

NORTH CALDWELL BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

North Caldwell, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

North Caldwell Board of Education

North Caldwell, New Jersey

For The Fiscal Year Ended June 30, 2016

Prepared by

Business Office

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INTRODUCTORY SECTION



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

Robert Projansky, President
Valerie Buccino, Vice President
Jann Skelton
Mary Mokris
Mindy Opper

Telephone (973) 712-4400
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November 22, 2016

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

Dear Board Members:

The comprehensive annual financial report of the North Caldwell School District (District) for the fiscal year ended June 30, 2016, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the New Jersey OMB Circular 15-08. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES: North Caldwell School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds of the District are included in this report. The North Caldwell Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 6. These include regular, as well as special education for handicapped youngsters. The District completed the fiscal year with an average daily enrollment of 685 students. The following details the changes in the students' average daily enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2015-16	685	3.32%
2014-15	663	-0.01%
2013-14	673	-0.02%
2012-13	686	0.88%
2011-12	676	0.81%
2010-11	670	4.69%
2009-10	640	4.06%
2008-09	615	-3.15%
2007-08	635	-1.70%
2006-07	646	0.94%

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

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

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

The district has been able to attract excellent teaching staff over the years. Eighty percent of the teachers are tenured. More than half are on the MA+ level. Enrollment for the 2015-2016 school year is approximately 692 students. Homerooms average eighteen (18) students.

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

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

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

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

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

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

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

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

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

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

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

6. ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements".

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

8. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard

and theft insurance on property and contents, fidelity bonds, cyber liability insurance and student accident.

9. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins LLP, CPA's was selected by the Board's finance committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the related New Jersey OMB Circular 15-08. The auditor's report on the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

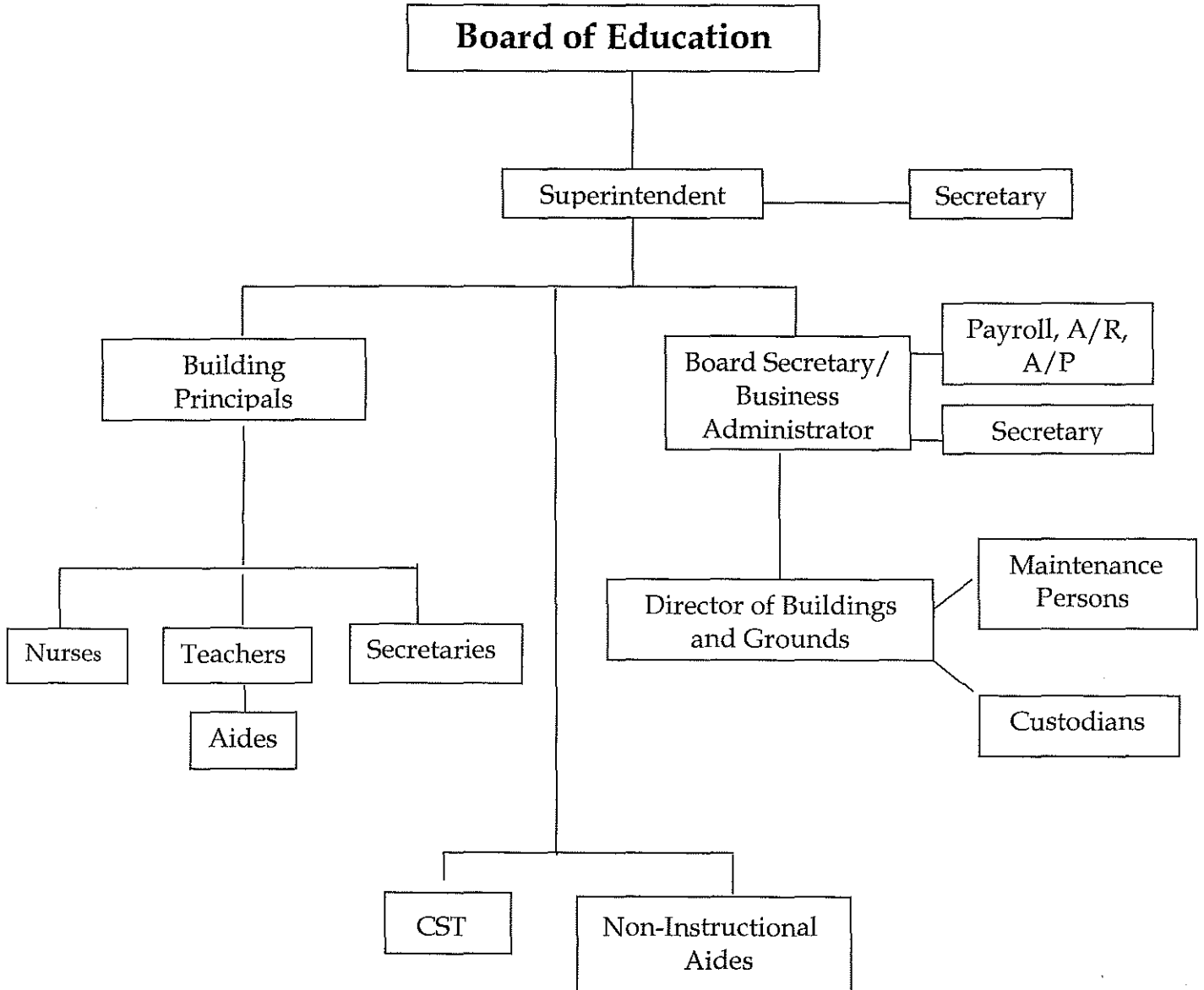
10. ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the North Caldwell School Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance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

Respectfully submitted,



Michael W. Halik
Business Administrator/ Board Secretary

NORTH CALDWELL BOARD OF EDUCATION
ORGANIZATION CHART
 (Unit Control)





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

**ROSTER OF OFFICIALS
June 30, 2016**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Robert Projansky, President	2016
Valerie Buccino, Vice President	2017
Jann Skelton	2018
Mary Mokris	2017
Melinda (Mindy) Opper	2018

Other Officials

Linda Freda, Superintendent of Schools

Michael Halik, Business Administrator / Board Secretary

William Stepka, Treasurer of School Monies



NORTH CALDWELL BOARD OF EDUCATION

Consultants and Advisors

ARCHIECT

DiCara/Rubino Architects
30 Galesi Drive
Wayne, NJ 07470

AUDIT FIRM

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17-17 Route 208N
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Sciarrillo, Cornell,
Merlino, McKeever & Osborne, LLC
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Westfield, NJ 07090

OFFICIAL DEPOSITORY

Valley National Bank
9 Bloomfield Avenue
North Caldwell, NJ 07006

DISCLOSURE AGENT

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

BOND ATTORNEY

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

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA
ROBERT AMPONSAH, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
North Caldwell Board of Education
North Caldwell, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Caldwell Board of Education as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the North Caldwell Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the North Caldwell Board of Education.

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

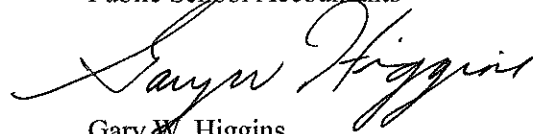
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 22, 2016 on our consideration of the North Caldwell Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the North Caldwell Board of Education's internal control over financial reporting and compliance.



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
November 22, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2016

This discussion and analysis of the North Caldwell School District's financial performance provides an overall review of its financial activities for the fiscal year ended June 30, 2016. The intent of this is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

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

Financial Highlights

Key financial highlights for 2016 is as follows:

- General revenues accounted for \$12,476,025 or 77 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$3,650,209 or 23 percent of total revenues of \$116,126,234.
- The School District had \$14,797,625 in expenses; only \$3,650,209 of these expenses are offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$12,476,025 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$13,359,762 in revenues and \$12,366,210 in expenditures. The District also transferred \$477,394 from the General Fund to the Capital Projects Fund to finance certain capital projects. The General Fund's fund balance increased by \$516,158 from the fiscal year ended June 30, 2015.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so that the reader can understand the District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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

The Statement of Net Position and Statement of Activities provides information about the activities of the entire District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements show how services were financed in the short-term as well as what remains for future spending. The General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document reports on all funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during the fiscal year ended June 30, 2016?" The Statement of Net Position and the Statement of Activities answer that question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in its net position. This change is important because it tells the reader that, for the school district as a whole, its financial position improved or diminished. The causes of this change may be the result of many factors. Non-financial factors include the District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the District has one distinct kind of activity:

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

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's funds. The District's governmental funds include the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund.

Governmental Funds

The District's activities are reported in governmental funds. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The District as a Whole

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

Table 1 provides a summary of the District's net position as of June 30, 2016 and 2015.

Table 1
Net Position

	Governmental-	
	Type	
	<u>Activities</u>	
	<u>2016</u>	<u>2015</u>
Assets		
Current and Other Assets	\$ 4,567,193	\$ 4,104,146
Capital Assets, net of accumulated depreciation	11,284,481	11,155,434
Total Assets	<u>15,851,674</u>	<u>15,259,580</u>
Deferred Outflows of Resources		
Deferred Amounts on Refunding of Debt	107,893	141,796
Deferred Amounts on Net Pension Liability	798,314	89,229
Total Deferred Outflows of Resources	<u>906,207</u>	<u>231,025</u>
Liabilities		
Long-term liabilities	7,774,230	7,577,252
Other Liabilities	123,503	260,212
Total Liabilities	<u>7,897,733</u>	<u>7,837,464</u>
Deferred Inflows of Resources		
Deferred Amounts on Net Pension Liability	123,337	244,939
Total Deferred Inflows of Resources	<u>123,337</u>	<u>244,939</u>
Net Position		
Net Investment in Capital Assets	7,574,416	6,722,207
Restricted	3,645,729	2,911,650
Unrestricted	<u>(2,483,334)</u>	<u>(2,225,655)</u>
Total Net Position	<u>\$ 8,736,811</u>	<u>\$ 7,408,202</u>

The District's governmental type activities net position as of June 30, 2016 and 2015 was \$8,736,811 and \$7,408,202, respectively.

Table 2 shows changes in net position for fiscal year ended June 30, 2016 and 2015.

