

**SCHOOL DISTRICT OF THE
BOROUGH OF HALEDON
COUNTY OF PASSAIC, NEW JERSEY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

**School District
of the**

Borough of Haledon

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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016**

Comprehensive Annual Financial Report

of the

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

For the Fiscal Year Ended June 30, 2016

Prepared by

**Borough of Haledon Board of Education
Finance Department**

OUTLINE OF CAFR

INTRODUCTORY SECTION

Letter of Transmittal	1
Organizational Chart	5
Roster of Officials	6
Consultants and Advisors	7

FINANCIAL SECTION

Independent Auditor's Report	8
Required Supplementary Information - Part I Management's Discussion and Analysis	12

BASIC FINANCIAL STATEMENTS

A. District-wide Financial Statements:

A-1 Statement of Net Position	22
A-2 Statement of Activities	23

B. Fund Financial Statements:

Governmental Funds:

B-1 Balance Sheet	24
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances	25
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	26

Proprietary Funds:

B-4 Statement of Net Position	27
B-5 Statement of Revenues, Expenses and Changes in Fund Net Position	28
B-6 Statement of Cash Flows	29

Fiduciary Funds:

B-7 Statement of Fiduciary Net Position	30
B-8 Statement of Changes in Fiduciary Net Position	31

Notes to the Financial Statements	32
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Required Supplementary Information - Part II

OUTLINE OF CAFR

C. Budgetary Comparison Schedules:

C-1	Budgetary Comparison Schedule - General Fund	66
C-1a	Not Applicable	
C-2	Budgetary Comparison Schedule - Special Revenue Fund	71
Notes to the Required Supplementary Information		
C-3	Budgetary Comparison Schedule	72

Required Supplementary Information - Part III

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

L-1	Schedule of the District's Proportionate Share of the Net Pension Liability – PERS	73
L-2	Schedule of District Contributions – PERS	74
L-3	Schedule of the District's Proportionate Share of the Net Pension Liability – TPAF	75
L-4	Notes to Required Schedules of Supplementary Information - Part III	76

Other Supplementary Information

D. School Level Schedules:

Not Applicable

E. Special Revenue Fund:

E-1	Combining Schedule of Program Revenues and Expenditures - Budgetary Basis	77
E-1a	Combining Schedule of Program Revenues and Expenditures - Budgetary Basis	78
E-2	Schedule of Preschool Education Aid - Budgetary Basis	79

F. Capital Projects Fund:

F-1	Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis	80
F-1a	Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis (Haledon Public School Boiler Replacement)	81
F-1b	Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis (Haledon Public School - Replacement of Unit Ventilators)	82

OUTLINE OF CAFR

F-1c	Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis (Haledon Public School Roof Replacement)	83
F-2	Summary Statement of Project Expenditures	84
G. Proprietary Funds:		
Enterprise Fund:		
G-1	Combining Statement of Net Position	85
G-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Position	86
G-3	Combining Statement of Cash Flows	87
Internal Service Fund:		
Not Applicable		
H. Fiduciary Funds:		
H-1	Combining Statement of Fiduciary Net Position	88
H-2	Combining Statement of Changes in Fiduciary Net Position	89
H-3	Student Activity Agency Fund - Schedule of Receipts and Disbursements	90
H-4	Payroll Agency Fund - Schedule of Receipts and Disbursements	91
I. Long-Term Debt:		
I-1	Not Applicable	
I-2	Statement of Obligations Under Capital Leases	92
J. Statistical Section (Unaudited)		

Financial Trends

J-1	Net Position by Component	93
J-2	Changes in Net Position	94
J-3	Fund Balances - Governmental Funds	96
J-4	Changes in Fund Balances - Governmental Funds	97
J-5	General Fund Other Local Revenue by Source	98

OUTLINE OF CAFR

Revenue Capacity

J-6	Assessed and Estimated Actual Value of Taxable Property	99
J-7	Direct and Overlapping Property Tax Rates	100
J-8	Principal Property Taxpayers	101
J-9	School Tax Levies and Collections	102

Debt Capacity

J-10	Ratios of Outstanding Debt by Type	103
J-11	Ratios of Net General Bonded Debt Outstanding	104
J-12	Direct and Overlapping Governmental Activities Debt	105
J-13	Legal Debt Margin Information	106

J. Statistical Section (Unaudited), Continued

Demographic and Economic Information

J-14	Demographic and Economic Statistics	107
J-15	Principal Employers	108

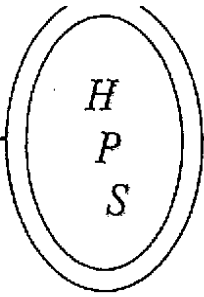
Operating Information

J-16	Full-time Equivalent District Employees by Function/Program	109
J-17	Operating Statistics	110
J-18	School Building Information	111
J-19	Schedule of Required Maintenance for School Facilities	112
J-20	Insurance Schedule	113

K. SINGLE AUDIT SECTION

K-1	Independent Auditor's 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	114
K-2	Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with the Uniform Guidance and N.J. OMB Circular Letter 15-08	116
K-3	Schedule of Expenditures of Federal Awards - Schedule A	119
K-4	Schedule of Expenditures of State Financial Assistance - Schedule B	120
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	121
K-6	Schedule of Findings and Questioned Costs	123
K-7	Summary Schedule of Prior Audit Findings	125

INTRODUCTORY SECTION



HALEDON PUBLIC SCHOOL

70 Church Street

Haledon, NJ 07508

Tel: (973) 389-2840

Facsimile: (973) 956-0781

November 15, 2016

Honorable President and
Members of the Board of Education
Borough of Haledon School District
Haledon, NJ 07508

Dear Board Members:

The comprehensive annual financial report of the Borough of Haledon School District (District) for the fiscal year ended June 30, 2016 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations 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 management discussion and analysis, the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions Title 2 U.S. code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) New Jersey OMB Circular NJOMB 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Haledon Public School District is an independent reporting entity within the criteria adopted by the SASB as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. Borough of 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 grade levels Pre-School, Pre-School Handicap and K through 8. These include regular classes for PreK-8 and special education classes for Preschool Handicapped and PreK-8. The District completed the 2015-2016 fiscal year with an average daily enrollment of 1,051 students, which is 22 students more than the previous year's average daily enrollment. The following details the changes in the student enrollment of the District over the last ten years.

	<i>Average Daily Enrollment</i>	
<i>Fiscal Year</i>	<i>Student Enrollment</i>	<i>Percent Change</i>
2015-2016	1051	2.09%
2014-2015	1029	1.08%
2013-2014	1018	1.39%
2012-2013	1004	(3.28%)
2011-2012	1038	(1.14%)
2010-2011	1050	.2%
2009-2010	1052	.5%
2008 - 09	1046	(3.88%)
2007 – 08	1087	4.52%
2006 – 07	1040	3.17%

2) ECONOMIC CONDITION AND OUTLOOK: The Borough of Haledon is experiencing limited economic development and growth. It is not expected that there will be any strong economic growth or expansion in the region in the near future.

3) MAJOR INITIATIVES

Major Initiatives Implemented in the 2015-2016 School Year:

Construction – The Haledon Board of Education undertook a major capital project during the 2015-16 school year, completing a unit vent project. The district also did a major upgrade, installing a new playground with basketball court and equipment to allow for a safer playing environment for its students.

Technology – During the 2015-16 school year, the Haledon Board of Education upgraded technology in its classrooms by replacing five promethean boards that had aged out and purchasing chrome books for its students.

Curriculum / Personnel: The district repurposed a room to serve as a STEM facility (including buying the necessary supplies to begin the program).

2016-17

The upcoming school year continues the positive changes the school district has had for the past several years. The district will continue to reinvest in its facilities, renovating bathrooms throughout the school. The district will also continue to invest in technology, upgrading its network and purchasing new computers. The district also approved a power purchase agreement for solar, with work anticipated to begin in the Spring of 2017.

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted

accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognized that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2016.

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

8) OTHER INFORMATION: State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ferraioli, Wielkottz, Cerullo & Cuva, P.A., was selected by the Board's audit committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Uniform Guidance and State Treasury Circular Letter 15-08 OMB. The auditor's report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

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

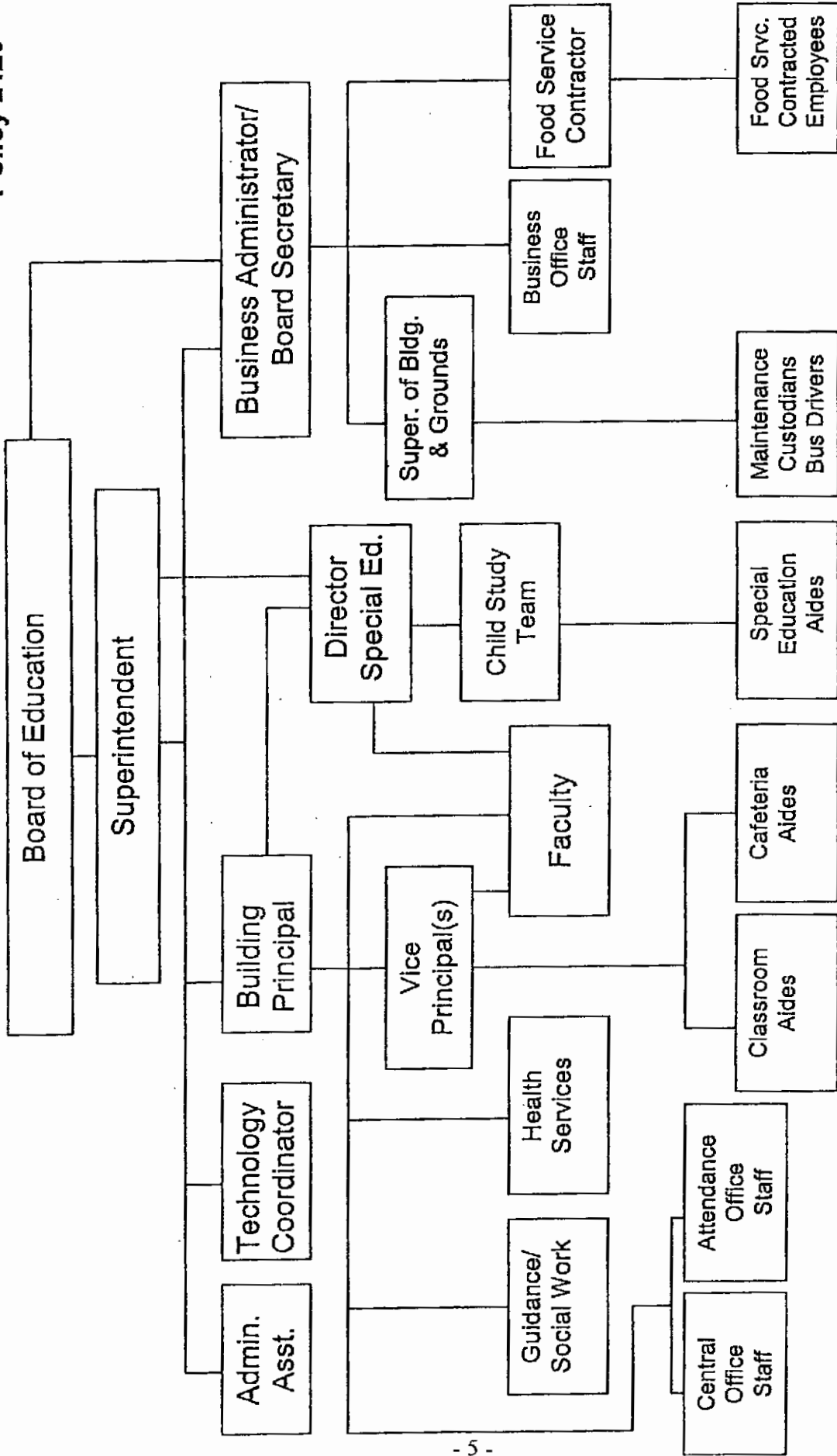
Respectfully submitted,

Miguel Hernandez

Miguel Hernandez, Ph.D.
Superintendent

John A. Serapiglia, Jr

John A. Serapiglia, Jr.
Business Administrator/Board Secretary



Haledon Public School Organizational Chart

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

**ROSTER OF OFFICIALS
JUNE 30, 2016**

BOARD OF EDUCATION	TERM EXPIRES
Daniel Batelli, President	2017
Joyce Smith, Vice President	2016
Crystal Rolon	2016
Ellen P. Fischer	2017
Anthony Latona	2018
George Guzman	2017
Marie Fusco	2016
Anyelis Diaz	2018
Jeffrey Fischer	2018

OTHER OFFICIALS

Miguel Hernandez, Ph. D., Superintendent

John Serapiglia, Board Secretary/Business Administrator

BOROUGH OF HALEDON BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

ARCHITECT

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

AUDIT FIRM

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.
401 Wanaque Avenue
Pompton Lakes, NJ 07442

ATTORNEY

Fogarty & Hara
Counselors at Law
16-00 Route 208 South
Fair Lawn, NJ 07410

OFFICIAL DEPOSITORY

TD Bank North
Belmont Avenue
Haledon, NJ 07508

FINANCIAL SECTION

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkotz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, NJ 07860
973-579-3212
Fax 973-579-7128

INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
Borough of Haledon School District
County of Passaic, 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 Board of Education of the Borough of Haledon School District, in the County of Passaic, State of New Jersey, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District'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 misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion 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 audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.



Honorable President and
Members of the Board of Education
Page 2.

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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Haledon Board of Education, in the County of Passaic, State of New Jersey, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Information, and Schedules Related to Accounting and Reporting for Pensions identified in the table of contents 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 the 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.

Honorable President and
Members of the Board of Education
Page 3.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Haledon Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical data section has not been subject 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2016 on our consideration of the Borough of 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

Honorable President and
Members of the Board of Education
Page 4.

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 Borough of Haledon Board of Education's internal control over financial reporting and compliance.

James Cerullo

James Cerullo, C.P.A.
Licensed Public School Accountant
No. 881

Ferraioli, Wielkocz, Cerullo & Cuva, P.A.

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

November 15, 2016

**REQUIRED SUPPLEMENTARY
INFORMATION - PART I**

**BOROUGH OF HALEDON BOARD OF EDUCATION
HALEDON, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED**

The discussion and analysis of the Borough of Haledon Board of Education's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the District's financial performance as a whole and should not be interpreted as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the District's revenues and expenditures by program for the General Fund, Special Revenue Fund, Capital Projects Fund, Debt Service and Enterprise Fund.

FINANCIAL HIGHLIGHTS

- In total, net position decreased \$481,351.19. Net position of governmental activities decreased \$528,170.34 while net position of business-type activity increased by \$46,819.15.
- General revenues accounted for \$16,258,355.90 in revenue or 87.70 percent of all district revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,280,855.58 or 12.30 percent of total revenues of \$18,539,211.48.
- The School District had \$18,227,260.67 in expenses related to governmental activities; only \$1,442,279.76 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants, entitlements and property taxes) of \$16,256,810.57 were adequate to provide for these programs.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a whole (district-wide statements), and then proceed to provide an increasingly detailed look at specified financial activities.

District-Wide Financial Statements

The *statement of net position and statement of activities* reports information about the District as a whole and about its activities in a manner that helps answer the question, "Is the District better or worse off as a result of the year's activities?" These statements include all assets and liabilities of the District using the accrual basis of accounting, similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

Both of the district-wide financial statements distinguish functions of the Borough of Haledon Board of Education that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

**BOROUGH OF HALEDON BOARD OF EDUCATION
HALEDON, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

USING THIS ANNUAL REPORT, (continued)

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

- Governmental Activities – All of the school district's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-type Activities – These services are provided on a charge for goods and services basis to recover all the expenses of the goods or services provided. The Food Service program and after care summer camp program are reported as business activities.

The two statements report the District's net position and changes in them. The change in net position can be utilized by a reader to assist in determining whether the District's financial health is improving or deteriorating. However, the reader should also consider non-financial factors such as property tax base, current New Jersey laws restricting revenue growth, student enrollment growth, facility conditions, required educational programs and other factors in determining the District's overall financial health.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Borough of Haledon Board of Education, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the district's funds can be divided into three categories: Governmental Funds, Proprietary Funds and Fiduciary Funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of *spendable resources* available at the end of the fiscal year. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities* (reported in the Statement of Net Position and the Statement of Activities).

**BOROUGH OF HALEDON BOARD OF EDUCATION
HALEDON, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

USING THIS ANNUAL REPORT, (continued)

The Borough of Haledon Board of Education maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the general, special revenue, capital projects and debt service funds, which are considered to be major funds.

The Borough of Haledon Board of Education adopts annual appropriated budgets for its governmental funds. A budgetary comparison statement has been provided for the general fund, special revenue fund and debt service to demonstrate compliance with their budgets.

Proprietary Funds

Proprietary funds use the accrual basis of accounting, the same as on the district-wide statements, therefore the statements will essentially match the business-type activities portion of the district-wide statements. The Borough of Haledon Board of Education uses proprietary funds to account for its food service program, summer camp program and after care program.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning budgetary information for the District's major funds.

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the Required Supplemental Information and the Supplemental Information identified above. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

**BOROUGH OF HALEDON BOARD OF EDUCATION
HALEDON, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS

The Statement of Net Position provides the perspective of the District as a whole. Net position may, over time, serve as a useful indicator of a government's financial position.

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.

The School District's net position's were \$10,337,351.05 at June 30, 2016 and \$10,818,702.24 at June 30, 2015. Restricted items of net position are reported separately to show legal constraints that limit the School District's ability to use those items of net position for day-to-day operations. Our analysis below focuses on the net position for 2016 compared to 2015 (Table 1) and change in net position (Table 2) of the School District.

Table 1

**Net Position
June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Assets						
Current and Other Assets	3,294,568.05	5,195,255.53	508,932.56	427,853.34	3,803,500.61	5,623,108.87
Capital Assets	<u>10,514,603.22</u>	<u>10,165,125.17</u>	<u>163,523.31</u>	<u>171,623.79</u>	<u>10,678,126.53</u>	<u>10,336,748.96</u>
Total Assets	<u>13,809,171.27</u>	<u>15,360,380.70</u>	<u>672,455.87</u>	<u>599,477.13</u>	<u>14,481,627.14</u>	<u>15,959,857.83</u>
Deferred Outflows	<u>683,303.00</u>	<u>225,836.00</u>	_____	_____	<u>683,303.00</u>	<u>225,836.00</u>
Liabilities						
Current Liabilities	1,058,273.05	2,133,299.37	32,348.12	6,188.53	1,090,621.17	2,139,487.90
Noncurrent Liabilities	<u>3,663,688.92</u>	<u>3,036,618.69</u>	_____	_____	<u>3,663,688.92</u>	<u>3,036,618.69</u>
Total Liabilities	<u>4,721,961.97</u>	<u>5,169,918.06</u>	<u>32,348.12</u>	<u>6,188.53</u>	<u>4,754,310.09</u>	<u>5,176,106.59</u>
Deferred Inflows	<u>73,269.00</u>	<u>190,885.00</u>	_____	_____	<u>73,269.00</u>	<u>190,885.00</u>
Net Position						
Invested in Capital Assets- -						
Net of Debt	10,510,234.36	10,143,796.89	163,523.31	171,623.79	10,673,757.67	10,315,420.68
Restricted	2,495,467.75	3,425,354.12	_____	_____	2,495,467.75	3,425,354.12
Unrestricted	<u>(3,308,458.81)</u>	<u>(3,343,737.37)</u>	<u>476,584.44</u>	<u>421,664.81</u>	<u>(2,831,874.37)</u>	<u>(2,922,072.56)</u>
Total Net Position	<u>9,697,243.30</u>	<u>10,225,413.64</u>	<u>640,107.75</u>	<u>593,288.60</u>	<u>10,337,351.05</u>	<u>10,818,702.24</u>

**BOROUGH OF HALEDON BOARD OF EDUCATION
HALEDON, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Table 2 below shows the changes in net position for fiscal year 2016 compared to 2015.

**Table 2
Changes in Net Position
Year Ended June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues						
Program Revenues:						
Charges for Services and						
Sales			366,496.17	342,529.68	366,496.17	342,529.68
Operating Grants and						
Contributions	1,442,279.76	1,225,214.20	472,079.65	423,003.48	1,914,359.41	1,648,217.68
General Revenues:						
Taxes:						
Property taxes, levied						
For general purposes	6,070,948.00	5,951,909.00			6,070,948.00	5,951,909.00
Federal and State Aid not						
Restricted	10,081,525.80	9,794,661.20			10,081,525.80	9,794,661.20
State Facilities Grant	8,634.42	1,227,059.46			8,634.42	1,227,059.46
Investment Earnings	251.16	1,045.64		43.57	251.16	1,089.21
Miscellaneous Income	<u>95,451.19</u>	<u>69,549.96</u>	<u>1,545.33</u>		<u>96,996.52</u>	<u>69,549.96</u>
Total Revenues and Transfers	<u>17,699,090.33</u>	<u>18,269,439.46</u>	<u>840,121.15</u>	<u>765,576.73</u>	<u>18,539,211.48</u>	<u>19,035,016.19</u>

**BOROUGH OF HALEDON BOARD OF EDUCATION
HALEDON, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Functions/Program Expenses						
Instruction:						
Regular	6,808,286.07	6,763,140.43			6,808,286.07	6,763,140.43
Special	2,008,966.27	1,769,425.29			2,008,966.27	1,769,425.29
Other Special						
Instruction	808,095.62	762,092.56			808,095.62	762,092.56
Other Instruction	107,175.71	123,563.52			107,175.71	123,563.52
Support Services:						
Tuition	212,762.25	151,832.05			212,762.25	151,832.05
Student & Instruction						
Related Services	2,055,330.04	1,835,999.45			2,055,330.04	1,835,999.45
School Administrative						
Services	621,425.52	629,749.81			621,425.52	629,749.81
General Administrative						
Services	342,127.61	350,041.45			342,127.61	350,041.45
Central Services and						
Admin.Info.Tech.	431,574.95	455,904.89			431,574.95	455,904.89
Plant Operations and						
Maintenance	927,284.39	959,284.47			927,284.39	959,284.47
Pupil Transportation	288,837.50	238,003.78			288,837.50	238,003.78
Unallocated Benefits	3,159,314.24	2,929,933.79			3,159,314.24	2,929,933.79
Capital Outlay	5,453.00	5,453.00			5,453.00	5,453.00
Unallocated depreciation	373,724.50	325,033.63			373,724.50	325,033.63
Charter Schools	76,903.00				76,903.00	
Food Service			539,668.85	469,718.06	539,668.85	469,718.06
After Care Program			253,633.15	218,642.08	253,633.15	218,642.08
Total Expenses and Transfers	<u>18,227,260.67</u>	<u>17,299,458.12</u>	<u>793,302.00</u>	<u>688,360.14</u>	<u>19,020,562.67</u>	<u>17,987,818.26</u>
Increase or (Decrease) in						
Net Position	<u>(528,170.34)</u>	<u>969,981.34</u>	<u>46,819.15</u>	<u>77,216.59</u>	<u>(481,351.19)</u>	<u>1,047,197.93</u>

**BOROUGH OF HALEDON BOARD OF EDUCATION
HALEDON, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Governmental and Business- Activities

As reported in the Statement of Activities the cost of all of our governmental and business-type activities this year was \$19,020,562.67. However, the amount that our taxpayers ultimately financed for these activities through School District taxes was only \$6,070,948.00 because some of the cost was paid by those who benefitted from the programs \$366,496.17, by other governments and organizations who subsidized certain programs with grants and contributions \$1,914,359.41, and by miscellaneous sources \$10,187,407.90.

