,134
Special Schools	29,386	29,347	28,789	19,793	8,246					
Interest on long-term debt	458,722	471,370	403,174	379,583	345,182	173,274	230,728	204,861	191,288	172,728
Total governmental activities expenses	9,503,637	10,521,588	11,046,761	11,420,941	11,714,798	11,229,482	11,960,654	12,566,117	12,431,843	13,845,462
Business-type activities:										
Food service	4,940	7,140	8,488	6,992	6,048	6,786	6,349	-	-	-
Total business-type activities expense	4,940	7,140	8,488	6,992	6,048	6,786	6,349	-	-	-
Total district expenses	\$ 9,508,577	\$ 10,528,728	\$ 11,055,249	\$ 11,427,933	\$ 11,720,846	\$ 11,236,268	\$ 11,967,003	\$ 12,566,117	\$ 12,431,843	\$ 13,845,462
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction										
Special Schools	\$ 45,155	\$ 19,924	\$ 15,775	\$ 46,029	\$ 106,804	\$ 184,348	\$ 227,284	\$ 218,571	\$ 98,326	\$ 73,200
Operating grants and contributions	1,134,324	1,393,775	1,411,015	1,058,000	1,623,085	1,229,544	1,406,737	1,652,155	1,508,181	2,744,877
Capital grants and contributions	7,830	10,228	-	14,915	690			15,706	126,375	
Total governmental activities program revenues	1,187,309	1,423,927	1,426,790	1,118,944	1,737,339	1,413,892	1,634,021	1,870,726	1,622,213	2,944,452
Business-type activities:										
Charges for services										
Food service	3,128	3,716	4,888	8,060	7,713	7,544	8,287	-	-	-
Operating grants and contributions	2,097	2,370	3,681	-	-	-	-	-	-	-
Total business type activities program revenues	5,225	6,086	8,569	8,060	7,713	7,544	8,287	-	-	-
Total district program revenues	\$ 1,192,534	\$ 1,430,013	\$ 1,435,359	\$ 1,127,004	\$ 1,745,052	\$ 1,421,436	\$ 1,642,308	\$ 1,870,726	\$ 1,622,213	\$ 2,944,452
Net (Expense)/Revenue										
Governmental activities	\$ (8,316,328)	\$ (9,097,661)	\$ (9,619,971)	\$ (10,301,997)	\$ (9,977,459)	\$ (9,815,590)	\$ (10,326,633)	\$ (10,695,391)	\$ (10,809,630)	\$ (10,901,010)
Business-type activities	285	(1,054)	81	1,068	1,665	758	1,938	-	-	-
Total district-wide net expense	\$ (8,316,043)	\$ (9,098,715)	\$ (9,619,890)	\$ (10,300,929)	\$ (9,975,794)	\$ (9,814,832)	\$ (10,324,695)	\$ (10,695,391)	\$ (10,809,630)	\$ (10,901,010)

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

	Fiscal Years 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	\$ 7,573,691	\$ 8,145,825	\$ 8,815,316	\$ 9,708,904	\$ 9,793,792	\$ 10,214,962	\$ 10,605,788	\$ 10,834,245	\$ 11,050,929	\$ 11,271,947
Taxes levied for debt service	928,481	961,473	919,127	921,042	914,141	920,096	839,089	864,204	881,425	882,725
Unrestricted grants and contributions	35,416	35,098	46,674	345	-	-	-	-	-	12,173
Investment earnings	114,160	106,896	53,155	16,121	11,348	11,361	8,203	10,013	11,605	13,157
Miscellaneous income	26,987	25,833	17,055	18,981	240,839	30,344	38,698	70,273	58,094	51,664
Loss on Disposal of Capital Assets	-	-	106,651	-	(12,847)	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	6,149	-	-
Total governmental activities	8,678,735	9,275,125	9,957,978	10,665,393	10,947,273	11,176,763	11,491,778	11,784,884	12,002,053	12,231,666
Business-type activities:										
Investment earnings	-	-	-	-	7	15	12	9	-	-
Transfers	-	-	-	-	-	-	-	(6,149)	-	-
Total business-type activities	-	-	-	-	7	15	12	(6,140)	-	-
Total district-wide	\$ 8,678,735	\$ 9,275,125	\$ 9,957,978	\$ 10,665,393	\$ 10,947,280	\$ 11,176,778	\$ 11,491,790	\$ 11,778,744	\$ 12,002,053	\$ 12,231,666
Change in Net Position										
Governmental activities	\$ 362,407	\$ 177,464	\$ 338,007	\$ 363,396	\$ 969,814	\$ 1,361,173	\$ 1,165,145	\$ 1,089,493	\$ 1,192,423	\$ 1,330,656
Business-type activities	285	(1,054)	81	1,068	1,672	773	1,950	(6,140)	-	-
Total district	\$ 362,692	\$ 176,410	\$ 338,088	\$ 364,464	\$ 971,486	\$ 1,361,946	\$ 1,167,095	\$ 1,083,353	\$ 1,192,423	\$ 1,330,656