Table 2
Changes in Net Position
For the Fiscal Years Ended June 30, 2016 and 2015

	Governmental- Type Activities	
	<u>2016</u>	<u>2015</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 113,574	\$ 73,200
Grants and Contributions	3,412,901	2,744,877
Capital grants and contributions	123,734	126,375
General Revenues:		
Property Taxes	12,412,679	12,154,672
Unrestricted State Aid	13,098	12,173
Other	50,248	64,821
Total Revenues	<u>16,126,234</u>	<u>15,176,118</u>
Program Expenses		
Instruction	9,413,842	8,719,578
Support Services:		
Student and Instruction Related Services	1,384,965	1,344,614
General Administration, School Administration, Business/Central Services	1,610,782	1,513,513
Plant Operations and Maintenance	1,834,989	1,690,895
Pupil Transportation	397,334	404,134
Interest on Debt	155,713	172,728
Total Expenses	<u>14,797,625</u>	<u>13,845,462</u>
Change in Net Position	1,328,609	1,330,656
Net Position, Beginning of Year	<u>7,408,202</u>	<u>6,077,546</u>
Net Position, End of Year	<u>\$ 8,736,811</u>	<u>\$ 7,408,202</u>

Governmental Activities

The unique nature of property taxes in New Jersey creates the legal requirement to annually seek voter approval for District operations. Property taxes comprised 77 and 80 percent of revenues for governmental activities for the North Caldwell School District in fiscal years ended June 30, 2016 and 2015, respectively. The District's total revenues were \$16,126,234 and \$15,176,118 for the fiscal years ended June 30, 2016 and 2015, respectively. Federal, state, and local grants accounted for 22 and 19 percent of revenue for the fiscal years ended June 30, 2016 and 2015, respectively. The total cost of all programs and services was \$14,797,625 and \$13,845,462 in fiscal years ended June 30, 2016 and 2015, respectively. Instruction totaling \$9,413,842 and \$8,719,578 comprises 64 and 63 percent of District expenses for the fiscal years ended June 30, 2016 and 2015, respectively.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3
Total Cost and Net Cost of Services

	<u>Total Cost of Services</u>		<u>Net cost of Services</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Instruction	\$ 9,413,842	\$ 8,719,578	\$ 6,424,345	\$ 6,348,443
Support Services:				
Student and Instruction Related Services	1,384,965	1,344,614	1,374,660	1,337,444
General Administration, School Administration, Business/Central Services	1,610,782	1,513,513	1,218,591	1,210,193
Plant Operations and Maintenance	1,834,989	1,690,895	1,662,375	1,514,957
Pupil Transportation	397,334	404,134	311,732	317,245
Interest on Debt	<u>155,713</u>	<u>172,728</u>	<u>155,713</u>	<u>172,728</u>
 Total Expenses	 <u>\$ 14,797,625</u>	 <u>\$ 13,845,462</u>	 <u>\$ 11,147,416</u>	 <u>\$ 10,901,010</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interactions between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration, and business include expenses associated with administrative and financial supervision of the District.

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

Governmental Activities (Continued)

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Interest on debt involves the transactions associated with the payment of interest and other related charges to debt of the District.

The District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. For the fiscal years ended June 30, 2016 and 2015 total revenues amounted to \$14,574,706 and \$14,118,384 and expenditures were \$13,983,050 and \$13,818,900 respectively. Total revenues exceeded expenditures by \$591,656 for the year ended June 30, 2016.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a summary of the governmental funds revenues for the fiscal years ended June 30, 2016 and 2015.

<u>Revenue</u>	<u>Amount</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Change</u>
	<u>2016</u>	<u>2015</u>		
Local Sources	\$ 12,576,501	\$ 12,292,693	\$ 283,808	2.31%
State Sources	1,793,970	1,671,786	122,184	7.31%
Federal Sources	204,235	153,905	50,330	32.70%
Total	<u>\$ 14,574,706</u>	<u>\$ 14,118,384</u>	<u>\$ 456,322</u>	3.23%

The following schedule represents a summary of the governmental funds expenditures for the fiscal years ended June 30, 2016 and 2015.

<u>Expenditures</u>	<u>Amount</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Change</u>
	<u>2016</u>	<u>2015</u>		
Instruction	\$ 8,058,069	\$ 7,775,444	\$ 282,625	3.63%
Support Services	4,492,919	4,406,257	86,662	1.97%
Capital Outlay	545,087	754,474	(209,387)	-27.75%
Debt Service:				
Principal	720,000	700,000	20,000	2.86%
Interest	166,975	182,725	(15,750)	-8.62%
Total	<u>\$ 13,983,050</u>	<u>\$ 13,818,900</u>	<u>\$ 164,150</u>	1.19%

General Fund Budgeting Highlights

The District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The most significant budgetary fund is the General Fund.

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over expenditures in specific line item accounts.

Capital Assets

As of June 30, 2016 and 2015, the District had \$11,284,481 and \$11,155,434 in land, buildings and building improvements and machinery and equipment net of depreciation, respectively. Table 4 shows capital assets at June 30, 2016 and 2015 net of depreciation.

Table 4
Capital Assets (Net of Depreciation)

	Governmental Activities	
	<u>2016</u>	<u>2015</u>
Land	\$ 52,316	\$ 52,316
Construction in Progress	754,352	454,788
Building and Building Improvements	16,088,514	15,862,448
Machinery and Equipment	<u>662,769</u>	<u>643,312</u>
	17,557,951	17,012,864
Less Depreciation	<u>(6,273,470)</u>	<u>(5,857,430)</u>
Total Capital Assets, Net of Depreciation	<u>\$ 11,284,481</u>	<u>\$ 11,155,434</u>

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

Debt Administration

At June 30, 2016 and 2015, the District had \$7,774,230 and \$7,577,252 of outstanding long-term liabilities. Of this amount, \$134,745 and \$164,654 is for compensated absences, \$3,821,527 and \$2,837,575 is for net pension liability and \$3,817,958 and \$4,575,023 is for bonds payable for school construction, respectively.

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

For the Future

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

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

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

**NORTH CALDWELL BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2016**

	Governmental Activities	Total
ASSETS		
Cash and Cash Equivalents	\$ 4,294,532	\$ 4,294,532
Receivables, net		
Receivables from Other Governments	271,937	271,937
Due from Other Funds	724	724
Capital Assets, net		
Not Being Depreciated	806,668	806,668
Being Depreciated	<u>10,477,813</u>	<u>10,477,813</u>
Total Assets	<u>15,851,674</u>	<u>15,851,674</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Amounts on Refunding of Debt	107,893	107,893
Deferred Amounts on Net Pension Liability	<u>798,314</u>	<u>798,314</u>
Total Deferred Outflows of Resources	<u>906,207</u>	<u>906,207</u>
Total Assets and Deferred Outflows of Resources	<u>16,757,881</u>	<u>16,757,881</u>
LIABILITIES		
Accounts Payable	62,865	62,865
Unearned Revenue	6,122	6,122
Accrued Interest Payable	54,516	54,516
Noncurrent Liabilities		
Due within one year	535,000	535,000
Due beyond one year	<u>7,239,230</u>	<u>7,239,230</u>
Total Liabilities	<u>7,897,733</u>	<u>7,897,733</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Amounts on Net Pension Liability	<u>123,337</u>	<u>123,337</u>
Total Deferred Inflows of Resources	<u>123,337</u>	<u>123,337</u>
Total Liabilities and Deferred Inflows of Resources	<u>8,021,070</u>	<u>8,021,070</u>
NET POSITION		
Net Investment in Capital Assets	7,574,416	7,574,416
Restricted for		
Capital Projects	3,321,393	3,321,393
Debt Service	1	1
Maintenance	324,335	324,335
Unrestricted	<u>(2,483,334)</u>	<u>(2,483,334)</u>
Total Net Position	<u>\$ 8,736,811</u>	<u>\$ 8,736,811</u>

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

**NORTH CALDWELL BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Governmental Activities</u>	<u>Total</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>		
Governmental Activities						
Instruction						
Regular	\$ 6,400,167	\$ 113,574	\$ 1,734,338		\$ (4,552,255)	\$ (4,552,255)
Special Education	3,013,675		1,141,585		(1,872,090)	(1,872,090)
Support Services						
Student and Instruction Related Services	1,384,965		10,305		(1,374,660)	(1,374,660)
General Administration Services	498,143		113,945		(384,198)	(384,198)
School Administration Services	602,783		134,181		(468,602)	(468,602)
Business/Central Services	509,856		144,065		(365,791)	(365,791)
Plant Operations and Maintenance	1,834,989		48,880	\$ 123,734	(1,662,375)	(1,662,375)
Pupil Transportation	397,334		85,602		(311,732)	(311,732)
Interest on Debt	155,713	-	-	-	(155,713)	(155,713)
Total Governmental Activities	<u>14,797,625</u>	<u>113,574</u>	<u>3,412,901</u>	<u>123,734</u>	<u>(11,147,416)</u>	<u>(11,147,416)</u>
Total Primary Government	<u>\$ 14,797,625</u>	<u>\$ 113,574</u>	<u>\$ 3,412,901</u>	<u>\$ 123,734</u>	<u>(11,147,416)</u>	<u>(11,147,416)</u>
General Revenues						
Taxes						
Property Taxes Levied for General Purposes					11,525,704	11,525,704
Property Taxes Levied for Debt Service					886,975	886,975
Unrestricted State Aid					13,098	13,098
Interest Income					13,522	13,522
Miscellaneous Income					36,726	36,726
Total General Revenues					<u>12,476,025</u>	<u>12,476,025</u>
Change in Net Position					1,328,609	1,328,609
Net Position, Beginning of Year					<u>7,408,202</u>	<u>7,408,202</u>
Net Position, End of Year					<u>\$ 8,736,811</u>	<u>\$ 8,736,811</u>

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

FUND FINANCIAL STATEMENTS

**NORTH CALDWELL BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 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>
ASSETS					
Cash and Cash Equivalents	\$ 4,019,150		\$ 275,381	\$ 1	\$ 4,294,532
Due from Other Funds	724				724
Receivables from Other Governments	-	-	271,937	-	271,937
	<u>4,019,874</u>	<u>-</u>	<u>547,318</u>	<u>1</u>	<u>4,567,193</u>
Total Assets	<u>\$ 4,019,874</u>	<u>\$ -</u>	<u>\$ 547,318</u>	<u>\$ 1</u>	<u>\$ 4,567,193</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 62,865				\$ 62,865
Unearned Revenue	-	-	6,122	-	6,122
	<u>62,865</u>	<u>-</u>	<u>6,122</u>	<u>-</u>	<u>68,987</u>
Total Liabilities	<u>62,865</u>	<u>-</u>	<u>6,122</u>	<u>-</u>	<u>68,987</u>
Fund Balances					
Restricted Fund Balance:					
Capital Reserve	2,780,197				2,780,197
Emergency Reserve	250,000				250,000
Maintenance Reserve	324,335				324,335
Excess Surplus - Designated for Subsequent Year's Expenditures	150,000				150,000
Excess Surplus	75,000				75,000
Capital Projects			541,196		541,196
Debt Service				\$ 1	1
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures	177,133				177,133
Year End Encumbrances	66,251				66,251
Unassigned Fund Balance					
General Fund	134,093	-	-	-	134,093
	<u>3,957,009</u>	<u>-</u>	<u>541,196</u>	<u>1</u>	<u>4,498,206</u>
Total Fund Balances	<u>3,957,009</u>	<u>-</u>	<u>541,196</u>	<u>1</u>	<u>4,498,206</u>
Total Liabilities and Fund Balances	<u>\$ 4,019,874</u>	<u>\$ -</u>	<u>\$ 547,318</u>	<u>\$ 1</u>	

