

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

North Haledon, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

North Haledon Board of Education

North Haledon, New Jersey

For The Fiscal Year Ended June 30, 2015

Prepared by

Business Office

**NORTH HALEDON 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	4-16
--------------------------------------	------

Basic Financial Statements

A. District-wide Financial Statements

A-1 Statement of Net Position	17
A-2 Statement of Activities	18

B. Fund Financial Statements

Governmental Funds

B-1 Balance Sheet	19-20
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	21
B-3 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances with the District-Wide Statements	22

Proprietary Funds

B-4 Statement of Net Position	23
B-5 Statement of Revenues, Expenses, and Changes in Net Position	24
B-6 Statement of Cash Flows	25

Fiduciary Funds

B-7 Statement of Fiduciary Net Position	26
B-8 Statement of Changes in Fiduciary Net Position	27

Notes to the Financial Statements	28-63
--	-------

**NORTH HALEDON BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

REQUIRED SUPPLEMENTARY INFORMATION – PART II

C. Budgetary Comparison Schedules

C-1	Budgetary Comparison Schedule – General Fund	64-70
C-1a	Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Not Applicable	71
C-1b	Budgetary Comparison Schedule – Community Development Block Grant – Budget and Actual – Not Applicable	71
C-2	Budgetary Comparison Schedule – Budget (Non-GAAP) and Actual – Special Revenue Fund	72

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – PART II

C-3	Budget Comparison Schedule - Notes to the Required Supplementary Information	73
-----	--	----

OTHER 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	74
L-2	Required Supplementary Information – Schedule of District Contributions – Public Employees Retirement System	75
L-3	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Teachers Pension and Annuity Fund	76
	Notes to Required Supplementary Information	77

D. School Level Schedules – Not Applicable

E. Special Revenue Fund

E-1	Combining Schedule of Program Revenues and Expenditures Special Revenue Fund – Budgetary Basis	78-79
E-2	Schedule of Preschool Education Aid Expenditures – Budgetary Basis – Not Applicable	80

F. Capital Projects Fund

F-1	Summary Schedule of Project Expenditures	81
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis	82
F-2a	Schedule of Project Revenues, Expenditures, Project Balances and Project Status – High Mountain Expansion	83
F-2b	Schedule of Project Revenues, Expenditures, Project Balances and Project Status – Construction of Memorial School	84

**NORTH HALEDON BOARD OF EDUCATION
TABLE OF CONTENTS**

	<u>Page</u>
OTHER SUPPLEMENTARY INFORMATION – PART III (Continued)	
G. Proprietary Funds	
<i>Enterprise Fund</i>	
G-1 Combining Statement of Net Position – Not Applicable	85
G-2 Combining Statement of Revenues, Expenses and Changes in Net Position – Not Applicable	85
G-3 Combining Statement of Cash Flows – Not Applicable	85
H. Fiduciary Funds	
H-1 Combining Statement of Net Position	86
H-2 Combining Statement of Changes in Net Position – Not Applicable	87
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	87
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	88
I. Long-Term Debt	
I-1 Schedule of Serial Bonds	89
I-2 Schedule of Obligations under Capital Leases	90
I-3 Budgetary Comparison Schedule	91
J.	STATISTICAL SECTION (Unaudited)
J-1 Net Position by Component	92
J-2 Changes in Net Position	93-94
J-3 Fund Balances – Governmental Funds	95
J-4 Changes in Fund Balances - Governmental Funds	96
J-5 General Fund Other Local Revenue by Source	97
J-6 Assessed Value and Actual Value of Taxable Property	98
J-7 Property Tax Rates	99
J-8 Principal Property Taxpayers	100
J-9 Property Tax Levies and Collections	101
J-10 Ratios of Outstanding Debt by Type	102
J-11 Ratios of Net General Bonded Debt Outstanding	103
J-12 Computation of Direct and Overlapping Debt	104
J-13 Legal Debt Margin Information	105
J-14 Demographic and Economic Statistics	106
J-15 Principal Employers	107
J-16 Full-Time Equivalent District Employees by Function/Program	108
J-17 Operating Statistics	109
J-18 School Building Information	110
J-19 Schedule of Required Maintenance for School Facilities	111
J-20 Schedule of Insurance	112

**NORTH HALEDON BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

K. SINGLE AUDIT SECTION		
K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards Independent Auditor's Report	113-114
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	115-117
K-3	Schedule of Expenditures of Federal Awards	118
K-4	Schedule of Expenditures of State Financial Assistance	119
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	120-121
K-6	Schedule of Findings and Questioned Costs	122-133
K-7	Summary Schedule of Prior Year Findings	134-135

INTRODUCTORY SECTION

NORTH HALEDON BOARD OF EDUCATION

***201 Squaw Brook Road
North Haledon, New Jersey
973-427-8178 Fax 973-423-1514***

Nicholas Coffaro Superintendent

November 16, 2015

Honorable President and
Members of the Board of Education
North Haledon School District
County of Passaic, New Jersey

Dear Board Members:

The comprehensive annual financial report (CAFR) of the North Haledon School District for the fiscal year ended June 30, 2015 is hereby submitted. This report includes the District's Basic Financial Statements prepared in accordance with Governmental Accounting Standards Board Statement 34. 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. 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 basic financial statements and required supplementary information, as well as the auditors' report thereon. The financial section also includes Management's Discussion and Analysis, which is an overview of the District's current financial status and future outlook. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, as amended, and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditors' report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES: North Haledon School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB No. 34. All funds of the District are included in this report. The North Haledon Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to students in grade levels Pre-K through Grade 8. These services include programming for students in regular, vocational, and special educational settings. The District completed the 2014-2015 fiscal year with an enrollment of 690 students, which is 4.17% below the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2005-2006	667.7	+3.88%
2006-2007	665.3	-0.03%
2007-2008	693.4	+4.22%
2008-2009	693.5	+0.00%
2009-2010	711.8	+2.64%
2010-2011	716.0	+0.59%
2011-2012	714.0	-0.28%
2012-2013	738.0	+3.36%
2013-2014	720.0	-2.50%
2014-2015	690.0	- 4.17%

2. ECONOMIC CONDITION AND OUTLOOK: The Borough of North Haledon is predominately a residential community sitting on the Passaic/Bergen County border. With the completion of Route 287 and its connection to Route 208 an access to other areas of New Jersey has been given to the residents of North Haledon. The median value of homes and the median family income are above the state and national averages. The residents of the Borough represent professionals, management and skilled trades. There are a few small industrial concerns throughout the borough, but the major local employers are retail and service establishments such as banks, food stores, law offices, medical centers and several small shopping centers.

The Borough is practically saturated with much of the remaining land subject to severe development restrictions because of steep slopes and poor access. Many single lots throughout the Borough have been sold and developed into single-family homes. There has not been any additional new construction in the last year.

The referendum held on September 27, 2005 was successful. Final plans and specifications were developed, and after a successful bidding process, both projects were awarded. Memorial School ground breaking was held September, 2006 and work continued throughout the year. The project for the replacement Memorial School was completed in late spring 2008. At High Mountain School, the projects were awarded in September 20, 2006 and work began shortly thereafter. The new addition was completed

and ready for to be occupied during the 2007-08 school year. These projects were financed with a Section 15 Grant from the State of New Jersey and the balance paid through district debt service.

The board of education has recently completed wireless solutions project.

3. MAJOR INITIATIVES: In September of 2014, The North Haledon School Board reorganized the administration of the district by adding the position of District Assistant Principal for Curriculum, Assessment, and Instruction, as well as the position of Supervisor of Academic Affairs- Student and Personnel Services. These positions were added to assume the responsibilities and support of all state and local mandates and initiatives, which includes, but not limited to state reporting (QSAC), Achieve NJ (evaluation model), testing coordinator (PARCC), NGSS (Next Generation Science Standards), technology, curriculum development and design, and professional development. The refinement of the mandated RTI Process (Response to Intervention) will continue through the 2014-2015 school year. The district continues to implement the Stronge Evaluation System in compliance with state law. My Learning Plan is the web based application being used to facilitate all facets of the district evaluation system including observations, SGOs, and teacher documentation logs. The district continues to train staff to effectively complete all tasks required of the new evaluation system. In order to meet the technical requirements of PARCC, a major network upgrade is planned. The goal was met regarding the purchasing of laptops, and the installation of a wireless network with network hardware upgrades across the district. From a technological standpoint, our district was able to provide Google Chrome Books for the 2014-2015 school year as well. The special services department continues to service our special needs students and their families by continuing to meet with them and offering services to meet their needs.

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

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by 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 a reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2015.

6. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. 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.

7. RISK MANAGEMENT: In order to obtain the best coverage at the lowest cost the District is a member of the Pooled Insurance Program of New Jersey. This program allowed us to negotiate better rates by group purchasing of a larger dollar amount of insurance. The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, workmen's comprehensive, hazard and theft insurance on property and contents, and fidelity bonds. The Board also carries Student Accident Insurance for school hours for all attending students. This policy is to complement any existing coverage already subscribed to by parent/guardians.

8. OTHER INFORMATION:

A) **Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm for the Board is Lerch, Vinci, Higgins, LLP. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 as amended and the related OMB Circular A-133 and state Treasury Circular Letter 15-08 OMB. The auditors' report on the basic financial statements and required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

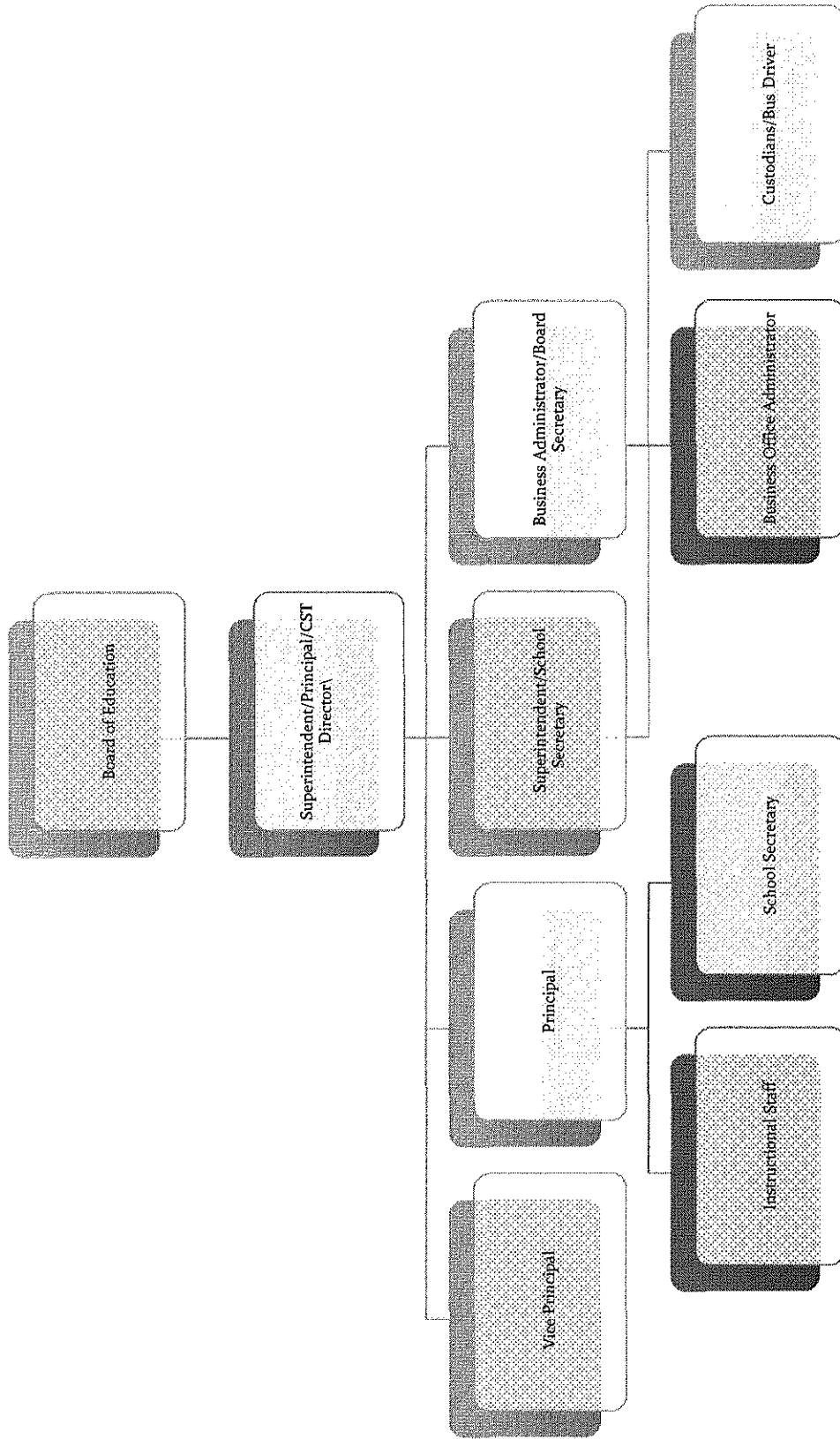
9. ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the North Haledon Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.

Respectfully submitted,

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke extending to the right.

Nicholas Coffaro
Superintendent of Schools

NORTH HALEDON SCHOOL DISTRICT



**NORTH HALEDON BOARD OF EDUCATION
NORTH HALEDON, NEW JERSEY
ROSTER OF OFFICIALS
JUNE 30, 2015**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Lisa Antropaw, President	2016
Paul Gorga, Vice President	2015
Dorothy Contegiacomo	2017
Lucy De Nova	2017
Michael Jordan	2015
Sandra Koblick	2015
Renate Lampe	2016
Michelle Melone	2017
Paul Valenti	2016

Other Officials

Nicholas Coffaro, Interim Superintendent

Audrey Mioli, Business Administrator/Board Secretary

Barbara Veltri, Treasurer of School Monies

Viola Lordi, Esq., Solicitor

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

CONSULTANTS AND ADVISORS

Audit Firm

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

Attorney

Viola Lordi, Esq.
Wilentz Goldman & Spitzer P.A.
Woodbridge, New Jersey

Bond Attorney

McManimon & Scotland
One Gateway Center
Newark, New Jersey

Architect

LAN Associates, Inc.
445 Godwin Avenue
Midland Park, New Jersey

Official Depository

Lakeland Bank
Belmont Avenue
North Haledon, NJ 07508

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. JAPHEI, 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 Haledon Board of Education
North Haledon, New Jersey

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the North Haledon Board of Education as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2015, the North Haledon 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

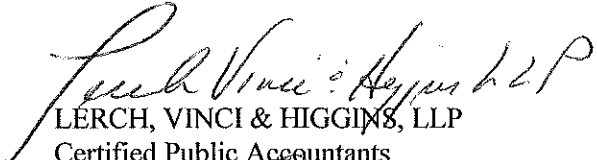
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the North Haledon Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures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

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

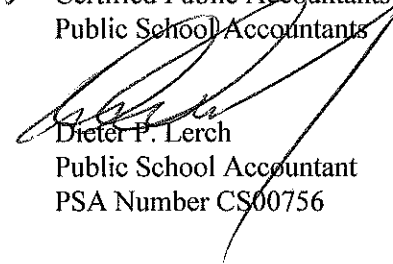
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 16, 2015 on our consideration of the North Haledon 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 Haledon Board of Education's internal control over financial reporting and compliance.



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



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
November 16, 2015

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

This discussion and analysis of the North Haledon School District's financial performance provides an overview 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 the notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2015 are as follows:

- District-Wide Financials - Overall revenues were \$13,288,745. General revenues accounted for \$10,331,159 or 78 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2,957,586 or 22 percent of total revenues.
- District-Wide Financials - The School District had \$14,022,858 in the "Governmental Activities" expenses; \$2,744,080 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$10,331,098 were adequate to provide for these programs. The Business-Type activities had \$227,924 in expenses and revenues of \$213,506.
- Fund Financials - As of the close of the current fiscal year, the North Haledon Board of Education's governmental funds reported combined ending fund balances of \$112,480, a decrease of \$853,531 in comparison with the prior year.
- Fund Financials - At the end of June 30, 2015, unassigned fund balance for the General Fund was \$(197,208), a decrease of \$436,082.

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2015**

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the district-wide financial statements, fund financial statements and notes to the financial statements.

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

Figure A-1 summarizes the major features of the North Haledon Board of Education's financial statements, including the portion of the North Haledon Board of Education's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2015**

Figure A-1 Major Features of the District-Wide and Fund Financial Statements

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

District-wide Statements

District-wide. The *District-wide financial statements* are designed to provide readers with a broad overview of the North Haledon Board of Education's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the North Haledon Board of Education's assets, deferred outflows and inflows of resources and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. However, when assessing the overall health of the District, you need to consider additional non-financial factors, such as changes in the District's property tax base and the condition of the school buildings and other facilities.

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2015**

District-wide Statements (Continued)

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*.

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

- *Governmental activities*- Most of the District's basic services are included here, such as regular and special education, transportation, maintenance and administration services. Property taxes and state aids finance most of these activities.
- *Business-type activities*- The District charges fees to customers to help it cover the costs of the District's Food Service Fund.

Fund Financial Statements

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

- Some funds are required by State law and by bond covenants.
- The District uses other funds, established in accordance with the State of New Jersey Uniform Chart of Accounts, to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal funds).

The District has three kinds of funds:

Governmental funds - The District's basic services are included in the governmental funds, which generally focus on near-term inflows and outflows of spendable resources and the balances of spendable resources at year-end. Consequently, the governmental fund statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide a reconciliation at the bottom of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances to facilitate this comparison between governmental funds and governmental activities.

The District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and Debt Service Fund. A budgetary comparison statement has been provided for the General Fund, Special Revenue Fund and Debt Service Fund.

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2015**

Fund Financial Statements (Continued)

Proprietary Funds - The District maintains one type of Proprietary Fund, an Enterprise Fund, which is used to report the activity of the Food Service Fund. Proprietary Funds provide the same type of information as the district-wide financial statements and is presented as business-type activities in the district-wide financial statements.

Fiduciary Funds - Fiduciary Funds are used to account for resources held for the benefit of parties outside the government, such as the Unemployment, Payroll Agency Fund and the Student Activity Funds. Fiduciary Funds are *not* reflected in the district-wide financial statement because the resources of those funds are not available to support the District's own programs. The accounting used for Fiduciary Funds is much like that used for Proprietary Funds.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements.

DISTRICT-WIDE FINANCIAL ANALYSIS OF THE NORTH HALEDON BOARD OF EDUCATION AS A WHOLE

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Net position. The District's combined net position was \$4,697,987 on June 30, 2015. (See Table A-1).