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

	Fiscal Years Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 589,763	\$ 502,729	\$ 206,811	\$ 809,013	\$ 1,167,913					
Unreserved	144,475	234,819	189,303	(279,607)	15,936					
Restricted						\$ 1,890,727	\$ 2,516,998	\$ 2,642,968	\$ 2,928,884	\$ 3,045,951
Committed						40,518		83,300	-	-
Assigned						6,308	6,274	40,677	162,634	258,512
Unassigned						150,000	30,063	129,101	131,201	136,388
Total general fund	<u>\$ 734,238</u>	<u>\$ 737,548</u>	<u>\$ 396,114</u>	<u>\$ 529,406</u>	<u>\$ 1,183,849</u>	<u>\$ 2,087,553</u>	<u>\$ 2,553,335</u>	<u>\$ 2,896,046</u>	<u>\$ 3,222,719</u>	<u>\$ 3,440,851</u>
All Other Governmental Funds										
Reserved	\$ 9,706									
Unreserved	140,168	\$ 102,063	\$ 102,062	\$ 4,232	\$ 26					
Restricted						\$ 35,761	\$ 20,721	\$ 1	\$ 384,347	\$ 465,699
Committed										
Assigned										
Unassigned										
Total all other governmental funds	<u>\$ 149,874</u>	<u>\$ 102,063</u>	<u>\$ 102,062</u>	<u>\$ 4,232</u>	<u>\$ 26</u>	<u>\$ 35,761</u>	<u>\$ 20,721</u>	<u>\$ 1</u>	<u>\$ 384,347</u>	<u>\$ 465,699</u>

Beginning with Fiscal Year 2012, 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.

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

	Fiscal Years Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Tax levy	\$ 8,502,172	\$ 9,107,298	\$ 9,734,443	\$ 10,629,946	\$ 10,707,933	\$ 11,135,058	\$ 11,444,877	\$ 11,698,449	\$ 11,932,354	\$ 12,154,672
Tuition					106,804	181,723	213,746	218,571	98,326	73,200
Use of Facilities	45,155	19,924	30,175	46,029	6,760	2,625	13,538	11,440	7,425	8,500
Interest earnings	114,160	106,896	53,155	16,121	11,348	11,361	8,203	10,013	11,605	13,157
Miscellaneous	8,967	25,833	2,655	18,981	240,839	30,344	38,698	58,833	50,669	43,164
State sources	1,043,182	1,285,581	1,326,905	867,743	1,309,141	1,071,785	1,253,835	1,500,067	1,377,245	1,671,786
Federal sources	134,388	153,520	130,786	205,517	314,634	157,759	152,902	152,088	146,642	153,905
Total revenue	9,848,024	10,699,052	11,278,119	11,784,337	12,697,459	12,590,655	13,125,799	13,649,461	13,624,266	14,118,384
Expenditures										
Instruction										
Regular Instruction	3,704,559	4,079,293	4,492,308	4,550,703	4,170,578	4,223,395	4,666,011	5,083,355	5,052,410	5,233,329
Special education instruction	1,633,720	1,818,756	1,906,821	2,034,325	2,607,026	2,606,078	2,635,320	2,452,885	2,658,653	2,542,115
School sponsored activities and athletics	950	981	1,002	942	980	3,499	8,148			
Support Services:										
Student & inst. related services	1,059,515	1,187,117	1,150,090	1,256,232	1,317,002	1,270,087	1,267,395	1,372,414	1,251,836	1,342,039
General administration services	313,008	362,130	398,672	392,709	398,452	379,141	472,601	474,114	419,025	463,094
School administration services	424,268	500,577	465,162	450,252	483,636	432,237	449,384	474,229	461,999	486,898
Business / Central services	218,890	222,877	246,906	250,478	266,926	311,545	378,977	370,224	395,405	410,885
Plant operations and maintenance	874,391	1,011,552	1,108,522	1,172,081	1,184,874	999,200	1,060,118	1,299,000	1,192,383	1,299,254
Pupil transportation	460,700	512,393	589,725	587,573	603,845	474,117	433,407	406,809	433,571	404,087
Special Schools	28,300	28,365	28,789	19,793	8,246					
Capital outlay	59,319	58,039	312,429	112,770	91,516	67,556	428,846	515,665	166,540	754,474
Debt service:										
Principal	461,312	481,312	506,312	531,312	556,312	650,247	645,000	675,000	685,000	700,000
Interest and other charges	467,168	480,161	412,816	389,705	357,829	234,114	229,850	209,924	196,425	182,725
Cost of Issuance of Refunding Bond						91,317				
Payment to Refunding Bond Escrow Agent						389,394				
Total expenditures	9,706,100	10,743,553	11,619,554	11,748,875	12,047,222	12,131,927	12,675,057	13,333,619	12,913,247	13,818,900
Excess (Deficiency) of revenues over (under) expenditures	141,924	(44,501)	(341,435)	35,462	650,237	458,728	450,742	315,842	711,019	299,484
Other Financing sources (uses)										
Payments to Refunding Escrow Agent						(6,720,000)				
Refunding Bond Proceeds						6,775,000				
Premium on Issuance of Refunding Bonds						425,711				
Premium on Temporary Notes	13,520									
Transfers in	15,024	1,997	1,620	588	37			6,149	407,905	370,500
Transfers out	(15,024)	(1,997)	(1,620)	(588)	(37)				(407,905)	(370,500)
Total other financing sources (uses)	13,520	-	-	-	-	480,711	-	6,149	-	-
Net change in fund balances	\$ 155,444	\$ (44,501)	\$ (341,435)	\$ 35,462	\$ 650,237	\$ 939,439	\$ 450,742	\$ 321,991	\$ 711,019	\$ 299,484
Debt service as a percentage of noncapital expenditures	9.62%	9.00%	8.13%	7.92%	7.65%	11.31%	7.14%	6.90%	6.91%	6.76%

