

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**of the**

**Borough of Ho-Ho-Kus Board of Education  
Ho-Ho-Kus, New Jersey**

**For the Fiscal Year Ended June 30, 2016**

**Prepared by**

**Borough of Ho-Ho-Kus Board of Education  
Finance Department**

**BOARD OF EDUCATION**  
**BOROUGH OF HO-HO-KUS**

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## **INTRODUCTORY SECTION**



# Ho-Ho-Kus Board of Education

70 Lloyd Road ♦♦♦ Ho-Ho-Kus, New Jersey 07423

201-652-4555 ♦♦♦♦ <http://www.hohokus.org>

November 15, 2016

Honorable President and  
Members of the Board of Education  
Ho-Ho-Kus School District  
County of Bergen, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Ho-Ho-Kus School District (District) for the fiscal year ended June 30, 2016, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2016, and the respective changes in financial positions and cash flows, where applicable, thereof for the year ended in conformity with the accounting principles generally accepted in the United States of America. 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 general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations," and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

**1) REPORTING ENTITY AND ITS SERVICES:** Ho-Ho-Kus School District is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board (GASB) as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Ho-Ho-Kus Board of Education and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through Eight. These include regular education, as well as special education for special needs students. In addition, there were 244 Ho-Ho-Kus students who attended Northern Highlands Regional High School in Allendale or other schools which represented an increase of 1 student. The student enrollment data, listed in the table below, does not include the high school students. The District's enrollment for the 2015-2016 fiscal year was 617 students or a decrease of 23 students from the prior year. The following table details the changes in the Pre-K through 8<sup>th</sup> grade student enrollment of the District over the last ten years.

### Student Enrollment

Fiscal Year	Student Enrollment	Percent Change
2015-16	617	-2.97%
2014-15	640	-3.03%
2013-14	660	0.61%
2012-13	656	1.39%
2011-12	647	0.94%
2010-11	641	-4.75%
2009-10	673	1.66%
2008-09	662	-1.05%
2007-08	669	0.15%
2006-07	668	2.61%

**2) ECONOMIC CONDITION AND OUTLOOK:** Ho-Ho-Kus is a suburban residential community with its working population represented principally by white collar and professional people who commute to New York City and other commercial areas within New Jersey. The unemployment rate was 6.0% in December 2013, below the county average of 7.1%, the state average of 7.2% and the national average of 6.7% for the same month.

**3) MAJOR INITIATIVES:** Ho-Ho-Kus Public School continues to run a comprehensive Pre-K through 8 program. Our students perform above state and national averages on state tests and participate in a wide range of co-curricular activities in athletics and the arts. The Board of Education, in collaboration with the school and larger community, recently developed a comprehensive strategic plan for the district. Members from both the school and broader based community worked in committees to develop goals and action plans for the school district that meet the needs identified by all stakeholders. These areas were: Student Success; Culture and Climate; Relationships and Partnerships; and Facilities. The goals are:

- Student Success (Achievement and Technology): Develop creative, confident and empowered students ready to actively lead in a global society.
- Culture and Climate (Including Wellness): Enhance a safe and secure educational environment to create well-balanced, empowered global citizens.
- Relationships/Partnerships: Build local and global relationships and partnerships that support students in reaching their maximum potential.
- Facilities: Create a state-of-the-art, safe and personal environment that will enhance the learning and culture of our students.

District initiatives include the following:

- Improve performance of special education students to meet or exceed state required growth rate for 2016 through expansion of the continuum of special education services to support the movement of students to a less restrictive environment with attention to academic rigor through application of effective shared teaching strategies in collaborative classrooms.
- Improve student achievement as measured by the 2016 PARCC through preparation to implement Next Generation Science Standards K-5 and 6-8.
- Improve student achievement in social studies as measured by district assessments through the curriculum alignment of standards and adoption of Discovery Education Techbooks for social studies grades 6-7.
- Enhance the Basic Skills Instruction Program by revising the criteria for identification entrance and exit, articulation with general education instructional practices, and continuing implementation of RTI model in grades K-3.



School-wide initiatives include the following:

- Continued focus on 6-8 Connected Math Implementation and on implementation of EveryDay Math K-5 to meet the expectations for math as defined by the Common Core.
- Prepare to implement Next Gen Science Standards K-5 and 6-8.
- Adoption of Discovery Education Techbooks for social studies 6-7.
- Focus on the expansion of the continuum of Special Education services to support the movement of students to a less restrictive environment with attention to academic rigor.
  - Application of effective shared teaching strategies in collaborative classrooms
- Focus on the improvement of Ho-Ho-Kus School's BSI Program by enhancing criteria for identification exit and entrance, and articulation with general classroom instructional practices.
  - Continue implementation of RTI model K-3.
- Concentration on effective use of technology in instruction.
- Develop an enhanced program for pre-school assessment and curriculum that provides academic, emotional, social and physical readiness through articulation with kindergarten and special education.
- Continued focus on development of student respect, responsibility and wellness in preparation for high school and beyond.

A major development for the school was the one-to-one Chromebook initiative for students in Grades 5-8. All fifth through eighth grade students received a Chromebook that was used daily in classes and also could be taken home. Targeted professional development was implemented for teachers to assist in integrating the use of these devices. Teachers utilized many facets of Google Classroom and other platforms to support and expand student learning. Readers and Writers Workshop remains the cornerstone of Language Arts Literacy instruction. Coaching was provided to teachers throughout the year. A continued focus upon mathematics was provided to elementary and middle school students in conjunction with specific professional development for teachers. Instruction of higher level skills in combination with varied problem solving strategies was a trademark of this approach. Students in Grade 6 and 7 social studies classes were outfitted with interactive textbooks (techbooks). Instruction was greatly enhanced by this ready access to multimedia supports to social studies content. Next Generation Science Standards requirements for all grade levels were addressed, and extensive professional development has accompanied this wide-reaching initiative. Assessment of children in the primary grades and interventions for Basic Skills instruction were addressed through the RTI program. Enhanced assessment strategies were utilized to form appropriate groups for more intensive skill development as well as enrichment opportunities. Careful consideration and attention to the continuum of offerings provided to students identified with special needs were also a focus throughout the year.

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

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

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

**5) BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of this municipality.

Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

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

**6) 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 and account groups. These funds and account groups are explained in "Notes to the Financial Statements," Note I.

**7) DEBT ADMINISTRATION:** At June 30, 2016, the District had outstanding bonded debt of \$ 8,008,306.24. The total principal and interest payments paid during the 2015-16 fiscal year are \$ 793,293.76. The bonds that were issued and dated January 1, 1999 were re-financed during fiscal year 2007-2008 in order to take advantage of lower interest rates, and the new bonds have a maturity date of January 1, 2029. The bonds dated December 1, 2003 were refunded in February 2012, and have a maturity date of February 1, 2029. The principal repayment schedule produces a level debt service schedule.

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

**9) RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The Board is a member of the Northeast Bergen County Insurance Group (NESBIG). This is a self-insurance pool with a multi-peril policy through Selective Insurance, and a self-insured workman's compensation plan.

**10) OTHER INFORMATION:**

**A) Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board's audit committee selected the accounting firm of VM Associates Inc. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related Federal Uniform Guidance and State Treasury Circular Letter 15-08 OMB. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

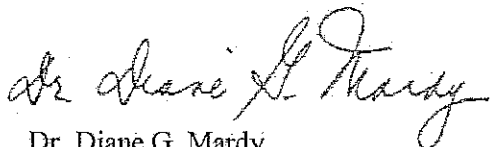
**B) Awards/Recognition** - The students of the Ho-Ho-Kus School participate in a wide range of events and co-curricular programs for which they received special recognition. Our teaching staff is involved with county, state, and regional professional organizations representing the school and impacting educational reform.

Listed below are events and programs relating to our awards and recognition:

- National Spelling Bee and Geography Bee for middle school students
  - We had a National Spelling Bee finalist compete in Washington D.C. this year!
- Bergen County Regional Bands and Choruses - Area performing groups that required auditions
- Bergen Brain Busters Team, an inter-scholastic competition using the Middle School curriculum
- Regional/County athletic teams that compete in all areas of sports
- Individual students entered a wide range of essay, art, and poetry contests supported by local businesses, the YWCA, and public utilities
- Individual student art work chosen for national touring exhibition
- Service Learning student outreach programs
- Student Council members are recognized for their participation in community service activities such as: disaster relief, food drives, fund raising for charitable organizations and causes, recycling programs, and hosting the local senior citizens and the Women's Club.
- Awards and Recognition Night for eighth grade students.

**11) ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the Ho-Ho-Kus 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 the District's support staff.

Respectfully submitted,



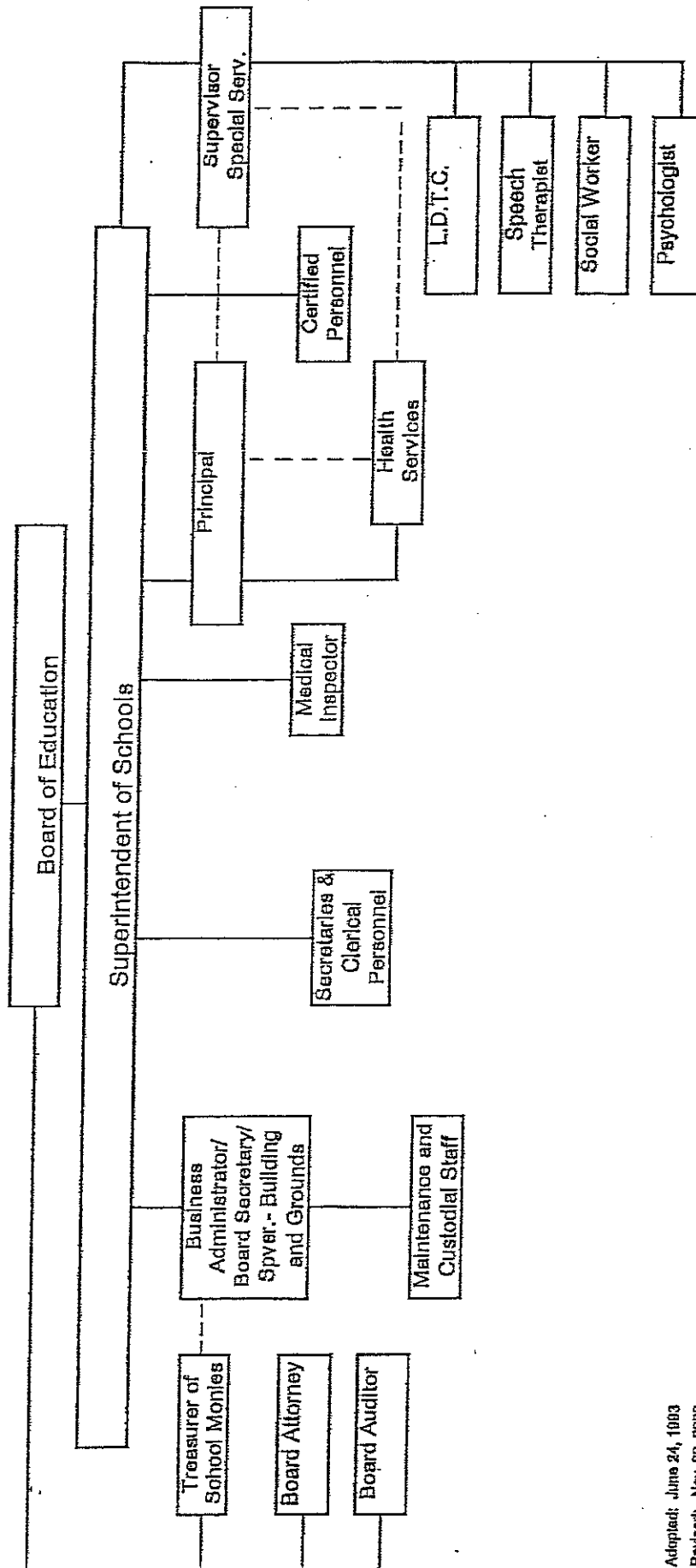
Dr. Diane G. Mardy  
Superintendent of Schools



Dr. Joseph R. Amatuzzi  
Interim Business Administrator /  
Board Secretary

# HO-HO-KUS BOARD OF EDUCATION

## Organizational Chart



Adopted: June 24, 1993  
 Revised: Nov. 20, 2000  
 Revised: Jan. 10, 2005  
 Revised: Sept. 3, 2009  
 Revised: Oct. 13, 2011

# BOROUGH OF HO-HO-KUS BOARD OF EDUCATION

## ROSTER OF OFFICIALS

JUNE 30, 2016

<u>Members of the Board of Education</u>		<u>Term Expires</u>
Mary Ellen Nye	President	2018
Ellen Marie Walsh	Vice-President	2017
John Batt	Member	2017
Cinzia D'Iorio	Member	2018
Amy Langevin	Member	2016

### Other Officials

Dr. Diane Mardy	Superintendent
Mr. Michael J. Donow, RSBA	Interim Business Administrator/Board Secretary (To 12/31/15)
Dr. Joseph Amatuzzi	Interim Business Administrator/Board Secretary (From 1/5/16)

**BOROUGH OF HO-HO-KUS BOARD OF EDUCATION**  
**CONSULTANTS AND ADVISORS**

**ARCHITECT**

Di Cara/Rubino Architects  
30 Galesi Drive, West Wing  
Wayne, New Jersey 07470

**AUDIT FIRM**

VM Associates, Inc.  
111 Howard Boulevard  
P.O. Box 397  
Mt. Arlington, New Jersey 07856

**ATTORNEY**

Wiley, Malehorn & Sirota  
250 Madison Avenue  
Morristown, New Jersey 07960

Fogarty & Hara  
16-00 Route 208 South  
Fair Lawn, New Jersey 07410

**RISK MANAGER**

Eastern Insurors, Inc.  
445 Godwin Avenue  
Midland Park, New Jersey 07432

**OFFICIAL DEPOSITORY**

Capital One Bank  
9 East Ridgewood Ave  
Ridgewood, New Jersey 07450

## **FINANCIAL SECTION**

## **INDEPENDENT AUDITORS' REPORT**



Vincent M. Montanino, RMA, PSA  
Michael S. Zambito, CPA, RMA  
Antonia Russo, Associate

INDEPENDENT AUDITOR'S REPORT

The Honorable President and  
Members of the Board of Trustees  
Borough of Ho-Ho-Kus School District  
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 Borough of Ho-Ho-Kus School District as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of 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 basic 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinions.

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## ***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 Borough of Ho-Ho-Kus School District as of June 30, 2016, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information on Schedules C-1 and C-2 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 State 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.

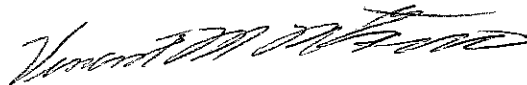
### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Ho-Ho-Kus School District's basic financial statements. The accompanying supplementary information such as the combining and individual fund financial statements and Schedules of Expenditures of Federal Awards and State Financial Assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and other information such as the introductory section and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

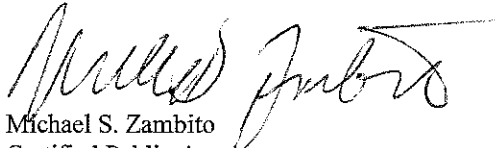
The combining and individual fund financial statements and Schedules of Expenditures of Federal Awards and State Financial Assistance are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and Schedules of Expenditures of Federal Awards and State Financial Assistance are fairly stated, in all material aspects, in relation to the basic financial statements as a whole. The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards and the Division of Finance,  
Department of Education, State of New Jersey**

In accordance with Government Auditing Standards and the Division of Finance, Department of Education, State of New Jersey, we have also issued our report dated November 15, 2016 on our consideration of the Borough of Ho-Ho-Kus School 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and the Division of Finance, Department of Education, State of New Jersey in considering the Borough of Ho-Ho-Kus School District's internal control over financial reporting and compliance.



Vincent M. Montanino  
Public School Accountant  
License No. CS000495



Michael S. Zambito  
Certified Public Accountant  
License No. 20CC00789500

November 15, 2016

**REQUIRED SUPPLEMENTARY INFORMATION -  
PART I**

**HO-HO-KUS SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2016**  
**(UNAUDITED)**

The discussion and analysis of the Ho-Ho-Kus School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended 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.

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

**Financial Highlights**

- The assets of the Ho-Ho-Kus School District exceeded its liabilities at the close of the most recent fiscal year by \$5,063,397.82 (net position).
- The District's total net position decreased \$385,985.86. The decrease is primarily attributable to the current year operating results.
- General revenues accounted for \$13,118,846.52 in revenue or 69 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions and capital grants accounted for \$5,766,934.46 or 31 percent of total revenues of \$18,885,780.98.
- The district had \$19,243,742.53 in expenses related to governmental activities; only \$5,753,022.66 was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$13,118,764.65 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$14,455,097.43 in revenues and \$14,601,548.11 in expenditures. The General Fund's fund balance decreased \$145,418.68 from the June 30, 2015 fund balance. The Capital Projects Fund had no activity in the current year, therefore there was no change in the fund balance amount of \$46,438.75 from the prior year. The Debt Service Fund's fund balance remained relatively the same based on the current years' revenues and expenditures.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements and notes to those statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole and present a longer-term view on the District's finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operation in more detail than the government-wide statements by providing information about the District's most financially significant funds.

### Government-Wide Financial Statements

#### The Statement of Net Position and the Statement of Activities

One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net position* and changes in them. You can think of the District's net position, the difference between assets and liabilities, as one way to measure the District's financial health, or *financial position*. Over time, *increases* or *decreases* in the District's net position are one indicator whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's property tax base, and the condition of the District's capital assets to assess the overall *health* of the District.

In the Statement of Net Position and the Statement of Activities, we divide the District into two kinds of activities:

- **Governmental Activities:** Most of the district's basic programs and services are reported here, including general administration. Local taxes, tuition and state and federal aid finance most of these activities.
- **Business-Type Activities:** These services are provided on a charge for goods or services basis to recover the cost of the goods and services provided. The District's food service program is reported as a business-type activity.

## **Reporting the District's Most Significant Funds**

### **Fund Financial Statements**

The fund financial statements provide detailed information about the most significant funds-not the District as a whole. Some funds are required to be established by State law. The District's two kinds of funds, governmental and proprietary, use different accounting approaches.

*Governmental funds:* most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual accounting*, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed *short-term view* of the District's general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources than can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

*Proprietary funds:* when the District charges customers for the full cost of the services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the District's enterprise funds (a component of business type funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

### **The District as Trustee**

#### **Reporting the District's Fiduciary Responsibilities**

The district is the trustee, or *fiduciary*, for the Unemployment Compensation Trust, Scholarship Funds and Agency Funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**Notes to the Basic Financial Statements:** The notes provided additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information:** The combining statements referred to earlier in connection with governmental funds and enterprise funds are presented immediately following the notes to the basic financial statements.

Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**Major Features of Ho-Ho-Kus School District's  
Government-Wide and Fund Financial Statements  
(Figure A-1)**

	Government wide Statements	Fund 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 food service and student activities	Activities the District operates similar to private businesses; N/A	Instances in which the District is the trustee or agent for someone else's resources, such as payroll agency and student activities.
Required financial statements	Statement of net position  Statement of activities	Balance sheet  Statement of revenues, expenditures, and changes in fund balance	Statement of net position  Statement of revenues, expenses, and changes in net position  Statement of cash flows	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 resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, deferred outflows and inflows, and liabilities, both financial and capital, and short-term and long term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included.	All assets and liabilities, both financial and capital, and short-term and long-term.	All assets and liabilities, both short-term and long- term.
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses, regardless of when cash is received or paid.	All revenues and expenses during the year, regardless of when cash is received or paid.



## Financial Analysis of the District as a Whole

The District's *combined* net position changed from a year ago, *decreasing* from \$5.449 million to \$5.063 million. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the District's governmental and business-type activities as of June 30.

**Table 1**

### Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Current and Other Assets	\$ 1,905,134.61	\$ 2,143,268.39	\$ 9,368.67	\$ 22,197.27	\$ 1,914,503.28	\$ 2,165,465.66
Capital Assets	<u>14,129,457.34</u>	<u>14,458,318.34</u>	<u>6,352.55</u>	<u>7,554.59</u>	<u>14,135,809.89</u>	<u>14,465,872.93</u>
Total Assets	<u>16,034,591.95</u>	<u>16,601,586.73</u>	<u>15,721.22</u>	<u>29,751.86</u>	<u>16,050,313.17</u>	<u>16,631,338.59</u>
Deferred Outflows of Resources	<u>839,588.40</u>	<u>425,250.97</u>			<u>839,588.40</u>	<u>425,250.97</u>
Long-term Debt Outstanding	8,405,746.60	8,914,749.89			8,405,746.60	8,914,749.89
Other Liabilities	<u>3,155,542.15</u>	<u>2,561,455.99</u>	-	-	<u>3,155,542.15</u>	<u>2,561,455.99</u>
Total Liabilities	<u>11,561,288.75</u>	<u>11,476,205.88</u>	<u>-</u>	<u>-</u>	<u>11,561,288.75</u>	<u>11,476,205.88</u>
Deferred Inflows of Resources	<u>265,215.00</u>	<u>131,000.00</u>	<u>-</u>	<u>-</u>	<u>265,215.00</u>	<u>131,000.00</u>
Net Position:						
Net Investment in Capital Assets	6,128,349.14	5,939,954.42	6,352.55	7,554.59	6,134,701.69	5,947,509.01
Restricted	1,381,646.18	1,493,158.00			1,381,646.18	1,493,158.00
Unrestricted (deficit)	<u>(2,462,318.72)</u>	<u>(2,013,480.60)</u>	<u>9,368.67</u>	<u>22,197.27</u>	<u>(2,452,950.05)</u>	<u>(1,991,283.33)</u>
Total Net Position	<u>\$ 5,047,676.60</u>	<u>\$ 5,419,631.82</u>	<u>\$ 15,721.22</u>	<u>\$ 29,751.86</u>	<u>\$ 5,063,397.82</u>	<u>\$ 5,449,383.68</u>

- Net position of the District's governmental activities decreased by 6.86 percent.
- Unrestricted net position, the part of net position that can be used to finance day-to-day operation without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased \$448,838.12.
- Restricted net position, those restricted mainly for capital projects decreased by \$111,511.82.
- The net investment in capital assets category increased by \$188,394.72.