Revenues for the District's business-type activities (food service program, summer camp program and after care program) were comprised of charges for services and federal and state subsidy reimbursements. Significant financial results include the following:

- ✓ Food service revenues exceeded expenses by \$20,192.76.
- ✓ Charges for services provided totaled \$114,667.27 represents amounts paid by consumers for daily food services.
- ✓ Federal and state reimbursement for meals served, including payments for free and reduced priced lunches, and donated commodities was \$443,649.01.

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS

The School District's budgets are prepared according to New Jersey law, and are based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted funds are the general fund and the special revenue fund.

During the fiscal year ended June 30, 2016, the School District amended the budgets of these major governmental funds several times. Revisions in the budget were made to recognize revenues that were not anticipated and/or to prevent over-expenditures in specific line item accounts. Several of these revisions bear notation:

- TPAF, which is the state's contribution to the pension fund, is neither a revenue item nor an expenditures item to the district but is required to be reflected in the financial statements.
- The special revenue fund was increased by \$303,512.49 for increase in federal and state grant awards.

**BOROUGH OF HALEDON BOARD OF EDUCATION
HALEDON, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

**MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS,
(continued)**

General Fund

The general fund actual revenue was \$14,782,834.15. That amount is \$1,843,199.15 above the final amended budget of \$12,939,635.00. The variance between the actual revenues and final budget was the result of non-budgeted on-behalf payments of \$1,733,971.59 for TPAF social security reimbursements and on-behalf pension payments and a \$39,237.25 excess in miscellaneous anticipated revenues and \$69,990.21 excess in other federal and state aids.

The actual expenditures of the general fund were \$14,188,185.39 including transfers which is \$1,416,901.01 above the final amended budget of \$14,188,185.39. The variance between the actual expenditures and final budget was due to non-budget on-behalf TPAF social security and pension payments of \$1,733,971.59 and \$317,070.58 of unexpended budgeted funds.

Special Revenue Fund

The special revenue fund actual revenue was \$1,442,279.76. That amount is above the original budget estimate of \$1,324,621.00 and below the final amended budget of \$1,628,133.49. The \$303,512.49 variance between the original and final budget was due to additional federal and state grant monies awarded to the District after the original budget was approved. The \$185,853.73 variance between the final amended budget and the June 30, 2016 actual results was due to the deferral of Federal and State grants received in the current fiscal year to be spent in the next fiscal year.

The actual expenditures of the special revenue fund were \$1,442,279.76, which is above the original budget of \$1,324,621.00 and below the final amended budget of \$1,628,133.49. The \$303,512.49 variance between the original and final budget was due to additional expenditures related to the additional grants awarded to the District after the original budget was approved. The \$185,853.75 variance between the final amended budget and the June 30, 2016 actual results was due to the anticipation of fully expending federal and state grant programs. Expenditures will be incurred in the next fiscal year.

**BOROUGH OF HALEDON BOARD OF EDUCATION
HALEDON, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2016 the School District had \$16,493,515.50 invested in sites, buildings and equipment. Of this amount, \$5,815,388.97 in depreciation has been taken over the years. We currently have a net book value of \$10,678,126.53. Total additions for the year were \$828,108.97, the majority of which was for improvements to the District's facilities and various equipment. Table 3 shows fiscal year 2016 balances compared to 2015.

**Table 3
Capital Assets at June 30,
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	1,122,000.00	1,122,000.00			1,122,000.00	1,122,000.00
Construction in Progress		298,102.20			0.00	298,102.20
Land Improvements	441,928.16	158,994.26			441,928.16	158,994.26
Buildings and Improvements	8,303,043.51	8,145,292.57			8,303,043.51	8,145,292.57
Furniture, Equipment and Vehicles	<u>647,631.55</u>	<u>440,736.14</u>	<u>163,523.31</u>	<u>171,623.79</u>	<u>811,154.86</u>	<u>612,359.93</u>
	<u>10,514,603.22</u>	<u>10,165,125.17</u>	<u>163,523.31</u>	<u>171,623.79</u>	<u>10,678,126.53</u>	<u>10,336,748.96</u>

Debt Administration

At June 30, 2016, the district had \$3,663,688.92 of long-term debt. Of this amount, \$117,096.06 is for compensated absences, \$4,368.86 is for capital leases and \$3,542,224.00 is for net pension liability - PERS.

**BOROUGH OF HALEDON BOARD OF EDUCATION
HALEDON, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The 2016-2017 school budget represents the fourth time that the residents in Haledon did not have an opportunity to vote on the Haledon School Budget. Changes in election law allowed for approval of school budgets without an election (if they fell within tax cap) provided that the municipality, the school district or the electorate voted for such a change. For the 2013-2014 school year, the Borough of Haledon voted to do away with the vote for the elementary school budget election. The budget put together for 2016-2017 was within CAP, so there was also no election.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Borough of Haledon Board of Education's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

John A. Serapiglia, Jr.,
School Business Administrator
Borough of Haledon Board of Education
70 Church Street
Haledon, New Jersey 07508

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

BOROUGH OF HALEDON SCHOOL DISTRICT
Statement of Net Position
June 30, 2016

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents		546,823.87	546,823.87
Receivables, net	818,255.08	39,876.34	858,131.42
Internal Balances	80,844.57	(80,844.57)	-
Inventory		3,076.92	3,076.92
Restricted Assets:			
Cash and Cash Equivalents	2,395,468.40		2,395,468.40
Capital Assets :			
Land and Construction in Progress	1,122,000.00		1,122,000.00
Other Capital Assets, net	9,392,603.22	163,523.31	9,556,126.53
Total Assets	<u>13,809,171.27</u>	<u>672,455.87</u>	<u>14,481,627.14</u>
DEFERRED OUTFLOWS			
Deferred Outflows of Resources Related to PERS - Pension	683,303.00		683,303.00
LIABILITIES			
Cash Deficit	806,126.14		806,126.14
Accounts Payable and Accrued Liabilities	251,203.08	32,348.12	283,551.20
Interfunds Payable - Fiduciary Fund	943.83		943.83
Noncurrent Liabilities:			
Due within one year	4,368.86		4,368.86
Due beyond one year	3,659,320.06		3,659,320.06
Total Liabilities	<u>4,721,961.97</u>	<u>32,348.12</u>	<u>4,754,310.09</u>
DEFERRED INFLOWS			
Deferred Inflows of Resources Related to PERS - Pension	73,269.00		73,269.00
NET POSITION			
Invested in Capital Assets, net of Related Debt	10,510,234.36	163,523.31	10,673,757.67
Restricted for:			
Capital Projects	1,804,931.45		1,804,931.45
Other Purposes	690,536.30		690,536.30
Unrestricted (Deficit)	<u>(3,308,458.81)</u>	<u>476,584.44</u>	<u>(2,831,874.37)</u>
Total Net Position	<u>9,697,243.30</u>	<u>640,107.75</u>	<u>10,337,351.05</u>

See Accompanying Notes to Financial Statements.

BOROUGH OF HALEDON SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
			Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities
Governmental activities:						
Instruction:						
Regular	5,470,457.15	1,337,828.92		1,143,045.43	(5,665,240.64)	(5,665,240.64)
Special Education	1,507,530.23	501,436.04			(2,008,966.27)	(2,008,966.27)
Other Special Instruction	599,726.51	208,369.11			(808,095.62)	(808,095.62)
Other Instruction	84,439.10	22,736.61			(107,175.71)	(107,175.71)
Support services:						
Tuition	212,762.25	-			(212,762.25)	(212,762.25)
Student & Instruction Related Services	1,666,355.70	388,974.34		295,989.33	(1,759,340.71)	(1,759,340.71)
School Administrative Services	457,968.71	163,456.81			(621,425.52)	(621,425.52)
General Administrative Services	312,228.98	29,898.63			(342,127.61)	(342,127.61)
Central Services & Admin. Info. Technology	414,130.36	17,444.59			(431,574.95)	(431,574.95)
Plant Operations and Maintenance	828,986.40	98,297.99			(927,284.39)	(927,284.39)
Pupil Transportation	265,635.36	23,202.14			(288,837.50)	(288,837.50)
Unallocated Benefits	3,159,314.24	-		3,245.00	(3,159,314.24)	(3,159,314.24)
Capital Outlay - Non-depreciable	5,453.00	-			(2,208.00)	(2,208.00)
Charter Schools	76,903.00	-			(76,903.00)	(76,903.00)
Unallocated Depreciation	373,724.50	-			(373,724.50)	(373,724.50)
Total Governmental Activities	15,435,615.49	2,791,645.18	-	1,442,279.76	(16,784,980.91)	(16,784,980.91)
Business-type Activities:						
Food Service	539,668.85		114,667.27	443,649.01	18,647.43	18,647.43
After Care Program	253,633.15		251,828.90	28,430.64	26,626.39	26,626.39
Total Business-type Activities	793,302.00		366,496.17	472,079.65	45,273.82	45,273.82
Total Primary Government	16,228,917.49		366,496.17	1,914,359.41	(16,784,980.91)	(16,739,707.09)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes					6,070,948.00	6,070,948.00
Federal and State Aid not Restricted					10,081,525.80	10,081,525.80
Investment Earnings					251.16	299.98
Miscellaneous Income					95,451.19	96,947.70
State Aid - Capital Outlay Facilities Grant					8,634.42	8,634.42
Total General Revenues, Special Items, Extraordinary Items and Transfers					16,256,810.57	16,258,355.90
Change in Net Position					(528,170.34)	(481,351.19)
Net Position—Beginning					10,225,413.64	10,818,702.24
Net Position—Ending					9,697,243.30	10,337,351.05

See Accompanying Notes to Financial Statements.

FUND FINANCIAL STATEMENTS

BOROUGH OF HALEDON SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Tax Levy Receivable	505,912.34			505,912.34
Interfund Receivables	186,001.02			186,001.02
Receivables from Other Governments	104,513.33	199,131.27		303,644.60
Restricted Cash and Cash Equivalents	2,395,468.40			2,395,468.40
Total Assets	<u>3,191,895.09</u>	<u>199,131.27</u>		<u>3,391,026.36</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Cash Deficit	806,126.14			806,126.14
Accounts Payable	3,773.12	102,672.96		106,446.08
Interfund Payables	943.83	96,458.31		97,402.14
Total Liabilities	<u>810,843.09</u>	<u>199,131.27</u>		<u>1,009,974.36</u>
Fund Balances:				
Restricted for:				
Excess Surplus Designated for Subsequent Year's Expenditures	99,999.35			99,999.35
Capital Reserve	1,804,931.45			1,804,931.45
Emergency Reserve	250,000.00			250,000.00
Maintenance Reserve	340,536.95			340,536.95
Assigned to:				
Other Purposes	35,060.02			35,060.02
Designated by Board of Education for Subsequent Year's Expenditures	205,453.65			205,453.65
Unassigned:				
General Fund	(354,929.42)			(354,929.42)
Total Fund Balances	<u>2,381,052.00</u>			<u>2,381,052.00</u>
Total Liabilities and Fund Balances	<u>3,191,895.09</u>	<u>199,131.27</u>		

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$16,125,509.88 and the accumulated depreciation is \$5,610,906.66. 10,514,603.22

Accounts Payable for subsequent Pension payment is not a payable in the funds (144,757.00)

Deferred Outflows and Inflows of resources are applicable to future periods and therefore are not reported in the funds.

Deferred Outflows of Resources Related to PERS Pension Liability 683,303.00

Deferred Inflows of Resources Related to PERS Pension Liability (73,269.00)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. (3,663,688.92)

Net position of governmental activities 9,697,243.30

See Accompanying Notes to Financial Statements.

BOROUGH OF HALEDON SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local Sources:				
Local Tax Levy	6,070,948.00			6,070,948.00
Interest Earned on Maintenance Reserve Funds	26.00			26.00
Interest Earned on Capital Reserve Funds	52.00			52.00
Interest Earned on Investments	173.16			173.16
Miscellaneous	95,451.19			95,451.19
Total - Local Sources	<u>6,166,650.35</u>			<u>6,166,650.35</u>
State Sources	8,603,425.59	479,407.76	8,634.42	9,091,467.77
Federal Sources	22,162.21	962,872.00		985,034.21
Total Revenues	<u>14,792,238.15</u>	<u>1,442,279.76</u>	<u>8,634.42</u>	<u>16,243,152.33</u>
EXPENDITURES				
Current:				
Regular Instruction	4,327,411.72	1,143,045.43		5,470,457.15
Special Education Instruction	1,507,530.23			1,507,530.23
Other Special Instruction	599,726.51			599,726.51
Other Instruction	84,439.10			84,439.10
Tuition	212,762.25			212,762.25
Student & Instruction Related Services	1,370,366.37	295,989.33		1,666,355.70
School Administrative Services	457,968.71			457,968.71
General Administrative Services	312,228.98			312,228.98
Central & Admin. Inf. Technology	414,130.36			414,130.36
Plant Operations and Maintenance	828,986.40			828,986.40
Pupil Transportation	265,635.36			265,635.36
Unallocated Benefits	4,334,808.77			4,334,808.77
Capital Outlay	654,928.64	3,245.00	169,613.33	827,786.97
Transfer of Funds to Charter School	76,903.00			76,903.00
Total Expenditures	<u>15,447,826.40</u>	<u>1,442,279.76</u>	<u>169,613.33</u>	<u>17,059,719.49</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(655,588.25)</u>		<u>(160,978.91)</u>	<u>(816,567.16)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	74,450.55		157,260.00	231,710.55
Transfers out	<u>(157,260.00)</u>		<u>(74,450.55)</u>	<u>(231,710.55)</u>
Total other financing sources and (uses)	<u>(82,809.45)</u>		<u>82,809.45</u>	
Net Change in Fund Balances	(738,397.70)		(78,169.46)	(816,567.16)
Fund Balance—July 1	<u>3,119,449.70</u>		<u>78,169.46</u>	<u>3,197,619.16</u>
Fund Balance—June 30	<u>2,381,052.00</u>		<u>2,381,052.00</u>	<u>2,381,052.00</u>

See Accompanying Notes to Financial Statements.

BOROUGH OF HALEDON SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2016

Total net change in fund balances - governmental funds (from B-2) (816,567.16)

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

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

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

Depreciation Expense	(472,855.92)	
Depreciable Capital Outlays	<u>822,333.97</u>	349,478.05

Repayment of long-term debt is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.

In the current year, these amounts consist of:

Principal Capital Leases		16,959.42
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In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

Increase/(Decrease) in Compensated Absences Payable		30,595.35
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District pension contributions are reported as expenditures in the governmental funds when made.

However, per GASB No. 68 they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

District Pension Contributions	135,663.00	
Less: Pension Expense	<u>(244,299.00)</u>	
(Increase)/Decrease in Pension Expense		(108,636.00)

Per GASB No. 68 Non-employer contributing entities are required to record an increases in revenue and expense for On-behalf TPAF pension payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements

Increase in On-behalf State Aid TPAF Pension	1,455,938.00
Increase in On-behalf TPAF Pension Expense	(1,455,938.00)

Change in net position of governmental activities (528,170.34)

See Accompanying Notes to Financial Statements.

BOROUGH OF HALEDON SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2016

	Business-Type Activities - Enterprise Fund		
	Food Service Program	After Care / Summer Camp Program	Total Enterprise Fund
ASSETS			
Current Assets:			
Cash and Cash Equivalents	351,625.56	195,198.31	546,823.87
Accounts Receivable:			
State	419.70		419.70
Federal	28,990.55	2,102.52	31,093.07
Other	6,427.24	1,936.33	8,363.57
Inventories	3,076.92		3,076.92
Total Current Assets	390,539.97	199,237.16	589,777.13
Noncurrent Assets:			
Capital Assets:			
Equipment	368,005.62		368,005.62
Less Accumulated Depreciation	(204,482.31)		(204,482.31)
Total Capital Assets (Net of Accumulated Depreciation)	163,523.31		163,523.31
Total Assets	554,063.28	199,237.16	753,300.44
LIABILITIES			
Current Liabilities:			
Accounts Payable	32,348.12		32,348.12
Interfunds Payable	80,844.57		80,844.57
Total Current Liabilities	113,192.69		113,192.69
Total Liabilities	113,192.69		113,192.69
NET POSITION			
Invested in Capital Assets Net of Related Debt	163,523.31		163,523.31
Unrestricted	277,347.28	199,237.16	476,584.44
Total Net Position	440,870.59	199,237.16	640,107.75

See Accompanying Notes to Financial Statements.

BOROUGH OF HALEDON SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2016

	Business-Type Activities - Enterprise Fund		
	Food Service Program	After Care / Summer Camp Program	Total Enterprise Fund
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	96,034.69		96,034.69
Daily Sales - Non-Reimbursable Programs	18,632.58		18,632.58
Miscellaneous	1,496.51		
Miscellaneous - Program Fees		251,828.90	251,828.90
Total Operating Revenues	<u>116,163.78</u>	<u>251,828.90</u>	<u>366,496.17</u>
Operating Expenses:			
Cost of Sales	263,735.54		263,735.54
Salaries	140,607.86	222,181.68	362,789.54
Supplies and Materials	39,645.69	11,329.78	50,975.47
Employee Benefits	30,928.06	15,372.00	46,300.06
Purchased Professional and Technical Services	11,358.55	720.00	12,078.55
Cleaning Repair & Maintenance	15,967.05		15,967.05
Utilities	8,647.74		8,647.74
Other Purchased Services	7,426.69		7,426.69
Miscellaneous Expense	7,476.19	2,974.69	10,450.88
Transportation		1,055.00	1,055.00
Depreciation	13,875.48		13,875.48
Total Operating Expenses	<u>539,668.85</u>	<u>253,633.15</u>	<u>793,302.00</u>
Operating Income (Loss)	<u>(423,505.07)</u>	<u>(1,804.25)</u>	<u>(426,805.83)</u>
Nonoperating Revenues (Expenses):			
State Sources:			
State School Lunch Program	7,001.65		7,001.65
Federal Sources:			
National School Lunch Program	325,137.90		325,137.90
School Breakfast Program	52,922.66		52,922.66
After School Snack Program		28,430.64	28,430.64
Summer Food Service Program	8,574.30		8,574.30
HHFKA Program	8,169.72		8,169.72
U.S.D.A. Commodities:			
Food Distribution Program	41,842.78		41,842.78
Interest and Investment Revenue	48.82		48.82
Total Nonoperating Revenues (Expenses)	<u>443,697.83</u>	<u>28,430.64</u>	<u>472,128.47</u>
Income (Loss) Before Contributions & Transfers	<u>20,192.76</u>	<u>26,626.39</u>	<u>45,322.64</u>
Transfers In (Out)			
Change in Net Position	<u>20,192.76</u>	<u>26,626.39</u>	<u>45,322.64</u>
Total Net Position—Beginning	<u>420,677.83</u>	<u>172,610.77</u>	<u>593,288.60</u>
Total Net Position—Ending	<u><u>440,870.59</u></u>	<u><u>199,237.16</u></u>	<u><u>638,611.24</u></u>

See Accompanying Notes to Financial Statements.

BOROUGH OF HALEDON SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016

	Business-Type Activities - Enterprise Fund		
	Food Service Program	After Care / Summer Camp Program	Total Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	116,163.78	251,959.54	368,123.32
Receipts from Interfunds	(28,406.46)		(28,406.46)
Payments to Employees	(27,770.37)	(222,181.68)	(249,952.05)
Payments for Employee Benefits	(2,243.85)	(15,372.00)	(17,615.85)
Payments to Suppliers	(1,120.19)	(12,312.21)	(13,432.40)
Payments for Miscellaneous Expenses	(3,778.55)	(4,749.69)	(8,528.24)
Payments to Food Service Management Company	(350,188.00)		(350,188.00)
Net Cash Provided by (Used for) Operating Activities	<u>(297,343.64)</u>	<u>(2,656.04)</u>	<u>(299,999.68)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	7,977.70		7,977.70
Federal Sources	436,302.12	23,605.48	459,907.60
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>444,279.82</u>	<u>23,605.48</u>	<u>467,885.30</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of Capital Assets	(5,775.00)		(5,775.00)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(5,775.00)</u>		<u>(5,775.00)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	48.82		48.82
Net Cash Provided by (Used for) Investing Activities	<u>48.82</u>		<u>48.82</u>
Net Increase (Decrease) in Cash and Cash Equivalents	141,210.00	20,949.44	162,159.44
Balances—Beginning of Year	210,415.56	169,222.03	379,637.59
Balances—End of Year	<u>351,625.56</u>	<u>190,171.47</u>	<u>541,797.03</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	(423,505.07)	(1,804.25)	(425,309.32)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used for) Operating Activities			
Depreciation and Net Amortization	13,875.48		13,875.48
Food Distribution Program Donated Commodities	41,842.78		41,842.78
(Increase) Decrease in Accounts Receivable, Net	(4,409.19)	130.64	(4,278.55)
(Increase) Decrease in Inventories	(454.34)		(454.34)
Increase (Decrease) in Accounts Payable	75,306.70	(982.43)	74,324.27
Total Adjustments	<u>126,161.43</u>	<u>(851.79)</u>	<u>125,309.64</u>
Net Cash Provided by (Used for) Operating Activities	<u>(297,343.64)</u>	<u>(2,656.04)</u>	<u>(299,999.68)</u>

See Accompanying Notes to Financial Statements.