* Noncapital expenditures are total expenditures less capital outlay.

**NORTH CALDWELL BOARD OF EDUCATION
GENERAL FUND OTHER LOCAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS**

<u>Fiscal Year Ended June 30</u>	<u>Interest on Deposits</u>	<u>Program Fees</u>	<u>Miscellaneous</u>	<u>Tuition</u>	<u>Prior Year Cancelled Payables</u>	<u>Total</u>
2006	\$ 112,656	\$ 45,155	\$ 8,967			\$ 166,778
2007	104,899	19,924	25,833			150,656
2008	51,535	30,175	2,655			84,365
2009	15,533	46,029	18,981			80,543
2010	11,311	6,760		\$ 106,804	\$ 240,839	365,714
2011	11,361	2,625	30,344	181,723		226,053
2012	8,203	13,538	17,977	213,746		253,464
2013	10,013	11,440	58,833	218,571		298,857
2014	11,605	7,425	50,669	98,326		168,025
2015	13,157	8,500	43,164	73,200		138,021

Source: School District's Financial Statements

NORTH CALDWELL 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.	Q farm	Commercial	Industrial	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct Local School Tax Rate ^a
2006	\$ 6,786,400	\$ 352,882,076	\$ 94,900	\$ 4,000	\$ 5,677,800	\$ 739,600	\$ 366,184,776	\$ 151,567	\$ 366,336,343	\$ 1,552,535,185	\$ 2.490
2007	9,677,700	354,687,700	94,900	4,000	5,563,900	739,600	370,767,800	149,800	370,917,600	1,672,593,459	2.630
2008 (1)	60,873,600	1,723,979,600	624,200	4,000	32,327,600	2,916,300	1,820,725,300	713,300	1,821,438,600	1,764,573,995	0.584
2009	52,622,000	1,723,500,900	624,200	4,000	32,127,000	2,916,300	1,811,794,400	781,000	1,812,575,400	1,808,237,504	0.591
2010	36,736,800	1,568,711,600	642,900	4,000	29,817,300	2,916,300	1,638,828,900	761,600	1,639,590,500	1,835,275,774	0.680
2011	31,687,700	1,517,159,000	474,200	4,000	27,941,000	2,916,300	1,580,182,200	568,100	1,580,750,300	1,705,642,135	0.724
2012	27,965,000	1,477,834,400	424,000	4,000	25,749,200	2,916,300	1,534,892,900	572,300	1,535,465,200	1,629,143,891	0.762
2013	32,703,600	1,479,925,700	424,000	4,000	23,679,100	2,697,500	1,539,433,900	618,900	1,540,052,800	1,603,705,860	0.775
2014	24,013,300	1,511,273,300	228,500	5,700	23,217,700	2,697,500	1,561,436,000	528,800	1,561,964,800	1,627,465,417	0.778
2015	19,041,700	1,535,025,600	-	-	24,426,700	2,697,500	1,581,191,500	517,500	1,581,709,000	1,676,062,829	0.785

N/A - Not available

Source: County Abstract of Ratables

^a Tax rates are per \$100

(1) The Borough undertook a revaluation of real property that took effect in 2008.

