

SCHOOL DISTRICT
OF THE
BOROUGH OF HAWORTH

Borough of Haworth
Board of Education
Haworth, New Jersey

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

Comprehensive Annual
Financial Report

of the

Borough of Haworth
Board of Education

Haworth, New Jersey

For the Fiscal Year Ended June 30, 2016

Prepared by

Borough of Haworth
Board of Education

HAWORTH BOARD OF EDUCATION
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2016

INTRODUCTORY SECTION (Unaudited)

Letter of Transmittal	1
Organizational Chart	4
Roster of Officials	5
Consultants and Advisors.....	6

FINANCIAL SECTION..... 7

Independent Auditors' Report.....	8
Required Supplementary Information.....	11
Management's Discussion and Analysis (Unaudited).....	12
Basic Financial Statements (Sections A. and B.).....	22
A. District-Wide Financial Statements.....	23
A-1 Statement of Net Position	24
A-2 Statement of Activities.....	25
B. Fund Financial Statements.....	27
B-1 Balance Sheet – Governmental Funds	28
B-2 Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds.....	29
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	31
B-4 Statement of Net Position – Proprietary Funds.....	32
B-5 Statement of Revenue, Expenses and Changes in Fund Net Assets – Proprietary Funds.....	33
B-6 Statement of Cash Flows – Proprietary Funds.....	34
B-7 Statement of Fiduciary Net Position – Fiduciary Funds.....	35
B-8 Statement of Changes in Fiduciary Net Position – Fiduciary Funds	36
Notes to the Basic Financial Statements	37

Required Supplementary Information (Unaudited)

L. Schedules Related to Accounting and Reporting for Pensions (GASB 68) (Unaudited)	66
L-1 Schedule of District's Proportionate Share of the Net Pension Liability – Public Employees Retirement System	66
L-2 Schedule of District Contributions – Public Employees Retirement System	67
L-3 Schedule of State's Proportionate Share of the Net Pension Liability – Teachers' Pension and Annuity Fund.....	68
L-4 Schedule of State's Contributions – Teachers' Pension and Annuity Fund	69
Notes to Required Supplementary Information	70
C. Budgetary Comparison Schedules (Unaudited).....	71
C-1 Budgetary Comparison Schedule – General Fund	72
C-2 Combining Budgetary Schedule – Special Revenue Fund	82
C-3 Budget-to-GAAP Reconciliation- Notes to Required Supplementary Information.....	83

HAWORTH BOARD OF EDUCATION
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

FINANCIAL SECTION (Cont'd)

Other Supplementary Information (D. – I.)

D. School Level Schedules (Not Applicable)	
E. Special Revenue Fund	84
E-1 Combining Schedule of Revenue and Expenditures Special Revenue Fund – Budgetary Basis.....	85
E-2 Preschool Education Aid Schedule of Expenditures– Budgetary Basis (Not Applicable)	
F. Capital Projects Fund.....	86
F-1 Summary Schedule of Revenue, Expenditures and Changes in Fund Balance	87
F-1a Schedule of Project Revenues, Expenditures, Project Balances and Project Status – Elementary School Roof Replacement Project	88
F-1b Schedule of Project Revenues, Expenditures, Project Balances and Project Status – Hawk Hall HVAC Upgrade / Boiler Installation	89
F-1c Schedule of Project Revenues, Expenditures, Project Balances and Project Status – Elementary School Roof Replacement Project Phase 2.....	90
F-1d Schedule of Project Revenues, Expenditures, Project Balances and Project Status – Main Entrance / Lobby Upgrade	91
G. Proprietary Funds.....	92
Enterprise Fund:	
G-1 Statement of Net Position	93
G-2 Statement of Revenue, Expenses and Changes in Fund Net Position.....	94
G-3 Statement of Cash Flows	95
H. Fiduciary Funds	96
H-1 Combining Statement of Fiduciary Net Position	97
H-2 Statement of Changes in Fiduciary Net Position	98
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements.....	99
H-4 Student Activity Agency Fund Statement of Activity	100
H-5 Payroll Agency Fund Schedule of Receipts and Disbursements	101
I. Long-Term Debt	102
I-1 Schedule of Serial Bonds	103
I-2 Schedule of Obligations Under Capital Leases (Not Applicable)	104
I-3 Debt Service Fund Budgetary Comparison Schedule.....	105
STATISTICAL SECTION (Unaudited).....	106
J. Statistical Schedules	
J-1 Net Position by Component.....	107
J-2 Changes in Net Position.....	108
J-3 Fund Balances – Governmental Funds	110
J-4 Changes in Fund Balances – Governmental Funds	111

HAWORTH BOARD OF EDUCATION
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

STATISTICAL SECTION (Unaudited) (Cont'd)

J. Statistical Section Schedules (Cont'd)

J-5	General Fund Other Local Revenue by Source	113
J-6	Assessed Value and Actual Value of Taxable Property.....	114
J-7	Direct and Overlapping Property Tax Rates	115
J-8	Principal Property Taxpayers.....	116
J-9	Property Tax Levies and Collections.....	117
J-10	Ratios of Outstanding Debt by Type	118
J-11	Ratios of Net General Bonded Debt Outstanding.....	119
J-12	Ratios of Overlapping Governmental Activities Debt.....	120
J-13	Legal Debt Margin Information	121
J-14	Demographic and Economic Statistics	122
J-15	Principal Employers.....	123
J-16	Full-Time Equivalent District Employees by Function/Program	124
J-17	Operating Statistics.....	125
J-18	School Building Information	126
J-19	Schedule of Required Maintenance for School Facilities.....	127
J-20	Insurance Schedule	128

SINGLE AUDIT SECTION..... 129

K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	130
K-2	Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance.....	132
	Schedule of Expenditures of Federal Awards.....	134
	Schedule of Expenditures of State Awards.....	135
	Notes to the Schedules of Expenditures of Federal and State Awards	136
	Schedule of Findings and Questioned Costs.....	138
	Summary Schedule of Prior Audit Findings.....	140

INTRODUCTORY SECTION



Haworth Public School

Ms. Jennifer L. Montesano
Chief School Administrator

Mr. Paul Wolford
Director of Education

October 28, 2016

The Honorable President and Members of
the Board of Education
Haworth Board of Education
County of Bergen, New Jersey

Dear Honorable President and Board Members:

The Comprehensive Annual Financial Report of the Haworth Board of Education (the "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 Haworth Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the 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 Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' report on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES:** The Haworth Board of Education is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Haworth Board of Education's elementary school constitutes the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular, as well as special education, for handicapped youngsters. The District completed the 2015-2016 fiscal year with an average daily enrollment of 424 students, which is 16 students more than the prior year's enrollment.

The Honorable President and Members of
the Board of Education
Haworth Board of Education
Page 2
October 28, 2016

2. ECONOMIC CONDITION AND OUTLOOK: The Borough of Haworth is a small community within the County of Bergen. Its economic condition and population are stable. No new housing developments are expected within the near future. Therefore, no substantial increase to the annual daily enrollment is expected in the short term.
3. MAJOR INITIATIVES: Students continued to score above the state and national averages on the NJ ASK and PARCC tests. We have established and met our goals in fiscal efficiency and special education, as well as student achievement and technology. We have a 0% drop out rate. One hundred percent of our children go on to secondary education.
4. INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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


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 a vote of the Board of Education. 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 cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2016.

The Honorable President and Members of
the Board of Education
Haworth Board of Education
Page 3
October 28, 2016

6. ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.
7. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
8. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property, contents, and fidelity bonds. The Board oversees Risk Management for the District. A schedule of insurance coverage is found in J-20.
9. OTHER INFORMATION: **Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.
10. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Haworth School Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

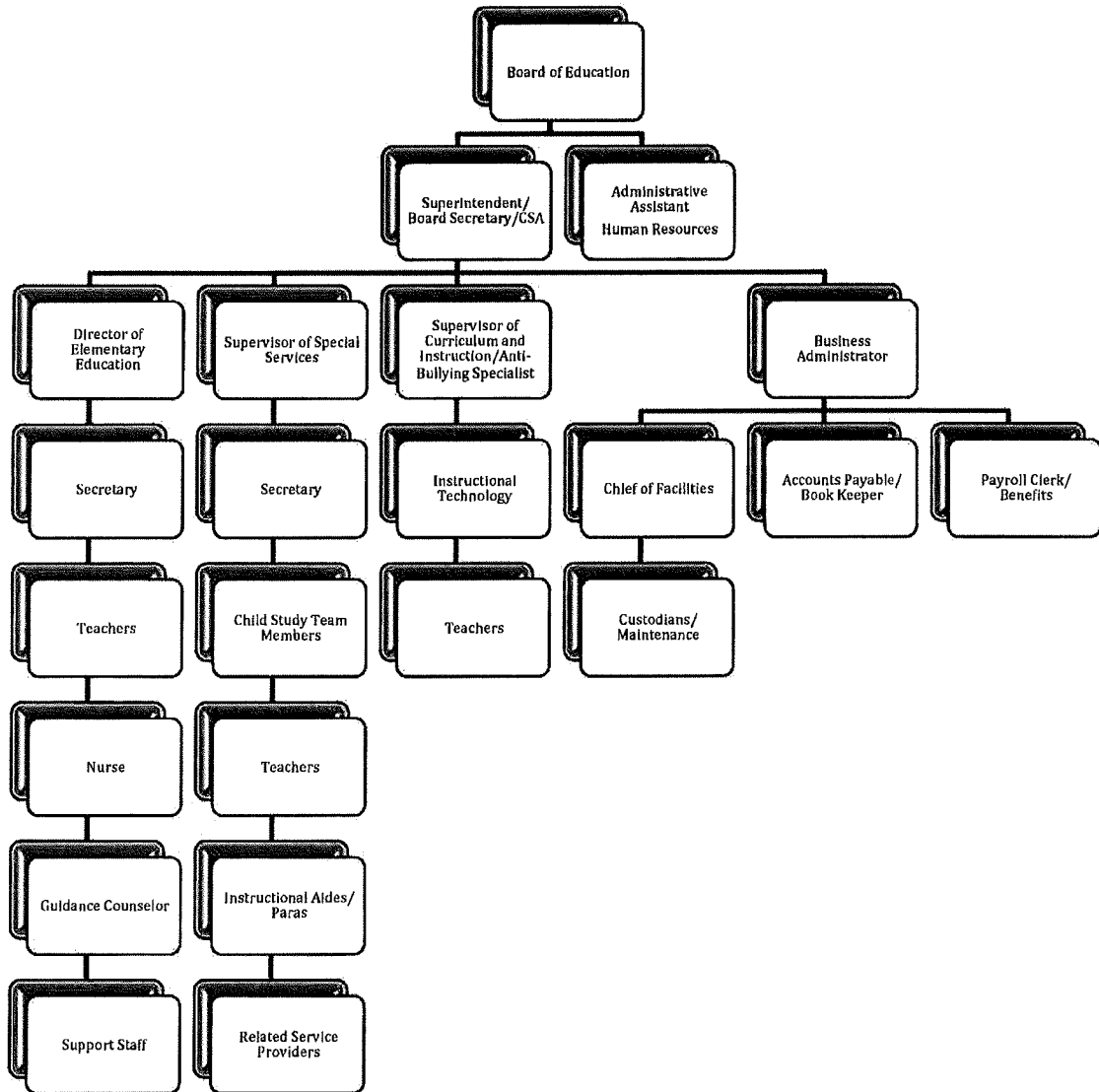
Respectfully submitted,



Jennifer Montessano

Superintendent/Board Secretary

HAWORTH BOARD OF EDUCATION
ORGANIZATIONAL CHART
JUNE 30, 2016



HAWORTH BOARD OF EDUCATION
ROSTER OF OFFICIALS
JUNE 30, 2016

Members of the Board of EducationTerm Expires

Nicole Brennan, President	2018
Jeff Ashkenase, Vice President	2016
MaryAnn Doran	2017
Matthew Gilbert	2016
Anna Reduce	2016
Warren Sutnick	2017
Stacey Wunsch	2018

Other OfficialsTitle

Jennifer Montesano	Chief School Administrator/Board Secretary
Patricia Deriso	Business Administrator (until 12/31/2015)
Vincent Occhino	Interim Business Administrator (11/09/2015 - 6/30/2016)
Paul Wolford	Director of Elementary Education
Rebecca Overgaard	Treasurer of School Monies

HAWORTH BOARD OF EDUCATION

Consultants and Advisors
Year Ended June 30, 2016

Audit Firm

Nisivoccia LLP, CPAs
200 Valley Road Suite 300
Mount Arlington, NJ 07856

Attorney

Fogarty & Hara, Esqs.
21-00 Route 208 South
Fairlawn, NJ 07410

Official Depository

Valley National Bank
243 Main Street
New Milford, NJ 07646

FINANCIAL SECTION



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555

Independent Auditors' Report

The Honorable President and Members
 of the Board of Education
 Haworth Board of Education
 County of Bergen, 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 Haworth Borough School District (the "District") in the County of Bergen, as of and for the fiscal 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 misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District'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.

The Honorable President and Members
of the Board of Education
Haworth Board of Education
Page 2

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension schedules in exhibits L-1 through L-4 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state 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*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The Honorable President and Members
of the Board of Education
Haworth Board of Education
Page 3

The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

October 28, 2016
Mount Arlington, New Jersey

NISIVOCCIA LLP
NISIVOCCIA LLP



John J. Mooney
Licensed Public School Accountant #2602
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION -
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2016
(Unaudited)**

This section of Haworth Borough School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2016. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

Key financial highlights for the 2015-2016 school year are as follows:

- The District's net position increased \$696,409 during the year.
- In 2015-2016, the Governmental Activities had \$11,286,654 in revenue. The majority of Governmental Activities revenue was raised through local property taxes and state aid. The total Governmental Activities expenses for 2015-2016 were \$10,611,774.
- The District's total bonded debt decreased by \$525,000 during the current fiscal year.
- The District's net pension liability increased by \$1,175,276 during the current year.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1
Organization of Borough of Haworth School District's Financial Report

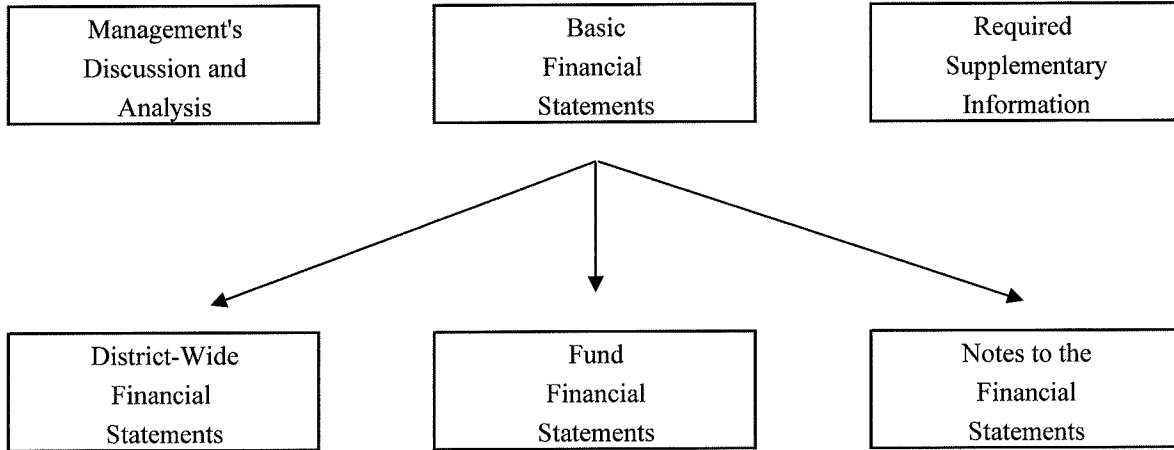


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	Fund Financial Statements			
	District-Wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses; after school latchkey program	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required Financial Statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenue, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenue, Expenses and Changes in Net Position • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual Accounting and Economic Resources focus	Modified Accrual Accounting and Current Financial Focus	Accrual Accounting and Economic Resources focus	Accrual Accounting and Economic Resources focus
Type of Asset/Liability Information	All Assets and Liabilities, Deferred Inflows and Outflows of Resources, both Financial and Capital, Short-Term and Long-Term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All Revenue and Expenses during the year, regardless of when Cash is Received or Paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liabilities are due and payable	All Revenue and Expenses during the year, regardless of when cash is received or paid	All Additions and Deductions during the year, regardless of when cash is received or paid

District-Wide Statements

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

The two District-wide statements report the District's *net position* and how it has changed. Net position – the difference between the District's assets, deferred inflows and outflows, and liabilities – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's after school latchkey program is included here.