A portion of the District's net position reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide regular and special education, transportation, maintenance and administration services. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2015**

Table A-1
Statement of Net Position
As of June 30, 2015 and 2014

	Governmental Activities		Business-Type Activities		Total	
	2015	2014 (Restated)	2015	2014	2015	2014 (Restated)
Current and Other Assets	\$ 162,635	\$ 995,313	\$ (15,313)	\$ (12,429)	\$ 147,322	\$ 982,884
Capital Assets	<u>25,145,444</u>	<u>25,952,699</u>	<u>23,610</u>	<u>34,650</u>	<u>25,169,054</u>	<u>25,987,349</u>
Total Assets	<u>25,308,079</u>	<u>26,948,012</u>	<u>8,297</u>	<u>22,221</u>	<u>25,316,376</u>	<u>26,970,233</u>
Deferred Outflows of Resources						
Deferred Amounts on Refunding of Debt	1,080,567	814,017			1,080,567	814,017
Deferred Amounts on Net Pension Liability	<u>49,888</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,888</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>1,130,455</u>	<u>814,017</u>	<u>-</u>	<u>-</u>	<u>1,130,455</u>	<u>814,017</u>
Total Assets and Deferred Outflows of Resources	<u>26,438,534</u>	<u>27,762,029</u>	<u>8,297</u>	<u>22,221</u>	<u>26,446,831</u>	<u>27,784,250</u>
Long-Term Liabilities	21,306,653	21,945,980			21,306,653	21,945,980
Other Liabilities	<u>304,653</u>	<u>178,246</u>	<u>-</u>	<u>-</u>	<u>304,653</u>	<u>178,246</u>
Total Liabilities	<u>21,611,306</u>	<u>22,124,226</u>	<u>-</u>	<u>-</u>	<u>21,611,306</u>	<u>22,124,226</u>
Deferred Inflows of Resources						
USDA Commodities			433		433	
Deferred Amounts on Net Pension Liability	<u>137,105</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>137,105</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>137,105</u>	<u>-</u>	<u>433</u>	<u>-</u>	<u>137,538</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>21,748,411</u>	<u>22,124,226</u>	<u>433</u>	<u>-</u>	<u>21,748,844</u>	<u>22,124,226</u>
Net Position:						
Invested in capital assets, net of related debt	6,957,936	6,992,009	23,610	34,650	6,981,546	7,026,659
Restricted	86,708	125,103			86,708	125,103
Unrestricted	<u>(2,354,521)</u>	<u>(1,479,309)</u>	<u>(15,746)</u>	<u>(12,429)</u>	<u>(2,370,267)</u>	<u>(1,491,738)</u>
Total Net Position	<u>\$ 4,690,123</u>	<u>\$ 5,637,803</u>	<u>\$ 7,864</u>	<u>\$ 22,221</u>	<u>\$ 4,697,987</u>	<u>\$ 5,660,024</u>

Governmental activities. Governmental activities decreased the District's net position by \$947,680.

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2015**

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

	Governmental		Business-Type		Total	
	<u>Activities</u>		<u>Activities</u>			
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues						
Program Revenues						
Charges for Services	\$ 7,930	\$ 5,440	\$ 134,076	\$ 139,236	\$ 142,006	\$ 144,676
Operating Grants and Contributions	2,736,150	1,402,879	79,430	73,106	2,815,580	1,475,985
General Revenues						
Property Taxes	10,229,127	10,045,825			10,229,127	10,045,825
Other	41,328	40,601	61	435	41,389	41,036
Federal/State Aid Not Restricted	60,643	43,906	-	-	60,643	43,906
Total Revenues	<u>13,075,178</u>	<u>11,538,651</u>	<u>213,567</u>	<u>212,777</u>	<u>13,288,745</u>	<u>11,751,428</u>
Expenses						
Instruction						
Regular	5,947,818	5,103,149			5,947,818	5,103,149
Special Education	2,762,282	1,979,775			2,762,282	1,979,775
Other Instruction	357,066	384,414			357,066	384,414
School Sponsored Activities and Athletic	86,140	65,465			86,140	65,465
Support Services						
Student and Instruction Related Serv.	1,480,738	1,210,025			1,480,738	1,210,025
General Administrative Services	671,055	570,717			671,055	570,717
School Administrative Services	489,071	447,396			489,071	447,396
Plant Operations and Maintenance	775,744	797,401			775,744	797,401
Pupil Transportation	430,908	323,829			430,908	323,829
Central Services	297,211	244,249			297,211	244,249
Food Services			227,924	248,451	227,924	248,451
Interest on Debt and Other Charges	724,825	680,565	-	-	724,825	680,565
Total Expenses	<u>14,022,858</u>	<u>11,806,985</u>	<u>227,924</u>	<u>248,451</u>	<u>14,250,782</u>	<u>12,055,436</u>
Change in Net Position	(947,680)	(268,334)	(14,357)	(35,674)	(962,037)	(304,008)
Prior Period Adjustment		(1,669,852)				(1,669,852)
Net Position, Beginning of Year	5,637,803	7,575,989	22,221	57,895	5,660,024	7,633,884
Net Position, End of Year	<u>\$ 4,690,123</u>	<u>\$ 5,637,803</u>	<u>\$ 7,864</u>	<u>\$ 22,221</u>	<u>\$ 4,697,987</u>	<u>\$ 5,660,024</u>

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2015**

Table A-2 Revenues by Source- Governmental Activities
For Fiscal Year 2015

Governmental activities. The District's total governmental revenues were \$13,075,178. The local share of the revenues, that included property taxes, interest, unrestricted state aid and miscellaneous revenue, amounted to \$10,331,098 or 79% of total revenues. Funding from state and federal sources amounted to \$2,736,150 or 21%.

The District's governmental expenses are predominantly related to instruction and support services. Instruction totaled \$9,153,306 (65%), student and other support services totaled \$4,144,727(30%) and interest on long-term debt total \$724,825 (5%) of total expenditures. (See Table A-4.)

Table A-3 Revenues by Source – Governmental Activities
For Fiscal Year 2015

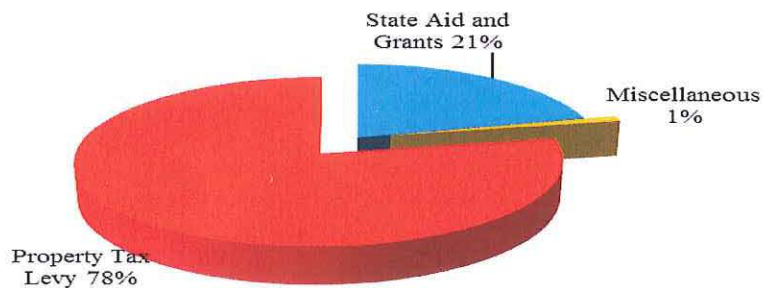
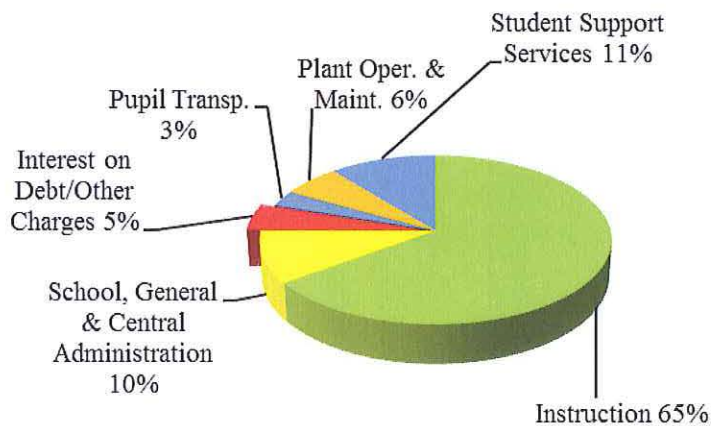


Table A-4 Expenditures by Type- Governmental Activities
For Fiscal Year 2015



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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2015**

**Table A-5
Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2015 and 2014**

<u>Functions/Programs</u>	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Governmental Activities				
Instruction				
Regular	\$ 5,947,818	\$ 5,103,149	\$ 4,629,548	\$ 4,580,406
Special Education	2,762,282	1,979,775	1,641,435	1,228,988
Other Instruction	357,066	384,414	265,976	333,336
School Sponsored Activities and Athletics	86,140	65,465	64,140	56,731
Support Services				
Student and Instruction Related Svcs.	1,480,738	1,210,025	1,332,692	1,168,662
General Administrative Services	671,055	570,717	671,055	570,717
School Administrative Services	489,071	447,396	489,071	447,396
Plant Operations and Maintenance	775,744	797,401	775,744	797,401
Pupil Transportation	430,908	323,829	387,081	290,215
Central Services	297,211	244,249	297,211	244,249
Interest on Debt/Other Charges	724,825	680,565	724,825	680,565
	<u>14,022,858</u>	<u>11,806,985</u>	<u>11,278,778</u>	<u>10,398,666</u>
Total Governmental Activities	<u>\$ 14,022,858</u>	<u>\$ 11,806,985</u>	<u>\$ 11,278,778</u>	<u>\$ 10,398,666</u>

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2015 was \$227,924. These costs were funded by operating grants and charges for services and investment earnings (Detailed on Table A-2). The operations resulted in a decrease in net position of \$14,357.

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2015**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

As the District completed the year, its governmental funds reported a combined fund balance of \$112,480. As of June 30, 2014 the fund balance was \$966,011.

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. Total revenues amounted to \$12,058,238 and expenditures were \$13,025,861.

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

	<u>Year Ended June 30,</u>		<u>Amount of</u>	<u>Percent</u>
	<u>2015</u>	<u>2014</u>	<u>Increase</u>	<u>Increase</u>
			<u>(Decrease)</u>	<u>(Decrease)</u>
Local Sources	\$ 10,278,385	\$ 10,091,866	\$ 186,519	1.85%
State Sources	1,476,155	1,273,040	203,115	15.95%
Federal Sources	<u>303,698</u>	<u>173,745</u>	<u>129,953</u>	74.79%
 Total Revenues	 <u>\$ 12,058,238</u>	 <u>\$ 11,538,651</u>	 <u>\$ 519,587</u>	

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2015**

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

	<u>Year Ended June 30,</u>		<u>Amount of</u>	<u>Percent</u>
	<u>2015</u>	<u>2014</u>	<u>Increase</u>	<u>Increase</u>
			<u>(Decrease)</u>	<u>(Decrease)</u>
Instruction	\$ 7,434,807	\$ 6,874,810	\$ 559,997	8.14%
Undistributed Expenditures	3,881,542	3,369,649	511,893	15.19%
Capital Outlay	39,545	-	39,545	100.00%
Debt Service				
Principal	914,330	765,000	149,330	19.52%
Interest	641,545	850,594	(209,049)	-24.59%
Cost of Issuance on Refunded Bonds	114,092	111,011	3,081	2.77%
	<u>\$ 13,025,861</u>	<u>\$ 11,971,064</u>	<u>\$ 1,054,797</u>	

General and Special Revenue Fund

Budgetary Highlights

The District's budget is prepared according to New Jersey law and is based on generally accepted accounting principles on the basis of cash receipts, disbursement and encumbrances. The primary funds are the General Fund and Special Revenue Fund (grants and restricted aid).

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 overexpenditures in specific line item accounts.

Capital Assets and Debt Administration. The North Haledon Board of Education's investment in capital assets for its governmental and business type activities as of June 30, 2015 amounts to \$25,169,054 (net of accumulated depreciation). This investment in capital assets includes land, buildings and building improvements, construction in progress and machinery and equipment.

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2015**

**Table A-6
Capital Assets
(net of depreciation) at June 30**

	Governmental Activities		Business-Type Activities		Total	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 46,910	\$ 46,910			\$ 46,910	\$ 46,910
Buildings	30,499,074	30,499,074			30,499,074	30,499,074
Machinery and Equipment	<u>1,148,392</u>	<u>1,108,847</u>	\$ 97,651	\$ 97,651	<u>1,246,043</u>	<u>1,206,498</u>
Total	31,694,376	31,654,831	97,651	97,651	31,792,027	31,752,482
Less: Accumulated Depreciation	<u>6,548,932</u>	<u>5,702,132</u>	<u>74,041</u>	<u>63,001</u>	<u>6,622,973</u>	<u>5,765,133</u>
Total	<u>\$ 25,145,444</u>	<u>\$ 25,952,699</u>	<u>\$ 23,610</u>	<u>\$ 34,650</u>	<u>\$ 25,169,054</u>	<u>\$ 25,987,349</u>

Additional information on North Haledon Board of Education's capital assets can be found in Note 3 of this report.

Debt Administration. As of June 30, 2015 the school district had long-term debt and outstanding long-term liabilities in the amount of \$21,306,653 as stated in Table A-7.

**Table A-7
Long-Term Debt
Outstanding Long-Term Liabilities**

	<u>2015</u>	<u>2014</u>
Bonds Payable	\$ 19,368,396	\$ 19,875,028
Capital Leases	206,670	256,000
Compensated Absences Payable	145,100	145,100
Net Pension Liability	<u>1,586,487</u>	<u>1,669,852</u>
Total	<u>\$ 21,306,653</u>	<u>\$ 21,945,980</u>

Additional information on North Haledon Board of Education's long-term debt can be found in Note 3.

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

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2015**

FOR THE FUTURE

Currently, the District is in superior financial condition. Everyone associated with the North Haledon School District is grateful for the community support of the schools. A major concern is the financial support required to maintain appropriate class sizes and services. This, in an environment of flat state aid support, means an ever-increasing reliance on local property taxes.

In conclusion, the North Haledon School District has committed itself to financial and educational excellence. 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 Superintendent at the North Haledon Board of Education, 201 Squawbrook Road, North Haledon, NJ 07508.

BASIC FINANCIAL STATEMENTS

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 24,966	\$ (23,008)	\$ 1,958
Receivables, net			
Receivables from Other Governments	128,477	5,771	134,248
Inventory		2,993	2,993
Internal Balances	1,069	(1,069)	-
Due From Other Funds	8,123		8,123
Capital Assets			
Not Being Depreciated	46,910		46,910
Being Depreciated, net	<u>25,098,534</u>	<u>23,610</u>	<u>25,122,144</u>
Total Assets	<u>25,308,079</u>	<u>8,297</u>	<u>25,316,376</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding of Debt	1,080,567		1,080,567
Deferred Amounts on Net Pension Liability	<u>49,888</u>	<u>-</u>	<u>49,888</u>
Total Deferred Outflows of Resources	<u>1,130,455</u>	<u>-</u>	<u>1,130,455</u>
Total Assets and Deferred Outflows of Resources	<u>26,438,534</u>	<u>8,297</u>	<u>26,446,831</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	29,904		29,904
Accrued Interest Payable	254,498		254,498
Unearned Revenue	20,251		20,251
Noncurrent Liabilities			
Due Within One Year	915,522		915,522
Due Beyond One Year	<u>20,391,131</u>	<u>-</u>	<u>20,391,131</u>
Total Liabilities	<u>21,611,306</u>	<u>-</u>	<u>21,611,306</u>
DEFERRED INFLOWS OF RESOURCES			
USDA Commodities		433	433
Deferred Amounts on Net Pension Liability	<u>137,105</u>	<u>-</u>	<u>137,105</u>
Total Deferred Inflows of Resources	<u>137,105</u>	<u>433</u>	<u>137,538</u>
Total Liabilities and Deferred Inflows of Resources	<u>21,748,411</u>	<u>433</u>	<u>21,748,844</u>
NET POSITION			
Net Investment in Capital Assets	6,957,936	23,610	6,981,546
Restricted for			
Capital Projects	11,708		11,708
Maintenance	75,000		75,000
Unrestricted	<u>(2,354,521)</u>	<u>(15,746)</u>	<u>(2,370,267)</u>
Total Net Position	<u>\$ 4,690,123</u>	<u>\$ 7,864</u>	<u>\$ 4,697,987</u>

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 5,947,818		\$ 1,318,270		\$ (4,629,548)		\$ (4,629,548)
Special Education	2,762,282		1,120,847		(1,641,435)		(1,641,435)
Other Instruction	357,066		91,090		(265,976)		(265,976)
School Sponsored Activities and Athletics	86,140		22,000		(64,140)		(64,140)
Support Services							
Student and Instruction Related Services	1,480,738		148,046		(1,332,692)		(1,332,692)
General Administrative Services	671,055				(671,055)		(671,055)
School Administrative Services	489,071				(489,071)		(489,071)
Plant Operations and Maintenance	775,744				(775,744)		(775,744)
Pupil Transportation	430,908	\$ 7,930	35,897		(387,081)		(387,081)
Business Services	297,211				(297,211)		(297,211)
Interest on Debt and Other Charges	724,825	-	-	-	(724,825)	-	(724,825)
Total Governmental Activities	14,022,858	7,930	2,736,150	-	(11,278,778)	-	(11,278,778)
Business-Type Activities							
Food Service	227,924	134,076	79,430	-	-	\$ (14,418)	(14,418)
Total Business-Type Activities	227,924	134,076	79,430	-	-	(14,418)	(14,418)
Total Primary Government	\$ 14,250,782	\$ 142,006	\$ 2,815,580	\$ -	(11,278,778)	(14,418)	(11,293,196)
General Revenues							
Property Taxes - General Fund					8,658,921		8,658,921
Property Taxes - Debt Service Fund					1,570,206		1,570,206
Investment Earnings					1,500	61	1,561
Miscellaneous Income					39,828		39,828
Federal and State Aid not Restricted					60,643	-	60,643
Total General Revenues					10,331,098	61	10,331,159
Change in Net Position					(947,680)	(14,357)	(962,037)
Net Position, Beginning of Year (Restated)					5,637,803	22,221	5,660,024
Net Position, End of Year					\$ 4,690,123	\$ 7,864	\$ 4,697,987

FUND FINANCIAL STATEMENTS

**NORTH HALEDON 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	\$ 24,966				\$ 24,966
Receivables from Other Governments	37,042	\$ 91,435			128,477
Due from Other Funds	9,192	-	\$ 100,321	\$ 68,423	177,936
Total Assets	\$ 71,200	\$ 91,435	\$ 100,321	\$ 68,423	\$ 331,379
LIABILITIES AND FUND BALANCES					
Liabilities					
Due to Other Funds	\$ 127,464	\$ 41,280			\$ 168,744
Intergovernmental Payable - State		15,691			15,691
Accounts Payable		14,213			14,213
Unearned Revenue	-	20,251	-	-	20,251
Total Liabilities	127,464	91,435	-	-	218,899
Fund Balances					
Restricted Fund Balance					
Capital Reserve Account	11,708				11,708
Maintenance Reserve	45,000				45,000
Maintenance Reserve - Designated for Subsequent Year's Expenditures	30,000				30,000
Capital Projects			\$ 100,321		100,321
Debt Service				\$ 68,423	68,423
Excess Surplus - Designated for Subsequent Year's Expenditures	44,488				44,488
Assigned Fund Balance					
ARRA/SEMI - Designated for Subsequent Year's Expenditures	292				292
Year-end Encumbrances	9,456				9,456
Unassigned Fund Balance					
General Fund	(197,208)	-	-	-	(197,208)
Total Fund Balances	(56,264)	-	100,321	68,423	112,480
Total Liabilities and Fund Balances	\$ 71,200	\$ 91,435	\$ 100,321	\$ 68,423	