**NORTH CALDWELL BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2016**

Total Fund Balances (Exhibit B-1)	\$	4,498,206
<p>Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$17,557,951 and the accumulated depreciation is \$6,273,470</p>		11,284,481
<p>Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt.</p>		107,893
<p>Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.</p>		
<p>Deferred Outflows of Resources</p>	\$ 798,314	
<p>Deferred Inflows of Resources</p>	<u>(123,337)</u>	
		674,977
<p>The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is:</p>		(54,516)
<p>Long-term liabilities, including bonds payable, capital leases, compensated absences and net pension liability are not due and payable in the current period and therefore are not reported as liabilities in the funds.</p>		
<p>Bonds Payable (Including Unamortized Premium)</p>	(3,817,958)	
<p>Compensated Absences Payable</p>	(134,745)	
<p>Net Pension Liability</p>	<u>(3,821,527)</u>	
		<u>(7,774,230)</u>
<p>Net position of governmental activities (Exhibit A-1)</p>	\$	<u>8,736,811</u>

**NORTH CALDWELL BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL 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>
REVENUES					
Local Sources					
Property Taxes	\$ 11,525,704			\$ 886,975	\$ 12,412,679
Tuition	113,574				113,574
Use of Facility Fees	8,075				8,075
Interest Income	13,522				13,522
Miscellaneous	28,651	-	-	-	28,651
Total - Local Sources	<u>11,689,526</u>	<u>-</u>	<u>-</u>	<u>886,975</u>	<u>12,576,501</u>
State Sources	1,670,236		\$ 123,734		1,793,970
Federal Sources	-	\$ 204,235	-	-	204,235
Total Revenues	<u>13,359,762</u>	<u>204,235</u>	<u>123,734</u>	<u>886,975</u>	<u>14,574,706</u>
EXPENDITURES					
Current					
Regular Instruction	5,419,080	43,539			5,462,619
Special Education Instruction	2,445,059	150,391			2,595,450
Support Services					
Student and Instruction Related Services	1,307,159	10,305			1,317,464
General Administration Services	432,990				432,990
School Administration Services	518,710				518,710
Business/Central Services	427,126				427,126
Plant Operations and Maintenance	1,400,324				1,400,324
Pupil Transportation	396,305				396,305
Debt Service					
Principal				720,000	720,000
Interest				166,975	166,975
Capital Outlay	19,457	-	525,630	-	545,087
Total Expenditures	<u>12,366,210</u>	<u>204,235</u>	<u>525,630</u>	<u>886,975</u>	<u>13,983,050</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>993,552</u>	<u>-</u>	<u>(401,896)</u>	<u>-</u>	<u>591,656</u>
OTHER FINANCING SOURCES (USES)					
Transfer Out	(477,394)				(477,394)
Transfer In	-	-	477,394	-	477,394
Total Other Financing Sources and Uses	<u>(477,394)</u>	<u>-</u>	<u>477,394</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	516,158	-	75,498	-	591,656
Fund Balance, Beginning of Year	3,440,851	-	465,698	1	3,906,550
Fund Balance, End of Year	<u>\$ 3,957,009</u>	<u>\$ -</u>	<u>\$ 541,196</u>	<u>\$ 1</u>	<u>\$ 4,498,206</u>

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

**NORTH CALDWELL BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ 591,656

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

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

Capital Outlay	\$ 545,087	
Depreciation Expense	<u>(416,040)</u>	
		129,047

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

Decrease in Compensated Absences	29,909	
Increase in Pension Expense	<u>(153,265)</u>	
		(123,356)

The Issuance of Long Term Debt (e.g. bonds, leases) provides current financial resources to governmental funds while the repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities. Additionally, governmental funds report the effect of issuance costs, premiums, discounts and similar items when the debt is issued, whereas these amounts are deferred and amortized in the statement of activities:

Repayment of Bond Principal		720,000
-----------------------------	--	---------

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

Amortization of Deferred Charge on Refunding of Debt	(33,903)	
Amortization of Premium	<u>37,065</u>	
		3,162

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

Decrease in accrued interest		<u>8,100</u>
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Change in net position of governmental activities (Exhibit A-2)		<u>\$ 1,328,609</u>
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EXHIBIT B-4

**NORTH CALDWELL BOARD OF EDUCATION
PROPRIETARY FUND
STATEMENT OF NET POSITION
AS OF JUNE 30, 2016**

NOT APPLICABLE

EXHIBIT B-5

**NORTH CALDWELL BOARD OF EDUCATION
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

EXHIBIT B-6

**NORTH CALDWELL BOARD OF EDUCATION
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

**NORTH CALDWELL BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2016**

	Unemployment Compensation <u>Trust Fund</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ <u>316,539</u>	\$ <u>64,870</u>
Total Assets	<u>316,539</u>	<u>\$ 64,870</u>
LIABILITIES		
Payroll Deductions and Withholdings		\$ 39,959
Accrued Salary and Wages		3,944
Due to Other Funds		724
Due to Student Groups		20,243
Accounts Payable	<u>2,805</u>	<u>-</u>
Total Liabilities	<u>2,805</u>	<u>\$ 64,870</u>
NET POSITION		
Held in Trust for Unemployment Claims	<u>\$ 313,734</u>	

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

**NORTH CALDWELL BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Unemployment Compensation <u>Trust Fund</u>
ADDITIONS	
Contributions	
Board	\$ 70,000
Employees	19,323
Interest Income	<u>635</u>
Total Additions	<u>89,958</u>
DEDUCTIONS	
Unemployment Claims and Contributions	<u>17,285</u>
Total Deductions	<u>17,285</u>
Change in Net Position	72,673
Net Position, Beginning of Year	<u>241,061</u>
Net Position, End of Year	<u>\$ 313,734</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**NORTH CALDWELL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. New Accounting Standards

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

- GASB No. 72, *Fair Value Measurement and Application*, 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 applies to donated capital assets, donated works of art, donated historical treasures, and also to similar assets and capital assets received in a service concession arrangement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB No. 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.

**NORTH CALDWELL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

- GASB No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, 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 No. 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 No. 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 No. 77, *Tax Abatement Disclosures*, will be effective beginning with the fiscal year ending June 30, 2017. The requirements of this Statement will improve financial reporting by providing disclosure of information about the nature and magnitude of tax abatements that will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.
- GASB No. 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 Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pension*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. 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.

C. Basis of Presentation - Financial Statements

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

**NORTH CALDWELL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

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

**NORTH CALDWELL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

Additionally, the government reports the following fund type:

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

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

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

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

**NORTH CALDWELL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

3. Capital Assets

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

**NORTH CALDWELL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amounts on refunding of debt which results from the loss on a debt refunding reported in the district-wide statement of net position. Deferred amounts on debt refunding result from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board has one type of item, which arise only under the accrual basis of accounting that qualifies for reporting in this category. The item that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

5. *Compensated Absences*

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

6. *Pensions*

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

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

**NORTH CALDWELL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. *Long-Term Obligations*

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Losses resulting from debt refundings are classified as deferred outflows of resources. Bond premiums are deferred and amortized over the life of the bonds using the effective interest method. Losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported including the unamortized bond premium.

8. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

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

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

Maintenance Reserve – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education.

Emergency Reserve – This restriction was created in accordance with NJAC 6A:23A-14.4(A)1 to accumulate funds in accordance with State statute to finance unanticipated general fund expenditures required for a thorough and efficient education (See Note 2D).

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.

**NORTH CALDWELL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. *Net Position/Fund Balance (Continued)*

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

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.

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

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

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

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2016/2017 District budget certified for taxes.

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

Unassigned Fund Balance – Represents fund balance that has not been restricted, committed or assigned to specific purposes within the governmental funds.

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, unrestricted state aid, investment earnings and miscellaneous revenues.

2. *Property Taxes*

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenues are recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred inflows of resources. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1st in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

**NORTH CALDWELL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

3. *Tuition Revenues and Expenditures*

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

Tuition Expenditures - Tuition charges for the fiscal years 2014-2015 and 2015-2016 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On January 31, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2015/2016. Also, during 2015/2016 the Board increased the original budget by \$668,363. The increase was funded by transfer of capital reserve funds, grant awards and the reappropriation of prior year general fund encumbrances.

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

**NORTH CALDWELL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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

B. Capital Reserve

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

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

The activity of the capital reserve for the fiscal year ended June 30, 2016 is as follows:

Balance July 1, 2015		\$ 2,221,616
Increased by:		
Deposit Approved by Board Resolution	<u>\$ 1,035,975</u>	<u>1,035,975</u>
		3,257,591
Withdrawals:		
Transfer to Capital Projects Fund	<u>477,394</u>	<u>477,394</u>
Balance, June 30, 2016		<u>\$ 2,780,197</u>

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

**NORTH CALDWELL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Maintenance Reserve

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

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

The activity of the maintenance reserve for the fiscal year ended June 30, 2016 is as follows:

Balance July 1, 2015	<u>\$ 224,335</u>
Increased by:	
Deposit Approved by Board Resolution	<u>\$ 100,000</u>
	<u>100,000</u>
Balance, June 30, 2016	<u>\$ 324,335</u>

The June 30, 2016 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$495,381.

D. Emergency Reserve

An emergency reserve account was established by the District. The accumulation of funds will be used to finance unanticipated General Fund current expenditures required for a thorough and efficient education in subsequent fiscal years.

Funds placed in the emergency reserve are restricted to finance reasonably unforeseeable costs and shall not include additional costs due to poor planning. A District may appropriate funds into the emergency reserve in the annual General Fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent. Pursuant to NJAC 6A:23A-14.4(A), the balance in the reserve cannot at any time exceed the greater of \$250,000 or one percent of the school district's General Fund budget as certified for taxes up to a maximum of \$1,000,000.