**NORTH CALDWELL BOARD OF EDUCATION
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(Unaudited)
(rate per \$100 of assessed value)**

Calendar Year	Total Direct Local School Tax Rate	Overlapping Rates				Total
		Regional High School District	Municipality	County		
2006	\$ 2.49	\$ 1.72	\$ 1.18	\$ 1.86	\$ 7.25	
2007	2.63	1.73	1.22	1.78	7.36	
2008	(1) 0.58	0.37	0.27	0.38	1.60	
2009	0.59	0.40	0.30	0.39	1.67	
2010	0.68	0.45	0.34	0.46	1.93	
2011	0.72	0.48	0.36	0.47	2.04	
2012	0.76	0.48	0.38	0.49	2.11	
2013	0.78	0.50	0.38	0.51	2.17	
2014	0.78	0.50	0.38	0.55	2.21	
2015	0.785	0.508	0.384	0.553	2.230	

(1) The Borough undertook a revaluation of real property that took effect in 2008.

Source: Tax Duplicate, Borough of North Caldwell

**NORTH CALDWELL 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
Greenbrook Country Club	\$ 12,000,000	0.76%	\$ 4,128,000	1.51%
K. Hovnanian at Hilltop Individual Taxpayer	8,503,100	0.54%	5,540,836	1.13%
Hidden Ridge at North Caldwell Individual Taxpayer	3,425,400	0.22%	980,100	0.27%
Individual Taxpayer	3,225,000	0.20%		
Individual Taxpayer	2,824,800	0.18%	945,800	0.26%
Individual Taxpayer	2,563,000	0.16%	655,700	0.18%
Heller Property Partners, LP Individual Taxpayer	2,500,000	0.16%		
Individual Taxpayer	2,470,900	0.16%	621,900	0.17%
Individual Taxpayer	2,458,300	0.16%	558,300	0.15%
PSEG Services Corp	2,320,000	0.15%		
Zephyr Spc. 1 LLC.			833,000	0.23%
Transcontinental Pipeline Individual Taxpayer			709,500	0.19%
			533,400	0.15%
	<u>\$ 42,290,500</u>	<u>2.68%</u>	<u>\$ 15,506,536</u>	<u>4.24%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Local School Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2006	\$ 8,502,172	\$ 8,502,172	100.00%	
2007	9,107,298	9,107,298	100.00%	
2008	9,734,443	9,734,443	100.00%	
2009	10,629,946	10,629,946	100.00%	
2010	10,707,933	10,707,933	100.00%	
2011	11,135,058	11,135,058	100.00%	
2012	11,444,877	11,444,877	100.00%	
2013	11,698,449	11,698,449	100.00%	
2014	11,932,354	11,932,354	100.00%	
2015	12,154,672	12,154,672	100.00%	

**NORTH CALDWELL 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	<u>Population</u>	<u>Per Capita</u>
	General Obligation Bonds	Intergovernmental Loans Payable				
2006	\$ 9,785,000	\$ 10,494	\$	9,795,494	7,091	\$ 1,381
2007	9,305,000	9,182		9,314,182	7,034	1,324
2008	8,800,000	7,871		8,807,871	7,020	1,255
2009	8,270,000	6,559		8,276,559	7,071	1,170
2010	7,715,000	5,247		7,720,247	6,159	1,253
2011	7,125,000	-		7,125,000	6,228	1,144
2012	6,480,000	-		6,480,000	6,326	1,024
2013	5,805,000	-		5,805,000	6,549	886
2014	5,120,000	-		5,120,000	6,783	755
2015	4,420,000	-		4,420,000	6,783 (1)	652