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

Total Fund Balances (Exhibit B-1)	\$	112,480
<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 \$31,694,376 and the accumulated depreciation is \$6,548,932.</p>		25,145,444
<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>		1,080,567
<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>		
Deferred Outflows of Resources	\$	49,888
Deferred Inflows of Resources		(137,105)
		(87,217)
<p>The District has financed capital assets through the issuance of serial bonds. The interest accrual at year end is:</p>		(254,498)
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds</p>		
Bonds Payable	\$	19,368,396
Capital Leases Payable		206,670
Compensated Absences Payable		145,100
Net Pension Liability		1,586,487
		(21,306,653)
Net position of governmental activities	\$	4,690,123

**NORTH HALEDON 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					
Local Tax Levy	\$ 8,658,921			\$ 1,570,206	\$ 10,229,127
Transportation	7,930				7,930
Interest	1,500				1,500
Miscellaneous	39,828	-	-	-	39,828
Total - Local Sources	<u>8,708,179</u>	<u>-</u>	<u>-</u>	<u>1,570,206</u>	<u>10,278,385</u>
State Sources	1,471,177	\$ 4,978			1,476,155
Federal Sources	292	303,406	-	-	303,698
Total Revenues	<u>10,179,648</u>	<u>308,384</u>	<u>-</u>	<u>1,570,206</u>	<u>12,058,238</u>
EXPENDITURES					
Current					
Regular Instruction	4,442,552	94,145			4,536,697
Special Education Instruction	2,304,336	209,261			2,513,597
Other Instruction	309,791				309,791
School-Sponsored Activities and Athletics	74,722				74,722
Support Services and Undistributed Costs					
Student and Instruction Related Services	1,378,612	4,978			1,383,590
General Administrative Services	545,027				545,027
School Administrative Services	477,019				477,019
Plant Operations and Maintenance	751,224				751,224
Pupil Transportation	427,471				427,471
Business Services	297,211				297,211
Debt Service					
Principal	49,330			865,000	914,330
Interest and Other Charges	4,762			636,783	641,545
Cost of Issuance on Refunded Bonds				114,092	114,092
Capital Outlay	39,545	-	-	-	39,545
Total Expenditures	<u>11,101,602</u>	<u>308,384</u>	<u>-</u>	<u>1,615,875</u>	<u>13,025,861</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(921,954)</u>	<u>-</u>	<u>-</u>	<u>(45,669)</u>	<u>(967,623)</u>
OTHER FINANCING SOURCES (USES)					
Payment to Refunded Bond Escrow Agent				(7,881,087)	(7,881,087)
Refunding Bond Proceeds				7,240,000	7,240,000
Premium on Issuance of Refunding Bonds	-	-	-	755,179	755,179
Net Change in Fund Balances	(921,954)	-	-	68,423	(853,531)
Fund Balance, Beginning of Year	865,690	-	\$ 100,321	-	966,011
Fund Balance, End of Year	<u>\$ (56,264)</u>	<u>\$ -</u>	<u>\$ 100,321</u>	<u>\$ 68,423</u>	<u>\$ 112,480</u>

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

**NORTH HALEDON 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) \$ (853,531)

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 depreciation exceeds capital outlay in the current period.

Capital Outlay	\$	39,545	
Depreciation Expense		<u>(846,800)</u>	(807,255)

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

Debt Issued			
Refunding Bonds		(7,240,000)	
Original Issue Premium		<u>(755,179)</u>	(7,995,179)
Payment to Escrow Agent for Refunding			7,881,087
Principal Payments			
Capital Leases		49,330	
Bonds Payable		<u>865,000</u>	914,330

In the statement of activities, certain operating expenses - pension expense - are measured by the amounts 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 Pension Expense			(3,852)
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Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details are as follows:

Amortization of Deferred Charge on Refunding of Debt		(49,537)	
Amortization of Premium		71,811	
Increase in Accrued Interest		<u>(105,554)</u>	(83,280)

Change in net position of governmental activities	\$	<u>(947,680)</u>	
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NORTH HALEDON BOARD OF EDUCATION
 PROPRIETARY FUND
 ENTERPRISE FUND
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2015

	<u>Enterprise Fund- Food Service</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ (23,008)
Intergovernmental Receivable	
State	204
Federal	5,567
Inventories	<u>2,993</u>
Total Current Assets	<u>(14,244)</u>
Capital Assets	
Equipment	97,651
Less: Accumulated Depreciation	<u>(74,041)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>23,610</u>
Total Assets	<u>9,366</u>
LIABILITIES	
Current Liabilities	
Due to General Fund	<u>1,069</u>
Total Current Liabilities	<u>1,069</u>
DEFERRED INFLOW OF RESOURCES	
Deferred Commodities Revenue	<u>433</u>
Total Liabilities and Deferred Inflow of Resources	<u>1,502</u>
NET POSITION	
Net Investment in Capital Assets	23,610
Unrestricted	<u>(15,746)</u>
Total Net Position	<u>\$ 7,864</u>

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

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

	Enterprise Fund - Food Service
OPERATING REVENUES	
Charges for Services	
Daily Sales	\$ 133,392
Special Functions	<u>684</u>
Total Operating Revenues	<u>134,076</u>
OPERATING EXPENSES	
Cost of Sales	99,678
Salaries and Wages	98,116
Insurance	5,482
Management Fee	7,904
Supplies and Materials	3,406
Depreciation	11,040
Miscellaneous	<u>2,298</u>
Total Operating Expenses	<u>227,924</u>
Operating Loss	<u>(93,848)</u>
NONOPERATING REVENUES	
Interest Income	61
State Sources	
State School Lunch Program	2,216
Federal Sources	
National School Lunch Program	77,061
Special Milk Program	<u>153</u>
Total Nonoperating Revenues	<u>79,491</u>
Change in Net Position	(14,357)
Net Position, Beginning of Year	<u>22,221</u>
Net Position, End of Year	<u><u>\$ 7,864</u></u>

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

**NORTH HALEDON BOARD OF EDUCATION
 PROPRIETARY FUND
 ENTERPRISE FUND
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Other Non-Major Enterprise Fund - Food Service
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 134,076
Cash Payments for Employees' Salaries and Benefits	(98,116)
Cash Payments to Suppliers for Goods and Services	<u>(103,767)</u>
Net Cash Provided by/(Used for) Operating Activities	<u>(67,807)</u>
Cash Flows from Financing Activities	
Interest Income	<u>61</u>
Net Cash Provided by Financing Activities	<u>61</u>
Cash Flows from Noncapital Financing Activities	
Cash Received from State and Federal Subsidy Reimbursements	<u>72,277</u>
Net Cash Provided by Noncapital Financing Activities	<u>72,277</u>
Net Increase in Cash and Cash Equivalents	4,531
Cash and Cash Equivalents, Beginning of Year	<u>(27,539)</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ (23,008)</u></u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Operating Loss	<u>\$ (93,848)</u>
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities	
Depreciation	11,040
Food Distribution Program - Non-Cash Assistance	15,339
Change in Assets and Liabilities	
Increase/(Decrease) in Deferred Commodities Revenue	433
(Increase)/Decrease in Inventory	<u>(771)</u>
Total Adjustments	<u>26,041</u>
Net Cash (Used) Provided by Operating Activities	<u><u>\$ (67,807)</u></u>
Non-Cash Investing, Capital and Financing Activities	
Value Received - Food Distribution Program	<u><u>\$ 15,339</u></u>

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

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

	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 20,550	\$ 91,055
Other Accounts Receivable	<u>3,456</u>	<u>-</u>
Total Assets	<u>24,006</u>	<u>91,055</u>
LIABILITIES		
Payroll Deductions and Withholdings		
Accrued Salaries and Wages		16,677
Due to General Fund	8,123	
Due to State of NJ		
Due to Student Groups	<u>.</u>	<u>74,378</u>
Total Liabilities	<u>8,123</u>	<u>\$ 91,055</u>
NET POSITION		
Held in Trust for Unemployment Claims	<u>\$ 15,883</u>	

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

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

		<u>Unemployment Compensation Trust</u>
ADDITIONS		
Contributions		
Employees	\$	13,743
Interest		41
		13,784
Total Additions		13,784
DEDUCTIONS		
Unemployment Claims and Contributions		10,868
Total Deductions		10,868
Change in Net Position		2,916
Net Position, Beginning of Year		12,967
Net Position, End of Year	\$	15,883

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

B. New Accounting Standards

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

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

**NORTH HALEDON 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)

The District was unable to implement these accounting standards for the fiscal year ending June 30, 2015 as the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, has not provided the applicable information required to comply with these accounting standards. Therefore, the District is unable to determine the impact of these accounting standards on its financial statements for the fiscal year ended June 30, 2015.

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

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

C. Basis of Presentation - Financial Statements

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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

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

Additionally, the government reports the following fund types:

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

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

1. *Cash, Cash Equivalents and Investments*

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

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

2. *Receivables*

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

3. *Inventories*

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

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities at year-end is reported as deferred inflows of resources.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. *Capital Assets*

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements	20
Machinery and Equipment	5-10

5. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government 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 HALEDON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two types of items, which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred commodities revenue, reported in both the district-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed. The other item that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

6. *Compensated Absences*

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

7. *Pensions*

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

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

8. *Long-Term Obligations*

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. Long-Term Obligation (Continued)

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

9. Net Position/Fund Balance

District-Wide Statements

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

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

Governmental Fund Statements

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

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

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.

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

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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

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

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

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

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.

ARRA/SEMI – Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of the ARRA/SEMI revenue that is unexpended at June 30, 2015 that will be appropriated either by Board resolution into the 2015/2016 budget or in the adopted 2016/2017 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 HALEDON 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.

4. *Proprietary Funds, Operating and Non-Operating Revenues and Expenses*

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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.

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 \$394,142. The increase was funded by additional surplus appropriated, grant awards and the reappropriation of prior year general fund encumbrances.

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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

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

B. Excess Expenditures Over Appropriations

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund -			
Instruction - Regular Programs			
Salaries of Teachers			
Kindergarten	\$ 355,776	\$ 378,616	\$ (22,840)
Regular Program - Home Instruction			
Salaries of Teachers	2,295	6,795	(4,500)
Regular Programs - Undistributed Instruction			
Purchased Technical Services	34,175	35,032	(857)
General Supplies	80,115	84,764	(4,649)
Special Education			
Multiple Disabilities			
Salaries of Teachers	264,359	273,613	(9,254)
Purchased Professional-Educational Services	24,770	29,656	(4,886)
Basic Skills/Remedial			
Salaries of Teachers	129,551	217,541	(87,990)
School Sponsored Cocurricular Activities			
Salaries	23,499	52,542	(29,043)
Undistributed Expenditures			
Instruction			
Tuition to Other LEAs Within the State-Regular	-	7,712	(7,712)
Tuition to Priv. Sch. for the Handicap			
Within the State	257,698	419,392	(161,694)
Health Services			
Supplies and Materials	2,127	2,182	(55)
Speech, OT, PT and Related Services			
Purchased Services	500	19,875	(19,375)

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Excess Expenditures Over Appropriations (Continued)

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Other Support Serv. Students - Extra. Svcs.			
Purchased Professional-Educational Services	65,870	136,919	(71,049)
Child Study Teams			
Other Purchased Prof. and Tech. Services	3,913	6,360	(2,447)
Educational Media Services/School Library			
Purchased Professional and Technical Services	16,750	18,203	(1,453)
Support Services General Administration			
Legal Services	40,000	113,163	(73,163)
Audit Fees	27,415	31,543	(4,128)
Purchased Technical Services	5,505	6,980	(1,475)
Communications/Telephone	32,530	32,802	(272)
Support Services School Administration			
Salaries of Principal/Asst. Principals	273,646	327,900	(54,254)
Supplies and Materials	1,664	2,036	(372)
Central Services			
Purchased Professional Services	29,050	47,399	(18,349)
Purchased Technical Services	6,300	6,400	(100)
Misc. Purchased Services	11,081	12,916	(1,835)
Administration Information Technology			
Purchased Technical Services	27,592	73,619	(46,027)
Required Maintenance for School Facilities			
Cleaning, Repair and Maint. Serv.	29,259	35,517	(6,258)
General Supplies	10,139	10,183	(44)
Other Operation and Maintenance of Plant			
Cleaning, Repair and Maintenance	26,870	27,489	(619)
Other Purchased Property Services	8,517	9,042	(525)
Insurance	74,147	81,867	(7,720)
General Supplies	41,418	42,358	(940)
Energy (Electricity)	159,000	200,017	(41,017)
Student Transportation Services			
Contractual Services - ESC & CTSA Transportation	123,365	208,071	(84,706)
Cleaning, Repair and Maintenance Services	615	1,682	(1,067)
Unallocated Benefits - Employee Benefits			
Other Retirement Contributions-DCRP		23,039	(23,039)
Tuition Reimbursement	15,000	17,208	(2,208)
Facilities Acquisition and Construction Services			
Required Maintenance for School Facilities	38,395	39,545	(1,150)

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Deficit Fund Equity

The District has an unassigned fund deficit of \$197,208 in the General Fund as of June 30, 2015 as reported in the fund financial statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record these delayed state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", requires that intergovernmental transactions (revenue, expenditure, asset, liability) should be recognized in symmetry (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State of New Jersey is recording certain 2014/2015 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the General Fund deficit does not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund deficits in the future.

Pursuant to NJSA 18A:22-44.2, any negative unreserved, undesignated (i.e., unassigned) general fund balance that is reported as a direct result of a delay in the payment of state aid until the following fiscal year, is not considered as a violation of New Jersey Statute or regulation and is not considered an item in need of corrective action. The District deficit in the GAAP (fund) financial statements of \$197,208 in the General Fund is more than the delayed state aid payments.

The deficit is the result of the delayed state aid payments in the amount of \$104,144 and a deficit in general fund operations in the amount of \$93,064. For the fiscal year ended June 30, 2015, the portion of the deficit resulting from general fund operations is a violation of New Jersey statutes and budget regulations and therefore, requires a corrective action plan to be submitted by the District to the State Department of Education.

D. Capital Reserve

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

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Capital Reserve (Continued)

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

Balance July 1, 2014	\$ 50,103
Withdrawals	
Approved by Board Resolution	<u>38,395</u>
Balance June 30, 2015	<u>\$ 11,708</u>

E. Maintenance Reserve

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

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

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

Balance July 1, 2014	\$ 98,000
Withdrawals	
Approved in District Budget	<u>23,000</u>
Balance June 30, 2015	<u>\$ 75,000</u>

F. Transfers to Capital Outlay

During the 2014/2015 school year, the district transferred \$38,395 to the non-equipment capital outlay accounts. The transfer was made from the capital reserve account to supplement a capital project previously approved by the voters in the budget certified for taxes pursuant to N.J.A.C. 6A:23-8.4.

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

G. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Reserved Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. There was no excess fund balance at June 30, 2015.

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 \$113,563 and bank balances of the Board's deposits amounted to \$527,740. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ <u>527,740</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2015 the Board's bank balance was not exposed to custodial credit risk.

Investments

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

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

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

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

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Unemployment Compensation Trust Fund</u>	<u>Total</u>
Receivables:					
Intergovernmental					
Federal		\$ 91,435	\$ 5,567		\$ 97,002
State	\$ 37,042		204		37,246
Other Accounts Receivables	-	-	-	\$ 3,456	3,456
Gross Receivables	37,042	91,435	5,771	3,456	137,704
Less: Allowance for Uncollectibles	-	-	-	-	-
Net Total Receivables	<u>\$ 37,042</u>	<u>\$ 91,435</u>	<u>\$ 5,771</u>	<u>\$ 3,456</u>	<u>\$ 137,704</u>

C. Unearned Revenue

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

	<u>Unearned</u>
Special Revenue Fund	
Unencumbered Grant Drawdowns	<u>\$ 20,251</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 20,251</u>

**NORTH HALEDON 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>Decrease</u>	Balance, <u>June 30, 2015</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 46,910	-	-	\$ 46,910
Total capital assets, not being depreciated	<u>46,910</u>	<u>-</u>	<u>-</u>	<u>46,910</u>
Capital assets, being depreciated:				
Buildings	30,499,074			30,499,074
Machinery and equipment	<u>1,108,847</u>	<u>39,545</u>	<u>-</u>	<u>1,148,392</u>
Total capital assets being depreciated	<u>31,607,921</u>	<u>39,545</u>	<u>-</u>	<u>31,647,466</u>
Less accumulated depreciation for:				
Buildings	(5,164,747)	\$ (767,700)		(5,932,447)
Machinery and equipment	<u>(537,385)</u>	<u>(79,100)</u>	<u>-</u>	<u>(616,485)</u>
Total accumulated depreciation	<u>(5,702,132)</u>	<u>(846,800)</u>	<u>-</u>	<u>(6,548,932)</u>
Total capital assets, being depreciated, net	<u>25,905,789</u>	<u>(807,255)</u>	<u>-</u>	<u>25,098,534</u>
Governmental activities capital assets, net	<u>\$ 25,952,699</u>	<u>\$ (807,255)</u>	<u>\$ -</u>	<u>\$ 25,145,444</u>
	Balance, <u>July 1, 2014</u>	<u>Increases</u>	<u>Decrease</u>	Balance, <u>June 30, 2015</u>
Business-type activities:				
Capital assets, being depreciated:				
Machinery and equipment	\$ 97,651	-	-	\$ 97,651
Total capital assets being depreciated	<u>97,651</u>	<u>-</u>	<u>-</u>	<u>97,651</u>
Less accumulated depreciation for:				
Machinery and equipment	(63,001)	\$ (11,040)	-	(74,041)
Total accumulated depreciation	<u>(63,001)</u>	<u>(11,040)</u>	<u>-</u>	<u>(74,041)</u>
Total capital assets, being depreciated, net	<u>34,650</u>	<u>(11,040)</u>	<u>-</u>	<u>23,610</u>
Business-type activities capital assets, net	<u>\$ 34,650</u>	<u>\$ (11,040)</u>	<u>\$ -</u>	<u>\$ 23,610</u>

**NORTH HALEDON 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)

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

Governmental Activities:

Instruction	
Regular	<u>\$ 775,810</u>
Total Instruction	<u>775,810</u>
Support Services	
Support Services-Students	22,897
General Administration	8,084
School Administration	12,052
Pupil Transportation	3,437
Operations and Maintenance of Plant	<u>24,520</u>
Total Support Services	<u>70,990</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 846,800</u>
Business-Type Activities:	
Food Service Fund	<u>\$ 11,040</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Unemployment Fund	8,123
General Fund	Food Service Fund	1,069
Capital Projects	General Fund	59,041
Capital Projects	Special Revenue Fund	41,280
Debt Service Fund	General Fund	<u>68,423</u>
 Total		 <u>\$ 177,936</u>

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

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

F. Leases

Capital Leases

The District is leasing computer equipment totaling \$306,000 under capital leases. The lease is for a term of 6 years.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2016	\$ 54,092
2017	54,092
2018	54,092
2019	<u>54,092</u>
Total minimum lease payments	216,368
Less: amount representing interest	<u>(9,698)</u>
 Present value of minimum lease payments	 <u>\$ 206,670</u>

**NORTH HALEDON 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. Long-Term Debt

General Obligation Bonds

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

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

\$22,835,000 2005 Bonds, due in annual installments of \$785,000 through February 15, 2016, interest at 4.250%	\$ 785,000
\$9,595,000 2014 Refunding Bonds, due in annual installments of \$875,000 to \$1,245,000 through February 15, 2027, interest at 2.000% to 4.000%	9,480,000
\$7,240,000 2015 Refunding Bonds, due in annual installments of \$785,000 to \$1,500,000 through February 15, 2031, interest at 3.000% to 4.000%	<u>7,240,000</u>
	<u>\$ 17,505,000</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,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2016	\$ 785,000	\$ 686,486	\$ 1,471,486
2017	785,000	660,950	1,445,950
2018	815,000	637,400	1,452,400
2019	875,000	604,800	1,479,800
2020-2024	5,020,000	2,464,800	7,484,800
2025-2029	6,285,000	1,366,000	7,651,000
2030-2031	<u>2,940,000</u>	<u>177,600</u>	<u>3,117,600</u>
	<u>\$ 17,505,000</u>	<u>\$ 6,598,036</u>	<u>\$ 24,103,036</u>

**NORTH HALEDON 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. Long-Term Debt (Continued)

Statutory Borrowing Power

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

3% of Equalized Valuation Basis (Municipal)	\$ 39,202,703
Less: Net Debt	<u>17,505,283</u>
Remaining Borrowing Power	<u>\$ 21,697,420</u>

Advance Refunding of Debt

On February 25, 2015, the District issued \$7,240,000 in Refunding School Bonds having interest rates of 3.00% to 4.00%. These bonds were issued in order to advance refund certain principal maturities and certain interest payments of the 2006 School Bonds of the District. The total bond principal defeased was \$7,565,000 and the total interest payments defeased was \$3,927,631. The net proceeds of \$7,881,087 (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments. As a result, the advance refunding met the requirements of an in-substance debt defeasance and the refunded bond liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$316,087. This amount has been reported as a Deferred Outflow of Resources on the financial statements and amortized over the remaining life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the current and next 16 years by \$832,358 and resulted in an economic gain of \$647,398.

Prior Year Defeasance of Debt

In prior years, the District defeased certain serial bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. On June 30, 2015, \$9,850,000 of bonds outstanding are considered defeased.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

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

	<u>Balance, July 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2015</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds Payable	\$ 18,695,000	\$ 7,240,000	\$ 8,430,000	\$ 17,505,000	\$ 785,000
Add: Unamortized Premium	<u>1,180,028</u>	<u>755,179</u>	<u>71,811</u>	<u>1,863,396</u>	<u>-</u>
Net Bonds Payable	19,875,028	7,995,179	8,501,811	19,368,396	785,000
Capital Leases	256,000		49,330	206,670	50,248
Compensated Absences	145,100			145,100	
Net Pension Liability	<u>1,669,852</u>	<u>-</u>	<u>83,365</u>	<u>1,586,487</u>	<u>80,274</u>
Governmental Activity Long-Term Liabilities	<u>\$ 21,945,980</u>	<u>\$ 7,995,179</u>	<u>\$ 8,634,506</u>	<u>\$ 21,306,653</u>	<u>\$ 915,522</u>

For the governmental activities, the liabilities for compensated absences 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 New Jersey Schools Insurance Group (NJSIG). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

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

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 HALEDON 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</u> <u>Year Ended</u> <u>June 30,</u>	<u>Employee</u> <u>Contributions</u>	<u>District</u> <u>Contribution</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2015	\$ 13,743		\$ 10,868	\$ 15,883
2014	6,573	\$ 17,000	30,881	12,967
2013	8,808	20,000	11,691	20,234

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.

The District has been notified of a potential claim from the Bloomingdale School District. Bloomingdale has alleged a claim in the amount of \$71,543, representing a tuition charge for the year 2013/14. There is no formal executed contract to support the claim. This amount has not been reflected in the financial statements.

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. At June 30, 2015, the District has no arbitrage earnings due to the IRS.

**NORTH HALEDON 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.

Other Pension Funds

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

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

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

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

Basis of Accounting

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

**NORTH HALEDON 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)

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.

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.

**NORTH HALEDON 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)

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:

Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>
2015	\$ 70,917	\$ 222,264
2014	65,833	182,282
2013	75,734	285,330

For fiscal years 2014/2015 and 2012/2013, the state contributed \$222,264 and \$285,330, 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 \$182,282 for normal cost pension and NCGI premium.

The PERS contributions are recognized in the fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the 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 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 \$367,406 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 fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

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

Public Employees Retirement System (PERS)

At June 30, 2015, the District reported in the statement of net position (accrual basis) a liability of \$1,586,487 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2014, the District's proportionate share was 0.00847 percent, which was a decrease of 0.00027 from its proportionate share measured as of June 30, 2013.

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

For the fiscal year ended June 30, 2015, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$74,769 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	\$ 49,888	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 94,546
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	-	42,559
District Contributions Subsequent to the Measurement Date	-	-
	<hr/>	<hr/>
Total	<u>\$ 49,888</u>	<u>\$ 137,105</u>

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

Fiscal Year Ending <u>June 30,</u>	
2016	\$ (22,289)
2017	(22,289)
2018	(22,289)
2019	(22,289)
2020	1,347
Thereafter	<hr/> 592
	<u>\$ (87,217)</u>

**NORTH HALEDON 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%
Thereafter	Based on Age 3.15-5.40%
Investment Rate of Return	Based on Age 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 HALEDON 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 HALEDON 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)

Discount Rate (Continued)

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

PERS

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2033
Municipal Bond Rate *	From July 1, 2033 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 District's proportionate share of the PERS net pension liability calculated using the discount rate of 5.39%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.39 percent) or 1-percentage-point higher (6.39 percent) than the current rate:

	1% Decrease <u>(4.39%)</u>	Current Discount Rate <u>(5.39%)</u>	1% Increase <u>(6.39%)</u>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 1,995,848</u>	<u>\$ 1,586,487</u>	<u>\$ 1,242,727</u>

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

Pension Plan Fiduciary Net Position

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

**NORTH HALEDON 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 \$1,239,204 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 \$23,029,519. 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.

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

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

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

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

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

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

**NORTH HALEDON 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 HALEDON 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 \$352,842, \$298,875 and \$322,635 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 Haledon Board of Education implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions. The North Haledon 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 \$1,669,852. The result of this restatement is to reduce total net position of Governmental Activities at June 30, 2014 from \$7,307,655 as originally reported to \$5,637,803 as adjusted for the effects of the change in accounting principle.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 8,658,921		\$ 8,658,921	\$ 8,658,921	
Transportation	16,000		16,000	7,930	\$ (8,070)
Interest				1,500	1,500
Miscellaneous Revenue	15,000	-	15,000	39,828	24,828
Total Local Sources	<u>8,689,921</u>	<u>-</u>	<u>8,689,921</u>	<u>8,708,179</u>	<u>18,258</u>
State Sources					
Categorical Special Education Aid	328,563		328,563	328,563	
Categorical Security Aid	14,359		14,359	14,359	
Categorical Transportation Aid	15,980		15,980	15,980	
Other State Aid	46,040		46,040	46,040	
Additional Nonpublic Transportation Aid				19,662	19,662
Extraordinary Aid				87,212	87,212
On-behalf TPAF Pension System Payments - Normal Cost (Non-Budget)				207,346	207,346
On-behalf TPAF Pension System Payments - NCGI Premium (Non-Budget)				14,918	14,918
On-behalf TPAF Pension System Payments - Post Retirement Medical Contribution (Non-Budget)				352,842	352,842
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	367,406	367,406
Total State Sources	<u>404,942</u>	<u>-</u>	<u>404,942</u>	<u>1,454,328</u>	<u>1,049,386</u>
Federal Sources					
ARRA/SEMI	-	-	-	292	292
Total Federal Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>292</u>	<u>292</u>
Total Revenues	<u>9,094,863</u>	<u>-</u>	<u>9,094,863</u>	<u>10,162,799</u>	<u>1,067,936</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	348,246	\$ 7,530	355,776	378,616	(22,840)
Grades 1-5	1,563,595	(46,579)	1,517,016	1,465,527	51,489
Grades 6-8	1,034,156	82,642	1,116,798	1,072,516	44,282
Regular Program - Home Instruction					
Salaries of Teachers	1,000	1,295	2,295	6,795	(4,500)
Regular Programs - Undistributed Instruction					
Purchased Professional/Educational Services	-	2,576	2,576	2,576	-
Purchased Technical Services	36,350	(2,175)	34,175	35,032	(857)
Other Purchased Services	-	12,037	12,037	12,037	-
General Supplies	57,018	23,097	80,115	84,764	(4,649)
Textbooks	10,000	21,711	31,711	31,711	-
Total Regular Programs	<u>3,050,365</u>	<u>102,134</u>	<u>3,152,499</u>	<u>3,089,574</u>	<u>62,925</u>

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	\$ 160,094	\$ 13,000	\$ 173,094	\$ 170,927	\$ 2,167
Other Salaries for Instruction	43,284	(14,795)	28,489	27,003	1,486
Other Purchased Services	125	-	125	26	99
General Supplies	600	(356)	244	244	-
Total Learning and/or Language Disabilities	<u>204,103</u>	<u>(2,151)</u>	<u>201,952</u>	<u>198,200</u>	<u>3,752</u>
Multiple Disabilities					
Salaries of Teachers	157,285	107,074	264,359	273,613	(9,254)
Other Salaries for Instruction	239,629	99,000	338,629	336,071	2,558
Purchased Professional-Educational Services	25,000	(230)	24,770	29,656	(4,886)
Other Purchased Services	125	-	125	86	39
General Supplies	600	(2)	598	581	17
Total Multiple Disabilities	<u>422,639</u>	<u>205,842</u>	<u>628,481</u>	<u>640,007</u>	<u>(11,526)</u>
Special Education					
Resource Room					
Salaries of Teachers	394,103	(100,038)	294,065	281,408	12,657
Other Purchased Services	125	-	125	8	117
General Supplies	1,200	226	1,426	1,426	-
Total Resource Room	<u>395,428</u>	<u>(99,812)</u>	<u>295,616</u>	<u>282,842</u>	<u>12,774</u>
Preschool Disabilities - Part-Time					
Salaries of Teachers	51,855	5,760	57,615	55,329	2,286
Other Salaries for Instruction	45,676	(45,676)	-	-	-
Purchased Professional-Educational Services	15,000	-	15,000	14,999	1
Other Purchased Services	75	-	75	20	55
General Supplies	300	(81)	219	219	-
Total Preschool Disabilities - Part-Time	<u>112,906</u>	<u>(39,997)</u>	<u>72,909</u>	<u>70,567</u>	<u>2,342</u>
Special Education					
Home Instruction					
Salaries of Teachers	1,000	(1,000)	-	-	-
Total Preschool Disabilities - Part-Time	<u>1,000</u>	<u>(1,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Special Education	<u>1,136,076</u>	<u>62,882</u>	<u>1,198,958</u>	<u>1,191,616</u>	<u>7,342</u>

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Basic Skills/Remedial					
Salaries of Teachers	\$ 127,875	\$ 1,676	\$ 129,551	\$ 217,541	\$ (87,990)
General Supplies	600	(182)	418	418	-
Total Basic Skills/Remedial	<u>128,475</u>	<u>1,494</u>	<u>129,969</u>	<u>217,959</u>	<u>(87,990)</u>
Bilingual Education					
General Supplies	100	(100)	-	-	-
Total Bilingual Education	<u>100</u>	<u>(100)</u>	<u>-</u>	<u>-</u>	<u>-</u>
School Sponsored Cocurricular Activities					
Salaries	20,000	3,499	23,499	52,542	(29,043)
Total School Sponsored Cocurricular Activities	<u>20,000</u>	<u>3,499</u>	<u>23,499</u>	<u>52,542</u>	<u>(29,043)</u>
Total Instruction	<u>4,335,016</u>	<u>169,909</u>	<u>4,504,925</u>	<u>4,551,691</u>	<u>(46,766)</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State-Regular	-	-	-	7,712	(7,712)
Tuition to Other LEAs Within the State-Special	81,168	(6,557)	74,611	52,472	22,139
Tuition to CSSD & Reg. Day Schools	155,710	6,557	162,267	157,782	4,485
Tuition to Priv. Sch. for the Handicap Within the State	159,787	97,911	257,698	419,392	(161,694)
Total Undistributed Expenditures - Instruction	<u>396,665</u>	<u>97,911</u>	<u>494,576</u>	<u>637,358</u>	<u>(142,782)</u>
Attendance & Social Work					
Other Purchased Services	16,543	(2,576)	13,967	10,365	3,602
Total Attendance & Social Work	<u>16,543</u>	<u>(2,576)</u>	<u>13,967</u>	<u>10,365</u>	<u>3,602</u>
Health Services					
Salaries	126,380	22,158	148,538	143,441	5,097
Purchased Professional and Technical Services	1,000	(1,000)	-	-	-
Other Purchased Services	100	(89)	11	6	5
Supplies and Materials	2,000	127	2,127	2,182	(55)
Other Objects	250	3	253	253	-
Total Health Services	<u>129,730</u>	<u>21,199</u>	<u>150,929</u>	<u>145,882</u>	<u>5,047</u>
Speech, OT, PT and Related Services					
Salaries	206,112	(6,789)	199,323	198,234	1,089
Purchased Services	500	-	500	19,875	(19,375)
Supplies and Materials	600	1,433	2,033	1,990	43
Other Objects	500	(500)	-	-	-
Total Speech, OT, PT and Related Services	<u>207,712</u>	<u>(5,856)</u>	<u>201,856</u>	<u>220,099</u>	<u>(18,243)</u>

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Other Support Serv. Students - Extra. Svcs.					
Salaries	\$ 57,839	\$ (57,839)	-	-	-
Purchased Professional-Educational Services	66,000	(130)	\$ 65,870	\$ 136,919	\$ (71,049)
Supplies and Materials	500	(333)	167	150	17
Total Other Support Serv. Students - Extra Svcs.	<u>124,339</u>	<u>(58,302)</u>	<u>66,037</u>	<u>137,069</u>	<u>(71,032)</u>
Guidance					
Salaries of Other Professional Staff	57,030	6,939	63,969	63,269	700
Total Guidance	<u>57,030</u>	<u>6,939</u>	<u>63,969</u>	<u>63,269</u>	<u>700</u>
Child Study Teams					
Salaries of Other Professional Staff	240,996	19,067	260,063	255,913	4,150
Purchased Professional - Educational Services	8,500	(7,787)	713	713	-
Other Purchased Prof. and Tech. Services	1,000	2,913	3,913	6,360	(2,447)
Misc. Purchased Services	200	(180)	20	20	-
Supplies and Materials	750	127	877	870	7
Other Objects	1,200	80	1,280	1,280	-
Total Child Study Teams	<u>252,646</u>	<u>14,220</u>	<u>266,866</u>	<u>265,156</u>	<u>1,710</u>
Improvement of Instructional Services					
Supervisor	-	50,400	50,400	50,400	-
Other Salaries	2,000	(1,478)	522	-	522
Purchased Professional - Educational Services	2,500	-	2,500	1,983	517
Supplies and Materials	-	1,475	1,475	1,475	-
Other Objects	-	1,130	1,130	1,130	-
Total Improvement of Instructional Services	<u>4,500</u>	<u>51,527</u>	<u>56,027</u>	<u>54,988</u>	<u>1,039</u>
Educational Media Services/School Library					
Salaries	148,189	21,236	169,425	164,537	4,888
Purchased Professional and Technical Services	16,750	-	16,750	18,203	(1,453)
Other Purchased Services	-	-	-	-	-
Supplies and Materials	1,800	-	1,800	1,800	-
Other Objects	-	-	-	-	-
Total Educational Media Serv./School Library	<u>166,739</u>	<u>21,236</u>	<u>187,975</u>	<u>184,540</u>	<u>3,435</u>
Staff Training Services					
Purchased Professional/Educational Services	10,500	(2,028)	8,472	6,518	1,954
Total Staff Training Services	<u>10,500</u>	<u>(2,028)</u>	<u>8,472</u>	<u>6,518</u>	<u>1,954</u>

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Support Services General Administration					
Salaries	\$ 195,665	\$ 500	\$ 196,165	\$ 196,127	\$ 38
Legal Services	40,000	-	40,000	113,163	(73,163)
Audit Fees	23,000	4,415	27,415	31,543	(4,128)
Purchased Technical Services	4,500	1,005	5,505	6,980	(1,475)
Communications/Telephone	25,000	7,530	32,530	32,802	(272)
BOE Other Purchase Services	3,000	(2,752)	248	248	-
Miscellaneous Purchased Services	23,137	(10,893)	12,244	12,244	-
General Supplies	1,000	60	1,060	1,060	-
Miscellaneous Expenditures	2,000	3,577	5,577	5,577	-
BOE Membership Dues and Fees	5,000	(60)	4,940	4,816	124
Total Support Services General Administration	322,302	3,382	325,684	404,560	(78,876)
Support Services School Administration					
Salaries of Principal/Asst. Principals	273,646	-	273,646	327,900	(54,254)
Salaries of Secretarial and Clerical Assistants	61,414	(21,152)	40,262	39,190	1,072
Purchased Professional/Tech. Services	2,000	(1,000)	1,000	941	59
Other Purchased Services	1,000	(230)	770	44	726
Supplies and Materials	1,000	664	1,664	2,036	(372)
Other Objects	3,600	2,664	6,264	6,227	37
Total Support Services School Administration	342,660	(19,054)	323,606	376,338	(52,732)
Central Services					
Salaries	161,688	1,725	163,413	163,400	13
Purchased Professional Services	29,050	-	29,050	47,399	(18,349)
Purchased Technical Services	5,000	1,300	6,300	6,400	(100)
Misc. Purchased Services	4,700	6,381	11,081	12,916	(1,835)
Supplies and Materials	1,000	-	1,000	835	165
Miscellaneous Expenditures	1,800	119	1,919	1,919	-
Total Central Services	203,238	9,525	212,763	232,869	(20,106)
Administration Information Technology					
Purchased Technical Services	61,750	(34,158)	27,592	73,619	(46,027)
Total Administration Information Technology	61,750	(34,158)	27,592	73,619	(46,027)
Required Maintenance for School Facilities					
Salaries	86,279	(14,148)	72,131	69,619	2,512
Cleaning, Repair and Maint. Serv.	29,000	259	29,259	35,517	(6,258)
General Supplies	10,000	139	10,139	10,183	(44)
Total Required Maintenance for School Facilities	125,279	(13,750)	111,529	115,319	(3,790)