**Table 2**

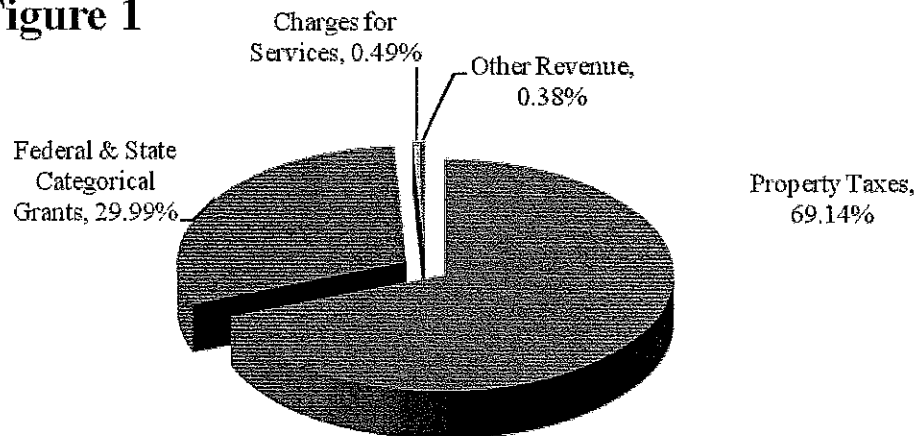
**Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
<u>Revenues</u>						
Program Revenues:						
Charges for Services	\$ 93,100.00	\$ 95,700.00	\$ 8,730.00	\$ 11,070.00	\$ 101,830.00	\$ 106,770.00
Operating Grants and Contributions	5,659,922.66	3,208,197.34	5,181.80	6,985.79	5,665,104.46	3,215,183.13
General Revenues:						
Property Taxes	13,048,124.74	12,672,881.24			13,048,124.74	12,672,881.24
Federal and State Aid	32,422.90	29,988.80			32,422.90	29,988.80
Interest and Investment Earnings	-	-	818.7	75.32	818.7	75.32
Other General Revenues	37,185.01	42,423.38	-	-	37,185.01	42,423.38
Special Item-Accounts Payable Canceled	1,032.00	-	-	-	1,032.00	-
Total Revenues:	<u>18,871,787.31</u>	<u>16,049,190.76</u>	<u>13,993.67</u>	<u>18,131.11</u>	<u>18,885,780.98</u>	<u>16,067,321.87</u>
<u>Program Expenses Including Indirect Expenses</u>						
Instruction:						
Regular	6,840,838.57	5,696,017.05			6,840,838.57	5,696,017.05
Special	1,364,789.52	1,180,308.56			1,364,789.52	1,180,308.56
Other Instruction	515,884.02	267,608.56			515,884.02	267,608.56
Support Services:						
Tuition	4,143,338.20	3,887,397.52			4,143,338.20	3,887,397.52
Student and Instruction Related Services	2,858,784.73	2,132,674.58			2,858,784.73	2,132,674.58
School Administrative Services	822,452.90	685,248.98			822,452.90	685,248.98
General and Business Administrative Services	893,974.11	640,520.74			893,974.11	640,520.74
Plant Operations and Maintenance	1,221,072.32	1,096,851.25			1,221,072.32	1,096,851.25
Pupil Transportation	290,549.76	250,026.01			290,549.76	250,026.01
Capital Outlay-Debt Service Assessment	29,837.00	29,837.00			29,837.00	29,837.00
Interest on Long-Term Debt	261,406.26	274,743.76			261,406.26	274,743.76
Debt Service-Other Charges	815.14	815.14			815.14	815.14
Business-Type Activities:						
Food Services	-	-	28,024.31	10,739.40	28,024.31	10,739.40
Total Expenses	<u>19,243,742.53</u>	<u>16,142,049.15</u>	<u>28,024.31</u>	<u>10,739.40</u>	<u>19,271,766.84</u>	<u>16,152,788.55</u>
Increase in Net Position	<u>(371,955.22)</u>	<u>(92,858.38)</u>	<u>(14,030.64)</u>	<u>7,391.71</u>	<u>(385,985.86)</u>	<u>(85,466.68)</u>
Net Position-Beginning 7/1	5,419,631.82	5,512,490.20	29,751.86	22,360.15	5,449,383.68	5,534,850.35
Net Position-Ending 6/30	<u>\$ 5,047,676.60</u>	<u>\$ 5,419,631.82</u>	<u>\$ 15,721.22</u>	<u>\$ 29,751.86</u>	<u>\$ 5,063,397.82</u>	<u>\$ 5,449,383.67</u>

## Governmental Activities

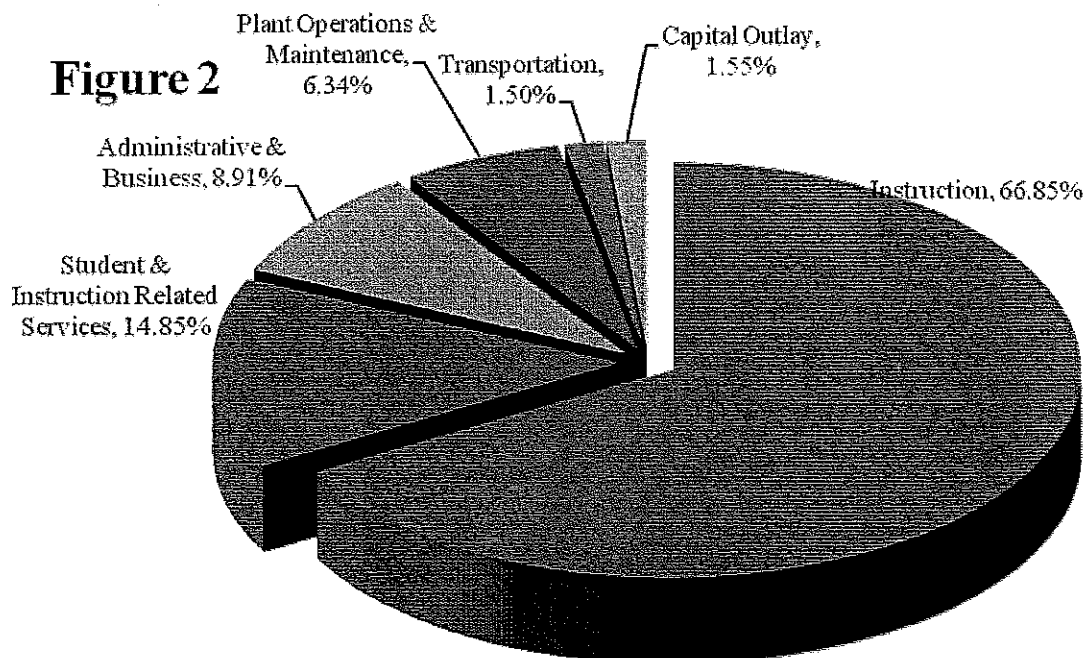
*Revenue Sources.* The District's total revenue for the 2015/2016 school year was \$18,871,787.31 (See Table 2). Property taxes accounted for most of the District's revenue, with local taxes accounting for \$13,048,124.74 of the total, or 69.14 percent (See Figure 1). State formula aid and categorical grants accounted for 29.99 percent and the remainder was from other miscellaneous sources. The Ho-Ho-Kus School District primarily conducts its operations from the revenue it receives from its local taxpayers.

**Figure 1**



The total cost of all programs and services was \$19,243,742.53. The District's expenses are predominantly related to instructing, caring for (pupil and instruction services) and transporting students (83.2 percent) (See Figure 2). The District's administrative and maintenance activities accounted for 15.25 percent of total costs. It is important to note that depreciation of \$381,467.00 is included in expenses for the year.

**Figure 2**



The practice of funding public schools primarily through property taxes in New Jersey creates the legal requirement to annually seek voter approval for the District operations. In NJ State Aid has remained relatively flat over the past few years; the burden of funding education in the District has fallen on property taxes. Therefore it is crucial that the District examine its expenditures carefully, since any proposed increase to the school district budget will be funded entirely through property taxes.

Table 3 presents the cost of the District's major activities. 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:

**Table 3**  
**Net Cost of Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2015-2016	2014-2015	2015-2016	2014-2015
Instruction	\$ 8,721,512.11	\$ 7,143,934.17	\$ 5,218,427.82	\$ 5,215,825.78
Tuition	4,143,338.20	3,887,397.52	3,809,063.05	3,567,362.48
Student and Instruction Services	2,858,784.73	2,132,674.58	1,994,315.13	1,767,655.22
Administrative and Business	1,716,427.01	1,325,769.72	1,222,082.70	1,094,188.39
Maintenance and Operations	1,221,072.32	1,096,851.25	979,106.47	966,357.49
Transportation	290,549.76	250,026.01	237,072.56	196,110.30
Other	292,058.40	305,395.90	30,652.14	30,652.14
	<u>\$ 19,243,742.53</u>	<u>\$ 16,142,049.15</u>	<u>\$ 13,490,719.87</u>	<u>\$ 12,838,151.80</u>

- The cost of all governmental activities this year was \$19.24 million.
- The federal and state governments subsidized certain programs with grants and contributions.
- Most of the District's costs, however, were financed by District taxpayers (\$13.04 million).
- A portion of governmental activities was financed with state aid based on the CEIFA formula.
- The remainder of governmental activities funding came from charges for services, local grants, investment earnings and miscellaneous revenue.

## THE DISTRICT'S FUNDS

The District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

*Governmental Funds:* The District's governmental fund is comprised of the general fund, special revenue fund, and capital projects fund and is accounted for using the modified accrual basis of accounting.

The focus of the District's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. The unrestricted fund balance is divided between assigned to and unassigned balances. The District has assigned portions of the unrestricted fund balance to earmark resources for the payment of certain government-wide liabilities that are not recognized in the governmental funds.

*General Fund:* The general fund is the main operating fund of the District. At the end of the current fiscal year, unassigned fund balance was \$372,004.67, while total fund balance was \$1,714,083.70.

As demonstrated by the various statements, the District maintains a sound financial position. The information below compares revenues for 2015-2016 and 2014-2015.

**Table 4**

<u>Revenues by Source:</u>	<u>2015-2016</u>	<u>2014-2015</u>	<u>% Change</u>
Local Tax Levy	\$ 13,240,289.00	\$ 12,878,324.00	2.81%
Tuition Charges	93,100.00	95,700.00	-2.72%
Miscellaneous	193,291.89	145,190.23	33.13%
Total - Local Sources	13,526,680.89	13,119,214.23	3.11%
State Sources	1,820,297.42	1,599,640.54	13.79%
Federal Sources	171,277.00	149,741.00	14.38%
Total Revenues	<u>\$ 15,518,255.31</u>	<u>\$ 14,868,595.77</u>	4.37%

The Miscellaneous Revenue category increased \$48,101.66 primarily due to an increase in local grant monies received.

## THE DISTRICT'S FUNDS (Continued)

### Governmental Activities (Continued)

The information below compares expenditures for 2015-2016 and 2014-2015:

**Table 5**

<u>Expenditures by Function:</u>	<u>2015-2016</u>	<u>2014-2015</u>	<u>% Change</u>
Current:			
Regular Instruction	\$ 3,324,429.11	\$ 3,529,975.94	-5.82%
Special Education	729,299.60	736,909.38	-1.03%
Other Instruction	304,646.44	249,630.89	22.04%
Support Services and Undistributed Costs:			
Tuition	4,143,338.20	3,887,397.52	6.58%
Student and Instruction Related Services	1,514,079.53	1,299,726.69	16.49%
School Administrative Services	500,215.02	465,268.33	7.51%
General and Business Administrative Services	545,526.92	524,781.76	3.95%
Plant Operations and Maintenance	738,535.61	765,751.30	-3.55%
Pupil Transportation	287,355.68	248,764.35	15.51%
Employee Benefits	2,759,062.88	2,610,354.73	5.70%
Capital Outlay	52,606.00	44,972.35	16.97%
Capital Outlay-Debt Service Assessment	29,837.00	29,837.00	0.00%
Debt Service:			
Principal	470,000.00	460,000.00	2.17%
Interest on Long-Term Debt	268,293.76	280,093.76	-4.21%
Total Expenditures	<u>\$ 15,667,225.75</u>	<u>\$ 15,133,464.00</u>	3.53%

The Other Instruction expenditures increased \$55,015.55, Student and Instruction Related Services increased \$214,352.84, and Transportation increased \$38,591.33 as a result of the needs of the students of the District.

All other fluctuations are within the normal range of plus or minus 10% and therefore further explanation is not provided.

## THE DISTRICT'S FUNDS (Continued)

### Business-type activities

The District's major Enterprise Fund consists of the Food Service Fund for its Special Milk Program. Revenues for the Special Milk (Food Service) Program were comprised of charges for services and federal and state reimbursements. Milk service expenses exceeded revenues by \$14,030.64. Charges for milk service represent \$8,730.00 of revenue; the amount paid by patrons for daily milk service. Federal and State reimbursements for milk, including payments for free milk were \$5,181.80.

The basic financial statements for the major funds are included in this report. Because the focus on business-type funds is a cost of service measurement or capital maintenance, we have included these funds in Table 6, which demonstrates return on ending assets and return on ending net position.

Table 6

	<u>Food Service</u>
Total Assets	15,721.22
Net Position	15,721.22
Change in Net Position	(14,030.64)
Return on Ending Total Assets	-89.25%
Return on Ending Net Position	-89.25%

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

Table 7

#### Capital Assets at Year-End (Net of Depreciation)

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Land	\$ 39,002.00	\$ 39,002.00	\$ -	\$ -	\$ 39,002.00	\$ 39,002.00
Land Improvements	238,360.00	238,360.00			238,360.00	238,360.00
Buildings	18,529,659.00	18,529,659.00			18,529,659.00	18,529,659.00
Machinery and Equipment	539,550.00	496,702.00	25,333.24	28,342.95	564,883.24	525,044.95
Construction-in-Progress	850,177.34	840,419.34	-	-	850,177.34	840,419.34
Subtotal	20,196,748.34	20,144,142.34	25,333.24	28,342.95	20,222,081.58	20,172,485.29
Accumulated Depreciation	(6,067,291.00)	(5,685,824.00)	(18,980.69)	(20,788.36)	(6,086,271.69)	(5,706,612.36)
Totals	<u>\$ 14,129,457.34</u>	<u>\$ 14,458,318.34</u>	<u>\$ 6,352.55</u>	<u>\$ 7,554.59</u>	<u>\$ 14,135,809.89</u>	<u>\$ 14,465,872.93</u>

This year's major additions in the Governmental Activities included a projector and a generator for the District.

More detailed information about the District capital assets is presented in the notes to the basic financial statements.

### DEBT

At year-end the District had total debt of \$8.9 million outstanding versus \$9.4 million last year -- a decrease of 5.77 percent -- as shown in Table 8.

#### Outstanding Debt, at Year-End

Table 8

	Governmental Activities	
	2016	2015
Serial Bonds	\$ 7,825,000.00	\$ 8,295,000.00
Unamortized Premium	252,509.10	273,551.53
Compensated Absences	164,205.00	134,095.00
Capital Leases	164,032.50	212,103.36
	<u>\$ 8,405,746.60</u>	<u>\$ 8,914,749.89</u>

The District continued to pay down its debt as scheduled, retiring \$470,000.00 of its outstanding serial bonds and paying its \$48,070.86 lease payment for the LED Lighting Retrofit Lease signed in 2013-2014.

An analysis of District Debt is presented in the notes to the basic financial statements.



## **BUDGETS**

The District's budget is prepared according to New Jersey Department of Education guidelines. The most significant budgetary fund is the General Fund. Revisions in the general fund budget were made through budget transfers to prevent over commitments in specific line item accounts. These transfers were made by a resolution of the Board of Education pursuant to N.J.S.A. 18A:22-8.1.

Described below are explanations for variations in expenditures for certain lines where the modified budgeted amounts differ from the original budget by significant amounts. All other fluctuations were considered immaterial and no explanations were deemed necessary.

### **Revenues**

There were no variations between the modified budget and the original budget for revenues.

### **Expenditures**

The modified budget for Health Benefits decreased \$124,862.00 due to over estimation of the increase in premiums.

Described below are explanations for variations in expenditures for certain lines where the modified budget amounts differ from the actual budget by significant amounts. All other fluctuations were considered immaterial and no explanations were deemed necessary.

### **Revenues**

Extraordinary Aid was more than the modified budget by \$134,072.00 as a result of this item being conservatively budgeted as \$0 due to the continued unstable state aid available and unpredictable conditions in the economy of the state.

### **Expenditures**

There were no significant variations in expenditures where the modified budget amounts differ from the actual budget by significant amounts.

## **FACTORS BEARING ON THE DISTRICT'S FUTURE**

In preparing the 2015-2016 budget, the primary goal of the Board was to develop a budget that would meet the District's educational priorities, provide accountability to the taxpaying community, and comply with the stringent restrictions placed on school district budgets by the new legislation. This legislation put a "2% cap" on the local tax levy; therefore, limiting the amount of funds a district can raise to support its budget. During the preparation of the 2015-2016 budget, the District continued to utilize banked cap, and plans to continue to utilize it in the future. The District generated banked cap from enrollment adjustments and health benefits adjustments.

The Board utilized \$541,700 of available fund balance, an increase of \$114,771 over the prior year, to support the 2015-16 current expense budget. This additional fund balance appropriated enabled the Board to prepare its 2015-2016 budget with a 2.0% total tax increase to the average homeowner. The 2015-2016 unrestricted fund balance will be limited to 2% of our expenditures as per the New Jersey Department of Education regulations. Thus, it will be important to prepare a budget that will closely reflect actual expenditures since the unrestricted fund balance will not permit much flexibility. Also, the availability of the same level of fund balance to support the 2016-17 budget will not likely be available.

Recognizing the inability to match the fund balance support in the 2016-17 budget, the board utilized banked cap in the amount of \$273,119 to meet desired programmatic levels.

A committee of district trustees met with the Northern Highlands Regional High School committee of trustees to negotiate a new ten year send/receive contract for the education of grade 9-12 Ho-Ho-Kus students. A new contract was agreed upon in June 2016 that will bring future increases in line with the 2% cap on the tax levy. The new contract will begin with the 2017-18 school year.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Dr. Joseph Amatuzzi, the Interim School Business Administrator, Ho-Ho-Kus School District located at 70 Lloyd Road, Ho-Ho-Kus, New Jersey 07423.

## **BASIC FINANCIAL STATEMENTS**

**SECTION A**  
**DISTRICT – WIDE FINANCIAL STATEMENTS**

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS  
Statement of Net Position  
June 30, 2016**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 874,118.02	\$ 8,813.87	\$ 882,931.89
Receivables, Net	174,075.70	554.80	174,630.50
Restricted Assets:			
Emergency Reserve-Cash	78,858.00		78,858.00
Maintenance Reserve-Cash	368,652.89		368,652.89
Capital Reserve Account - Cash	409,430.00		409,430.00
Capital Assets			
Land & Construction in Progress	889,179.34		889,179.34
Other Assets, Net of Accum. Depreciation	<u>13,240,278.00</u>	<u>6,352.55</u>	<u>13,246,630.55</u>
Total Assets	<u>16,034,591.95</u>	<u>15,721.22</u>	<u>16,050,313.17</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Deferred Outflows	599,155.00		599,155.00
Deferred Charge on Refunding of Debt	<u>240,433.40</u>		<u>240,433.40</u>
Total Deferred Outflows of Resources	<u>839,588.40</u>		<u>839,588.40</u>
<b>LIABILITIES</b>			
Accounts Payable	24,672.55	-	24,672.55
Bond Interest Payable	113,034.39		113,034.39
Unearned Revenue	119,939.21		119,939.21
Net Pension Liability	2,897,896.00		2,897,896.00
Noncurrent Liabilities:			
Due Within One Year	543,711.46		543,711.46
Due Beyond One Year	<u>7,862,035.14</u>	<u>-</u>	<u>7,862,035.14</u>
Total Liabilities	<u>11,561,288.75</u>	<u>-</u>	<u>11,561,288.75</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Deferred Inflows	<u>265,215.00</u>		<u>265,215.00</u>
Total Deferred Inflows of Resources	<u>265,215.00</u>		<u>265,215.00</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	6,128,349.14	6,352.55	6,134,701.69
Restricted for:			
Debt Service	0.40		0.40
Other Purposes	1,381,645.78		1,381,645.78
Unrestricted	<u>(2,462,318.72)</u>	<u>9,368.67</u>	<u>(2,452,950.05)</u>
Total Net Position	<u>\$ 5,047,676.60</u>	<u>\$ 15,721.22</u>	<u>\$ 5,063,397.82</u>

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

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS**  
Statement of Activities  
For the Year Ended June 30, 2016

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 6,840,838.57	\$ 93,100.00	\$ 2,400,872.00	\$ -	\$ (4,346,866.57)	\$ -	\$ (4,346,866.57)
Special Education	1,364,789.52		759,988.49		(604,801.03)		(604,801.03)
Other Instruction	515,884.02		249,123.80		(266,760.22)		(266,760.22)
Support Services:							
Tuition	4,143,338.20		334,275.15		(3,809,063.05)		(3,809,063.05)
Student and Instruction Related Services	2,858,784.73		864,469.60		(1,994,315.13)		(1,994,315.13)
School Administrative Services	822,452.90		220,341.42		(602,111.48)		(602,111.48)
General and Business Administrative Services	893,974.11		274,002.89		(619,971.22)		(619,971.22)
Plant Operations and Maintenance	1,221,072.32		241,965.85		(979,106.47)		(979,106.47)
Pupil Transportation	290,549.76		53,477.20		(237,072.56)		(237,072.56)
Debt Assessment	29,837.00				(29,837.00)		(29,837.00)
Debt Service-Other Charges	815.14				(815.14)		(815.14)
Interest on Long-Term Debt	261,406.26	-	261,406.26		-		-
Total Governmental Activities	19,243,742.53	93,100.00	5,659,922.66	-	(13,490,719.87)	-	(13,490,719.87)
Business-Type Activities:							
Food Service	28,024.31	8,730.00	5,181.80			(14,112.51)	(14,112.51)
Total Business-Type Activities	28,024.31	8,730.00	5,181.80	-	-	(14,112.51)	(14,112.51)
Total Primary Government	\$ 19,271,766.84	\$ 101,830.00	\$ 5,665,104.46	\$ -	\$ (13,490,719.87)	\$ (14,112.51)	\$ (13,504,832.38)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes							
Property Taxes, Levied for Debt Service Principal							
Federal and State Aid Not Restricted							
Investment Earnings							
Miscellaneous Income							
Special Item - Accounts Payable Canceled							
Total General Revenues, Special Items, Extraordinary Items and Transfers							
Change in Net Position							
Net Position—Beginning							
Net Position—Ending							