Fund Financial Statements

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

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.

- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows.
- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

Notes to the Basic Financial Statements

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

Financial Analysis of the District as a Whole

Net Position. The District's net position is shown in Figure A-3. It is important to note here that depreciation of the District's capital assets is computed into the total. The depreciation factored into the District's net position for 2015-2016 is \$226,162. This same amount is also factored in as an expense.

Figure A-3

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
Current and Other Assets	\$ 1,684,496	\$ 2,034,976	\$ 55,204	\$ 33,675	\$ 1,739,700	\$ 2,068,651	-15.90%
Capital Assets, Net	9,950,466	9,280,345			9,950,466	9,280,345	7.22%
Total Assets	11,634,962	11,315,321	55,204	33,675	11,690,166	11,348,996	3.01%
Deferred Outflows of Resources	1,074,929	177,118			1,074,929	177,118	506.90%
Other Liabilities	141,207	33,168			141,207	33,168	325.73%
Long-Term Liabilities	4,188,070	3,563,654			4,188,070	3,563,654	17.52%
Total Liabilities	4,329,277	3,596,822			4,329,277	3,596,822	20.36%
Deferred Inflows of Resources	117,315	346,706			117,315	346,706	-66.16%
Net Position:							
Net Investment in Capital							
Assets	8,138,466	6,943,345			8,138,466	6,943,345	17.21%
Restricted	1,331,391	660,167			1,331,391	660,167	101.67%
Unrestricted/(Deficit)	(1,206,558)	(15,093)	55,204	33,675	(1,151,354)	18,582	-6296.07%
Total Net Position	\$ 8,263,299	\$ 7,588,419	\$ 55,204	\$ 33,675	\$ 8,318,503	\$ 7,622,094	9.14%

Changes in net position. The District's combined net position was \$8,318,503 on June 30, 2016, \$696,409 or 43.45% more than it was the year before. (See Figure A-3). The reduction of District long-term liabilities associated with capital assets and the conservative spending of the District were the primary reasons for the increase in the year end governmental net position. The net position of the business-type activities increased \$21,529 (see Figure A-4).

Figure A-4
Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
Revenue:							
Program Revenue:							
Charges for Services			\$ 54,325	\$ 39,215	\$ 54,325	\$ 39,215	38.53%
Operating Grants and Contributions	\$ 2,439,317	\$ 2,045,127			2,439,317	2,045,127	19.27%
General Revenue:							
Property Taxes	8,757,251	8,589,407			8,757,251	8,589,407	1.95%
Unrestricted Federal and State Aid	80,859	240,742			80,859	240,742	-66.41%
Other	9,227	47,545	100	64	9,327	47,609	-80.41%
Total Revenue	11,286,654	10,922,821	54,425	39,279	11,341,079	10,962,100	3.46%
Expenses:							
Instruction	6,681,274	6,160,806			6,681,274	6,160,806	8.45%
Pupil & Instruction Services	1,820,262	1,624,210			1,820,262	1,624,210	12.07%
Administrative and Business	974,928	836,172			974,928	836,172	16.59%
Maintenance & Operations	876,764	844,668			876,764	844,668	3.80%
Transportation	57,030	54,697			57,030	54,697	4.27%
Other	201,516	182,016	32,896	28,137	234,412	210,153	11.54%
Total Expenses	10,611,774	9,702,569	32,896	28,137	10,644,670	9,730,706	9.39%
Change in Net Position	\$ 674,880	\$ 1,220,252	\$ 21,529	\$ 11,142	\$ 696,409	\$ 1,231,394	-43.45%

Revenue Sources. The District's total revenue for the 2015-2016 school year was \$11,341,079. (See Figure A-4). Property taxes accounted for most of the District's revenue, with local taxes accounting for \$8,757,251 of the total, or 77.22 percent. (See Figure A-5). Another 22.22 percent came from state formula aid and other state and federal aid and grants, and the remainder came from miscellaneous sources. Haworth Borough School District basically conducts its operations from the revenues it receives from its local taxpayers and state funding.

Figure A-5
Sources of Revenue for Fiscal Year 2016

Sources of Income	Amount	Percentage
Operating Grants and Contributions	\$ 2,439,317	21.51%
Property Taxes	8,757,251	77.22%
Unrestricted Federal and State Aid	80,859	0.71%
Charges for Services	54,325	0.48%
Other	9,327	0.08%
	<u>\$ 11,341,079</u>	<u>100.00%</u>

The total cost of all programs and services was \$10,644,670. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (80.42 percent). (See Figure A-6). The District's administrative and business activities accounted for 9.16 percent of total costs.

Figure A-6
Expenses for Fiscal Year 2016

Expense Category	Amount	Percentage
Instruction	\$ 6,681,274	62.76%
Pupil & Instruction Services	1,820,262	17.10%
Administrative and Business	974,928	9.16%
Maintenance & Operations	876,764	8.24%
Transportation	57,030	0.54%
Other	234,412	2.20%
	<u>\$ 10,644,670</u>	<u>100.00%</u>

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District improved. Maintaining current levels of regular and special programs and services for special needs pupils place great demands on the District's resources. Careful management of expenses is essential for the District's financial stability.

It has never been more challenging to balance the needs of the District with the financial resources available to the District. Thus, it is critical that the District remains steadfast to thoroughly examine its budget choices carefully.

Figure A-7 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

Figure A-7**Net Cost of Governmental Activities**

	Total		Net	
	Cost of Services		Cost of Services	
	2015/16	2014/15	2015/16	2014/15
Instruction	\$ 6,681,274	\$ 6,160,806	\$ 4,437,709	\$ 4,314,540
Pupil & Instruction Services	1,820,262	1,624,210	1,633,632	1,454,490
Administrative and Business	974,928	836,172	974,928	836,172
Maintenance & Operations	876,764	844,668	876,764	835,527
Transportation	57,030	54,697	47,908	54,697
Other	201,516	182,016	201,516	162,016
Total	\$ 10,611,774	\$ 9,702,569	\$ 8,172,457	\$ 7,657,442

- The cost of all governmental activities this year was \$10.61 million.
- The federal and state governments subsidized certain programs with grants and contributions (\$2,520,176).
- Most of the District's costs (\$8.76 million), however, were financed by District taxpayers.
- The remainder of the funding came from miscellaneous revenue and investment earnings.

Business-Type Activities

Net position from the District's business-type activity increased by \$21,529 primarily due to an increase in program participation from prior year (refer to Figure A-4).

Financial Analysis of the District's Funds

The District's financial position is relatively sound during a difficult economic environment. The significant reduction in State aid has had a direct impact upon the District's revenues and will directly increase pressure on the local tax burden. The District had the luxury in past years of using excess fund balance to reduce the taxes for the ensuing school year; however, legislation enacted has limited the amount of fund balance to 2% over the last few years. Accordingly, the Haworth District has taken measures to reduce expenditures and not be dependent on excess fund balance going forward which has been a challenge during 2015-2016 and will continue to be a larger challenge going forward.

To maintain a stable financial position, the District must continue to practice sound fiscal management.

General Fund Budgetary Highlights

Over the course of the year, the District revised its annual operating budget several times due to the following:

- Changes made within budgetary line items for changes in school-based needs for programs, supplies and maintenance activities.

Capital Asset and Debt Administration

Figure A-8

Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
Land	\$ 1,324,500	\$ 1,324,500			\$ 1,324,500	\$ 1,324,500	0.00%
Construction in Progress	823,962				823,962		100.00%
Site Improvements	366,540	404,877			366,540	404,877	-9.47%
Buildings & Building							
Improvements	7,214,109	7,253,768			7,214,109	7,253,768	-0.55%
Machinery and Equipment	221,355	297,200			221,355	297,200	-25.52%
Total	\$ 9,950,466	\$ 9,280,345	\$ -0-	\$ -0-	\$ 9,950,466	\$ 9,280,345	7.22%

Long-Term Liabilities

At year-end, the District had \$1,812,000 in general obligation bonds, \$2,299,000 of net pension liability and \$77,070 in other long-term liabilities outstanding – an increase of \$624,416 from last year – as shown in Figure A-9. (More detailed information about the District’s long-term liabilities is presented in Note 6 to the financial statements.)

Figure A-9

Outstanding Long-Term Liabilities

	Total School District		Total Percentage Change
	2015/16	2014/15	2015/16
General Obligation Bonds and Notes (Financed with Property Taxes)	\$ 1,812,000	\$ 2,337,000	-22.46%
Other Long Term Liabilities	77,070	102,930	-25.12%
Net Pension Liability - PERS	2,299,000	1,123,724	104.59%
Total	\$ 4,188,070	\$ 3,563,654	17.52%

- The District continued to pay down its debt, retiring \$525,000 of general obligation bonds.
- The District experienced a net increase of \$1,175,276 in net pension liability.

Factors Bearing on the District’s Future

The District closed the 2015-2016 fiscal year with an Unassigned General Fund balance of \$323,597, which equals the maximum of 2.00% currently permitted by state law. In addition, the District authorized the transfer of \$400,000, of which actual transfers were \$400,000, at year end from the General Fund to the Capital Reserve. The Capital Reserve represents funds set aside for capital building improvements and repairs in future years. Also, the calculation of the District’s excess surplus performed during the annual audit revealed no excess surplus at year end.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 205 Valley Road, Haworth, New Jersey 07641.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

HAWORTH BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 857,316	\$ 57,759	\$ 915,075
Receivables:			
Other Governments	93,276		93,276
Internal Balances	2,555	(2,555)	
Restricted Assets:			
Cash and Cash Equivalents	731,349		731,349
Capital Assets Net:			
Sites (Land)	1,324,500		1,324,500
Construction in Progress	823,962		823,962
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	7,802,004		7,802,004
Total Assets	11,634,962	55,204	11,690,166
DEFERRED OUTFLOWS OF RESOURCES			
Changes in Assumptions - Pensions	246,894		246,894
Difference between Expected and Actual Experience - Pensions	54,846		54,846
Changes in Proportions - Pensions	673,424		673,424
District Contribution Subsequent to the Measurement Date - Pensions	99,765		99,765
Total Deferred Outflows of Resources	1,074,929		1,074,929
LIABILITIES:			
Accounts Payable	107,010		107,010
Accrued Interest Payable	26,335		26,335
Interfunds Payable	7,862		7,862
Noncurrent Liabilities:			
Due Within One Year	520,000		520,000
Due Beyond One Year	3,668,070		3,668,070
Total Liabilities	4,329,277		4,329,277
DEFERRED INFLOWS OF RESOURCES			
Investment Gains - Pensions	36,964		36,964
Changes in Proportion - Pensions	80,351		80,351
Total Deferred Inflows of Resources	117,315		117,315
NET POSITION:			
Net Investment in Capital Assets	8,138,466		8,138,466
Restricted for:			
Capital Projects	731,349		731,349
Debt Service	1,829		1,829
Excess Surplus	598,213		598,213
Unrestricted (Deficit)	(1,206,558)	55,204	(1,151,354)
Total Net Position	\$ 8,263,299	\$ 55,204	\$ 8,318,503

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

HAWORTH BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities:						
Instruction:						
Regular	\$ 5,430,627		\$ 1,649,117	\$ (3,781,510)		\$ (3,781,510)
Special Education	972,945		594,448	(378,497)		(378,497)
Other Special	277,702			(277,702)		(277,702)
Support Services:						
Tuition	259,668		88,880	(170,788)		(170,788)
Student & Instruction Related Services	1,560,594		97,750	(1,462,844)		(1,462,844)
General Administrative Services	365,582			(365,582)		(365,582)
School Administrative Services	332,214			(332,214)		(332,214)
Central Services	233,025			(233,025)		(233,025)
Administrative Technology Services	44,107			(44,107)		(44,107)
Plant Operations and Maintenance	876,764			(876,764)		(876,764)
Pupil Transportation	57,030		9,122	(47,908)		(47,908)
Interest on Long-Term Debt	87,922			(87,922)		(87,922)
Capital Outlay	113,594			(113,594)		(113,594)
Total Governmental Activities	10,611,774		2,439,317	(8,172,457)		(8,172,457)

HAWORTH BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Business-Type Activities:						
Afterschool Latchkey Program	\$ 32,896	\$ 54,325			\$ 21,429	\$ 21,429
Total Business-Type Activities	32,896	54,325			21,429	21,429
Total Primary Government	<u>10,644,670</u>	<u>54,325</u>	<u>\$ 2,439,317</u>	<u>\$ (8,172,457)</u>	<u>21,429</u>	<u>(8,151,028)</u>
General Revenue:						
Taxes:						
Property Taxes, Levied for General Purposes				8,219,020		8,219,020
Taxes Levied for Debt Service				538,231		538,231
Federal and State Aid not Restricted				80,859		80,859
Miscellaneous Income				9,227	100	9,327
Total General Revenue				<u>8,847,337</u>	<u>100</u>	<u>8,847,437</u>
Change in Net Position				674,880	21,529	696,409
Net Position - Beginning				<u>7,588,419</u>	<u>33,675</u>	<u>7,622,094</u>
Net Position - Ending				<u>\$ 8,263,299</u>	<u>\$ 55,204</u>	<u>\$ 8,318,503</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

HAWORTH BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents	\$ 777,885	\$ 79,431		\$ 857,316
Interfund Receivable	51,844		\$ 3,153	54,997
Receivables From State Government	93,276			93,276
Restricted Cash and Cash Equivalents	731,349			731,349
Total Assets	\$ 1,654,354	\$ 79,431	\$ 3,153	\$ 1,736,938
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable - Vendors	\$ 7,245			\$ 7,245
Interfunds Payable	7,862	\$ 51,118	\$ 1,324	60,304
Total Liabilities	15,107	51,118	1,324	67,549
Fund Balances:				
Restricted:				
Capital Reserve Account	731,349			731,349
Excess Surplus	598,213			598,213
Debt Service Fund			1,829	1,829
Committed:				
Capital Projects Fund		28,313		28,313
Assigned:				
Year-end Encumbrances	1,050			1,050
Unassigned	308,635			308,635
Total Fund Balances	1,639,247	28,313	1,829	1,669,389
Total Liabilities and Fund Balances	\$ 1,654,354	\$ 79,431	\$ 3,153	

Amounts Reported for *Governmental Activities* in the Statement of Net Position (A-1) are Different Because:

Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$14,633,023 and the accumulated depreciation is \$4,682,557.	9,950,466
Accrued liability for interest on long-term liability is not due and payable in the current period and is not reported as a liability in the funds.	(26,335)
Long-term liabilities, including bonds payable and other long-term liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(1,889,070)
The net pension liability for PERS is not due and payable in the current period and is not reported in the Governmental Funds.	(2,299,000)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Changes in Assumptions - Pensions	246,894
Difference between Expected and Actual Experience - Pensions	54,846
Changes in Proportions - Pensions	673,424
Investment Gains - Pensions	(36,964)
Changes in Proportions - Pensions	(80,351)
Net Position of Governmental Activities	\$ 8,263,299

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

HAWORTH BOARD OF EDUCATION
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 8,219,020			\$ 538,231	\$ 8,757,251
Interest on Capital Reserve	216				216
Interest on Investments			\$ 897		897
Miscellaneous	8,114				8,114
Total - Local Sources	8,227,350		897	538,231	8,766,478
State Sources	1,257,438			80,859	1,338,297
Federal Sources		\$ 92,748			92,748
Total Revenues	9,484,788	92,748	897	619,090	10,197,523
EXPENDITURES:					
Current:					
Regular Instruction	3,001,768	2,367			3,004,135
Special Education Instruction	530,002	1,501			531,503
Other Special Instruction	180,103				180,103
Support Services and Undistributed Costs:					
Tuition	170,788	88,880			259,668
Student & Instruction Related Services	1,161,229				1,161,229
General Administrative Services	293,274				293,274
School Administrative Services	244,320				244,320
Central Services	185,482				185,482
Administrative Information Technology	35,301				35,301
Plant Operations and Maintenance	752,590				752,590
Pupil Transportation	57,030				57,030
Unallocated Benefits	2,254,843				2,254,843
Debt Service:					
Principal				525,000	525,000
Interest and Other Charges				94,755	94,755

HAWORTH BOARD OF EDUCATION
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Capital Outlay	\$ 159,895		\$ 823,982		\$ 983,877
Total Expenditures	9,026,625	\$ 92,748	823,982	\$ 619,755	10,563,110
Excess/(Deficiency) of Revenue over/(under) Expenditures	458,163		(823,085)	(665)	(365,587)
OTHER FINANCING SOURCES/(USES):					
Transfers In	221,744		329,050	897	551,691
Transfers Out	(329,050)		(222,641)		(551,691)
Total Other Financing Sources/(Uses)	(107,306)		106,409	897	
Net Change in Fund Balances	350,857		(716,676)	232	(365,587)
Fund Balance - July 1	1,288,390		744,989	1,597	2,034,976
Fund Balance - June 30	\$ 1,639,247	\$ -0-	\$ 28,313	\$ 1,829	\$ 1,669,389

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

HAWORTH BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ (365,587)

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 depreciation differs from the capital asset additions for the current year.