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Other Operation and Maintenance of Plant					
Salaries	\$ 147,536	\$ 17,584	\$ 165,120	\$ 153,252	\$ 11,868
Purchased Prof. And Technical Serv.	10,500	206	10,706	10,706	-
Cleaning, Repair and Maintenance	25,500	1,370	26,870	27,489	(619)
Other Purchased Property Services	5,000	3,517	8,517	9,042	(525)
Insurance	69,010	5,137	74,147	81,867	(7,720)
General Supplies	25,000	16,418	41,418	42,358	(940)
Energy (Electricity)	155,000	4,000	159,000	200,017	(41,017)
Energy (Natural Gas)	50,000	-	50,000	49,991	9
Total Other Operation and Maintenance of Plant	<u>487,546</u>	<u>48,232</u>	<u>535,778</u>	<u>574,722</u>	<u>(38,944)</u>
Security					
General Supplies	5,000	(2,157)	2,843	56	2,787
Total Security	<u>5,000</u>	<u>(2,157)</u>	<u>2,843</u>	<u>56</u>	<u>2,787</u>
Student Transportation Services					
Salaries of Non-Instructional Aides	5,554	(485)	5,069	-	5,069
Salaries for Pupil Transportation (Between Home and School) - Regular	5,248	(3,800)	1,448	1,441	7
Salaries for Pupil Transportation (Between Home and School) - Special	45,238	2,216	47,454	45,429	2,025
Management fees- ESC & CTSA Transportation	4,500	9,247	13,747	-	13,747
Cleaning, Repair and Maintenance Services	5,000	(4,385)	615	1,682	(1,067)
Contract Services -(Bet. Home and School) Vend.	70,000	(10,599)	59,401	57,121	2,280
Contracted Serv.-(Bet. Home and Sch.) Joint Agr.	98,000	2,522	100,522	100,522	-
Contracted Services (Spl. Ed. Students) - ESCs & CTS	120,000	3,365	123,365	208,071	(84,706)
Other Objects	500	(150)	350	350	-
Total Student Transportation Services	<u>354,040</u>	<u>(2,069)</u>	<u>351,971</u>	<u>414,616</u>	<u>(62,645)</u>
Unallocated Benefits - Employee Benefits					
Social Security Contributions	75,000	8,038	83,038	81,943	1,095
Other Retirement Contributions-PERS	78,577	-	78,577	70,917	7,660
Other Retirement Contributions-DCRP	-	-	-	23,039	(23,039)
Unemployment Compensation	20,000	-	20,000	-	20,000
Workmen's Compensation	63,661	(13,492)	50,169	50,117	52
Health Benefits	1,455,776	(69,902)	1,385,874	1,312,991	72,883
Tuition Reimbursement	15,000	-	15,000	17,208	(2,208)
Other Employee Benefits	30,100	(6,800)	23,300	7,620	15,680
Total Unallocated Benefits - Employee Benefits	<u>1,738,114</u>	<u>(82,156)</u>	<u>1,655,958</u>	<u>1,563,835</u>	<u>92,123</u>
On-behalf TPAF Pension System Payments -					
Normal Cost (Non-Budget)	-	-	-	207,346	(207,346)
On-behalf TPAF Pension System Payments - NCGI Premium (Non-Budget)	-	-	-	14,918	(14,918)
On-behalf TPAF Pension System Payments - Post Retirement Medical Contribution (Non-Budget)	-	-	-	352,842	(352,842)
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	367,406	(367,406)
Total Undistributed Expenditures	<u>5,006,333</u>	<u>52,065</u>	<u>5,058,398</u>	<u>6,423,690</u>	<u>(1,365,292)</u>
Total Expenditures - Current Expenditures	<u>9,341,349</u>	<u>221,974</u>	<u>9,563,323</u>	<u>10,975,381</u>	<u>(1,412,058)</u>

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CAPITAL OUTLAY					
Facilities Acquisition and Construction Services					
Required Maintenance for School Facilities		\$ 38,395	\$ 38,395	\$ 39,545	\$ (1,150)
Assessment for Debt Service on SDA Funding	\$ 86,676	-	86,676	86,676	-
Total Capital Outlay	<u>86,676</u>	<u>38,395</u>	<u>125,071</u>	<u>126,221</u>	<u>(1,150)</u>
Total Expenditures	<u>9,428,025</u>	<u>260,369</u>	<u>9,688,394</u>	<u>11,101,602</u>	<u>(1,413,208)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(333,162)</u>	<u>(260,369)</u>	<u>(593,531)</u>	<u>(938,803)</u>	<u>(345,272)</u>
Other Finance Sources					
Capital Lease Proceeds					-
Fund Balance, Beginning of Year	<u>986,683</u>	<u>-</u>	<u>986,683</u>	<u>986,683</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 653,521</u>	<u>\$ (260,369)</u>	<u>\$ 393,152</u>	<u>\$ 47,880</u>	<u>\$ (345,272)</u>
Recapitulation of Fund Balance					
Restricted					
Capital Reserve				\$ 11,708	
Maintenance Reserve				45,000	
Maintenance Reserve - Designated for Subsequent Year's Expenditures				30,000	
Excess Surplus - Designated for Subsequent Year's Expenditures				44,488	
Assigned					
Year-End Encumbrances				9,456	
ARRA/SEMI - Designated for Subsequent Year's Expenditures				292	
Unassigned				<u>(93,064)</u>	
Reconciliation to Governmental Funds Statements (GAAP):				47,880	
Less: Final State Aid Payments Not Recognized on GAAP Basis				<u>(104,144)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ (56,264)</u>	

EXHIBIT C-1a

**NORTH HALEDON BOARD OF EDUCATION
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

NOT APPLICABLE

EXHIBIT C-1b

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

NOT APPLICABLE

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
State	32,529	\$ (9,145)	\$ 23,384	\$ 4,978	\$ (18,406)
Federal	\$ 191,768	142,918	334,686	303,406	(31,280)
Total Revenues	<u>224,297</u>	<u>133,773</u>	<u>358,070</u>	<u>308,384</u>	<u>(49,686)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	41,885	43,115	85,000	65,800	19,200
Salaries of Other Professional Staff	4,786	-	4,786	4,786	4,786
Other Purchased Services	135,045	60,815	195,860	198,233	(2,373)
Purchased Professional/Educational Services	23,102	(9,145)	13,957	4,978	8,979
General Supplies	4,641	11,329	15,970	6,250	9,720
Total Instruction	<u>209,459</u>	<u>106,114</u>	<u>315,573</u>	<u>275,261</u>	<u>40,312</u>
Support Services					
Personnel Services - Employee Benefits		22,100	22,100	14,213	7,887
Purchased Professional/Educational Services	14,838	(341)	14,497	13,010	1,487
Supplies and Materials	-	5,900	5,900	5,900	-
Total Support Services	<u>14,838</u>	<u>27,659</u>	<u>42,497</u>	<u>33,123</u>	<u>9,374</u>
Total Expenditures	<u>224,297</u>	<u>133,773</u>	<u>358,070</u>	<u>308,384</u>	<u>49,686</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 HALEDON BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 10,162,799	(C-2) \$ 308,384
State Aid and Extraordinary Aid payment recognized for GAAP purposes, not recognized for Budgetary statements (2013/2014)	120,993	
State Aid and Extraordinary Aid payment recognized for budgetary purposes, not recognized for GAAP statements (2014/2015)	<u>(104,144)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 10,179,648</u>	<u>\$ 308,384</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ 11,101,602	(C-2) \$ 308,384
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 11,101,602</u>	<u>\$ 308,384</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

Public Employees Retirement System

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

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.00847%	0.00874%
District's Proportionate Share of the Net Pension Liability (Asset)	\$1,586,487	\$1,669,852
District's Covered-Employee Payroll	\$ 581,943	\$ 594,157
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	273%	281%
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 HALEDON BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS**

Public Employees Retirement System

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

	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 70,917	\$ 78,025
Contributions in Relation to the Contractually Required Contribution	<u>69,855</u>	<u>65,833</u>
Contribution Deficiency (Excess)	<u>\$ 1,062</u>	<u>\$ 12,192</u>
District's Covered-Employee Payroll	\$ 581,943	\$ 594,157
Contributions as a Percentage of Covered-Employee Payroll	12%	13%

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

Teachers Pension and Annuity Fund

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

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%
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>\$ 23,029,519</u>	<u>\$ 22,317,128</u>
Total	<u>\$ 23,029,519</u>	<u>\$ 22,317,128</u>
District's Covered-Employee Payroll	\$ 3,970,763	\$ 4,303,312
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 HALEDON 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 HALEDON 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 I</u>	<u>NCLB Title II A</u>	<u>NCLB Title III</u>	<u>IDEIA Part B, Basic</u>	<u>IDEIA Part B, Preschool</u>	<u>NonPublic Technology</u>	<u>Compensatory Education</u>	<u>Total Exhibit E-1a</u>	<u>Total 2015</u>
REVENUES									
Intergovernmental									
State									
Federal	\$ 80,135	\$ 14,010	-	\$ 193,131	\$ 16,130	-	\$ 2,687	\$ 2,291	\$ 4,978
									\$ 303,406
Total Revenues	\$ 80,135	\$ 14,010	\$ -	\$ 193,131	\$ 16,130	\$ -	\$ 2,687	\$ 2,291	\$ 308,384
EXPENDITURES									
Instruction									
Salaries of Teachers	\$ 65,800								\$ 65,800
Other Purchased Services				\$ 182,103	\$ 16,130				198,233
Purchased Professional/Educational Services							\$ 2,687	\$ 2,291	4,978
General Supplies	122	-	-	6,128	-	-	-	-	6,250
Total Instruction	65,922	-	-	188,231	16,130	-	2,687	2,291	275,261
Support Services									
Personnel Services - Employee Benefits	14,213								14,213
Purchased Professional/Educational Services		\$ 13,010							13,010
Supplies and Material	-	1,000	-	4,900	-	-	-	-	5,900
Total Support Services	14,213	14,010	-	4,900	-	-	-	-	33,123
Facilities Acquisition and Construction									
Non - Instructional Equipment	-	-	-	-	-	-	-	-	-
Total Facilities Acq. and Construction	-	-	-	-	-	-	-	-	-
Transfer to Charter School	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 80,135	\$ 14,010	\$ -	\$ 193,131	\$ 16,130	\$ -	\$ 2,687	\$ 2,291	\$ 308,384

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

	<u>Initial Exam. & Class.</u>	<u>Supple - mental Instruction</u>	<u>ESL</u>	<u>Exhibit E-1a Total 2015</u>
REVENUES				
Intergovernmental State	\$ 722	\$ 1,569	-	\$ 2,291
 Total Revenues	<u>\$ 722</u>	<u>\$ 1,569</u>	<u>\$ -</u>	<u>\$ 2,291</u>
 EXPENDITURES				
Instruction				
Purchased Professional/Educational Services	\$ 722	\$ 1,569	-	\$ 2,291
 Total Instruction	<u>722</u>	<u>1,569</u>	<u>-</u>	<u>2,291</u>
 Total Expenditures	<u>\$ 722</u>	<u>\$ 1,569</u>	<u>\$ -</u>	<u>\$ 2,291</u>

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

NOT APPLICABLE

CAPITAL PROJECTS FUND

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

<u>Project Description</u>	<u>Appropriation</u>	<u>Expenditures to Date</u>		<u>Balance, June 30, 2015</u>
		<u>Prior Years</u>	<u>Current Year</u>	
High Mountain School Expansion	\$ 11,987,451	\$ 11,972,181		\$ 15,270
Construction of Memorial School	<u>18,355,107</u>	<u>18,269,773</u>	\$ -	<u>85,334</u>
	<u>\$ 30,342,558</u>	<u>\$ 30,241,954</u>	<u>\$ -</u>	<u>\$ 100,604</u>
Appropriation Balance June 30, 2015				\$ 100,604
Less: Bond Authorizations Not Issued				<u>283</u>
Fund Balance, GAAP Basis				<u>\$ 100,321</u>

**NORTH HALEDON 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

Interest on Investments	-
Total Revenues and Other Financing Sources	-

EXPENDITURES AND OTHER FINANCING USES

Construction Costs	-
Total Expenditures and Other Financing Uses	-

Other Financing Sources (Uses)

Transfers Out	-
---------------	---

Net Changes in Fund Balance

-

Fund Balance, Beginning of Year

\$ 100,321

Fund Balance, End of Year

\$ 100,321

Reconciliation to GAAP:

Fund Balance - Budgetary Basis	\$ 100,321
Less - SCC Grant Revenue not realized on GAAP Basis	-

Fund Balance - GAAP Basis

\$ 100,321

**NORTH HALEDON BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
HIGH MOUNTAIN EXPANSION
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Bond Proceeds	\$ 8,775,528		\$ 8,775,528	
SCC Grant Proceeds	3,211,640	-	3,211,640	-
Total Revenues	11,987,168	-	11,987,168	-
EXPENDITURES AND OTHER FINANCING SOURCES				
Construction Costs	9,688,620		9,688,620	
Purchased Professional and Technical Services	2,283,561	-	2,283,561	-
Total Expenditures and Other Financing Uses	11,972,181	-	11,972,181	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 14,987	\$ -	\$ 14,987	\$ -
Additional Project Information:				
Project Number	3640-050-05-1000			
Grant Date	01/18/2005			
Bond Authorization Date	09/27/2005			
Bonds Authorized	\$ 8,775,811			
Bonds Issued	8,775,528			
SCC Grant Authorized	3,211,640			
Original Authorized Cost	11,987,451			
Additional Authorized Cost	-			
Revised Authorized Cost	11,987,451			
Percentage Increase Over Original				
Authorized Cost	0.00%			
Percentage Completion	100.00%			
Original Target Completion Date	2008			
Revised Target Completion Date	N/A			

**NORTH HALEDON BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
CONSTRUCTION OF MEMORIAL SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Bond Proceeds and Transfers	\$ 15,059,472		\$ 15,059,472	
SCC Grant Proceeds	<u>3,295,635</u>	<u>-</u>	<u>3,295,635</u>	<u>-</u>
Total Revenues	18,355,107	-	18,355,107	-
EXPENDITURES AND OTHER FINANCING SOURCES				
Construction Costs	16,627,472	-	16,627,472	
Purchased Professional and Technical Services	<u>1,642,301</u>	<u>-</u>	<u>1,642,301</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>18,269,773</u>	<u>-</u>	<u>18,269,773</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 85,334</u>	<u>\$ -</u>	<u>\$ 85,334</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	3640-060-05-1000			
Grant Date	04/25/2005			
Bond Authorization Date	09/27/2005			
Bonds Authorized	\$ 15,059,472			
Bonds Issued	15,059,472			
SCC Grant Authorized	3,295,635			
Original Authorized Cost	18,355,107			
Additional Authorized Cost	-			
Revised Authorized Cost	18,355,107			
Percentage Increase Over Original				
Authorized Cost	0.00%			
Percentage Completion	100.00%			
Original Target Completion Date	2008			
Revised Target Completion Date	N/A			

ENTERPRISE FUND

EXHIBIT G-1

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

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

EXHIBIT G-2

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

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

EXHIBIT G-3

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

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

FIDUCIARY FUNDS

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

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 74,378	\$ 16,677	\$ 91,055
Total Assets	<u>\$ 74,378</u>	<u>\$ 16,677</u>	<u>\$ 91,055</u>
LIABILITIES			
Accrued Salaries and Wages		\$ 16,677	\$ 16,677
Due to Student Groups	<u>\$ 74,378</u>	<u>-</u>	<u>74,378</u>
Total Liabilities	<u>\$ 74,378</u>	<u>\$ 16,677</u>	<u>\$ 91,055</u>

**NORTH HALEDON 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>
High Mountain School	\$ 72,100	\$ 65,636	\$ 63,358	\$ 74,378
Total	<u>\$ 72,100</u>	<u>\$ 65,636</u>	<u>\$ 63,358</u>	<u>\$ 74,378</u>

NORTH HALEDON 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	\$ 2,926	\$ 3,006,178	\$ 3,009,104	
Accrued Salaries and Wages	<u>2,736</u>	<u>3,895,526</u>	<u>3,881,585</u>	\$ <u>16,677</u>
 Total	 <u>\$ 5,662</u>	 <u>\$ 6,901,704</u>	 <u>\$ 6,890,689</u>	 <u>\$ 16,677</u>

LONG-TERM DEBT

**NORTH HALEDON BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2014</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2015</u>
			<u>Date</u>	<u>Amount</u>					
Refunding School Bonds - 2015	2/5/2015	\$ 7,240,000	2/15/2017	\$ 785,000	3.000%		\$ 7,240,000		\$ 7,240,000
			2/15/2018	815,000	4.000%				
			2/15/2028	1,320,000					
			2/15/2029	1,380,000					
			2/15/2030	1,440,000					
			2/15/2031	1,500,000					
Refunding School Bonds - 2014	6/25/2014	9,595,000	2/15/2019	875,000	4.000%	\$ 9,595,000		\$ 115,000	9,480,000
			2/15/2020	920,000					
			2/15/2021	960,000					
			2/15/2022	1,000,000					
			2/15/2023	1,045,000					
			2/15/2024	1,095,000					
			2/15/2025	1,145,000					
			2/15/2026	1,195,000					
			2/15/2027	1,245,000					
General Improvements - 2005	1/15/2006	23,835,000	2/15/2016	785,000	4.250%	9,100,000	-	8,315,000	785,000
						<u>\$ 18,695,000</u>	<u>\$ 7,240,000</u>	<u>\$ 8,430,000</u>	<u>\$ 17,505,000</u>
							Paid	\$ 865,000	
							Refunded	<u>7,565,000</u>	
								<u>\$ 8,430,000</u>	