BOROUGH OF HALEDON SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	<u>Unemployment Compensation Trust Fund</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	337,208.73	550,331.10
Interfund Receivable		6,289.31
Total Assets	<u>337,208.73</u>	<u>556,620.41</u>
LIABILITIES		
Interfund Payable	4,745.31	9,298.31
Payable to Student Groups		29,458.56
Payroll Deductions and Withholdings		517,863.54
Total Liabilities	<u>4,745.31</u>	<u>556,620.41</u>
NET POSITION		
Held in Trust for Unemployment Claims and Other Purposes	<u>332,463.42</u>	

See Accompanying Notes to Financial Statements.

BOROUGH OF HALEDON SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2016

	Unemployment Compensation Trust Fund
ADDITIONS	
Contributions:	
Plan Member	22,592.05
Total Contributions	22,592.05
Investment Earnings:	
Interest	133.69
Net Investment Earnings	133.69
Total Additions	22,725.74
DEDUCTIONS	
Quarterly Contribution Reports	9,017.96
Unemployment Claims	11,320.21
Total Deductions	20,338.17
Change in Net Position	2,387.57
Net Position—Beginning of the Year	330,075.85
Net Position—End of the Year	332,463.42

See Accompanying Notes to Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

**Borough of Haledon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Board of Education (“Board”) of the Borough of Haledon School District (“District”) is an instrumentality of the State of New Jersey, established to function as an educational institution. The Borough of Haledon School District is a Type II district located in the County of Passaic, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in grades K-8. 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 primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the Board holds the corporate powers of the organization
- the Board appoints a voting majority of the organization’s board
- the Board is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Board
- there is a fiscal dependency by the organization on the Board

Based on the aforementioned criteria, the Board has no component units. Furthermore, the Board is not includable in any other reporting entity on the basis of such criteria.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education of the Borough of Haledon School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the board’s accounting policies are described below.

A. Basis of Presentation:

The Board’s basic financial statements consist of District-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Borough of Haledon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

District-wide Financial Statements:

The statement of net position and the statement of activities display information about the Board as a whole. These statements include the financial activities of the overall District, except for the fiduciary funds. The statements distinguish between those activities of the Board that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the Board at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the governmental activities and for the business-type activities of the Board. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Board, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Board.

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *government*, *proprietary*, and *fiduciary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models. The various funds of the Board are grouped into the categories governmental, proprietary and fiduciary.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the Board are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Board's governmental funds:

**Borough of Haledon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

General Fund - The General Fund is the general operating fund of the Board. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

As required by the New Jersey State Department of Education, the Board includes budgeted Capital Outlay in this fund. Accounting principles generally accepted in the United States of America as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, District taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from sale of bonds, lease purchases and other revenues.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

PROPRIETARY FUNDS

The focus of Proprietary Fund measurement is upon determination of net income, changes in net position, financial position and cash flows. The accounting principles generally accepted in the United States of America applicable are those similar to businesses in the private sector. Proprietary funds are classified as enterprise or internal service; the Board has no internal service funds. The following is a description of the Proprietary Funds of the Board:

**Borough of Haledon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Enterprise Funds - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the Board is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the Board has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Board's Enterprise Fund is comprised of the Food Service program and the Summer Camp/After Care program.

FIDUCIARY FUNDS

Fiduciary Fund - Fiduciary Fund reporting focuses on net position and changes in net position. The Fiduciary Funds are used to account for assets held by the Board on behalf of individuals, private organizations, other governments and/or other funds. Fiduciary Funds include Unemployment Compensation Insurance, Student Activities Fund and Payroll Agency Fund.

B. Measurement Focus:

District-wide Financial Statements

The District-wide statements (i.e., the statement of net position and the statement of activities) are prepared using the economic resources measurements focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the Board are included on the statement of net position, except for fiduciary funds.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the District-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**Borough of Haledon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Like the District-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Board finances and meets the cash flow needs of its proprietary activities.

C. Basis of Accounting:

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The District-wide financial statements and the financial statements of the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

Nonexchange transactions, in which the Board receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Board must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Board on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under GAAP, in accordance with GASB No. 33, Accounting and Financial Reporting for Nonexchange Transactions, the last state aid payment is not considered revenue to the school district if the state has not recorded the corresponding expenditure, even though state law dictates recording the revenue.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: ad valorem property taxes, tuition, unrestricted grants and interest.

**Borough of Haledon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement of focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

D. Budgets/Budgetary Control:

Annual appropriated budgets are adopted in the spring of the preceding year for the general, and special revenue funds. The budgets are submitted to the county superintendents office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts 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. 6A:23-2(g)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. The Board of Education did not make any material supplemental budgetary appropriations during the fiscal year.

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 the last state aid payment for budgetary purposes only and special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

E. Encumbrances:

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 reservations of 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.

**Borough of Haledon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Open encumbrances in the special revenue fund, for which the Board has received advances, are reflected in the balance sheet as unearned revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

F. Cash, Cash Equivalents and Investments:

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the Board has adopted a cash management plan that 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.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

G. Tuition Receivable:

Tuition charges were established by the District based on estimated costs. The charges are subject to adjustment when final costs have been determined.

**Borough of Haledon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

H. Tuition Payable:

Tuition charges were established by the receiving district. The charges are subject to adjustment when the final costs have been determined.

I. Inventories:

On District-wide financial statements, inventories are presented at cost, which approximates market on a first-in, first-out basis and are expensed when used.

On fund financial statements inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Inventories of proprietary funds consist of food and goods held for resale, as well as supplies, and are expensed when used.

J. Prepaid Items:

Payments made to vendors for services that will benefit periods beyond June 30, 2016, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

K. Short-Term Interfund Receivables/Payables:

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

L. Capital Assets:

General capital assets are those assets not specifically related to activities reported in the enterprise fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the district -wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the enterprise fund are reported both in the business-type activity column of the District-wide statement of net position and in the fund.

All capital assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The capital assets acquired or constructed prior to June 30, 1993 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their estimated fair market value on the date received. The Board maintains a capitalization threshold of \$2,000.00. The Board does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not.

**Borough of Haledon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activity Estimated Lives</u>
Sites and Improvements	20 years	N/A
Buildings and Improvements	7-50 years	N/A
Furniture, Equipment and Vehicles	5-20 years	5-20 years

M. Compensated Absences:

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Board and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Board and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

N. Unearned Revenue:

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Unearned revenue in the special revenue fund represents cash that has been received but not yet earned. See Note 2(E) regarding the special revenue fund.

O. Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements.

**Borough of Haledon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgements, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds, long-term obligations, and capital leases that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

P. Accounting and Financial Reporting for Pensions:

In fiscal year 2015, the District implemented GASB 68. This Statement amends GASB Statement No. 27. It improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension 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. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement is effective for periods beginning after June 15, 2014.

The District has also implemented GASB Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB 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.

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of

**Borough of Haledon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

P. Accounting and Financial Reporting for Pensions: (continued)

resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has only one item that qualifies for reporting in this category, deferred amounts related to pension.

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 District has one item that qualifies in this category, deferred amounts related to pension.

R. Fund Balances:

Fund balance is divided into five classifications based primarily on the extent to which the Board is bound to observe constraints imposed upon the resources in the governmental funds. The classifications are as follows:

- **Nonspendable** fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).

**Borough of Haledon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

R. Fund Balances: (continued)

- **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of resource providers.
- **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Board's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.
- **Assigned** fund balance comprises amounts *intended* to be used by the Board for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- **Unassigned** fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

S. Net Position:

Net position represent the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Board or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Board applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

**Borough of Haledon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

T. Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Board, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

U. Extraordinary and Special Items:

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year.

V. Allocation of Indirect Expenses:

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. TPAF on-behalf contributions and changes in compensated absences have not been allocated and have been reported as unallocated benefits on the Statement of Activities. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities as unallocated depreciation. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

W. Use of Estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

X. Recent Accounting Pronouncements:

The Governmental Accounting Standards Board (GASB) issued Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27". This statement, which is effective for fiscal periods beginning after June 15, 2014, was implemented by the District for the year ended June 30, 2015.

**Borough of Haledon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

X. Recent Accounting Pronouncements: (continued)

The Governmental Accounting Standards Board (GASB) issued Statement No. 71 “Pension Transition for Contributions Made Subsequent to the Measurement Date-an-amendment of GASB Statement No. 68”. The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014 and was implemented by the District for the year ended June 30, 2015.

The Government Accounting Standards Board issued GASB Statement No. 72, Fair Value Measurement and Application. This Statement is effective for fiscal years beginning after June 15, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement also 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. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68. This Statement is effective for fiscal years beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for fiscal years beginning after June 15, 2016. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. This Statement applies to OPEB plans and basically parallels GASB Statement 67 and replaces GASB Statement 43 and is effective for fiscal years beginning after June 15, 2016. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for fiscal years beginning after June 15, 2017. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

**Borough of Haledon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

X. Recent Accounting Pronouncements: (continued)

The Government Accounting Standards Board issued GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the American Institute of Certified Public Accountants that is cleared by the GASB. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 77, *Tax Abatement Disclosures*, which improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The District believes this Statement will have no impact on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which establishes the criteria for identifying the applicable pension plans and addresses measurement and recognition for pension liabilities, expense and expenditures; note disclosures of descriptive information about the plan, benefit terms, and contributions items; and required supplementary information presenting required contribution amounts for the past 10 fiscal years. The District is currently reviewing what effect this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 79, *Certain External Investment Pools and Pool Participation*, which permits qualifying external investment pools to measure pool investments at amortized cost for financial reporting purposes. The District is currently reviewing what effect this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 80, *Blending Requirements for Certain Component Units*, which provides clarity about how certain component units incorporated as not-for-profit corporations should be presented in the financial statements of the primary state or local government. The District does not believe this Statement will have any effect on future financial statements.

**Borough of Haledon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

X. Recent Accounting Pronouncements: (continued)

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 81, Irrevocable Split-Interest Agreements. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The District does not believe this Statement will have any effect on future financial statements.

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 82, Pension Issues - an Amendment of GASB Statements No. 67, No. 68 and No. 73. The objective of this Statement is to address certain issues that have been raised with respect to Statement No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement is effective for reporting periods beginning after June 15, 2016. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash

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 District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2014, \$-0- of the District's bank balance of \$3,482,066.23 was exposed to custodial credit risk.

Investments

Investment Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investments to 397 days.

**Borough of Haledon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS, (continued)

Credit Risk

New Jersey Statutes 18A:20-37 limits school district investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America, 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; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer.

NOTE 4. RECEIVABLES

Receivables at June 30, 2016, consisted of accounts and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	<u>Governmental Fund Financial Statements</u>	<u>Proprietary/ Enterprise Fund</u>	<u>District Wide Financial Statements</u>
Tax Levy	\$505,912.34	\$	\$505,912.34
State Aid	100,072.50	419.70	100,492.20
Federal Aid	180,278.00	31,093.07	211,371.07
Other	23,294.10	8,363.57	31,657.67
Interfunds	<u>186,001.02</u>		<u>8,698.14</u>
Gross Receivables	995,557.96	39,876.34	858,131.42
Less: Allowance for Uncollectibles			
Total Receivables, Net	<u><u>\$995,557.96</u></u>	<u><u>\$39,876.34</u></u>	<u><u>\$858,131.42</u></u>

**Borough of Haledon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 5. INTERFUND BALANCES AND ACTIVITY

Balance due to/from other funds at June 30, 2016, consist of the following:

\$8,698.14	Due to the General Fund from the Payroll Agency Fund for overage in transfer.
96,458.31	Due to the General Fund from the Special Revenue Fund for short term loan.
943.83	Due to the Fiduciary Fund from the General Fund for short term loan.
<u>80,844.57</u>	Due to the General Fund from the Enterprise Fund for Enterprise Fund expenditures paid by the General Fund.
<u>\$186,944.85</u>	

It is anticipated that all interfunds will be liquidated during the fiscal year.

Interfund transfers for the year ended June 30, 2016 consisted of the following: \$157,260.00 from the General Fund to the Capital Projects Fund to provide resources to fund the capital projects and \$74,450.55 from the Capital Projects Fund to the General Fund for unexpended project funds.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2016 was as follows:

	Balance <u>6/30/15</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>6/30/16</u>
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$1,122,000.00		(\$298,102.20)	\$823,897.80
Construction in Progress	<u>298,102.20</u>	\$ _____	_____	<u>298,102.20</u>
Total Capital Assets, Not Being Depreciated	<u>1,420,102.20</u>	_____	<u>(298,102.20)</u>	<u>1,122,000.00</u>
Capital Assets Being Depreciated				
Land Improvements	390,542.01	299,030.71		689,572.72
Buildings and Improvements	12,500,036.38	214,448.33	298,102.20	13,012,586.91
Furniture, Equipment and Vehicles	<u>1,093,201.95</u>	<u>308,854.93</u>	<u>(100,706.63)</u>	<u>1,301,350.25</u>
Total Capital Assets, Being Depreciated	<u>13,983,780.34</u>	<u>822,333.97</u>	<u>197,395.57</u>	<u>15,003,509.88</u>
Less Accumulated Depreciation:				
Land Improvements	(231,547.75)	(16,096.81)		(247,644.56)
Buildings and Improvements	(4,354,743.81)	(354,799.59)		(4,709,543.40)
Furniture, Equipment and Vehicles	<u>(652,465.81)</u>	<u>(101,959.52)</u>	<u>100,706.63</u>	<u>(653,718.70)</u>
Total Accumulated Depreciation	<u>(5,238,757.37)</u>	<u>(472,855.92)</u>	<u>100,706.63</u>	<u>(5,610,906.66)</u>
Total Capital Assets, Being Depreciated, Net	<u>8,745,022.97</u>	<u>349,478.05</u>	<u>298,102.20</u>	<u>9,392,603.22</u>
Governmental Activities Capital Assets, Net	<u>\$10,165,125.17</u>	<u>\$349,478.05</u>	<u>0.00</u>	<u>\$10,514,603.22</u>

**Borough of Haledon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 6. CAPITAL ASSETS, (continued)

	<u>Balance 6/30/15</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/16</u>
Business-Type Activity				
Machinery and Equipment	\$362,230.62	\$5,775.00	\$	\$368,005.62
Less Accumulated Depreciation for Machinery and Equipment	<u>(190,606.83)</u>	<u>(13,875.48)</u>	<u> </u>	<u>(204,482.31)</u>
Business-Type Activity Capital Assets, Net	<u>\$171,623.79</u>	<u>(\$8,100.48)</u>	<u>\$0.00</u>	<u>\$163,523.31</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$79,139.82
School Administrative Services	12,468.17
Plant Operations and Maintenance	7,523.43
Pupil Transportation	8,837.50
Unallocated Depreciation	<u>364,887.00</u>
	<u>\$472,855.92</u>

NOTE 7. LONG-TERM OBLIGATION ACTIVITY

Changes in long-term obligations for the year ended June 30, 2016 were as follows:

	<u>Balance June 30, 2015</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2016</u>	<u>Amounts Due Within One Year</u>
Compensated Absences Payable	\$147,691.41	\$4,936.89	(\$35,532.24)	\$117,096.06	\$
Net Pension Liability	2,867,599.00	674,625.00		3,542,224.00	
Capital Lease Payable	<u>21,328.28</u>	<u> </u>	<u>(16,959.42)</u>	<u>4,368.86</u>	<u>4,368.86</u>
	<u>\$3,036,618.69</u>	<u>\$679,561.89</u>	<u>(\$52,491.66)</u>	<u>\$3,663,688.92</u>	<u>\$4,368.86</u>

**Borough of Haledon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 7. LONG-TERM OBLIGATION ACTIVITY, (continued)

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

As of June 30, 2016, the Board had no outstanding bonds payable.

B. Bonds Authorized But Not Issued:

As of June 30, 2016, the Board has no authorized but not issued bonds.

C. Capital Leases Payable:

The District is leasing copiers under a capital lease. The following is a schedule of the future minimum lease payments under the capital lease and the net minimum lease payments at June 30, 2016.

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	<u>\$4,368.86</u>	<u>\$35.14</u>	<u>\$4,404.00</u>
Total minimum lease payments	<u>\$4,368.86</u>	<u>\$35.14</u>	<u>\$4,404.00</u>

NOTE 8. PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or reports can be accessed on the internet at: http://www.state.nj.us/treasury/pensions/annrpts_archive.htm.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute,

**Borough of Haledon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 8. PENSION PLANS, (continued)

all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2008 under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (NJSA 43:15C-1 et seq). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by NJSA 43:15C-1 et seq.

Contribution Requirements Fund Based Statements - The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS and 5.5% for TPAF of the employee's annual compensation. Pursuant to the provisions of Chapter 78, P.L. 2011, this amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning in the first year. For fiscal year 2012, the member rate will increase in October 2011. The phase in will take place on July 1 of each subsequent fiscal year. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and TPAF. In the PERS and TPAF, the employer contribution includes funding for post-retirement medical premiums.

During the year ended June 30, 2016 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost equals annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997. 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.

**Borough of Haledon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 8. PENSION PLANS, (continued)

The Board's contribution to PERS AND DCRP, equal to the required contributions for each year as reported in the fund based statements, were as follows:

Year	<u>PERS</u>	<u>DCRP</u>
<u>Ending</u> 6/30/16	\$135,663.00	\$1,774.09
6/30/15	126,264.00	2,282.45
6/30/14	116,337.00	1,263.54

The State of New Jersey contribution to TPAF (paid on-behalf of the District) for normal and post retirement benefits have been included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13, as follows:

Year	Pension	Post-Retirement Medical	NCGI
<u>Ending</u> 6/30/16	<u>Contributions</u> \$516,332.00	<u>Contributions</u> \$645,434.00	<u>Premium</u> \$25,720.00
6/30/15	571,443.00	335,805.00	24,160.00
6/30/14	437,967.00	245,449.00	21,665.00

In addition, the post-retirement medical benefits are included in the district-wide financial statements.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$546,485.59 during the 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 included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13.

Legislation enacted during 1993 provides early retirement incentives for certain members of the TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1993 fiscal year. The early retirement incentives included: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; and (c) an additional \$500 per month for two years for employees at least age 60 with 10 but less than 20 years of service. The Board offered the early retirement incentive program (ERIP) to its employees for both PERS and TPAF.

**Borough of Haledon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 8. PENSION PLANS, (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68

Public Employees Retirement System (PERS)

At June 30, 2016, the District reported a liability of \$3,542,224.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, 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 proportion 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 school districts, actuarially determined. At June 30, 2015, the District's proportion was 0.0157796884 percent, which was an increase of 0.0004635544 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$244,299.00. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in actual and expected experience	\$84,505.00	\$
Changes of assumptions	380,407.00	
Net difference between projected and actual earnings on pension plan investments		56,952.00
Changes in proportion and differences between District contributions and proportionate share of contributions	73,634.00	16,317.00
District contributions subsequent to the measurement date	<u>144,757.00</u>	<u> </u>
Total	<u>\$683,303.00</u>	<u>\$73,269.00</u>

The \$144,757.00 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2016, the plan measurement date is June 30, 2015) will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$74,269.00
2018	74,269.00
2019	118,286.00
2020	66,866.00

**Borough of Haledon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 8. PENSION PLANS, (continued)

Additional Information

Local Group Collective balances at June 30, 2015 and 2014 are as follows:

	<u>June 30, 2015</u>	<u>June 30, 2015</u>
Collective deferred outflows of resources	\$3,578,755,666	\$952,194,675
Collective deferred inflows of resources	993,410,455	1,479,224,662
Collective net pension liability	22,447,996,119	18,722,735,003
District's Proportion	0.0157796884%	0.0153161340%

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which rolled forward to June 30, 2015. The total pension liability for the July 1, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	3.04 Percent
Salary Increases:	
2012-2021	2.15-4.40 Percent (based on age)
Thereafter	3.15-5.40 Percent (based on age)
Investment Rate of Return	7.90 Percent

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Mortality Rates

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback one year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

**Borough of Haledon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 8. PENSION PLANS, (continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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 PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Markets	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Returns	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
Reit	4.25%	5.12%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on 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. The projection of cash flows

**Borough of Haledon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 8. PENSION PLANS, (continued)

used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2015 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2015		
	1% Decrease	At Current Discount Rate	1% Increase
	<u>3.90%</u>	<u>4.90%</u>	<u>5.90%</u>
District's proportionate share of the pension liability	\$4,402,551.00	\$3,542,224.00	\$2,820,932.00

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS).

Teachers Pensions and Annuity Fund (TPAF)

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

**Borough of Haledon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 8. PENSION PLANS, (continued)

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2016 was as follows:

Net Pension Liability:	
District's proportionate share	\$ -0-
State's proportionate share associated with the District	<u>42,082,473.00</u>
	<u>\$42,082,473.00</u>

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. The net pension liability associated with the District 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 school districts and the State, actuarially determined. At June 30, 2015, the proportion of the TPAF net pension liability associated with the District was 0.0665816926%.