The activity of the emergency reserve for the fiscal year ended June 30, 2016 is as follows:

Balance July 1, 2015	<u>\$ 250,000</u>
Balance, June 30, 2016	<u>\$ 250,000</u>

**NORTH CALDWELL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

E. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2016 is \$225,000. Of this amount, \$150,000 was designated and appropriated in the 2016/2017 original budget certified for taxes and the remaining amount of \$75,000 will be appropriated in the 2017/2018 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2016, the book value of the Board's deposits were \$4,675,941 and bank and brokerage firm balances of the Board's deposits amounted to \$5,191,087. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ <u>5,191,087</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2016 the Board's bank balance of \$5,191,087 was not exposed to custodial credit risk.

Investments

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

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

**NORTH CALDWELL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2016 for the district's individual major funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Capital Projects</u>
Receivables:	
Intergovernmental- State	\$ <u>271,937</u>
Gross Receivables	271,937
Less: Allowance for Uncollectibles	<u> -</u>
Net Total Receivables	<u>\$ 271,937</u>

C. Unearned Revenue

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

Capital Projects Fund	
Unrealized School Facilities Grants	\$ <u>6,122</u>
Total Unearned Revenue for Governmental Funds	<u>\$ 6,122</u>

**NORTH CALDWELL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

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

	Balance, July 1, 2015	Increases	Decreases	Transfers	Balance, June 30, 2016
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 52,316				\$ 52,316
Construction in progress	454,788	\$ 329,051	-	\$ (29,487)	754,352
Total capital assets, not being depreciated	<u>507,104</u>	<u>329,051</u>	<u>-</u>	<u>(29,487)</u>	<u>806,668</u>
Capital assets, being depreciated:					
Buildings and Building Improvements	15,862,448	196,579		29,487	16,088,514
Machinery and equipment	643,312	19,457	-	-	662,769
Total capital assets being depreciated	<u>16,505,760</u>	<u>216,036</u>	<u>-</u>	<u>29,487</u>	<u>16,751,283</u>
Less accumulated depreciation for:					
Buildings and Building Improvements	(5,324,370)	(381,809)			(5,706,179)
Machinery and equipment	(533,060)	(34,231)	-	-	(567,291)
Total accumulated depreciation	<u>(5,857,430)</u>	<u>(416,040)</u>	<u>-</u>	<u>-</u>	<u>(6,273,470)</u>
Total capital assets, being depreciated, net	<u>10,648,330</u>	<u>(200,004)</u>	<u>-</u>	<u>29,487</u>	<u>10,477,813</u>
Government activities capital assets, net	<u>\$ 11,155,434</u>	<u>\$ 129,047</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,284,481</u>

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

Governmental activities:

Instruction		
Regular		\$ 15,696
Special		1,456
Total Instruction		<u>17,152</u>
Support Services		
Student and instruction Related Services		5,145
Operations and Maintenance of Plant		393,743
Total Support Services		<u>398,888</u>
Total Depreciation Expense-Governmental Activities		<u>\$ 416,040</u>

**NORTH CALDWELL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction Commitments

The District has the following active construction projects as of June 30, 2016:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Security Cameras and Swipe Card Systems for Gould and Grandview Schools	\$ 397,281	\$ 20,920
Art Room Renovations at the Gould School	124,868	29,272
Window Replacement at the Gould School		<u>324,500</u>
		<u>\$ 374,692</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2016, is as follows:

Due to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Agency Fund	<u>\$ 724</u>

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

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

Interfund transfers

	Transfer In: <u>Capital Projects</u>	
Transfer Out:		
General Fund	\$ 477,394	
Total Transfers Out	<u>\$ 477,394</u>	

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

**NORTH CALDWELL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2016 is comprised of the following issue:

\$6,775,000, 2011 Refunding Bonds, due in annual
 installments of \$515,000 to \$535,000
 through February 15, 2023, interest at 3.00% to 5.00% \$3,700,000

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

Governmental Activities:

Fiscal Year Ending June 30,	Serial Bonds		Total
	Principal	Interest	
2017	\$ 535,000	\$ 145,375	\$ 680,375
2018	535,000	123,975	658,975
2019	530,000	102,575	632,575
2020	530,000	81,375	611,375
2021	530,000	54,875	584,875
2022-2023	<u>1,040,000</u>	<u>59,575</u>	<u>1,099,575</u>
	<u>\$ 3,700,000</u>	<u>\$ 567,750</u>	<u>\$ 4,267,750</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2016 was as follows:

2.5 % of Equalized Valuation Basis (Municipal)	\$ 41,437,940
Less: Net Debt	<u>3,700,000</u>
Remaining Borrowing Power	<u>\$ 37,737,940</u>

**NORTH CALDWELL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable	\$ 4,420,000		\$ 720,000	\$ 3,700,000	\$ 535,000
Add: Unamortized Premium (Net)	155,023	-	37,065	117,958	-
	<u>4,575,023</u>	<u>-</u>	<u>757,065</u>	<u>3,817,958</u>	<u>535,000</u>
Compensated Absences	164,654	\$ 15,021	44,930	134,745	
Net Pension Liability	<u>2,837,575</u>	<u>1,130,312</u>	<u>146,360</u>	<u>3,821,527</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 7,577,252</u>	<u>\$ 1,145,333</u>	<u>\$ 948,355</u>	<u>\$ 7,774,230</u>	<u>\$ 535,000</u>

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

NOTE 4 OTHER INFORMATION

A. Risk Management

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

The District is a member of the NJ Schools Insurance Group (NJSIG or the "Group") and Morris Essex Insurance Group (MEIG or the "Group"). The Groups are a risk sharing public entity pool, established for the purpose of insuring against various risks.

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

**NORTH CALDWELL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

NJSIG and MEIG provide its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the respective insurance groups are on file with the School's Business Administrator.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage's in any of the prior three years.

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's fiduciary trust fund for the current and previous two years:

Fiscal Year Ended <u>June 30,</u>	District <u>Contributions</u>	Employee <u>Contributions</u>	Amount <u>Reimbursed</u>	Ending <u>Balance</u>
2016	\$ 70,000	\$ 19,323	\$ 17,285	\$ 313,734
2015	78,468	19,682	8,908	241,061
2014	70,000	19,614	10,650	151,454

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2016, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2016, the District has not estimated its arbitrage earnings due to the IRS, if any.

**NORTH CALDWELL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

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

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

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

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

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

Other Pension Funds

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

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

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

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

**NORTH CALDWELL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Basis of Accounting

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

Investment Valuation

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

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

Funding Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 35 percent with an unfunded actuarial accrued liability of \$86 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 28.71 percent and \$63.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 47.93 percent and \$22.4 billion, respectively.

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2014 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.90 percent and (b) projected salary increases of 2.60-9.48 percent based on age for the PERS and varying percentages based on experience for TPAF.

**NORTH CALDWELL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.92% for PERS, 6.92% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2016 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the fiscal years ended June 30, 2016, 2015 and 2014 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2016	\$ 146,360	\$ 368,050	\$ 1,523
2015	124,942	268,915	57
2014	117,735	195,146	1,082

For fiscal years 2015/2016 and 2014/2015, the state contributed \$368,050 and \$268,915, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$195,146 for normal cost pension and NCGI premium.

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 24. The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$355,634 during the fiscal 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 has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

**NORTH CALDWELL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS)

At June 30, 2016, the District reported in the statement of net position (accrual basis) a liability of \$3,821,527 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the District's proportionate share was .01702 percent, which was an increase of .00187 percent from its proportionate share measured as of June 30, 2014 of .01515 percent.

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$299,625 for PERS. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 91,168	
Changes of Assumptions	410,402	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 61,443
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>296,744</u>	<u>61,894</u>
Total	<u>\$ 798,314</u>	<u>\$ 123,337</u>

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

Fiscal Year Ending <u>June 30,</u>	
2017	\$ 130,237
2018	130,237
2019	130,237
2020	172,513
2021	<u>111,753</u>
	<u>\$ 674,977</u>

**NORTH CALDWELL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

Inflation Rate	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 Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2008 -
Study Upon Which Actuarial	June 30, 2011
Assumptions were Based	

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

**NORTH CALDWELL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad 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	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Plan</u>	<u>Discount Rate</u>
PERS	4.90%

**NORTH CALDWELL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

Period of Projected Benefit	
Payments for which the Following	
Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2033
 Municipal Bond Rate *	 From July 1, 2033 and Thereafter

* The municipal bond return rate used is 3.80%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 4.90%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
District's Proportionate Share of the PERS Net Pension Liability	\$ 4,749,690	\$ 3,821,527	\$ 3,043,361

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2015. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

**NORTH CALDWELL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% of the net pension liability attributable to the District for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,919,578 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2016 the State's proportionate share of the net pension liability attributable to the District is \$31,438,079. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2015. At June 30, 2015, the state's share of the net pension liability attributable to the District was .04974 percent, which was an increase of .00362 percent from its proportionate share measured as of June 30, 2014 of .04612 percent.

Actuarial Assumptions

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

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

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

**NORTH CALDWELL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 are summarized in the following table:

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

**NORTH CALDWELL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

The discount rate used to measure the total pension liabilities of the TPAF plan was as follows:

<u>Plan</u>	<u>Discount Rate</u>
TPAF	4.13%

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

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2027
Municipal Bond Rate *	From July 1, 2027 and Thereafter

* The municipal bond return rate used is 3.80%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.13%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13 percent) or 1-percentage-point higher (5.13 percent) than the current rate:

	1% Decrease <u>(3.13%)</u>	Current Discount Rate <u>(4.13%)</u>	1% Increase <u>(5.13%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 37,362,982</u>	<u>\$ 31,438,079</u>	<u>\$ 26,333,421</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2015. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2015 was not provided by the pension system.

**NORTH CALDWELL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

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

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 590 state and local participating employers and contributing entities for Fiscal Year 2015.