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

**SECTION B**  
**FUND FINANCIAL STATEMENTS**

## **GOVERNMENTAL FUNDS**



BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS  
Balance Sheet  
Governmental Funds  
June 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 766,228.41	\$ 107,889.21	\$ -	\$ 0.40	\$ 874,118.02
Interfunds Receivable	33,605.53		73,726.75		107,332.28
Receivables from Other Governments	154,818.17				154,818.17
Other	800.00	12,140.00			12,940.00
Restricted Cash and Cash Equivalents	<u>856,940.89</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>856,940.89</u>
Total Assets	<u>\$ 1,812,393.00</u>	<u>\$ 120,029.21</u>	<u>\$ 73,726.75</u>	<u>\$ 0.40</u>	<u>\$ 2,006,149.36</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	\$ 24,582.55	\$ 90.00	\$ -	\$ -	\$ 24,672.55
Interfunds Payable	73,726.75		27,288.00		101,014.75
Deferred Revenue - Local	<u>-</u>	<u>119,939.21</u>	<u>-</u>	<u>-</u>	<u>119,939.21</u>
Total Liabilities	<u>98,309.30</u>	<u>120,029.21</u>	<u>27,288.00</u>	<u>-</u>	<u>245,626.51</u>
Fund Balances:					
Restricted for:					
Excess Surplus- Current Year	173,189.14				173,189.14
Excess Surplus- Designated for Subsequent Year's Expenditures	208,866.20				208,866.20
Emergency Reserve	78,858.00				78,858.00
Capital Reserve Account	368,652.89				368,652.89
Maintenance Reserve	409,430.00				409,430.00
Assigned to:					
Encumbrances	6,872.00		5,172.40		12,044.40
Debt Service Fund				0.40	0.40
Designated for Subsequent Year's Expenditures	96,210.80				96,210.80
Capital Projects Fund			41,266.35		41,266.35
Unassigned:					
General Fund	<u>372,004.67</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>372,004.67</u>
Total Fund Balances	<u>1,714,083.70</u>	<u>-</u>	<u>46,438.75</u>	<u>0.40</u>	<u>1,760,522.85</u>
Total Liabilities and Fund Balances	<u>\$ 1,812,393.00</u>	<u>\$ 120,029.21</u>	<u>\$ 73,726.75</u>	<u>\$ 0.40</u>	

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

The District has financed capital assets through the issuance of serial bonds. The adjustment to net position for the accrual of interest expense is. (113,034.39)

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$20,196,748.34 and the accumulated depreciation is \$6,067,291.00 14,129,457.34

Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. 599,155.00

Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements. (265,215.00)

Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (2,897,896.00)

Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt. The unamortized portion of the Deferred Charges on Refunding of Debt is \$240,433.40. 240,433.40

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (8,405,746.60)

Net Position of Governmental Activities \$ 5,047,676.60

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

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS**  
**Statement of Revenues, Expenditures, And Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local Sources:					
Local Tax Levy	\$ 12,573,757.00	\$ -	\$ -	\$ 666,532.00	\$ 13,240,289.00
Tuition Charges	93,100.00				93,100.00
Miscellaneous	37,185.01	156,106.88	-	-	193,291.89
Total - Local Sources	12,704,042.01	156,106.88	-	666,532.00	13,526,680.89
State Sources	1,751,055.42	-		69,242.00	1,820,297.42
Federal Sources	-	171,277.00	-	-	171,277.00
Total Revenues	14,455,097.43	327,383.88	-	735,774.00	15,518,255.31
<b>EXPENDITURES</b>					
Current:					
Regular Instruction	3,306,194.11	18,235.00			3,324,429.11
Special Education Instruction	585,649.60	143,650.00			729,299.60
Other Instruction	201,492.56	103,153.88			304,646.44
Support Services and Undistributed Costs:					
Tuition	4,143,338.20				4,143,338.20
Student and Instruction Related Services	1,459,919.53	54,160.00			1,514,079.53
School Administrative Services	500,215.02				500,215.02
General and Business Administrative Services	545,526.92				545,526.92
Plant Operations and Maintenance	738,535.61				738,535.61
Pupil Transportation	287,355.68				287,355.68
Unallocated Benefits	2,757,830.88	1,232.00			2,759,062.88
Capital Outlay	45,653.00	6,953.00	-		52,606.00
Capital Outlay-Debt Assessment	29,837.00				29,837.00
Debt Service:					
Principal				470,000.00	470,000.00
Interest and Other Charges	-	-	-	268,293.76	268,293.76
Total Expenditures	14,601,548.11	327,383.88	-	738,293.76	15,667,225.75
Excess (Deficiency) of Revenues over Expenditures	(146,450.68)	-	-	(2,519.76)	(148,970.44)
<b>OTHER FINANCING SOURCES AND (USES)</b>					
Accounts Payable Canceled (non-budgeted)	1,032.00	-	-	-	1,032.00
Total Other Financing Sources and (Uses)	1,032.00	-	-	-	1,032.00
Net Change in Fund Balances	(145,418.68)	-	-	(2,519.76)	(147,938.44)
Fund Balance—July 1	1,859,502.38	-	46,438.75	2,520.16	1,908,461.29
Fund Balance—June 30	\$ 1,714,083.70	\$ -	\$ 46,438.75	\$ 0.40	\$ 1,760,522.85

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

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS  
Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2016**

**Total net change in fund balances - governmental funds (from B-2)** **\$ (147,938.44)**

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

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

Depreciation Expense	\$ (381,467.00)	
Capital Outlays	<u>52,606.00</u>	(328,861.00)

Repayment of bond principal 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.

Bonds Payable	470,000.00	
Capital Leases Payable	<u>48,070.86</u>	518,070.86

Governmental Funds report effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Amortization of Deferred Charge on Refunding	\$ (16,682.72)	
Amortization of Bond Issuance Costs	(5,174.85)	
Amortization of Bond Premium	<u>21,042.43</u>	(815.14)

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The difference in accrued interest is an addition in the reconciliation. (+)

Interest Paid	268,293.76	
Interest Accrued	<u>(261,406.26)</u>	6,887.50

Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period.

(389,189.00)

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations and unused sick pay) 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 in the reconciliation (+).

(30,110.00)

**Change in Net Position of Governmental Activities**

**\$ (371,955.22)**

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

## **PROPRIETARY FUNDS**

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS  
Statement of Net Position  
Proprietary Funds  
June 30, 2016**

	<b>Business-Type Activities - Enterprise Funds</b>	
	<b><u>Food Service</u></b>	<b><u>Totals</u></b>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 8,813.87	\$ 8,813.87
Accounts Receivable		-
Federal Program	<u>554.80</u>	<u>554.80</u>
Total Current Assets	<u>9,368.67</u>	<u>9,368.67</u>
Noncurrent Assets:		
Restricted Cash and Cash Equivalents		-
Furniture, Machinery and Equipment	25,333.24	25,333.24
Less Accumulated Depreciation	<u>(18,980.69)</u>	<u>(18,980.69)</u>
Total Noncurrent Assets	<u>6,352.55</u>	<u>6,352.55</u>
Total Assets	<u>15,721.22</u>	<u>15,721.22</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	6,352.55	6,352.55
Unrestricted	<u>9,368.67</u>	<u>9,368.67</u>
Total Net Position	<u>\$ 15,721.22</u>	<u>\$ 15,721.22</u>

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

**BOARD OF EDUCATION**  
**BOROUGH OF HO-HO-KUS**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2016**

	<b>Business-Type Activities - Enterprise Funds</b>	
	<b><u>Food Service</u></b>	<b><u>Totals</u></b>
<b>Operating Revenues:</b>		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ 8,730.00	\$ 8,730.00
Total Operating Revenues	<u>8,730.00</u>	<u>8,730.00</u>
<b>Operating Expenses:</b>		
Cost of Sales	7,500.36	7,500.36
Salaries	19,274.00	19,274.00
General Supplies	47.91	47.91
Depreciation	<u>1,202.04</u>	<u>1,202.04</u>
Total Operating Expenses	<u>28,024.31</u>	<u>28,024.31</u>
Operating (Loss)	<u>(19,294.31)</u>	<u>(19,294.31)</u>
<b>Nonoperating Revenues (Expenses):</b>		
Federal Sources:		
Special Milk Program	5,181.80	5,181.80
Interest and Investment Revenue	<u>81.87</u>	<u>81.87</u>
Total Nonoperating Revenues (Expenses)	<u>5,263.67</u>	<u>5,263.67</u>
Income Before Contributions and Transfers	<u>(14,030.64)</u>	<u>(14,030.64)</u>
Change in Net Position	<u>(14,030.64)</u>	<u>(14,030.64)</u>
Total Net Position—Beginning	<u>29,751.86</u>	<u>29,751.86</u>
Total Net Position—Ending	<u>\$ 15,721.22</u>	<u>\$ 15,721.22</u>

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

**BOARD OF EDUCATION**  
**BOROUGH OF HO-HO-KUS**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2016**

	<b>Business-Type Activities - Enterprise Funds</b>	
	<b><u>Food Service</u></b>	<b><u>Totals</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers	\$ 8,730.00	\$ 8,730.00
Payments to Suppliers	<u>(26,822.27)</u>	<u>(26,822.27)</u>
Net Cash (Used for) Operating Activities	<u>(18,092.27)</u>	<u>(18,092.27)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Federal Sources	<u>6,499.43</u>	<u>6,499.43</u>
Net Cash Provided By Non-capital Financing Activities	<u>6,499.43</u>	<u>6,499.43</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest and Dividends	<u>81.87</u>	<u>81.87</u>
Net Cash Provided By Investing Activities	<u>81.87</u>	<u>81.87</u>
Net Increase in Cash and Cash Equivalents	(11,510.97)	(11,510.97)
Balances—Beginning of Year	<u>20,324.84</u>	<u>20,324.84</u>
Balances—End of Year	<u>\$ 8,813.87</u>	<u>\$ 8,813.87</u>
<b>Reconciliation of operating (loss) to net cash provided by (used for) operating activities:</b>		
Operating (Loss)	\$ (19,294.31)	\$ (19,294.31)
Adjustments to Reconcile Operating (Loss) to Net Cash (Used for) Operating Activities:		
Depreciation and Net Amortization	<u>1,202.04</u>	<u>1,202.04</u>
Total Adjustments	<u>1,202.04</u>	<u>1,202.04</u>
Net Cash (Used for) Operating Activities	<u>\$ (18,092.27)</u>	<u>\$ (18,092.27)</u>

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

## **FIDUCIARY FUNDS**



**BOARD OF EDUCATION**  
**BOROUGH OF HO-HO-KUS**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2016**

	Unemployment Compensation <u>Trust</u>	Private Purpose Scholarship <u>Fund</u>	Agency <u>Fund</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 15,335.48	\$ 24,158.55	\$ 37,203.64
Total Assets	<u>\$ 15,335.48</u>	<u>\$ 24,158.55</u>	<u>\$ 37,203.64</u>
<b>LIABILITIES</b>			
Payable to District			6,317.53
Payable to Student Groups			30,469.07
Payroll Deductions and Withholdings	<u>-</u>	<u>-</u>	<u>417.04</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>\$ 37,203.64</u>
<b>NET POSITION</b>			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 15,335.48</u>		
Reserved for Scholarships		<u>\$ 24,158.55</u>	

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

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2016**

	Unemployment Compensation <u>Trust</u>	Private Purpose Scholarship <u>Fund</u>
<b>ADDITIONS</b>		
Contributions:		
Plan Member	\$ 10,575.02	\$ -
Other	-	1,300.00
Total Contributions	<u>10,575.02</u>	<u>1,300.00</u>
Investment Earnings:		
Interest	38.12	84.93
Net Investment Earnings	<u>38.12</u>	<u>84.93</u>
Total Additions	<u>10,613.14</u>	<u>1,384.93</u>
<b>DEDUCTIONS</b>		
Unemployment Claims	3,177.50	
Scholarships Awarded	-	1,000.00
Total Deductions	<u>3,177.50</u>	<u>1,000.00</u>
Change in Net Position	<u>7,435.64</u>	<u>384.93</u>
Net Position—Beginning	<u>7,899.84</u>	<u>23,773.62</u>
Net Position—Ending	<u>\$ 15,335.48</u>	<u>\$ 24,158.55</u>

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

## **NOTES TO BASIC FINANCIAL STATEMENTS**

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

Note I: Summary of Significant Accounting Policies

A. Basis of Presentation

The financial statements of the Board of Education (Board) of the Borough of Ho-Ho-Kus School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB). The more significant accounting policies established in GAAP and used by the District are discussed below.

B. Reporting Entity

The Borough of Ho-Ho-Kus School District 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. Oversight responsibility includes financial interdependency, 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 Ho-Ho-Kus, New Jersey. 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.

C. Basic Financial Statements- Government-Wide Statements

The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, 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.

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016  
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

C. Basic Financial Statements- Government-Wide Statements (Continued)

Program revenues include (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. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. 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.

D. Basic Financial Statements- Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the District:

Governmental Fund Types

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

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

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

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

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

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016  
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

D. Basic Financial Statements- Fund Financial Statements (Continued)

Governmental Fund Types (Continued)

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specially authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

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

Proprietary Fund Type

The focus of Proprietary Fund measurement is upon determination of net income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District:

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

Governments should establish a policy that defines operating revenues and expenses that is appropriate to the nature of the activity being reported, and use it consistently from period to period. Transactions for which cash flows are reported as capital and related financing activities, non capital financing activities, or investing activities normally would not be reported as components of operating income.

The District's Enterprise Fund are comprised of the Food Service Fund operations.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Food Service Fund:	
Equipment	12 Years
Light Trucks and Vehicle	4 Years
Heavy Trucks and Vehicle	6 Years

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016  
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

D. Basic Financial Statements- Fund Financial Statements (Continued)

In its accounting and financial reporting, the District follows the pronouncements of the GASB and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's business-type activities and enterprise funds have elected not to apply the standards issued by the FASB after November 30, 1989.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements, however, interfund services provided and used are not eliminated in the process of consolidation.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District enterprise funds are charges for daily sales of food, special functions and miscellaneous receipts. Operating expenses for proprietary funds include the cost of sales, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary Fund Types

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expense of either fund category or the governmental and enterprise combined) for the determination of major funds.. The nonmajor funds are combined in a column in the fund financial statements.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (Unemployment Compensation, and Agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016  
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

D. Basic Financial Statements- Fund Financial Statements (Continued)

Fiduciary Fund Types (Continued)

Trust Funds: The unemployment compensation fund is used to account for contributions from the District and employees and interest earned on the balance as well as payments to the State for reimbursement of unemployment claims. Although there is no formal trust agreement, The State of New Jersey requires school districts to include the unemployment compensation trust as a private-purpose trust fund in the fiduciary fund. The principal and income deposited into this fund are for the sole benefit of specific individuals or former employees. The management of the District is not involved in determining the amounts current employees contribute to the fund or amounts paid out by the fund. That determination is made by the State of New Jersey. The Unemployment Compensation Fund is recorded as a trust fund because there is no debt issued related to unemployment compensation claims.

The private purpose scholarship fund is utilized to provide scholarships to students and to account for the related transactions.

Agency Funds (Payroll, Payroll Agency, Student Activity, and Athletic Funds): The agency funds are used to account for the assets that the District holds on behalf of others as their agent. These are custodial in nature and do not involve measurement of results of operations.

In accordance with GASB Statement 34, fiduciary funds are not included in the government-wide financial statements.

E. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include state and federal aid, property taxes, grants entitlements and donations.

Government funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. 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. General 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.

Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".



BOARD OF EDUCATION  
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NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016  
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

E. Measurement Focus and Basis of Accounting (Continued)

Upon the filing of certified adopted budgets by the School District and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current calendar year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding year, are based upon one-half of the current year's total tax.

F. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. 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 must be approved by School Board resolution. There was an appropriation of \$99,870.00 of additional fund balance made during the year ended June 30, 2016. Appropriation of prior year encumbrances in the amount of \$88,047.97, were made during the year ended June 30, 2016. The significant budget transfers and amendments approved in the school year are presented on Exhibit C-1. For the year ended June 30, 2016, there were no expenditures that exceeded appropriations in the General Fund.

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 legally mandated revenue recognition of the last state aid payment for budgetary purposes only and 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 revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016  
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

F. Budgets/Budgetary Control (Continued)

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

The special revenue fund had \$0.00 in encumbrances at June 30, 2016. Open encumbrances in the special revenue fund are reflected in the balance sheet as deferred revenues at fiscal year end.

The reconciliation of the general and special revenue funds from the budgetary basis of accounting to the GAAP basis of accounting is presented on Note A in the Required Supplementary Information Section.

The Capital Projects Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of SDA grants receivable. SDA grants are recognized on the budgetary basis in full when they are awarded but are recognized on the GAAP basis as they are expended and requested for reimbursement

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position and Fund Equity

1. Deposits and Investments

Deposits are cash and cash equivalents including petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Other than Certificates of Deposit, deposits with maturities of greater than three months are considered to be Investments. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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

Additionally, the 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.

2. Short – term Interfund Receivables/Payables

Short – term interfund receivables/payables represents 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.

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016  
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

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

3. Receivables from other Governments

The following is an analysis of receivables from Federal and State Governments (See Schedule of Expenditures of Federal and State Financial Assistance, Schedule A and B for Analysis):

- A. Fund 10-State Aid-\$190,142.17
- B. Fund 30 -NJ EDA-\$56,731.30
- C. Fund 60- Child Nutrition-\$554.80

4. Inventories

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method.

5. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on the following assets is provided on the straight – line basis over the following estimated useful lives:

Buildings	20-50 years
Machinery and Equipment	5-10 years
Land Improvements	10-20 years
Other Infrastructure	10-50 years

Land and Construction in Progress are not depreciated.

GASB No. 34 requires the District to report and depreciate new infrastructure assets effective with the beginning of the current year. Infrastructure assets include roads, parking lots, underground pipe, etc.. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The District has included all infrastructure assets in the current fiscal year

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016  
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

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

6. Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The government only has one item that qualifies for reporting in this category. It is deferred charge on refunding of debt which results from the loss of debt refunding reported in the government-wide statement of net position. A deferred charge on debt refunding results from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. This amount is amortized over the shorter of the life of the refunded or refunding debt.

7. Compensated Absences

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

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government – wide presentations. (See Note VIII)

8. Unearned Revenue

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

9. Long – term Obligations

Long – term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long – term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government – wide presentations.

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016  
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

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

10. Fund Equity

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

11. Use of Estimates

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

12. Net Position/Fund Balance

The District implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, during the prior fiscal year. This statement defined net position as the residual of all other elements presented in statement of financial position. It is the difference between (1) assets and deferred outflows of resources and (2) liabilities and deferred inflows of resources. This Statement provided guidance for reporting net position within a framework that includes deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities.

In the Government-Wide Statements, there are three classes of net position:

Net Investment in Capital Assets-Consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets or related debt also should be included.

Restricted Net Position- reports net position when constraints placed on the residual amount of noncapital assets are either imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position- any portion of net position not already classified as either net investment in capital assets or net position-restricted.

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016  
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

H. Fund Balance Reserves

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable-includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted- includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

- Reserved Excess Surplus-Designated for Subsequent Year's Expenditures- this restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2015 audited excess surplus that was appropriated in the 2016/2017 original budget certified for taxes. The District has \$208,866.20 restricted for this purpose at June 30, 2016.
- Reserved Excess Surplus- this restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2016 audited excess surplus that is required to be appropriated in the 2017/2018 original budget certified for taxes. The District has \$173,189.14 restricted for current year excess surplus at June 30, 2016.
- Capital Reserve- This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures. The District has \$368,652.89 restricted in the Capital Reserve Account at June 30, 2016.
- Maintenance Reserve- The maintenance reserve account is used to accumulate funds for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A.18A:7G-9) as amended by P.L. 2004, c. 73 (S1701). The District has \$409,430.00 restricted in the Maintenance Reserve Account at June 30, 2016.
- Emergency Reserve: . N.J.S.A. 18A:7F-41c(1), effective for years beginning July 1, 2007, provides that districts may establish a current expense emergency reserve account and appropriate funds in the district's annual budget or through a transfer by board resolution at year end of any unanticipated revenue and unexpended line-item appropriation amounts. The emergency reserve account has \$78,858.00 restricted at June 30, 2016.
- Capital Projects- Represents Fund Balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund. The Capital Projects Fund has \$41,266.35 restricted at June 30, 2016.
- Debt Service- Represents fund balance restricted specifically for the repayment of long-term debt principal and interest in the Debt Service Fund. The Debt Service Fund has \$0.40 restricted at June 30, 2016.

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016  
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

H. Fund Balance Reserves (Continued)

Committed- includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.

Assigned- includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Intent is expressed by either the Board of Business Administrator, to whom the Board has delegated the authority to assign amounts to be used for specific purposes.

- Year-End Encumbrances- Represents outstanding purchase orders for goods or service approved by management for specific purposes from available resources of the current year for which the goods and services have not yet been received or rendered at June 30. The District has \$12,044.40 assigned for this purpose at June 30, 2016.
- Designated for Subsequent Year's Expenditures- This designation was created to dedicate the portion of fund balance appropriated in the adopted 2016/2017 District Budget certified for taxes. The District has \$96,210.80 assigned for this purpose at June 30, 2016.

Unassigned- includes amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

I. Recent Accounting Pronouncements

During fiscal year 2016, the District adopted the following GASB statements:

GASB 72, "*Fair Value Measurement and Application*", will be effective beginning with the fiscal year ending June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016  
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

I. Recent Accounting Pronouncements (Continued)

During fiscal year 2016, the District adopted the following GASB statements (Continued):

GASB 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", will be effective beginning with the fiscal year ending June 30, 2016. The objective of this Statement is to identify- in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

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

GASB 73, "Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68", will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.

GASB 74, "Financial Reporting for Postemployment Benefit Plans Other than Pension Plans", will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

GASB 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

GASB 82, "Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to address certain issues that have been raised with respect to the aforementioned Statements and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.



BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016  
(CONTINUED)

Note II: Detailed Disclosure Regarding Assets and Revenues

A. Deposits and Investments

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (FDIC), the Savings Association Insurance Fund, or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

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

At June 30, 2016, the Borough of Ho-Ho-Kus School District's cash and cash equivalents amounted to \$1,951,006.55. Of this amount, \$250,000.00 was covered by federal depository insurance (F.D.I.C.) and \$1,701,006.55 was covered by a collateral pool maintained by the banks as required by GUDPA.

At June 30, 2016 the Borough of Ho-Ho-Kus School District had no participation in the State of New Jersey Cash Management Fund.

Pursuant to GASB Statement No. 40, *Deposit and Investment Risk Disclosures* ("GASB 40"), the District's operating cash accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the District would not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by a pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name.