For the year ended June 30, 2016, the District recognized on-behalf pension expense and revenue of \$1,997,990.00 for contributions provided by the State in the District-Wide Financial Statements.

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality

**Borough of Haledon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 8. PENSION PLANS, (continued)

Mortality Rates

improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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 TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%
	<u>100.00%</u>	

**Borough of Haledon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 8. PENSION PLANS, (continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.13% and 4.68% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on 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. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

Because the District's proportionate share of the net pension liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

NOTE 9. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 Chapter 62. Funding of post-retirement medical premiums changed from a prefunding 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 Chapter 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 \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

**Borough of Haledon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 9. POST-RETIREMENT BENEFITS, (continued)

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>.

NOTE 10. DEFERRED COMPENSATION

The Board offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by CPI Qualified Plan Consultants, Inc., permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan participants are as follows:

Equitable	Lincoln Investment Planning	VALIC
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NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to general liability, automobile coverage; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board has obtained insurance coverage to guard against these events to minimize the exposure to the District should they occur.

Property and Liability Insurance - The District is currently a member of the Suburban Essex Joint Insurance Fund (the "Fund"). The Fund provides its members with General Liability, Auto Liability, Property, Employee Benefits Liability, Worker's Compensation and Employer Liability Insurance. The Fund is a risk-sharing public entity risk pool that is both an insured and self-administered group of School District's established for the purpose of providing low-cost insurance coverage for their respective members in order to keep insurance costs at a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Funds are elected.

As a member of the Fund, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Funds were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities. However, this Fund has fully reinsured the exposures above all limits subscribed to by its members. The Funds can declare and distribute dividends to members upon arrival of the State of New Jersey Department of Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

**Borough of Haledon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 11. RISK MANAGEMENT, (continued)

Financial statements for the Funds are available at the office of the Fund’s administrator, PERMA, 9 Campus Drive, Suite 16, Parsippany, NJ 07054.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverages.

New Jersey Unemployment Compensation Insurance - 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 expendable trust fund for the current and prior year:

<u>Fiscal Year</u>	District Contributions/ Interest <u>Earnings</u>	Employee <u>Contributions</u>	Amount <u>Reimbursed</u>	Ending <u>Balance</u>
2015-2016	\$133.69	\$22,592.05	\$20,338.17	\$332,463.42
2014-2015	275.72	23,424.94	41,150.17	330,075.85
2013-2014	284.43	21,036.04	47,105.54	347,525.36

NOTE 12. FUND BALANCE APPROPRIATED

General Fund [Exhibit B-1] - Of the \$2,381,052.00 General Fund fund balance at June 30, 2016, \$35,060.02 is reserved for encumbrances; \$99,999.35 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7; (\$99,999.35 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ended June 30, 2017); \$1,804,931.45 has been reserved in the Capital Reserve Account; \$340,536.95 has been reserved in the Maintenance Reserve Account; \$250,000.00 has been reserved in the Emergency Reserve Account; \$205,453.65 has been appropriated and included as anticipated revenue for the year ended June 30, 2017; and (\$354,929.42) is unreserved and undesignated.

NOTE 13. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7 as amended, the designation for Reserved Fund Balance -- 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 at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2016 is \$99,999.35. Of this amount, \$0.00 is the result of the current year’s operations and \$99,999.35 is the result of operations for the year ended June 30, 2015.

**Borough of Haledon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 14. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Borough of Haledon School District by inclusion of \$1.00 on October 3, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district’s approved Long Range Facilities Plan (LRFP). 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. 6A:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning balance, July 1, 2015		\$2,387,164.54
Transfer from Capital Projects	\$74,450.55	
Interest earnings	52.00	
Deposits - Board resolution - June 28, 2016	<u>150,000.00</u>	
		224,502.55
Withdrawals:		
Budgeted Withdrawal		<u>806,735.64</u>
Ending balance, June 30, 2016		<u><u>\$1,804,931.45</u></u>

The balance in the capital reserve account at June 30, 2016 does not exceed the balance of local support costs of uncompleted capital projects in its LRFP.

NOTE 15. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by Board of Education resolution adopted June 24, 2008. The account is maintained in the general fund. The maintenance reserve account is used to accumulated funds for the required maintenance of a facility in accordance with the EFCRA (*N.J.S.A. 18A:7G-9*). EFCFA requires that upon district completion of a school facilities project, the district must submit a plan for the maintenance of that facility. All such plans must include a provision for a maintenance reserve fund.

**Borough of Haledon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 15. MAINTENANCE RESERVE ACCOUNT, (continued)

The activity of the maintenance reserve for the July 1, 2015 to June 30, 2016 fiscal years is as follows:

Beginning balance, July 1, 2015	\$405,510.95
Interest earnings	<u>26.00</u> 405,536.95
Budgeted Withdrawals	<u>65,000.00</u>
Ending balance, June 30, 2016	<u><u>\$340,536.95</u></u>

NOTE 16. EMERGENCY RESERVE ACCOUNT

The emergency reserve is used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c(1) to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1% of the general fund budget not to exceed one million dollars. Deposits may be made to the emergency reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. Withdrawals from the reserve require the approval of the commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent.

Beginning balance, July 1, 2015	<u><u>\$250,000.00</u></u>
Ending balance, June 30, 2016	<u><u>\$250,000.00</u></u>

NOTE 17. INVENTORY

Inventory in the Food Service Fund at June 30, 2016 consisted of the following:

Food	\$2,432.17
Supplies	<u>644.75</u>
	<u><u>\$3,076.92</u></u>

The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by USDA. It is valued at estimated market prices by USDA. The amount of unused commodities at year end is reported on Schedule A as deferred revenue.

**Borough of Haledon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 18. DEFICIT IN UNASSIGNED FUND BALANCES

The District has a deficit fund balance of \$354,929.42 in the General Fund as of June 30, 2016 as reported in the fund statements (modified accrual basis). *N.J.S.A.* 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 the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payment(s) in the subsequent fiscal year, the school district cannot recognize the June state aid payment(s) (on the GAAP financial statements) until the year the State records the payable. Due to the timing difference of recording the June state aid payment(s), the General Fund balance deficit does not alone indicate that the District is facing financial difficulties.

Pursuant to *N.J.S.A.* 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the June payment(s) of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District deficit in the GAAP funds statements of \$354,929.42 is less than the last state aid payment of \$672,729.00.

NOTE 19. CONTINGENT LIABILITIES

Grant Programs - The school district participates in federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Litigation - 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.

NOTE 20. SUBSEQUENT EVENTS

The Board has evaluated subsequent events through November 15, 2016, the date which the financial statements were available to be issued and no other items were noted for disclosure.

**REQUIRED SUPPLEMENTARY
INFORMATION - PART II**

BUDGETARY COMPARISON SCHEDULES

BOROUGH OF HALEDON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	6,070,948.00		6,070,948.00	6,070,948.00	
Interest Earned on Maintenance Reserve Funds				26.00	26.00
Interest Earned on Capital Reserve Funds				52.00	52.00
Interest on Investments	1,465.00		1,465.00	173.16	(1,291.84)
Miscellaneous	55,000.00		55,000.00	95,451.19	40,451.19
Total - Local Sources	<u>6,127,413.00</u>		<u>6,127,413.00</u>	<u>6,166,650.35</u>	<u>39,237.35</u>
State Sources:					
Categorical Special Education Aid	591,508.00		591,508.00	591,508.00	
Equalization Aid	5,946,133.00		5,946,133.00	5,946,133.00	
Categorical Security Aid	103,930.00		103,930.00	103,930.00	
Categorical Transportation Aid	8,972.00		8,972.00	8,972.00	
Under Adequacy Aid	135,963.00		135,963.00	135,963.00	
Per Pupil Growth Aid	9,830.00		9,830.00	9,830.00	
PARCC Readiness	9,830.00		9,830.00	9,830.00	
Extraordinary Aid				44,982.00	44,982.00
Other State Aid - Reimburse Nonpublic School Transportation				8,902.00	8,902.00
On-behalf Teachers Pension and Annuity Fund (non-budgeted)				516,332.00	516,332.00
On-behalf TPAF NCGI Premium (non-budgeted)				25,720.00	25,720.00
On-behalf TPAF Post Retirement Medical (non-budgeted)				645,434.00	645,434.00
TPAF Social Security (Reimbursed - Non-Budgeted)				546,485.59	546,485.59
Total - State Sources	<u>6,806,166.00</u>		<u>6,806,166.00</u>	<u>8,594,021.59</u>	<u>1,787,855.59</u>
Federal Sources:					
Medicaid Reimbursement	6,056.00		6,056.00	22,162.21	16,106.21
Total - Federal Sources	<u>6,056.00</u>		<u>6,056.00</u>	<u>22,162.21</u>	<u>16,106.21</u>
TOTAL REVENUES	<u>12,939,635.00</u>		<u>12,939,635.00</u>	<u>14,782,834.15</u>	<u>1,843,199.15</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	428,869.00	(1,710.00)	427,159.00	425,511.95	1,647.05
Grades 1-5 - Salaries of Teachers	2,381,850.00	(119,200.00)	2,262,650.00	2,238,632.28	24,017.72
Grades 6-8 - Salaries of Teachers	1,419,231.00	(48,713.00)	1,370,518.00	1,370,481.92	36.08
Regular Programs - Home Instruction:					
Salaries of Teachers	8,000.00	880.00	8,880.00	8,878.81	1.19
Purchased Professional-Educational Services	1,200.00		1,200.00		1,200.00
Regular Programs - Undistributed Instruction					
Purchased Professional-Educational Services	64,005.00	68,300.00	132,305.00	126,373.86	5,931.14
Purchased Technical Services	25,326.00		25,326.00	23,144.50	2,181.50
General Supplies	181,807.89	(45,968.00)	135,839.89	126,757.11	9,082.78
Textbooks	40,000.00	(36,857.00)	3,143.00	1,352.64	1,790.36
Other Objects	10,000.00	(2,700.00)	7,300.00	6,278.65	1,021.35
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>4,560,288.89</u>	<u>(185,968.00)</u>	<u>4,374,320.89</u>	<u>4,327,411.72</u>	<u>46,909.17</u>
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities:					
Salaries of Teachers	263,915.00	667.00	264,582.00	264,581.00	1.00
Other Salaries for Instruction	98,966.00	(13,468.64)	85,497.36	85,496.90	0.46
Purchased Professional-Educational Services		15,533.64	15,533.64	15,265.60	268.04
General Supplies	1,500.00		1,500.00	1,500.00	
Textbooks	1,000.00	(1,000.00)			
Total Learning and/or Language Disabilities	<u>365,381.00</u>	<u>1,732.00</u>	<u>367,113.00</u>	<u>366,843.50</u>	<u>269.50</u>
Behavioral Disabilities:					
Salaries of Teachers	133,080.00		133,080.00	133,016.95	63.05
Other Salaries for Instruction	18,977.00	(18,477.00)	500.00		500.00
Other Purchased Services (400-500 series)		15,013.64	15,013.64	15,013.22	0.42
General Supplies	1,600.00	(178.00)	1,422.00	1,395.80	26.20
Textbooks	500.00	(331.00)	169.00		169.00
Total Behavioral Disabilities	<u>154,157.00</u>	<u>(3,972.36)</u>	<u>150,184.64</u>	<u>149,425.97</u>	<u>758.67</u>
Resource Room/Resource Center:					
Salaries of Teachers	534,920.00	47,357.00	582,277.00	577,076.62	5,200.38
Other Salaries for Instruction	15,531.00	619.00	16,150.00	16,149.87	0.13
General Supplies	3,022.80	138.47	3,161.27	3,022.80	138.47
Textbooks	850.00	(138.47)	711.53	669.99	41.54
Total Resource Room/Resource Center	<u>554,323.80</u>	<u>47,976.00</u>	<u>602,299.80</u>	<u>596,919.28</u>	<u>5,380.52</u>
Autism:					
Salaries of Teachers	127,140.00	16,100.00	143,240.00	139,776.65	3,463.35
Other Salaries for Instruction	105,751.00	1,268.00	107,019.00	106,136.73	882.27
General Supplies	1,254.60	2.00	1,256.60	1,256.60	
Textbooks	800.00		800.00	99.00	701.00
Other Objects	750.00	(2.00)	748.00		748.00
Total Autism	<u>235,695.60</u>	<u>17,368.00</u>	<u>253,063.60</u>	<u>247,268.98</u>	<u>5,794.62</u>

BOROUGH OF HALEDON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Preschool Disabilities - Full-Time:					
Salaries of Teachers	77,801.00	7,129.00	84,930.00	84,929.45	0.55
Other Salaries for Instruction	34,334.00	(6,670.00)	27,664.00	27,656.20	7.80
Purchased Professional-Educational Services		29,028.00	29,028.00	27,703.66	1,324.34
General Supplies	5,000.00	(2,629.00)	2,371.00	269.00	2,102.00
Total Preschool Disabilities - Part-Time	<u>117,135.00</u>	<u>26,858.00</u>	<u>143,993.00</u>	<u>140,558.31</u>	<u>3,434.69</u>
Home Instruction:					
Salaries of Teachers	8,000.00		8,000.00	6,514.19	1,485.81
Purchased Professional-Educational Services	1,000.00		1,000.00		1,000.00
Total Home Instruction	<u>9,000.00</u>		<u>9,000.00</u>	<u>6,514.19</u>	<u>2,485.81</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>1,435,692.40</u>	<u>89,961.64</u>	<u>1,525,654.04</u>	<u>1,507,530.23</u>	<u>18,123.81</u>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	292,215.00	75,645.00	367,860.00	367,859.98	0.02
Textbooks	1,300.00	(645.00)	655.00		655.00
Total Basic Skills/Remedial - Instruction	<u>293,515.00</u>	<u>75,000.00</u>	<u>368,515.00</u>	<u>367,859.98</u>	<u>655.02</u>
Bilingual Education - Instruction					
Salaries of Teachers	218,261.00	12,818.00	231,079.00	231,079.00	
General Supplies	1,000.00		1,000.00	787.53	212.47
Textbooks	500.00		500.00		500.00
Total Bilingual Education - Instruction	<u>219,761.00</u>	<u>12,818.00</u>	<u>232,579.00</u>	<u>231,866.53</u>	<u>712.47</u>
School-Sponsored Cocurricular Activities - Instruction					
Salaries	55,803.00		55,803.00	55,354.43	448.57
Purchased Services (300-500 series)	6,000.00	(385.00)	5,615.00		5,615.00
Supplies and Materials	5,000.00		5,000.00	4,110.98	889.02
Other Objects		385.00	385.00		385.00
Total School-Sponsored Cocurricular Activities - Instruction	<u>66,803.00</u>		<u>66,803.00</u>	<u>59,465.41</u>	<u>7,337.59</u>
School-Sponsored Athletics - Instruction					
Salaries	16,579.00		16,579.00	10,000.00	6,579.00
Purchased Services (300-500 series)	10,000.00		10,000.00	10,000.00	
Supplies and Materials	5,000.00		5,000.00	4,973.69	26.31
Total Other Instructional Programs - Instruction	<u>31,579.00</u>		<u>31,579.00</u>	<u>24,973.69</u>	<u>6,605.31</u>
TOTAL INSTRUCTION	<u>6,607,639.29</u>	<u>(8,188.36)</u>	<u>6,599,450.93</u>	<u>6,519,107.56</u>	<u>80,343.37</u>
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Regular		12,331.00	12,331.00	12,330.92	0.08
Tuition to Private Schools for the Disabled - Within State	187,041.00	13,400.00	200,441.00	200,431.33	9.67
Total Undistributed Expenditures - Instruction:	<u>187,041.00</u>	<u>25,731.00</u>	<u>212,772.00</u>	<u>212,762.25</u>	<u>9.75</u>
Undistributed Expend. - Attend. & Social Work					
Salaries	46,194.00		46,194.00	45,094.11	1,099.89
Supplies and Materials	1,000.00		1,000.00	845.00	155.00
Total Undistributed Expend. - Attend. & Social Work	<u>47,194.00</u>		<u>47,194.00</u>	<u>45,939.11</u>	<u>1,254.89</u>
Undist. Expend. - Health Services					
Salaries	144,648.00	(6,440.00)	138,208.00	124,793.22	13,414.78
Purchased Professional and Technical Services	16,783.00		16,783.00	14,194.50	2,588.50
Supplies and Materials	9,000.00		9,000.00	8,547.47	452.53
Other Objects	800.00		800.00	85.00	715.00
Total Undistributed Expenditures - Health Services	<u>171,231.00</u>	<u>(6,440.00)</u>	<u>164,791.00</u>	<u>147,620.19</u>	<u>17,170.81</u>
Undist. Expend. - Speech, OT, PT, & Related Services					
Salaries	308,516.00	(8,818.00)	299,698.00	294,479.19	5,218.81
Purchased Professional - Educational Services	120,490.00	(16,775.00)	103,715.00	102,911.78	803.22
Supplies and Materials	610.00		610.00		610.00
Total Undist. Expend. - Speech, OT, PT, & Related Services	<u>429,616.00</u>	<u>(25,593.00)</u>	<u>404,023.00</u>	<u>397,390.97</u>	<u>6,632.03</u>
Undist. Expenditures - Guidance					
Salaries of Other Professional Staff	92,692.00	1.00	92,693.00	92,692.12	0.88
Other Purchased Prof. and Tech. Services	10,000.00	(1.00)	9,999.00	3,084.30	6,914.70
Supplies and Materials	47,448.85		47,448.85	33,178.25	14,270.60
Total Undist. Expenditures - Guidance	<u>150,140.85</u>		<u>150,140.85</u>	<u>128,954.67</u>	<u>21,186.18</u>
Undist. Expend. - Child Study Team					
Salaries of Administration		54,200.00	54,200.00	38,824.08	15,375.92
Salaries of Other Professional Staff	475,301.00	(56,100.00)	419,201.00	415,060.50	4,140.50
Salaries of Secretarial and Clerical Assistants	52,273.00		52,273.00	52,272.96	0.04
Purchased Professional - Educational Services	430.00	600.00	1,030.00	985.83	44.17
Other Purchased Prof. and Tech. Services	15,300.00	(750.00)	14,550.00	12,800.90	1,749.10
Supplies and Materials	4,500.00	(700.00)	3,800.00	2,812.49	987.51
Other Objects	500.00	1,250.00	1,750.00	1,396.80	353.20
Total Undist. Expend. - Child Study Team	<u>548,304.00</u>	<u>(1,500.00)</u>	<u>546,804.00</u>	<u>524,153.56</u>	<u>22,650.44</u>
Undist. Expend. - Improvement of Instructional Services					
Salaries of Other Professional Staff	25,000.00	(14,065.00)	10,935.00	6,006.00	4,929.00
Supplies and Materials	130.00	(130.00)			
Total Undist. Expend. - Improvement of Inst. Services	<u>25,130.00</u>	<u>(14,195.00)</u>	<u>10,935.00</u>	<u>6,006.00</u>	<u>4,929.00</u>