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

<u>Issue</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2014</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2015</u>
Wireless Access Point Project - Purchase of Computers	1.860%	306,000	<u>256,000</u>	<u>\$ -</u>	<u>\$ 49,330</u>	<u>\$ 206,670</u>
			<u>\$ 256,000</u>	<u>\$ -</u>	<u>\$ 49,330</u>	<u>\$ 206,670</u>

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

REVENUES	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Local Sources					
Local Tax Levy	\$ 1,570,206		\$ 1,570,206	\$ 1,570,206	
Interest	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	1,570,206	-	1,570,206	1,570,206	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES					
Regular Debt Service					
Redemption of Principal	750,000	115,000	865,000	865,000	
Interest	820,206	(115,000)	705,206	636,783	\$ 68,423
Cost of Issuance on Refunded Bonds	-	-	-	114,092	(114,092)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	1,570,206	-	1,570,206	1,615,875	(45,669)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	(45,669)	(45,669)
Other Finance Sources					
Payment to Refunded Bond Escrow Agent				(7,881,087)	(7,881,087)
Refunding Bond Proceeds				7,240,000	7,240,000
Premium on Issuance of Refunding Bonds	-	-	-	755,179	755,179
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net Change in Fund Balance	-	-	-	68,423	68,423
Fund Balance, Beginning of Year	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ 68,423	\$ 68,423
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

STATISTICAL SECTION

This part of the North Haledon 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 HALEDON BOARD OF EDUCATION
NET POSITION BY COMPONENT
LAST NINE FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014 (1)	2015
Governmental Activities									
Invested In Capital Assets, Net Of Related Debt	\$ 1,125,472	\$ 6,426,750	\$ 7,059,255	\$ 7,024,823	\$ 7,085,305	\$ 7,153,804	\$ 7,113,412	\$ 6,992,009	\$ 6,957,936
Restricted	990,285	875,431	600,270	229,270	98,270	103	125,103	125,103	86,708
Unrestricted	255,907	(138,175)	34,031	469,683	193,003	346,165	347,474	(1,479,309)	(2,354,521)
Total Governmental Activities Net Position	<u>\$ 2,371,664</u>	<u>\$ 7,164,006</u>	<u>\$ 7,693,556</u>	<u>\$ 7,723,776</u>	<u>\$ 7,376,578</u>	<u>\$ 7,500,072</u>	<u>\$ 7,585,989</u>	<u>\$ 5,637,803</u>	<u>\$ 4,690,123</u>
Business-Type Activities									
Invested In Capital Assets, Net Of Related Debt	\$ 12,600	\$ 32,889	\$ 57,154	\$ 51,322	\$ 65,976	\$ 56,901	\$ 45,775	\$ 34,650	\$ 23,610
Restricted									
Unrestricted	121,579	127,829	124,442	158,140	73,719	41,039	12,120	(12,429)	(15,746)
Total Business-Type Activities Net Position	<u>\$ 134,179</u>	<u>\$ 160,718</u>	<u>\$ 181,596</u>	<u>\$ 209,462</u>	<u>\$ 139,695</u>	<u>\$ 97,940</u>	<u>\$ 57,895</u>	<u>\$ 22,221</u>	<u>\$ 7,864</u>
District-Wide									
Invested In Capital Assets, Net Of Related Debt	\$ 1,138,072	\$ 6,459,639	\$ 7,116,409	\$ 7,076,145	\$ 7,151,281	\$ 7,210,705	\$ 7,159,187	\$ 7,026,659	\$ 6,981,546
Restricted	990,285	875,431	600,270	229,270	98,270	103	125,103	125,103	86,708
Unrestricted	377,486	(10,346)	158,473	627,823	266,722	387,204	359,594	(1,491,738)	(2,370,267)
Total District Net Position	<u>\$ 2,505,843</u>	<u>\$ 7,324,724</u>	<u>\$ 7,875,152</u>	<u>\$ 7,933,238</u>	<u>\$ 7,516,273</u>	<u>\$ 7,598,012</u>	<u>\$ 7,643,884</u>	<u>\$ 5,660,024</u>	<u>\$ 4,697,987</u>

Note:

GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2004 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

Note 1: Net Position at June 30, 2014 is restated to reflect the implementation of GASB Statement No. 68, "Accounting and Financial Reporting For Pensions".

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses									
Governmental Activities									
Instruction									
Regular	\$ 3,545,480	\$ 3,498,492	\$ 4,493,765	\$ 4,536,548	\$ 4,535,027	\$ 4,733,315	\$ 5,124,145	\$ 5,103,149	\$ 5,947,818
Special Education	1,829,284	1,966,009	1,752,199	1,887,519	2,016,580	1,710,074	1,801,800	1,979,775	2,762,282
Other Instruction	206,673	238,398	167,480	168,557	193,059	232,737	162,896	384,414	357,066
School Sponsored Activities and Athletics	40,595	28,033	29,019	50,895	29,543	57,387	29,372	65,465	86,140
Support Services:									
Student & Instruction Related Services	688,405	857,646	835,291	879,123	1,128,038	1,199,127	1,274,596	1,210,025	1,480,738
School Administrative Services	251,005	132,956	238,083	253,493	267,744	377,641	463,582	570,717	489,071
General Administration	347,857	390,900	366,254	337,125	434,950	424,950	368,848	447,396	671,055
Plant Operations And Maintenance	756,298	610,094	742,729	737,769	765,954	720,879	718,069	797,401	775,744
Pupil Transportation	482,507	529,472	450,771	406,767	369,401	324,312	347,326	323,829	430,908
Other Support Services	-	229,766	249,665	285,569	207,851	239,716	259,826	244,249	297,211
Interest On Long-Term Debt	1,041,286	997,326	973,977	949,486	923,799	896,972	868,789	680,565	724,825
Arbitrage Rebate		300,907							
Total Governmental Activities Expenses	<u>9,189,390</u>	<u>9,779,999</u>	<u>10,299,233</u>	<u>10,492,851</u>	<u>10,871,946</u>	<u>10,917,110</u>	<u>11,419,249</u>	<u>11,806,985</u>	<u>14,022,858</u>
Business-Type Activities:									
Food Service	124,798	127,424	163,463	175,031	267,264	247,253	257,753	248,451	227,924
Total Business-Type Activities Expense	<u>124,798</u>	<u>127,424</u>	<u>163,463</u>	<u>175,031</u>	<u>267,264</u>	<u>247,253</u>	<u>257,753</u>	<u>248,451</u>	<u>227,924</u>
Total District Expenses	<u>\$ 9,314,188</u>	<u>\$ 9,907,423</u>	<u>\$ 10,462,696</u>	<u>\$ 10,667,882</u>	<u>\$ 11,139,210</u>	<u>\$ 11,164,363</u>	<u>\$ 11,677,002</u>	<u>\$ 12,055,436</u>	<u>\$ 14,250,782</u>
Program Revenues									
Governmental Activities:									
Charges For Services:									
Special Education	\$ 20,500	\$ 2,151							
Transportation					\$ 16,273	\$ 12,110	\$ 10,490	\$ 5,440	\$ 7,930
Operating Grants And Contributions	1,542,778	1,513,382	\$ 1,306,000	\$ 1,542,717	1,140,296	1,414,664	1,594,056	1,402,879	2,736,150
Capital Grants And Contributions	650,728	4,555,092	976,091		148,304	144,524	-	-	-
Total Governmental Activities Program Revenues	<u>2,214,006</u>	<u>6,070,625</u>	<u>2,282,091</u>	<u>1,542,717</u>	<u>1,304,873</u>	<u>1,571,298</u>	<u>1,604,546</u>	<u>1,408,319</u>	<u>2,744,080</u>
Business-Type Activities:									
Charges For Services:									
Food Service	116,794	123,053	146,562	150,962	143,974	148,394	149,285	139,236	134,076
Operating Grants And Contributions	25,088	30,910	37,779	51,482	53,035	56,932	68,325	73,106	79,430
Total Business Type Activities Program Revenues	<u>141,882</u>	<u>153,963</u>	<u>184,341</u>	<u>202,444</u>	<u>197,009</u>	<u>205,326</u>	<u>217,610</u>	<u>212,342</u>	<u>213,506</u>
Total District Program Revenues	<u>\$ 2,355,888</u>	<u>\$ 6,224,588</u>	<u>\$ 2,466,432</u>	<u>\$ 1,745,161</u>	<u>\$ 1,501,882</u>	<u>\$ 1,776,624</u>	<u>\$ 1,822,156</u>	<u>\$ 1,620,661</u>	<u>\$ 2,957,586</u>
Net (Expense)/Revenue									
Governmental Activities	\$ (6,975,384)	\$ (3,709,374)	\$ (8,017,142)	\$ (8,950,134)	\$ (9,567,073)	\$ (9,345,812)	\$ (9,814,703)	\$ (10,398,666)	\$ (11,278,778)
Business-Type Activities	17,084	26,539	20,878	27,413	(70,255)	(41,927)	(40,143)	(36,109)	(14,418)
Total District-Wide Net Expense	<u>\$ (6,958,300)</u>	<u>\$ (3,682,835)</u>	<u>\$ (7,996,264)</u>	<u>\$ (8,922,721)</u>	<u>\$ (9,637,328)</u>	<u>\$ (9,387,739)</u>	<u>\$ (9,854,846)</u>	<u>\$ (10,434,775)</u>	<u>\$ (11,293,196)</u>

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

	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	\$ 7,477,461	\$ 8,184,427	\$ 8,512,052	\$ 8,892,469	\$ 9,190,961	\$ 9,453,714	\$ 8,154,441	\$ 8,480,231	\$ 8,658,921
Taxes Levied For Debt Service							1,564,706	1,565,594	1,570,206
Unrestricted Grants And Contributions	77,481	75,709	4,547	48,778	11,259		11,309	43,906	60,643
Investment Earnings	1,032,657	241,097	24,025	6,370	5,070	2,799	3,073	2,590	1,500
Miscellaneous Income	6,496	483	6,068	32,737	12,585	12,793	157,091	38,011	39,828
Transfers	-	-	-	-	-	-	-	-	-
Total Governmental Activities	<u>8,594,095</u>	<u>8,501,716</u>	<u>8,546,692</u>	<u>8,980,354</u>	<u>9,219,875</u>	<u>9,469,306</u>	<u>9,890,620</u>	<u>10,130,332</u>	<u>10,331,098</u>
Business-Type Activities:									
Investment Earnings				453	488	172	98	435	61
Transfers	-	-	-	-	-	-	-	-	-
Total Business-Type Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>453</u>	<u>488</u>	<u>172</u>	<u>98</u>	<u>435</u>	<u>61</u>
Total District-Wide	<u>\$ 8,594,095</u>	<u>\$ 8,501,716</u>	<u>\$ 8,546,692</u>	<u>\$ 8,980,807</u>	<u>\$ 9,220,363</u>	<u>\$ 9,469,478</u>	<u>\$ 9,890,718</u>	<u>\$ 10,130,767</u>	<u>\$ 10,331,159</u>
Change In Net Position									
Governmental Activities	\$ 1,618,711	\$ 4,792,342	\$ 529,550	\$ 30,220	\$ (347,198)	\$ 123,494	\$ 75,917	\$ (268,334)	\$ (947,680)
Business-Type Activities	17,084	26,539	20,878	27,866	(69,767)	(41,755)	(40,045)	(35,674)	(14,357)
Total District	<u>\$ 1,635,795</u>	<u>\$ 4,818,881</u>	<u>\$ 550,428</u>	<u>\$ 58,086</u>	<u>\$ (416,965)</u>	<u>\$ 81,739</u>	<u>\$ 35,872</u>	<u>\$ (304,008)</u>	<u>\$ (962,037)</u>

GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2004 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund									
Restricted					\$ 262,326	\$ 230,384	\$ 452,375	\$ 440,519	\$ 131,196
Committed						42,870	-	-	
Assigned					94,227	246,085	195,679	186,297	9,748
Unassigned					270,519	241,466	233,038	238,874	
Reserved	\$ 397,910	\$ 85,028	\$ 228,852	\$ 241,535					
Unreserved	208,996	272,568	307,410	702,655					(197,208)
Total General Fund	<u>\$ 606,906</u>	<u>\$ 357,596</u>	<u>\$ 536,262</u>	<u>\$ 944,190</u>	<u>\$ 627,072</u>	<u>\$ 760,805</u>	<u>\$ 881,092</u>	<u>\$ 865,690</u>	<u>\$ (56,264)</u>
All Other Governmental Funds									
Restricted					\$ 55,797	\$ 100,321	\$ 100,321	\$ 100,321	\$ 168,744
Committed						100,000			
Assigned					98,167				
Unassigned									
Reserved	\$ 12,710,424	\$ 1,678,903	\$ 609,958	\$ 179,618					
Unreserved	(2,008,586)	463,300	487,052	73,520					
Total All Other Governmental Funds	<u>\$ 10,701,838</u>	<u>\$ 2,142,203</u>	<u>\$ 1,097,010</u>	<u>\$ 253,138</u>	<u>\$ 153,964</u>	<u>\$ 200,321</u>	<u>\$ 100,321</u>	<u>\$ 100,321</u>	<u>\$ 168,744</u>

Note:

GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2004 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues									
Tax Levy	\$ 7,477,461	\$ 8,184,427	\$ 8,512,052	\$ 8,892,469	\$ 9,190,961	\$ 9,453,714	\$ 9,719,147	\$ 10,045,825	\$ 10,229,127
Tuition Charges	20,500	2,151							
Transportation Charges					16,273	12,110	10,490	5,440	7,930
Interest Earnings	1,032,657	241,097	24,025	6,371	5,070	2,799	3,073	2,590	1,500
Miscellaneous	6,496	483	6,068	32,737	12,585	49,998	157,091	38,011	39,828
State Sources	2,024,305	5,961,092	2,108,390	1,272,139	1,063,277	1,276,861	1,403,634	1,273,040	1,476,155
Federal Sources	246,682	183,091	178,248	319,356	236,582	245,122	201,731	173,745	303,698
Total Revenue	10,808,101	14,572,341	10,828,783	10,523,072	10,524,748	11,040,604	11,495,166	11,538,651	12,058,238
Expenditures									
Instruction									
Regular Instruction	3,489,716	3,497,653	3,643,226	3,895,504	3,883,305	4,060,662	4,456,183	4,441,761	4,536,697
Special Education Instruction	1,833,473	1,963,907	1,745,097	1,893,782	2,018,014	1,715,338	1,800,465	1,983,170	2,513,597
Other Special Instruction	206,673	238,398	167,480	168,557	193,059	232,737	162,896	384,414	309,791
School-Sponsored Activities and Athletics	40,595	28,033	29,019	31,830	29,543	57,387	29,372	65,465	74,722
Support Services:									
Student & Inst. Related Services	686,598	857,201	819,360	886,950	1,111,794	1,176,230	1,251,699	1,187,628	1,383,590
General Administration	348,229	389,888	356,812	322,066	426,866	389,644	455,498	451,622	545,027
School Administrative Services	245,228	131,870	224,808	244,100	259,982	365,589	356,796	418,161	477,019
Plant Operations And Maintenance	754,154	608,997	717,977	741,421	738,377	699,858	693,549	751,609	751,224
Pupil Transportation	482,507	529,472	447,334	384,592	365,964	320,875	343,889	320,392	427,471
Other Support Services		228,738	249,566	279,110	223,998	239,716	259,826	240,237	297,211
Capital Outlay	13,197,097	13,060,290	1,746,649	557,135	136,458	45,147	100,000	-	39,545
Debt Service:									
Principal	575,000	540,000	565,000	595,000	620,000	650,000	685,000	765,000	914,330
Interest And Other Charges	1,115,045	1,306,839	982,982	958,969	933,681	907,331	879,706	850,594	641,545
Bond Issuance Cost								111,011	114,092
Total Expenditures	22,974,315	23,381,286	11,695,310	10,959,016	10,941,041	10,860,514	11,474,879	11,971,064	13,025,861
Excess (Deficiency) Of Revenues									
Over (Under) Expenditures	(12,166,214)	(8,808,945)	(866,527)	(435,944)	(416,293)	180,090	20,287	(432,413)	(967,623)
Other Financing Sources (Uses)									
Bond Proceeds									
Approved Budget Transfer In			160,180						
Approved Budget Transfer Out			(160,180)						
Transfers In	990,182	214,519	16,019	242,971	774	56	-	-	-
Transfers Out	(990,182)	(214,519)	(16,019)	(242,971)	(774)	(56)	-	-	-
Payments to Refunding Escrow Agent								(10,664,017)	(7,881,087)
Refunding Bonds Proceeds								9,595,000	7,240,000
Premium on Issuance of Refunding Bond								1,180,028	755,179
Capital Leases (Non-Budgeted)								306,000	
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	417,011	114,092
Net Change In Fund Balances	\$ (12,166,214)	\$ (8,808,945)	\$ (866,527)	\$ (435,944)	\$ (416,293)	\$ 180,090	\$ 20,287	\$ (15,402)	\$ (853,531)
Debt Service As A Percentage Of									
Noncapital Expenditures	17.29%	21.78%	21.78%	17.56%	16.79%	16.82%	15.95%	15.60%	13.61%

* Noncapital expenditures are total expenditures less capital outlay.