As of June 30, 2016, none of the Borough of Ho-Ho-Kus School District's cash and cash equivalents of \$1,951,006.55 was exposed to custodial credit risk.

The District does not have a policy for the management of custodial credit risk, except as noted above, other than depositing all of its funds in banks covered by GUDPA. At least five percent of the District's deposits were fully collateralized by funds held by the financial institution, but not in the name of the District. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016  
(CONTINUED)

Note II: Detailed Disclosure Regarding Assets and Revenues (Continued)

A. Deposits and Investments (Continued)

Investments

New Jersey statutes (N.J.S.A. 18A:20-37) permit the Borough of Ho-Ho-Kus School District to purchase the following types of securities:

a. When authorized by resolution adopted by a majority vote of all its members the board of education of any school district may use moneys which may be in hand for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the school district;

(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 of the school district or bonds or other obligations of local unit or units within which the school district is located;

(5) 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 school district;

(6) Local government investment pools;

(7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4) or

(8) Agreements for the repurchase of fully collateralized securities, if:

(a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a;

(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 section 1 of P.L. 1970, c.236 (C.17:9-41) and for which a master repurchase agreement providing for the custody and security of collateral is executed.

Credit Risk: The District does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosures be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The District did not have any investments at June 30, 2016.

Interest Rate Risk: The District does not have a formal policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District did not have any investments at June 30, 2016.

Concentration of Credit Risk: The District places no limit on the amount the District may invest in any one issuer. The District did not have any investments at June 30, 2016.

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016  
(CONTINUED)

Note II: Detailed Disclosure Regarding Assets and Revenues (Continued)

B. Interfund Receivables and Payables

As of June 30, 2016, interfund receivables and payables resulting from various interfund transactions were as follows:

	Due from Other <u>Funds</u>	Due to <u>Other Funds</u>
General Fund	\$33,605.53	\$ 73,726.75
Capital Projects Fund	73,726.75	27,288.00
Trust and Agency Fund	<u>0.00</u>	<u>6,317.53</u>
	<u>\$107,332.28</u>	<u>\$107,332.28</u>

The interfund balance at June 30, 2016 represents \$6,317.53 interest earned in the Payroll and Payroll Agency Accounts and due to the General Fund, \$27,288.00 is a cash advance to the Capital Projects Fund and \$73,726.75 is the balance due of the 2012 budgeted amount for Transfer to Capital Projects Fund.

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BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016  
(CONTINUED)

Note II: Detailed Disclosure Regarding Assets and Revenues (Continued)

C. Capital Assets

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirement</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 39,002.00	\$ -	\$ -	\$ 39,002.00
Land Improvements				-
Construction in Progress	840,419.34	9,758.00	-	850,177.34
Total Capital Assets Not Being Depreciated	879,421.34	9,758.00	-	889,179.34
Land Improvements	238,360.00			238,360.00
Buildings and Improvements	18,529,659.00	-		18,529,659.00
Machinery and Equipment	496,702.00	42,848.00	-	539,550.00
Totals at Historical Cost	19,264,721.00	42,848.00	-	19,307,569.00
Less Accumulated Depreciation for:				
Land Improvements	(238,360.00)	-		(238,360.00)
Buildings and Improvements	(5,014,639.00)	(356,807.00)		(5,371,446.00)
Machinery and Equipment	(432,825.00)	(24,660.00)	-	(457,485.00)
Total Accumulated Depreciation	(5,685,824.00)	(381,467.00) (1)	-	(6,067,291.00)
Net Capital Assets Being Depreciated	13,578,897.00	(338,619.00)	-	13,240,278.00
Governmental Activities Capital Assets, Net	\$ 14,458,318.34	\$ (328,861.00)	\$ -	\$ 14,129,457.34
Business - Type Activities:				
Equipment	\$ 28,342.95	\$ -	\$ (3,009.71)	\$ 25,333.24
Less Accumulated Depreciation	(20,788.37)	(1,202.03)	3,009.71	(18,980.69)
Business - Type Activities Capital Assets, Net	\$ 7,554.58	\$ (1,202.03)	\$ -	\$ 6,352.56

(1) Depreciation expense was charged to governmental functions as follows:

Instruction	51,589.31
Student and Instruction Related Services	180,028.91
Plant Operations and Maintenance	149,848.78
	<u>\$ 381,467.00</u>

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016  
(CONTINUED)

Note III: Detailed Disclosures Regarding Liabilities and Expenses/Expenditures

A. Operating Leases

The District has commitments to lease copiers and computer equipment under operating leases which will expire in 2017. Total operating lease payments made during the year ended June 30, 2015 were \$ 32,232.00.

<u>Year Ended</u>	<u>Amount</u>
June 30, 2017	\$ 16,116.00
Total future minimum lease payments	\$ 16,116.00

B. Long - Term Liabilities

Long - Term liability activity for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Long - Term Debt:					
Serial Bonds	\$ 8,295,000.00	\$ -	\$ (470,000.00) (1)	\$ 7,825,000.00	\$ 490,000.00
Unamortized Premium	273,551.53		(21,042.43)	252,509.10	-
Total Debt Payable	8,568,551.53	-	(491,042.43)	8,077,509.10	490,000.00
Other Liabilities:					
Compensated Absences	134,095.00	32,830.00	(2,720.00)	164,205.00	
Net Pension Liability	2,206,727.00	691,169.00		2,897,896.00	
Capital leases	212,103.36	-	(48,070.86)	164,032.50	53,711.46
Total Other Liabilities	2,552,925.36	723,999.00	(50,790.86) (2)	3,226,133.50	53,711.46
Governmental Activities					
Long - Term Liabilities	\$ 11,121,476.89	\$ 723,999.00	\$ (541,833.29)	\$ 11,303,642.60	\$ 543,711.46

(1) \$470, 000.00 School Bonds Paid by Debt Service Fund.

(2) Paid by General Fund

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016  
(CONTINUED)

Note III: Detailed Disclosure Regarding Liabilities and Expenses/Expenditures (Continued)

B. Long – Term Liabilities (Continued)

1. 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.

Serial Bonds outstanding as of June 30, 2016 consisted of the following:

<u>Description</u>	<u>Interest Rate</u>	<u>Due Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Additions and Renovations to Elementary School	Various	1/1	1/1/29	\$ 3,800,000.00	\$ 2,285,000.00
Additions and Renovations to Elementary School	Various	2/1	2/1/29	<u>6,585,000.00</u>	<u>5,540,000.00</u>
				<u>\$10,385,000.00</u>	<u>\$ 7,825,000.00</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 490,000.00	\$ 252,843.76	\$ 742,843.76
2018	505,000.00	236,743.76	741,743.76
2019	530,000.00	220,143.76	750,143.76
2020	545,000.00	202,743.76	747,743.76
2021	565,000.00	180,943.76	745,943.76
2022	590,000.00	158,343.76	748,343.76
2023	615,000.00	134,743.76	749,743.76
2024	630,000.00	118,393.76	748,393.76
2025	645,000.00	101,068.76	746,068.76
2026	670,000.00	82,743.76	752,743.76
2027	670,000.00	63,068.76	733,068.76
2028	685,000.00	43,068.76	728,068.76
2029	<u>685,000.00</u>	<u>21,862.50</u>	<u>706,862.50</u>
	<u>\$7,825,000.00</u>	<u>\$1,816,712.62</u>	<u>\$9,641,712.62</u>

2. Bonds Authorized But Not Issued

As of June 30, 2016 the Board had authorized but not issued bonds in the amount of \$656.00.

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016  
(CONTINUED)

Note III: Detailed Disclosure Regarding Liabilities and Expenses/Expenditures (Continued)

B. Long – Term Liabilities (Continued)

4. Refunding Bonds Payable

Refunding bonds in the amount of \$6,585,000.00 were issued on February 29, 2012. The purpose of the Bonds were to (i) advance refund all of the \$6,593,000.00 aggregate principal amount of School Bonds of the Board dated December 1, 2003 originally issued in the principal amount of \$9,113,000.00 maturing on or after February 1, 2014 through 2029 (the “Refunded Bonds”) and callable on or after February 1, 2013 (the “Redemption Date”) at 100% of par (the “Redemption Price”) plus unpaid accrued interest to the Redemption Date and (ii) pay the costs of issuance associated with the Bonds.

Note IV: Detailed Disclosure Regarding Fund Equity

A. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L.2004, C.73 (S1701), the designation for Reserved Fund Balance—Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years’ budget. The excess fund balance at June 30, 2016 is \$382,055.34. The reserved fund balance of \$208,866.20 has been appropriated in the fiscal year 2016-2017 and \$173,189.14 will be appropriated in the fiscal year 2017-2018.

B. Capital Reserve Account

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

Funds placed in the capital reserve account are restricted to capital projects in the district’s approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23-2.13 (g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016  
(CONTINUED)

Note IV: Detailed Disclosure Regarding Fund Equity (Continued)

B. Capital Reserve Account (Continued)

The activity of the capital reserve for the July 1, 2005 to June 30, 2016 fiscal years is as follows:

Beginning Balance, July 1, 2005	\$ 60,901.00
Budgeted Capital Reserve Increase	95,840.00
Budgeted Capital Reserve Increase	157,443.00
Withdrawal from Capital Reserve-Excess Costs	(256,000.00)
2009-2010 Transfer from Undesignated Fund Balance	150,000.00
Withdrawal from Capital Reserve-Excess Costs	(214,179.00)
2011-2012 Transfer from Undesignated Fund Balance	250,000.00
2012-2013 Transfer from Undesignated Fund Balance	100,000.00
Withdrawal from Capital Reserve-Excess Costs	( 65,000.00)
Withdrawal from Capital Reserve-Excess Costs	( 69,200.00)
2014-2015 Transfer from Undesignated Fund Balance	75,000.00
2015-2016 Transfer from Undesignated Fund Balance	75,000.00
Interest Earnings July 1, 2005 to June 30, 2016	<u>8,847.89</u>
Ending Balance June 30, 2016	<u>\$ 368,652.89</u>

The LRFP balance of local support costs of uncompleted capital projects at June 30, 2016 is \$3,168,516.00. The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the district's Long Range Facilities Plan.

C. Maintenance Reserve Account

New Jersey Statute 18A:7G-9 permits districts to accumulate funds for the required maintenance of a facility in accordance with the Educational Facilities Construction and Financing Act (EFCFA). The balance may only be increased through an appropriation in the annual general fund budget certified for taxes. Upon completion of a school facilities project, districts are required to submit a plan for the maintenance of that facility. As of June 30, 2016, the District has reserved \$409,430.00 for maintenance.

D. Emergency Reserve Account

The emergency reserve account is used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c(1) to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time is the greater of \$250,000 or 1 percent of the general fund budget not to exceed \$1 million. Deposits may be made by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. Withdrawals from the reserve require approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of 4 percent. As of June 30, 2016, the District has reserved \$78,858.00.



BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016  
(CONTINUED)

Note V: Pension Plans

Description of Systems

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the New Jersey Division of Pensions and Benefits. The Teachers' Pension and Annuity Fund retirement system is considered a cost sharing plan with special funding situations as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers. The PERS is considered a cost sharing multiple-employer defined benefit plan.

According to the state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement systems terminate. The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits issues a publicly available financial report that includes the financial statements and required supplementary information of each of the above systems. These reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-0295 or the reports can be accessed on the internet at [http://www.state.nj.us/treasury/pensions/annrpts\\_archive.html](http://www.state.nj.us/treasury/pensions/annrpts_archive.html).

Teachers' Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The TPAF is considered a cost-sharing multiple-employer plan with special funding situation, as under current statute, 100% of employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Summary of Significant Accounting Policies-

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 Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, the district (employer) is considered to be in special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the district (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflow or inflows to report in the financial statements of the district. However, the state's portion of the net pension liability that was associated with the district was \$24,933,296 as measured on June 30, 2014 and \$28,285,796 as measured on June 30, 2015.

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016  
(CONTINUED)

Note V: Pension Plans (Continued)

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

For the year ended June 30, 2016, the District recognized pension expense of \$1,727,102 and revenue of \$1,727,102 for support provided by the State. The measurement period for the pension expense and revenue reported in the district's financial statements (A-2) at June 30, 2016 is based upon changes in the collective net pension liability with a measurement period of June 30, 2015. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2014 and June 30, 2015.

Although the district does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the district. The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

	<u>6/30/15</u>	<u>6/30/14</u>
Collective Deferred Outflows of Resources	\$7,521,378,257	\$2,306,623,861
Collective Deferred Inflows of Resources	554,399,005	1,763,205,593
Collective Net Pension Liability (Nonemployer-State of NJ)	63,577,864,440	53,446,745,367
State's Portion of the Net Pension Liability that was associated with the District	28,285,796	24,933,296
State's Portion of the Net Pension Liability that was associated with the District as a percentage of the Collective Net Pension Liability	0.0447529819%	0.0466507276%

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of June 30, 2015. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.5%
Salary Increases	Varies based on experience
Investment Rate of Return	7.90%

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016  
(CONTINUED)

Note V: Pension Plans (Continued)

Actuarial Assumptions (Continued)

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year 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.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

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

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016  
(CONTINUED)

Note V: Pension Plans (Continued)

Discount Rate

The discount rate used to measure the State's 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 on the average of the last five years of employers' 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 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payment 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

Since the District has no proportionate share of the net pension liability because of the special funding situation, the district would not be sensitive to any changes in the discount rate. Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/pdf/financial/gasb68-tpaf16.pdf>

Pension Plan Fiduciary Net Position

Information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rpts-home.shtml>.

Public Employees' Retirement System (PERS)

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

Summary of Significant Accounting Policies-

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 PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016  
(CONTINUED)

Note V: Pension Plans (Continued)

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 \$2,897,896 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 to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013. The District's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2015 and 2014. At June 30, 2015, the District's proportion was 0.01291%, which was an increase of 0.00138% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$236,032. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$69,134.00	
Changes of Assumptions	311,211.00	
Net difference between Projected and Actual Earnings on Pension Plan Investments		\$82,114.00
Changes in proportion and differences between District Contributions and Proportionate Share of Contributions	218,810.00	183,101.00
District Contributions Subsequent to the Measurement Date	<u>0.00</u>	<u>0.00</u>
Total	<u>\$599,155.00</u>	<u>\$265,215.00</u>

The amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2016	\$54,293.06
2017	54,293.06
2018	54,293.06
2019	86,470.40
2020	<u>48,881.42</u>
Total	<u>\$298,231.00</u>

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016  
(CONTINUED)

Note V: Pension Plans (Continued)

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

	<u>6/30/15</u>	<u>6/30/14</u>
Collective Deferred Outflows of Resources	\$ 3,578,755,666.00	\$ 952,194,675.00
Collective Deferred Inflows of Resources	993,410,455.00	1,479,224,662.00
Collective Net Pension Liability (Non-State-Local Group)	22,447,996,119.00	18,722,735,003.00
District's Portion of Net Pension Liability	2,897,896.00	2,159,080.00
District's Proportion %	0.012909375%	0.011531862%

Actuarial Assumptions

The collective 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	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%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and 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 1 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, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

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BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016  
(CONTINUED)

Note V: Pension Plans (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments 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. Best estimates of arithmetic real rates of return for each major asset class included in PER's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	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 US 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	12.25%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

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 7.90%, 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 on 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.

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016  
(CONTINUED)

Note V: Pension Plans (Continued)

Sensitivity of the Districts Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability measured as of June 30, 2015, calculated using the discount rate of 4.90%, 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 (3.90%) or 1-percentage-point higher (5.90%) than the current rate:

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
District's proportionate share of the net pension liability	\$3,601,730.00	\$2,897,896.00	\$2,307,806.00

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rpts-home.shtml>.

Defined Contribution Retirement Plan (DCRP)

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2007 under the provisions of Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et seq.

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, "P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system: however statute also requires the return to the normal rate when such surplus pension assets no longer exist.

PERS and TPAF Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% or related interest earned on the contributions. In the case of death before retirement, members beneficiaries are entitled to full interest credited to the members.



BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016  
(CONTINUED)

Note V: Pension Plans (Continued)

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the PERS operates and to the benefit provisions. New members of the PERS hire on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  of 1 % for each month that the member is under age 65. The eligibility age to qualify for service retirement in the PERS is increased from age 63 to 65 for Tier 5 members. PERS and TPAF employee contribution rates will increase from 5.5% to 6.5% of salary effective October 2011. The second phase of the contribution rate increase from 6.5% to 7.5% is to be phased in equally over a 7 year period beginning July 2012. The contribution rate will increase by 0.14% each year with the first payroll of July until the 7.5% contribution rate is reached in July 2018.

Under a provision of Chapter 78, P.L. 2011, Cost of Living Adjustments (COLA) are suspended for all current and future retirees of all retirement systems. Employees are required to contribute a certain percentage of the cost of health benefits. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary. In addition, this new legislation changes the method of amortizing the pension systems' unfunded accrued liability from a level percent of pay method to level dollar of pay.

Contribution Requirements – Requirements

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contribution employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 6.92 percent for TPAF and PERS and 5.5% for DCRP of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of living adjustments and noncontributory death benefits in the TPAF and PERS. In the PERS and TPAF, the employer contribution includes funding for post-retirement medical premiums.

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2015, for TPAF, annual pension cost differs from the annual required contribution. For PERS, the annual pension cost equals the annual required contribution made. For TPAF employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, member contributions are matched by a 3% employer contribution.

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BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016  
(CONTINUED)

Note V: Pension Plans (Continued)

Contributions – Actual

The District's total payroll for the year ended June 30, 2016 was \$6,264,536.69 and covered payroll was \$4,702,769.00 for TPAF and \$920,640.00 for PERS. Contributions to the TPAF and the PERS for the year ended June 30, 2016 made by the employees, the Board, and the State of New Jersey on behalf of the Board were as follows:

		<u>TPAF</u>	Percent of Covered <u>Payroll</u>	<u>PERS</u>	Percent of Covered <u>Payroll</u>
Employees	6/30/14	311,495.70	6.78%	59,083.44	6.78%
	6/30/15	329,716.23	6.92%	64,501.33	7.23%
	6/30/16	333,695.94	7.10%	68,070.94	7.39%
Board of Education	6/30/14			86,999.00	9.98%
	6/30/15			95,067.00	10.65%
	6/30/16			110,986.00	12.06%
State of New Jersey	6/30/14	520,935.00	11.33%		
	6/30/15	626,048.00	13.13%		
	6/30/16	804,014.00	17.10%		

In accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$334,800.42 during the year ended June 30, 2016 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount and the State of New Jersey's Contribution to the TPAF have been included in the basic financial statements and the budgetary comparison schedule – General Fund as a revenue and expenditure in accordance with GASB 24. The PERS and TPAF amounts have been modified and included in the District-wide financial statements in accordance with GASB No. 68.

Note VI: Post-Retirement Medical 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. P.L. 2007, c 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2015 there were 107,314 retirees eligible for 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 Chapter 62, P.L. 1994. 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 health benefits to members of PERS and the Alternate Benefit Program (APB) 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.

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016  
(CONTINUED)

Note VI: Post-Retirement Medical Benefits (Continued)

The Reporting and Disclosure Requirements Promulgated by GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefit Plans Other Than Pension Plans* are not applicable for the District.

The District contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at [www.state.nj.us/treasury/pensions/gasb43-sept2008.pdf](http://www.state.nj.us/treasury/pensions/gasb43-sept2008.pdf).

Note VII: 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.

The District is a member of the New Jersey School Boards Association Insurance Group, Educational Risk and Insurance Consortium. (the Consortium). The Consortium is both an insured and self-administered group of school districts established for the purpose of providing certain low-cost workers' compensation, employees' liability, automobile and equipment liability, general liability and boiler and machinery insurance coverage for member school districts in order to keep local property taxes at a minimum. The District pays an annual assessment to the Consortium and should it be determined that payments received by the Consortium are deficient, additional assessments may be levied. Additionally, the Consortium maintains a contract of excess insurance with a commercial reinsurer to secure the payment of benefits.

The Borough of Ho-Ho-Kus School District continues to carry commercial insurance coverage for all other risks of loss, including health and accident insurance. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

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BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016  
(CONTINUED)

Note VII: Risk Management (Continued)

New Jersey Unemployment Compensation Insurance – The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

<u>Fiscal Year</u>	<u>School Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015-2016	\$1,455.61	\$ 10,575.02	\$ 4,633.11	\$ 15,335.48
2014-2015	0.00	29,956.00	30,804.14	7,899.84
2013-2014	0.00	29,210.35	25,919.35	8,727.71
2012-2013	0.00	8,463.14	23,366.53	5,408.77
2011-2012	0.00	56,798.49	84,150.15	20,257.16
2010-2011	0.00	9,201.93	35,182.34	47,511.80
2009-2010	0.00	21,140.48	73,008.85	73,008.85

Note VIII: 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 vacation and sick leave in varying amounts under the District’s personnel policies. 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.

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

Note IX: Contingent Liabilities

The Borough of Ho-Ho-Kus School District is a defendant in a few lawsuits, none of which is unusual for a Board of Education of its size. Additional liabilities, if not covered by insurance, should not be material in amount.

Note X: Subsequent Events

The Borough of Ho-Ho-Kus School District’s management has informed us that there are no significant events that need to be disclosed after the balance sheet date through the date of audit.