BOROUGH OF HALEDON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2016

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Educational Media Serv./Sch. Library					
Salaries	86,830.00		86,830.00	86,830.00	
Supplies and Materials	17,024.40	(148.67)	16,875.73	16,222.58	653.15
Other Objects		1,500.00	1,500.00		1,500.00
Total Undist. Expend. - Educational Media Serv./Sch. Library	<u>103,854.40</u>	<u>1,351.33</u>	<u>105,205.73</u>	<u>103,052.58</u>	<u>2,153.15</u>
Undist. Expend. - Instructional Staff Training Serv.					
Other Purchased Services (400-500 series)	10,030.51	7,549.97	17,580.48	15,452.59	2,127.89
Supplies and Materials		1,796.70	1,796.70	1,796.70	
Total Undist. Expend. - Instructional Staff Training Serv.	<u>10,030.51</u>	<u>9,346.67</u>	<u>19,377.18</u>	<u>17,249.29</u>	<u>2,127.89</u>
Undist. Expend. - Supp. Serv. - General Administration					
Salaries	57,261.00	1,700.00	58,961.00	58,944.96	16.04
Legal Services	30,000.00		30,000.00	26,996.08	3,003.92
Audit Fees	18,615.00	2,010.00	20,625.00	20,625.00	
Other Purchased Professional Services	140,377.43	(9,925.00)	130,452.43	119,851.14	10,601.29
Communications/Telephone	62,000.00	(7,000.00)	55,000.00	36,877.94	18,122.06
BOE Other Purchased Services	3,200.00	440.00	3,640.00	3,404.91	235.09
Other Purchased Services (400-500 series)	26,000.00	(3,064.18)	22,935.82	22,882.58	53.24
General Supplies	500.00		500.00		500.00
Miscellaneous Expenditures	2,000.00	14,000.00	16,000.00	15,717.42	282.58
BOE Membership Dues and Fees	10,500.00	(1,405.00)	9,095.00	6,928.95	2,166.05
Total Undist. Expend. - Supp. Serv. - General Administration	<u>350,453.43</u>	<u>(3,244.18)</u>	<u>347,209.25</u>	<u>312,228.98</u>	<u>34,980.27</u>
Undist. Expend. - Support Serv. - School Administration					
Salaries of Principals/Assistant Principals	330,328.00	3,483.04	333,811.04	333,811.04	
Salaries of Secretarial and Clerical Assistants	95,119.00	5,080.00	100,199.00	100,192.74	6.26
Other Purchased Services (400-500 series)	10,000.00	(7,105.00)	2,895.00	2,868.00	27.00
Supplies and Materials	15,113.97	(500.00)	14,613.97	12,887.21	1,726.76
Other Objects	10,000.00	(958.04)	9,041.96	8,209.72	832.24
Total Undist. Expend. - Support Serv. - School Administration	<u>460,560.97</u>	<u>(0.00)</u>	<u>460,560.97</u>	<u>457,968.71</u>	<u>2,592.26</u>
Undist. Expend. - Central Services					
Salaries	48,710.00	1,433.00	50,143.00	50,142.96	0.04
Purchased Professional Services	165,000.00	(2,734.00)	162,266.00	160,840.04	1,425.96
Purchased Technical Services	400.00		400.00		400.00
Misc. Purchased Services (400-500 series)	6,750.00		6,750.00	6,174.00	576.00
Supplies and Materials	6,500.00	1,301.00	7,801.00	7,800.23	0.77
Miscellaneous Expenditures	500.00		500.00	495.00	5.00
Total Undist. Expend. - Central Services	<u>227,860.00</u>		<u>227,860.00</u>	<u>225,452.23</u>	<u>2,407.77</u>
Undist. Expend. - Admin. Info. Tech					
Purchased Technical Services	165,000.00		165,000.00	142,985.85	22,014.15
Other Purchased Services (400-500 series)	2,000.00		2,000.00		2,000.00
Supplies and Materials	48,000.00		48,000.00	45,692.28	2,307.72
Other Objects	200.00		200.00		200.00
Total Undist. Expend. - Admin. Info. Tech	<u>215,200.00</u>		<u>215,200.00</u>	<u>188,678.13</u>	<u>26,521.87</u>
Undist. Expend. - Required Maint. for School Facilities					
Salaries	73,331.00	19,000.00	92,331.00	90,614.28	1,716.72
Cleaning, Repair and Maintenance Services	147,692.00	(53,744.00)	93,948.00	90,707.41	3,240.59
General Supplies	30,000.00	(4,600.00)	25,400.00	23,216.08	2,183.92
Undist. Expend. - Required Maint. for School Facilities	<u>251,023.00</u>	<u>(39,344.00)</u>	<u>211,679.00</u>	<u>204,537.77</u>	<u>7,141.23</u>
Undist. Expend. - Custodial Services					
Salaries	209,009.00	12,643.24	221,652.24	219,057.73	2,594.51
Cleaning, Repair and Maintenance Services	70,000.00	(11,500.00)	58,500.00	58,307.41	192.59
Other Purchased Property Services	7,500.00	354.00	7,854.00	7,853.10	0.90
Insurance	79,188.00	(2,078.00)	77,110.00	75,228.60	1,881.40
General Supplies	71,356.30	(17,894.00)	53,462.30	49,153.61	4,308.69
Energy (Energy and Electricity)	132,750.00	11,580.94	144,330.94	142,683.49	1,647.45
Other Objects	1,500.00	666.00	2,166.00	2,166.00	
Energy (Natural Gas)	42,750.00	4,345.00	47,095.00	28,333.97	18,761.03
Total Undist. Expend. - Custodial Services	<u>614,053.30</u>	<u>(1,882.82)</u>	<u>612,170.48</u>	<u>582,783.91</u>	<u>29,386.57</u>
Undist. Expend. - Security					
Purchased Professional and Technical Services	28,000.00	(4,248.76)	23,751.24	23,744.00	7.24
General Supplies	10,000.00	9,498.76	19,498.76	17,920.72	1,578.04
Total Undist. Expend. - Security	<u>38,000.00</u>	<u>5,250.00</u>	<u>43,250.00</u>	<u>41,664.72</u>	<u>1,585.28</u>
Total Undist. Expend. - Oper & Maint. Of Plant	<u>903,076.30</u>	<u>(35,976.82)</u>	<u>867,099.48</u>	<u>828,986.40</u>	<u>38,113.08</u>
Undist. Expend. - Student Transportation Services					
Salaries for Pupil Trans (Between Home and School)-Regular	60,241.00	480.00	60,721.00	60,718.14	2.86
Cleaning, Repair and Maintenance Services	7,500.00	(1,042.00)	6,458.00	5,974.41	483.59
Contracted Services (Between Home and School)-Vendors		15,646.94	15,646.94	14,330.43	1,316.51
Contracted Services (Other than Bet Home and School)-Vendors	16,000.00	(10,346.94)	5,653.06	5,488.78	164.28
Contracted Services (Special Ed. Students)-ESCs & CTSA's	86,000.00	38,983.00	124,983.00	119,751.52	5,231.48
Contracted Services - Aid in Lieu Payments	54,200.00	1,500.00	55,700.00	55,670.33	29.67
General Supplies	10,000.00	(2,500.00)	7,500.00	3,701.75	3,798.25
Total Undist. Expend. - Student Transportation Services	<u>233,941.00</u>	<u>42,721.00</u>	<u>276,662.00</u>	<u>265,635.36</u>	<u>11,026.64</u>

BOROUGH OF HALEDON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
UNALLOCATED BENEFITS					
Social Security Contributions	161,000.00	(20,753.00)	140,247.00	138,875.47	1,371.53
Other Retirement Contributions - PERS	142,427.00	(4,287.00)	138,140.00	135,663.00	2,477.00
Other Retirement Contributions - Regular	2,000.00	40.00	2,040.00	1,774.09	265.91
Workmen's Compensation	68,850.00	495.00	69,345.00	65,878.44	3,466.56
Health Benefits	2,209,362.00	32,053.36	2,241,415.36	2,230,013.76	11,401.60
Tuition Reimbursement	26,000.00	5.00	26,005.00	26,000.22	4.78
Other Employee Benefits	6,000.00		6,000.00	2,632.20	3,367.80
TOTAL UNALLOCATED BENEFITS	<u>2,615,639.00</u>	<u>7,553.36</u>	<u>2,623,192.36</u>	<u>2,600,837.18</u>	<u>22,355.18</u>
On-behalf Teachers Pension and Annuity Fund (non-budgeted)				516,332.00	(516,332.00)
On-behalf TPAF NCGI Premium (non-budgeted)				25,720.00	(25,720.00)
On-behalf TPAF Post Retirement Medical (non-budgeted)				645,434.00	(645,434.00)
Reimbursed TPAF Social Security Contributions (non-budgeted)				546,485.59	(546,485.59)
TOTAL ON-BEHALF CONTRIBUTIONS				<u>1,733,971.59</u>	<u>(1,733,971.59)</u>
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	<u>2,615,639.00</u>	<u>7,553.36</u>	<u>2,623,192.36</u>	<u>4,334,808.77</u>	<u>(1,711,616.41)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>6,679,272.46</u>	<u>(245.64)</u>	<u>6,679,026.82</u>	<u>8,196,887.20</u>	<u>(1,517,860.38)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>13,286,911.75</u>	<u>(8,434.00)</u>	<u>13,278,477.75</u>	<u>14,715,994.76</u>	<u>(1,437,517.01)</u>
CAPITAL OUTLAY					
Equipment					
Regular Programs - Instruction:					
Grades 1-5	160,581.00	14,631.84	175,212.84	175,212.84	
Support Services:					
Undist. Expend.-Support Serv. - Admin Info Tech.	30,298.00		30,298.00	30,298.00	
Total Equipment	<u>190,879.00</u>	<u>14,631.84</u>	<u>205,510.84</u>	<u>205,510.84</u>	
Facilities Acquisition and Construction Services					
Other Purchased Prof. and Tech. Services		957.64	957.64	957.64	
Construction Services	548,745.00	(105,737.84)	443,007.16	443,007.16	
Assessment for Debt Service on SDA Funding	5,453.00		5,453.00	5,453.00	
Total Facilities Acquisition and Construction Services	<u>554,198.00</u>	<u>(104,780.20)</u>	<u>449,417.80</u>	<u>449,417.80</u>	
TOTAL CAPITAL OUTLAY	<u>745,077.00</u>	<u>(90,148.36)</u>	<u>654,928.64</u>	<u>654,928.64</u>	
Transfer of Funds to Charter Schools	89,085.00	8,434.00	97,519.00	76,903.00	20,616.00
TOTAL EXPENDITURES	<u>14,121,073.75</u>	<u>(90,148.36)</u>	<u>14,030,925.39</u>	<u>15,447,826.40</u>	<u>(1,416,901.01)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,181,438.75)</u>	<u>90,148.36</u>	<u>(1,091,290.39)</u>	<u>(664,992.25)</u>	<u>426,298.14</u>
Other Financing Sources/(Uses):					
Operating Transfer In:					
Excess Capital Projects Funds to Capital Reserve				74,450.55	74,450.55
Operating Transfer Out:					
Transfer from Capital Outlay to Capital Projects Fund	(157,260.00)		(157,260.00)	(157,260.00)	
Total Other Financing Sources/(Uses):	<u>(157,260.00)</u>		<u>(157,260.00)</u>	<u>(82,809.45)</u>	<u>74,450.55</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(1,338,698.75)</u>	<u>90,148.36</u>	<u>(1,248,550.39)</u>	<u>(747,801.70)</u>	<u>500,748.69</u>
Fund Balance, July 1	3,801,582.70		3,801,582.70	3,801,582.70	
Fund Balance, June 30	<u>2,462,883.95</u>	<u>90,148.36</u>	<u>2,553,032.31</u>	<u>3,053,781.00</u>	<u>500,748.69</u>
Recapitulation of excess (deficiency) of revenues under expenditures:					
Adjustment for Prior Year Encumbrances	(119,638.75)		(119,638.75)	(119,638.75)	
Increase in Capital Reserve					
Principal				224,450.55	224,450.55
Interest				52.00	52.00
Withdrawal From Capital Reserve	(896,884.00)	90,148.36	(806,735.64)	(806,735.64)	
Withdrawal From Maintenance Reserve	(65,000.00)		(65,000.00)	(65,000.00)	
Increase in Maintenance Reserve					
Interest				26.00	26.00
Budgeted Fund Balance	(257,176.00)		(257,176.00)	19,044.14	276,220.14
Total	<u>(1,338,698.75)</u>	<u>90,148.36</u>	<u>(1,248,550.39)</u>	<u>(747,801.70)</u>	<u>500,748.69</u>

BOROUGH OF HALEDON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2016

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Recapitulation:					
Restricted Fund Balance					
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures				99,999.35	
Capital Reserve				1,804,931.45	
Maintenance Reserve				340,536.95	
Emergency Reserve				250,000.00	
Assigned Fund Balance:					
Year-end Encumbrances				35,060.02	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				205,453.65	
Unassigned Fund Balance:					
Unrestricted Fund Balance - Undesignated				317,799.58	
				3,053,781.00	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not recognized on GAAP basis				(672,729.00)	
Fund Balance per Governmental Funds (GAAP)				2,381,052.00	

BOROUGH OF HALEDON SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Year Ended June 30, 2016

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State Sources	481,971.00	26,045.49	508,016.49	479,407.76	(28,608.73)
Federal Sources	842,650.00	277,467.00	1,120,117.00	962,872.00	(157,245.00)
Total Revenues	1,324,621.00	303,512.49	1,628,133.49	1,442,279.76	(185,853.73)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	776,308.00	54,090.49	830,398.49	755,206.79	75,191.70
Other Salaries for Instruction	54,834.00	20,154.00	74,988.00	72,169.55	2,818.45
Purchased Professional and Technical Services		2,000.00	2,000.00		2,000.00
Other Purchased Services (400-500 series)	176,000.00	80,000.00	256,000.00	240,924.39	15,075.61
General Supplies	72,185.00	16,608.00	88,793.00	74,744.70	14,048.30
Total Instruction	1,079,327.00	172,852.49	1,252,179.49	1,143,045.43	109,134.06
Support Services:					
Salaries of Program Directors	17,032.00		17,032.00	14,473.33	2,558.67
Salaries of Other Professional Staff	8,393.00		8,393.00		8,393.00
Salaries of Secretarial and Clerical Assist	8,995.00		8,995.00	4,000.38	4,994.62
Other Salaries	22,460.00	13,807.00	36,267.00	19,911.21	16,355.79
Personal Services - Employee Benefits	181,249.00	60,334.00	241,583.00	225,032.34	16,550.66
Purchased Professional & Technical Services	1,722.00	43,720.00	45,442.00	29,730.50	15,711.50
Other Purchased Services (400-500 series)	1,240.00	5,000.00	6,240.00		6,240.00
Supplies & Materials	4,203.00	1,900.00	6,103.00	2,594.53	3,508.47
Other Objects		2,654.00	2,654.00	247.04	2,406.96
Total Support Services	245,294.00	127,415.00	372,709.00	295,989.33	76,719.67
Facilities Acquisition and Const. Serv.:					
Instructional Equipment		3,245.00	3,245.00	3,245.00	
Total Facilities Acquisition and Const. Serv.		3,245.00	3,245.00	3,245.00	
Total Expenditures	1,324,621.00	303,512.49	1,628,133.49	1,442,279.76	185,853.73
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)					

BOROUGH OF HALEDON SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Note to Required Supplementary Information - Part II
For the Year Ended June 30, 2016

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

		General Fund	Special Revenue Fund
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue"			
from the budgetary comparison schedule	[C-1]&[C-2]	14,782,834.15	1,442,279.76
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
Add Prior Year Encumbrances			
Less Current Year Encumbrances			
The last State aid payment is recognized as revenue for budgetary purposes in the General Fund, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33).			
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		(672,729.00)	
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		682,133.00	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	14,792,238.15	1,442,279.76
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]&[C-2]	15,447,826.40	1,442,279.76
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.			
Add Prior Year Encumbrances			
Less Current Year Encumbrances			
Pension expense recognized for GAAP but not for budgetary purposes.		N/A	
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	15,447,826.40	1,442,279.76

**REQUIRED SUPPLEMENTARY
INFORMATION - PART III**

BOROUGH OF HALEDON SCHOOL DISTRICT
Schedules of Required Supplementary Information
Schedule of District's Proportionate Share of Net Pension Liability - PERS
Last 10 Fiscal Years*

<u>Fiscal Year</u> <u>Ending June30,</u>	<u>District's</u> <u>Proportion Share</u> <u>of the Net</u> <u>Pension Liability</u> <u>(Asset)</u>	<u>District's</u> <u>Proportion Share</u> <u>of the Net</u> <u>Pension Liability</u> <u>(Asset)</u>	<u>District's Covered</u> <u>Payroll -PERS</u> <u>Employee's</u>	<u>District's</u> <u>Proportion</u> <u>Share of the Net</u> <u>Pension Liability</u> <u>(Asset) as a</u> <u>percentage of its</u> <u>Covered Payroll</u>	<u>Plan Fiduciary</u> <u>Net Position as a</u> <u>percentage of the</u> <u>total Pension</u> <u>Liability</u>
2015	0.0153161340%	\$ 2,867,599	\$ 1,060,629	270.37%	52.08%
2016	0.0157796884%	3,542,224	1,094,368	323.68%	47.93%

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

**BOROUGH OF HALEDON SCHOOL DISTRICT
Schedules of Required Supplementary Information
Schedule of District's Contributions - PERS
Last 10 Fiscal Years***

<u>Fiscal Year Ending June30,</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>District's PERS Covered- Employee Payroll</u>	<u>Contributions as a Percentage of PERS Covered- Employee Payroll</u>
2015	\$ 126,264	\$ 126,264	\$ -	\$1,060,629	11.90%
2016	135,663	135,663	-	1,094,368	12.40%

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

BOROUGH OF HALEDON SCHOOL DISTRICT
Schedules of Required Supplementary Information
Schedule of District's Proportionate Share of Net Pension Liability - TPAF
*Last 10 Fiscal Years**

<u>Fiscal Year Ending June30,</u>	<u>District's Proportion Share of the Net Pension Liability (Asset)</u>	<u>District's Proportion Share of the Net Pension Liability (Asset)</u>	<u>State's Proportionate Share of the Net Pension Liability Associated with the District (Asset)</u>	<u>District's Covered Payroll -TPAF Employee's</u>	<u>District's Proportion Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a percentage of the total Pension Liability</u>
2015	0.0631412808%	\$ -	\$ 33,746,960	\$ 7,392,155	0.00%	33.64%
2016	0.0665816926%	\$ -	42,082,473	7,408,447	0.00%	28.71%

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

BOROUGH OF HALEDON SCHOOL DISTRICT
Note to Required Schedules of Supplementary Information - Part III
For the fiscal year ended June 30, 2016

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (4.29%) to the current measurement date (3.80%), resulting in a change in the discount rate from 5.39% to 4.90%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (4.29%) to the current measurement date (3.80%), resulting in a change in the discount rate from 4.68% to 4.13%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

Supplementary Schedules

SPECIAL REVENUE FUND

BOROUGH OF HALEDON SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2016

	Total	Title I Part - A Improving Basic Programs	Title II Part - A Teacher/Principal Training & Recruiting	Title III English Language Enhancement	Race To The Top	Totals 2016
REVENUES						
State Sources	479,407.76					479,407.76
Federal Sources	355,980.00	545,240.00	47,646.00	12,130.00	1,876.00	962,872.00
Total Revenues	835,387.76	545,240.00	47,646.00	12,130.00	1,876.00	1,442,279.76
EXPENDITURES:						
Instruction:						
Salaries of Teachers	306,417.33	400,945.22	38,135.24	9,709.00		755,206.79
Other Salaries for Instruction	72,169.55					72,169.55
Other Purchased Services (400-500 series)	240,924.39					240,924.39
General Supplies	41,611.82	33,132.88				74,744.70
Total Instruction	661,123.09	434,078.10	38,135.24	9,709.00		1,143,045.43
Support Services:						
Salaries of Program Director	14,473.33					14,473.33
Salaries of Secretarial and Clerical Assist	4,000.38					4,000.38
Other Salaries	15,837.21	4,074.00				19,911.21
Personal Services - Employee Benefits	123,118.75	89,981.83	9,510.76	2,421.00		225,032.34
Purchased Professional & Technical Services	13,590.00	14,264.50			1,876.00	29,730.50
Supplies & Materials		2,594.53				2,594.53
Other Objects		247.04				247.04
Total Support Services	171,019.67	111,161.90	9,510.76	2,421.00	1,876.00	295,989.33
Facilities Acquisition and Const. Serv.:						
Instructional Equipment	3,245.00					3,245.00
Total Facilities Acquisition and Const. Serv.	3,245.00					3,245.00
Total Expenditures	835,387.76	545,240.00	47,646.00	12,130.00	1,876.00	1,442,279.76
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)						

BOROUGH OF HALEDON SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2016

	I.D.E.A. Part B		Preschool Education Aid	Total Carried Forward
	Basic	Preschool		
REVENUES				
State Sources	341,070.00	14,910.00	479,407.76	479,407.76
Federal Sources				355,980.00
Total Revenues	341,070.00	14,910.00	479,407.76	835,387.76
EXPENDITURES:				
Instruction:				
Salaries of Teachers	35,868.00		270,549.33	306,417.33
Other Salaries for Instruction	11,277.00	5,799.00	55,093.55	72,169.55
Other Purchased Services (400-500 series)	240,924.39			240,924.39
General Supplies	27,220.13	7,664.73	6,726.96	41,611.82
Total Instruction	315,289.52	13,463.73	332,369.84	661,123.09
Support services:				
Salaries of Program Director			14,473.33	14,473.33
Salaries of Secretarial and Clerical Assist			4,000.38	4,000.38
Other Salaries			15,837.21	15,837.21
Personal Services - Employee Benefits	8,945.48	1,446.27	112,727.00	123,118.75
Purchased Professional & Technical Services	13,590.00			13,590.00
Total Support Services	22,535.48	1,446.27	147,037.92	171,019.67
Facilities Acquisition and Const. Serv.:				
Instructional Equipment	3,245.00			3,245.00
Total Facilities Acquisition and Const. Serv.	3,245.00			3,245.00
Total Expenditures	341,070.00	14,910.00	479,407.76	835,387.76
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)				

BOROUGH OF HALEDON SCHOOL DISTRICT
Special Revenue Fund
Schedule of Preschool Education Aid
Budgetary Basis
For the Year Ended June 30, 2016

District-wide Total

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	276,235.49	270,549.33	5,686.16
Other Salaries for Instruction	55,934.00	55,093.55	840.45
General Supplies	6,785.00	6,726.96	58.04
Total instruction	338,954.49	332,369.84	6,584.65
Support services:			
Salaries of Program Directors	17,032.00	14,473.33	2,558.67
Salaries of Other Professional Staff	8,393.00		8,393.00
Salaries of Secretarial and Clerical Assist	8,995.00	4,000.38	4,994.62
Other Salaries	20,675.00	15,837.21	4,837.79
Personal Services - Employee Benefits	112,727.00	112,727.00	
Other Purchased Services (400-500 series)	1,240.00		1,240.00
Total support services	169,062.00	147,037.92	22,024.08
Total expenditures	508,016.49	479,407.76	28,608.73

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2015-16 Preschool Education Aid Allocation	480,186.00
Actual Preschool Carryover (June 30, 2015)	27,830.49
Total Preschool Education Aid Funds Available for 2015-16 Budget	508,016.49
Less: 2015-16 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	(508,016.49)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2016	
Add: 2015-16 Unexpended Preschool Education Aid	28,608.73
2015-16 Actual Carryover - Preschool Education Aid	28,608.73
	28,608.73
2015-16 Preschool Education Aid Carryover Budgeted in 2016-17	

CAPITAL PROJECTS FUND

BOROUGH OF HALEDON SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis
For the Year Ended June 30, 2016

Revenues and Other Financing Sources	
Transfer from Capital Outlay	157,260.00
Total Revenues	157,260.00
Expenditures and Other Financing Uses	
Purchased Professional and Technical Services	12,353.33
Construction Services	157,260.00
Canceled Intergovernmental Accounts Receivable - State	169,524.61
Transferred to Capital Reserve	74,450.55
Total Expenditures	413,588.49
Excess (deficiency) or Revenues over (under) Expenditures	(256,328.49)
Fund balance - beginning	256,328.49
Fund balance - ending	
<u>Recapitulation:</u>	
Unrestricted Fund Balance	
Reconciliation to Governmental Funds Statements (GAAP):	
EFCFA Grant Receivable not Recognized on GAAP Basis	
Fund Balance per Governmental Funds (GAAP)	