	Depreciation Expense	\$ (226,162)	
	Capital Asset Additions	<u>896,283</u>	
			670,121

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when accrued, regardless of when due. In the governmental funds, interest is reported when due. When the accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+). 6,833

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 (+). 25,860

Repayment of serial bonds is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities. 525,000

The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:

Change in Net Pension Liability	(1,175,276)
Deferred Outflows:	
Changes in Assumptions	211,558
Difference between Expected and Actual Experience - Pensions	54,846
Changes in Proportion	673,424
Deferred Inflows:	
Changes in Proportion	30,004
Net Difference Between Projected and Actual Investment Earnings on Pension	
Plan Investments	<u>18,097</u>

Change in Net Position of Governmental Activities (Exhibit A-2) \$ 674,880

HA WORTH BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	<u>Business-Type Activities - After School Latchkey Program</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 57,759
Total Current Assets	<u>57,759</u>
Total Assets	<u>57,759</u>
<u>LIABILITIES:</u>	
Current Liabilities:	
Interfund Payable	<u>2,555</u>
Total Current Liabilities	<u>2,555</u>
<u>NET POSITION:</u>	
Unrestricted	<u>55,204</u>
Total Net Position	<u>\$ 55,204</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

HAWORTH BOARD OF EDUCATION
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Business-Type Activities - After School Latchkey Program</u>
Operating Revenue:	
Charges for Services:	
Program Fees	\$ 54,325
Total Operating Revenue	<u>54,325</u>
Operating Expenses:	
Salaries and Payroll Taxes	28,555
General Supplies	<u>4,341</u>
Total Operating Expenses	<u>32,896</u>
Operating Income	<u>21,429</u>
Non-Operating Revenue:	
Local Sources:	
Interest Revenue	<u>100</u>
Total Non-Operating Revenue	<u>100</u>
Change in Net Position	21,529
Net Position - Beginning of Year	<u>33,675</u>
Net Position - End of Year	<u><u>\$ 55,204</u></u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

HAWORTH BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Business-Type Activities - After School Latchkey Program</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 54,325
Payments to Suppliers	(30,341)
	23,984
Net Cash Provided by Operating Activities	23,984
Cash Flows by Noncapital Financing Activities:	
Interest Revenue	100
	100
Net Cash Provided by Noncapital Financing Activities	100
Net Increase in Cash and Cash Equivalents	24,084
Cash and Cash Equivalents, July 1	33,675
Cash and Cash Equivalents, June 30	\$ 57,759
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 21,429
Adjustment to Reconcile Operating Income to Cash Provided by Operating Activities:	
Changes in Assets and Liabilities:	
Increase in Interfund Payable	2,555
	2,555
Net Cash Provided by Operating Activities	\$ 23,984

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

HAWORTH BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2016

	Agency Funds	Flexible Spending Trust
<u>ASSETS:</u>		
Cash and Cash Equivalents	\$ 17,931	\$ 12,779
Interfund Receivable	7,862	
Total Assets	25,793	12,779
<u>LIABILITIES:</u>		
Payroll Deductions and Withholdings	7,862	
Due to Student Groups	17,931	
Total Liabilities	25,793	
<u>NET POSITION:</u>		
Held in Trust for Flexible Spending Claims		12,779
Total Net Position	\$ -0-	\$ 12,779

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

HAWORTH BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Flexible Spending Trust</u>
ADDITIONS:	
Contributions:	
Plan Member	\$ 24,907
Total Contributions	<u>24,907</u>
Investment Earnings:	
Interest	20
Net Investment Earnings	<u>20</u>
Total Additions	<u>24,927</u>
DEDUCTIONS:	
Flexible Spending Claims	22,040
Interests	20
Total Deductions	<u>22,060</u>
Change in Net Position	2,867
Net Position - Beginning of the Year	<u>9,912</u>
Net Position - End of the Year	<u><u>\$ 12,779</u></u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of the Haworth Board of Education (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government 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. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include an elementary school located in Borough of Haworth. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District's governmental and business-type activities. These statements include the financial activities of the overall District in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business-type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

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 - *governmental, 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 governmental funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported 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 NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states 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 revenue. 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 sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary fund:

Enterprise Fund: The Enterprise Fund accounts for all revenue and expenses pertaining to the Board's after school latchkey program. This program provides after school activities. This fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund, Payroll Agency Fund and the Flexible Spending Trust Fund.

C. Measurement Focus and Basis of Accounting:

The district-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, 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.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by unassigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2016 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. 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. 6:20-2A.2(m)1. All budget Amendments/Transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the 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 generally accepted accounting principles, with the exception of the 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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 9,484,644	\$ 92,748
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements not Recognized for Budgetary Purposes	15,106	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(14,962)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 9,484,788	\$ 92,748

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control: (Cont'd)

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 9,026,625	\$ 92,748
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 9,026,625	\$ 92,748

E. Cash and Cash Equivalents, and Investments:

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

New Jersey school districts are limited as to type 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 District 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 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 of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Government Units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

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

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

G. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

H. 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 restricted, committed, and/or assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as unearned revenue 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.

I. Short-term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2016.

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. The District has reviewed capital assets for impairment.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. Capital Assets: (Cont'd)

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings and Building Improvements	50 Years
Site Improvements	20 Years
Machinery and Equipment	10 to 15 Years
Computer and Related Technology	5 Years
Vehicles	8 Years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

L. Long Term Liabilities:

In the District-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond premiums and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2016.

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after fifteen years of service.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

N. Compensated Absences: (Cont'd)

In the district-wide Statement of Net Position, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

O. Unearned Revenue:

Unearned revenue in the special revenue fund represents cash which has been received but not yet earned. See Note 1(D) regarding the special revenue fund.

P. Fund Balance Appropriated:

General Fund: Of the \$1,639,247 General Fund fund balance at June 30, 2016, \$1,050 is assigned for encumbrances; \$731,349 is restricted in the capital reserve account; \$598,213 is current year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2018; and \$308,635 is unassigned which is \$14,962 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final state aid payments, which are not recognized until the fiscal year ended June 30, 2017.

Capital Projects Fund: The Capital Projects Fund has \$28,313 in committed fund balance at June 30, 2016.

Debt Service Fund: The Debt Service Fund has \$1,829 in restricted fund balance at June 30, 2016.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2003, c.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996(CEIFA). New Jersey school districts are required to restrict General 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 year's budget. The District had excess surplus at June 30, 2016 as noted above.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$14,962 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event state school aid payments are not made until the following school budget year, districts must record the state aid payment 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 last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Q. Deficit in Net Position:

The District had a deficit in the governmental activities unrestricted net position at June 30, 2016 of \$1,206,558. This deficit resulted from compensated absences payable of \$77,070, accrued interest of \$26,335, investment gains in pensions of \$36,964, changes in proportion in pensions of \$80,351, and net pension liability of \$2,299,000; net of year-end encumbrances of \$27,338, unassigned fund balance of \$308,635, committed fund balance of \$2,025, \$246,894 for changes in assumptions in pensions, difference between expected and actual experience in pensions of \$54,846 and \$673,424 for changes in proportions. This deficit does not indicate that the District is facing financial difficulties and is a permitted practice under generally accepted accounting principals.

R. Net Position:

Net Position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred inflows at June 30, 2016 for the changes in proportion in pensions and investment gains on pension. The District had deferred outflows at June 30, 2016 for the changes in proportions in pension, for changes in assumptions in pensions, the net difference between projected and actual experience in pensions and the District contribution subsequent to the measurement date related to pensions.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

S. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

Fund balance restrictions have been established for a capital reserve, excess surplus and the debt service fund.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

S. Fund Balance Restrictions, Commitments and Assignments: (Cont'd)

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has committed resources in the capital projects fund at June 30, 2016.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for subsequent year's expenditures and for year-end encumbrances in the General Fund at June 30, 2016.

T. Revenue - Exchange and Nonexchange 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 the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means 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. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the 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 fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

U. Operating Revenue and Expenses:

Operating revenue is revenue that is generated directly from the primary activity of the Enterprise Funds. For the School District, this revenue represents program fees for the after school latchkey program. Operating expenses are necessary costs incurred to provide the services that are the primary activities of the Enterprise Funds.

V. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

W. Pensions:

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40 *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents, and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed on the following page.

Custodial Credit Risk – The District does not have a policy with respect to custodial credit risk. However, the District ensures that District funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds.

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
 (Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Deposits: (Cont'd)

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

New Jersey statutes permit the Board to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments: (Cont'd)

As of June 30, 2016, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Total
Checking and Savings Accounts	\$ 945,785	\$ 731,349	\$ 1,677,134
	<u>\$ 945,785</u>	<u>\$ 731,349</u>	<u>\$ 1,677,134</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2016, was \$1,677,134 and the bank balance was \$1,954,026. The District did not hold any investments during the fiscal year ended June 30, 2016.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Haworth Board of Education 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). Upon submission of the LRFP to the State Department of Education, 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 amount or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, 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:

Balance at June 30, 2015	\$ 459,801
Increased by:	
Interest Earned	216
Transfer from Capital Projects Fund - Unexpended Project Balances	221,744
Deposit by Board Resolution - June 30, 2016	400,000
Decreased by:	
Transfer to Capital Projects Fund by Board Resolution	(329,050)
Withdrawal by Board Resolution	(21,362)
	<u> </u>
Balance at June 30, 2016	<u>\$ 731,349</u>

The June 30, 2016 LRFP balance of local support costs of uncompleted capital projects exceeds the balance in the capital reserve account at June 30, 2016. There were withdrawals from the capital reserve account for the use in DOE approved facilities projects, consistent with the District's Long Range Facility Plan.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2016 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital Assets not being Depreciated:				
Sites (Land)	\$ 1,324,500			\$ 1,324,500
Construction in Progress		\$ 823,962		823,962
Total Capital Assets not Being Depreciated	1,324,500	823,962		2,148,462
Capital Assets Being Depreciated				
Site Improvements	773,644			773,644
Buildings and Building Improvements	11,042,049	12,634		11,054,683
Machinery and Equipment	622,547	59,687	\$ (26,000)	656,234
Total Capital Assets Being Depreciated	12,438,240	72,321	(26,000)	12,484,561
Governmental Activities Capital Assets	13,762,740	896,283	(26,000)	14,633,023
Less Accumulated Depreciation for:				
Site Improvements	(368,767)	(38,337)		(407,104)
Buildings and Building Improvements	(3,788,281)	(52,293)		(3,840,574)
Machinery and Equipment	(325,347)	(135,532)	26,000	(434,879)
Total Accumulated Depreciation	(4,482,395)	(226,162)	26,000	(4,682,557)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 9,280,345	\$ 670,121	\$ -0-	\$ 9,950,466

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 174,054
Special Education Instruction	10,132
Other Special Instruction	15,854
Student and Instruction Related Services	4,048
School Administrative Services	4,048
General Administrative Services	13,163
Plant Operations and Maintenance	4,862
	<u>\$ 226,162</u>

The District expended \$823,982 towards construction projects in progress. As of June 30, 2016, the District has \$28,313 in active construction projects including \$26,288 of encumbrances.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 6. GENERAL LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2016, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2015	Issued/ Accrued	Retired	Balance 6/30/2016	Amounts Due in a Year
Serial Bonds Payable	\$ 2,337,000		\$ 525,000	\$ 1,812,000	\$ 520,000
Compensated Absences Payable	102,930	\$ 2,820	28,680	77,070	
Net Pension Liability - PERS	1,123,724	1,175,276		2,299,000	
	<u>\$ 3,563,654</u>	<u>\$ 1,178,096</u>	<u>\$ 553,680</u>	<u>\$ 4,188,070</u>	<u>\$ 520,000</u>

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. The Debt Service Fund will be used to liquidate the serial bonds.

The District had bonds outstanding as of June 30, 2016 as follows:

Purpose	Maturity Date	Interest Rate	Amount
School Improvements	8/15/2019	3.900%-4.000%	\$ 997,000
School Refunding	2/15/2019	4.500%-5.000%	815,000
			<u>\$ 1,812,000</u>

Principal and interest due on serial bonds outstanding are as follows:

Fiscal Year Ending June 30,	Serial Bonds		Total
	Principal	Interest	
2017	\$ 520,000	\$ 74,130	\$ 594,130
2018	520,000	50,755	570,755
2019	525,000	27,255	552,255
2020	247,000	4,940	251,940
	<u>\$ 1,812,000</u>	<u>\$ 157,080</u>	<u>\$ 1,969,080</u>

B. Bonds Authorized But Not Issued:

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

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 6. GENERAL LONG-TERM LIABILITIES (Cont'd)

C. Capital Leases Payable:

The District had no capital leases in effect during the fiscal year ended June 30, 2016.

D. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded as a long-term liability. The current portion of the compensated absences balance of the governmental funds in the current year is \$0. The long-term liability balance of compensated absences is \$77,070. The General Fund will be used to liquidate compensated absences payable.

The liability for vested compensated balances of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2016, no liability existed for compensated absences in the proprietary fund.

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2016 is \$0- and the long-term portion is \$2,299,000. See Note 7 for further information on the PERS.

NOTE 7. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey.

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

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

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

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Benefits Provided (Cont'd)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$88,049 for fiscal year 2016.

The employee contribution rate was 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2016, the District reported a liability of \$2,299,000 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 July 1, 2014 which was rolled forward to June 30, 2015. 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 members, actuarially determined. At June 30, 2015, the District's proportion was 0.01%, which was a decrease of 0.0004% from its proportion measured as of June 30, 2014.

For the fiscal year ended June 30, 2016, the District recognized pension expense of \$275,391. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions - 2014	6.44	\$ 49,212	
Changes in Assumptions - 2015	5.72	197,682	
Changes in Proportion - 2014	6.44		\$ 80,351
Changes in Proportion - 2015	5.72	673,424	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments - 2014	5		85,704
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments - 2015	5		(48,740)
Difference Between Expected and Actual Experience - 2015	5.72	54,846	
District Contribution Subsequent to the Measurement Date - 2015	1.00		99,765
		<u>\$ 975,164</u>	<u>\$ 217,080</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion) related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Total
2016	\$ 48,203
2017	48,203
2018	48,202
2019	76,770
2020	43,398
	<u>\$ 264,776</u>

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. This actuarial valuation used the following actuarial assumptions:

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

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Actuarial Assumptions (Cont'd)

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback one year for females) are used to value disabled retirees.

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, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension 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 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' 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 Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex. U.S.	3.50%	-0.40%
REIT	4.25%	5.12%

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. 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% as of June 30, 2015 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 upon the average of the last five years of contributions made in relation to the last five years of actuarially determined 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 District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2015 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2015		
	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
District's proportionate share of the Net Pension Liability	\$ 2,857,376	\$ 2,299,000	\$ 1,830,862

Pension plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Benefits Provided

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

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarially determined amount.