(1) - estimated

Source: District records

**NORTH CALDWELL 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 Debt	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2006	9,795,494		9,795,494	2.67%	1,381
2007	9,314,182		9,314,182	2.51%	1,324
2008	8,807,871		8,807,871	0.48%	1,255
2009	8,276,559		8,276,559	0.45%	1,170
2010	7,720,247		7,720,247	0.47%	1,253
2011	7,125,000		7,125,000	0.45%	1,144
2012	6,480,000		6,480,000	0.42%	1,024
2013	5,805,000		5,805,000	0.38%	886
2014	5,120,000		5,120,000	0.33%	755
2015	4,420,000	1	4,419,999	0.28%	652

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**NORTH CALDWELL BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING DEBT
FOR YEAR ENDED DECEMBER 31, 2014
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
West Essex Regional High School	\$ 4,027,509	\$ 4,027,509	
Borough of North Caldwell School District	5,120,000	5,120,000	
Borough of North Caldwell	<u>7,441,713</u>	<u>804,000</u>	<u>\$ 6,637,713</u>
	<u>\$ 16,589,222</u>	<u>\$ 9,951,509</u>	<u>6,637,713</u>
Overlapping Debt Apportioned to the Municipality:			
Essex County (3);(A):			6,556,164
Essex County Utilities Authority (2) (A)			<u>1,143,862</u>
			<u>7,700,026</u>
Total Direct and Overlapping Debt			<u>\$ 14,337,739</u>

(A) The debt for this entity was apportioned to the Borough of North Caldwell by dividing the Municipality's 2014 equalized value by the total 2014 equalized value for Essex County.

Sources:

- (1) Borough of North Caldwell 2014 Annual Debt Statement
- (2) Essex County Utilities Authority 2014 audit
- (3) Essex County 2014 Annual Debt Statement

NORTH CALDWELL BOARD OF EDUCATION
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS
 (Unaudited)

Legal Debt Margin Calculation for Fiscal Year 2014

Equalized valuation basis	
2014	1,653,362,982
2013	1,602,742,218
2012	<u>1,597,016,856</u>
	<u>\$ 4,853,122,056</u>
 Average equalized valuation of taxable property	 <u>\$ 1,617,707,352</u>
 Debt limit (2.5% of average equalization value)	 \$ 40,442,684
Total Net Debt Applicable to Limit	<u>4,420,000</u>
Legal debt margin	<u>\$ 36,022,684</u>

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2014
Debt limit	\$ 33,867,916	\$ 37,483,088	\$ 40,921,221	\$ 43,259,350	\$ 44,569,618	\$ 44,731,990	\$ 43,744,679	\$ 41,991,015	\$ 40,624,359	\$ 40,442,684
Total net debt applicable to limit	<u>9,795,494</u>	<u>9,314,182</u>	<u>8,807,871</u>	<u>8,276,559</u>	<u>7,720,563</u>	<u>7,125,000</u>	<u>6,480,000</u>	<u>5,805,000</u>	<u>5,120,000</u>	<u>4,420,000</u>
Legal debt margin	<u>\$ 24,072,422</u>	<u>\$ 28,168,906</u>	<u>\$ 32,113,350</u>	<u>\$ 34,982,791</u>	<u>\$ 36,849,055</u>	<u>\$ 37,606,990</u>	<u>\$ 37,264,679</u>	<u>\$ 36,186,015</u>	<u>\$ 35,504,359</u>	<u>\$ 36,022,684</u>
Total net debt applicable to the limit as a percentage of debt limit	28.92%	24.85%	21.52%	19.13%	17.32%	15.93%	14.81%	13.82%	12.60%	10.93%

Source: Annual Debt Statements

Note:
 GASB requires that ten years of statistical data be presented. As a result of the implementation of GASE No. 44 in fiscal year 2006 only nine years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**NORTH CALDWELL BOARD OF EDUCATION
DEMOGRAPHIC STATISTICS
LAST TEN YEARS
(Unaudited)**

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income (1)</u>	<u>School District Population</u>
2006	3.0%	\$ 47,603	7,091
2007	2.7%	49,962	7,034
2008	3.3%	51,038	7,020
2009	6.6%	49,750	7,071
2010	6.7%	51,422	6,159
2011	6.4%	53,597	6,228
2012	6.6%	54,318	6,326
2013	3.1%	54,606	6,549
2014	3.6%	N/A	6,783
2015	N/A	N/A	6,783 (2)

Source: United States Bureau of Census
School District Records

(1) Represents per capita income of the County of Essex

(2) Estimated

N/A - not available

NORTH CALDWELL BOARD OF EDUCATION
 PRINCIPAL EMPLOYERS
 CURRENT YEAR AND NINE YEARS AGO
 (Unaudited)