BOROUGH OF HALEDON SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Haledon Public School Boiler Replacement
From Inception and For the Year Ended June 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - EFCFA Grant	347,414.00	(30,460.51)	316,953.49	316,953.49
Transfer from Capital Reserve	152,586.00	(13,373.11)	139,212.89	139,212.89
Total Revenues	<u>500,000.00</u>	<u>(43,833.62)</u>	<u>456,166.38</u>	<u>456,166.38</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	47,486.38		47,486.38	47,486.38
Construction Services	408,680.00		408,680.00	408,680.00
Total Expenditures	<u>456,166.38</u>		<u>456,166.38</u>	<u>456,166.38</u>
Excess (deficiency) or Revenues over (under) Expenditures	<u>43,833.62</u>	<u>(43,833.62)</u>		
Additional Project Information:				
Project Number	1920-015-14-1001			
Grant Date	1/6/2014			
Original Authorized Cost	500,000.00			
Additional Authorized Cost	(43,833.62)			
Revised Authorized Cost	456,166.38			
Percentage Increase over Original Authorized Cost	-8.77%			
Percentage Completion	100%			
Target completion date	July 2015			

BOROUGH OF HALEDON SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Haledon Public School - Replacement of Unit Ventilators
From Inception and For the Year Ended June 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - EFCFA Grant	555,862.00		555,862.00	555,862.00
Transfer from Capital Reserve	244,138.00	157,260.00	401,398.00	401,398.00
Total Revenues	<u>800,000.00</u>	<u>157,260.00</u>	<u>957,260.00</u>	<u>957,260.00</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	87,146.67	12,353.33	99,500.00	99,500.00
Construction Services	700,500.00	157,260.00	857,760.00	857,760.00
Total Expenditures	<u>787,646.67</u>	<u>169,613.33</u>	<u>957,260.00</u>	<u>957,260.00</u>
Excess (deficiency) or Revenues over (under) Expenditures	<u>12,353.33</u>	<u>(12,353.33)</u>		
Additional Project Information:				
Project Number	1920-015-14-1002			
Grant Date	1/6/2014			
Original Authorized Cost	800,000.00			
Additional Authorized Cost	157,260.00			
Revised Authorized Cost	957,260.00			
Percentage Increase over Original Authorized Cost	19.66%			
Percentage Completion	100%			
Target completion date	July 2015			

BOROUGH OF HALEDON SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Haledon Public School Roof Replacement
From Inception and For the Year Ended June 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - EFCFA Grant	660,086.00	(139,064.10)	521,021.90	521,021.90
Transfer from Capital Outlay	289,914.00	(61,077.44)	228,836.56	228,836.56
Total Revenues	<u>950,000.00</u>	<u>(200,141.54)</u>	<u>749,858.46</u>	<u>749,858.46</u>
 Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	67,253.69		67,253.69	67,253.69
Construction Services	682,604.77		682,604.77	682,604.77
Total Expenditures	<u>749,858.46</u>		<u>749,858.46</u>	<u>749,858.46</u>
 Excess (deficiency) or Revenues over (under) Expenditures	<u>200,141.54</u>	<u>(200,141.54)</u>		
 Additional Project Information:				
Project Number	1920-015-14-1004			
Grant Date	1/6/2014			
Original Authorized Cost	950,000.00			
Additional Authorized Cost	(200,141.54)			
Revised Authorized Cost	749,858.46			
 Percentage Increase over Original Authorized Cost	-21.07%			
 Percentage Completion	100.00%			
Target completion date	July 2015			

BOROUGH OF HALEDON SCHOOL DISTRICT
Capital Projects Fund
Summary Statement of Project Expenditures
For the Year Ended June 30, 2016

Project Title/Issue	Project Number	Revised Appropriations	Expenditures to Date		Unexpended Balance June 30, 2016
			Prior Years	Current Year	
Haledon Public School - Boiler Replacement	SP# 1920-015-14-1001	456,166.38	456,166.38		
Haledon Public School - Replacement of Unit Ventilators	SP# 1920-015-14-1002	957,260.00	787,646.67	169,613.33	
Haledon Public School - Roof Replacement	SP# 1920-015-14-1004	749,858.46	749,858.46		
		<u>2,163,284.84</u>	<u>1,993,671.51</u>	<u>169,613.33</u>	

PROPRIETARY FUNDS

BOROUGH OF HALEDON SCHOOL DISTRICT
Combining Statement of Net Position
Enterprise Funds
June 30, 2016

	Food Service Program	After Care/ Summer Camp Program	Totals
ASSETS			
Current Assets:			
Cash and Cash Equivalents	351,625.56	195,198.31	546,823.87
Accounts Receivable:			
State	419.70		419.70
Federal	28,990.55	2,102.52	31,093.07
Other	6,427.24	1,936.33	8,363.57
Inventories	3,076.92		3,076.92
Total Current Assets	<u>390,539.97</u>	<u>199,237.16</u>	<u>589,777.13</u>
Noncurrent Assets:			
Capital Assets:			
Equipment	368,005.62		368,005.62
Less Accumulated Depreciation	<u>(204,482.31)</u>		<u>(204,482.31)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>163,523.31</u>		<u>163,523.31</u>
Total Assets	<u><u>554,063.28</u></u>	<u><u>199,237.16</u></u>	<u><u>753,300.44</u></u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	32,348.12		32,348.12
Interfunds Payable	80,844.57		80,844.57
Total Current Liabilities	<u>113,192.69</u>		<u>113,192.69</u>
Total Liabilities	<u>113,192.69</u>		<u>113,192.69</u>
NET POSITION			
Invested in Capital Assets Net of Related Debt	163,523.31		163,523.31
Unrestricted	277,347.28	199,237.16	476,584.44
Total Net Position	<u><u>440,870.59</u></u>	<u><u>199,237.16</u></u>	<u><u>640,107.75</u></u>

BOROUGH OF HALEDON SCHOOL DISTRICT
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Funds
For the Year Ended June 30, 2016

	<u>Food Service Program</u>	<u>After Care / Summer Camp Program</u>	<u>Totals</u>
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	96,034.69		96,034.69
Daily Sales - Non-Reimbursable Programs	18,632.58		18,632.58
Miscellaneous - Program Fees		251,828.90	251,828.90
Miscellaneous Revenue	1,496.51		1,496.51
Total Operating Revenues	<u>116,163.78</u>	<u>251,828.90</u>	<u>367,992.68</u>
Operating Expenses:			
Cost of Sales	263,735.54		263,735.54
Salaries	140,607.86	222,181.68	362,789.54
Supplies and Materials	39,645.69	11,329.78	50,975.47
Employee Benefits	30,928.06	15,372.00	46,300.06
Purchased Professional and Technical Services	11,358.55	720.00	12,078.55
Cleaning Repair & Maintenance	15,967.05		15,967.05
Utilities	8,647.74		8,647.74
Other Purchased Services	7,426.69		7,426.69
Miscellaneous Expense	7,476.19	2,974.69	10,450.88
Transportation		1,055.00	1,055.00
Depreciation	13,875.48		13,875.48
Total Operating Expenses	<u>539,668.85</u>	<u>253,633.15</u>	<u>793,302.00</u>
Operating Income (Loss)	<u>(423,505.07)</u>	<u>(1,804.25)</u>	<u>(425,309.32)</u>
Nonoperating Revenues (Expenses):			
State Sources:			
State School Lunch Program	7,001.65		7,001.65
Federal Sources:			
National School Lunch Program	325,137.90		325,137.90
School Breakfast Program	52,922.66		52,922.66
After School Snack Program		28,430.64	28,430.64
Summer Food Service Program	8,574.30		8,574.30
HHFKA Program	8,169.72		8,169.72
U.S.D.A. Commodities:			
Food Distribution Program	41,842.78		41,842.78
Interest and Investment Revenue	48.82		48.82
Total Nonoperating Revenues (Expenses)	<u>443,697.83</u>	<u>28,430.64</u>	<u>472,128.47</u>
Income (Loss) Before Contributions & Transfers	<u>20,192.76</u>	<u>26,626.39</u>	<u>46,819.15</u>
Transfers In (Out)			
Change in Net Position	<u>20,192.76</u>	<u>26,626.39</u>	<u>46,819.15</u>
Total Net Position—Beginning	<u>420,677.83</u>	<u>172,610.77</u>	<u>593,288.60</u>
Total Net Position—Ending	<u>440,870.59</u>	<u>199,237.16</u>	<u>640,107.75</u>

BOROUGH OF HALEDON SCHOOL DISTRICT
Combining Statement of Cash Flows
Enterprise Funds
For the Year Ended June 30, 2016

	<u>Food Service Program</u>	<u>After Care / Summer Camp Program</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	116,163.78	251,959.54	368,123.32
Payments for Interfunds	(28,406.46)		(28,406.46)
Payments to Employees	(27,770.37)	(222,181.68)	(249,952.05)
Payments for Employee Benefits	(2,243.85)	(15,372.00)	(17,615.85)
Payments to Suppliers	(1,120.19)	(12,312.21)	(13,432.40)
Payments for Miscellaneous Expenses	(3,778.55)	(4,749.69)	(8,528.24)
Payments to Food Service Management Company	(350,188.00)		(350,188.00)
Net Cash Provided by (Used for) Operating Activities	<u>(297,343.64)</u>	<u>(2,656.04)</u>	<u>(299,999.68)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	7,977.70		7,977.70
Federal Sources	436,302.12	23,605.48	459,907.60
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>444,279.82</u>	<u>23,605.48</u>	<u>467,885.30</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of Capital Assets	(5,775.00)		(5,775.00)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(5,775.00)</u>		<u>(5,775.00)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	48.82		48.82
Net Cash Provided by (Used for) Investing Activities	<u>48.82</u>		<u>48.82</u>
Net Increase (Decrease) in Cash and Cash Equivalents	141,210.00	20,949.44	162,159.44
Balances—Beginning of Year	210,415.56	169,222.03	379,637.59
Balances—End of Year	<u>351,625.56</u>	<u>190,171.47</u>	<u>541,797.03</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	(423,505.07)	(1,804.25)	(425,309.32)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used for) Operating Activities			
Depreciation and Net Amortization	13,875.48		13,875.48
Food Distribution Program Donated Commodities	41,842.78		41,842.78
(Increase) Decrease in Accounts Receivable, Net	(4,409.19)	130.64	(4,278.55)
(Increase) Decrease in Inventories	(454.34)		(454.34)
Increase (Decrease) in Accounts Payable	75,306.70	(982.43)	74,324.27
Total Adjustments	<u>126,161.43</u>	<u>(851.79)</u>	<u>125,309.64</u>
Net Cash Provided by (Used for) Operating Activities	<u>(297,343.64)</u>	<u>(2,656.04)</u>	<u>(299,999.68)</u>

FIDUCIARY FUND

BOROUGH OF HALEDON SCHOOL DISTRICT
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	Unemployment Compensation Trust Fund	Agency Fund
ASSETS		
Cash and Cash Equivalents	337,208.73	550,331.10
Interfund Receivable		6,289.31
Total Assets	337,208.73	556,620.41
LIABILITIES		
Interfund Payable	4,745.31	9,298.31
Payable to Student Groups		29,458.56
Payroll Deductions and Withholdings		517,863.54
Total Liabilities	4,745.31	556,620.41
NET POSITION		
Held in Trust for Unemployment Claims and Other Purposes	332,463.42	

BOROUGH OF HALEDON SCHOOL DISTRICT
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2016

	<u>Unemployment Compensation Trust Fund</u>
ADDITIONS	
Contributions:	
Plan Member	22,592.05
Total Contributions	<u>22,592.05</u>
Investment Earnings:	
Interest	133.69
Net Investment Earnings	<u>133.69</u>
Total Additions	<u>22,725.74</u>
DEDUCTIONS	
Quarterly Contribution Reports	9,017.96
Unemployment Claims	11,320.21
Total Deductions	<u>20,338.17</u>
Change in Net Position	2,387.57
Net Position—Beginning of the Year	<u>330,075.85</u>
Net Position—End of the Year	<u><u>332,463.42</u></u>

BOROUGH OF HALEDON SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Year Ended June 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Balance</u> <u>June 30, 2016</u>
ELEMENTARY SCHOOLS:				
General Organization All Schools	20,583.63	41,832.42	32,957.49	29,458.56
	<u>20,583.63</u>	<u>41,832.42</u>	<u>32,957.49</u>	<u>29,458.56</u>

**BOROUGH OF HALEDON SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Year Ended June 30, 2016**

	<u>Balance July 1, 2015</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2016</u>
Net Payroll		5,277,093.20	5,277,093.20	
Payroll Deductions and Withholdings	464,354.36	5,079,730.46	5,026,221.28	517,863.54
Interfunds Receivable		6,734.19	13,023.50	(6,289.31)
Interfunds Payable	40.89	24,723.35	15,465.93	9,298.31
	<u>464,395.25</u>	<u>10,388,281.20</u>	<u>10,331,803.91</u>	<u>520,872.54</u>

LONG-TERM DEBT

Exhibit I-2

BOROUGH OF HALEDON SCHOOL DISTRICT
General Long Term Debt Account Group
Statement of Obligations under Capital Leases
June 30, 2016

Purpose	Date of Lease	Term of Lease	Amount of Original Lease		Interest Rate	Balance July 1, 2015	Issued	Retired	Balance June 30, 2016
			Principal	Interest					
Copiers	8/5/2013	3 years	49,113.40	3,734.60	4.82%	21,328.28		16,959.42	4,368.86
						21,328.28	0.00	16,959.42	4,368.86

STATISTICAL SECTION

STATISTICAL SECTION (UNAUDITED)

Introduction to the Statistical Section

Financial Trends

- J-1 Net Assets/Position by Component
- J-2 Changes in Net Assets/Position
- J-3 Fund Balances - Governmental Funds
- J-4 Changes in Fund Balances - Governmental Funds
- J-5 General Fund Other Local Revenue by Source

Revenue Capacity

- J-6 Assessed Value and Estimated Actual Value of Taxable Property
- J-7 Direct and Overlapping Property Tax Rates
- J-8 Principal Property Taxpayers
- J-9 Property Tax Levies and Collections

Debt Capacity

- J-10 Ratios of Outstanding Debt by Type
- J-11 Ratios of General Bonded Debt Outstanding
- J-12 Direct and Overlapping Governmental Activities Debt
- J-13 Legal Debt Margin Information

Demographic and Economic Information

- J-14 Demographic and Economic Statistics
- J-15 Principal Employers

Operating Information

- J-16 Full-time Equivalent District Employees by Function/Program
- J-17 Operating Statistics
- J-18 School Building Information*
- J-19 Schedule of Allowable Maintenance Expenditures by School Facility
- J-20 Insurance Schedule

STATISTICAL SECTION (UNAUDITED) - INTRODUCTION

J SERIES

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the district's financial performance and well-being have changes over time.	J-1 to J-5
Revenue Capacity These schedules contain information to help the reader assess the district's most significant local revenue sources, the property tax.	J-6 to J-9
Debt Capacity These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district'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 district's financial activities take place.	J-14 to J-15
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district 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 (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2004; schedules presenting district-wide information include information beginning in that year.	

BOROUGH OF HALEDON SCHOOL DISTRICT
 Net Position by Component
 Last Ten Fiscal Years
 (accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	4,976,338.81	5,000,651.93	5,373,809.73	5,646,742.06	6,914,624.87	6,723,106.40	7,410,692.39	8,677,963.96	10,143,796.89	10,510,234.36
Restricted	1,353,229.18	1,406,424.08	2,246,208.86	3,116,124.87	3,203,589.89	4,080,418.51	4,500,435.87	3,980,120.97	3,425,354.12	2,495,467.75
Unrestricted	155,853.00	265,330.04	(189,327.68)	(169,428.27)	(306,905.83)	(452,378.20)	(507,921.53)	(451,767.63)	(3,343,737.37)	(3,308,458.81)
Total Governmental Activities Net Position	6,485,420.99	6,672,406.05	7,430,690.91	8,593,438.66	9,811,308.93	10,351,146.71	11,403,206.73	12,206,317.30	10,225,413.64	9,697,243.30
Business-type Activities										
Invested in Capital Assets, Net of Related Debt	18,917.60	19,702.90	19,918.87	50,244.50	44,945.49	190,804.91	176,851.73	187,321.47	171,623.79	163,523.31
Unrestricted	293,844.77	326,261.33	358,373.42	367,224.49	388,666.91	223,765.78	249,982.02	328,750.54	421,664.81	476,584.44
Total Business-type Activities Net Position	312,762.37	345,964.23	378,292.29	417,468.99	433,612.40	414,570.69	426,833.75	516,072.01	593,288.60	640,107.75
District-wide										
Invested in Capital Assets, Net of Related Debt	4,995,256.41	5,020,354.83	5,393,728.60	5,696,986.56	6,959,570.36	6,913,911.31	7,587,544.12	8,865,285.43	10,315,420.68	10,673,757.67
Restricted	1,353,229.18	1,406,424.08	2,246,208.86	3,116,124.87	3,203,589.89	4,080,418.51	4,500,435.87	3,980,120.97	3,425,354.12	2,495,467.75
Unrestricted	449,697.77	591,591.37	169,045.74	197,796.22	81,761.08	(228,612.42)	(257,939.51)	(123,017.09)	(2,922,072.56)	(2,831,874.37)
Total District Net Position	6,798,183.36	7,018,370.28	7,808,983.20	9,010,907.65	10,244,921.33	10,765,717.40	11,830,040.48	12,722,389.31	10,818,702.24	10,337,351.05

Source: CAFR Schedule A-1

BOROUGH OF HALEDON SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities:										
Instruction:										
Regular	4,946,300.49	5,187,899.75	5,253,623.02	5,659,528.44	5,940,308.18	5,673,458.35	6,353,857.53	6,492,924.79	6,763,140.43	6,808,286.07
Special Education	992,627.44	1,131,880.43	1,139,783.20	1,192,188.31	1,113,362.66	1,273,183.86	1,377,624.29	1,593,287.92	1,769,425.29	2,008,966.27
Other Special Instruction	243,868.35	265,992.12	387,805.27	311,521.83	271,583.60	581,421.69	490,780.53	488,378.14	762,092.56	808,095.62
Other Instruction	103,669.79	90,535.31	127,336.52	130,164.91	110,499.16	89,427.33	101,830.44	104,875.10	123,563.52	107,175.71
Support Services:										
Tuition	352,111.43	457,038.50	665,251.98	401,778.90	461,209.23	439,836.24	255,139.03	180,915.58	151,832.05	212,762.25
Student & Instruction Related Services	1,499,310.64	1,410,968.26	1,521,859.38	1,695,837.78	1,932,072.37	1,675,547.85	1,853,238.52	1,859,497.81	1,835,999.45	2,055,330.04
School Administrative Services	571,621.68	593,927.83	601,683.24	626,251.67	691,939.63	624,735.19	604,542.95	614,021.71	629,749.81	621,425.52
General Administrative Services	390,291.07	371,079.02	342,418.72	415,690.68	353,050.50	310,097.66	393,101.30	351,338.66	350,041.45	342,127.61
Central Services & Admin. Info. Technology	432,997.76	410,539.28	521,956.60	453,323.06	461,119.07	381,643.36	445,842.48	454,393.04	455,904.89	431,574.95
Plant Operations and Maintenance	1,131,126.80	958,423.25	938,952.97	917,709.52	904,173.38	953,102.38	772,568.98	942,415.16	959,284.47	927,284.39
Pupil Transportation	278,564.08	268,407.70	274,558.47	229,627.96	214,447.70	267,738.72	239,145.34	244,343.92	238,003.78	288,837.50
Unallocated Benefits	1,075,565.08	1,120,740.93	812,719.90	869,219.16	872,291.88	1,077,779.67	1,368,512.38	1,195,814.95	2,929,933.79	3,159,314.24
Special Schools	5,000.00	5,000.00	3,650.00							76,903.00
Charter Schools										
Interest on Long-term Debt	63,851.25	50,250.00	41,250.00	32,250.00	23,250.00	14,250.00	5,250.00		5,453.00	5,453.00
Capital Outlay - Non-depreciable			30.74	37,508.88	2,811.00		2,590.00	5,453.00		
Unallocated Depreciation	135,889.29	196,769.72	188,321.82	183,642.24	183,648.55	170,040.30	179,172.43	236,845.71	325,033.63	373,724.50
Total Governmental Activities Expenses	12,222,795.15	12,519,452.10	12,821,201.83	13,156,243.34	13,535,766.91	13,544,149.60	14,443,196.20	14,764,505.49	17,299,458.12	18,227,260.67
Business-type Activities:										
Food Service	300,359.01	339,174.02	404,911.78	460,334.02	381,414.25	469,133.65	440,701.90	476,477.19	469,718.06	539,668.85
After Care Program	123,353.72	162,992.92	166,122.96	171,642.40	178,131.25	172,813.44	180,063.11	151,779.78	218,642.08	253,633.15
Summer Camp Program		20,193.27	29,830.51							
Total Business-type Activities Expenses	423,712.73	522,360.21	600,865.25	631,976.42	559,545.50	641,947.09	620,765.01	628,256.97	688,360.14	793,302.00
Total District Expenses	12,646,507.88	13,041,812.31	13,422,067.08	13,788,219.76	14,095,312.41	14,186,096.69	15,063,961.21	15,392,762.46	17,987,818.26	19,020,562.67
Program Revenues										
Governmental Activities:										
Charges for Services:										
Operating Grants and Contributions	1,743,242.96	1,553,046.74	1,184,025.99	1,445,496.68	1,887,084.49	1,323,285.65	1,579,110.83	1,499,323.92	1,225,214.20	1,442,279.76
Total Governmental Activities Program Revenues	1,743,242.96	1,553,046.74	1,184,025.99	1,445,496.68	1,887,084.49	1,323,285.65	1,579,110.83	1,499,323.92	1,225,214.20	1,442,279.76
Business-type Activities:										
Charges for Services:										
Food Service	124,451.94	117,566.22	112,285.50	101,721.37	97,315.24	97,729.22	98,620.42	97,468.01	104,275.50	114,667.27
After Care Program	155,312.65	159,373.08	149,644.34	150,441.70	139,525.90	140,248.88	142,217.90	196,560.02	236,254.18	251,828.90
Summer Camp Program		24,235.60	25,549.12							
Operating Grants and Contributions	233,861.69	254,387.17	345,714.35	418,990.05	338,847.77	384,925.07	392,198.97	423,445.05	423,003.48	472,079.65
Total Business-type Activities Program Revenues	513,626.28	555,562.07	633,193.31	671,153.12	575,688.91	622,903.17	633,037.29	717,473.08	765,533.16	838,575.82
Total District Program Revenues	2,256,869.24	2,108,608.81	1,817,219.30	2,116,649.80	2,462,773.40	1,946,188.82	2,212,148.12	2,216,797.00	1,990,747.36	2,280,855.58