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, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2016, the State of New Jersey contributed \$312,683 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$1,401,813.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Contributions (Cont'd)

The employee contribution rate was 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2016, the State's proportionate share of the net pension liability associated with the District was \$22,958,338. 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 July 1, 2014 which was rolled forward to June 30, 2015. 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 members, actuarially determined. At June 30, 2015, the District's proportion was 0.036%, which was an decrease of 0.001% from its proportion measured as of June 30, 2014.

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		22,958,338
Total	\$	22,958,338

For the fiscal year ended June 30, 2016, the State recognized pension expense on behalf of the District in the amount of \$1,401,813 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2016 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions from the following sources:

	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions - 2014	8.5	\$ 1,999,074,013	
Changes in Assumptions - 2015	8.3	5,201,079,373	
Difference Between Expected and Actual Experience - 2014	8.5		\$ 19,039,817
Difference Between Expected and Actual Experience - 2015	8.3	321,224,871	
Net Difference Between Projected and Actual			
Investment Earnings on Pension Plan Investments - 2014	5		1,305,927,430
Net Difference Between Projected and Actual			
Investment Earnings on Pension Plan Investments - 2015	5		(770,568,242)
		\$ 7,521,378,257	\$ 554,399,005

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2016	\$ 818,433,596
2017	818,433,596
2018	818,433,598
2019	1,253,742,742
2020	1,061,100,680
Thereafter	2,196,835,040
	<u><u>\$ 6,966,979,252</u></u>

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. 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 Tables 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 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.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension 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 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' 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>
U.S. Cash	5.00%	0.53%
U.S. Government Bonds	1.75%	1.39%
U.S. Credit Bonds	13.50%	2.72%
U.S. Mortgages	2.10%	2.54%
U.S. Inflation-Indexed Bonds	1.50%	1.47%
U.S. High Yield Bonds	2.00%	4.57%
U.S. Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Market Equities	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%

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90% and a municipal bond rate of 3.80% as of June 30, 2015 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 upon the average of the last five years. Based on those assumptions, the pension 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 pension 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 District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2015 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2015		
	At 1% Decrease (3.13%)	At Current Discount Rate (4.13%)	At 1% Increase (5.13%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 28,053,741	\$ 22,958,338	\$ 19,772,270

Pension Plan Fiduciary Net Position - TPAF

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

NOTE 8. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and 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. Chapter 103 of Public Law amended the law to eliminate the funding of post-retirement medical benefits through 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, c.62.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 8. POST-RETIREMENT BENEFITS (Cont'd)

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 c. 126, which provides employer paid 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.

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 Pension and Benefits issues a publically 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/financial2015combined.pdf>.

The State's on behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$372,320, \$311,754 and \$259,591 for 2016, 2015 and 2014 respectively.

NOTE 9. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permit 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 administrators are as follows:

TD Bank/Legend	Equitable
Metropolitan Life Insurance Company	Valic

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. Health Benefits are provided to the employees through the State of New Jersey Health Benefits Plan.

Property and Liability

The Haworth Board of Education is currently a member of the Northeast Bergen County School Board Insurance Group (the "Group"). The Group is both an insured and self-administered group of school districts established for the purpose of providing certain low cost Worker's Compensation, Property Damage, Employer's Liability, Automobile and Equipment Liability, School Board Legal Liability and Boiler and Machinery insurance coverage for member school districts in order to keep local property taxes at a minimum. The Group is an at risk sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to 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 Group are elected.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
 (Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

Property and Liability (Cont'd)

As a member of the Group, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Group were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities. The Group can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and 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.

The June 30, 2016 financial information was not available as of the date of the audit. Selected summarized financial information for the Group as of June 30, 2015 is as follows:

Total Assets	\$ 33,128,528
Net Position	\$ 18,401,049
Total Revenue	\$ 6,861,232
Total Expenses	\$ 6,029,315
Change in Net Position	\$ 831,917
Members Dividends	\$ -0-

Financial statements for the Group are available at the Group's Executive Director's Office:

Northeast Bergen County
 School Board Insurance Group
 44 Bergen Street
 PO Box 270
 Westwood, NJ 07675
 (201)664-0310

New Jersey Unemployment Compensation Insurance

The Board of Education has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method". Under this plan, the Board is required to remit employee withholdings to the State on a quarterly basis. All of the Board of Education's claims are paid by the State.

NOTE 11. ECONOMIC DEPENDENCY

The Board of Education receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Board of Education's programs and activities.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 12. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the municipality and are remitted to the local school district on a predetermined, agreed-upon schedule.

NOTE 13. COMMITMENTS AND CONTINGENCIES

Grant Programs

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

Encumbrances

At June 30, 2016, there were encumbrances as detailed below in the governmental funds.

General Fund	Capital Projects Fund	Total Governmental Funds
\$ 1,050	\$ 26,288	\$ 27,338

On the District's Governmental Balance Sheet as of June 30, 2016, Capital Projects Fund encumbrances of \$26,288 are included the committed fund balance.

Litigation

The Board is periodically involved in pending lawsuits. The District estimates that the potential claims against it resulting from such litigation and covered by insurance would not materially affect the financial position of the District.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 14. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The District had the following interfunds payables or receivables on their various balance sheets as of June 30, 2016:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 51,844	\$ 7,862
Capital Projects Fund		51,118
Debt Service Fund	3,153	1,324
After School Latchkey Program Enterprise Fund		2,555
Payroll Agency Fund	7,862	
	<u>\$ 62,859</u>	<u>\$ 62,859</u>

The general fund is owed \$1,324 from the debt service fund for funds forwarded to pay expenses and will be returned to the general fund when available. The \$3,153 due to the debt service fund is for interest earned in the capital projects fund. The capital projects fund owes the general fund \$47,965 for the close out of capital projects that was not turned over to the general fund. The after school latchkey program enterprise fund owes the general fund \$2,555 for payroll expenses paid on behalf of the fiduciary fund and not turned over to general fund. The general fund owes the payroll agency fund \$7,862 for expenses paid on its behalf.

During the fiscal year, the District transferred \$329,050 from Capital Reserve to the Capital Projects Fund to fund the main entrance/lobby upgrade project, \$221,744 from Capital Projects to Capital Reserve for unexpended project balances, and \$400,000 from the General Fund to the Capital Reserve by board resolution.

NOTE 15. ACCOUNTS PAYABLE

At year end June 30, 2016, the Board has the following accounts payable in the governmental funds:

	<u>Governmental Activities General Fund</u>	<u>District Contri- bution Subsequent to the Measure- ment Date</u>	<u>Total Governmental Funds</u>
Vendors	\$ 7,245		\$ 7,245
State of New Jersey		\$ 99,765	99,765
	<u>\$ 7,245</u>	<u>\$ 99,765</u>	<u>\$ 107,010</u>

NOTE 16. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2016, the District made transfers to Capital outlay accounts of \$15,621 for the acquisition of equipment. Transfers to equipment accounts do not require approval of the County Superintendent. There was also a transfer of \$21,362 to a facilities acquisition and construction services account for which approval of the County Superintendent was not required.

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

HAWORTH BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TWO FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,	
	2015	2016
District's proportion of the net pension liability	0.0060019245%	0.0102414497%
District's proportionate share of the net pension liability	\$ 1,123,724	\$ 2,299,000
District's covered employee payroll	\$ 570,232	\$ 717,223
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	197.06%	320.54%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

HAWORTH BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TWO FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,	
	2015	2016
Contractually required contribution	\$ 49,479	\$ 88,049
Contributions in relation to the contractually required contribution	(49,479)	(88,049)
Contribution deficiency/(excess)	\$ -0-	\$ -0-
District's covered employee payroll	\$ 717,223	\$ 728,358
Contributions as a percentage of covered employee payroll	6.90%	12.09%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

HAWORTH BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
State's proportion of the net pension liability attributable to the District	0.0374251988%	0.0363240299%
State's proportionate share of the net pension liability attributable to the District	\$ 20,002,551	\$ 22,958,338
District's covered employee payroll	\$ 3,766,281	\$ 3,779,559
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	531.10%	607.43%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

HAWORTH BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 727,021	\$ 3,302,561
Contributions in relation to the contractually required contribution	<u>(196,381)</u>	<u>(312,683)</u>
Contribution deficiency/(excess)	<u>\$ 530,640</u>	<u>\$ 2,989,878</u>
District's covered employee payroll	3,779,559	\$ 3,951,013
Contributions as a percentage of covered employee payroll	5.20%	7.91%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

HAWORTH BOARD OF EDUCATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.39% as of June 30, 2014 to 4.90% as of June 30, 2015. The inflation rate changed from 3.01% as of June 30, 2014 to 3.04% as of June 30, 2015.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.68% as of June 30, 2014 to 4.13% as of June 30, 2015.

BUDGETARY COMPARISON SCHEDULES

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 8,219,020		\$ 8,219,020	\$ 8,219,020	
Interest Earned on Capital Reserve	500		500	216	\$ (284)
Miscellaneous	13,500		13,500	8,114	(5,386)
Total - Local Sources	<u>8,233,020</u>		<u>8,233,020</u>	<u>8,227,350</u>	<u>(5,670)</u>
State Sources:					
Special Education Aid	186,749		186,749	186,749	
Transportation Aid	6,531		6,531	6,531	
Security Aid	6,257		6,257	6,257	
Adjustment Aid	2,010		2,010	2,010	
PARCC Readiness Aid	4,310		4,310	4,310	
Per Pupil Growth Aid	4,310		4,310	4,310	
Extraordinary Aid	5,727		5,727	76,733	71,006
Non Public Transportation Aid				2,591	2,591
On-Behalf TPAF Pension (Non-Budgeted)				312,683	312,683
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				372,320	372,320
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				282,800	282,800
Total State Sources	<u>215,894</u>		<u>215,894</u>	<u>1,257,294</u>	<u>1,041,400</u>
TOTAL REVENUES	<u>8,448,914</u>		<u>8,448,914</u>	<u>9,484,644</u>	<u>1,035,730</u>

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)
(Continued)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten	\$ 176,991	\$ (2,705)	\$ 174,286	\$ 174,286	
Grades 1-5	1,019,720	(22,009)	997,711	980,496	\$ 17,215
Grades 6-8	1,311,153	(17,030)	1,294,123	1,268,472	25,651
Regular Programs - Home Instruction:					
Salaries of Teachers	2,000		2,000		2,000
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	310,337	49,156	359,493	355,537	3,956
Purchased Professional - Educational Services	80,852	(4,831)	76,021	74,894	1,127
Purchased Technical Services	50,000	8,050	58,050	54,346	3,704
Other Purchased Services	756	(756)			
General Supplies	71,773	5,588	77,361	69,880	7,481
Textbooks	26,450	(3,732)	22,718	19,632	3,086
Other Objects	1,250	2,975	4,225	4,225	
Total Regular Programs	<u>3,051,282</u>	<u>14,706</u>	<u>3,065,988</u>	<u>3,001,768</u>	<u>64,220</u>
Special Education:					
Resource Room/Resource Center:					
Salaries of Teachers	552,525	(3,720)	548,805	527,214	21,591
General Supplies	2,500		2,500	2,488	12
Other Objects	300		300	300	
Total Resource Room/Resource Center/Total Special Education	<u>555,325</u>	<u>(3,720)</u>	<u>551,605</u>	<u>530,002</u>	<u>21,603</u>

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)
(Continued)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
School-Sponsored Co/Extra-Curricular Activities-Instruction:					
Salaries	\$ 20,000	\$ (920)	\$ 19,080	\$ 28,300	\$ (9,220)
Purchased Services	282		282	113	169
Supplies and Materials	3,920	820	4,740	4,740	
Other Objects	5,281	5,000	10,281	9,996	285
	<u>29,483</u>	<u>4,900</u>	<u>34,383</u>	<u>43,149</u>	<u>(8,766)</u>
Total School-Sponsored Co/Extra-Curricular Activities-Instruction					
Bilingual Education:					
Salaries of Teachers	116,918		116,918	114,647	2,271
General Supplies	475		475	308	167
	<u>117,393</u>		<u>117,393</u>	<u>114,955</u>	<u>2,438</u>
Total Bilingual Education					
Other Instructional Programs - Instruction:					
Summer School Program: Salaries of Teachers	22,000	3,000	25,000	21,999	3,001
	<u>22,000</u>	<u>3,000</u>	<u>25,000</u>	<u>21,999</u>	<u>3,001</u>
Total Other Instructional Programs - Instruction					
Total Instruction	<u>3,775,483</u>	<u>18,886</u>	<u>3,794,369</u>	<u>3,711,873</u>	<u>82,496</u>

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)
 (Continued)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Instruction:					
Tuition to CSSD & Reg. Day School	\$ 75,000	\$ (4,000)	\$ 71,000	\$ 60,092	\$ 10,908
Tuition to Other LEAS Within the State - Special	188,733	(25,641)	163,092	109,458	53,634
Tuition to Private Schools for the Disabled - Within State	65,614		65,614	1,238	64,376
Total Instruction	<u>329,347</u>	<u>(29,641)</u>	<u>299,706</u>	<u>170,788</u>	<u>128,918</u>
Attendance and Social Work:					
Salaries	47,224		47,224	44,475	2,749
Purchased Professional & Tech. Services	9,000	(7,500)	1,500	1,100	400
Supplies and Materials	124		124		124
Total Attendance and Social Work	<u>56,348</u>	<u>(7,500)</u>	<u>48,848</u>	<u>45,575</u>	<u>3,273</u>
Health Services:					
Salaries	73,147	(3,000)	70,147	65,914	4,233
Purchased Professional and Technical Services	4,990	7,000	11,990	11,990	
Other Purchased Services	500		500	274	226
Supplies and Materials	2,304		2,304	2,108	196
Total Health Services	<u>80,941</u>	<u>4,000</u>	<u>84,941</u>	<u>80,286</u>	<u>4,655</u>
Other Support Services - Speech, OT, PT and Related Services:					
Salaries	120,491	13,000	133,491	113,291	20,200
Purchased Professional - Educational Services	61,747	(22,479)	39,268	44,233	(4,965)
Supplies and Materials	800	500	1,300	1,191	109
Total Other Support Services - Speech, OT, PT and Related Services	<u>183,038</u>	<u>(8,979)</u>	<u>174,059</u>	<u>158,715</u>	<u>15,344</u>
Other Support Services - Extraordinary Services:					
Supplies and Materials	500		500		500
Total Other Support Services - Extraordinary Services	<u>500</u>		<u>500</u>		<u>500</u>

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)
(Continued)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current Expense:					
Undistributed Expenditures:					
Other Support Services - Guidance:					
Salaries of Other Professional Staff	\$ 81,353	\$ 30,000	\$ 111,353	\$ 109,821	\$ 1,532
Salaries of Secretarial and Clerical Assistants	71,743	(9,000)	62,743	50,900	11,843
Purchased Professional - Educational Services	2,275		2,275	2,039	236
Supplies and Materials	3,250		3,250	1,820	1,430
Total Other Support Services - Guidance	<u>158,621</u>	<u>21,000</u>	<u>179,621</u>	<u>164,580</u>	<u>15,041</u>
Other Support Services - Child Study Team:					
Salaries of Other Professional Staff	316,608	45,790	362,398	362,395	3
Salaries of Secretarial and Other Clerical Assistants	38,351	4,000	42,351	42,186	165
Purchased Professional - Educational Services	27,870	2,280	30,150	30,150	
Other Purchased Services	500	500	1,000	1,000	
Supplies and Materials	7,925	(1,950)	5,975	5,582	393
Other Objects	900	1,000	1,900	1,890	10
Total Other Support Services - Child Study Team	<u>392,154</u>	<u>51,620</u>	<u>443,774</u>	<u>443,203</u>	<u>571</u>
Improvement of Instructional Services:					
Purchased Professional and Educational Services	8,900		8,900	8,571	329
Salary of Supervisor of Instruction	76,494	(21,188)	55,306	50,773	4,533
Supplies and Materials	500		500	203	297
Other Objects	500		500		500
Other Purchased Professional and Technical Services	32,282	30,188	62,470	62,400	70
Total Improvement of Instructional Services	<u>118,676</u>	<u>9,000</u>	<u>127,676</u>	<u>121,947</u>	<u>5,729</u>
Educational Media Services/School Library:					
Salaries	95,784		95,784	91,208	4,576
Supplies and Materials	7,180		7,180	7,015	165
Total Educational Media Services/School Library	<u>102,964</u>		<u>102,964</u>	<u>98,223</u>	<u>4,741</u>