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

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

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

**NORTH CALDWELL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Basis of Accounting

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

Significant Legislation

P.L. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

Funded Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the State had a \$65.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$24.4 billion for state active and retired members and \$40.6 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2014, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**NORTH CALDWELL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2015, there were 107,314, retirees receiving post-retirement medical benefits and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

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

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2016, 2015 and 2014 were \$438,246, \$426,902 and \$319,967, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

BUDGETARY COMPARISON SCHEDULES

REQUIRED SUPPLEMENTARY INFORMATION - PART II

**NORTH CALDWELL BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
REVENUES					
Local Sources					
Local Tax Levy	\$ 11,525,704		\$ 11,525,704	\$ 11,525,704	
Tuition	63,000		63,000	113,574	\$ 50,574
Use of Facility Fees	7,000		7,000	8,075	1,075
Miscellaneous	13,000	-	13,000	42,173	29,173
Total Local Sources	11,608,704	-	11,608,704	11,689,526	80,822
State Sources					
Special Education Aid	86,078		86,078	86,078	
Transportation Aid	85,492		85,492	85,492	
Security Aid	48,817		48,817	48,817	
Additional Adjustment Aid	1		1	1	
PARCC Readiness Aid	6,540		6,540	6,540	
Per Pupil Growth Aid	6,540		6,540	6,540	
Extraordinary Aid	100,000		100,000	240,186	140,186
TPAF Pension-Post Retirement Medical Contribution (Non Budgeted)				438,246	438,246
TPAF Pension - On-Behalf Normal Costs (Non Budgeted)				350,586	350,586
TPAF Pension - On-Behalf NCGI Premium (Non Budgeted)				17,464	17,464
TPAF Social Security Contributions (Non-Budgeted)	-	-	-	355,634	355,634
Total State Sources	333,468	-	333,468	1,635,584	1,302,116
Total Revenues	11,942,172	-	11,942,172	13,325,110	1,382,938
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	283,656	\$ 16,300	299,956	294,781	5,175
Grades 1-5	2,550,277	(50,420)	2,499,857	2,436,957	62,900
Grades 6-8	400,458	-	400,458	361,044	39,414
Regular Program - Home Instruction					
Salaries of Teachers	1,750	-	1,750		1,750
Regular Programs - Undistributed Instruction					
Other Purchased Services	167,214	20,000	187,214	155,030	32,184
General Supplies	195,190	184,135	379,325	353,839	25,486
Textbooks	59,950	(3,400)	56,550	55,200	1,350
Other Objects	7,750	(5,700)	2,050	-	2,050
Total Regular Programs	3,666,245	160,915	3,827,160	3,656,851	170,309
Resource Room					
Salaries of Teachers	936,844	11,860	948,704	943,488	5,216
Other Salaries for Instruction	434,723	(2,000)	432,723	407,499	25,224
General Supplies	7,310	-	7,310	3,994	3,316
Total Resource Room	1,378,877	9,860	1,388,737	1,354,981	33,756
Preschool Disabilities - Part-Time					
Salaries of Teachers	238,486	(20,500)	217,986	209,754	8,232
Other Salaries for Instruction	1,500	-	1,500		1,500
General Supplies	560	-	560	560	-
Total Preschool Disabilities - Part-Time	240,546	(20,500)	220,046	210,314	9,732

**NORTH CALDWELL BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
Home Instruction					
Salaries of Teachers	\$ 10,500	-	\$ 10,500	-	\$ 10,500
Total Home Instruction	10,500	-	10,500	-	10,500
Total Special Education	1,629,923	\$ (10,640)	1,619,283	\$ 1,565,295	53,988
Total Instruction	5,296,168	150,275	5,446,443	5,222,146	224,297
Undistributed Expenditures					
Instruction					
Tuition to Priv. Sch. For the Disabled W/I State	137,000	(13,500)	123,500	8,830	114,670
Total Undistributed Expenditures - Instruction	137,000	(13,500)	123,500	8,830	114,670
Health Services					
Salaries	157,937	-	157,937	157,325	612
Other Purchased Services	100	-	100	-	100
Supplies and Materials	1,590	3,488	5,078	4,495	583
Total Health Services	159,627	3,488	163,115	161,820	1,295
Other Support Serv. Students OT, PT and Related Serv.					
Salaries	197,712	-	197,712	195,556	2,156
Purchased Professional-Educational Services	252,000	(20,583)	231,417	185,221	46,196
Supplies and Materials	5,000	-	5,000	1,508	3,492
Total Other Support Serv. Students OT, PT and Related Serv.	454,712	(20,583)	434,129	382,285	51,844
Other Support Serv. Students - Extra. Svcs.					
Purchased Professional-Educational Services	48,500	20,583	69,083	69,083	-
Total Other Support Serv. Students - Extra Serv.	48,500	20,583	69,083	69,083	-
Child Study Team					
Salaries of Other Professional Staff	273,266	(7,000)	266,266	255,346	10,920
Salaries of Secretarial and Clerical Assistants	45,004	-	45,004	44,748	256
Other Salaries	75,000	-	75,000	-	75,000
Purchased Professional - Educational Services	15,150	261	15,411	13,662	1,749
Other Purchased Professional and Technical Services	21,500	(411)	21,089	6,445	14,644
Misc Purchased Services	2,250	-	2,250	-	2,250
Supplies and Materials	18,500	-	18,500	12,943	5,557
Other Objects	1,000	-	1,000	-	1,000
Total Child Study Team	451,670	(7,150)	444,520	333,144	111,376

**NORTH CALDWELL BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Educational Media Services/School Library					
Salaries	\$ 102,046	-	\$ 102,046	\$ 101,436	\$ 610
Salaries of Technology Coordinators	16,500	\$ (1,500)	15,000	11,000	4,000
Supplies and Materials	6,500	100	6,600	4,108	2,492
Total Educational Media Serv./School Library	125,046	(1,400)	123,646	116,544	7,102
Staff Training Services					
Purchased Professional-Educational Services	23,500	-	23,500	12,667	10,833
Other Purchased Services	2,425	-	2,425	893	1,532
Total Staff Training Services	25,925	-	25,925	13,560	12,365
Support Services General Administration					
Salaries	214,945	3,500	218,445	208,426	10,019
Legal Services	43,500	-	43,500	33,828	9,672
Audit Fees	25,000	-	25,000	21,159	3,841
Architectural/Engineering Services	40,000	25,000	65,000	13,783	51,217
Other Purchased Professional Services	15,000	(10,715)	4,285	2,445	1,840
Communications/Telephone	43,500	(7,000)	36,500	12,092	24,408
BOE Other Purchased Services	3,000	-	3,000	-	3,000
Miscellaneous Purchased Services	4,000	211	4,211	3,211	1,000
General Supplies	7,020	-	7,020	2,299	4,721
BOE In-House Training/Meeting Supplies	1,000	-	1,000	406	594
Miscellaneous Expenditures	5,000	-	5,000	879	4,121
BOE Membership Fees	13,600	-	13,600	11,454	2,146
Total Support Services General Administration	415,565	10,996	426,561	309,982	116,579
Support Services School Administration					
Salaries of Principal/Asst. Principals	256,750	300	257,050	245,442	11,608
Salaries of Other Professional Staff	7,626	-	7,626	6,030	1,596
Salaries of Secretarial and Clerical Assistants	81,855	-	81,855	80,712	1,143
Purchased Professional and Technical Services	8,000	-	8,000	149	7,851
Other Purchased Services	2,000	-	2,000	-	2,000
Supplies and Materials	5,426	12,975	18,401	14,784	3,617
Other Objects	3,000	-	3,000	550	2,450
Total Support Services School Administration	364,657	13,275	377,932	347,667	30,265

**NORTH CALDWELL BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Central Services					
Salaries	\$ 220,603	\$ 6,000	\$ 226,603	\$ 219,520	\$ 7,083
Purchased Technical Services	22,500	6,140	28,640	10,390	18,250
Miscellaneous Purchased Services	2,750	-	2,750	2,131	619
Supplies and Materials	4,500	-	4,500	2,012	2,488
Miscellaneous Expenditures	2,000	-	2,000	1,485	515
Total Central Services	252,353	12,140	264,493	235,538	28,955
Administrative Information Technology					
Salaries	45,000	1,950	46,950	44,000	2,950
Purchased Technical Services	20,000	-	20,000	6,463	13,537
Total Administrative Information Technology	65,000	1,950	66,950	50,463	16,487
Required Maintenance for School Facilities					
Salaries	62,284	220	62,504	58,760	3,744
Cleaning, Repair and Maintenance Services	277,450	59,366	336,816	325,230	11,586
General Supplies	18,450	77,400	95,850	91,409	4,441
Other Objects	4,000	944	4,944	4,075	869
Total Required Maintenance for School Facilities	362,184	137,930	500,114	479,474	20,640
Custodial Services					
Salaries	441,005	43,049	484,054	446,925	37,129
Cleaning, Repair and Maint. Serv.	25,500	17,865	43,365	25,462	17,903
Other Purchased Property Services	13,750	6,000	19,750	15,912	3,838
Insurance	65,000	(500)	64,500	64,481	19
Miscellaneous Purchased Services	2,750	-	2,750	1,589	1,161
General Supplies	28,780	(10,008)	18,772	9,272	9,500
Energy (Natural Gas)	106,744	(24,282)	82,462	54,276	28,186
Energy (Electricity)	181,385	(9,000)	172,385	63,515	108,870
Energy (Gasoline)	5,460	-	5,460	1,724	3,736
Total Custodial Services	870,374	23,124	893,498	683,156	210,342
Security					
Other Objects	-	8,000	8,000	6,432	1,568
Total Security	-	8,000	8,000	6,432	1,568
Student Transportation Services					
Salaries for Pupil Transportation					
(Between Home and School) - Regular	12,725	120	12,845	12,840	5
Other Purchased Prof. and Technical Serv.	-	1,840	1,840	1,835	5
Contracted Services (Aid In Lieu of Payment for Non-public)	35,000	(2,735)	32,265	25,636	6,629
Contracted Services (Bet. Home and Sch) - Vendors	281,650	(20,000)	261,650	256,024	5,626
Contracted Services (Other than Between Home and School) - Vendors	7,000	235	7,235	5,860	1,375
Contracted Services (Spl. Ed. Students) - Joint Agmts.	268,000	(38,890)	229,110	88,248	140,862
Total Student Transportation Services	604,375	(59,430)	544,945	390,443	154,502
Unallocated Benefits - Employee Benefits					
Social Security Contributions	170,000	(10,000)	160,000	138,351	21,649
Other Retirement Contributions - PERS	177,250	(28,500)	148,750	146,360	2,390
Other Retirement Contributions - Regular	-	6,500	6,500	1,523	4,977
Unemployment Compensation	70,000	-	70,000	70,000	-
Workmen's Compensation	75,075	-	75,075	71,874	3,201
Health Benefits	2,052,258	(175,049)	1,877,209	1,850,079	27,130
Tuition Reimbursement	40,000	1,400	41,400	41,400	-
Other Employee Benefits	30,750	(18,500)	12,250	7,812	4,438
Unused Sick Payment to Terminated / Retired Staff	-	32,400	32,400	32,400	-
Total Unallocated Benefits - Employee Benefits	2,615,333	(191,749)	2,423,584	2,359,799	63,785