Employer	2015		2006	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment

NOT AVAILABLE

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

<u>Function/Program</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	52.0	59.0	58.0	46.2	46.0	44.0	45.4	48.2	53.0	53.0
Special education	17.0	16.0	19.5	32.8	36.3	34.8	36.8	37.1	37.0	38.0
Other instruction	5.0	6.0	4.0	2.2	3.0	9.0	9.0	7.3	6.0	6.0
Support Services:										
Student and instruction related services	4.0	4.0	4.0	4.0	4.0	2.0	2.0	2.0	2.0	2.0
General administration Services	3.0	3.0	3.0	3.0	3.0	2.0	2.0	2.0	2.0	2.0
School administrative Services	9.0	9.0	8.0	8.2	8.2	4.0	4.0	4.0	4.0	4.0
Other Administrative Services	2.0	2.0	1.0	1.0	1.0	3.0	3.0	3.0	3.0	3.0
Administrative Technology	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Plant operations and maintenance	7.0	7.0	6.5	7.0	7.2	6.0	6.0	6.5	6.5	7.5
Other Support Services	5.0	7.0	5.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Total	<u>105</u>	<u>114</u>	<u>110</u>	<u>107.4</u>	<u>111.7</u>	<u>107.8</u>	<u>111.2</u>	<u>113.1</u>	<u>116.5</u>	<u>118.5</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage	
					Teaching Staff	Elementary	Senior High School					
2006	645.0	\$ 8,730,374	\$ 13,535	6.62%	52.0	1:12.4	N/A	N/A	639.9	613.5	2.07%	95.87%
2007	649.0	9,724,021	14,983	10.70%	59.0	1:11.0	N/A	N/A	645.9	621.0	0.94%	96.14%
2008	634.0	10,387,995	16,385	9.36%	58.0	1:10.9	N/A	N/A	634.5	609.0	-1.76%	95.98%
2009	614.0	10,715,088	17,451	6.51%	46.0	1:13.4	N/A	N/A	614.4	591.0	-3.17%	96.19%
2010	640.0	11,041,565	17,252	-1.14%	46.0	1:14:0	N/A	N/A	640.0	614.4	4.17%	96.00%
2011	662.0	10,699,299	16,162	-6.32%	41.2	1:16:0	N/A	N/A	670.1	637.8	4.70%	95.18%
2012	675.0	11,371,361	16,846	4.23%	43.4	1:15:5	N/A	N/A	675.5	650.0	0.81%	96.23%
2013	676.0	11,933,030	17,652	4.78%	48.2	1:14:0	N/A	N/A	686.4	659.1	1.61%	96.02%
2014	670.0	11,865,282	17,709	0.32%	53.0	1:12.6	N/A	N/A	672.5	646.5	2.03%	96.14%
2015	658.0	12,181,701	18,513	4.54%	53.0	1:12.4	N/A	N/A	663.2	635.5	-1.38%	95.82%

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.

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<u>District Building</u>										
<u>Grandview Elementary School</u>										
Square Feet	52,430	52,430	52,430	52,430	52,430	52,430	52,430	52,430	52,430	52,430
Capacity (students)	385	385	385	385	385	385	385	385	385	385
Enrollment	372	384	375	366	367	381	390	400	397	385
<u>Gould Elementary/Middle School</u>										
Square Feet	34,175	34,175	34,175	34,175	34,175	34,175	34,175	34,175	34,175	34,175
Capacity (students)	327	327	327	327	327	327	327	327	327	327
Enrollment	273	265	259	248	277	281	285	276	273	273

Number of Schools at June 30, 2014
Elementary = 2

Source: District Records

**NORTH CALDWELL BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
FOR THE LAST TEN FISCAL YEARS**

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES
11-000-261-XXX

	Project # (s)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
*School Facilities											
Building A - Gould School	N/A	\$ 136,560	\$ 153,723	\$ 168,713	\$ 171,048	\$ 134,139	\$ 108,114	\$ 121,971	\$ 285,144	\$ 170,667	\$ 200,665
Building B - Grandview School	N/A	109,220	123,347	129,016	139,949	133,668	107,507	124,682	188,995	122,988	155,868
Grand Total		<u>\$ 245,780</u>	<u>\$ 277,070</u>	<u>\$ 297,729</u>	<u>\$ 310,997</u>	<u>\$ 267,807</u>	<u>\$ 215,621</u>	<u>\$ 246,653</u>	<u>\$ 474,139</u>	<u>\$ 293,655</u>	<u>\$ 356,533</u>

Source: School District Records

Note:

Beginning in fiscal year 2001, the New Jersey State Department of Education required Districts to report maintenance expenditures by location, therefore ten years of data is not required or available.