**REQUIRED SUPPLEMENTARY INFORMATION -  
PART II**

**SECTION C**  
**BUDGETARY COMPARISON SCHEDULES**

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS  
Budgetary Comparison Schedule  
General Fund  
Fiscal Year Ended June 30, 2016

Exhibit C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 12,573,757.00	\$ -	\$ 12,573,757.00	\$ 12,573,757.00	\$ -
Tuition	97,500.00	-	97,500.00	93,100.00	(4,400.00)
Interest Earned on Capital Reserve Funds	20.00	-	20.00	-	(20.00)
Miscellaneous	40,000.00	-	40,000.00	37,185.01	(2,814.99)
Total - Local Sources	12,711,277.00	-	12,711,277.00	12,704,042.01	(7,234.99)
State Sources:					
Categorical Special Education Aid	374,865.00	-	374,865.00	374,865.00	-
Categorical Security Aid	12,726.00	-	12,726.00	12,726.00	-
Categorical Transportation Aid	46,443.00	-	46,443.00	46,443.00	-
Adjustment Aid	14,257.00	-	14,257.00	14,257.00	-
PARCC Readiness Aid	8,800.00	-	8,800.00	8,800.00	-
Per Pupil Growth Aid	8,800.00	-	8,800.00	8,800.00	-
Extraordinary Aid	-	-	-	134,072.00	134,072.00
Non-Public Transportation Aid	-	-	-	4,002.00	4,002.00
TPAF PRM (On-Behalf - Non-Budgeted)	-	-	-	437,005.00	437,005.00
TPAF Pension (On-Behalf - Non-Budgeted)	-	-	-	367,008.00	367,008.00
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	334,800.42	334,800.42
Total State Sources	465,891.00	-	465,891.00	1,742,779.42	1,276,888.42
<b>Total Revenues</b>	<b>13,177,168.00</b>	<b>-</b>	<b>13,177,168.00</b>	<b>14,446,821.43</b>	<b>1,269,653.43</b>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction</b>					
Preschool - Salaries of Teachers	105-100-101 \$ 132,707.00	\$ (47,933.00)	\$ 84,774.00	\$ 84,291.50	\$ 482.50
Kindergarten - Salaries of Teachers	110-100-101 198,794.00	28,911.00	227,705.00	227,704.50	0.50
Grades 1-5 - Salaries of Teachers	120-100-101 1,669,167.00	(71,264.00)	1,597,903.00	1,593,681.88	4,221.12
Grades 6-8 - Salaries of Teachers	130-100-101 1,258,681.00	(20,688.00)	1,237,993.00	1,230,721.35	7,271.65
<b>Regular Programs - Home Instruction:</b>					
Salaries of Teachers	150-100-101 2,040.00	-	2,040.00	589.75	1,450.25
Purchased Professional-Educational Services	150-100-320 1,200.00	-	1,200.00	150.00	1,050.00
<b>Regular Programs - Undistributed Instruction</b>					
Other Salaries for Instruction	190-100-106 39,940.00	29,160.00	69,100.00	69,100.00	-
Purchased Technical Services	190-100-340 11,500.00	-	11,500.00	8,052.50	3,447.50
Other Purchased Services (400-500 series)	190-100-500 37,000.00	-	37,000.00	32,241.95	4,758.05
General Supplies	190-100-610 81,040.00	(19,862.79)	61,177.21	59,417.18	1,960.03
Textbooks	190-100-640 1,000.00	(1,000.00)	-	-	-
Other Objects	190-100-800 -	1,000.00	1,000.00	243.50	756.50
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<b>3,433,069.00</b>	<b>(101,476.79)</b>	<b>3,331,592.21</b>	<b>3,306,194.11</b>	<b>25,398.10</b>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	213-100-101 525,066.00	(53,504.00)	471,562.00	471,562.00	-
Other Salaries for Instruction	213-100-106 124,644.00	(9,044.00)	115,600.00	113,800.00	1,800.00
General Supplies	213-100-610 1,925.00	-	1,925.00	287.60	1,637.40
<b>Total Resource Room/Resource Center</b>	<b>651,635.00</b>	<b>(62,548.00)</b>	<b>589,087.00</b>	<b>585,649.60</b>	<b>3,437.40</b>
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<b>651,635.00</b>	<b>(62,548.00)</b>	<b>589,087.00</b>	<b>585,649.60</b>	<b>3,437.40</b>

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS  
Budgetary Comparison Schedule  
General Fund  
Fiscal Year Ended June 30, 2016  
(Continued)

		Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Basic Skills/Remedial - Instruction</b>						
Salaries of Teachers	230-100-101	\$ 105,448.00	\$ 67,823.00	\$ 173,271.00	\$ 173,270.40	\$ 0.60
General Supplies	230-100-610	-	100.00	100.00	99.95	0.05
<b>Total Basic Skills/Remedial - Instruction</b>		<u>105,448.00</u>	<u>67,923.00</u>	<u>173,371.00</u>	<u>173,370.35</u>	<u>0.65</u>
<b>School-Spon. Cocurricular Actvts. - Inst.</b>						
Salaries	401-100-100	18,755.00	3,540.00	22,295.00	20,916.50	1,378.50
Purchased Services (300-500 series)	401-100-500	6,000.00	(4,000.00)	2,000.00	-	2,000.00
Supplies and Materials	401-100-600	3,200.00	-	3,200.00	328.61	2,871.39
Other Objects	401-100-800	250.00	-	250.00	-	250.00
<b>Total School-Spon. Cocurricular Actvts. - Inst.</b>		<u>28,205.00</u>	<u>(460.00)</u>	<u>27,745.00</u>	<u>21,245.11</u>	<u>6,499.89</u>
<b>Other Instructional Programs - Instruction</b>						
Salaries	402-100-100	14,821.00	2,335.00	17,156.00	2,231.00	14,925.00
Purchased Services (300-500 series)	402-100-500	-	4,464.00	4,464.00	4,464.00	-
Supplies and Materials	402-100-600	1,500.00	(300.00)	1,200.00	107.10	1,092.90
Other Objects	402-100-800	750.00	(164.00)	586.00	75.00	511.00
<b>Total Other Instructional Programs - Instruction</b>		<u>17,071.00</u>	<u>6,335.00</u>	<u>23,406.00</u>	<u>6,877.10</u>	<u>16,528.90</u>
<b>Total Instruction</b>		<u>4,235,428.00</u>	<u>(90,226.79)</u>	<u>4,145,201.21</u>	<u>4,093,336.27</u>	<u>51,864.94</u>
<b>Undistributed Expenditures - Instruction:</b>						
Tuition to Other LEAs Within the State - Regular	000-100-561	2,853,701.00	5,912.00	2,859,613.00	2,859,612.93	0.07
Tuition to Other LEAs Within the State - Special	000-100-562	730,833.00	12,492.00	743,325.00	743,158.26	166.74
Tuition to County Voc. School Dist. - Regular	000-100-563	73,780.00	(32,000.00)	41,780.00	40,878.00	902.00
Tuition to CSSD & Regional Day Schools	000-100-565	-	82,520.00	82,520.00	82,429.00	91.00
Tuition to Private Schools for the Disabled - Within State	000-100-566	394,178.00	45,470.00	439,648.00	417,260.01	22,387.99
Tuition to Priv. Sch. Disabled & Other LEAs-Spl. O/S	000-100-567	11,850.00	(11,517.00)	333.00	-	333.00
<b>Total Undistributed Expenditures - Instruction:</b>		<u>4,064,342.00</u>	<u>102,877.00</u>	<u>4,167,219.00</u>	<u>4,143,338.20</u>	<u>23,880.80</u>
<b>Undistributed Expend. - Attend. &amp; Social Work</b>						
Salaries	000-211-100	4,947.00	24.00	4,971.00	4,970.04	0.96
<b>Total Undistributed Expend. - Attend. &amp; Social Work</b>		<u>4,947.00</u>	<u>24.00</u>	<u>4,971.00</u>	<u>4,970.04</u>	<u>0.96</u>
<b>Undist. Expend. - Health Services</b>						
Salaries	000-213-100	88,335.00	23,311.00	111,646.00	110,500.75	1,145.25
Purchased Professional and Technical Services	000-213-300	3,000.00	-	3,000.00	3,000.00	-
Other Purchased Services (400-500 series)	000-213-500	500.00	827.00	1,327.00	1,328.50	0.50
Supplies and Materials	000-213-600	5,000.00	(1,862.00)	3,138.00	3,105.04	32.96
<b>Total Undistributed Expenditures - Health Services</b>		<u>96,835.00</u>	<u>22,276.00</u>	<u>119,111.00</u>	<u>117,932.29</u>	<u>1,178.71</u>
<b>Undist. Expend. - Other Supp. Serv. Students - Related Serv.</b>						
Salaries of Other Professional Staff	000-216-100	235,154.00	(3,437.00)	231,717.00	230,894.61	822.39
Purchased Professional - Educational Services	000-216-320	42,500.00	-	42,500.00	36,971.32	5,528.68
Supplies and Materials	000-216-600	1,500.00	(820.00)	680.00	91.92	588.08
<b>Total Undist. Expend. - Other Supp. Serv. Students - Related Serv.</b>		<u>279,154.00</u>	<u>(4,257.00)</u>	<u>274,897.00</u>	<u>267,957.85</u>	<u>6,939.15</u>
<b>Undist. Expend. - Other Supp. Serv. Students - Extra Serv.</b>						
Salaries of Other Professional Staff	000-217-100	117,198.00	(41,498.00)	75,700.00	75,298.00	402.00
Purchased Professional - Educational Services	000-217-320	-	48,390.00	48,390.00	30,501.00	17,889.00
Supplies and Materials	000-217-600	2,500.00	(2,500.00)	-	-	-
<b>Total Undist. Expend. - Other Supp. Serv. Students - Extra Serv.</b>		<u>119,698.00</u>	<u>4,392.00</u>	<u>124,090.00</u>	<u>105,799.00</u>	<u>18,291.00</u>
<b>Undist. Expend. - Other Supp. Serv. Students-Reg.</b>						
Salaries of Other Professional Staff	000-218-104	87,882.00	(390.00)	87,492.00	87,491.29	0.71
Purchased Professional - Educational Services	000-218-320	84,000.00	-	84,000.00	84,000.00	-
Supplies and Materials	000-218-600	3,000.00	(2,650.00)	350.00	-	350.00
<b>Total Undist. Expend. - Other Supp. Serv. Students-Reg.</b>		<u>174,882.00</u>	<u>(3,040.00)</u>	<u>171,842.00</u>	<u>171,491.29</u>	<u>350.71</u>
<b>Undist. Expend. - Other Supp. Serv. Students-Special</b>						
Salaries of Other Professional Staff	000-219-104	293,625.00	23,037.00	316,662.00	308,957.56	7,704.44
Salaries of Secretarial and Clerical Assistants	000-219-105	42,432.00	168.00	42,600.00	42,600.00	-
Purchased Professional - Educational Services	000-219-320	3,000.00	1,200.00	4,200.00	2,183.50	2,016.50
Other Purchased Prof. and Tech. Services	000-219-390	32,500.00	(18,000.00)	14,500.00	8,780.06	5,719.94
Residential Costs	000-219-591	102,480.00	7,650.00	110,130.00	110,128.72	1.28
Misc. Pur. Serv. (400-500 series) Other Than Residential Costs	000-219-592	2,000.00	(250.00)	1,750.00	200.00	1,550.00
Supplies and Materials	000-219-600	3,000.00	-	3,000.00	1,603.85	1,396.15
Other Objects	000-219-800	-	250.00	250.00	27.90	222.10
<b>Total Undist. Expend. - Other Supp. Serv. Students-Spl.</b>		<u>479,037.00</u>	<u>14,055.00</u>	<u>493,092.00</u>	<u>474,481.59</u>	<u>18,610.41</u>
<b>Undist. Expend. - Improvement of Inst. Serv.</b>						
Salaries of Other Professional Staff	000-221-104	29,933.00	32,494.00	62,427.00	62,001.25	425.75
Purchased Prof. Educational Services	000-221-320	66,406.00	2,635.00	69,041.00	69,040.86	0.14
Other Purch Services (400-500)	000-221-500	-	800.00	800.00	800.00	-
<b>Total Undist. Expend. - Improvement of Inst. Serv.</b>		<u>96,339.00</u>	<u>35,929.00</u>	<u>132,268.00</u>	<u>131,842.11</u>	<u>425.89</u>
<b>Undist. Expend. - Edu. Media Serv./Sch. Library</b>						
Salaries	000-222-100	113,756.00	2,603.00	116,359.00	95,628.37	20,730.63
Other Purchased Services (400-500 series)	000-222-500	1,000.00	(145.00)	855.00	-	855.00
Supplies and Materials	000-222-600	8,500.00	(2,525.00)	5,975.00	5,188.83	786.17
Other Objects	000-222-800	-	525.00	525.00	525.00	-
<b>Total Undist. Expend. - Edu. Media Serv./Sch. Library</b>		<u>123,256.00</u>	<u>458.00</u>	<u>123,714.00</u>	<u>101,342.20</u>	<u>22,371.80</u>



BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS  
Budgetary Comparison Schedule  
General Fund  
Fiscal Year Ended June 30, 2016  
(Continued)

		Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Undist. Expend. - Instructional Staff Training Serv.</b>						
Salaries of Other Professional Staff	000-223-104	\$ 29,933.00	\$ 31,094.00	\$ 61,027.00	\$ 61,001.25	\$ 25.75
Purchased Professional - Educational Service	000-223-320	12,000.00	25.00	12,025.00	11,681.00	344.00
Other Purchased Services (400-500 series)	000-223-500	9,000.00	1,088.00	10,088.00	10,087.25	0.75
Supplies and Materials	000-223-600	-	1,347.00	1,347.00	1,333.66	13.34
<b>Total Undist. Expend. - Instructional Staff Training Serv.</b>		<b>50,933.00</b>	<b>33,554.00</b>	<b>84,487.00</b>	<b>84,103.16</b>	<b>383.84</b>
<b>Undist. Expend. - Supp. Serv. - General Admin.</b>						
Salaries	000-230-100	191,100.00	24,230.00	215,330.00	211,614.95	3,715.05
Legal Services	000-230-331	20,000.00	(1,393.00)	18,607.00	5,866.87	12,740.13
Audit Fees	000-230-332	16,200.00	15,900.00	32,100.00	19,950.00	12,150.00
Architect/Engineer Svcs	000-230-334	5,300.00	(3,000.00)	2,300.00	-	2,300.00
Purchased Technical Services	000-230-340	6,200.00	-	6,200.00	4,174.08	2,025.92
Communications/Telephone	000-230-530	14,000.00	10,500.00	24,500.00	16,610.44	7,889.56
BOE Other Purchased Services	000-230-585	2,000.00	2,578.00	4,578.00	3,345.72	1,232.28
Other Purchased Services (400-500 series)	000-230-590	10,300.00	3,485.00	13,785.00	12,502.36	1,282.64
General Supplies	000-230-610	7,500.00	(4,500.00)	3,000.00	2,068.81	931.19
Miscellaneous Expenditures	000-230-890	17,000.00	(8,700.00)	8,300.00	6,567.29	1,732.71
BOE Membership Dues and Fees	000-230-895	7,500.00	-	7,500.00	6,193.88	1,306.14
<b>Total Undist. Expend. - Supp. Serv. - General Admin.</b>		<b>297,100.00</b>	<b>39,100.00</b>	<b>336,200.00</b>	<b>288,694.38</b>	<b>47,505.62</b>
<b>Undist. Expend. - Support Serv. - School Admin.</b>						
Salaries of Principals/Assistant Principals	000-240-103	224,356.00	18,913.00	243,269.00	231,262.50	12,006.50
Salaries of Secretarial and Clerical Assistants	000-240-105	64,935.00	571.00	65,506.00	65,230.08	275.92
Other Purchased Services (400-500 series)	000-240-500	-	2,300.00	2,300.00	2,300.00	-
Supplies and Materials	000-240-600	10,000.00	-	10,000.00	9,964.97	35.03
Other Objects	000-240-800	2,500.00	951.00	3,451.00	2,459.97	991.03
<b>Total Undist. Expend. - Support Serv. - School Admin.</b>		<b>301,791.00</b>	<b>22,735.00</b>	<b>324,526.00</b>	<b>311,217.52</b>	<b>13,308.48</b>
<b>Undist. Expend. - Central Services</b>						
Salaries	000-251-100	158,169.00	4,829.00	160,998.00	157,084.79	3,913.21
Purchased Professional Services	000-251-330	25,500.00	3,580.00	29,080.00	29,073.82	6.18
Purchased Technical Services	000-251-340	5,750.00	(3,195.00)	2,555.00	650.00	1,905.00
Miscellaneous Purchased Services (400-500 series)	000-251-592	2,000.00	115.00	2,115.00	415.00	1,700.00
Supplies and Materials	000-251-600	1,500.00	48.00	1,548.00	1,523.89	24.11
Other Objects	000-251-890	500.00	(48.00)	452.00	250.00	202.00
<b>Total Undist. Expend. - Support Serv. - School Admin.</b>		<b>181,419.00</b>	<b>5,329.00</b>	<b>196,748.00</b>	<b>188,997.50</b>	<b>7,750.50</b>
<b>Undist. Expend. - Admin. Info. Technology</b>						
Purchased Professional Services	000-252-330	4,000.00	4,700.00	8,700.00	1,625.00	7,075.00
Purchased Technical Services	000-252-340	224,630.00	20,000.00	244,630.00	185,100.76	59,529.24
Supplies and Materials	000-252-600	72,176.00	31,630.00	103,806.00	69,906.78	33,899.22
<b>Total Undist. Expend. - Admin. Info Technology</b>		<b>300,806.00</b>	<b>56,330.00</b>	<b>357,136.00</b>	<b>256,632.54</b>	<b>100,503.46</b>
<b>Undist. Expend. - Required Maint. for Sch. Facil.</b>						
Salaries	000-261-100	69,126.00	(1,302.00)	67,824.00	61,009.58	6,814.42
Cleaning, Repair and Maintenance Services	000-261-420	100,000.00	(10,953.00)	89,047.00	89,046.31	0.69
General Supplies	000-261-610	45,000.00	(21,850.00)	23,150.00	11,068.93	12,081.07
Other Objects	000-261-800	1,265.00	-	1,265.00	1,265.00	-
<b>Total Undist. Expend. - Required Maint. for Sch. Facil.</b>		<b>215,391.00</b>	<b>(34,105.00)</b>	<b>181,286.00</b>	<b>162,389.82</b>	<b>18,896.18</b>
<b>Undist. Expend. - Oth. Oper. &amp; Maint. of Plant</b>						
Salaries	000-262-100	205,294.00	10,652.00	215,946.00	196,784.31	19,161.69
Salaries of Non-Instructional Aides	000-262-107	30,600.00	-	30,600.00	29,920.00	680.00
Purchased Professional and Technical Services	000-262-300	3,000.00	-	3,000.00	2,720.00	280.00
Cleaning, Repair and Maintenance Services	000-262-420	13,200.00	(236.00)	12,964.00	12,568.78	395.22
Other Purchased Property Services	000-262-490	25,000.00	216.00	25,216.00	25,215.33	0.67
Insurance	000-262-520	69,100.00	(3,700.00)	65,400.00	65,346.00	54.00
Miscellaneous Purchased Services	000-262-590	100.00	88.00	188.00	187.94	0.16
General Supplies	000-262-610	17,400.00	(216.00)	17,184.00	16,957.18	226.82
Energy (Natural Gas)	000-262-621	60,000.00	-	60,000.00	40,119.62	19,880.38
Energy (Electricity)	000-262-622	123,291.00	-	123,291.00	91,946.80	31,344.20
Energy (Gasoline)	000-262-626	2,000.00	1,006.76	3,006.76	1,625.27	1,381.49
Other Objects	000-262-800	1,650.00	-	1,650.00	1,349.99	300.01
Interest-Energy Improvement Bonds	000-262-837	3,625.00	-	3,625.00	3,624.09	0.91
Principal-Energy Improvement Bonds	000-262-817	52,751.00	-	52,751.00	52,750.93	0.07
<b>Total Undist. Expend. - Other Oper. &amp; Maint. Of Plant</b>		<b>607,011.00</b>	<b>7,810.76</b>	<b>614,821.76</b>	<b>541,116.14</b>	<b>73,705.62</b>
<b>Care and Upkeep of Grounds</b>						
Salaries	000-263-100	25,425.00	5,920.00	31,345.00	20,448.28	10,896.72
Cleaning, Repair and Maintenance Services	000-263-420	40,000.00	(5,418.00)	34,582.00	13,947.15	20,634.85
General Supplies	000-263-610	2,500.00	(840.00)	1,660.00	634.22	1,025.78
<b>Total Care and Upkeep of Grounds</b>		<b>67,925.00</b>	<b>(338.00)</b>	<b>67,587.00</b>	<b>35,029.65</b>	<b>32,557.35</b>
<b>Undist. Expend. - Student Transportation Serv.</b>						
Salaries for Pupil Trans. (Other than Between Home & School)	000-270-162	2,000.00	2,000.00	4,000.00	2,970.00	1,030.00
Management Fees - ESC & CTSA Transportation Programs	000-270-350	6,500.00	1,732.00	10,232.00	10,232.00	-
Cleaning, Repair and Maintenance Services	000-270-420	2,300.00	(67.00)	2,233.00	2,060.62	172.18
Contracted Services-Aid in Lieu of Payments-Non Public School	000-270-503	30,940.00	(9,871.18)	21,068.82	21,068.50	0.32
Contracted Services (Other than Between Home and School) - Vendors	000-270-512	5,000.00	1,725.00	6,725.00	6,724.39	0.61
Contracted Services (Regular Students) - ESCs	000-270-517	168,600.00	(3,457.00)	165,143.00	160,954.33	4,188.67
Contracted Services (Special Education Students) - ESCs	000-270-518	42,000.00	40,402.18	82,402.18	82,401.14	1.04
General Supplies	000-270-610	365.00	(79.00)	286.00	212.25	73.75
Miscellaneous Expenditures	000-270-800	400.00	333.00	733.00	732.25	0.75
<b>Total Undist. Expend. - Student Transportation Serv.</b>		<b>260,105.00</b>	<b>32,718.00</b>	<b>292,823.00</b>	<b>287,355.68</b>	<b>5,467.32</b>

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS  
Budgetary Comparison Schedule  
General Fund  
Fiscal Year Ended June 30, 2016  
(Concluded)

		Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>UNALLOCATED BENEFITS</b>						
Social Security Contributions	000-291-220	\$ 105,000.00	\$ 8,523.00	\$ 113,523.00	\$ 113,522.15	\$ 0.85
Other Retirement Contributions - PERS	000-291-241	106,000.00	5,000.00	111,000.00	110,986.00	14.00
Other Retirement Reg - DORP	000-291-249	2,000.00	-	2,000.00	1,112.94	887.06
Unemployment Compensation	000-291-250	20,000.00	9,300.00	29,300.00	1,455.61	27,844.39
Workmen's Compensation	000-291-260	58,020.00	(2,323.00)	55,697.00	42,138.00	13,559.00
Health Benefits	000-291-270	1,475,343.00	(124,862.00)	1,350,481.00	1,334,533.76	15,947.24
Tuition Reimbursement	000-291-280	10,000.00	2,200.00	12,200.00	11,524.00	676.00
Other Employee Benefits	000-291-290	21,250.00	(5,000.00)	16,250.00	3,744.00	12,506.00
<b>TOTAL UNALLOCATED BENEFITS</b>		<u>1,797,613.00</u>	<u>(107,162.00)</u>	<u>1,690,451.00</u>	<u>1,619,016.46</u>	<u>71,434.54</u>
TPAF PRM (On-Behalf - Non-Budgeted)		-	-	-	437,005.00	(437,005.00)
On-behalf TPAF pension Contributions (non-budgeted)		-	-	-	367,009.00	(367,009.00)
Reimbursed TPAF Social Security Contributions (non-budgeted)		-	-	-	334,800.42	(334,800.42)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>1,138,814.42</u>	<u>(1,138,814.42)</u>
<b>TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS</b>		<u>1,797,613.00</u>	<u>(107,162.00)</u>	<u>1,690,451.00</u>	<u>2,757,830.88</u>	<u>(1,067,379.88)</u>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>		<u>9,528,583.00</u>	<u>228,685.76</u>	<u>9,757,268.76</u>	<u>10,432,721.84</u>	<u>(675,453.08)</u>
<b>TOTAL GENERAL CURRENT EXPENSE</b>		<u>13,764,011.00</u>	<u>138,458.97</u>	<u>13,902,469.97</u>	<u>14,526,058.11</u>	<u>(623,588.14)</u>
<b>CAPITAL OUTLAY</b>						
<b>Facilities Acquisition and Construction Services</b>						
Architectural/Engineering Services	000-400-334	-	2,954.00	2,954.00	-	2,954.00
Construction Services	000-400-450	-	46,505.00	46,505.00	45,653.00	852.00
Assessment for Debt Service on SDA Funding	000-400-896	29,837.00	-	29,837.00	29,837.00	-
<b>Total Facilities Acquisition and Construction Services</b>		<u>29,837.00</u>	<u>49,459.00</u>	<u>79,296.00</u>	<u>75,490.00</u>	<u>3,806.00</u>
<b>TOTAL CAPITAL OUTLAY</b>		<u>29,837.00</u>	<u>49,459.00</u>	<u>79,296.00</u>	<u>75,490.00</u>	<u>3,806.00</u>
<b>TOTAL EXPENDITURES</b>		<u>13,793,848.00</u>	<u>187,917.97</u>	<u>13,981,765.97</u>	<u>14,601,548.11</u>	<u>(619,782.14)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>		<u>(616,680.00)</u>	<u>(187,917.97)</u>	<u>(804,597.97)</u>	<u>(154,726.68)</u>	<u>649,871.29</u>
<b>Other Financing Sources:</b>						
Accounts Payable Canceled (non-budgeted)		-	-	-	1,032.00	1,032.00
<b>Total Other Financing Sources:</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>1,032.00</u>	<u>1,032.00</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)</b>		<u>(616,680.00)</u>	<u>(187,917.97)</u>	<u>(804,597.97)</u>	<u>(153,694.68)</u>	<u>650,903.29</u>
<b>Fund Balance, July 1</b>		<u>1,903,102.38</u>	<u>-</u>	<u>1,903,102.38</u>	<u>1,903,102.38</u>	<u>-</u>
<b>Fund Balance, June 30</b>		<u>\$ 1,286,422.38</u>	<u>\$ (187,917.97)</u>	<u>\$ 1,098,504.41</u>	<u>\$ 1,749,407.70</u>	<u>\$ 650,903.29</u>
<b>Recapitulation of Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures and Other Financing Sources (Uses):</b>						
Increase in Capital Reserve		\$ 20.00	\$ -	\$ 20.00	\$ 75,020.00	\$ 75,000.00
Appropriation of Additional Fund Balance		-	(99,870.00)	(99,870.00)	(99,870.00)	-
Increase in Maintenance Reserve		-	-	-	95,000.00	95,000.00
Withdrawal from Maintenance Reserve		(75,000.00)	-	(75,000.00)	(35,570.00)	39,430.00
Increase in Emergency Reserve		-	-	-	28,858.00	28,858.00
Adjustment for Prior Year Encumbrances		-	(88,047.97)	(88,047.97)	(88,047.97)	-
Budgeted Fund Balance		<u>(541,700.00)</u>	<u>-</u>	<u>(541,700.00)</u>	<u>(129,084.71)</u>	<u>412,615.29</u>
<b>Total</b>		<u>\$ (616,680.00)</u>	<u>\$ (187,917.97)</u>	<u>\$ (804,597.97)</u>	<u>\$ (153,694.68)</u>	<u>\$ 650,903.29</u>
<b>Recapitulation of Fund Balance June 30, 2016:</b>						
<b>Restricted Fund Balance:</b>						
Capital Reserve Account					\$ 368,652.89	
Maintenance Reserve					409,430.00	
Emergency Reserve					78,858.00	
Excess Surplus - Designated for Subsequent Year's Expenditures					208,866.20	
Excess Surplus-Current Year					173,189.14	
<b>Assigned Fund Balance:</b>						
Designated for Subsequent Year's Expenditures					96,210.80	
Year-End Encumbrances					6,872.00	
<b>Unassigned Fund Balance</b>					<u>407,328.67</u>	
					<u>\$ 1,749,407.70</u>	
<b>Reconciliation of Budgetary Fund Balance to GAAP Fund Balance:</b>						
Fund Balance June 30, 2016					\$ 1,749,407.70	
Last Current Year State Aid Payment Not Realized on GAAP Basis					(35,324.00)	
					<u>\$ 1,714,083.70</u>	

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS  
Budgetary Comparison Schedule  
Special Revenue Fund  
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Federal Sources	\$ 148,000.00	\$ 23,277.00	\$ 171,277.00	\$ 171,277.00	\$ -
Local Sources	-	269,093.09	269,093.09	149,153.88	119,939.21
<b>Total Revenues</b>	<u>148,000.00</u>	<u>292,370.09</u>	<u>440,370.09</u>	<u>320,430.88</u>	<u>119,939.21</u>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Personal Services - Salaries	-	72,286.57	72,286.57	67,805.00	4,481.57
Purchased Professional and Technical Services	-	-	-	-	-
Other Purchased Services (400-500 series)	140,000.00	10,925.00	150,925.00	150,165.00	760.00
General Supplies	-	47,649.48	47,649.48	35,543.88	12,105.60
Other Objects	-	101,189.49	101,189.49	11,525.00	89,664.49
<b>Total Instruction</b>	<u>140,000.00</u>	<u>232,050.54</u>	<u>372,050.54</u>	<u>265,038.88</u>	<u>107,011.66</u>
<b>Support Services</b>					
Personal Services - Employee Benefits	-	1,232.00	1,232.00	1,232.00	-
Purchased Professional and Technical Services	8,000.00	160.00	8,160.00	8,160.00	-
Supplies & Materials	-	46,000.00	46,000.00	46,000.00	-
<b>Total Support Services</b>	<u>8,000.00</u>	<u>47,392.00</u>	<u>55,392.00</u>	<u>55,392.00</u>	<u>-</u>
<b>Facilities Acquisition and Construction Services:</b>					
Instructional Equipment	-	5,974.55	5,974.55	-	5,974.55
Noninstructional Equipment	-	6,953.00	6,953.00	-	6,953.00
<b>Total Facilities Acquisition and Construction Serv</b>	<u>-</u>	<u>12,927.55</u>	<u>12,927.55</u>	<u>-</u>	<u>12,927.55</u>
<b>Transfer to Charter School</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>148,000.00</u>	<u>292,370.09</u>	<u>440,370.09</u>	<u>320,430.88</u>	<u>119,939.21</u>
<b>Total Outflows</b>	<u>\$ 148,000.00</u>	<u>\$ 292,370.09</u>	<u>\$ 440,370.09</u>	<u>\$ 320,430.88</u>	<u>\$ 119,939.21</u>

**NOTES TO REQUIRED SUPPLEMENTARY  
INFORMATION PART II**

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS  
Required Supplementary Information  
Budgetary Comparison Schedule  
Note to RSI  
For the Fiscal Year Ended

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

	<u>Exhibit</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>			
Actual amounts (budgetary basis) "revenue"			
from the budgetary comparison schedule	[C-1 & C-2]	\$ 14,446,821.43	\$ 320,430.88
Difference - budget to GAAP:			
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense in accordance with GASB 33.		8,276.00	-
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-	6,953.00
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	<u>\$ 14,455,097.43</u>	<u>\$ 327,383.88</u>
<b>Uses/outflows of resources</b>			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1 & C-2]	\$ 14,601,548.11	\$ 320,430.88
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		-	6,953.00
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	<u>\$ 14,601,548.11</u>	<u>\$ 327,383.88</u>

**REQUIRED SUPPLEMENTARY INFORMATION -  
PART III**

BOARD OF EDUCATION  
BOROUGH OF HO-HO KUS  
Schedule of the District's Proportionate Share of the Net Pension Liability  
Last Ten Fiscal Years\*

	Teachers' Pension and Annuity Fund (TPAF)									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
District's Proportion of the Net Pension Liability (Asset)**	N/A	N/A	N/A							
District's Proportionate Share of the Net Pension Liability (Asset)**										
State's Proportionate Share of the Net Pension Liability (Asset)										
Associated with the District	28,285,796.00	24,933,296.00	23,752,701.00							
Total	\$ 28,285,796.00	\$ 24,933,296.00	\$ 23,752,701.00							
District's Covered Employee Payroll	\$ 4,764,687.00	\$ 4,594,331.00	\$ 4,571,710.00							
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	N/A	N/A	N/A							
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	33.64%	33.76%							

\*\* Note: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. Since the District (employer) does not contribute directly to the plan there is no net pension liability to report in the financial statements of the District.

	Public Employees Retirement System (PERS)									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
District's Proportion of the Net Pension Liability (Asset)	0.0129100%	0.0115300%	0.0115500%							
District's Proportionate Share of the Net Pension Liability (Asset)	2,897,896.00	2,159,080.00	2,206,727.00							
District's Covered Employee Payroll	892,101.00	871,436.00	788,789.00							
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	324.84%	247.76%	279.77%							
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Local)	47.93%	52.08%	48.72%							

\* Until a full ten year trend is compiled, information will be presented for those years for which information is available.

**BOARD OF EDUCATION  
BOROUGH OF HO-HO KUS  
Schedule of District Contributions  
Last Ten Fiscal Years\***

	Teachers' Pension and Annuity Fund (TPAF)									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually Required Contribution**	N/A	N/A	N/A							
Contributions in Relation to the Contractually Required Contribution	N/A	N/A	N/A							
Contribution Deficiency (excess)	N/A	N/A	N/A							
District's Covered Employee Payroll	\$ 4,764,687.00	\$ 4,594,331.00	\$ 4,571,710.00							
Contributions as a Percentage of Covered Employee Payroll	N/A	N/A	N/A							

\*\* Note: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. The District (employer) does not contribute to the plan.

	Public Employees Retirement System (PERS)									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually Required Contribution	\$ 95,067.00	\$ 86,999.00	\$ 105,543.00							
Contributions in Relation to the Contractually Required Contribution	(95,067.00)	(86,999.00)	(105,543.00)							
Contribution Deficiency (excess)	\$ -	\$ -	\$ -							
District's Covered Employee Payroll	\$ 892,101.00	\$ 871,436.00	\$ 788,769.00							
Contributions as a Percentage of Covered Employee Payroll	10.66%	9.98%	13.38%							

\* Until a full ten year trend is compiled, information will be presented for those years for which information is available.



**NOTES TO REQUIRED SUPPLEMENTARY  
INFORMATION PART III**

**BOARD OF EDUCATION  
BOROUGH OF HO-HO KUS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
PENSION SCHEDULES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Teachers' Pension and Annuity Fund (TPAF)**

Changes of Benefit Terms- 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.

Changes of Assumptions- Mortality rates were based on the RP-2000 Health Mortality Table for Males or Females, as appropriate, with the adjustments for mortality improvements base on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA form 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.

**Public Employees Retirement System (PERS)**

Changes of Benefit Terms- 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 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

Changes of Assumptions- Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements form the base year of 2012 Based of Projection Scale AA.

## **OTHER SUPPLEMENTARY INFORMATION**

**SECTION D**  
**SCHOOL LEVEL SCHEDULES**

**SECTION E**  
**SPECIAL REVENUE FUND**

**BOARD OF EDUCATION**  
**BOROUGH OF HO-HO-KUS**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2016**

		<u>Total</u>	<u>Federal Aid</u>	<u>Local Aid</u>
<b>REVENUES</b>				
Federal Sources		\$ 171,277.00	\$ 171,277.00	\$ -
Local Sources		149,153.88	-	149,153.88
<b>Total Revenues</b>		<u>320,430.88</u>	<u>171,277.00</u>	<u>149,153.88</u>
<b>EXPENDITURES:</b>				
<b>Instruction:</b>				
Personal Services - Salaries	100-100	67,805.00	16,100.00	51,705.00
Other Purchased Services (400-500 series)	100-500	150,165.00	143,650.00	6,515.00
General Supplies	100-600	35,543.88	2,135.00	33,408.88
Other Objects	100-800	11,525.00	-	11,525.00
<b>Total Instruction</b>		<u>265,038.88</u>	<u>161,885.00</u>	<u>103,153.88</u>
<b>Support Services:</b>				
Personal Services - Employee Benefits	200-200	1,232.00	1,232.00	-
Purchased Professional and Technical Services	200-300	8,160.00	8,160.00	-
Supplies and Materials	200-600	46,000.00	-	46,000.00
<b>Total Support Services</b>		<u>55,392.00</u>	<u>9,392.00</u>	<u>46,000.00</u>
<b>Total Expenditures</b>		<u>\$ 320,430.88</u>	<u>\$ 171,277.00</u>	<u>\$ 149,153.88</u>

**BOARD OF EDUCATION**  
**BOROUGH OF HO-HO-KUS**  
**Special Revenue Fund**  
**Combining Schedule of Federal Program Revenues and Expenditures - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2016**

	Total	N.C.L.B.		I.D.E.A. Part B	
		Title I	Title II	Basic	Preschool
REVENUES					
Federal Sources	\$ 171,277.00	\$ 19,586.00	\$ 8,041.00	\$ 139,677.00	\$ 3,973.00
Total Federal Revenues	<u>171,277.00</u>	<u>19,586.00</u>	<u>8,041.00</u>	<u>139,677.00</u>	<u>3,973.00</u>
EXPENDITURES:					
Instruction:					
Personal Services - Salaries	16,100.00	16,100.00		-	
Other Purchased Services (400-500 series)	143,650.00	-		139,677.00	3,973.00
General Supplies	2,135.00	2,135.00		-	-
Total Instruction	<u>161,885.00</u>	<u>18,235.00</u>		<u>139,677.00</u>	<u>3,973.00</u>
Support Services:					
Personal Services - Employee Benefits	1,232.00	1,232.00	-		
Purchased Professional and Technical Services	8,160.00	119.00	8,041.00		
Total Support Services	<u>9,392.00</u>	<u>1,351.00</u>	<u>8,041.00</u>		
Total Expenditures	<u>\$ 171,277.00</u>	<u>\$ 19,586.00</u>	<u>\$ 8,041.00</u>	<u>\$ 139,677.00</u>	<u>\$ 3,973.00</u>

**BOARD OF EDUCATION**  
**BOROUGH OF HO-HO-KUS**  
**Special Revenue Fund**  
**Combining Schedule of Local Program Revenues and Expenditures - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2016**

		<u>Total</u>	<u>Local</u>
<b>REVENUES</b>			
Local Sources		\$ 149,153.88	\$ 149,153.88
<b>Total Local Revenues</b>		<u>149,153.88</u>	<u>149,153.88</u>
<b>EXPENDITURES:</b>			
<b>Instruction:</b>			
Personal Services - Salaries	100-100	51,705.00	51,705.00
Other Purchased Services (400-500 series)	100-500	6,515.00	6,515.00
General Supplies	100-600	33,408.88	33,408.88
Other Objects	100-800	<u>11,525.00</u>	<u>11,525.00</u>
<b>Total Instruction</b>		<u>103,153.88</u>	<u>103,153.88</u>
<b>Support Services:</b>			
Supplies & Materials	200-600	<u>46,000.00</u>	<u>46,000.00</u>
<b>Total Support Services</b>		<u>46,000.00</u>	<u>46,000.00</u>
<b>Total Expenditures</b>		<u>\$ 149,153.88</u>	<u>\$ 149,153.88</u>



**SECTION F**  
**CAPITAL PROJECTS FUND**

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS  
Capital Projects Fund  
Summary Schedule of Project Expenditures  
For the Year Ended June 30, 2016

Project Title/Issue	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations June 30, 2016
			Prior Years	Current Year	
Partial Re-roofing, Folding Partition, and Lighting Replacement in Gym	5/18/2011	\$ 356,962.00	\$ 172,910.85	\$ -	\$ 97,997.65
		<u>\$ 356,962.00</u>	<u>\$ 172,910.85</u>	<u>\$ -</u>	<u>\$ 97,997.65</u>
				Fund Balance	<u>\$ 97,997.65</u>

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS  
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis  
For the Year Ended June 30, 2016**

**REVENUES AND OTHER FINANCING SOURCES**

State Sources - SDA Grant	\$ -
Transfer from Capital Reserve	<u>-</u>
Total Revenues	<u>-</u>

**EXPENDITURES AND OTHER FINANCING USES**

Construction Services (450)	<u>-</u>
Total Expenditures	<u>-</u>

Excess (deficiency) of revenues over (under) expenditures	\$ -
Fund Balance - July 1	<u>97,997.65</u>
Fund Balance - June 30	<u>\$ 97,997.65</u>

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS**  
**Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis**  
**Partial Re-roofing, Folding Partition, and Lighting Replacement in Gym**  
**From Inception and for the Year Ended June 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
State Sources - SDA Grant	\$ 56,731.30	\$ -	\$ 56,731.30	\$ 56,731.30
Transfer from Capital Reserve	214,177.20	-	214,177.20	214,177.20
Total Revenues	<u>\$ 270,908.50</u>	<u>\$ -</u>	<u>\$ 270,908.50</u>	<u>270,908.50</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Other Purchased Professional and Technical Services (390)	\$ 3,631.35	\$ -	\$ 3,631.35	5,000.00
Construction Services (450)	<u>\$ 169,279.50</u>	<u>\$ -</u>	<u>\$ 169,279.50</u>	<u>265,908.50</u>
Total Expenditures	<u>\$ 172,910.85</u>	<u>\$ -</u>	<u>\$ 172,910.85</u>	<u>270,908.50</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 97,997.65</u>	<u>\$ -</u>	<u>\$ 97,997.65</u>	<u>-</u>
<b>ADDITIONAL PROJECT INFORMATION</b>				
Project Number	2200-050-10-G0HV			
Grant Date	5/18/11			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$356,962.00			
Revised Authorized Cost	\$270,908.50			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completed	63.83%			
Original Target Completion Date	9/30/13			
Revised Target Completion Date	9/30/13			

**SECTION G**  
**PROPRIETARY FUNDS**

## **ENTERPRISE FUND**

## **INTERNAL SERVICE FUND**

**SECTION H**  
**FIDUCIARY FUND**



**BOARD OF EDUCATION**  
**BOROUGH OF HO-HO-KUS**  
**Student Activity Agency Fund**  
**Schedule of Receipts and Disbursements**  
**For the Fiscal Year Ended June 30, 2016**

<u>Schools</u>	<u>Balance June 30, 2015</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2016</u>
Elementary Schools:				
Ho-Ho-Kus Elementary	\$ 8,675.33	\$ 55,380.44	\$ 50,413.09	\$ 13,642.68
Athletic Account	10.50	4,275.66	4,232.00	54.16
Sunshine Account	1,397.04	895.00	599.02	1,693.02
Bergen Brain Busters	1,287.74	2,382.47	2,136.90	1,533.31
Library	<u>13,019.36</u>	<u>9,608.91</u>	<u>9,082.37</u>	<u>13,545.90</u>
	<u>\$ 24,389.97</u>	<u>\$ 72,542.48</u>	<u>\$ 66,463.38</u>	<u>\$ 30,469.07</u>

**BOARD OF EDUCATION**  
**BOROUGH OF HO-HO-KUS**  
**Payroll Agency Fund**  
**Schedule of Receipts and Disbursements**  
**For the Fiscal Year Ended June 30, 2016**

	<u>Balance</u> <u>June 30, 2015</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2016</u>
Payroll Deductions and Withholdings	\$ 343.50	\$ 6,674,740.14	\$ 6,674,740.14	\$ 343.50
Net Salaries and Wages	0.08	3,698,704.90	3,698,631.44	73.54
Interfund Accounts Payable	<u>5,781.96</u>	<u>535.57</u>	<u>-</u>	<u>6,317.53</u>
	<u>\$ 6,125.54</u>	<u>\$ 10,373,980.61</u>	<u>\$ 10,373,371.58</u>	<u>\$ 6,734.57</u>

**SECTION I**  
**LONG – TERM DEBT**

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS**  
Long - Term Debt  
Schedule of Serial Bonds  
For the Fiscal Year Ended June 30, 2016

**Annual Maturities  
of Bonds Outstanding  
June 30, 2016**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>June 30, 2016</u>		<u>Interest Rate</u>	<u>Balance June 30, 2015</u>	<u>Retired Current Year</u>	<u>Balance June 30, 2016</u>
			<u>Date</u>	<u>Amount</u>				
Additions and Renovations to Elementary School	1/1/1999	\$ 3,800,000.00	1/1/2017	\$ 140,000.00	4.000%			
			1/1/2018	145,000.00	4.000%			
			1/1/2019	150,000.00	4.000%			
			1/1/2020	155,000.00	4.000%			
			1/1/2021	160,000.00	4.000%			
			1/1/2022	165,000.00	4.000%			
			1/1/2023	175,000.00	4.000%			
			1/1/2024	180,000.00	4.000%			
			1/1/2025	185,000.00	4.000%			
			1/1/2026	195,000.00	4.000%			
			1/1/2027	200,000.00	4.125%			
Additions and Renovations to Elementary School	3/22/2012	\$ 6,585,000.00	1/1/2028	215,000.00	4.125%			
			1/1/2029	220,000.00	4.125%			
			2/1/2017	350,000.00	3.000%			
			2/1/2018	360,000.00	3.000%			
			2/1/2019	380,000.00	3.000%			
			2/1/2020	390,000.00	4.000%			
			2/1/2021	405,000.00	4.000%			
			2/1/2022	425,000.00	4.000%			
			2/1/2023	440,000.00	2.125%			
			2/1/2024	450,000.00	2.250%			
			2/1/2025	460,000.00	2.375%			
2/1/2026	475,000.00	2.500%						
2/1/2027	470,000.00	2.500%						
2/1/2028	470,000.00	2.625%						
2/1/2029	465,000.00	2.750%						
	</							

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS  
Long - Term Debt  
Schedule of Obligations Under Capital Leases  
For the Fiscal Year Ended June 30, 2016

<u>Purpose</u>	<u>Interest Rate Payable</u>	<u>Amount Outstanding June 30, 2015</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2016</u>
LED Lighting Retrofit	1.78%	\$ 212,103.36	\$ -	\$ 48,070.86	\$ 164,032.50
		<u>\$ 212,103.36</u>	<u>\$ -</u>	<u>\$ 48,070.86</u>	<u>\$ 164,032.50</u>