BOROUGH OF HALEDON SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net (Expense)/Revenue										
Governmental Activities	(10,479,552.19)	(10,966,405.36)	(11,637,175.84)	(11,710,746.66)	(11,648,682.42)	(12,220,863.95)	(12,864,065.37)	(13,265,181.57)	(16,074,243.92)	(16,784,980.91)
Business-type Activities	89,913.55	33,201.86	32,328.06	39,176.70	16,143.41	(19,043.92)	12,252.28	89,216.11	77,173.02	45,273.82
Total District-wide Net Expense	(10,389,638.64)	(10,933,203.50)	(11,604,847.78)	(11,671,569.96)	(11,632,539.01)	(12,239,907.87)	(12,851,833.09)	(13,175,965.46)	(15,997,070.90)	(16,739,707.09)
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Property Taxes Levied for General Purposes	4,808,738.00	5,261,821.00	5,261,821.00	5,245,229.00	5,455,038.00	5,564,138.00	5,619,809.00	5,835,205.00	5,951,909.00	6,070,948.00
Taxes Levied for Debt Service	305,682.00	113,753.00	108,973.00	104,190.00	112,544.00	107,128.00	101,711.00	158,143.51	1,227,059.46	8,634.42
State Facilities Grant	(24,171.31)				144,270.48	267,327.74	19,337.78			
Cancellation of State Facilities Grant Receivable	5,307,663.05	5,661,806.97	6,918,087.82	7,413,140.82	7,087,795.22	(109,310.00)	8,110,771.60	8,047,974.47	9,794,661.20	10,081,525.80
Unrestricted Federal and State Aid	1,695.70					7,588,807.45				
Tuition Received	27,336.00			52,240.00	55,380.14	10,862.56		17,850.00		
Other Local Government Units - Restricted	69,121.03	74,203.15	18,653.68	6,989.25	1,395.88	1,346.34	380.95	1,854.70	1,045.64	251.16
Investment Earnings	54,526.72	41,806.30	87,925.20	51,705.34	10,128.97	19,689.12	64,135.06	7,264.46	69,549.96	95,451.19
Miscellaneous Income										
Transfers										
Total Governmental Activities	10,550,591.19	11,153,390.42	12,395,460.70	12,873,494.41	12,866,552.69	13,449,989.21	13,916,145.39	14,088,292.14	17,044,225.26	16,256,810.57
Business-type Activities:										
Investment Earnings						2.21	10.78	22.15	43.57	48.82
Miscellaneous Income										1,496.51
Total Business-type Activities	0.00	0.00	0.00	0.00	0.00	2.21	10.78	22.15	43.57	1,545.33
Total District-wide	10,550,591.19	11,153,390.42	12,395,460.70	12,873,494.41	12,866,552.69	13,449,991.42	13,916,156.17	14,068,314.29	17,044,268.83	16,258,355.90
Change in Net Position										
Governmental Activities	71,039.00	186,985.06	758,284.86	1,162,747.75	1,217,870.27	1,229,125.26	1,052,060.02	803,110.57	969,981.34	(528,170.34)
Business-type Activities	89,913.55	33,201.86	32,328.06	39,176.70	16,143.41	(19,041.71)	12,263.06	89,238.26	77,216.59	46,819.15
Total District	160,952.55	220,186.92	790,612.92	1,201,924.45	1,234,013.68	1,210,083.55	1,064,323.08	892,348.83	1,047,197.93	(481,351.19)

Source: CAFR Schedule A-2

BOROUGH OF HALEDON SCHOOL DISTRICT
Fund Balances Governmental Funds
 Last Ten Fiscal Years
(modified accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	1,353,223.07	1,281,948.78	2,246,208.75	3,063,111.24						
Unreserved	228,893.00	457,873.23	(97,914.72)	(56,331.87)	2,514,703.28	3,628,758.65	4,044,063.75	3,120,901.58	3,347,184.66	2,495,467.75
Restricted					259,037.50	28,004.20	27,135.07	294,472.46	172,304.93	240,513.67
Assigned			(97,914.72)	(56,331.87)	(317,775.26)	(316,857.74)	(370,904.00)	(367,567.68)	(400,039.89)	(354,929.42)
Unassigned	228,893.00	457,873.23								
Total General fund	<u>1,811,009.07</u>	<u>2,197,695.24</u>	<u>2,050,379.31</u>	<u>2,950,447.50</u>	<u>2,455,965.52</u>	<u>3,339,905.11</u>	<u>3,700,294.82</u>	<u>3,047,806.36</u>	<u>3,119,449.70</u>	<u>2,381,052.00</u>
All Other Governmental Funds										
Unreserved, Reported in:										
Capital Projects Fund	6.11	1.11	0.11	53,013.52	554,849.00	423,655.58	429,237.05	617,171.39	78,169.46	
Debt Service				0.11	0.11	0.11				
Total All Other Governmental Funds	<u>6.11</u>	<u>1.11</u>	<u>0.11</u>	<u>53,013.63</u>	<u>554,849.11</u>	<u>423,655.69</u>	<u>429,237.05</u>	<u>617,171.39</u>	<u>78,169.46</u>	<u>0.00</u>

Source: CAFR Schedule B-1

GASB No. 54 was implemented in the 2011 fiscal year, which required the presentation of fund balances to be reported in different classifications from those presented in prior years. Prior years have not been restated above, nor or they required to be.

BOROUGH OF HALEDON SCHOOL DISTRICT
Changes in Fund Balances Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax Levy	5,114,420.00	5,375,574.00	5,370,794.00	5,349,419.00	5,567,582.00	5,671,266.00	5,721,520.00	5,835,205.00	5,951,909.00	6,070,948.00
Tuition	1,695.70			52,240.00	55,380.14	10,862.56		17,850.00		
Other Local Government Units - Restricted					25.00					
Interest Earned on Emergency Reserve Funds				259.89	516.40	274.55	111.48	495.00	196.39	52.00
Interest Earned on Capital Reserve Funds		3,533.07	1,404.72	112.88	25.00	115.65	75.00	176.42	105.00	26.00
Interest Earned on Maintenance Reserve Funds				6,616.48	829.48	854.36	194.47	1,183.28	744.25	173.16
Interest Earnings	68,159.36	70,670.08	17,248.96	51,705.34	10,128.97	19,689.12	64,135.06	7,264.46	69,549.96	95,451.19
Miscellaneous	55,544.72	41,806.30	89,296.03	6,808,112.34	7,888,356.42	8,269,349.99	8,721,206.74	8,726,086.12	9,945,907.14	9,091,467.77
State Sources	6,305,539.91	6,573,285.28	7,484,732.09	2,050,525.16	1,230,793.77	910,070.85	988,013.47	979,355.78	823,186.52	985,034.21
Federal Sources	744,348.10	641,568.43	616,010.89							
Total Revenues	12,318,005.46	12,706,437.16	13,579,486.69	14,318,991.09	14,753,637.18	14,882,584.86	15,495,256.22	15,567,616.06	16,791,598.26	16,243,152.33
Expenditures										
Instruction:										
Regular	4,201,250.65	4,435,360.84	4,525,258.33	4,814,436.79	5,047,347.14	4,758,347.74	5,303,338.84	5,382,635.50	5,516,235.13	5,470,457.15
Special	762,092.41	876,963.75	919,498.97	944,458.59	867,224.64	990,941.60	1,055,339.45	1,232,177.80	1,354,197.12	1,507,530.23
Other Special Instruction	187,335.42	206,116.98	312,490.50	245,830.49	209,366.02	451,750.82	375,222.16	377,204.37	582,598.71	599,726.51
School-Sponsored/Other Instructional	83,928.22	71,281.68	106,954.44	105,617.38	88,966.27	72,832.76	80,862.31	84,624.93	98,987.61	84,439.10
Support Services:										
Instruction - Tuition	352,111.43	457,038.50	665,251.98	401,778.90	461,209.23	439,836.24	255,139.03	180,915.58	151,832.05	212,762.25
Student & Instruction Related Services	1,245,126.34	1,155,293.50	1,314,774.43	1,418,760.12	1,617,701.81	1,366,140.27	1,521,742.48	1,570,592.01	1,499,561.07	1,666,355.70
School Administration	411,411.84	432,880.79	457,715.69	452,033.40	477,514.45	430,717.82	431,194.88	451,499.85	462,062.67	457,968.71
General Administration	356,429.39	341,332.44	316,512.75	389,373.83	317,751.76	287,826.24	371,679.83	321,825.04	324,316.82	312,228.98
Central Services & Admin. Info. Technology	398,763.76	377,607.19	486,094.74	432,244.05	446,373.04	368,250.14	431,662.14	440,562.26	440,894.36	414,130.36
Operations and Maintenance	1,053,741.84	884,043.73	874,309.27	837,445.97	817,552.14	872,417.78	681,603.71	859,426.06	879,088.93	828,986.40
Student Transportation	264,594.73	254,357.76	259,871.47	213,771.08	197,444.81	251,473.91	237,438.76	226,581.08	217,015.19	265,635.36
Employee Benefits	2,631,335.11	2,721,198.31	2,258,218.22	2,542,026.44	2,674,897.17	2,934,372.35	3,416,513.73	3,299,733.16	3,858,784.95	4,334,808.77
Special Schools	5,000.00	5,000.00	3,650.00							76,903.00
Charter School	105,331.49	116,280.75	465,414.88	413,715.19	1,392,267.07	617,621.02	798,527.85	1,653,505.94	1,873,382.24	827,786.97
Capital Outlay										
Debt Service:										
Principal	515,000.00	160,000.00	160,000.00	160,000.00	160,000.00	160,000.00	160,000.00	160,000.00	160,000.00	160,000.00
Interest and Other Charges	73,206.25	54,000.00	45,000.00	36,000.00	27,000.00	18,000.00	9,000.00			
Total Governmental Fund Expenditures	12,646,658.88	12,548,736.22	13,171,015.67	13,407,492.23	14,802,615.55	14,020,528.69	15,129,285.15	16,081,283.58	17,258,956.85	17,059,719.49
Excess (Deficiency) of Revenues Over (Under) Expenditures	(328,653.42)	157,700.94	408,471.02	911,498.86	(48,978.37)	862,056.17	365,971.07	(513,667.52)	(467,358.59)	(816,567.16)
Other Financing Sources (Uses)										
Operating Transfers In	20,700.68			131,135.00	1,461,500.00	312,860.93	0.11	1,115,875.05		231,710.55
Operating Transfers Out	(20,700.68)			(131,135.00)	(1,461,500.00)	(312,860.93)	(0.11)	(1,115,875.05)		(231,710.55)
Cancellation of Accounts Receivable						(109,310.00)				
Capital Leases (non-budgeted)										
Total Other Financing Sources (Uses)	(24,171.31)	157,000.94	408,471.02	911,498.86	(48,978.37)	752,746.17	365,971.07	(464,554.12)	(467,358.59)	(816,567.16)
Net Changes in Fund Balance	(352,824.73)	157,700.94	408,471.02	911,498.86	(48,978.37)	752,746.17	365,971.07	(464,554.12)	(467,358.59)	(816,567.16)
Debt Service as a percentage of noncapital expenditures	4.69%	1.72%	1.61%	1.51%	1.39%	1.33%	1.18%			

Source: CAFR Schedule B-2

Note: Noncapital expenditures are total expenditures less capital outlay.

BOROUGH OF HALEDON SCHOOL DISTRICT
General Fund Other Local Revenue by Source
Last Ten Fiscal Years
Unaudited

<u>Fiscal Year Ended June 30,</u>	<u>Tuition</u>	<u>Interest on Investments</u>	<u>Interlocal Agree- ments</u>	<u>Various Misc.</u>	<u>Total</u>
2007	1,695.70	69,121.03	27,336.00	54,526.72	152,679.45
2008		74,203.15		41,806.30	116,009.45
2009		18,653.68	49,620.00	38,305.20	106,578.88
2010		6,989.25	52,240.00	51,705.34	110,934.59
2011		1,395.88	55,380.14	10,128.97	66,904.99
2012		1,346.34	10,862.56	19,689.12	31,898.02
2013	17,500.00	380.95		46,254.11	64,135.06
2014	17,850.00	1,854.70		7,264.46	26,969.16
2015		744.25		69,549.96	70,294.21
2016		173.16		95,451.19	95,624.35

Source: District records.

BOROUGH OF HALEDON SCHOOL DISTRICT
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
Unaudited

Year Ended Dec. 31,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Assessed Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
2006	4,185,600	259,382,500	36,698,800	13,331,300	8,519,000	322,117,200	2,509,914	324,627,114	581,184,375	1.5760
2007	4,029,100	260,764,400	36,531,100	13,211,300	8,519,000	323,054,900	2,242,877	325,297,777	653,909,853	1.5750
2008	3,850,100	265,559,200	36,981,100	13,454,800	8,519,000	328,364,200	2,107,172	330,471,372	728,289,992	1.6158
2009	3,719,000	269,213,000	36,121,100	12,225,500	8,479,300	329,757,900	2,085,718	331,843,618	731,423,304	1.6062
2010	3,753,800	268,758,200	36,305,300	12,225,500	8,479,300	329,522,100	2,263,700	331,785,800	686,445,115	1.6380
2011	3,769,400	268,482,000	36,680,800	12,235,300	8,479,300	329,646,800	0	329,646,800	652,803,390	1.6989
2012	4,261,700	266,855,200	36,203,800	12,235,300	8,479,300	328,035,300	0	328,035,300	616,790,575	1.7300
2013	3,723,500	266,024,100	35,897,500	12,124,500	8,479,300	326,248,900	0	326,248,900	581,278,510	1.7648
2014 (A)	5,723,600	393,038,500	77,473,400	23,767,200	16,974,600	516,977,300	0	516,977,300	532,576,389	1.1430
2015	5,385,600	392,160,000	77,027,100	22,962,700	17,586,600	515,122,000	0	515,122,000	538,282,439	1.1628

(A) Revaluation Year

Source: Passaic County, Abstract of Ratables and Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation.

Reassessment occurs when County Board of Taxation requests Treasury to order a reassessment.

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

b Tax rates are per \$100 of assessed value.

BOROUGH OF HALEDON SCHOOL DISTRICT

**Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
Per \$100 of Assessed Valuation**

Assessment Year	Basic Rate^a	General Obligation Debt Service^b	Overlapping Rates				Total Direct and overlapping Tax Rate
			Local School District	Regional School District	Municipality	County	
2006	1.4803	0.0957	1.5760	1.1010	1.2050	0.9380	4.8200
2007	1.5358	0.0392	1.5750	1.0020	1.4150	0.9980	4.9900
2008	1.5829	0.0329	1.6158	1.0782	1.5166	1.1124	5.3230
2009	1.5749	0.0313	1.6062	1.1251	1.6419	1.1048	5.4780
2010	1.6061	0.0319	1.6380	1.2160	1.7950	1.1090	5.7580
2011	1.6658	0.0331	1.6989	1.2986	1.9033	1.1402	6.0410
2012	1.6992	0.0308	1.7300	1.3091	1.9649	1.1860	6.1900
2013	1.7648		1.7648	1.3549	2.0535	1.2008	6.3740
2014*	1.1430		1.1430	0.8310	1.3800	0.7250	4.0790
2015	1.1628		1.1628	0.9237	1.4234	0.7943	4.3042

* Revaluation Year

Source: District Records and Municipal Tax Collector.

BOROUGH OF HALEDON SCHOOL DISTRICT

Schedule of Principal Taxpayers

Current and Nine Years Ago

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank Optional	% of District's Net Assessed Valuation	Taxable Assessed Value	Rank Optional	% of District's Net Assessed Valuation
Acquakanonk Village	11,837,000	1	2.30%	6,023,300	1	1.85%
A.M. Realty Assoc.	6,507,000	2	1.26%	3,353,100	2	1.03%
Self Storage of Haledon	5,702,000	3	1.11%	2,130,000	4	0.66%
Belmont Estates, LLC	5,301,000	4	1.03%			
Nationwide Enterprises, LLC	3,499,000	5	0.68%	1,203,800	6	0.37%
Bel-Jo Assoc. LP	3,445,000	6	0.67%	2,090,700	5	0.64%
Stone Industries	2,447,800	7	0.48%	2,829,400	3	0.87%
Taxpayer #1	2,371,000	8	0.46%			
C & P Realty	2,262,000	9	0.44%			
Jeffery Family Assoc. 431, LLC	1,904,000	10	0.37%			
Faber Bros. Holdings, LLC				1,150,000	7	0.35%
Salvatore LaRosa				840,000	8	0.26%
20 Halsey Corp				800,000	9	0.25%
Verizon				800,000	10	0.25%
	<u>45,275,800</u>		<u>8.79%</u>	<u>21,220,300</u>		<u>6.53%</u>

BOROUGH OF HALEDON SCHOOL DISTRICT

**School Tax Levies and Collections
Last Ten Years**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	5,114,420	5,114,420	100.00%	
2008	5,375,574	4,498,604	83.69%	876,970
2009	5,370,794	4,932,309	91.84%	438,485
2010	5,349,419	5,349,419	100.00%	
2011	5,567,582	5,567,582	100.00%	
2012	5,671,266	4,743,910	83.65%	927,356
2013	5,721,520	5,253,203	91.81%	468,317
2014	5,835,205	4,862,671	83.33%	972,534
2015	5,951,909	5,455,917	91.67%	495,992
2016	6,070,948	5,565,036	91.67%	505,912

Source: District records including the Certificate and Report of School Taxes (A4F form)

a School Taxes are collected by the Municipal Tax Collector. Under New Jersey Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

BOROUGH OF HALEDON SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases		
2007	960,000.00					0.32%	116
2008	800,000.00					0.25%	94
2009	640,000.00					0.19%	74
2010	480,000.00					0.14%	58
2011	320,000.00					0.10%	38
2012	160,000.00					0.05%	19
2013	0.00					0.00%	
2014	0.00					0.00%	
2015	0.00					0.00%	
2016	0.00					0.00%	

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Exhibit J-11

BOROUGH OF HALEDON SCHOOL DISTRICT
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

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	960,000.00	-	960,000.00	0.30%	8,201
2008	800,000.00	-	800,000.00	0.25%	8,303
2009	640,000.00	-	640,000.00	0.19%	8,468
2010	480,000.00	-	480,000.00	0.14%	8,705
2011	320,000.00	-	320,000.00	0.10%	8,334
2012	160,000.00	-	160,000.00	0.05%	8,383
2013		-	0.00	0.00%	8,387
2014		-	0.00	0.00%	8,412
2015		-	0.00	0.00%	8,438
2016		-	0.00	0.00%	8,451

Notes: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a See Exhibit NJ J-6 for property tax data.

b Population data can be found in Exhibit NJ J-14.

Deductions are allowable for resources that are restricted to repaying the principal of debt outstanding.

BOROUGH OF HALEDON SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of June 30, 2016

<u>Governmental Unit</u>	<u>Debt Outstanding (1)</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of Haledon	\$ 9,352,450	100.000%	\$ 9,352,450
Other debt			
Passaic County General Obligation Debt	345,384,061	1.0873%	3,755,454
Passaic County Utility Authority	55,210,000	1.0873%	600,313
Subtotal, overlapping debt			13,708,217
Haledon School District Direct Debt			<u>-</u>
Total direct and overlapping debt			<u>\$ 13,708,217</u>

Sources: Assessed value data used to estimate applicable percentages provided by the Passaic County Board of Taxation.
 Debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Haledon. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

(1) Debt Information as of December 31, 2015.

BOROUGH OF HALEDON SCHOOL DISTRICT
 Legal Debt Margin Information,
 Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2016

Equalized valuation basis	
2015	\$ 521,853,916
2014	538,293,732
2013	542,662,841
[A]	<u>\$ 1,602,810,489</u>
[A/3]	\$ 534,270,163
[B]	16,028,105
[C]	<u>\$ 16,028,105</u>

Average equalized valuation of taxable property [A/3] \$ 534,270,163
 Debt limit (3 % of average equalization value) [B] 16,028,105
 Total Net Debt Applicable to Limit [C] \$ 16,028,105
 Legal debt margin [B-C] \$ 16,028,105

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 17,264,637	\$ 19,334,899	\$ 20,814,795	\$ 21,161,275	\$ 20,545,263	\$ 19,487,325	\$ 18,492,719	\$ 17,421,179	\$ 16,630,955	\$ 16,028,105
Total net debt applicable to limit	<u>960,000</u>	<u>800,000</u>	<u>640,000</u>	<u>480,000</u>	<u>320,000</u>	<u>160,000</u>	-	-	-	-
Legal debt margin	<u>\$ 16,304,637</u>	<u>\$ 18,534,899</u>	<u>\$ 20,174,795</u>	<u>\$ 20,681,275</u>	<u>\$ 20,225,263</u>	<u>\$ 19,327,325</u>	<u>\$ 18,492,719</u>	<u>\$ 17,421,179</u>	<u>\$ 16,630,955</u>	<u>\$ 16,028,105</u>
Total net debt applicable to the limit as a percentage of debt limit	5.56%	4.14%	3.07%	2.27%	1.56%	0.82%	0.00%	0.00%	0.00%	0.00%

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

BOROUGH OF HALEDON SCHOOL DISTRICT

**Demographic and Economic Statistics
Last Ten Years**

<u>Year Ended December 31,</u>	<u>School District Population (1)</u>	<u>Personal Income in Thousands \$ (2)</u>	<u>Per Capita Income (3)</u>	<u>Unemployment Rate (4)</u>
2006	8,201	295,498,432	36,032	7.50%
2007	8,303	314,102,490	37,830	7.00%
2008	8,468	329,379,796	38,897	9.00%
2009	8,705	347,390,435	39,907	16.80%
2010	8,334	324,459,288	38,932	17.10%
2011	8,383	333,702,081	39,807	16.90%
2012	8,387	346,978,577	41,371	16.60%
2013	8,412	351,823,488	41,824	9.00%
2014	8,438	353,189,366	41,857	8.50%
2015	8,451	369,198,837	43,687	6.60%

- Source:
- (1) U.S. Bureau of the Census, Population Division,
(Estimates July 1, 2006-2015)
 - (2) Personal income of the District is based on the population and per capita income.
 - (3) U.S. Department of Commerce, County Information 2005-2014.
 - (4) N.J. Department of Labor.