**NORTH CALDWELL BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2015
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - NJ Schools Insurance Group		
Property - Blanket Building & Contents	\$ 26,002,542	\$ 5,000
Comprehensive General Liability	11,000,000	-
Comprehensive Automobile Liability	11,000,000	1,000
 Boiler and Machinery		
Property Damage	100,000,000	5,000
 Umbrella Liability		
Umbrella Policy	11,000,000	
 Educator's Legal Liability		
Directors and Officer's Policy	11,000,000	5,000
 Public Employees' Bond		
Business Administrator/Board Secretary	125,000	
Treasurer of School Moneys	200,000	

Source: School District's records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

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

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
North Caldwell Board of Education
North Caldwell, 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, each major fund, and the aggregate remaining fund information of the North Caldwell 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 North Caldwell Board of Education's basic financial statements and have issued our report thereon dated December 18, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the North Caldwell 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 North Caldwell Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the North Caldwell 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

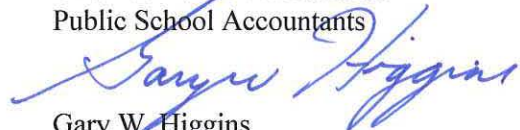
As part of obtaining reasonable assurance about whether the North Caldwell Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could 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 North Caldwell 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 North Caldwell 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 W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
December 18, 2015



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

**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
North Caldwell Board of Education
North Caldwell, New Jersey

Report on Compliance for Each Major State Program

We have audited the North Caldwell 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 North Caldwell Board of Education's major state programs for the fiscal year ended June 30, 2015. The North Caldwell 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 state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the North Caldwell 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 Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the North Caldwell 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 North Caldwell Board of Education's compliance.

Opinion on Each Major State Program

In our opinion, the North Caldwell 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 North Caldwell 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 North Caldwell 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 North Caldwell 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 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, each major fund, and the aggregate remaining fund information of the North Caldwell 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 December 18, 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 is presented for purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

LERCH, VINCI & HIGGINS LLP
LERCH, VINCI & HIGGINS, LLP

Certified Public Accountants
Public School Accountants

Gary W. Higgins

Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
December 18, 2015

NORTH CALDWELL 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	Adjustments (1)	Refund of Prior Years' Balances	June 30, 2015		Due to Grantor	Memo GAAP Receivable
										(Accounts Receivable)	Deferred Revenue		
U.S. Department of Education Passed-through State Department of Education													
Special Revenue Fund													
NCLB Title IIA	84.367	NCLB-3630-15	7/1/14-6/30/15	\$ 7,173		\$ 7,167	\$ 7,170	3		\$ (3)	\$ 3		\$ -
I.D.E.A. Part B-Basic	84.027	FT-3630-15	7/1/14-6/30/15	139,927		139,927	139,927						
I.D.E.A. Part B-Preschool	84.173	PS-3630-15	7/1/14-6/30/15	6,808	-	6,808	6,808	-	-	-	-	-	-
Total U.S. Department of Education					-	153,902	153,905	3	-	(3)	3	-	-
Total					\$ -	\$ 153,902	\$ 153,905	\$ 3	\$ -	\$ (3)	\$ 3	\$ -	\$ -

(1) - To reclassify from General Fund and apply overpayment received as of 6/30/14

Note: This schedule was not subject to an audit in accordance with OMB Circular A-133.