Note:

GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2004 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**NORTH HALEDON BOARD OF EDUCATION
GENERAL FUND
OTHER LOCAL REVENUE BY SOURCE
LAST TEN YEARS
(Unaudited)**

Fiscal Year Ended June 30,	<u>Tuition</u>	<u>Transportation</u>	<u>Interest on Invest.</u>	<u>Refunds/ Settlements</u>	<u>Misc.</u>	<u>Total</u>
2006	\$ 45,100		\$ 22,237		\$ 29,907	\$ 97,244
2007	20,500		42,475		6,496	69,471
2008	2,151		26,578		483	29,212
2009			8,006		6,068	14,074
2010			3,400		32,737	36,137
2011		\$ 16,273	4,296		12,585	33,154
2012		12,110	2,743	\$ 353	12,440	27,646
2013		10,490	3,073	125,087	32,004	170,654
2014		5,440	2,590		38,011	46,041
2015		7,930	1,500		39,828	49,258

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2006	\$ 4,255,000	\$ 413,740,400	\$ 224,800	\$ 11,800	\$ 17,074,200	\$ 2,147,700	N/A	\$ 437,451,400	\$ 407,893	\$ 437,859,293	\$ 1,489,799,091	\$ 1.71
2007	3,721,600	418,440,600	224,800	9,300	16,998,300	2,147,000	N/A	441,542,300	407,893	441,950,193	1,489,799,091	1.85
2008	3,379,000	422,150,200	224,800	9,300	17,270,300	2,147,700	N/A	445,181,300	393,097	445,574,397	1,574,584,398	1.91
2009	3,204,600	424,852,600	224,800	9,300	18,123,600	2,147,700	N/A	448,562,600	412,748	448,975,348	1,590,496,406	1.98
2010	2,618,100	418,423,900	224,800	9,300	17,729,600	2,147,700	N/A	441,153,400	432,330	441,585,730	1,492,140,716	2.08
2011	2,553,400	419,383,900	224,800	9,300	17,734,900	2,147,700	N/A	442,054,000	371,880	442,425,880	1,417,911,637	2.14
2012	8,720,600	1,106,681,100	571,100	11,100	59,508,400	6,346,700	N/A	1,181,839,000	371,880	1,182,210,880	1,282,934,216	0.82
2013	8,667,100	1,106,157,600	571,100	11,100	58,854,400	6,189,100	N/A	1,180,450,400	889	1,180,451,289	1,282,934,216	0.85
2014	8,934,100	1,106,531,400	571,100	11,100	58,585,000	6,049,600	N/A	1,180,682,300	915	1,180,683,215	1,335,237,800	0.87
2015	8,902,400	1,108,014,700	571,100	11,100	58,167,300	5,268,600	N/A	1,180,935,200	908	1,180,936,108	1,302,643,635	0.87

Source: County Abstract of Ratables

^a Tax rates are per \$100

**NORTH HALEDON BOARD OF EDUCATION
PROPERTY TAX RATES
PER \$100 OF ASSESSED VALUATION
LAST TEN YEARS
(UNAUDITED)**

<u>Calendar Year</u>	<u>North Haledon School District</u>	<u>Manchester School District</u>	<u>North Haledon Borough</u>	<u>Passaic County</u>	<u>Total</u>
2006	\$ 1.71	\$ 0.79	\$ 1.52	\$ 1.64	\$ 5.66
2007	1.85	0.73	1.55	1.67	5.80
2008	1.91	0.64	1.73	1.79	6.07
2009	1.98	0.64	1.80	1.79	6.21
2010	2.08	0.66	1.99	1.80	6.53
2011	2.14	0.66	2.01	1.85	6.66
2012	0.82	0.26	0.80	0.69	2.57
2013	0.85	0.31	0.81	0.76	2.73
2014	0.87	0.26	0.82	0.77	2.72
2015	0.87	0.22	0.85	0.84	2.78

Source: Tax Duplicate

* The Borough undertook a revaluation.

**NORTH HALEDON 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
K. Hovnanian at North Haledon			\$ 4,840,000	1.10%
High Mountain Realty/Kennedy	\$ 7,840,000	0.66%	1,646,200	0.37%
Sicomac Realty LLC & Rosehall Rlty LLC	4,579,000	0.39%		
535 Associates, LLC	4,225,000	0.36%		
1243 Belmont Ave. Corp.	4,013,100	0.34%		
High Mountain Realty Group, LLC	3,674,000	0.31%		
William Tanis Sr.	3,031,100	0.26%		
920 Belmont Acquisition, LLC	3,005,400	0.25%		
Hofer Heights, LLC	2,839,100	0.24%		
NJTT Realty, LLC	2,302,400	0.20%		
Overlook Properties LLC	2,143,500	0.18%		
Danza Group VII			1,622,200	0.37%
Summit Point Developers			1,430,000	0.33%
1243 Belmont Ave. Corp			1,360,100	0.32%
Hofer Heights			1,201,600	0.27%
High Mountain Rlty			1,076,700	0.24%
NJTT, LLC			722,200	0.16%
Hudson United Bank			695,000	0.160%
	<u>\$ 37,652,600</u>	<u>3.19%</u>	<u>\$ 14,594,000</u>	<u>3.32%</u>

Source - Municipal Tax Assessor

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

Fiscal Year Ended June 30,	School Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2006	\$ 6,036,742	\$ 6,036,742	100.00%	-
2007	7,477,461	7,477,461	100.00%	-
2008	8,184,427	8,184,427	100.00%	-
2009	8,512,052	8,512,052	100.00%	-
2010	8,892,469	8,892,469	100.00%	-
2011	9,190,961	9,190,961	100.00%	-
2012	9,453,714	9,453,714	100.00%	-
2013	9,719,147	9,719,147	100.00%	-
2014	10,045,825	9,339,139	92.96%	\$ 706,686
2015	10,229,127	10,229,127	100.00%	-

**NORTH HALEDON BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST NINE FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2007	\$ 23,320,000	N/A	N/A	N/A	N/A	\$ 23,320,000	8,843	\$ 2,570	
2008	22,780,000	N/A	N/A	N/A	N/A	22,780,000	8,851	2,574	
2009	22,215,000	N/A	N/A	N/A	N/A	22,215,000	8,897	2,497	
2010	21,620,000	N/A	N/A	N/A	N/A	21,620,000	8,423	2,567	
2011	21,000,000	N/A	N/A	N/A	N/A	21,000,000	8,432	2,491	
2012	20,350,000	N/A	N/A	N/A	N/A	20,350,000	8,442	2,411	
2013	19,665,000	N/A	N/A	N/A	N/A	19,665,000	8,485	2,318	
2014	18,695,000	N/A	\$ 256,000	N/A	N/A	18,951,000	8,512	2,226	
2015	17,505,000	N/A	206,670	N/A	N/A	17,711,670	8,512 *	2,081	

Source: District records

* Estimate

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB 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 HALEDON BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST NINE FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2007	\$ 23,320,000		\$ 23,320,000	5.32%	2,570
2008	22,780,000		22,780,000	5.11%	2,574
2009	22,215,000		22,215,000	4.95%	2,497
2010	21,620,000		21,620,000	4.90%	2,567
2011	21,000,000		21,000,000	4.75%	2,491
2012	20,350,000		20,350,000	1.72%	2,411
2013	19,665,000		19,665,000	1.67%	2,318
2014	18,695,000		18,695,000	1.58%	2,226
2015	17,505,000		17,505,000	1.34%	2,057

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

Note:

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

**NORTH HALEDON BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
FOR THE YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt:			
Borough of North Haledon	\$ 13,625,929	\$ 32,000	\$ 13,593,929
North Haledon Board of Education	<u>18,695,000</u>	<u>18,695,000</u>	<u>-</u>
	<u>\$ 32,320,929</u>	<u>\$ 18,727,000</u>	<u>\$ 13,593,929</u>
Net Overlapping Debt of School District:			
County of Passaic		10,610,402	
PCUA		1,582,644	
PVSC		<u>772,765</u>	
			<u>12,965,811</u>
Total Direct and Overlapping Bonded Debt as of December 31, 2014			<u>\$ 26,559,740</u>

Source: 2014 Debt Statement, Borough of North Haledon

**NORTH HALEDON BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

Legal Debt Margin Calculation for Fiscal Year 2015

Equalized Valuation Basis

	2014	\$ 1,300,740,663
	2013	1,289,827,797
	2012	<u>1,329,701,845</u>
		<u>\$ 3,920,270,305</u>
Average equalized valuation of taxable property		\$ 1,306,756,768
Debt limit (3 % of average equalization value)		39,202,703 a
Total Net Debt Applicable to Limit		<u>17,505,283</u>
Legal debt margin		<u>\$ 21,697,420</u>

Fiscal Year

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 32,814,365	\$ 38,545,930	\$ 43,167,259	\$ 46,128,175	\$ 46,313,490	\$ 44,824,204	\$ 42,905,067	\$ 41,284,805	\$ 41,020,694	\$ 39,202,703
Total net debt applicable to limit	<u>23,895,283</u>	<u>23,320,000</u>	<u>22,780,283</u>	<u>22,215,283</u>	<u>21,620,283</u>	<u>21,000,283</u>	<u>20,350,283</u>	<u>19,665,283</u>	<u>18,695,000</u>	<u>17,505,283</u>
Legal debt margin	<u>\$ 8,919,082</u>	<u>\$ 15,225,930</u>	<u>\$ 20,386,976</u>	<u>\$ 23,912,892</u>	<u>\$ 24,693,207</u>	<u>\$ 23,823,921</u>	<u>\$ 22,554,784</u>	<u>\$ 21,619,522</u>	<u>\$ 22,325,694</u>	<u>\$ 21,697,420</u>
Total net debt applicable to the limit as a percentage of debt limit	72.82%	60.5%	52.8%	48.2%	46.7%	46.9%	47.4%	47.6%	45.6%	44.7%

**NORTH HALEDON BOARD OF EDUCATION
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2006	8,864	37,865	2.5%
2007	8,843	40,223	2.4%
2008	8,851	41,556	3.1%
2009	8,897	40,426	6.1%
2010	8,423	42,228	6.2%
2011	8,432	43,209	6.1%
2012	8,442	44,900	6.0%
2013	8,485	44,688	9.5%
2014	8,512	44,688 *	5.7%
2015	8,512 *	44,688 *	5.7% *

Source: New Jersey State Department of Education

* Estimate

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

PRIOR YEAR INFORMATION NOT AVAILABLE

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction					
Regular	43	43	45.5	47.5	46.0
Special Education	15.2	14.5	15.3	15.8	13.2
Other Special Education	9.5	9.2	7.48	7.48	19.0
Vocational	-				
Other Instruction	-				
Non Public School Program	-				
Adult/Continuing Education	-				
Support Services					
Student & Instruction Related	4	4	4	4	8.2
General Administration	1	1	2.1	2	2.0
School Administrative Services	4	4	3.25	4	5.5
Other Administrative Services					
Central Services	2	2	2	2	2.0
Administrative Technology					
Plant & Operation Maintenance	6.7	6.1	6.1	6.1	6.0
Other Support Services	3	3	3	3	5.0
Transportation	1	1	1.4	1.4	1.4
Total	<u>89.10</u>	<u>87.90</u>	<u>90.13</u>	<u>93.28</u>	<u>108.30</u>

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

Pupil/Teacher Ratio

Fiscal Year	Enrollment a	Operating Expenditures b	Cost Per Pupil	Percentage Change	Pupil/Teacher Ratio				Average Daily Enrollment (ADE) c	Average Daily Attendance (ADA) c	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff b	Elementary	Middle School	Senior High School				
2006	667.7	\$ 7,421,196	\$ 11,115	3.86%	72.5	8	8	N/A	667.7	640.1	3.89%	95.87%
2007	665.3	8,087,173	12,156	9.37%	72.5	8	8	N/A	665.3	640.1	-0.36%	96.21%
2008	693.4	8,474,157	12,220	.52%	72.5	8	8	N/A	693.4	668.7	4.22%	96.44%
2009	693.5	8,400,679	12,113	-0.87%	70.0	8	8	N/A	693.5	670.7	0.01%	96.71%
2010	711.8	8,847,912	12,430	2.62%	74.0	8	8	N/A	711.8	683.8	2.64%	96.07%
2011	702.0	9,250,902	13,178	6.02%	74.4	8	8	N/A	702.0	676.9	-1.38%	96.42%
2012	714.0	9,258,036	12,966	-1.61%	65.0	11	11	N/A	702.2	677.8	0.03%	96.53%
2013	738.0	9,810,173	13,293	0.87%	64.0	11.5	11.5	N/A	635.1	608.5	-9.52%	95.81%
2014	720.0	10,244,459	14,228	9.73%	-	0	0	N/A	N/A	N/A	0.00%	0.00%
2015	706.0	11,316,349	16,029	20.58%	64.0	11.03	11.03	N/A	N/A	706.0	675.7%	0.00%

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 HALEDON 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>High Mountain Middle School</u>										
Square Feet	Square Feet	61,025	61,025	61,025	61,025	61,025	61,025	61,025	61,025	61,025
Capacity (students)	Capacity (:	369	369	369	369	369	369	369	369	369
Enrollment		281	279	286	286	299	324	324	393	292
<u>Memorial Elementary School</u>										
Square Feet	Square Feet	60,480	60,480	60,480	60,480	60,480	60,480	60,480	60,480	60,480
Capacity (students)	Capacity (:	450	450	450	450	450	450	450	450	450
Enrollment		395	383	401	399	410	387	383	345	414

Number of Schools at June 30, 2015
Elementary = 2

Source: District Records

**NORTH HALEDON BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN YEARS
(Unaudited)**

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

		<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
School Facilities	Project #(s)										
High Mountain School	N/A	\$ 34,424	\$ 36,949	\$ 31,109	\$ 40,164	\$ 47,398	\$ 47,902	\$ 58,784	\$ 66,833	\$ 62,915	\$ 57,918
Memorial School	N/A	<u>32,085</u>	<u>34,439</u>	<u>33,430</u>	<u>36,733</u>	<u>44,434</u>	<u>46,010</u>	<u>49,670</u>	<u>64,368</u>	<u>62,364</u>	<u>57,401</u>
Total Facilities		<u>66,509</u>	<u>71,388</u>	<u>64,539</u>	<u>76,897</u>	<u>91,832</u>	<u>93,912</u>	<u>108,454</u>	<u>131,201</u>	<u>125,279</u>	<u>115,319</u>
Grand Total		<u>\$ 66,509</u>	<u>\$ 71,388</u>	<u>\$ 64,539</u>	<u>\$ 76,897</u>	<u>\$ 91,832</u>	<u>\$ 93,912</u>	<u>\$ 108,454</u>	<u>\$ 131,201</u>	<u>\$ 125,279</u>	<u>\$ 115,319</u>

Source: 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 HALEDON BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2015
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - New Jersey Schools Insurance Group		
Property - Blanket Building & Contents	\$19,467,000	\$5,000
Comprehensive General Liability	11,000,000	
Comprehensive Automobile Liability	11,000,000	
Auto Physical Damage Deductible		1,000
Boiler and Machinery	100,000,000	1,000
School Board Legal Liability - New Jersey Schools Insurance Group		
Limit of Liability	11,000,000	5,000
Environmental Impairment Liability - Zurich Stedfast Insurance Co.		
Each occurrence	2,000,000	25,000
Aggregate	11,000,000	
Additional Excess Liability Policy - Tourus/Markel		
Aggregate	29,000,000	
Travel Accident Policy - Gerber Life Insurance (accident death dismemberment and paralysis benefit)		
Principal sum	100,000	
Aggregate limit	500,000	
Student Accident Policy - Berkley Life & Health Insurance Co.		
Maximum Benefit	1,000,000	
Full Exceed 3 year benefit period		
Deductible		
Public Employees' Faithful Performance Blanket		
Position Bond - New Jersey Schools Insurance Group		
Treasurer	200,000	
Business Administrator/ Board Secretary	100,000	

Source School District's records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the North Haledon 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 Haledon Board of Education’s basic financial statements and have issued our report thereon dated November 16, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2015-001, 2015-002, 2015-003 and 2015-004 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the North Haledon 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 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 and which are described in the accompanying schedule of findings and questioned costs as items 2015-001, 2015-002, 2015-003 and 2015-004.

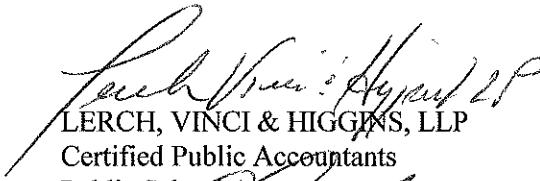
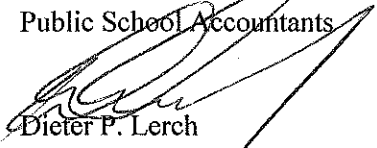
We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the North Haledon Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 16, 2015.

North Haledon Board of Education's Responses to Findings

The North Haledon Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The North Haledon Board of Education's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 Haledon 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 Haledon 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

Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
November 16, 2015



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
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**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 Haledon Board of Education
North Haledon, New Jersey

Report on Compliance for Each Major State Program

We have audited the North Haledon 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 North Haledon Board of Education's major state programs for the fiscal year ended June 30, 2015. The North Haledon 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 Haledon Board of Education's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and Circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the North Haledon 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 Haledon Board of Education's compliance.

Opinion on Each Major State Programs

In our opinion, the North Haledon 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 other major state programs for the fiscal year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with New Jersey OMB Circular 15-08 and which are described in the accompanying schedule of findings and questioned costs as items 2015-005, 2015-006, 2015-007, 2015-008 and 2015-009. Our opinion on each major state program is not modified with respect to these matters.

The North Haledon Board of Education's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The North Haledon Board of Education's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the North Haledon 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 Haledon 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 Haledon Board of Education's internal control over compliance.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2015-005, 2015-006, 2015-007 and 2015-009 to be material weaknesses.

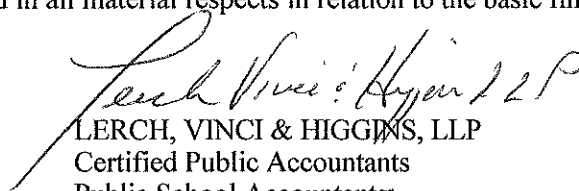
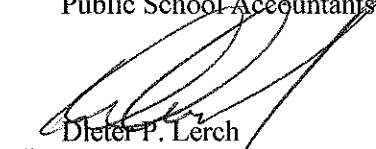
A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2015-008 to be a significant deficiency.

The North Haledon Board of Education's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The North Haledon Board of Education's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the North Haledon Board of Education as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated November 16, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.