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)
(Continued)

EXPENDITURES:	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Current Expense:					
Undistributed Expenditures:					
Instructional Staff Training Services:					
Other Purchased Services (400-500 series)	\$ 4,000		\$ 4,000	\$ 4,000	
Purchased Professional and Educational Services	45,000		45,000	44,700	\$ 300
Total Instructional Staff Training Services	<u>49,000</u>		<u>49,000</u>	<u>48,700</u>	<u>300</u>
Support Services - General Administration:					
Salaries	170,212	\$ (26,274)	143,938	157,077	(13,139)
Legal Services	21,500	11,082	32,582	31,189	1,393
Other Purchased Professional Services	1,500	(300)	1,200	1,200	
Audit Fees	15,500	(200)	15,300	15,300	
Architectural / Engineering Services	6,000	(6,000)			
Purchased Technical Services	15,000	5,086	20,086	20,086	
Communications/Telephone	25,310	(3,618)	21,692	21,030	662
BOE Other Purchased Services	1,500	(413)	1,087	1,086	1
BOE Membership Dues and Fees	5,000	(470)	4,530	4,518	12
Miscellaneous Purchased Services (400-500 series)	36,735	(4,013)	32,722	32,721	1
General Supplies	7,000	138	7,138	7,075	63
Miscellaneous Expenditures	2,000		2,000	1,992	8
Total Support Services - General Administration	<u>307,257</u>	<u>(24,982)</u>	<u>282,275</u>	<u>293,274</u>	<u>(10,999)</u>
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	164,612	46,196	210,808	178,333	32,475
Salaries of Secretarial and Clerical Assistants	40,157		40,157	39,997	160
Purchased Professional and Technical Services	15,692	(4,999)	10,693	10,549	144
Other Purchased Services	1,000		1,000	787	213
Supplies and Materials	10,000	4,000	14,000	12,074	1,926
Other Objects	1,580	1,000	2,580	2,580	
Total Support Services - School Administration	<u>233,041</u>	<u>46,197</u>	<u>279,238</u>	<u>244,320</u>	<u>34,918</u>

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)
(Continued)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current Expense:					
Undistributed Expenditures:					
Central Services:					
Salaries	\$ 75,511	\$ 58,820	\$ 134,331	\$ 130,884	\$ 3,447
Purchased Professional Services	75,000	(44,820)	30,180	30,180	
Purchased Technical Services	14,000	(282)	13,718	13,718	
Other Purchased Services	500	282	782	782	
Supplies & Materials	9,000	(1,000)	8,000	7,975	25
Miscellaneous Expenditures	980	1,000	1,980	1,943	37
Total Central Services	<u>174,991</u>	<u>14,000</u>	<u>188,991</u>	<u>185,482</u>	<u>3,509</u>
Administrative Information Technology Services:					
Salaries	22,801		22,801	22,801	
Supplies & Materials	2,500	6,490	8,990	8,990	
Purchased Technical Services	10,000	(6,490)	3,510	3,510	
Total Administrative Information Technology Services	<u>35,301</u>		<u>35,301</u>	<u>35,301</u>	
Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	91,940	(10,000)	81,940	79,062	2,878
General Supplies	20,700		20,700	20,278	422
Total Required Maintenance for School Facilities	<u>112,640</u>	<u>(10,000)</u>	<u>102,640</u>	<u>99,340</u>	<u>3,300</u>
Custodial Services:					
Salaries	227,716	66,057	293,773	266,947	26,826
Salaries of Non-Instructional Aides	106,120	(56,900)	49,220	43,467	5,753
Cleaning, Repair, and Maintenance	30,131	(9,000)	21,131	21,116	15
Other Purchased Property Services	40,834	(1,593)	39,241	27,512	11,729
Insurance	88,710	(407)	88,303	88,303	
General Supplies	31,028	(9,000)	22,028	21,373	655
Other Objects	8,916	(2,000)	6,916	6,871	45
Energy (Natural Gas)	60,913	(2,000)	58,913	36,403	22,510
Energy (Electricity)	115,705	(5,000)	110,705	110,580	125
Total Custodial Services	<u>710,073</u>	<u>(19,843)</u>	<u>690,230</u>	<u>622,572</u>	<u>67,658</u>

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Care and Upkeep of Grounds					
Cleaning, Repair, and Maintenance Services	\$ 28,500	\$ (8,128)	\$ 20,372	\$ 20,347	\$ 25
Other Objects	490		490	478	12
General Supplies	3,000	8,128	11,128	9,853	1,275
Total Care and Upkeep of Grounds	<u>31,990</u>		<u>31,990</u>	<u>30,678</u>	<u>1,312</u>
Student Transportation Services:					
Contracted Services - (Other than Between Home and School) - Vendors	6,000	2,200	8,200	7,449	751
Misc. Purchased Services - Transportation	7,683	(500)	7,183	6,690	493
Contracted Services - (Special Ed Students) - Vendors	87,145	(1,000)	86,145	28,812	57,333
Contracted Services - Aid in Lieu Payments- Non-public Schools	20,000	(700)	19,300	14,079	5,221
Total Student Transportation Services	<u>120,828</u>		<u>120,828</u>	<u>57,030</u>	<u>63,798</u>
Unallocated Benefits:					
Unemployment Compensation	14,186	5,500	19,686	19,600	86
Workmen's Compensation	68,608	(881)	67,727	52,200	15,527
Health Benefits	1,388,177	(140,379)	1,247,798	1,013,898	233,900
Tuition Reimbursement	16,986	(4,619)	12,367	5,482	6,885
Social Security Contributions	95,587	5,000	100,587	99,834	753
Other Retirement Contributions - PERS	65,280	56,000	121,280	93,026	28,254
Unused Sick Payments to Terminated/Retired Staff	12,405		12,405	3,000	9,405
Total Unallocated Benefits	<u>1,661,229</u>	<u>(79,379)</u>	<u>1,581,850</u>	<u>1,287,040</u>	<u>294,810</u>

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)
(Continued)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
On-Behalf Contributions:					
On-Behalf TPAF Pension (Non-Budgeted)				\$ 312,683	\$ (312,683)
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				372,320	(372,320)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				282,800	(282,800)
Total On-Behalf Contributions				<u>967,803</u>	<u>(967,803)</u>
Total Undistributed Expenditures	\$ 4,858,939	\$ (34,507)	\$ 4,824,432	5,154,857	(330,425)
Total Expenditures - Current Expense	<u>8,634,422</u>	<u>(15,621)</u>	<u>8,618,801</u>	<u>8,866,730</u>	<u>(247,929)</u>
Equipment:					
Undistributed Expenditures:					
General Administration	17,106		17,106	17,106	
Administration Information Technology	45,000	(22,353)	22,647	22,420	227
Required Maintenance for School Facilities	56,790	(22,109)	34,681	34,681	
Instructional Equipment		60,083	60,083	60,083	
Total Equipment	<u>118,896</u>	<u>15,621</u>	<u>134,517</u>	<u>134,290</u>	<u>227</u>
Facilities Acquisition and Construction Services:					
Construction Services	250,000	21,362	271,362	21,362	250,000
Assessment for Debt Service- SDA Funding	4,243		4,243	4,243	
Total Facilities Acquisition and Construction Services	<u>254,243</u>	<u>21,362</u>	<u>275,605</u>	<u>25,605</u>	<u>250,000</u>
Total Capital Outlay	<u>373,139</u>	<u>36,983</u>	<u>410,122</u>	<u>159,895</u>	<u>250,227</u>

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Total Expenditures	\$ 9,007,561	\$ 21,362	\$ 9,028,923	\$ 9,026,625	\$ 2,298
Other Financing Sources /(Uses):					
Transfers In/(Out):					
Transfer From Capital Projects Fund - Completed Projects				221,744	221,744
Transfer to Capital Projects Fund - Capital Reserve		(329,050)	(329,050)	(329,050)	
Total Other Financing Sources/(Uses)		(329,050)	(329,050)	(107,306)	221,744
Excess (Deficiency) of Revenues Over (Under) Expenditures and other Financing Sources/(Uses)	(558,647)	350,412	(909,059)	350,713	1,259,772
Fund Balance, July 1	1,303,496		1,303,496	1,303,496	
Fund Balance, June 30	\$ 744,849	\$ 350,412	\$ 394,437	\$ 1,654,209	\$ 1,259,772
<u>Recapitulation:</u>					
Restricted Fund Balance:					
Capital Reserve				\$ 731,349	
Excess Surplus				598,213	
Assigned Fund Balance:					
Year End Encumbrances				1,050	
Unassigned Fund Balance				323,597	
				1,654,209	
Reconciliation to Governmental Funds Statements (GAAP):					
Last Two State Aid Payments not recognized on GAAP Basis				(14,962)	
Fund Balance per Governmental Funds (GAAP)				\$ 1,639,247	

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ 93,107	\$ 1,397	\$ 94,504	\$ 92,748	\$ (1,756)
Total Revenues	<u>93,107</u>	<u>1,397</u>	<u>94,504</u>	<u>92,748</u>	<u>(1,756)</u>
EXPENDITURES:					
Instruction					
General Supplies	4,123		4,123	2,367	1,756
Tuition	88,984	1,397	90,381	90,381	
Total Instruction	<u>93,107</u>	<u>1,397</u>	<u>94,504</u>	<u>92,748</u>	<u>1,756</u>
Total Expenditures	<u>93,107</u>	<u>1,397</u>	<u>94,504</u>	<u>92,748</u>	<u>1,756</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

HAWORTH BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

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	\$ 9,484,644	\$ 92,748
Difference - Budget to GAAP:		
Prior year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	15,106	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(14,962)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 9,484,788	\$ 92,748
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 9,026,625	\$ 92,748
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 9,026,625	\$ 92,748

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ending June 30, 2016, was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. 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. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the 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 generally accepted accounting principles, with the exception of the 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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

SPECIAL REVENUE FUND

HAWORTH BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>IDEA Part B, Basic</u>	<u>IDEA Part B, Preschool</u>	<u>NCLB Title III</u>	<u>Totals</u>
REVENUE:				
Federal Sources	\$ 88,880	\$ 1,501	\$ 2,367	\$ 92,748
Total Revenue	<u>88,880</u>	<u>1,501</u>	<u>2,367</u>	<u>92,748</u>
EXPENDITURES:				
Instruction:				
General Supplies			2,367	2,367
Tuition	<u>88,880</u>	<u>1,501</u>		<u>90,381</u>
Total Instruction	<u>88,880</u>	<u>1,501</u>	<u>2,367</u>	<u>92,748</u>
Total Expenditures	<u>\$ 88,880</u>	<u>\$ 1,501</u>	<u>\$ 2,367</u>	<u>\$ 92,748</u>

CAPITAL PROJECTS FUND

Exhibit F-1

HAWORTH BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Revenue and Other Financing Sources:	
Transfer from General Fund - Capital Reserve	\$ 329,050
Investment Income	897
	<hr/>
Total Revenues and Other Financing Sources	329,947
	<hr/>
Expenditures:	
Construction Services	277,762
	<hr/>
Total Expenditures	277,762
	<hr/>
Excess of Revenue and Other Financing Sources Over Expenditures	52,185
	<hr/>
Other Financing Uses:	
Transfers Out:	
Transfer to Debt Service Fund	897
Transfer to General Fund - Capital Reserve	221,744
	<hr/>
Total Other Financing Uses	222,641
	<hr/>
Deficit of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses	(170,456)
	<hr/>
Fund Balance - Beginning Balance	198,769
	<hr/>
Fund Balance - Ending Balance	\$ 28,313
	<hr/> <hr/>
<u>Recapitulation:</u>	
Committed Fund Balance:	
Year-End Encumbrances	\$ 26,288
Other Purposes	2,025
	<hr/>
Fund Balance per Governmental Funds (GAAP)/Budgetary	\$ 28,313
	<hr/> <hr/>

Exhibit F-1a

HAWORTH BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS
BUDGETARY BASIS
ELEMENTARY SCHOOL ROOF REPLACEMENT PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 723,667	\$ (22,965)	\$ 700,702	\$ 700,702
Total Revenue and Other Financing Sources	723,667	(22,965)	700,702	700,702
Expenditures:				
Other Purchased Professional Technical Services	11,762		11,762	11,762
Construction Services	688,940		688,940	688,940
Total Expenditures	700,702		700,702	700,702
Excess/(Deficit) of Revenue and Other Financing Sources Over Expenditures	\$ 22,965	\$ (22,965)	\$ -0-	\$ -0-
Additional Project Information:				
Project Number	N/A			
Original Authorized Cost	\$ 750,000			
Cancelled to Capital Reserve	\$ (49,298)			
Revised Authorized Cost	700,702			
Percentage Completion	100.00%			
Target Completion Date	8/31/2014			

Exhibit F-1b

HAWORTH BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS
BUDGETARY BASIS
HAWK HALL HVAC UPGRADE/BOILER INSTALLATION
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Total</u>	<u>Authorized Cost</u>
Revenue and Other Financing Sources:			
Transfer from Capital Outlay	\$ 325,000	\$ 325,000	\$ 325,000
Transfer from Capital Reserve	304,700	304,700	304,700
	<u>629,700</u>	<u>629,700</u>	<u>629,700</u>
Total Revenue and Other Financing Sources			
Expenditures:			
Other Purchased Professional Technical Services	47,975	47,975	50,000
Construction Services	579,700	579,700	579,700
	<u>627,675</u>	<u>627,675</u>	<u>629,700</u>
Total Expenditures			
Excess of Revenue and Other Financing Sources Over Expenditures	<u>\$ 2,025</u>	<u>\$ 2,025</u>	<u>\$ -0-</u>
Additional Project Information:			
Project Number	N/A		
Original Authorized Cost	\$ 629,700		
Revised Authorized Cost	629,700		
Percentage Completion	99.68%		
Target Completion Date	8/31/2015		

Exhibit F-1c

HAWORTH BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS
BUDGETARY BASIS
ELEMENTARY SCHOOL ROOF REPLACEMENT PROJECT PHASE 2
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 177,150		\$ 177,150	\$ 177,150
Transfer from Capital Reserve	442,846	\$ (198,779)	244,067	244,067
	619,996	(198,779)	421,217	421,217
Total Revenue and Other Financing Sources				
Expenditures:				
Other Purchased Professional Technical Services	22,966		22,966	22,966
Construction Services	423,251	(25,000)	398,251	398,251
	446,217	(25,000)	421,217	421,217
Total Expenditures				
Excess/(Deficit) of Revenue and other financing Sources Over Expenditures	\$ 173,779	\$ (173,779)	\$ -0-	\$ -0-
Additional Project Information:				
Project Number	2090-050-14-G1EL			
Original Authorized Cost	\$ 807,255			
Cancellation of SDA Grant	\$ (187,259)			
Cancelled to Capital Reserve	\$ (198,779)			
Revised Authorized Cost	\$ 421,217			
Percentage Decrease from Original Authorized Cost	47.82%			
Percentage Completion	100.00%			
Target Completion Date	8/31/2015			

Exhibit F-1d

HAWORTH BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS
BUDGETARY BASIS
MAIN ENTRANCE/LOBBY UPGRADE
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Authorized Cost</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 20,000	\$ 329,050	\$ 349,050	\$ 349,050
Total Revenue and Other Financing Sources	<u>20,000</u>	<u>329,050</u>	<u>349,050</u>	<u>349,050</u>
Expenditures:				
Other Purchased Professional Technical Services	20,000		20,000	20,000
Construction Services		302,762	302,762	329,050
Total Expenditures	<u>20,000</u>	<u>302,762</u>	<u>322,762</u>	<u>349,050</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over Expenditures	<u>\$ -0-</u>	<u>\$ 26,288</u>	<u>\$ 26,288</u>	<u>\$ -0-</u>
Additional Project Information:				
Project Number		N/A		
Grant Date		N/A		
Original Authorized Cost	\$ 349,050			
Revised Authorized Cost	\$ 349,050			
Percentage Decrease over Original Authorized Cost		92.47%		
Target Completion Date		8/31/2016		