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

State Grantor/Program Title	Grant or State Project Number	Grant Period	Balance at June 30, 2014					Refund of Prior Years' Balances	June 30, 2015			Memo		
			Award Amount	(Accounts Receivable)	Deferred Revenue	Cash Received	Budgetary Expenditures		(Accounts Receivable)	Deferred Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures	
State Department of Education														
Current Expense														
Special Education Categorical Aid	14-495-034-5120-089	7/1/13-6/30/14	\$ 86,078	\$ (7,332)		\$ 7,332							\$ -	
Special Education Categorical Aid	15-495-034-5120-089	7/1/14-6/30/15	86,078			80,103	86,078		\$ (5,975)				86,078	
Security Aid	14-495-034-5120-084	7/1/13-6/30/14	48,817	(4,135)		4,135							-	
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	48,817			45,428	48,817		(3,389)				48,817	
Additional Adjustment Aid	15-495-034-5120-085	7/1/14-6/30/15	1			1	1						1	
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	6,540			6,086	6,540		(454)				6,540	
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	6,540			6,086	6,540		(454)				6,540	
Transportation Aid	14-495-034-5120-014	7/1/13-6/30/14	85,492	(7,332)		7,332							-	
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	85,492			79,557	85,492		(5,935)				85,492	
Extraordinary Sp. Ed. Aid	14-100-034-5120-473	7/1/13-6/30/14	251,249	(248,654)		251,249							2,595	
Extraordinary Sp. Ed. Aid	15-100-034-5120-473	7/1/14-6/30/15	274,538				274,538		(274,538)				274,538	
TPAF Social Security Tax	15-495-034-5094-003	7/1/14-6/30/15	362,285			362,285	362,285						362,285	
TPAF Pension On-Behalf Normal Costs	15-495-034-5094-006	7/1/14-6/30/15	250,866			250,866	250,866						250,866	
TPAF Pension On-Behalf NCGI Premium	15-495-034-5094-007	7/1/14-6/30/15	18,049			18,049	18,049						18,049	
TPAF Pension PRM Contr.	14-495-034-5094-001	7/1/14-6/30/15	426,902			426,902	426,902						426,902	
Total General Fund				<u>(267,453)</u>	<u>-</u>	<u>1,545,411</u>	<u>1,568,703</u>	<u>-</u>	<u>(290,745)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,568,703</u>	
Capital Projects Fund														
Gould Mountain Elementary School - Exterior Masonry Repairs	3630-050-14-1001-G04	7/1/13-6/30/14	43,463	(43,463)	39,063		1,558		(43,463)	\$ 37,505		\$ (43,463)	5,958	
Gould Mountain Elementary School - Partial Roof Replacement	3630-050-14-1002-G04	7/1/13-6/30/14	52,274	(52,274)	47,776		1,339		(52,274)	46,437		(52,274)	5,837	
Gould Mountain Elementary School - Security Upgrades	3630-060-14-1003-G04	7/1/13-6/30/14	75,800	(75,800)	72,346		59,017		(75,800)	13,329		(75,800)	62,471	
Grandview Elementary School - Security Upgrades	3630-060-14-1004-G04	7/1/13-6/30/14	100,400	(100,400)	97,046		64,461		(100,400)	32,585		(100,400)	67,815	
Total Capital Projects Fund				<u>(271,937)</u>	<u>256,231</u>	<u>-</u>	<u>126,375</u>	<u>-</u>	<u>(271,937)</u>	<u>129,856</u>	<u>-</u>	<u>(271,937)</u>	<u>142,081</u>	
State Financial Assistance														
Not Subject to Single Audit Determination														
General Fund														
TPAF Pension On-Behalf Normal Costs	15-495-034-5094-006	7/1/14-6/30/15	250,866			(250,866)	(250,866)						(250,866)	
TPAF Pension On-Behalf NCGI Premium	15-495-034-5094-007	7/1/14-6/30/15	18,049			(18,049)	(18,049)						(18,049)	
TPAF Pension PRM Contr.	14-495-034-5094-001	7/1/14-6/30/15	426,902			(426,902)	(426,902)						(426,902)	
Total State Financial Assistance Subject to Single Audit				<u>\$ (339,390)</u>	<u>\$ 256,231</u>	<u>\$ 849,394</u>	<u>\$ 999,261</u>	<u>\$ -</u>	<u>\$ (362,682)</u>	<u>\$ 129,856</u>	<u>\$ -</u>	<u>\$ (271,937)</u>	<u>\$ 1,014,967</u>	

**NORTH CALDWELL 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 North Caldwell 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 schedules 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. The basis of accounting is 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 a decrease of \$23,292 for the general fund and \$0 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,545,411	\$ 1,545,411
Special Revenue Fund	\$ 153,905		153,905
Capital Projects	-	126,375	126,375
	<u>\$ 153,905</u>	<u>\$ 1,671,786</u>	<u>\$ 1,825,691</u>
Total Financial Assistance	<u>\$ 153,905</u>	<u>\$ 1,671,786</u>	<u>\$ 1,825,691</u>

**NORTH CALDWELL 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 \$362,285 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 \$268,915 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$426,902 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.

**NORTH CALDWELL 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, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

THERE ARE NONE.

**NORTH CALDWELL 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 state programs, as required by New Jersey OMB's Circular 15-08.

CURRENT YEAR STATE AWARDS

THERE ARE NONE.

**NORTH CALDWELL 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* and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR YEAR FINDINGS

THERE WERE NONE.