**NORTH CALDWELL BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

EXPENDITURES	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
TPAF Pension-Post Retirement Medical Contribution (Non Budgeted)				\$ 438,246	\$ (438,246)
TPAF Pension - On-Behalf Normal Costs (Non Budgeted)				350,586	(350,586)
TPAF Pension - On-Behalf NCGI Premium (Non Budgeted)				17,464	(17,464)
TPAF Social Security Contributions (Non-Budgeted)	-	-	-	355,634	(355,634)
Total Undistributed Expenditures	\$ 6,952,321	\$ (62,326)	\$ 6,889,995	7,110,150	(220,155)
Total Expenditures - Current Expenditures	12,248,489	87,949	12,336,438	12,332,296	4,142
Capital Outlay					
Equipment					
Grades 1-5 Undistributed Expenditures - Custodial Services	10,000	16,994	16,994	16,953	41
Undistributed Expenditures - Operation of Non-Instructional Svcs.	-	2,504	2,504	2,504	10,000
Total Equipment	10,000	19,498	29,498	19,457	10,041
Facilities Acquisition and Construction Serv.					
Other Facilities Acq. And Construction Svc.	-	2,411	2,411		2,411
Assessment Debt Service on SDA Funding	11,389	-	11,389	11,389	-
Total Facilities Acquisition and Constr. Services	11,389	2,411	13,800	11,389	2,411
Total Capital Outlay	21,389	21,909	43,298	30,846	12,452
Transfer to Charter School	20,948	-	20,948	3,068	17,880
Total Expenditures	12,290,826	109,858	12,400,684	12,366,210	34,474
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(348,654)	(109,858)	(458,512)	958,900	1,417,412
Other Financing Sources Transfers Out	-	(477,394)	(477,394)	(477,394)	-
Total Other Financing Sources	-	(477,394)	(477,394)	(477,394)	-
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources	(348,654)	(587,252)	(935,906)	481,506	1,417,412
Fund Balance, Beginning of Year	3,731,596	-	3,731,596	3,731,596	-
Fund Balance, End of Year	\$ 3,382,942	\$ (587,252)	\$ 2,795,690	\$ 4,213,102	\$ 1,417,412
Recapitulation of Fund Balance					
Restricted:					
Capital Reserve Account				\$ 2,780,197	
Emergency Reserve				250,000	
Maintenance Reserve				324,335	
Excess Surplus - Designated for Subsequent Years Expenditures				150,000	
Excess Surplus				75,000	
Assigned					
Designated for Subsequent Year's Expenditures				177,133	
Year End Encumbrances				66,251	
Unassigned				390,186	
Reconciliation to Governmental Funds Statements (GAAP):				4,213,102	
Less: State Aid Payments Not Recognized on GAAP Basis				(256,093)	
Fund Balance Per Governmental Funds (GAAP)				\$ 3,957,009	

**NORTH CALDWELL BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Modified Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Intergovernmental					
Federal	\$ 123,124	\$ 81,111	\$ 204,235	\$ 204,235	-
Total Revenues	<u>123,124</u>	<u>81,111</u>	<u>204,235</u>	<u>204,235</u>	<u>-</u>
EXPENDITURES					
Instruction					
Salaries of Teachers		43,539	43,539	43,539	-
Purchased Professional/Technical Services		89,000	89,000	89,000	-
Tuition	117,388	(62,388)	55,000	55,000	-
General Supplies	-	6,391	6,391	6,391	-
Total Instruction	<u>117,388</u>	<u>76,542</u>	<u>193,930</u>	<u>193,930</u>	<u>-</u>
Support Services					
Personnel Services - Employee Benefits		3,331	3,331	3,331	-
Purchased Professional/Technical Services	5,736	235	5,971	5,971	-
General Supplies	-	1,003	1,003	1,003	-
Total Support Services	<u>5,736</u>	<u>4,569</u>	<u>10,305</u>	<u>10,305</u>	<u>-</u>
Total Expenditures	<u>123,124</u>	<u>81,111</u>	<u>204,235</u>	<u>204,235</u>	<u>-</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**NORTH CALDWELL BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

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

	General Fund		Special Revenue Fund
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 13,325,110		(C-2) \$ 204,235
Difference - Budget to GAAP:			
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements (prior year)	290,745		
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements (current year)	<u>(256,093)</u>		<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 13,359,762</u>		<u>\$ 204,235</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ <u>12,366,210</u>		(C-2) \$ <u>204,235</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 12,366,210</u>		<u>\$ 204,235</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

**PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Three Fiscal Years ***

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.01702 %	0.01515 %	0.01562 %
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 3,821,527</u>	<u>\$ 2,837,575</u>	<u>\$ 2,986,345</u>
District's Covered-Employee Payroll	<u>\$ 1,119,602</u>	<u>\$ 1,189,503</u>	<u>\$ 1,054,265</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	341%	239%	283%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

* The amounts presented for each fiscal year were determined as of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

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

**PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Three Fiscal Years**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 146,360	\$ 124,942	\$ 117,735
Contributions in Relation to the Contractually Required Contributions	<u>146,360</u>	<u>124,942</u>	<u>117,735</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered- Employee Payroll	<u>\$ 1,119,602</u>	<u>\$ 1,189,503</u>	<u>\$ 1,054,265</u>
Contributions as a Percentage of Covered-Employee Payroll	13.07%	10.50%	11.17%

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

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

**TEACHERS PENSION AND ANNUITY FUND
Last Three Fiscal Years ***

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	- %	- %	- %
District's Proportionate Share of the Net Pension Liability (Asset)	-	-	-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 31,438,079</u>	<u>\$ 24,654,605</u>	<u>\$ 22,989,850</u>
Total	<u>\$ 31,438,079</u>	<u>\$ 24,654,605</u>	<u>\$ 22,989,850</u>
District's Covered-Employee Payroll	<u>\$ 5,000,409</u>	<u>\$ 4,873,882</u>	<u>\$ 4,746,510</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	33.64%	33.76%

* The amounts presented for each fiscal year were determined as of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**NORTH CALDWELL BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Change of Benefit Terms:

None.

Change of Assumptions:

Assumptions used in calculation the net pension liability and statutorily required employer contribution are presented in Note 4D.

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

**NORTH CALDWELL BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>NCLB Title I</u>	<u>NCLB Title II A</u>	<u>IDEA Part B Basic</u>	<u>IDEA Part B Preschool</u>	<u>Total</u>
REVENUES					
Intergovernmental Federal	\$ 46,870	\$ 6,974	\$ 143,450	\$ 6,941	\$ 204,235
Total Revenues	<u>\$ 46,870</u>	<u>\$ 6,974</u>	<u>\$ 143,450</u>	<u>\$ 6,941</u>	<u>\$ 204,235</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	\$ 43,539				\$ 43,539
Purchased Professional/Technical Services			\$ 83,000	\$ 6,000	89,000
Tuition			55,000		55,000
General Supplies	-	-	5,450	941	6,391
Total Instruction	<u>43,539</u>	<u>-</u>	<u>143,450</u>	<u>6,941</u>	<u>193,930</u>
Support Services					
Personnel Services - Employee Benefits	3,331				3,331
Purchased Professional/Technical Services		\$ 5,971			5,971
General Supplies	-	1,003	-	-	1,003
Total Support Services	<u>3,331</u>	<u>6,974</u>	<u>-</u>	<u>-</u>	<u>10,305</u>
Total Expenditures	<u>\$ 46,870</u>	<u>\$ 6,974</u>	<u>\$ 143,450</u>	<u>\$ 6,941</u>	<u>\$ 204,235</u>

**NORTH CALDWELL BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

CAPITAL PROJECTS FUND

NORTH CALDWELL BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Issue/Project Title	Original Amount Authorized	Amended Authorization	Expenditures to Date		Balance, June 30, 2016
			Prior Years	Current Year	
Gould Mountain Elementary School Exterior Masonry Repairs	\$ 108,657	\$ 110,850	\$ 14,895	\$ 95,790	\$ 165
Gould Mountain Elementary School Partial Roof Replacement	130,685	130,685	14,592	100,789	15,304
Gould Mountain Elementary School Security Upgrades	189,500	195,038	156,176	36,525	2,337
Grandview Elementary School Security Upgrades	251,000	274,663	169,540	81,471	23,652
Gould Mountain Elementary School Art Room Renovations	370,500	370,500	99,585	194,345	76,570
Gould Mountain Elementary School Windows and Doors Replacement	386,000	386,000		9,444	376,556
Gould Mountain Elementary School Music Room Renovation	60,000	60,000	-	7,266	52,734
	<u>\$ 1,496,342</u>	<u>\$ 1,527,736</u>	<u>\$ 454,788</u>	<u>\$ 525,630</u>	<u>547,318</u>

Less: Unearned Revenue (6,122)

GAAP Fund Balance at June 30, 2016 \$ 541,196

Analysis of Balance	
Year End Encumbrances	\$ 425,272
Available for Capital Projects	<u>122,046</u>
	<u>\$ 547,318</u>

Analysis of Appropriations

Gould Mountain Elementary School Exterior Masonry Repairs	SDA Grant	\$ 43,463
	Capital Reserve	<u>67,387</u>
		<u>\$ 110,850</u>
Gould Mountain Elementary School Partial Roof Replacement	SDA Grant	\$ 52,274
	Capital Reserve	<u>78,411</u>
		<u>\$ 130,685</u>
Gould Mountain Elementary School Security Upgrades	SDA Grant	\$ 75,800
	Capital Reserve	<u>119,238</u>
		<u>\$ 195,038</u>
Grandview Elementary School Security Upgrades	SDA Grant	\$ 100,400
	Capital Reserve	<u>174,263</u>
		<u>\$ 274,663</u>
Gould Mountain Elementary School Art Room Renovations	Capital Reserve	<u>\$ 370,500</u>
Gould Mountain Elementary School Windows and Doors Replacement	Capital Reserve	<u>\$ 386,000</u>
Gould Mountain Elementary School Music Room Renovation	Capital Reserve	<u>\$ 60,000</u>
Total Amended Authorizations		<u>\$ 1,527,736</u>

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

Revenues and Other Financing Sources

Transfer from Capital Reserve	\$ <u>477,394</u>
 Total Revenues and Other Financing Sources	 <u>477,394</u>

Expenditures and Other Financing Uses

Professional Services	38,510
Construction Services	<u>487,120</u>
 Total Expenditures and Other Financing Uses	 <u>525,630</u>

Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	(48,236)
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Fund Balance - Beginning of Year	\$ <u>595,554</u>
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Fund Balance- End of Year	\$ <u>547,318</u>
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Reconciliation to GAAP

Fund Balance - Budgetary	\$ 547,318
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Less:

Unearned Revenue at June 30, 2016	<u>(6,122)</u>
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Fund Balance - GAAP	\$ <u>541,196</u>
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**NORTH CALDWELL BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
GOULD MOUNTAIN ELEMENTARY SCHOOL
EXTERIOR MASONRY REPAIRS
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
SDA Grant	\$ 43,463		\$ 43,463	\$ 43,463
Capital Reserve	<u>65,194</u>	<u>\$ 2,193</u>	<u>67,387</u>	<u>67,387</u>
Total Revenues	<u>108,657</u>	<u>2,193</u>	<u>110,850</u>	<u>110,850</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Professional Services	14,895	2,190	17,085	17,250
Construction Services	<u>-</u>	<u>93,600</u>	<u>93,600</u>	<u>93,600</u>
Total Expenditures and Other Financing Uses	<u>14,895</u>	<u>95,790</u>	<u>110,685</u>	<u>110,850</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ 93,762</u>	<u>\$ (93,597)</u>	<u>\$ 165</u>	<u>\$ -</u>

Additional Project Information:

Project Number	3630-050-14-1001-G04
Grant Date	12/4/2013
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 108,657
Additional Authorized Cost	2,193
Revised Authorized Cost	\$ 110,850

Percentage Increase Over Original

Authorized Cost	2.02%
Percentage Completion	99.85%
Original Target Completion Date	8/31/2015
Completion Date	11/30/2015

NORTH CALDWELL BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
GOULD MOUNTAIN ELEMENTARY SCHOOL
PARTIAL ROOF REPLACEMENT
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
SDA Grant	\$ 52,274		\$ 52,274	\$ 52,274
Capital Reserve	78,411	-	78,411	78,411
Total Revenues	<u>130,685</u>	<u>-</u>	<u>130,685</u>	<u>130,685</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Professional Services	14,592	\$ 3,789	18,381	17,000
Construction Services	-	97,000	97,000	113,685
Total Expenditures and Other Financing Uses	<u>14,592</u>	<u>100,789</u>	<u>115,381</u>	<u>130,685</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ 116,093</u>	<u>\$ (100,789)</u>	<u>\$ 15,304</u>	<u>\$ -</u>

Additional Project Information:

Project Number	3630-050-14-1002-G04
Grant Date	12/4/2013
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 130,685
Additional Authorized Cost	-
Revised Authorized Cost	\$ 130,685

Percentage Increase Over Original

Authorized Cost	0.00%
Percentage Completion	88.29%
Original Target Completion Date	8/31/2015
Completion Date	11/30/2015

NORTH CALDWELL BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
GOULD MOUNTAIN ELEMENTARY SCHOOL
SECURITY UPGRADES
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
SDA Grant	\$ 75,800		\$ 75,800	\$ 75,800
Capital Reserve	<u>113,700</u>	<u>\$ 5,538</u>	<u>119,238</u>	<u>119,238</u>
 Total Revenues	 <u>189,500</u>	 <u>5,538</u>	 <u>195,038</u>	 <u>195,038</u>
 EXPENDITURES AND OTHER FINANCING SOURCES				
Professional Services	23,413		23,413	25,750
Construction Services	<u>132,763</u>	<u>36,525</u>	<u>169,288</u>	<u>169,288</u>
 Total Expenditures and Other Financing Uses	 <u>156,176</u>	 <u>36,525</u>	 <u>192,701</u>	 <u>195,038</u>
 Excess (deficiency) of Revenues over (under) Expenditures	 <u>\$ 33,324</u>	 <u>\$ (30,987)</u>	 <u>\$ 2,337</u>	 <u>\$ -</u>

Additional Project Information:

Project Number	3630-050-14-1003-G04
Grant Date	12/4/2013
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 189,500
Additional Authorized Cost	5,538
Revised Authorized Cost	\$ 195,038

Percentage Increase Over Original

Authorized Cost	2.92%
Percentage Completion	98.80%
Original Target Completion Date	6/30/2015
Completion Date	N/A

**NORTH CALDWELL BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
GRANDVIEW ELEMENTARY SCHOOL
SECURITY UPGRADES
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
SDA Grant	\$ 100,400		\$ 100,400	\$ 100,400
Capital Reserve	<u>150,600</u>	<u>\$ 23,663</u>	<u>174,263</u>	<u>174,263</u>
Total Revenues	<u>251,000</u>	<u>23,663</u>	<u>274,663</u>	<u>274,663</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Professional Services	23,018		23,018	25,750
Construction Services	<u>146,522</u>	<u>81,471</u>	<u>227,993</u>	<u>248,913</u>
Total Expenditures and Other Financing Uses	<u>169,540</u>	<u>81,471</u>	<u>251,011</u>	<u>274,663</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ 81,460</u>	<u>\$ (57,808)</u>	<u>\$ 23,652</u>	<u>\$ -</u>

Additional Project Information:

Project Number	3630-060-14-1004-G04
Grant Date	12/4/2013
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 251,000
Additional Authorized Cost	23,663
Revised Authorized Cost	\$ 274,663
Percentage Increase Over Original Authorized Cost	9.43%
Percentage Completion	91.39%
Original Target Completion Date	6/30/2015
Completion Date	N/A

NORTH CALDWELL BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
GOULD MOUNTAIN ELEMENTARY SCHOOL
ART ROOM RENOVATIONS
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Capital Reserve	\$ 370,500	-	\$ 370,500	\$ 370,500
Total Revenues	<u>370,500</u>	<u>-</u>	<u>370,500</u>	<u>370,500</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Professional Services	46,100	\$ 15,821	61,921	70,500
Construction Services	<u>53,485</u>	<u>178,524</u>	<u>232,009</u>	<u>300,000</u>
Total Expenditures and Other Financing Uses	<u>99,585</u>	<u>194,345</u>	<u>293,930</u>	<u>370,500</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ 270,915</u>	<u>\$ (194,345)</u>	<u>\$ 76,570</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 370,500
Additional Authorized Cost	-
Revised Authorized Cost	\$ 370,500

Percentage Increase Over Original

Authorized Cost	0.00%
Percentage Completion	79.33%
Original Target Completion Date	6/30/2016
Completion Date	N/A

**NORTH CALDWELL BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
GOULD MOUNTAIN ELEMENTARY SCHOOL
WINDOWS AND DOORS REPLACEMENT PROJECT
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Capital Reserve	-	\$ 386,000	\$ 386,000	\$ 386,000
Total Revenues	-	386,000	386,000	386,000
EXPENDITURES AND OTHER FINANCING SOURCES				
Professional Services		9,444	9,444	56,500
Construction Services	-	-	-	329,500
Total Expenditures and Other Financing Uses	-	9,444	9,444	386,000
Excess (deficiency) of Revenues over (under) Expenditures	\$ -	\$ 376,556	\$ 376,556	\$ -

Additional Project Information:

Project Number	SP# 3636-050-16-1000
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 386,000
Additional Authorized Cost	-
Revised Authorized Cost	\$ 386,000
Percentage Increase Over Original	
Authorized Cost	0.00%
Percentage Completion	2.45%
Original Target Completion Date	8/31/2017
Completion Date	N/A

NORTH CALDWELL BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
GOULD MOUNTAIN ELEMENTARY SCHOOL
MUSIC ROOM RENOVATION
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Capital Reserve	-	\$ 60,000	\$ 60,000	\$ 60,000
Total Revenues	-	60,000	60,000	60,000
EXPENDITURES AND OTHER FINANCING SOURCES				
Professional Services		7,266	7,266	60,000
Construction Services	-	-	-	-
Total Expenditures and Other Financing Uses	-	7,266	7,266	60,000
Excess (deficiency) of Revenues over (under) Expenditures	\$ -	\$ 52,734	\$ 52,734	\$ -

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 60,000
Additional Authorized Cost	-
Revised Authorized Cost	\$ 60,000

Percentage Increase Over Original

Authorized Cost	0.00%
Percentage Completion	12.11%
Original Target Completion Date	9/30/2017
Completion Date	N/A

ENTERPRISE FUND

EXHIBIT G-1

**NORTH CALDWELL BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2016**

THIS STATEMENT IS NOT APPLICABLE

EXHIBIT G-2

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
AS OF JUNE 30, 2016**

THIS STATEMENT IS NOT APPLICABLE

EXHIBIT G-3

**COMBINING STATEMENT OF CASH FLOWS
AS OF JUNE 30, 2016**

THIS STATEMENT IS NOT APPLICABLE

FIDUCIARY FUNDS

**NORTH CALDWELL BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES
AS OF JUNE 30, 2016**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 20,243	\$ 44,627	\$ 64,870
Total Assets	<u>\$ 20,243</u>	<u>\$ 44,627</u>	<u>\$ 64,870</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 39,959	\$ 39,959
Due to Other Funds		724	724
Accrued Salaries and Wages		3,944	3,944
Due to Student Groups	<u>\$ 20,243</u>	<u>-</u>	<u>20,243</u>
Total Liabilities	<u>\$ 20,243</u>	<u>\$ 44,627</u>	<u>\$ 64,870</u>

**NORTH CALDWELL BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Balance, July 1, 2015</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2016</u>
Elementary Schools				
General Organization	\$ 12,416	\$ 62,303	\$ 54,476	\$ 20,243
Total All Schools	<u>\$ 12,416</u>	<u>\$ 62,303</u>	<u>\$ 54,476</u>	<u>\$ 20,243</u>

NORTH CALDWELL BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance,</u> <u>July 1,</u> <u>2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance,</u> <u>June 30,</u> <u>2016</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 37,602	\$ 3,559,660	\$ 3,557,303	\$ 39,959
Accrued Salaries and Wages	3,931	3,973,453	3,973,440	3,944
Due to Other Funds	358	366	-	724
	<hr/>	<hr/>	<hr/>	<hr/>
Total	\$ 41,891	\$ 7,533,479	\$ 7,530,743	\$ 44,627
	<hr/>	<hr/>	<hr/>	<hr/>

LONG-TERM DEBT

**NORTH CALDWELL BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2015</u>	<u>Retired</u>	<u>Balance, June 30, 2016</u>
			<u>Date</u>	<u>Amount</u>				
2011 Refunding Bonds	11/23/2010	\$ 6,775,000	2/15/17-18	\$ 535,000	4.00%			
			2/15/19-21	530,000	3.00-5.00%			
			2/15/22	525,000	3.50%			
			2/15/23	515,000	4.00%	\$ 4,420,000	\$ 720,000	\$ 3,700,000
						<u>\$ 4,420,000</u>	<u>\$ 720,000</u>	<u>\$ 3,700,000</u>