PROPRIETARY FUNDS

Exhibit G-1

HAWORTH BOARD OF EDUCATION
AFTER SCHOOL LATCHKEY PROGRAM ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2016

ASSETS:

Current Assets:

Cash and Cash Equivalents

\$ 57,759

Total Current Assets

57,759

Total Assets

57,759

LIABILITIES:

Current Liabilities:

Interfund Payable

2,555

Total Liabilities

2,555

NET POSITION:

Unrestricted

55,204

Total Net Position

\$ 55,204

Exhibit G-2

HAWORTH BOARD OF EDUCATION
AFTER SCHOOL LATCHKEY PROGRAM ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Operating Revenue:	
Charges for Services:	
Program Fees	\$ 54,325
	<hr/>
Total Operating Revenue	54,325
	<hr/>
Operating Expenses:	
Salaries and Payroll Taxes	28,555
General Supplies	4,341
	<hr/>
Total Operating Expenses	32,896
	<hr/>
Operating Income	21,429
	<hr/>
Non-Operating Revenue:	
Local Sources:	
Interest Revenue	100
	<hr/>
Total Non-Operating Revenue	100
	<hr/>
Change in Net Position	21,529
	<hr/>
Net Position - Beginning of Year	33,675
	<hr/>
Net Position - End of Year	\$ 55,204
	<hr/> <hr/>

Exhibit G-3

HAWORTH BOARD OF EDUCATION
AFTER SCHOOL LATCHKEY PROGRAM ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 54,325
Payments to Suppliers	<u>(26,000)</u>
Net Cash Provided by Operating Activities	<u>28,325</u>
Cash Flows from Investing Activities:	
Interest Revenue	<u>100</u>
Net Cash Provided by Investing Activities	<u>100</u>
Net Increase in Cash and Cash Equivalents	28,425
Cash and Cash Equivalents, July 1	<u>33,675</u>
Cash and Cash Equivalents, June 31	<u><u>\$ 62,100</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 21,429
Adjustment to Reconcile Operating Income to Cash Provided by Operating Activities:	
Changes in Assets and Liabilities:	
Increase in Interfund Payable	<u>2,555</u>
Net Cash Provided by Operating Activities	<u><u>\$ 23,984</u></u>

FIDUCIARY FUNDS

HAWORTH BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>Payroll</u>	<u>Agency Student Activities</u>	<u>Total Agency</u>	<u>Flexible Spending Trust</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents		\$ 17,931	\$ 17,931	\$ 12,779
Interfund Receivable - General Fund	\$ 7,862		7,862	
Total Assets	<u>7,862</u>	<u>17,931</u>	<u>25,793</u>	<u>12,779</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	7,862		7,862	
Due to Student Groups		17,931	17,931	
Total Liabilities	<u>7,862</u>	<u>17,931</u>	<u>25,793</u>	
<u>NET POSITION:</u>				
Held in Trust for Flex Spending Claims				<u>12,779</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 12,779</u>

Exhibit H-2

HAWORTH BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGE IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Flexible Spending Trust</u>
Additions:	
Contributions:	
Plan Contributions	<u>\$ 24,907</u>
Total Contributions	<u>24,907</u>
Investment Earnings:	
Interest	<u>20</u>
Net Investment Earnings	<u>20</u>
Total Additions	<u>24,927</u>
Deductions:	
Flexible Spending Claims	22,040
Interest	<u>20</u>
Total Deductions	<u>22,060</u>
Change in Net Position	2,867
Net Position - Beginning of the Year	<u>9,912</u>
Net Position - End of the Year	<u><u>\$ 12,779</u></u>

Exhibit H-3

HAWORTH BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 34,552	\$ 69,541	\$ 86,162	\$ 17,931
Total Assets	<u>\$ 34,552</u>	<u>\$ 69,541</u>	<u>\$ 86,162</u>	<u>\$ 17,931</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 34,552	\$ 69,541	\$ 86,162	\$ 17,931
Total Liabilities	<u>\$ 34,552</u>	<u>\$ 69,541</u>	<u>\$ 86,162</u>	<u>\$ 17,931</u>

Exhibit H-4

HAWORTH BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY

<u>Schools</u>	<u>Balance June 30, 2015</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2016</u>
Haworth Elementary School	<u>\$ 34,552</u>	<u>\$ 69,541</u>	<u>\$ 86,162</u>	<u>\$ 17,931</u>
	<u><u>\$ 34,552</u></u>	<u><u>\$ 69,541</u></u>	<u><u>\$ 86,162</u></u>	<u><u>\$ 17,931</u></u>

Exhibit H-5

HA WORTH BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 1,173	\$ 5,815,958	\$ 5,817,131	
Interfund Receivable		9,025	1,163	\$ 7,862
Total Assets	<u>\$ 1,173</u>	<u>\$ 5,824,983</u>	<u>\$ 5,818,294</u>	<u>\$ 7,862</u>
 <u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	<u>\$ 1,173</u>	<u>\$ 5,824,983</u>	<u>\$ 5,818,294</u>	<u>\$ 7,862</u>
Total Liabilities	<u>\$ 1,173</u>	<u>\$ 5,824,983</u>	<u>\$ 5,818,294</u>	<u>\$ 7,862</u>

LONG-TERM DEBT

HAWORTH BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2016		Interest Rate	Balance June 30, 2015	Matured	Balance June 30, 2016
			Date	Amount				
School Improvements	8/15/2004	\$ 2,682,000	8/15/2016	\$ 250,000	3.900%	\$ 1,247,000	\$ 250,000	\$ 997,000
			8/15/2017	250,000	4.000%			
			8/15/2018	250,000	4.000%			
			8/15/2019	247,000	4.000%			
School Refunding	6/30/2009	2,560,000	2/15/2017	270,000	5.000%	1,090,000	275,000	815,000
			2/15/2018	270,000	5.000%			
			2/15/2019	275,000	4.500%			
						\$ 2,337,000	\$ 525,000	\$ 1,812,000

Exhibit I-2

HAWORTH BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOT APPLICABLE

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 538,231		\$ 538,231	\$ 538,231	
State Sources:					
Debt Service State Aid Support	80,859		80,859	80,859	
Total Revenue	619,090		619,090	619,090	
EXPENDITURES:					
Regular Debt Service:					
Interest - Bonds	94,755		94,755	94,755	
Redemption of Principal - Bonds	525,000		525,000	525,000	
Total Regular Debt Service	619,755		619,755	619,755	
Total Expenditures	619,755		619,755	619,755	
Other Financing Sources:					
Transfer In:					
Interest Earned in Capital Projects Fund				897	\$ 897
Total Other Financing Sources				897	897
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures	(665)		(665)	232	897
Fund Balance, July 1	1,597		1,597	1,597	
Fund Balance, June 30	\$ 932	\$ -0-	\$ 932	\$ 1,829	\$ 897
<u>Recapitulation of Fund Balance at June 30, 2016</u>					
Restricted				\$ 1,829	

STATISTICAL SECTION
(UNAUDITED)

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

Contents

	<u>Exhibit</u>
<p>Financial Trends</p> <p>These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.</p>	J-1 thru J-5
<p>Revenue Capacity</p> <p>These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.</p>	J-6 thru J-9
<p>Debt Capacity</p> <p>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.</p>	J-10 thru J-13
<p>Demographic and Economic Information</p> <p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.</p>	J-14 thru J-15
<p>Operating Information</p> <p>These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.</p>	J-16 thru J-20

HAWORTH BOARD OF EDUCATION
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Net Investment in Capital Assets	\$ 1,255,961	\$ 1,637,099	\$ 2,057,023	\$ 2,405,191	\$ 2,780,153	\$ 3,364,587	\$ 4,710,078	\$ 5,968,195	\$ 6,943,345	\$ 8,138,466
Restricted	464,299	351,387	71,890	262,319	555,824	1,357,228	1,607,876	1,041,364	660,167	1,331,391
Unrestricted/(Deficit)	196,376	61,349	72,826	100,378	139,056	140,548	118,509	(641,392)	(15,093)	(1,206,558)
Total Governmental Activities Net Position	<u>\$ 1,916,636</u>	<u>\$ 2,049,835</u>	<u>\$ 2,201,739</u>	<u>\$ 2,767,889</u>	<u>\$ 3,475,033</u>	<u>\$ 4,862,362</u>	<u>\$ 6,436,463</u>	<u>\$ 6,368,167</u>	<u>\$ 7,588,419</u>	<u>\$ 8,263,299</u>
Business-Type Activities										
Unrestricted/(Deficit)	19,305	19,532	23,020	38,672	8,047	14,691	34,889	22,533	33,675	55,204
Total Business-Type Activities Net Position	<u>\$ 19,305</u>	<u>\$ 19,532</u>	<u>\$ 23,020</u>	<u>\$ 38,672</u>	<u>\$ 8,047</u>	<u>\$ 14,691</u>	<u>\$ 34,889</u>	<u>\$ 22,533</u>	<u>\$ 33,675</u>	<u>\$ 55,204</u>
District-Wide										
Net Investment in Capital Assets	\$ 1,255,961	\$ 1,637,099	\$ 2,057,023	\$ 2,405,191	\$ 2,780,153	\$ 3,364,587	\$ 4,710,078	\$ 5,968,195	\$ 6,943,345	\$ 8,138,466
Restricted	464,299	351,387	71,890	262,319	555,824	1,357,228	1,607,876	1,041,364	660,167	1,331,391
Unrestricted/(Deficit)	215,681	80,881	95,846	139,050	147,103	155,238	153,398	(618,859)	18,582	(1,151,354)
Total District-Wide Net Position	<u>\$ 1,935,941</u>	<u>\$ 2,069,367</u>	<u>\$ 2,224,759</u>	<u>\$ 2,806,561</u>	<u>\$ 3,483,080</u>	<u>\$ 4,877,053</u>	<u>\$ 6,471,352</u>	<u>\$ 6,390,700</u>	<u>\$ 7,622,094</u>	<u>\$ 8,318,503</u>

Source: School District Financial Reports

HAWORTH BOARD OF EDUCATION
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities										
Instruction:										
Regular	\$ 3,331,453	\$ 3,985,896	\$ 3,939,755	\$ 3,774,480	\$ 3,814,522	\$ 3,879,062	\$ 3,906,058	\$ 3,923,628	\$ 4,980,945	\$ 5,430,627
Special Education	348,165	674,584	478,193	555,814	578,444	711,441	810,721	758,441	923,705	972,945
Other Instruction	369,084	172,290	168,654	164,454	172,128	191,061	231,894	219,615	256,156	277,702
Support Services:										
Tuition	307,651	350,228	436,892	254,460	246,636	322,790	359,741	440,516	257,840	259,668
Student & Instruction Related Services	823,222	951,850	1,022,280	1,129,889	1,177,881	1,128,282	1,234,213	1,286,442	1,366,370	1,560,594
General Administrative Services	272,092	435,317	403,777	377,024	328,274	511,427	565,759	351,255	350,864	365,582
School Administrative Services	252,868	241,608	275,260	354,068	229,362	286,258	268,198	234,090	265,121	332,214
Central Services								188,940	177,031	233,025
Administrative Technology Services								23,392	43,156	44,107
Plant Operations And Maintenance	761,957	854,799	827,598	824,886	964,573	812,855	799,938	834,823	844,668	876,764
Pupil Transportation	116,105	147,268	166,957	132,515	101,182	92,217	88,628	78,796	54,697	57,030
Business and Other Support Services	269,593	270,309	244,069	256,347	261,517					
Unallocated Benefits	651,230									
Special Schools								20,460		
Interest On Long-Term Debt	266,729	253,462	176,100	197,959	195,735	164,643	147,093	134,971	148,173	87,922
Capital Outlay	(8,173)					3,091	4,243	4,243	33,843	113,594
Unallocated Depreciation	74,016	105,571	114,416	111,525	61,718					
Total Governmental Activities Expenses	\$ 7,835,992	\$ 8,443,182	\$ 8,253,949	\$ 8,133,421	\$ 8,131,971	\$ 8,103,126	\$ 8,416,486	\$ 8,499,612	\$ 9,702,569	\$ 10,611,774
Business-Type Activities:										
After School Latchkey Program	71,921	141,847	120,957	94,721	72,184	35,606	25,529	43,256	28,137	32,896
Total Business-Type Activities Expenses	71,921	141,847	120,957	94,721	72,184	35,606	25,529	43,256	28,137	32,896
Total District Expenses	\$ 7,907,914	\$ 8,585,030	\$ 8,374,906	\$ 8,228,142	\$ 8,204,155	\$ 8,138,732	\$ 8,442,015	\$ 8,542,868	\$ 9,730,706	\$ 10,644,670
Program Revenues										
Governmental Activities:										
Charges For Services:										
Interest on Long-Term Debt						\$ 92,233	\$ 58,033			
Operating Grants and Contributions	\$ 100,682	\$ 814,855	\$ 575,529	\$ 662,119	\$ 704,533	1,016,390	1,247,284	\$ 1,010,506	\$ 2,045,127	\$ 2,439,317
Total Governmental Activities Program Revenues	\$ 100,682	\$ 814,855	\$ 575,529	\$ 662,119	\$ 704,533	\$ 1,108,623	\$ 1,305,317	\$ 1,010,506	\$ 2,045,127	\$ 2,439,317

HAWORTH BOARD OF EDUCATION
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)
(Continued)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-Type Activities:										
Charges For Services						\$ 8,292	\$ 45,670	\$ 30,840	\$ 39,215	\$ 54,325
Operating Grants and Contributions						33,940				
Total Business Type Activities Program Revenues						42,232	45,670	30,840	39,215	54,325
Total District Program Revenues	\$ 100,682	\$ 814,855	\$ 575,529	\$ 662,119	\$ 704,533	\$ 1,150,855	\$ 1,350,987	\$ 1,041,346	\$ 2,084,342	\$ 2,493,642
Net (Expenses)/Revenue										
Governmental Activities	\$ (7,735,310)	\$ (7,628,327)	\$ (7,678,420)	\$ (7,471,302)	\$ (7,427,439)	\$ (6,994,503)	\$ (7,111,169)	\$ (7,489,106)	\$ (7,657,442)	\$ (8,172,457)
Business-Type Activities	(71,921)	(141,847)	(120,957)	(94,721)	(72,184)	6,626	20,141	(12,416)	11,078	21,429
Total District-Wide Net Expense	\$ (7,807,232)	\$ (7,770,174)	\$ (7,799,377)	\$ (7,566,023)	\$ (7,499,622)	\$ (6,987,877)	\$ (7,091,027)	\$ (7,501,522)	\$ (7,646,364)	\$ (8,151,028)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 6,249,910	\$ 6,499,906	\$ 6,759,902	\$ 7,030,298	\$ 7,448,601	\$ 7,597,573	\$ 7,749,524	\$ 7,902,965	\$ 8,059,443	\$ 8,219,020
Taxes Levied for Debt Service	489,050	565,713	529,185	544,101	559,968	450,621	467,286	546,693	529,964	538,231
Federal and State Aid not Restricted	1,119,314	485,730	457,289	453,576	111,315	40,804	6,150	221,028	240,742	80,859
Tuition	115,637	82,075	45,277							
Investment Earnings						2,197	3,804			
Miscellaneous Income	70,855	128,102	38,671	9,476	14,698	61,347	68,235	13,756	47,545	9,227
Adjustment to Capital Assets							584,273			
N.J. Economic Development Authority Grants						246,552				
Total Governmental Activities	8,044,767	7,761,526	7,830,324	8,037,451	8,134,582	8,399,094	8,879,272	8,684,442	8,877,694	8,847,337
Business-Type Activities:										
Investment Earnings						17	57	60	64	100
Miscellaneous	92,691	142,075	124,445	110,373	41,558					
Total Business-Type Activities	92,691	142,075	124,445	110,373	41,558	17	57	60	64	100
Total District-Wide	\$ 8,137,458	\$ 7,903,601	\$ 7,954,769	\$ 8,147,825	\$ 8,176,140	\$ 8,399,111	\$ 8,879,329	\$ 8,684,502	\$ 8,877,758	\$ 8,847,437
Change in Net Position:										
Governmental Activities	\$ 309,456	\$ 133,199	\$ 151,904	\$ 566,150	\$ 707,144	\$ 1,404,591	\$ 1,768,103	\$ 1,195,336	\$ 1,220,252	\$ 674,880
Business-Type Activities	20,770	228	3,488	15,652	(30,626)	6,644	20,198	(12,356)	11,142	21,529
Total District	\$ 330,226	\$ 133,426	\$ 155,392	\$ 581,802	\$ 676,518	\$ 1,411,235	\$ 1,788,302	\$ 1,182,980	\$ 1,231,394	\$ 696,409