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS  
Budgetary Comparison Schedule  
Debt Service Fund  
For the Fiscal Year Ended June 30, 2016

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final to <u>Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$666,532.00	\$ -	\$666,532.00	\$666,532.00	\$ -
State Sources:					
Debt Service Aid Type II	69,242.00	-	69,242.00	69,242.00	-
Total - State Sources	69,242.00	-	69,242.00	69,242.00	-
<b>Total Revenues</b>	<u>735,774.00</u>	<u>-</u>	<u>735,774.00</u>	<u>735,774.00</u>	<u>-</u>
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	268,294.00	-	268,294.00	268,293.76	(0.24)
Redemption of Principal	470,000.00	-	470,000.00	470,000.00	-
Total Regular Debt Service	738,294.00	-	738,294.00	738,293.76	(0.24)
<b>Total Expenditures</b>	<u>738,294.00</u>	<u>-</u>	<u>738,294.00</u>	<u>738,293.76</u>	<u>(0.24)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,520.00)	-	(2,520.00)	(2,519.76)	0.24
Fund Balance, July 1	<u>2,520.16</u>	<u>-</u>	<u>2,520.16</u>	<u>2,520.16</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 0.16</u>	<u>\$ -</u>	<u>\$ 0.16</u>	<u>\$ 0.40</u>	<u>\$ 0.24</u>

## **STATISTICAL SECTION (Unaudited)**

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**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS**

**Net Position by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)  
Unaudited**

	Fiscal Year Ending June 30,									
	2016	2015	2014 (Restated)	2013	2012	2011	2010	2009	2008	2007
<b>Governmental Activities</b>										
Net Investment in Capital Assets										
Restricted	\$ 6,128,349.14	\$ 5,939,954.42	\$ 5,761,008.57	\$ 5,641,731.64	\$ 5,675,494.27	\$ 5,309,460.12	\$ 5,345,758.12	\$ 5,374,590.77	\$ 5,445,691.77	\$ 5,359,727.15
Unrestricted	1,381,646.18	1,493,158.00	1,861,994.51	1,798,244.53	1,539,574.03	877,136.46	396,077.58	298,683.35	309,018.66	451,701.20
Total Governmental Activities Net Position	<u>(2,462,318.72)</u>	<u>(2,013,480.60)</u>	<u>(2,110,512.88)</u>	<u>31,701.31</u>	<u>40,212.71</u>	<u>53,817.05</u>	<u>132,090.50</u>	<u>211,558.39</u>	<u>171,141.10</u>	<u>160,032.30</u>
	\$ 5,047,676.60	\$ 5,419,631.82	\$ 5,512,490.20	\$ 7,471,677.48	\$ 7,255,281.01	\$ 6,240,413.63	\$ 5,873,926.20	\$ 5,884,832.51	\$ 5,925,851.53	\$ 5,971,460.65
<b>Business-Type Activities</b>										
Net Investment in Capital Assets										
Restricted	\$ 6,352.55	\$ 7,554.59	\$ 8,859.11	\$ 7,890.90	\$ 9,517.04	\$ 11,143.22	\$ 12,926.49	\$ 14,925.47	\$ 8,086.50	\$ 4,040.47
Unrestricted	9,368.67	22,197.27	13,501.04	12,617.98	10,089.48	9,774.01	7,476.39	2,522.06	4,853.75	4,465.56
Total Business-Type Activities Net Position	<u>15,721.22</u>	<u>29,751.86</u>	<u>22,360.15</u>	<u>20,508.88</u>	<u>19,606.52</u>	<u>20,917.23</u>	<u>20,402.88</u>	<u>17,447.53</u>	<u>12,940.25</u>	<u>8,506.13</u>
<b>District-Wide</b>										
Net Investment in Capital Assets										
Restricted	\$ 6,134,701.69	\$ 5,947,509.01	\$ 5,769,867.68	\$ 5,649,622.54	\$ 5,685,011.31	\$ 5,320,603.34	\$ 5,358,664.61	\$ 5,389,516.24	\$ 5,453,778.27	\$ 5,363,767.62
Unrestricted	1,381,646.18	1,493,158.00	1,861,994.51	1,798,244.53	1,539,574.03	877,136.46	396,077.58	298,683.35	309,018.66	451,701.20
Total District Net Position	<u>(2,452,950.05)</u>	<u>(1,991,283.33)</u>	<u>(2,097,011.84)</u>	<u>44,319.29</u>	<u>50,302.19</u>	<u>63,591.06</u>	<u>139,566.89</u>	<u>214,080.45</u>	<u>175,994.85</u>	<u>164,497.96</u>
	\$ 5,063,397.82	\$ 5,449,383.68	\$ 5,534,850.35	\$ 7,492,186.36	\$ 7,274,887.53	\$ 6,261,330.86	\$ 5,894,329.08	\$ 5,902,280.04	\$ 5,938,791.78	\$ 5,979,968.78

Source: District Records



BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)  
Unaudited

	Fiscal Year Ending June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Expenses</b>										
Governmental Activities										
Instruction										
Regular	\$ 6,840,838.57	\$ 5,696,017.04	\$ 4,763,608.15	\$ 4,755,365.25	\$ 4,573,681.73	\$ 4,574,260.43	\$ 4,558,253.05	\$ 4,268,097.44	\$ 4,430,728.61	\$ 4,124,101.68
Special Education	1,364,789.52	1,180,308.56	885,713.71	926,147.64	1,171,923.93	1,306,080.16	1,340,177.40	1,265,672.79	1,205,023.52	1,157,914.89
School Sponsored/Other Instructional	515,884.02	267,608.56	394,078.46	441,313.72	473,154.74	366,008.38	556,419.25	472,931.00	456,859.69	413,915.84
Support Services:										
Tuition	4,143,338.20	3,887,397.52	3,728,923.15	3,312,341.19	3,114,066.52	3,091,447.86	2,887,319.00	2,927,584.90	2,552,600.25	2,421,071.08
Student and Instruction Related Services	2,858,784.73	2,132,674.58	1,779,232.86	1,674,072.77	1,556,839.53	1,364,867.81	1,339,530.18	1,293,466.93	1,235,001.73	1,127,185.66
School Administrative Services	822,452.90	685,248.98	595,321.95	597,385.02	558,183.19	578,928.66	544,276.12	621,266.99	691,731.64	701,666.44
General and Business Admin. Services	893,974.11	640,520.74	615,564.16	591,410.81	507,113.65	563,586.71	488,174.89	431,244.75	548,123.21	556,334.56
Plant Operations and Maintenance	1,221,072.32	1,096,851.25	1,015,280.21	1,026,501.45	985,780.59	949,358.61	1,008,974.41	1,053,905.67	1,065,793.25	1,023,963.32
Pupil Transportation	290,549.76	250,026.01	276,706.17	248,590.02	217,420.19	270,548.92	389,490.25	424,266.04	382,216.95	348,923.32
Debt Assessment	29,837.00	29,837.00	29,837.00	29,837.00	217,420.19	270,548.92	389,490.25	424,266.04	382,216.95	348,923.32
Debt Service Other Charges	815.14	815.14	815.14	815.14	815.14	815.14	815.14	815.14	815.14	815.14
Interest on Long-Term Debt	281,406.26	274,743.76	286,443.78	301,711.41	343,768.96	423,528.35	438,837.52	453,756.68	437,779.85	506,587.51
<b>Total Governmental Activities Expenses</b>	<b>19,243,742.53</b>	<b>16,142,049.15</b>	<b>14,391,534.72</b>	<b>13,907,481.42</b>	<b>13,501,933.03</b>	<b>13,488,615.89</b>	<b>13,551,452.07</b>	<b>13,212,213.09</b>	<b>13,005,858.69</b>	<b>12,381,664.30</b>
<b>Business-type Activities:</b>										
Food Service	28,024.31	10,739.40	12,881.03	13,658.91	18,388.86	15,302.98	11,493.87	10,744.44	11,003.65	15,970.59
Total Business-Type Activities Expense	28,024.31	10,739.40	12,881.03	13,658.91	18,388.86	15,302.98	11,493.87	10,744.44	11,003.65	15,970.59
<b>Total District-Wide Expenses</b>	<b>\$ 19,271,766.84</b>	<b>\$ 16,152,788.55</b>	<b>\$ 14,404,415.75</b>	<b>\$ 13,921,140.33</b>	<b>\$ 13,520,321.89</b>	<b>\$ 13,503,918.87</b>	<b>\$ 13,562,945.94</b>	<b>\$ 13,222,957.53</b>	<b>\$ 13,016,862.34</b>	<b>\$ 12,397,634.89</b>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Instruction (tuition)	93,100.00	95,700.00	158,342.80	166,892.80	449,339.00					
Pupil transportation	0	0	66.16							
Interest on Long-Term Debt										
Operating Grants and Contributions	5,659,922.66	3,208,197.34	1,893,512.02	2,076,356.64	1,720,430.94	1,597,748.85	1,941,300.28	2,046,016.24	1,749,125.02	506,587.51
<b>Total Governmental Activities Program Revenue</b>	<b>5,753,022.66</b>	<b>3,303,897.34</b>	<b>2,051,920.98</b>	<b>2,243,249.44</b>	<b>2,169,769.94</b>	<b>1,897,748.85</b>	<b>1,941,300.28</b>	<b>2,046,016.24</b>	<b>2,186,904.97</b>	<b>2,186,180.05</b>

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUSChanges in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)  
Unaudited

	Fiscal Year Ending June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Business-Type Activities:</b>										
Charges for Services										
Food Service	\$ 8,730.00	\$ 11,070.00	\$ 7,840.00	\$ 7,950.00	\$ 8,850.00	\$ 8,820.00	\$ 8,400.00	\$ 8,473.00	\$ 8,586.00	\$ 9,072.00
Operating grants and contributions	5,181.80	5,985.79	5,824.05	6,536.93	8,194.48	6,924.82	6,029.12	6,692.09	6,587.15	6,060.01
Total Business-Type Activities Program Revenues	13,911.80	18,055.79	14,664.05	14,486.93	17,044.48	15,744.82	14,429.12	15,165.09	15,173.15	15,132.01
Total District-Wide Program Revenues	\$ 5,786,934.46	\$ 3,321,953.13	\$ 2,066,585.03	\$ 2,257,746.37	\$ 2,186,814.42	\$ 1,713,493.67	\$ 1,955,729.40	\$ 2,061,181.33	\$ 2,202,078.03	\$ 2,201,312.06
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (13,430,719.87)	\$ (12,898,151.81)	\$ (12,339,613.73)	\$ (11,664,231.98)	\$ (11,332,183.08)	\$ (11,790,887.04)	\$ (11,610,151.79)	\$ (11,166,196.84)	\$ (10,818,953.81)	\$ (10,185,484.25)
Business-Type Activities	(14,112.51)	7,316.39	1,783.02	838.02	(1,344.38)	441.84	2,335.25	4,420.65	4,169.51	(838.58)
Total District-Wide Net Expense	\$ (13,504,832.38)	\$ (12,830,835.42)	\$ (12,337,830.71)	\$ (11,663,393.96)	\$ (11,333,507.46)	\$ (11,790,425.20)	\$ (11,607,216.54)	\$ (11,161,776.19)	\$ (10,814,784.30)	\$ (10,196,322.83)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Taxes:										
Property Taxes, Levied for General Purposes	\$ 12,573,757.00	\$ 12,207,532.00	\$ 11,963,169.00	\$ 11,651,591.00	\$ 11,432,932.00	\$ 11,165,103.00	\$ 10,639,521.98	\$ 10,230,310.00	\$ 9,836,837.00	\$ 9,458,487.00
Property Taxes, Levied for Debt Service Principal	474,367.74	465,349.24	460,249.24	450,888.59	481,132.04	405,791.65	384,035.48	376,129.31	425,761.15	361,336.49
Federal and State Aid Not Restricted	32,422.90	29,988.80	16,273.89	-	984.00	-	62,885.98	15,983.90	81,017.65	62,672.61
Tuition	-	-	-	-	-	429,226.10	410,248.58	439,903.59	447,335.65	455,321.80
Investment Earnings	-	-	-	-	1,078.46	1,713.43	2,881.20	3,898.40	44,763.93	56,571.17
Miscellaneous Income	37,185.01	42,423.38	68,423.54	60,924.19	122,902.96	154,520.29	100,073.56	58,952.63	69,229.43	71,813.80
Special Item - Accounts Payable Canceled	1,032.00	-	17,477.27	126.15	-	-	-	-	-	-
Special Item - Unrestricted FEMA Reimbursement	-	-	4,579.51	15,813.66	-	-	-	-	-	-
Special Item - Debt Refinanced, Net	-	-	-	-	308,000.00	-	-	-	-	-
Special Item - Proceeds from Refunding of Bonds	-	-	2,520.00	-	-	-	-	-	19,100.00	-
Total Governmental Activities	13,118,764.65	12,745,293.42	12,537,692.45	12,189,443.59	12,347,030.46	12,157,354.47	11,599,245.48	11,125,177.83	10,924,044.71	10,466,212.87
Business-Type Activities:										
Investment Earnings	81.87	75.32	68.25	64.34	33.67	72.51	20.10	86.63	264.61	285.55
Total Business-Type Activities	81.87	75.32	68.25	64.34	33.67	72.51	20.10	86.63	264.61	285.55
Total District-Wide General Revenues	\$ 13,118,846.52	\$ 12,745,368.74	\$ 12,537,760.70	\$ 12,189,507.93	\$ 12,347,064.13	\$ 12,157,426.98	\$ 11,599,265.58	\$ 11,125,264.46	\$ 10,924,309.32	\$ 10,466,498.42
<b>Change in Net Position</b>										
Governmental Activities	\$ (371,955.22)	\$ (92,868.38)	\$ 198,078.72	\$ 525,211.61	\$ 1,014,867.38	\$ 366,487.43	\$ (10,906.31)	\$ (41,019.03)	\$ 105,090.88	\$ 270,728.62
Business-Type Activities	(14,030.84)	7,391.71	1,851.27	902.36	(1,310.71)	514.35	2,955.35	4,507.28	4,434.12	(553.03)
Total District-Wide Change in Net Position	\$ (385,985.86)	\$ (85,466.67)	\$ 199,929.99	\$ 526,113.97	\$ 1,013,556.67	\$ 367,001.78	\$ (7,950.96)	\$ (36,511.75)	\$ 109,525.00	\$ 270,175.59

Source: District Records.

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS**

**Fund Balances - Governmental Funds,  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
Unaudited**

	Fiscal Year Ending June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>General Fund</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 1,381,598.34	\$ 701,535.57	\$ 436,279.97	\$ 220,880.73	\$ 245,009.59	\$ 520,757.31
Unreserved	-	-	-	-	231,582.80	478,861.28	362,173.10	555,562.48	497,383.46	387,238.13
Restricted	1,238,996.23	1,344,196.38	1,732,713.21	1,711,473.41	-	-	-	-	-	-
Assigned	103,082.80	188,048.68	80,321.63	40,330.69	40,330.69	40,330.69	40,330.69	40,330.69	40,330.69	40,330.69
Unassigned	372,004.67	327,255.32	311,335.01	279,413.20	279,413.20	279,413.20	279,413.20	279,413.20	279,413.20	279,413.20
<b>Total General Fund</b>	<b>\$ 1,714,083.70</b>	<b>\$ 1,859,502.38</b>	<b>\$ 2,124,369.85</b>	<b>\$ 2,031,217.30</b>	<b>\$ 1,613,181.14</b>	<b>\$ 1,180,396.85</b>	<b>\$ 798,453.07</b>	<b>\$ 776,443.21</b>	<b>\$ 742,393.05</b>	<b>\$ 907,995.44</b>
<b>All Other Governmental Funds</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, Reported In:										
Capital Projects Fund	-	-	-	-	157,974.40	0.31	0.33	17,676.35	27,980.37	1,424.00
Debt Service Fund	-	-	-	-	1.29	-	-	-	-	-
Restricted, Reported In:										
Capital Projects Fund	46,438.75	46,438.75	46,438.75	46,438.75	-	-	-	-	-	-
Debt Service Fund	0.40	2,520.16	2,520.92	1.68	-	-	-	-	-	-
<b>Total All Other Governmental Funds</b>	<b>\$ 46,439.15</b>	<b>\$ 48,958.91</b>	<b>\$ 48,959.67</b>	<b>\$ 46,440.43</b>	<b>\$ 157,975.69</b>	<b>\$ 0.31</b>	<b>\$ 0.33</b>	<b>\$ 17,676.35</b>	<b>\$ 27,980.37</b>	<b>\$ 1,424.00</b>
<b>Total Fund Balances</b>	<b>\$ 1,760,522.85</b>	<b>\$ 1,908,461.29</b>	<b>\$ 2,173,329.52</b>	<b>\$ 2,077,657.73</b>	<b>\$ 1,771,156.83</b>	<b>\$ 1,180,397.16</b>	<b>\$ 798,453.40</b>	<b>\$ 794,119.56</b>	<b>\$ 770,373.42</b>	<b>\$ 909,419.44</b>

Source: District Records

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BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

Changes in Fund Balances - Governmental Funds,  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
Unaudited

	Fiscal Year Ending June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Other Financing Sources (Uses)</b>										
Capital leases (non-budgeted)	-	-	272,300.00							
Unrestricted FEMA Reimbursement	-	-	4,579.51	15,813.66						
Accounts Payable Canceled (non-budgeted)	1,032.00	-	17,477.27	126.15						
Proceeds from Refunding of Bonds	-	-	2,520.00	-	-	-	-	-	19,100.00	1,423.19
Transfers In	-	-	-	-	-	-	-	-	-	(1,423.19)
Transfers Out	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	1,032.00	-	296,876.78	15,939.81	-	-	-	-	19,100.00	-
Net Change in Fund Balances	\$ (147,938.44)	\$ (264,868.23)	\$ 95,671.79	\$ 306,500.90	\$ 590,759.67	\$ 381,943.76	\$ 4,333.84	\$ 24,446.14	\$ (139,046.02)	\$ 110,553.26
Debt Service as a Percentage of Noncapital Expenditures	4.73%	4.91%	5.17%	5.40%	6.09%	6.17%	6.23%	6.41%	6.62%	7.05%

Source: District Records

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS**

**General Fund - Other Local Revenue by Source**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*  
**Unaudited**

<u>Fiscal Year Ending June 30,</u>	<u>Donations</u>	<u>Rentals</u>	<u>Prior Year Refunds</u>	<u>Miscellaneous</u>	<u>Annual Totals</u>
2007	\$ 62,397.13	\$ 9,085.04	\$ 331.63	\$ 510,469.78	\$ 582,283.58
2008		51,202.76	6,339.80	503,786.35	561,328.91
2009		48,077.07	1,848.15	452,829.40	502,754.62
2010		51,925.02	4,454.48	456,621.84	513,001.34
2011		54,380.49	4,206.77	526,872.56	585,459.82
2012		44,804.23	5,073.08	523,444.11	573,321.42
2013		35,450.00		192,366.99	227,816.99
2014		47,195.11	18,059.27	161,578.12	226,832.50
2015		32,154.19		10,269.19	42,423.38
2016		17,660.24	187.22	19,337.55	37,185.01

**Source: District Records**

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS**

**Assessed Value and Estimated Actual Value of Taxable Property,  
Last Ten Fiscal Years  
Unaudited**

Fiscal Year Ended December 31,	Vacant Land	Residential	Commercial	Industrial	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
2007	15,391,100	1,283,535,800	41,253,400	18,142,200	1,358,322,500	746,932	1,359,069,432	1,359,069,432	0.767
2008	15,088,500	1,287,431,000	41,253,400	18,142,200	1,361,915,100	798,679	1,362,713,779	1,362,713,779	0.791
2009	12,546,200	1,298,026,500	41,253,400	18,142,200	1,369,968,300	924,266	1,370,892,566	1,386,280,277	0.815
2010	12,546,200	1,300,365,800	40,688,700	18,142,200	1,371,742,900	867,045	1,372,609,945	1,372,609,945	0.850
2011	8,676,800	1,078,974,500	40,649,400	15,300,000	1,143,600,700	722,133	1,144,322,833	1,241,057,068	1.053
2012	8,676,800	1,081,984,000	41,521,400	15,300,000	1,147,482,200	656,997	1,148,139,197	1,263,868,792	1.066
2013	9,266,800	1,083,001,200	42,219,900	15,300,000	1,149,747,900	100,000	1,149,847,900	1,247,993,130	1.087
2014	8,505,900	1,081,610,600	42,498,100	15,300,000	1,147,914,600	100	1,147,914,700	1,230,479,901	1.112
2015	10,894,500	1,081,033,500	42,097,100	15,300,000	1,149,325,100	100	1,149,325,200	1,255,818,618	1.136
2016					1,151,155,100	100	1,151,155,200		1.174

Source: Municipal Tax Assessor

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS**

**Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years  
(rate per \$100 of assessed value)  
Unaudited**

Fiscal Year Ended December 31,	School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	General Obligation			Municipality	County	
	Basic Rate	Debt Service	Total Direct School Tax Rate			
2007	0.767	0.0003	0.767	0.394	0.179	1.340
2008	0.791	0.0003	0.791	0.412	0.188	1.391
2009	0.815	0.0003	0.815	0.431	0.195	1.441
2010	0.850	0.0003	0.850	0.459	0.201	1.510
2011	1.053	0.0003	1.053	0.569	0.226	1.848
2012	1.066	0.0003	1.066	0.574	0.242	1.882
2013	1.087	0.0003	1.087	0.577	0.250	1.914
2014	1.112	0.0003	1.112	0.591	0.251	1.954
2015	1.136	0.0003	1.136	0.590	0.263	1.989
2016	1.174	0.0003	1.174	0.609	0.276	2.059

**Source: Municipal Tax Collector**



**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS**

**Principal Property Taxpayers  
Current Year and Ten Years Ago  
Unaudited**

Fiscal Year Ended June 30,	2016		2006	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Taxpayer 1	\$ 15,300,000	1.33%	\$ 5,629,700	0.41%
Taxpayer 2	5,673,200	0.49%	3,177,500	0.23%
Taxpayer 3	5,483,000	0.48%	2,055,000	0.15%
Taxpayer 4	3,727,700	0.32%	1,700,000	0.13%
Taxpayer 5	3,444,000	0.30%	1,634,500	0.12%
Taxpayer 6	3,300,000	0.29%	1,465,500	0.11%
Taxpayer 7	2,668,800	0.23%	1,354,200	0.10%
Taxpayer 8	2,965,900	0.26%	1,218,000	0.09%
Taxpayer 9	2,950,000	0.26%	1,197,200	0.09%
Taxpayer 10	2,900,000	0.25%	1,177,000	0.09%
Taxpayer 11	2,851,700	0.25%	n/a	
Taxpayer 12	2,773,200	0.24%	n/a	
Taxpayer 13	2,660,900	0.23%	n/a	
Total	<u>\$ 56,698,400</u>	<u>4.93%</u>	<u>\$ 20,608,600</u>	<u>1.52%</u>