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

Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
November 16, 2015

**NORTH HALEDON BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEARS 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	Deferred Revenue Carryover Amount	(Accounts Receivable) Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Balance, June 30, 2015			
											(Accounts Receivable)	Deferred Revenue	Due to Grantor	GAAP Receivable
U.S. Department of Health and Human Services														
General Fund														
Medical Assistance Program	93.778	N/A	10/1/08-12/31/10	\$ 252	-	-	-	\$ 252	\$ 252	-	-	-	-	-
Total General Fund					-	-	-	252	252	-	-	-	-	-
U.S. Department of Agriculture														
Passed-Through State Department of Education														
Enterprise Fund														
National School Lunch Program	10.555													
Non-Cash Assistance (Food Distribution Program)		N/A	7/1/14-6/30/15	15,339				15,339	15,339					
Cash Assistance		N/A	7/1/14-6/30/15	61,722				56,171	61,722		\$ (5,551)			\$ (5,551)
Cash Assistance		N/A	7/1/13-6/30/14	56,197	\$ (13,274)			13,274						
Special Milk Program	10.556	N/A	7/1/14-6/30/15	153				137	153		(16)			(16)
Special Milk Program	10.556	N/A	7/1/13-6/30/14	178	(45)			45						
Total Enterprise Fund					(13,319)	-	-	84,966	77,214	-	(5,567)	-	-	(5,567)
U.S. Department of Education														
Passed-Through State Department of Education														
Special Revenue Fund														
N.C.L.B Title I-A	84.01	NCLB364015	7/1/14-6/30/15	46,306		\$ 49,277	\$ (49,277)	42,511	80,135		(53,072)	\$ 15,448		(37,624)
N.C.L.B Title I-A, C/O	84.01	NCLB364014	7/1/13-6/30/14	49,277	-	(49,277)	49,277	-						
N.C.L.B Title II-A	84.281A	NCLB364015	7/1/14-6/30/15	17,562		10,535	(10,535)	11,435	14,010		(16,662)	14,087		(2,575)
N.C.L.B Title II-A, C/O	84.281A	NCLB364014	7/1/13-6/30/14	17,457	(5,900)	(10,535)	10,535	5,900						
I.D.E.A. Part B, Basic	84.027A	IDEA364015	7/1/14-6/30/15	179,905		14,971	(14,971)	158,025	193,131		(36,851)	1,745		(35,106)
I.D.E.A. Part B, Preschool	84.173A	IDEA364015	7/1/14-6/30/15	8,177		7,953	(7,953)	16,130	16,130		(16,130)	-		(16,130)
I.D.E.A. Part B, Basic, C/O	84.027A	IDEA364014	7/1/13-6/30/14	150,924	(153,700)	(14,971)	14,971	160,495		(6,795)				
I.D.E.A. Part B, Preschool, C/O	84.173A	IDEA364014	7/1/13-6/30/14	7,953	-	(7,953)	7,953	-	-	-	-	-	-	-
Total Special Revenue Fund					(159,600)	-	-	378,366	303,406	(6,795)	(122,715)	31,280	-	(91,435)
Total Federal Awards					\$ (172,919)	\$ -	\$ -	\$ 463,584	\$ 380,872	\$ (6,795)	\$ (128,282)	\$ 31,280	\$ -	\$ (97,002)

Note - The District was not subject to an audit in accordance with OMB Circular A-133.

NORTH HALEDON 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	Award Amount	Balance, July 1, 2014	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Adjustment	Balance, June 30, 2015			MEMO	
										(Accounts Receivable)	Deferred Revenue/	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
State Department of Education														
General Fund														
Special Education Categorical Aid	15-495-034-5120-089	7/1/14-06/30/15	\$ 328,563			\$ 314,825	\$ 328,563			\$ (13,738)			\$	328,563
Special Education Categorical Aid	14-495-034-5120-089	7/1/13-06/30/14	328,563	(19,389)		19,389								
Transportation Aid	15-495-034-5120-014	7/1/14-06/30/15	15,980			15,312	15,980			(668)				15,980
Transportation Aid	14-495-034-5120-014	7/1/13-06/30/14	15,980	(923)		923								
Security Aid	15-495-034-5120-084	7/1/14-06/30/15	14,359			13,759	14,359			(600)				14,359
Security Aid	14-495-034-5120-084	7/1/13-06/30/14	14,359	(923)		923								
Under Adequacy Aid	15-495-034-5120-096	7/1/14-06/30/15	31,620			30,298	31,620			(1,322)				31,620
Under Adequacy Aid	14-495-034-5120-096	7/1/13-06/30/14	31,620	(1,847)		1,847								-
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-06/30/15	7,210			6,908	7,210			(302)				7,210
PARCC Readiness	15-495-034-5120-098	7/1/14-06/30/15	7,210			6,908	7,210			(302)				7,210
Extraordinary Aid	15-100-034-5120-473	7/1/14-06/30/15	87,212			87,212	87,212			(87,212)				87,212
Extraordinary Aid	14-100-034-5120-473	7/1/13-06/30/14	97,911	(97,911)		97,911								
Additional NonPublic Transportation Aid	N/A	7/1/14-06/30/15	19,662				19,662			(19,662)			\$	(19,662)
Additional NonPublic Transportation Aid	N/A	7/1/13-06/30/14	11,956	(11,956)		11,956								
On-Behalf TPAF Normal Cost	14-495-034-5095-007	7/1/14-06/30/15	207,346			207,346	207,346							207,346
On-Behalf NCGI Premium	14-495-034-5095-006	7/1/14-06/30/15	14,918			14,918	14,918							14,918
On-Behalf Post Retirement Medical	14-495-034-5095-001	7/1/14-06/30/15	352,842			352,842	352,842							352,842
Reimbursed TPAF Soc. Sec. Contr.	14-100-034-5095-051	7/1/14-06/30/15	367,406	-	-	350,026	367,406	-	-	(17,380)	-	-		367,406
Total General Fund				(132,949)	-	1,446,091	1,454,328	-	-	(141,186)	-	-	(37,042)	1,454,328
Special Revenue Fund														
NJ Nonpublic Aid														
Nursing Aid	15-100-034-5120-070	7/1/14-06/30/15	3,415			3,415							\$	3,415
Nursing Aid, C/o	14-100-034-5120-070	7/1/13-06/30/14	4,786	4,786				\$ 4,786						
Technology Aid	15-100-034-5120-373	7/1/14-06/30/15	1,152			1,152								1,152
Technology Aid, C/O	14-100-034-5120-373	7/1/13-06/30/14	1,240	1,240				1,240						
Textbook Aid	15-100-034-5120-064	7/1/14-06/30/15	2,145			2,145								2,145
Textbook Aid, C/O	14-100-034-5120-064	7/1/13-06/30/14	3,401	3,401				3,401						
Auxiliary Services														
Compensatory Education	15-100-034-5120-067	7/1/14-06/30/15	7,166			7,166	2,687							4,479
Compensatory Education, C/O	14-100-034-5120-067	7/1/13-6/30/14	14,552	11,813				11,813						2,687
ESL	15-100-034-5120-067	7/1/14-06/30/15	1,827			1,827								1,827
Handicapped Services														
Examination & Classification	15-100-034-5120-066	7/1/14-06/30/15	1,982			1,982	722							1,260
Examination & Classification, C/O	14-100-034-5120-066	7/1/13-6/30/14	4,300	3,342				3,342						722
Corrective Speech, C/O	14-100-034-5120-066	7/1/13-6/30/14	781	781				781						
Supplemental Instruction	14-100-034-5120-066	7/1/14-06/30/15	2,982			2,982	1,569							1,413
Supplemental Instruction, C/O	14-100-034-5120-066	7/1/13-6/30/14	3,469	1,339	-	-	-	1,339	-	-	-	-	-	-
Total Special Revenue Fund				26,702	-	20,669	4,978	26,702	-	-	-	-	15,691	4,978
State Department of Agriculture														
State School Lunch Program	15-100-010-3360-067	7/1/14-6/30/15	2,216			2,012	2,216			(204)				(204)
State School Lunch Program	14-100-010-3360-067	7/1/13-6/30/14	2,404	(638)	-	638	-	-	-	-	-	-	\$	-
Total Enterprise Fund				(638)	-	2,650	2,216	-	-	(204)	-	-	(204)	2,216
Total State Financial Assistance				\$ (106,885)	\$ -	1,469,410	1,461,522	\$ 26,702	\$ -	\$ (141,390)	\$ -	\$ 15,691	\$ (37,246)	1,461,522
State Financial Assistance Not Subject to Single Audit Determination														
General Fund														
On-Behalf TPAF						(575,106)	(575,106)							(575,106)
Total State Financial Assistance Subject to Single Audit						\$ 894,304	\$ 886,416							\$ 886,416

**NORTH HALEDON 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 Haledon Board of Education. The Board of Education is defined in Note 1(A) to the Board's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$16,849 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		\$ 1,471,177	\$ 1,471,177
Special Revenue Fund	\$ 303,406	4,978	308,384
Food Service Fund	<u>77,214</u>	<u>2,216</u>	<u>79,430</u>
 Total Awards Financial Assistance	 <u>\$ 380,620</u>	 <u>\$ 1,478,371</u>	 <u>\$ 1,858,991</u>

**NORTH HALEDON 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

Revenues and expenditures reported under the National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$367,406 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 \$222,264 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$352,842 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 HALEDON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Part I – Summary of Auditor’s Results

Financial Statement Section

- A) Type of auditors' report issued: Unmodified
- B) Internal control over financial reporting:
- 1) Material weakness(es) identified? X yes no
- 2) Were significant deficiencies identified that were not considered to be material weaknesses? yes X none reported
- C) Noncompliance material to the basic financial statements noted? X yes no

Federal Awards Section

Not Applicable

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

Part 2 – Schedule of Financial Statement Findings

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

Finding 2015-001

Our audit revealed that the District ended the fiscal year with a General Fund operating deficit in the amount of \$93,064 at June 30, 2015.

Criteria or specific requirement

GAAP Technical Systems Manual; NJAC 6A:23A-16.10

Condition

The General Fund expenditures exceeded revenues resulting in an operating deficit at June 30, 2015.

Questioned Costs

None.

Context

See Finding 2015-001

Effect

The District incurred expenditures without sufficient appropriations available resulting in an operating deficit as of June 30, 2015 in the General Fund.

Cause

Unknown.

Recommendation

Corrective action be taken to eliminate the deficit in the General Fund.

View of Responsible Officials and Planned Corrective Action

Management has reviewed this finding and has indicated that corrective action will be taken.

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

Part 2 – Schedule of Financial Statement Findings

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

Finding 2015-002

Our audit revealed that approximately twenty-five (25) budget line accounts were overexpended at June 30, 2015. In addition, we noted the total General Fund budget appropriations were overexpended by \$470,696 at June 30, 2015.

Criteria or specific requirement

GAAP Technical Systems Manual; NJAC 6A:23A-16.10

Condition

Numerous budgetary line items expenditures exceeded available appropriations resulting in overexpenditures.

Questioned Costs

None.

Context

See Finding 2015-002.

Effect

The District incurred expenditures without sufficient appropriations available resulting in total General Fund budget appropriations being overexpended by \$470,696 at June 30, 2015.

Cause

Unknown.

Recommendation

Internal controls be enhanced to prevent budgetary overexpenditures.

View of Responsible Officials and Planned Corrective Action

Management has reviewed this finding and has indicated that corrective action will be taken.

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

Part 2 – Schedule of Financial Statement Findings

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

Finding 2015-003:

Our audit of the general ledger account balances revealed numerous adjusting journal entries were required to reconcile the Board records with subsidiary records and supporting documentation. We noted numerous instances where receipt, disbursement, revenue and expenditure account charges were misclassified. Furthermore, State and debit/credit memos were not properly posted to the District's records.

Criteria or specific requirement:

GAAP Technical Systems Manual.

Condition:

The District's general ledger did not properly report transactions to the respective accounts.

Questioned Costs:

None.

Context:

Numerous journal entries to the District's financial records were necessary to accurately report year end balances.

Effect:

The District's financial reporting system was materially inaccurate.

Cause:

Unknown.

Recommendation:

General ledger be reconciled on a monthly basis to all supporting reports including budgetary revenue and expenditure reports. Furthermore, all State aid and debit/credit memos be properly posted to the District records.

View of Responsible Officials and Planned Corrective Action:

Management has reviewed this finding and has indicated that corrective action will be taken.

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

Part 2 – Schedule of Financial Statement Findings

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

Finding 2015-004:

Our audit revealed purchases were made and contracts were entered into prior to the issuance of a purchase order.

Criteria or specific requirement:

Internal controls over purchasing and accounts payable.

Condition:

Purchase of various goods or services were made which were not in accordance with the procedures specified in Board policy and N.J.S.A. 18:19-4.

Questioned Costs:

None.

Context:

We noted several instances whereby invoices were paid without issuance of a purchase order at the time of the contract and/or commitment.

Effect:

Lack of internal controls pertaining to vendor payments and purchases resulted in budgetary overexpenditures and may result in unauthorized payments.

Cause:

Unknown.

Recommendation:

Internal controls be enhanced to ensure all purchase orders and contract awards are encumbered.

View of Responsible Officials and Planned Corrective Action:

Management has reviewed this finding and has indicated that corrective action will be taken.

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

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 15-08.

CURRENT YEAR FEDERAL AWARDS

Not Applicable

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

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 15-08.

CURRENT YEAR STATE AWARDS

Finding 2015-005:

Our audit revealed that the District ended the fiscal year with a General Fund operating deficit in the amount of \$93,064 at June 30, 2015.

State program Information:

495-034-5120-089	Special Education Aid
495-034-5120-096	Under Adequacy Aid
495-034-5120-084	Security Aid
495-034-5120-097	Per Pupil Growth Aid
495-034-5120-098	PARCC Readiness Aid

Criteria or specific requirement:

State of New Jersey Grant Compliance Supplement – State Aid Public

Condition:

The General Fund expenditures exceeded revenues resulting in an operating deficit at June 30, 2015.

Questioned Costs:

None.

Context:

See Finding 2015-005.

Effect:

The District incurred expenditures without sufficient appropriations available resulting in an operating deficit as of June 30, 2015 in the General Fund.

Cause:

Unknown.

Recommendation:

Corrective action be taken to eliminate the deficit in the General Fund.

View of Responsible Officials and Planned Corrective Action:

Management has reviewed this finding and has indicated that corrective action will be taken.

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

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 15-08.

CURRENT YEAR STATE AWARDS

Finding 2015-006:

Our audit revealed that approximately twenty-five (25) budget line accounts were overexpended at June 30, 2015. In addition, we noted the total General Fund budget appropriations were overexpended by \$470,696 at June 30, 2015.

State program Information:

495-034-5120-089	Special Education Aid
495-034-5120-096	Under Adequacy Aid
495-034-5120-084	Security Aid
495-034-5120-097	Per Pupil Growth Aid
495-034-5120-098	PARCC Readiness Aid

Criteria or specific requirement:

State of New Jersey Grant Compliance Supplement – State Aid Public

Condition:

Numerous budgetary line items expenditures exceeded available appropriations resulting in overexpenditures.

Questioned Costs:

None.

Context:

See Finding 2015-006.

Effect:

The District incurred expenditures without sufficient appropriations available resulting in total General Fund budget appropriations being overexpended by \$470,696 at June 30, 2015.

Cause:

Unknown.

Recommendation:

Internal controls be enhanced to prevent budgetary expenditures.

View of Responsible Officials and Planned Corrective Action:

Management has reviewed this finding and has indicated that corrective action will be taken.

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

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 15-08.

CURRENT YEAR STATE AWARDS

Finding 2015-007:

Our audit of the general ledger account balances revealed numerous adjusting journal entries were required to reconcile the Board records with subsidiary records and supporting documentation. We noted numerous instances where receipt, disbursement, revenue and expenditure account charges were misclassified. Furthermore, State and debit/credit memos were not properly posted to the District's records.

State program Information:

495-034-5120-089	Special Education Aid
495-034-5120-096	Under Adequacy Aid
495-034-5120-084	Security Aid
495-034-5120-097	Per Pupil Growth Aid
495-034-5120-098	PARCC Readiness Aid

Criteria or specific requirement:

State of New Jersey Grant Compliance Supplement – State Aid Public

Condition:

The District's general ledger did not properly report transactions to the respective accounts.

Questioned Costs:

None.

Context:

Numerous journal entries to the District's financial records were necessary to accurately report year end balances.

Effect:

The District's financial reporting system was materially inaccurate.

Cause:

Unknown.

Recommendation:

General ledger be reconciled on a monthly basis to all supporting reports including budgetary revenue and expenditure reports. Furthermore, all State aid and debit/credit memos be properly posted to the District records.

View of Responsible Officials and Planned Corrective Action:

Management has reviewed this finding and has indicated that corrective action will be taken.

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

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 15-08.

CURRENT YEAR STATE AWARDS

Finding 2015-008

Our audit revealed that the monthly and year to date 10% transfer reports were not submitted to the Executive County Superintendent and specific approval was not sought for transfers exceeding the maximum allowed.

State program Information:

495-034-5120-089	Special Education Aid
495-034-5120-096	Under Adequacy Aid
495-034-5120-084	Security Aid
495-034-5120-097	Per Pupil Growth Aid
495-034-5120-098	PARCC Readiness Aid

Criteria or Specific Requirement:

State of New Jersey Grant Compliance Supplement – State Aid Public

Condition:

The monthly and year to date 10% transfer reports were not submitted to the Executive County Superintendent. Certain transfers which exceeded the maximum allowed were not submitted to the County for approval.

Questioned Costs:

None.

Context:

Monthly transfer reports were not submitted to the Executive County Superintendent. Transfers were made into General Administration and School Administration exceeding 10%. These transfers require approval of the Executive County Superintendent.

Cause:

Unknown.

Effect:

The District is not in compliance with State Aid Grant program requirements.

Recommendation:

The monthly and year to date 10% transfer reports be prepared and remitted to the Executive County Superintendent, and specific approval be sought for transfers exceeding the maximum allowed.

View of Responsible Officials and Planned Corrective Action:

Management has reviewed this finding and has indicated that corrective action will be taken.

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

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 15-08.

CURRENT YEAR STATE AWARDS

Finding 2015-009

Our audit revealed purchases were made and contracts were entered into prior to the issuance of a purchase order.

State program Information:

495-034-5120-089	Special Education Aid
495-034-5120-096	Under Adequacy Aid
495-034-5120-084	Security Aid
495-034-5120-097	Per Pupil Growth Aid
495-034-5120-098	PARCC Readiness Aid

Criteria or Specific Requirement:

State of New Jersey Grant Compliance Supplement – State Aid Public

Condition:

Purchase of various goods or services were made which were not in accordance with the procedures specified in Board policy and N.J.S.A. 18:19-4.

Questioned Costs:

None.

Context:

We noted several instances whereby invoices were paid without the issuance of a purchase order at the time of contract and/or commitment.

Cause:

Unknown.

Effect:

Lack of internal controls pertaining to vendor payment and purchases resulted in budgetary overexpenditures and may result in unauthorized payments.

Recommendation:

Internal controls be enhanced to ensure all purchase orders and contract awards are encumbered.

View of Responsible Officials and Planned Corrective Action:

Management has reviewed this finding and has indicated that corrective action will be taken.

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

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (Section .315(a)(b)) and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

Finding 2014-001

Condition:

The District's general ledger did not properly report transactions to the respective accounts.

Current Status

See Finding 2015-003.

Finding 2014-002

Condition:

The District charged the payments for salaries for maintenance to the custodial services budget rather than to the required maintenance for school facilities.

Current Status

Corrective action has been taken.

Finding 2014-003

Condition:

The District's general ledger did not properly report transactions to the respective accounts. The year end financial reporting system was not closed out in a timely manner.

Current Status

See Finding 2015-003.

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

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (Section .315(a)(b)) and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

Finding 2014-004

Condition:

Some of the employee contributions for health benefit deductions were reimbursed to miscellaneous income rather than to the health benefit expenditures.

Current Status

Corrective action has been taken.

Finding 2014-005

Condition:

The monthly and year to date 10% transfer reports were not submitted to the Executive County Superintendent. Certain transfers which exceeded the maximum allowed were not submitted to the County for approval.

Current Status

See Finding 2015-008.