Source: School District Financial Reports

HAWORTH BOARD OF EDUCATION
FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

	June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 464,295	\$ 351,387	\$ 71,890	\$ 262,319	\$ 555,824					
Unreserved	250,285	143,361	177,421	217,185	250,000					
Restricted						\$ 779,865	\$ 1,453,729	\$ 833,623	\$ 459,801	\$ 1,329,562
Assigned						50,000	117,651	471,981	559,147	1,050
Unassigned						244,035	250,000	249,559	269,442	308,635
Total General Fund	\$ 714,581	\$ 494,748	\$ 249,312	\$ 479,504	\$ 805,824	\$ 1,073,900	\$ 1,821,380	\$ 1,555,163	\$ 1,288,390	\$ 1,639,247
All Other Governmental Funds										
Reserved	\$ 4	\$ 26,041	\$ 12,661	\$ 270						
Unreserved, Reported In:										
Capital Projects Fund/(Deficit)	423,549	23,844								
Debt Service Fund	26,041	12,660	270	35,598	\$ 37,318					
Restricted, Reported In:										
Capital Projects Fund						\$ 286,894	\$ 23,499	\$ 190,627	\$ 198,769	
Debt Service Fund						37,648	16,779	17,114	1,597	\$ 1,829
Assigned, Reported In:										
Capital Projects Fund						312,837			546,220	28,313
Total All Other Governmental Funds	\$ 449,593	\$ 62,546	\$ 12,931	\$ 35,868	\$ 37,318	\$ 637,379	\$ 40,278	\$ 207,741	\$ 746,586	\$ 30,142
Total Governmental Funds:										
Reserved	\$ 464,299	\$ 377,428	\$ 84,551	\$ 262,589	\$ 555,824					
Unreserved/(Deficit)	699,874	179,866	177,691	252,783	287,318					
Restricted						\$ 1,104,407	\$ 1,494,007	\$ 1,041,364	\$ 660,167	\$ 1,331,391
Assigned						362,837	117,651	471,981	1,105,367	29,363
Unassigned						244,035	250,000	249,559	269,442	308,635
Total Governmental Funds:	\$ 1,164,174	\$ 557,294	\$ 262,243	\$ 515,373	\$ 843,142	\$ 1,711,279	\$ 1,861,658	\$ 1,762,904	\$ 2,034,976	\$ 1,669,389

Source: School District Financial Reports

HAWORTH BOARD OF EDUCATION
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax Levy	\$ 6,738,960	\$ 7,065,619	\$ 7,289,087	\$ 7,574,399	\$ 8,008,569	\$ 8,140,427	\$ 8,274,843	\$ 8,449,658	\$ 8,589,407	\$ 8,757,251
Tuition Charges	115,637	82,075	45,277							
Interest Earnings-Capital Reserve						2,197	3,804	1,077	500	216
Miscellaneous	70,855	128,102	38,671	9,476	14,698	156,846	83,775	32,679	47,045	9,011
County Sources				765	25,000					
State Sources	1,120,336	1,200,400	945,184	965,403	637,504	848,731	1,143,703	1,119,961	1,314,728	1,338,297
Federal Sources	99,661	100,185	103,532	149,527	153,344	112,964	94,191	91,573	91,197	92,748
Total Revenue	8,145,449	8,576,381	8,421,751	8,699,570	8,839,115	9,261,165	9,600,316	9,694,948	10,042,877	10,197,523
Expenditures										
Instruction										
Regular Instruction	2,747,412	2,955,595	3,108,741	2,925,746	2,952,905	2,807,664	2,710,669	2,836,129	2,901,190	3,004,135
Special Education Instruction	452,603	492,218	373,595	424,858	437,080	518,057	599,328	558,069	542,041	531,503
Other Instruction	128,407	131,494	135,582	126,205	131,002	141,706	157,655	155,027	168,237	180,103
Support Services:										
Tuition	307,651	350,228	436,892	254,460	246,636	322,790	359,741	440,516	257,840	259,668
Student & Instruction Related Services	683,124	754,884	848,078	894,419	933,887	848,861	915,970	982,490	1,092,208	1,161,229
General Administrative Services	242,610	340,926	355,258	310,301	274,012	430,440	454,553	318,864	298,418	293,274
School Administrative Services	211,407	185,576	197,855	276,465	178,649	213,882	193,340	174,416	211,154	244,320
Central Services								161,308	157,710	185,482
Administrative Information Technology								23,392	37,809	35,301
Plant Operations And Maintenance	693,541	719,565	711,459	696,123	813,933	747,854	739,207	727,687	771,955	752,590
Pupil Transportation	116,105	123,970	143,527	111,830	85,380	92,217	88,628	78,796	54,697	57,030
Other Support Services	220,784	220,386	205,003	213,473	213,609					
Unallocated Benefits	1,705,417	1,782,187	1,454,606	1,590,447	1,608,285	1,676,739	1,913,698	1,774,072	1,960,340	2,254,843
Special Schools								15,029		
Capital Outlay	362,406	466,624	71,490		12,315	221,015	435,020	914,558	687,201	983,877
Debt service:										
Principal	649,003	659,608	658,816	622,114	623,652	443,768	481,017	498,378	515,000	525,000
Interest And Other Charges						171,496	154,560	134,971	115,005	94,755
Total Expenditures	8,520,470	9,183,261	8,700,902	8,446,441	8,511,345	8,636,489	9,203,385	9,793,702	9,770,805	10,563,110
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(375,021)	(606,880)	(279,151)	253,129	327,770	624,675	396,931	(98,754)	272,072	(365,587)

HAWORTH BOARD OF EDUCATION
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)
(Continued)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Other Financing Sources (Uses)										
Proceeds from Borrowing										
N.J. Economic Development Authority Grants						\$ 246,552				
Debt Service Assessment						(3,091)				
Transfers In	\$ 26,039					370,159	\$ 329	\$ 750,665	\$ 1,341,503	\$ 551,691
Transfers Out	(26,039)					(370,159)	(329)	(750,665)	(1,341,503)	(551,691)
Total Other Financing Sources (Uses)						243,461				
Net Change In Fund Balances	<u>\$ (375,021)</u>	<u>\$ (606,880)</u>	<u>\$ (279,151)</u>	<u>\$ 253,129</u>	<u>\$ 327,770</u>	<u>\$ 868,136</u>	<u>\$ 396,931</u>	<u>\$ (98,754)</u>	<u>\$ 272,072</u>	<u>\$ (365,587)</u>
Debt Service As A Percentage Of Noncapital Expenditures	7.96%	7.57%	7.63%	7.37%	7.34%	7.31%	7.25%	6.47%	6.94%	6.43%

Source: School District Financial Reports

Exhibit J-5

HAWORTH BOARD OF EDUCATION
OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

Fiscal Year Ended June 30,	Interest on Investments	Tuition	Rentals	Other	Total
2007	\$ 34,418	\$ 115,637		\$ 8,012	\$ 158,067
2008	31,339	82,075	\$ 30,000	66,763	210,177
2009	1,530	45,277		36,872	83,679
2010	6,544		1,125	1,489	9,158
2011	7,327		1,108	6,263	14,698
2012	1,751			33,311	35,062
2013	3,475			68,235	71,710
2014	1,077			12,014	13,091
2015	2,758			23,855	26,613
2016	216			8,114	8,330

Source: Haworth Board of Education records

HAWORTH BOARD OF EDUCATION
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
LAST TEN YEARS
UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Commercial	Total Assessed Value	Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2006	\$ 16,967,500	\$ 646,633,500	\$ 78,821,500	\$ 742,422,500		\$ 278,855	\$ 742,701,355	\$ 0.46	\$ 841,932,183
2007	17,828,700	654,232,100	78,365,500	750,426,300		260,247	750,686,547	0.51	927,759,601
2008	16,021,200	669,141,100	78,365,500	763,527,800		261,858	763,789,658	0.53	985,266,258
2009	14,785,400	681,880,900	98,935,300	795,601,600		810,227	796,411,827	0.50	1,054,551,126
2010	14,816,600	677,484,000	78,483,600	770,784,200		323,307	771,107,507	0.52	998,534,689
2011	14,497,100	683,091,200	98,935,300	796,523,600		534,748	797,058,348	0.57	1,047,745,035
2012	14,802,000	683,084,200	97,551,200	795,437,400		507,416	795,944,816	0.62	1,036,587,284
2013	15,354,600	681,765,000	97,638,300	794,757,900		577,488	795,335,388	0.66	988,226,052
2014	15,027,000	683,331,400	94,794,900	793,153,300		571,705	793,725,005	0.68	927,314,313
2015	13,886,600	684,502,500	92,027,800	790,416,900	\$ 73,545,200	572,378	790,989,278	0.69	947,007,450

Source: 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 ordered by the County Board of Taxation

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

b Tax rates are per \$100

HAWORTH BOARD OF EDUCATION
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(rate per \$100 of assessed value)

Year Ended December 31,	Haworth Board of Education Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Borough of Haworth	Regional High School	Bergen County	
2006	\$ 0.43	\$ 0.02	\$ 0.46	\$ 0.60	\$ 0.90	\$ 0.21	\$ 2.17
2007	0.48	0.02	0.51	0.64	0.92	0.22	2.29
2008	0.51	0.02	0.53	0.68	0.94	0.24	2.39
2009	0.48	0.03	0.50	0.68	0.96	0.25	2.39
2010	0.50	0.02	0.52	0.69	0.98	0.26	2.45
2011	0.55	0.03	0.57	0.69	1.01	0.27	2.55
2012	0.59	0.03	0.62	0.70	1.03	0.29	2.64
2013	0.58	0.08	0.66	0.70	1.05	0.29	2.70
2014	0.64	0.04	0.68	0.71	1.07	0.27	2.74
2015	0.65	0.04	0.69	0.73	1.09	0.28	2.79

Source: Municipal Tax Collector and School Business Administrator

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

b Rates for debt service are based on each year's requirements.

HAWORTH BOARD OF EDUCATION
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

2015			2006		
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
United Water NJ	\$ 51,789,000	6.51%	N/A	N/A	N/A
Haworth Country Club LLC	10,501,900	2.12%	N/A	N/A	N/A
White Beeches Golf & Country Club	10,479,100	1.32%	N/A	N/A	N/A
Haworth Country Club LLC	7,498,100	1.26%	N/A	N/A	N/A
White Beeches Realty Corp.	5,462,100	0.69%	N/A	N/A	N/A
RF Properties LLC	1,803,600	0.25%	N/A	N/A	N/A
Individual Taxpayer #1	1,651,200	0.23%	N/A	N/A	N/A
Individual Taxpayer #2	1,638,500	0.21%	N/A	N/A	N/A
Individual Taxpayer #3	1,553,800	0.20%	N/A	N/A	N/A
Individual Taxpayer #4	1,534,600	0.20%	N/A	N/A	N/A
Total	<u>\$ 93,911,900</u>	<u>12.99%</u>			

N/A - Information not available
 Source: Municipal Tax Assessor

Exhibit J-9

HAWORTH BOARD OF EDUCATION
PROPERTY TAX LEVIES AND COLLECTIONS,
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	\$ 6,738,960	\$ 6,738,960	100.00%	-0-
2008	7,065,619	7,065,619	100.00%	-0-
2009	7,289,087	7,289,087	100.00%	-0-
2010	7,574,399	7,574,399	100.00%	-0-
2011	8,008,569	8,008,569	100.00%	-0-
2012	8,140,427	8,140,427	100.00%	-0-
2013	8,274,843	8,274,843	100.00%	-0-
2014	8,449,658	8,449,658	100.00%	-0-
2015	8,589,407	8,589,407	100.00%	-0-
2016	8,757,251	8,757,251	100.00%	-0-

Source: Haworth Board of Education records including the Certificate and Report of School Taxes (A4F form)

- a. School taxes are collected by the Municipal Tax Collector. Under New Jersey State 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.

Exhibit J-10

HA WORTH BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	School Facilities Loans			
2007	\$ 5,607,000	\$ 433,418	\$ 6,040,418	3.21%	\$ 1,789
2008	5,257,000	377,386	5,634,386	2.89%	1,657
2009	4,852,000	319,537	5,171,537	2.56%	1,511
2010	4,452,000	259,843	4,711,843	2.13%	1,391
2011	4,077,000	198,164	4,275,164	2.08%	1,250
2012	3,697,000	134,395	3,831,395	1.57%	1,119
2013	3,282,000	68,378	3,350,378	1.67%	972
2014	2,852,000		2,852,000	1.12%	825
2015	2,337,000		2,337,000	0.92%	673
2016	1,812,000		1,812,000	0.71%	522

Source: School District Financial Reports

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

- a See Exhibit 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

HAWORTH BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	<u>General Bonded Debt Outstanding</u>		Percentage of Actual Taxable Net Valuation ^a Taxable	Per Capita ^b
	General Obligation Bonds	Net General Bonded Debt Outstanding		
2007	\$ 5,607,000	\$ 5,607,000	0.75%	\$ 1,660
2008	5,257,000	5,257,000	0.69%	1,546
2009	4,852,000	4,852,000	0.61%	1,418
2010	4,452,000	4,452,000	0.58%	1,314
2011	4,077,000	4,077,000	0.51%	1,192
2012	3,697,000	3,697,000	0.46%	1,080
2013	3,282,000	3,282,000	0.41%	952
2014	2,852,000	2,852,000	0.36%	825
2015	2,337,000	2,337,000	0.29%	673
2016	1,812,000	1,812,000	0.23%	522

Source: School District Financial Reports

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

a See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

b See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

Exhibit J-12

HAWORTH BOARD OF EDUCATION
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
UNAUDITED
AS OF DECEMBER 31, 2015

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes:			
Borough of Haworth	\$ 6,605,643	100.00%	\$ 6,605,643
Bergen County General Obligation Debt (Borough Share)	963,604,537	0.58%	5,548,714
Regional School	1,305,337	100.00%	1,305,337
Other Debt			
Bergen County Utilities Authority (Water Pollution)	120,175,000	0.57%	687,040
Subtotal, Overlapping Debt			14,146,734
Haworth School District Direct Debt			1,812,000
Total Direct And Overlapping Debt			<u>\$ 15,958,734</u>

Sources: Assessed value data used to estimate applicable percentages provided by the Bergen 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 Haworth. This process recognizes that, when considering the District's ability to issue and repay long-term, 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 unit.