BOROUGH OF HALEDON SCHOOL DISTRICT

Schedule of Principal Employers

Current and Nine Years Ago

2015

2006

INFORMATION IS NOT AVAILABLE

BOROUGH OF HALEDON SCHOOL DISTRICT
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years

<u>Function/Program</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>	<u>2016</u>
Instruction										
Regular	65	67	70	68	68	68	71	74	80	82.5
Special education	13	13	13	13	13	15	17	17	17	18.5
Other special education	7	10	10	13	13	13	14	14	14	12.82
Other instruction	8	3	3	3	3	3	3	3	3	3
Support Services:										
Student & instruction related services	15	14	14	15	15	15	15	15	15.5	19
General administration	1	1	1	1	1	1	1	2	2	2
School administrative services	5	5	5	5	5	5	5	5	5	5
Central services	1	1	1	1	1	1	1	2	2	2
Administrative Information Technology	1	1	1	1	1	1	1	2	2	2
Plant operations and maintenance	9	9	9	9	9	9	9	9	9	8.5
Pupil transportation	2	2	2	2	2	2	2	2	2	2
Other support services	3	3	3	4	4	4	4	4	4	4
Food Service	5	5	5	5	6	6	6	6	6	5
Child Care	16	6	6	6	6	6	6	6	10	14.6
Total	150	140	143	146	147	149	155	161	171.5	180.92

Source: District Personnel Records

BOROUGH OF HALEDON SCHOOL DISTRICT
Operating Statistics,
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Pupil/Teacher Ratio</u>									
	<u>a</u>			<u>b</u>			<u>c</u>			
	<u>Enrollment</u>	<u>Expenditures</u>	<u>Cost Per Pupil</u>	<u>% Change</u>	<u>Teaching Staff</u>	<u>Elementary</u>	<u>Average Daily Enrollment</u>	<u>Average Daily Attendance</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2006-2007	1033	11,953,121.14	11,571.27	7.34%	78	13.2	1040	969.40	3.17%	93.21%
2007-2008	1087	12,218,475.47	11,240.55	-2.86%	80	13.6	1087	1027.70	4.52%	94.54%
2008-2009	1032	12,500,600.79	12,112.99	7.76%	83	12.4	1046	988.00	-3.77%	94.46%
2009-2010	1052	12,797,777.04	12,165.19	0.43%	81	13.0	1052	998.00	0.57%	94.87%
2010-2011	1039	13,223,348.48	12,727.00	4.62%	81	12.8	1039	982.60	-1.24%	94.57%
2011-2012	1037	13,383,307.67	12,905.79	1.40%	83	12.5	1037	987.31	-0.19%	95.21%
2012-2013	1012	14,161,757.30	13,993.83	8.43%	88	11.5	1004	953.40	-3.18%	94.96%
2013-2014	1025	14,427,777.64	14,075.88	0.59%	91	11.3	1018	960.74	1.39%	94.38%
2014-2015	1030	15,385,574.61	14,937.45	6.12%	97	10.6	1029	971.80	1.08%	94.44%
2015-2016	1051	16,231,932.52	15,444.27	3.39%	100.5	10.5	1050	976.87	2.04%	93.04%

Sources: District Records

Note: Enrollment based on annual October district count.

a-Operating Expenditures equal total expenditures less debt service and capital outlay.

b-Teaching staff includes only full-time equivalents of certificated staff.

c-Average daily enrollment and average daily attendance are obtained from the School Register Summary.

BOROUGH OF HALEDON SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years

	<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>	<u>2016</u>
<u>District Buildings</u>										
<u>Elementary</u>										
Haledon School	102,969	102,969	102,969	102,969	102,969	102,969	102,969	102,969	102,969	102,969
Square Feet	994	994	994	994	994	994	994	994	994	994
Capacity(students)	1040	1087	1032	1052	1050	1037	1012	1025	1030	1051
Enrollment										

Number of Schools at June 30, 2016
Elementary=1

Source: District Facilities Office

BOROUGH OF HALEDON SCHOOL DISTRICT
General Fund
Schedule of Required Maintenance for School Facilities
For the Fiscal Year Ended June 30,

**UNDISTRIBUTED EXPENDITURES - REQUIRED
 MAINTENANCE FOR SCHOOL FACILITIES**
 11-000-261-xxx

* School Facilities	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Haledon School	204,537.77	198,935.99	205,027.00	170,763.00	252,956.01	212,384.87	241,218.86	217,578.65	286,126.14	428,522.75
Total School Facilities	<u>204,537.77</u>	<u>198,935.99</u>	<u>205,027.00</u>	<u>170,763.00</u>	<u>252,956.01</u>	<u>212,384.87</u>	<u>241,218.86</u>	<u>217,578.65</u>	<u>286,126.14</u>	<u>428,522.75</u>

* School facilities as defined under EFCA.
 (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6:24-1.3)

BOROUGH OF HALEDON SCHOOL DISTRICT

**Insurance Schedule
June 30, 2016**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - Suburban Essex JIF		
Reinsurer: Selective Insurance Company		
Property - Blanket Limit of JIF	150,000,000	
Member Limit:	27,945,870	5,000
Owner Group Retention:		100,000 p/occurrence
Owner Group District Deductible:		500 p/occurrence
Comprehensive General Liability (per occurrence)	16,000,000	
Employee Benefits Liability (per occurrence)	16,000,000	
Comprehensive Automobile Liability (per occurrence)	16,000,000	
School Leaders Errors & Omissions		
A C E American Insurance Company	10,000,000 p/district	
Owner Group District Deductible:		None
Workers Compensation		10,000
Suburban Essex JIF		
Limit of Liability	WC EL	Statutory 6,000,000
Public Employees' Faithful Performance Bond	500,000	1,000
Owner Group District Deductible:		0
Public Employees' Faithful Performance		
Position Bond		
Treasurer of School Moneys	200,000	
Travelers Insurance Co.		
Board Secretary/Business Administrator	100,000	
Travelers Insurance Co.		

SINGLE AUDIT SECTION

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

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K-1
Page 1 of 2

**INDEPENDENT AUDITOR'S 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**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the Borough of Haledon School District, in the County of Passaic, New Jersey, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 15, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit on the financial statements, we considered the Borough of Haledon Board of Education's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Haledon Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

We noted certain matters that were required to be reported to the Board of Education of the Borough of Haledon School District in the separate Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance dated November 15, 2016.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James Cerullo

James Cerullo, C.P.A.
Licensed Public School Accountant
No. 881

Ferraioli, Wilkatz, Cerullo & Cuva, P.A.

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

November 15, 2016



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K-2
Page 1 of 3

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE
AND N.J. OMB CIRCULAR 15-08**

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Borough of Haledon School District in the County of Passaic, New Jersey, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplements* and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Borough of Haledon Board of Education's major federal and state programs for the year ended June 30, 2016. The Borough of Haledon Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Borough of Haledon Board of Education's major federal and 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; and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and N.J. OMB Circular 15-08. Those standards, the Uniform Guidance and N.J. OMB Circular 15-08 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 federal and state program occurred. An audit includes examining, on a test basis, evidence about the Borough of 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 federal and state program. However, our audit does not provide a legal determination of the Borough of Haledon Board of Education's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Borough of 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 major federal and state programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the Borough of 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 Borough of Haledon Board of Education's internal control over compliance with the type of requirements that could have a direct and material effect on each major federal and 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 federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and N.J. 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 Borough of Haledon Board of Education's internal control over compliance.

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

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

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

James Cerullo

James Cerullo, C.P.A.
Licensed Public School Accountant
No. 881

Ferraioli, Wielkocz, Cerullo & Cuva, P.A.

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

November 15, 2016

BOROUGH OF HALEDON SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year Ended June 30, 2016

Federal Grant/Pass-Through Grantor Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2015	Carryover/ Adjustments	Cash Received	Budgetary Expenditures	Accounts Receivable	Balance at June 30, 2016		MEMO Cumulative Total Expenditures
											Deferred Revenue	Date To Grantor at	
U.S. Department of Education:													
General Fund:													
Medical Assistance Program (SEMI)	93.778	1605N15MAP	N/A	07/01/15-06/30/16	22,162.21			22,162.21	(22,162.21)			*	22,162.21
Total General Fund								22,162.21	(22,162.21)			*	22,162.21
U.S. Department of Education Passed-Through State Department of Education:													
Special Revenue Fund:													
Title I - Improving Basic Programs	84.010A	S010A150030	NCLB1920-16	07/01/15-06/30/16	627,021.00	(149,572.74)		413,094.00	(545,240.00)	(132,146.00)		*	545,240.00
Title I - Improving Basic Programs	84.010A	S010A150030	NCLB1920-15	07/01/14-06/30/15	624,999.00	(149,572.74)		149,572.74	(545,240.00)	(132,146.00)		*	488,099.74
								562,666.74				*	1,033,339.74
Title II-A - Teacher & Principal Training/Recruiting	84.367A	S367A150029	NCLB1920-16	07/01/15-06/30/16	64,856.00	(8,748.35)		33,459.00	(47,646.00)	(14,187.00)		*	47,646.00
Title II-A - Teacher & Principal Training/Recruiting	84.367A	S367A150029	NCLB1920-15	07/01/14-06/30/15	62,671.00	(8,748.35)		8,748.35	(47,646.00)	(14,187.00)		*	32,932.35
								42,207.35	(47,646.00)	(14,187.00)		*	80,578.35
Title III - Part A English Language Enhancements	84.365A	S365A150030	NCLB1920-16	07/01/15-06/30/16	32,380.00	(2,476.58)		8,979.00	(12,130.00)	(3,151.00)		*	12,130.00
Title III - Part A English Language Enhancements	84.365A	S365A150030	NCLB1920-15	07/01/14-06/30/15	41,592.00	(2,476.58)		2,476.58	(12,130.00)	(3,151.00)		*	18,316.58
								11,455.58	(12,130.00)	(3,151.00)		*	30,446.58
L.D.E.A. Part B - Basic Regular	84.027	H027A150100	IDEA1920-16	07/01/15-06/30/16	375,667.00	(31,706.46)		313,414.00	(341,070.00)	(27,656.00)		*	341,070.00
L.D.E.A. Part B - Basic Regular	84.027	H027A150100	IDEA1920-15	07/01/14-06/30/15	349,432.00	(31,706.46)		31,706.46	(341,070.00)	(27,656.00)		*	222,038.46
L.D.E.A. Part B - Preschool	84.173	H173A150114	IDEA1920-16	07/01/15-06/30/16	18,317.00	(6,995.56)		11,772.00	(14,910.00)	(3,138.00)		*	14,910.00
L.D.E.A. Part B - Preschool	84.173	H173A150114	IDEA1920-15	07/01/14-06/30/15	21,065.00	(38,702.02)		6,995.56	(355,980.00)	(30,794.00)		*	14,205.56
								363,888.02	(355,980.00)	(30,794.00)		*	592,224.02
Race To The Top	84.413	B413A120008		09/01/11-11/30/15	43,795.00	(10,485.02)		12,361.02	(1,876.00)			*	39,380.02
Total Special Revenue Fund						(209,984.71)		992,578.71	(962,872.00)	(180,278.00)		*	1,775,968.71
U.S. Department of Agriculture Passed-Through State Department of Education:													
Enterprise Fund:													
Non-Cash Assistance													
Food Distribution Program	10.555	16161NJ304N1099		07/01/15-06/30/16	43,232.77			43,232.77	(41,842.78)		1,795.62	*	41,842.78
Food Distribution Program	10.555	16161NJ304N1099		07/01/14-06/30/15	34,366.37	405.63	(405.63)					*	
Cash Assistance													
School Breakfast Program	10.553	16161NJ304N1099		07/01/15-06/30/16	52,922.66			45,240.14	(52,922.66)	(7,682.52)		*	52,922.66
School Breakfast Program	10.553	16161NJ304N1099		07/01/14-06/30/15	28,103.28	(2,841.30)		2,841.30				*	
National School Lunch Program	10.555	16161NJ304N1099		07/01/15-06/30/16	333,307.62	(26,846.42)		313,089.49	(333,307.62)	(20,218.13)		*	333,307.62
National School Lunch Program	10.555	16161NJ304N1099		07/01/14-06/30/15	321,408.18	(29,282.09)		26,846.42				*	
Summer Food Service Program	10.559	16161NJ304N1099		07/01/15-06/30/16	8,574.30			7,484.40	(8,574.30)	(1,089.90)		*	8,574.30
								438,734.52	(436,647.30)	(28,990.55)		*	436,647.30
After School Snack Program	10.558	16161NJ304N2020		07/01/15-06/30/16	27,146.28			25,043.76	(27,146.28)	(2,102.52)		*	27,146.28
After School Snack Program	10.558	16161NJ304N2020		07/01/14-06/30/15	24,144.08	(2,304.20)		2,304.20				*	
								27,347.96	(27,146.28)	(2,102.52)		*	27,146.28
Total Enterprise Fund						(31,586.29)		466,082.48	(463,793.64)	(31,093.07)		*	463,793.64
TOTAL FEDERAL FINANCIAL AWARDS						(241,571.00)		1,480,823.40	(1,448,827.85)	(211,371.07)		*	2,261,924.56

See accompanying notes to schedules of expenditures of federal awards and state financial assistance.

BOROUGH OF HALEDON SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year Ended June 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2015		Carryover/ Walkover Amount	Cash Received	Budgetary Expenditures	Adjustment/ Repayment of Prior Year's Balance	Balance at June 30, 2016		MEMO
				Deferred Revenue/ (Accts. Receivable)	Due To Grantor					Accounts Receivable	Deferred Revenue	
State Department of Education:												
General Fund:												
Equalization Aid	16-495-034-5120-078	07/01/15-06/30/16	5,946,133.00				5,558,411.00	(5,946,133.00)				* 587,722.00
Special Education Categorical Aid	16-495-034-5120-089	07/01/15-06/30/16	591,508.00				533,043.00	(591,508.00)				* 58,465.00
Security Aid	16-495-034-5120-084	07/01/15-06/30/16	103,930.00				93,658.00	(103,930.00)				* 10,272.00
Per Pupil Growth Aid	16-495-034-5120-097	07/01/15-06/30/16	9,830.00				8,858.00	(9,830.00)				* 972.00
PARCC Readiness	16-495-034-5120-098	07/01/15-06/30/16	9,830.00				8,858.00	(9,830.00)				* 972.00
Under Adequacy Aid	16-495-034-5120-096	07/01/15-06/30/16	135,963.00				122,524.00	(135,963.00)				* 13,439.00
							6,125,352.00	(6,297,194.00)				* 671,842.00
Extraordinary Aid	16-100-034-5120-044	07/01/15-06/30/16	44,982.00							(44,982.00)		
Extraordinary Aid	15-100-034-5120-044	07/01/14-06/30/15	15,642.00				15,642.00	(44,982.00)				
										(44,982.00)		
Transportation Aid	16-495-034-5120-014	07/01/15-06/30/16	8,972.00				8,085.00	(8,972.00)				* 887.00
Reimbursement of Nonpublic Transportation	16-495-034-5120-014	07/01/15-06/30/16	8,902.00				9,918.00	(8,902.00)				
Reimbursement of Nonpublic Transportation	15-495-034-5120-014	07/01/14-06/30/15	9,918.00							(8,902.00)		
							18,003.00	(17,874.00)				* 887.00
Reimbursed TPAF - Social Security	16-495-034-5094-003	07/01/15-06/30/16	546,485.59				519,150.36	(546,485.59)				* 546,485.59
Reimbursed TPAF - Social Security	15-495-034-5094-003	07/01/14-06/30/15	531,220.79				26,836.85			(27,335.23)		
							545,987.21	(546,485.59)				
On-Behalf TPAF - Post Retirement Medical	16-495-034-5094-001	07/01/15-06/30/16	645,434.00				645,434.00	(645,434.00)				* 645,434.00
On-Behalf Teachers Pension and Annuity	16-495-034-5094-002	07/01/15-06/30/16	516,332.00				516,332.00	(516,332.00)				* 516,332.00
On-Behalf TPAF - Non-contributory Insurance	16-495-034-5094-004	07/01/15-06/30/16	25,720.00				25,720.00	(25,720.00)				* 25,720.00
							1,187,486.00	(1,187,486.00)				* 1,187,486.00
Total General Fund							7,893,470.21	(8,594,021.59)			(81,219.23)	* 672,729.00
												* 8,594,021.59
Special Revenue Fund:												
Preschool Education Aid	16-495-034-5120-086	07/01/15-06/30/16	508,016.49				27,830.49					
Preschool Education Aid	15-495-034-5120-086	07/01/14-06/30/15	456,015.38				(27,830.49)					
							432,724.00	(479,407.76)				* 479,407.76
							45,524.00					
Total Special Revenue Fund							478,248.00	(479,407.76)			(18,853.27)	* 479,407.76
												* 479,407.76
Capital Projects Fund:												
EFCEFA Grant	SP #1920-015-14-1001	N/A	316,953.49				316,953.49		(9.09)			* 316,953.49
EFCEFA Grant	SP #1920-015-14-1002	N/A	555,862.00				555,862.00	(8,634.42)	29.33			* 555,862.00
EFCEFA Grant	SP #1920-015-14-1004	N/A	521,021.90				521,021.90		(20.24)			* 521,021.90
							1,393,837.39	(8,634.42)				* 1,393,837.39
Total Capital Projects Fund							1,393,837.39	(8,634.42)				* 1,393,837.39
State Department of Agriculture:												
Enterprise Fund:												
National School Lunch Program (State Share)	16-100-010-3350-023	07/01/15-06/30/16	7,001.65				6,581.95	(7,001.65)				* 7,001.65
National School Lunch Program (State Share)	15-100-010-3350-023	07/01/14-06/30/15	7,137.92				784.87			(419.70)		
Total Enterprise Fund							7,366.82	(7,001.65)				* 7,001.65
							9,771,922.42	(9,089,065.42)				* 672,729.00
TOTAL STATE FINANCIAL ASSISTANCE										(100,492.20)		* 10,474,268.39
Less On-Behalf TPAF Pension and Annuity Aid												
On-Behalf TPAF - Post Retirement Medical	16-495-034-5094-001	07/01/15-06/30/16	645,434.00				645,434.00	(645,434.00)				* 645,434.00
On-Behalf Teachers Pension and Annuity	16-495-034-5094-002	07/01/15-06/30/16	516,332.00				516,332.00	(516,332.00)				* 516,332.00
On-Behalf TPAF - Non-contributory Insurance	16-495-034-5094-004	07/01/15-06/30/16	25,720.00				25,720.00	(25,720.00)				* 25,720.00
							1,187,486.00	(1,187,486.00)				* 1,187,486.00
TOTAL FOR STATE FINANCIAL ASSISTANCE DETERMINATION							8,384,436.42	(7,901,579.42)		(100,492.20)		* 9,286,385.39

See accompanying notes to schedules of expenditures of federal awards and state financial assistance.

NOTE 1. GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include the activity of all federal and state award programs of the Board of Education, Borough of Haledon School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies is included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented on 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 2(C) and 2(D) to the Board's basic financial statements. The information in these schedules is presented in accordance with the requirements of *2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ in amounts presented in or used in the preparation of the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and the 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 the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment 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, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS, (continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$9,404.00 for the general fund, \$0.00 for the special revenue fund, and \$8,634.42 for the capital projects fund. See Notes to Required Supplemental 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 follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$22,162.21	\$8,603,425.59	\$8,625,587.80
Special Revenue Fund	962,872.00	479,407.76	1,442,279.76
Capital Projects Fund		8,634.42	8,634.42
Food Service Fund	436,647.36	7,001.65	443,649.01
After Care Fund	28,430.64		28,430.64
Total Awards and Financial	<u>\$1,450,112.21</u>	<u>\$9,098,469.42</u>	<u>\$10,548,581.63</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions, respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2016. The amount reported as TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2016.

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 amounts subject to State single audit and major program determination.

NOTE 7. INDIRECT COST RATE

The Borough of Haledon School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**BOROUGH OF HALEDON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

1. Material weakness(es) identified? _____ yes X no
2. Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X none reported

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

Federal Awards

Internal Control over major programs:

1. Material weakness(es) identified? _____ yes X no
2. Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X none reported

Type of auditor's report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of the Uniform Guidance? _____ yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027/84.173</u>	<u>H027A150100/ H173A150114</u>	<u>IDEA Cluster</u>
<u>10.555</u>	<u>1616NJ304N1099</u>	<u>Child Nutrition Cluster:</u>
<u>10.553</u>	<u>1616NJ304N1099</u>	<u>National School Lunch Program</u>
<u>10.559</u>	<u>1616NJ304N1099</u>	<u>School Breakfast Program</u>
		<u>Summer Food Service Program</u>

Dollar threshold used to distinguish between type A and type B programs: \$750,000

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

**BOROUGH OF HALEDON SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Status of Prior Year Findings

There were no prior year findings.