Source: Municipal Tax Assessor

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS**

**Property Tax Levies and Collections  
Last Ten Fiscal Years  
Unaudited**

Fiscal Year Ended December 31,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	\$ 17,282,796	\$ 17,122,524	99.07%		\$ 17,122,524	99.07%
2007	18,211,543	18,137,385	99.59%		18,137,385	99.59%
2008	18,955,349	18,728,340	98.80%	171,452	18,899,792	99.70%
2009	19,789,506	19,611,270	99.10%	163,944	19,775,214	99.92%
2010	20,790,977	20,568,847	98.93%	187,121	20,755,968	99.83%
2011	21,147,085	20,735,315	98.05%	187,120	20,922,435	98.94%
2012	21,668,666	21,413,439	98.82%	250,943	21,664,382	99.98%
2013	22,065,800	21,625,788	98.01%	216,653	21,842,441	98.99%
2014	22,496,289	22,301,494	99.13%	144,568	22,446,062	99.78%
2015	22,917,742	22,700,622	99.05%		22,700,622	99.05%

**Source: Municipal Tax Collector**

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS**

**Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years  
Unaudited**

Fiscal Year Ended June 30,	Governmental Activities					Total District	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)				
2007	\$ 11,523,000	-	-	-	\$	11,523,000	4.27%	2,882
2008	11,273,000	-	-	-		11,273,000	4.20%	2,826
2009	10,893,000	-	-	-		10,893,000	4.26%	2,720
2010	10,498,000	-	-	-		10,498,000	4.02%	2,571
2011	10,098,000	-	-	-		10,098,000	3.65%	2,453
2012	9,680,000					9,680,000	3.39%	2,346
2013	9,210,000					9,210,000	3.21%	2,229
2014	8,755,000		272,300			9,027,300	3.04%	2,173
2015	8,295,000		212,103			8,507,103	2.77%	2,043
2016	7,825,000		164,033			7,989,033	2.53%	1,918

**Source: District Records**

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS**

**Ratios of Net General Bonded Debt Outstanding  
Last Ten Fiscal Years  
Unaudited**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2007	\$ 11,523,000		\$ 11,523,000	0.85%	2,882.19
2008	11,273,000		11,273,000	0.83%	2,826.02
2009	10,893,000		10,893,000	0.79%	2,719.85
2010	10,498,000		10,498,000	0.76%	2,571.15
2011	10,098,000		10,098,000	0.88%	2,453.35
2012	9,680,000		9,680,000	0.84%	2,345.53
2013	9,210,000		9,210,000	0.80%	2,228.94
2014	8,755,000		8,755,000	0.76%	2,107.10
2015	8,295,000		8,295,000	0.72%	1,991.60
2016	7,825,000		7,825,000	0.68%	1,878.75

Source: District Records

NOTE: 2006 Revaluation completed

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS**

**Direct and Overlapping Governmental Activities Debt  
As of December 31, 2015  
Unaudited**

Net Direct Debt of School District as of December 31, 2015	\$ 8,295,000.00
Net Overlapping Debt of School District:	
Borough of Ho-Ho-Kus (100%)	\$ 4,910,850.00
County of Bergen - Borough's share (0.75%)	5,017,255.77
Northwest Bergen County Utilities Authority - Borough's share (5.51%)	<u>1,209,485.77</u>
Total Direct and Overlapping Debt as of December 31, 2015	<u>11,137,591.54</u>
	<u>\$ 19,432,591.54</u>

**Source: Borough of Ho-Ho-Kus Chief Financial Officer and Bergen County Treasurer's  
Office and Northwest Bergen County Utility Authority.**

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS**

**Legal Debt Margin Information  
Last Ten Fiscal Years  
Unaudited**

**Legal Debt Margin Calculation for Fiscal Year 2015**

**Equalized Valuation Basis**

2013	1,232,444,957
2014	1,254,277,316
2015	1,300,435,732
<b>\$</b>	<b>3,787,158,005</b>

Average equalized valuation of taxable property

<b>\$</b>	<b>1,262,386,002</b>
-----------	----------------------

Debt limit (4 % of average equalization value)

	50,495,440
--	------------

Total Net Debt Applicable to Limit

	7,825,000
--	-----------

Legal debt margin

<b>\$</b>	<b>42,670,440</b>
-----------	-------------------

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$ 32,136,919	\$ 35,721,154	\$ 38,717,246	\$ 40,821,697	\$ 54,728,669	53,125,713	51,041,647	49,772,054	49,736,014	50,495,440
Total Net Debt Applicable to Limit	11,878,000	11,523,000	11,273,000	10,893,000	10,098,000	9,380,000	9,680,000	8,755,000	8,295,000	7,825,000
Legal Debt Margin	<u>\$ 20,258,919</u>	<u>\$ 24,198,154</u>	<u>\$ 27,444,246</u>	<u>\$ 29,928,697</u>	<u>\$ 44,630,669</u>	<u>\$ 43,745,713</u>	<u>\$ 41,361,647</u>	<u>\$ 41,017,054</u>	<u>\$ 41,441,014</u>	<u>\$ 42,670,440</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	36.96%	32.26%	29.12%	26.68%	18.45%	17.66%	18.96%	17.59%	16.68%	15.50%

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

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS**

**Demographic and Economic Statistics  
Last Ten Fiscal Years  
Unaudited**

Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2007	3,998	270,040,912	67,544	0.50%
2008	3,989	268,583,359	67,331	0.20%
2009	4,005	255,815,370	63,874	0.60%
2010	4,083	260,842,455	63,885	1.20%
2011	4,116	276,792,768	67,248	1.20%
2012	4,127	285,922,687	69,281	1.20%
2013	4,132	287,153,340	69,495	1.20%
2014	4,155	297,414,277	71,580	6.00%
2015	4,165	307,073,978	73,727	3.70%
2016	4,165 E	316,286,197 E	75,939 E	3.50%

**Sources:**

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

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

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

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

**Principal Employers  
Current Year and Ten Years Ago  
Unaudited**

Employer	2015			2005		
	Employees	Rank [Optional]	Percentage of Total Municipal Employment	Employees	Rank [Optional]	Percentage of Total Municipal Employment
	0		0.00%	0		0.00%

**Source: NOT AVAILABLE**



**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS**

**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	45.2	45.3	45.3	49.5	45.3	45.9	45.9	49	49	49
Special Education	13.2	15.2	15.7	17.1	13	13	13	15	15	15
Support Services:										
Student and Instruction Related Services	13.5	13.5	15	16.7	17.7	17.3	17.3	13.6	13.6	13.6
School Administrative Services	3.4	3.4	3.5	3.5	3.5	3.5	3.5	2.5	2.5	2.5
General and Business Administrative Services	4.5	4.5	3.8	3.8	4	4.5	4.5	4.4	4.4	4.4
Plant Operations and Maintenance	8	8	8	8	6	6	6	6.5	6.5	6.5
Total	<u>87.8</u>	<u>89.9</u>	<u>91.3</u>	<u>98.6</u>	<u>89.5</u>	<u>90.2</u>	<u>90.2</u>	<u>91.0</u>	<u>91.0</u>	<u>91.0</u>

**Source: District Records**

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS**

Operating Statistics  
Last Ten Fiscal Years  
Unaudited

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2007	668	8,418,591	12,602.68	4.13%	51	13.1	N/A	N/A	668.0	642.0	2.61%	96.11%
2008	669	8,539,043	12,763.89	1.28%	51	13.1	N/A	N/A	669.0	641.0	0.15%	95.81%
2009	662	8,749,216	13,216.34	3.54%	51	12.9	N/A	N/A	662.0	636.0	-1.05%	96.07%
2010	673	9,198,234	13,667.51	3.41%	54	12.4	N/A	N/A	673.0	645.8	1.66%	95.96%
2011	660	9,866,489	14,949.23	9.38%	51	12.9	N/A	N/A	659.0	633.0	-2.08%	96.05%
2012	647	8,979,684	13,878.96	-7.16%	51	12.4	N/A	N/A	649.4	626.5	-1.46%	96.47%
2013	656	9,030,648	13,766.23	-0.81%	51	12.4	N/A	N/A	648.1	622.2	-0.20%	96.00%
2014	663	9,435,366	14,231.31	3.38%	49	13.5	N/A	N/A	657.5	634.3	1.45%	96.47%
2015	641	10,256,074	16,000.12	12.43%	49	13.1	N/A	N/A	638.2	615.3	-2.94%	96.41%
2016	638	10,703,151	16,776.10	4.85%	50	12.8	N/A	N/A	618.4	595.8	-3.10%	96.35%

Source: District Records

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS**  
  
**School Building Information  
Last Ten Fiscal Years  
Unaudited**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>District Building</u>										
<u>Elementary</u>										
Ho-Ho-Kus Elementary (1936)	104,503	104,503	104,503	104,503	104,503	104,503	104,503	104,503	104,503	104,503
Square Feet	800	800	800	800	800	800	800	800	800	800
Capacity (students)	668	669	662	673	660	647	656	663	641	638
Enrollment										

Number of Schools at June 30, 2015  
Elementary = 1 {PreK/Eighth Grade}

**Source: District Records**

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions.  
Enrollment is based on the average daily enrollment.

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS**

**General Fund  
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 Facility</u>	<u>Gross Building Area (SF)</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Ho-Ho-Kus Elementary School	104,503	\$ 162,390	\$ 160,667	\$ 175,131	\$ 198,743	\$ 198,743	\$ 140,639	\$ 97,969	\$ 86,861	\$ 122,712	\$ 86,259
<b>District Total</b>	<b>104,503</b>	<b>\$ 162,390</b>	<b>\$ 160,667</b>	<b>\$ 175,131</b>	<b>\$ 198,743</b>	<b>\$ 198,743</b>	<b>\$ 140,639</b>	<b>\$ 97,969</b>	<b>\$ 86,861</b>	<b>\$ 122,712</b>	<b>\$ 86,259</b>

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

**Source: District Records**

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS**

**Insurance Schedule  
As of June 30, 2016  
Unaudited**

	<u>LIMITS</u>	<u>DEDUCTIBLE</u>
Selective Way Insurance Company		
Package Policy:		
Blanket Real and Personal Property	Scheduled	
Earthquake	\$ 5,000,000.00	\$ 50,000.00
Flood	5,000,000.00	50,000.00
Computer Equipment	2,500,000.00	
Demolition/Incr Cost of Construction	2,000,000.00	
Boiler and Machinery	250,000.00	
Crime Coverage:		
Public Employee Dishonesty-Per Employee	100,000.00	5,000.00
Public Employee Dishonesty-Per Loss	400,000.00	
Forgery or Alteration	50,000.00	1,000.00
General Liability-Per Occurance	1,000,000.00	
General Liability-Aggregate	2,000,000.00	
Automobile	1,000,000.00	
Darwin National Assurance Co.:		
Educators Legal Liability	1,000,000.00	
Ace American Insurance Co.:		
Environmental Impairment	2,000,000.00	15,000.00
Safety National:		
Workers Compensation Coverage	1,000,000.00	
Fireman's Fund Insurance Company:		
Commercial Umbrella	50,000,000.00	
Ohio Casualty Insurance Co.:		
Board Secretary/Business Administrator	2,000.00	
Western Surety Company:		
Treasurer of School Monies	225,000.00	

**Source: District Records**

## **SINGLE AUDIT SECTION**

Vincent M. Montanino, RMA, PSA  
Michael S. Zambito, CPA, RMA  
Antonia Russo, Associate

K-1  
Sheet 1

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"

The Honorable President  
Members of the Board of Education  
Borough of Ho-Ho-Kus School District  
County of Bergen, New Jersey

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

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough of Ho-Ho-Kus School District's internal control over financial reporting as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Ho-Ho-Kus School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough of Ho-Ho-Kus School District's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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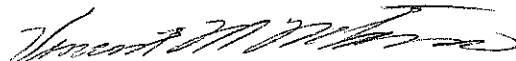
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. Given these limitations,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

#### Compliance and Other Matters

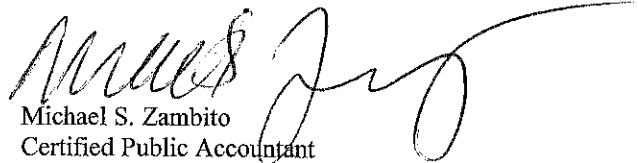
As part of obtaining reasonable assurance about whether the Borough of Ho-Ho-Kus School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could 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 and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

#### Purpose of This Report

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



Vincent M. Montanino  
Registered Municipal Accountant  
License No. CS000495



Michael S. Zambito  
Certified Public Accountant  
License No. 20CC00789500

November 15, 2016



Vincent M. Montanino, RMA, PSA  
Michael S. Zambito, CPA, RMA  
Antonia Russo, Associate

K-2  
Sheet 1

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

The Honorable President  
Members of the Board of Education  
Borough of Ho-Ho-Kus School District  
County of Bergen, New Jersey

Report on Compliance for Each Major State Program

We have audited the Borough of Ho-Ho-Kus School District's compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2016. The Borough of Ho-Ho-Kus School District's major state programs are identified in the Summary of Auditor's Results Section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Borough of Ho-Ho-Kus School District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey Office of Management and Budget Circular Letter 15-08 Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, and New Jersey's OMB's Circular Letter 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 Borough of Ho-Ho-Kus School 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 each major state program. However, our audit does not provide a legal determination on the Borough of Ho-Ho-Kus School District's compliance.

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Opinion on Each Major State Program

In our opinion, the Board of Education of the Borough of Ho-Ho-Kus School District, in the County of Bergen, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2016.

Report on Internal Control Over Compliance

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

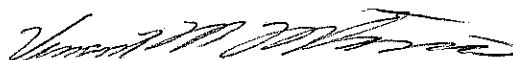
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. 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 that the testing based on the requirements of NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Ho-Ho-Kus School District, as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated November 15, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.



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Certified Public Accountant  
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November 15, 2016

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS**

**Schedule of Expenditures of Federal Awards, Schedule A  
For the Fiscal Year Ended June 30, 2016**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA or Grant Number	Grant Period	Award Amount	Balance July 1, 2015	Adjustments	Cash Received	BUDGETARY EXPENDITURES			Repayment of Prior Years' Balances	Accounts Receivable	Balance June 30, 2016 Deferred Revenue	Due to Grantor
							Disbursements	Accounts Payable	Encumbrances				
U.S. Department of Agriculture Passed - Through State Department of Education:	10.556	7/1/15-6/30/16	\$ 5,181.80	\$ -	\$ -	\$ 4,627.00	\$ 5,181.80	\$ -	\$ -	\$ -	\$ (554.80)	\$ -	\$ -
	10.556	7/1/14-6/30/15	6,985.79	(1,872.43)	-	1,872.43	-	-	-	-	-	-	-
	Total U.S. Department of Agriculture			(1,872.43)		6,499.43	5,181.80				(554.80)		
U.S. Department of Education Passed - Through State Department of Education:	84.010A	9/1/15-8/31/16	19,586.00			19,586.00	19,586.00						
	E.S.E.A. Title I					8,041.00	8,041.00						
	E.S.E.A. Title II A					139,677.00	139,677.00						
	I.D.E.A. Part B, Basic					3,973.00	3,973.00						
	I.D.E.A. Part B, Preschool					171,277.00	171,277.00						
Total U.S. Department of Education													
Total Federal Financial Assistance				\$ (1,872.43)	\$ -	\$ 177,776.43	\$ 176,458.80	\$ -	\$ -	\$ -	\$ (554.80)	\$ -	\$ -

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

**BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS**

**Schedule of Expenditures of State Financial Assistance, Schedule B  
For the Fiscal Year Ended June 30, 2016**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2015	Adjustments	Cash Received	BUDGETARY EXPENDITURES			Repayment of Prior Years' Balances	Balance June 30, 2016		
							Disbursements	Accounts Payable	Encumbrances		Accounts Receivable	Deferred Revenue	Due to Grantor
State Department of Education:													
General Funds:													
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	46,443.00	\$ -	\$ -	\$ 42,921.68	\$ 46,443.00	\$ -	\$ 46,443.00	\$ -	\$ (3,521.32)	\$ -	\$ -
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	46,443.00	(4,346.33)		4,346.33							
Special Education Categorical Aid	16-495-034-5120-089	7/1/15-9/30/16	374,865.00			346,442.62	374,865.00		374,865.00		(28,422.38)		
Special Education Categorical Aid	15-495-034-5120-089	7/1/14-6/30/15	374,865.00	(35,081.41)		35,081.41							
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	12,726.00			11,761.11	12,726.00				(964.89)		
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	12,726.00	(1,190.95)		1,190.95							
Adjustment Aid	16-495-034-5120-085	7/1/15-6/30/16	14,257.00			13,176.03	14,257.00		14,257.00		(1,080.97)		
Adjustment Aid	15-495-034-5120-085	7/1/14-6/30/15	14,257.00	(1,334.23)		1,334.23							
PARCC Readiness Aid	16-495-034-5120-088	7/1/15-6/30/16	8,800.00			8,132.78	8,800.00		8,800.00		(667.22)		
PARCC Readiness Aid	15-495-034-5120-088	7/1/14-6/30/15	8,800.00	(823.54)		823.54							
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	8,800.00			8,132.78	8,800.00		8,800.00		(667.22)		
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	8,800.00	(823.54)		823.54							
Extraordinary Aid	16-100-034-5120-473	7/1/15-6/30/16	134,072.00				134,072.00		134,072.00		(134,072.00)		
Extraordinary Aid	15-100-034-5120-473	7/1/14-6/30/15	99,870.00	(99,870.00)		99,870.00							
Non-Public Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	4,002.00				4,002.00		4,002.00		(4,002.00)		
Non-Public Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	7,482.00	(7,482.00)		7,482.00							
Reimbursed TPAF Social Security Contribution	16-495-034-5120-003	7/1/15-6/30/16	334,800.42			318,056.25	334,800.42		334,800.42		(16,744.17)		
Reimbursed TPAF Social Security Contribution	15-495-034-5094-003	7/1/15-6/30/15	335,655.39	(17,035.85)		17,035.85							
On-Behalf TPAF PRM Contributions	16-100-034-5094-003	7/1/14-6/30/15	437,005.00			437,005.00	437,005.00		437,005.00		-		
On-Behalf TPAF PRM Contributions	15-100-034-5095-001	7/1/15-6/30/16	367,009.00			367,009.00	367,009.00		367,009.00		-		
On-Behalf TPAF Pension Contributions	16-495-034-5094-006	7/1/15-6/30/16	367,009.00			1,720,625.10	1,742,779.42		1,742,779.42		(190,142.17)		
Total General Funds				(167,987.85)									
Capital Project Funds:													
N.J. Economic Development Authority Grant	2200-050-10-G0HV		142,784.80	(56,731.30)		-	-		-		(56,731.30)		
Total Capital Project Funds				(56,731.30)							(56,731.30)		
Debt Service Funds:													
Debt Service Aid - State Support	16-495-034-5120-075	7/1/15-6/30/16	69,242.00			69,242.00	69,242.00		69,242.00		-		
Total Debt Service Funds						69,242.00	69,242.00		69,242.00		-		
Total All Funds				\$ (224,719.15)		\$ 1,789,867.10	\$ 1,812,021.42	\$ -	\$ 1,812,021.42	\$ -	\$ (246,873.47)	\$ -	\$ -
State Financial Assistance Not Subject To Major Program Determination:													
General Funds:													
On-Behalf TPAF PRM Contributions	16-100-034-5095-001	7/1/15-6/30/16	437,005.00			(437,005.00)	(437,005.00)		(437,005.00)				
On-Behalf TPAF PRM Contributions	16-495-034-5094-006	7/1/15-6/30/16	367,009.00			(367,009.00)	(367,009.00)		(367,009.00)				
On-Behalf TPAF Pension Contributions						(804,014.00)	(804,014.00)		(804,014.00)				
Total State Financial Assistance Subject to Single Audit				(224,719.15)		985,853.10	1,008,007.42		1,008,007.42		(246,873.47)		

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

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE  
YEAR ENDED JUNE 30, 2016

Note 1: General

The accompanying schedules of expenditures of awards and financial assistance present the activity of all federal and state programs of the Borough of Ho-Ho-Kus Board of Education. The Board of Education is defined in Note I:B. to the Board's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2: Basis of Accounting

The accompanying schedules of expenditures of awards and financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes I:E and Note I:F. to the Board's basic financial statements. The information in the 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, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 3: Relationship to Basic Financial Statements

The basic financial statements present the general fund and 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 one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent year due to the state deferral and recording of one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more June state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE  
YEAR ENDED JUNE 30, 2016  
(CONCLUDED)

Note 3: Relationship to Basic Financial Statements (Continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$8,276.00 in the general fund and \$0.00 in the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$1,751,055.42	\$ 1,751,055.42
Special Revenue Fund	171,277.00		171,277.00
Debt Service Fund		69,242.00	69,242.00
Food Service Fund	<u>5,181.80</u>	<u>                    </u>	<u>5,181.80</u>
Total Awards and Financial Assistance	<u>\$ 176,458.80</u>	<u>\$1,820,297.42</u>	<u>\$1,996,756.22</u>

Note 4: Relationship to Federal and State Financial Reports

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

Note 5: Other

The amounts reported as TPAF Pension and Post Retirement Medical Contributions represents the amounts paid by the state on behalf of the district for the year ended June 30, 2016. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2016.

Note 6: On-Behalf Programs Not Subject to State Single Audit

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

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2016

Part I – Summary of Auditor's Results

Financial Statement Section

- A) Type of auditor's report issued: Unmodified
- B) Internal Control over financial reporting:
- 1) Material weakness(es) identified? \_\_\_\_\_yes        X  no
- 2) Were significant deficiencies identified  
that were not considered to be material  
weaknesses? \_\_\_\_\_yes        X  no
- C) Noncompliance material to basic  
financial statements noted? \_\_\_\_\_yes        X  no

Federal Awards Section

Not Applicable





BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2016  
(CONTINUED)

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of Government Auditing Standards.

Not Applicable

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2016  
(CONTINUED)

Part 3 – Schedule of Federal Awards and State Financial Assistance Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and New Jersey OMB's Circular 15-08.

Not Applicable

BOARD OF EDUCATION  
BOROUGH OF HO-HO-KUS

SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE YEAR ENDED JUNE 30, 2016

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards, Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

Not Applicable