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

HAWORTH BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2016

		Equalized valuation basis	
	2015	\$	935,515,327
	2014		948,861,467
	2013		927,696,860
		<u>\$</u>	<u>2,812,073,654</u>
Average Equalized Valuation of Taxable Property		\$	937,357,885
Debt Limit (3% of average equalization value)			28,120,737 ^a
Net Bonded School Debt			1,812,000
Legal Debt Margin		<u>\$</u>	<u>26,308,737</u>

	Fiscal Year				
	2007	2008	2009	2010	2011
Debt Limit	\$ 24,770,922	\$ 27,133,506	\$ 28,713,614	\$ 29,746,160	\$ 30,524,912
Total Net Debt Applicable to Limit	<u>6,040,418</u>	<u>5,634,386</u>	<u>5,171,537</u>	<u>4,711,843</u>	<u>4,275,164</u>
Legal Debt Margin	<u>\$ 18,730,504</u>	<u>\$ 21,499,120</u>	<u>\$ 23,542,077</u>	<u>\$ 25,034,317</u>	<u>\$ 26,249,748</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	24.39%	20.77%	18.01%	15.84%	14.01%

	Fiscal Year				
	2012	2013	2014	2015	2016
Debt Limit	\$ 31,012,103	\$ 30,688,923	\$ 29,516,698	\$ 28,640,660	\$ 28,120,737
Total Net Debt Applicable to Limit	<u>3,831,395</u>	<u>3,350,378</u>	<u>2,852,000</u>	<u>2,337,000</u>	<u>1,812,000</u>
Legal Debt Margin	<u>\$ 27,180,708</u>	<u>\$ 27,338,545</u>	<u>\$ 26,664,698</u>	<u>\$ 26,303,660</u>	<u>\$ 26,308,737</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	12.35%	10.92%	9.66%	8.16%	6.44%

^a Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

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

Exhibit J-14

HAWORTH BOARD OF EDUCATION
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Year	Population ^a	Personal Income (thousands of dollars) ^b	Bergen County Per Capita Personal Income ^c	Unemployment Rate ^d
2007	3,377	\$ 188,351,123	\$ 68,147	3.40%
2008	3,400	195,133,325	68,548	4.40%
2009	3,422	202,091,435	64,571	7.90%
2010	3,388	221,151,700	65,275	4.80%
2011	3,419	205,371,003	68,244	4.80%
2012	3,423	244,333,740	71,380	8.00%
2013	3,448	200,653,335	70,498	11.30%
2014	3,458	254,287,488	73,536	4.00%
2015	3,470	255,169,920	73,536 *	3.30%
2016	3,470 **	255,169,920 **	73,536 *	N/A

* - Latest Bergen County per capita personal income available (2014) was used for calculation purposes.

** - Latest population data available (2015) was used for calculation purposes.

N/A Not Available

Source: School District Reports

a Population information provided by the NJ Dept of Labor and Workforce Development

b Personal income has been estimated based upon the municipal population and per capita personal income presented

c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

d Unemployment data provided by the NJ Dept of Labor and Workforce Development

HAWORTH BOARD OF EDUCATION
PRINCIPAL EMPLOYERS, BERGEN COUNTY
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

2015			2006		
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
Hackensack University Medical Center	8,000	N/A	N/A	N/A	N/A
Valley Health Systems, Inc	4,660	N/A	N/A	N/A	N/A
Bio-Reference Laboratories, Inc.	2,900	N/A	N/A	N/A	N/A
Express Scripts	2,676	N/A	N/A	N/A	N/A
County of Bergen	2,390	N/A	N/A	N/A	N/A
Quest Diagnostics, Inc.	2,200	N/A	N/A	N/A	N/A
KPMG LLP	2,100	N/A	N/A	N/A	N/A
Englewood Hospital and Medical Center	2,002	N/A	N/A	N/A	N/A
Englewood Home Health Care Services	1,985	N/A	N/A	N/A	N/A
Unilever Best Foods	1,900	N/A	N/A	N/A	N/A
	<u>30,813</u>	<u>N/A</u>		<u>N/A</u>	<u>N/A</u>

N/A - Information not available

Source: Bergen County Economic Development Corporation

HAWORTH BOARD OF EDUCATION
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM.
LAST TEN FISCAL YEARS
UNAUDITED

<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	42.0	43.5	43.5	45.0	48.0	47.0	47.0	47.0	47.0	48.0
Special Education	12.0	12.0	12.0	12.0	10.0	10.0	10.0	10.0	10.0	11.0
Support Services:										
Health Services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
General Administrative Services	6.0	6.8	6.8		3.0	3.0	3.0	3.0	3.0	4.0
Guidance-Professional/Support	1.0	1.0	1.0	0.5	1.0	1.0	1.0	1.0	1.0	1.0
Child Study Team/Support	6.0	4.9	4.9	6.0	4.0	4.0	4.0	4.0	4.0	5.0
Plant Operations and Maintenance	6.0	5.6	5.6	1.0	1.0	1.0	1.0	1.0	1.0	5.0
Media Services Technology	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0
Principal/School Administration	3.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0	2.0
Total	<u>79.0</u>	<u>78.8</u>	<u>78.8</u>	<u>69.5</u>	<u>72.0</u>	<u>72.0</u>	<u>72.0</u>	<u>72.0</u>	<u>72.0</u>	<u>78.0</u>

Source: District Personnel Records

HAWORTH BOARD OF EDUCATION
OPERATING STATISTICS,
LAST TEN FISCAL YEARS
UNAUDITED

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil^d</u>	<u>Percentage Change</u>	<u>Teaching Staff^b</u>	<u>Pupil/Teacher Ratio Elementary</u>	<u>Average Daily Enrollment (ADE)^c</u>	<u>Average Daily Attendance (ADA)^c</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2007	530	\$ 7,484,739	\$ 14,122	9.42%	58	9:1.1	525	505	-5.91%	96.14%
2008	495	7,973,764	16,109	14.07%	56	8:8.1	518	489	-1.45%	94.38%
2009	506	7,914,712	15,642	-2.90%	56	8:8.1	506	481	-2.32%	95.08%
2010	485	7,674,035	15,823	1.16%	45	10:8.1	487	466	-3.70%	95.69%
2011	486	7,709,349	15,863	0.25%	48	10:1.1	486	466	-0.21%	95.88%
2012	438	7,800,211	17,809	12.27%	46	9:5.1	439	416	-9.65%	94.72%
2013	436	8,132,788	18,653	4.74%	45	9:3.1	430	417	-2.07%	97.05%
2014	432	8,245,795	19,087	2.33%	45	9:2.1	434	417	0.93%	96.08%
2015	404	8,453,599	20,925	9.63%	45	9:1.1	408	394	-5.99%	96.57%
2016	424	8,959,478	21,131	0.98%	45	9:1.0	424	408	3.92%	96.23%

Source: Haworth Board of Education 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 (SRS).

d The Cost Per Pupil calculated above is the sum of the operating expenditures divided by enrollment. This Cost Per Pupil may be different from other Cost Per Pupil Calculations.

HAWORTH BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

<u>District Building</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>
Elementary										
Haworth School:										
Square Feet	59,688	75,230	75,230	75,230	75,230	75,230	75,230	75,230	75,230	75,230
Capacity (students)	541	544	544	544	544	544	544	544	544	544
Enrollment	530	495	506	485	486	438	436	432	404	424

Number of Schools at June 30, 2016

 Elementary = 1

Source: Haworth Board of Education Facilities Office

Note: Increases in square footage and capacity are the result of additions. Enrollment is based on the annual October district count.

HAWORTH BOARD OF EDUCATION
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
UNAUDITED

Undistributed Expenditures:
 Required Maintenance for School Facilities
 11-000-261-XXX

<u>School Facilities *</u>	<u>Projects #</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>
Haworth School	N/A	\$ 135,580	\$ 129,509	\$ 71,204	\$ 64,998	\$ 100,396	\$ 92,264	\$ 118,938	\$ 58,080	\$ 113,898	\$ 99,340
		<u>\$ 135,580</u>	<u>\$ 129,509</u>	<u>\$ 71,204</u>	<u>\$ 64,998</u>	<u>\$ 100,396</u>	<u>\$ 92,264</u>	<u>\$ 118,938</u>	<u>\$ 58,080</u>	<u>\$ 113,898</u>	<u>\$ 99,340</u>

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

Source: Haworth Board of Education records

HAWORTH BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2016
UNAUDITED

Company	Type of Coverage	Coverage	Deductible
Selective Insurance Company	Property	\$ 15,423,903	\$ 5,000
	Flood and Earthquake	5,000,000	50,000
	Flood - within Special Flood Hazard Area Zone B Zones A and V	1,000,000	500,000
	Automobile Coverage	1,000,000	1,000
	Comprehensive General Liability	1,000,000	
	Crime (Non-Statutory Bonds) Per Employee Excess	100,000 400,000	5,000
	Boiler and Machinery	15,423,903	5,000
ACE	Environmental	4,000,000 20,000,000 Group Aggregate	15,000
Darwin	Educator's Legal Liability/ Employment Practices	1,000,000	25,000 50,000
XL	Cyber Liability XL Group Insurance	1,000,000/2,000,000 Each Claim 6,000,000 Group Aggregate	15,000/25,000
Firemen's Fund	Commercial Umbrella - Selective Ins. Co. Excess Umbrella	9,000,000 50,000,000 Group Aggregate	10,000
Safety National	Worker's Compensation Excess Worker's Compensation Employers Liability Each Accident Employers Liability Each Employee Employers Liability Policy Limit	Self Insured - NESBIG Statutory 1,000,000 1,000,000 1,000,000	1,000,000
Selective Insurance Company	Surety Bonds Treasurer of School Monies Board Secretary	200,000 200,000	
AIG	Compulsory Student Accident	1,000,000	
Chubb	Volunteer Accident Policy	250,000	
Bollinger	Voluntary Student Accident (exluding football) Voluntary Dental Accident	500,000 5,000	

Source: Haworth Board of Education records

SINGLE AUDIT SECTION



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax
 Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555

Report on Internal Control Over Financial Reporting and
 on Compliance and Other Matters Based on an Audit of Financial Statements
 Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

The Honorable President and Members of
 the Board of Education
 Haworth Board of Education
 County of Bergen, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the 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 Haworth Borough School District, in the County of Bergen (the "District") as of and for the fiscal 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 October 28, 2016.

Internal Control Over Financial Reporting

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

The Honorable President and Members of
the Board of Education
Haworth Board of Education
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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*.

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

October 28, 2016
Mount Arlington, New Jersey

Nisivoccia LLP

NISIVOCCIA LLP



John J. Mooney
Licensed Public School Accountant #2602
Certified Public Accountant



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555

Report on Compliance For Each Major State Program:
Report on Internal Control Over Compliance

Independent Auditors' Report

The Honorable President and Members of
 the Board of Education
 Haworth Board of Education
 County of Bergen, New Jersey

Report on Compliance for Each Major State Program

We have audited the Board of Education of the Haworth Borough School District (the "District's") compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on the District's major state program for the fiscal year ended June 30, 2016. The District's major state program is identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the District's major state program 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's 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 state program occurred. An audit includes examining, on a test basis, evidence about the District'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 the major state program. However, our audit does not provide a legal determination of the District's compliance.

The Honorable President and Members of
 the Board of Education
 Haworth Board of Education
 Page 2

Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the fiscal year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the District 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 District's internal control over compliance with the types of requirements that could have a direct and material effect on the major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJOMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

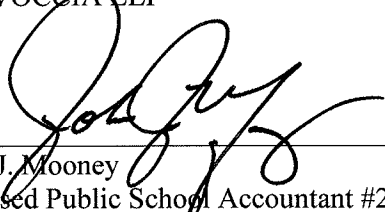
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or 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 or 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 or 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 or NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.

October 28, 2016
 Mount Arlington, New Jersey

NISIVOC CIA LLP
 NISIVOC CIA LLP


 John J. Mooney
 Licensed Public School Accountant #2602
 Certified Public Accountant

HAWORTH BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass Through Grantor Program Title\Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance Unearned Revenue		Budgetary Expenditures	Balance 6/30/16		Due to Grantor 6/30/16	Amounts Paid to Subrecipients
					(Accounts Receivable) 6/30/15	Cash Received		Accounts Receivable	Unearned Revenue		
U.S. Department of Education											
Passed-through State Department of Education:											
No Child Left Behind Consolidated Grant:											
Title III	84.365	NCLB-2090-16	7/1/15-6/30/16	\$ 2,367		\$ 2,367	\$ (2,367)				
Special Education Cluster:											
I.D.E.A. Part B, Preschool	84.173	FT-2090-16	7/1/15-6/30/16	1,501		1,501	(1,501)				
I.D.E.A. Part B, Basic	84.027	FT-2090-16	7/1/15-6/30/16	88,880		88,880	(88,880)				
Total Special Education Cluster						92,748	(92,748)				
Total Special Revenue/U.S. Department of Education						92,748	(92,748)				
Total Federal Financial Awards					\$ -0-	\$ 92,748	\$ (92,748)	\$ -0-	\$ -0-	\$ -0-	\$ -0-

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

HAWORTH BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance (Accounts Receivable)			Balance 6/30/16			MEMO	
				06/30/15	Cash Received	Budgetary Expenditures	GAAP (Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
NJ Department of Education:											
Extraordinary Aid	16-495-034-5120-044	7/1/15-6/30/16	\$ 76,733			\$ (76,733)	\$ (76,733)			\$ (76,733)	\$ 76,733
Non-Public Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	2,591			(2,591)	(2,591)			(2,591)	2,591
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	7/1/15-6/30/16	282,800		\$ 268,848	(282,800)	(13,952)			(13,952)	282,800
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	186,749		173,454	(186,749)	(13,295)			(13,295)	186,749
Categorical Security Aid	16-495-034-5120-084	7/1/15-6/30/16	6,257		5,812	(6,257)	(445)			(445)	6,257
Categorical Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	6,531		6,066	(6,531)	(465)			(465)	6,531
Adjustment Aid	16-495-034-5120-085	7/1/15-6/30/16	2,010		1,867	(2,010)	(143)			(143)	2,010
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	4,310		4,003	(4,310)	(307)			(307)	4,310
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	4,310		4,003	(4,310)	(307)			(307)	4,310
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	186,749	\$ (13,423)	13,423						186,749
Categorical Security Aid	15-495-034-5120-084	7/1/14-6/30/15	6,257	(450)	450						6,257
Categorical Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	6,531	(469)	469						6,531
Adjustment Aid	15-495-034-5120-085	7/1/14-6/30/15	2,010	(144)	144						2,010
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	4,310	(310)	310						4,310
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	4,310	(310)	310						4,310
Extraordinary Aid	15-100-034-5210-473	7/1/14-6/30/15	32,149	(32,149)	32,149						32,149
Non-Public Transportation Aid	15-495-034-5210-014	7/1/14-6/30/15	2,610	(2,610)	2,610						2,610
Reimbursed TPAF Social Security Contributions	15-495-034-5095-002	7/1/14-6/30/15	273,621	(13,883)	13,883						273,621
Total General Fund State Aid				(63,748)	527,801	(572,291)	(93,276)			(108,238)	1,090,838
Debt Service Fund											
Debt Service State Aid Support	16-495-034-5120-017	7/1/15-6/30/16	80,859		80,859	(80,859)					80,859
Total Debt Service Fund					80,859	(80,859)					80,859
Total State Awards				\$ (63,748)	\$ 608,660	\$ (653,150)	\$ (93,276)	\$ -0-	\$ -0-	\$ (108,238)	\$ 1,171,697

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

HAWORTH BOARD OF EDUCATION
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the "Schedules") include the federal and state grant activity of the Haworth Board of Education under programs of the federal and state governments for the fiscal year ended June 30, 2016. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the Township, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting. This basis of accounting is described in Note 1 to the District's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

The District has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$144 for the general fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue. The schedule of expenditures of state awards does not include the on-behalf Pension Contributions and Post Retirement Medical Benefits revenue of \$312,683 and \$372,320, respectively.

HAWORTH BOARD OF EDUCATION
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

Revenue from federal and state awards are reported on the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,257,438	\$ 1,257,438
Special Revenue Fund	\$ 92,748		92,748
Debt Service Fund		80,859	80,859
Total Financial Awards	<u>\$ 92,748</u>	<u>\$ 1,338,297</u>	<u>\$ 1,431,045</u>

NOTE 5. 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 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2016.

HAWORTH BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' 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*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major federal and state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state program for the District expresses an unmodified opinion on all major state programs.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2016 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's program tested as a major state program for the current fiscal year consisted of the following state aid:

	<u>State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
State Awards:				
Reimbursed TPAF Social Security Contributions	16-495-034-5095-002	7/1/15-6/30/16	\$ 282,800	\$ 282,800

- The threshold for distinguishing between Type A and Type B state programs was \$750,000.
- The District was determined to be a "low-risk auditee" for state programs.

HAWORTH BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- Not applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.

HAWORTH BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016

Status of Prior Year Findings:

There were no prior year findings.