**NORTH CALDWELL BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF INTERGOVERNMENTAL LOANS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

**NORTH CALDWELL BOARD OF EDUCATION
LONG-TERM DEBT
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 886,975	-	\$ 886,975	\$ 886,975	-
Total Revenues	<u>886,975</u>	<u>-</u>	<u>886,975</u>	<u>886,975</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	720,000		720,000	720,000	
Interest	<u>166,975</u>	<u>-</u>	<u>166,975</u>	<u>166,975</u>	<u>-</u>
Total Expenditures	<u>886,975</u>	<u>-</u>	<u>886,975</u>	<u>886,975</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>
<u>Recapitulation of Balance</u>					
Available for Subsequent Years Expenditures				<u>\$ 1</u>	

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

J-1 to J-5

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

J-6 to J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

J-10 to J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

J-14 and J-15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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

	Fiscal Years Ended June 30,									
	2007	2008	2009	2010	2011	2012 (Restated)	2013	2014 (Restated)	2015	2016
Governmental activities										
Net Investment in Capital Assets	\$ 2,282,331	\$ 2,884,681	\$ 3,105,038	\$ 3,400,736	\$ 3,778,953	\$ 4,410,489	\$ 5,213,326	\$ 5,671,835	\$ 6,722,207	\$ 7,574,416
Restricted	25,003	25,002	25,027	250,026	1,136,761	1,493,259	1,792,969	2,613,231	2,911,650	3,645,729
Unrestricted	348,562	84,220	227,234	676,351	772,572	878,227	865,173	(2,207,520)	(2,225,655)	(2,483,334)
Total governmental activities net position	<u>\$ 2,655,896</u>	<u>\$ 2,993,903</u>	<u>\$ 3,357,299</u>	<u>\$ 4,327,113</u>	<u>\$ 5,688,286</u>	<u>\$ 6,781,975</u>	<u>\$ 7,871,468</u>	<u>\$ 6,077,546</u>	<u>\$ 7,408,202</u>	<u>\$ 8,736,811</u>
Business-type activities										
Net Investment in Capital Assets										
Unrestricted	\$ 596	\$ 677	\$ 1,745	\$ 3,417	\$ 4,190	\$ 6,140	\$ -	\$ -	\$ -	\$ -
Total business-type activities net position	<u>\$ 596</u>	<u>\$ 677</u>	<u>\$ 1,745</u>	<u>\$ 3,417</u>	<u>\$ 4,190</u>	<u>\$ 6,140</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District-wide										
Net Investment in Capital Assets	\$ 2,282,331	\$ 2,884,681	\$ 3,105,038	\$ 3,400,736	\$ 3,778,953	\$ 4,410,489	\$ 5,213,326	\$ 5,671,835	\$ 6,722,207	\$ 7,574,416
Restricted	25,003	25,002	25,027	250,026	1,136,761	1,493,259	1,792,969	2,613,231	2,911,650	3,645,729
Unrestricted	349,158	84,897	228,979	679,768	776,762	884,367	865,173	(2,207,520)	(2,225,655)	(2,483,334)
Total district net position	<u>\$ 2,656,492</u>	<u>\$ 2,994,580</u>	<u>\$ 3,359,044</u>	<u>\$ 4,330,530</u>	<u>\$ 5,692,476</u>	<u>\$ 6,788,115</u>	<u>\$ 7,871,468</u>	<u>\$ 6,077,546</u>	<u>\$ 7,408,202</u>	<u>\$ 8,736,811</u>

Note 1 - Net Position at June 30, 2011 is restated to reflect the implementation of GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities".

Note 2 - Net Position at June 30, 2014 is restated to reflect the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions".

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

	Fiscal Years Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities										
Instruction										
Regular	\$ 4,240,251	\$ 4,451,185	\$ 4,550,029	\$ 4,152,390	\$ 4,289,215	\$ 4,665,844	\$ 5,137,691	\$ 5,048,885	\$ 5,928,526	\$ 6,400,167
Special education	1,863,152	1,907,628	2,034,648	2,623,927	2,575,559	2,635,320	2,452,885	2,660,109	2,791,052	3,013,675
School Sponsored Activities and Athletics	1,020	1,002	942	980	3,499					
Support Services:										
Student & instruction related services	1,231,778	1,124,945	1,259,091	1,318,848	1,270,964	1,282,616	1,377,549	1,255,231	1,344,614	1,384,965
General Administration services	373,704	398,672	392,709	398,452	379,141	472,601	468,082	413,956	510,496	498,143
School Administration services	520,958	475,665	454,043	483,494	428,637	450,189	473,613	461,265	538,293	602,783
Business / Central services	237,859	247,167	250,952	267,187	311,545	379,285	370,911	395,027	464,724	509,856
Plant operations and maintenance	1,039,207	1,418,809	1,491,578	1,512,247	1,323,531	1,410,664	1,673,716	1,572,511	1,690,895	1,834,989
Pupil transportation	512,942	589,725	587,573	603,845	474,117	433,407	406,809	433,571	404,134	397,334
Special Schools	29,347	28,789	19,793	8,246						
Interest on long-term debt	471,370	403,174	379,583	345,182	173,274	230,728	204,861	191,288	172,728	155,713
Total governmental activities expenses	10,521,588	11,046,761	11,420,941	11,714,798	11,229,482	11,960,654	12,566,117	12,431,843	13,845,462	14,797,625
Business-type activities:										
Food service	7,140	8,488	6,992	6,048	6,786	6,349	-	-	-	-
Total business-type activities expense	7,140	8,488	6,992	6,048	6,786	6,349	-	-	-	-
Total district expenses	\$ 10,528,728	\$ 11,055,249	\$ 11,427,933	\$ 11,720,846	\$ 11,236,268	\$ 11,967,003	\$ 12,566,117	\$ 12,431,843	\$ 13,845,462	\$ 14,797,625
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction				\$ 106,804	\$ 184,348	\$ 227,284	\$ 218,571	\$ 98,326	\$ 73,200	\$ 113,574
Special Schools	\$ 19,924	\$ 15,775	\$ 46,029	6,760						
Operating grants and contributions	1,393,775	1,411,015	1,058,000	1,623,085	1,229,544	1,406,737	1,652,155	1,508,181	2,744,877	3,412,901
Capital grants and contributions	10,228	-	14,915	690				15,706	126,375	123,734
Total governmental activities program revenues	1,423,927	1,426,790	1,118,944	1,737,339	1,413,892	1,634,021	1,870,726	1,622,213	2,944,452	3,650,209
Business-type activities:										
Charges for services:										
Food service	3,716	4,888	8,060	7,713	7,544	8,287	-	-	-	-
Operating grants and contributions	2,370	3,681	-	-	-	-	-	-	-	-
Total business type activities program revenues	6,086	8,569	8,060	7,713	7,544	8,287	-	-	-	-
Total district program revenues	\$ 1,430,013	\$ 1,435,359	\$ 1,127,004	\$ 1,745,052	\$ 1,421,436	\$ 1,642,308	\$ 1,870,726	\$ 1,622,213	\$ 2,944,452	\$ 3,650,209
Net (Expense)/Revenue										
Governmental activities	\$ (9,097,661)	\$ (9,619,971)	\$ (10,301,997)	\$ (9,977,459)	\$ (9,815,590)	\$ (10,326,633)	\$ (10,695,391)	\$ (10,809,630)	\$ (10,901,010)	\$ (11,147,416)
Business-type activities	(1,054)	81	1,068	1,665	758	1,938	-	-	-	-
Total district-wide net expense	\$ (9,098,715)	\$ (9,619,890)	\$ (10,300,929)	\$ (9,975,794)	\$ (9,814,832)	\$ (10,324,695)	\$ (10,695,391)	\$ (10,809,630)	\$ (10,901,010)	\$ (11,147,416)

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

	Fiscal Years Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 8,145,825	\$ 8,815,316	\$ 9,708,904	\$ 9,793,792	\$ 10,214,962	\$ 10,605,788	\$ 10,834,245	\$ 11,050,929	\$ 11,271,947	\$ 11,525,704
Taxes levied for debt service	961,473	919,127	921,042	914,141	920,096	839,089	864,204	881,425	882,725	886,975
Unrestricted grants and contributions	35,098	46,674	345	-	-	-	-	-	12,173	13,098
Investment earnings	106,896	53,155	16,121	11,348	11,361	8,203	10,013	11,605	13,157	13,522
Miscellaneous income	25,833	17,055	18,981	240,839	30,344	38,698	70,273	58,094	51,664	36,726
Loss on Disposal of Capital Assets	-	106,651	-	(12,847)	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	6,149	-	-	-
Total governmental activities	9,275,125	9,957,978	10,665,393	10,947,273	11,176,763	11,491,778	11,784,884	12,002,053	12,231,666	12,476,025
Business-type activities:										
Investment earnings	-	-	-	7	15	12	9	-	-	-
Transfers	-	-	-	-	-	-	(6,149)	-	-	-
Total business-type activities	-	-	-	7	15	12	(6,140)	-	-	-
Total district-wide	\$ 9,275,125	\$ 9,957,978	\$ 10,665,393	\$ 10,947,280	\$ 11,176,778	\$ 11,491,790	\$ 11,778,744	\$ 12,002,053	\$ 12,231,666	\$ 12,476,025
Change in Net Position										
Governmental activities	\$ 177,464	\$ 338,007	\$ 363,396	\$ 969,814	\$ 1,361,173	\$ 1,165,145	\$ 1,089,493	\$ 1,192,423	\$ 1,330,656	\$ 1,328,609
Business-type activities	(1,054)	81	1,068	1,672	773	1,950	(6,140)	-	-	-
Total district	\$ 176,410	\$ 338,088	\$ 364,464	\$ 971,486	\$ 1,361,946	\$ 1,167,095	\$ 1,083,353	\$ 1,192,423	\$ 1,330,656	\$ 1,328,609

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

	Fiscal Years Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 502,729	\$ 206,811	\$ 809,013	\$ 1,167,913						
Unreserved	234,819	189,303	(279,607)	15,936						
Restricted					\$ 1,890,727	\$ 2,516,998	\$ 2,642,968	\$ 2,928,884	\$ 3,045,951	\$ 3,579,532
Committed					40,518		83,300	-		
Assigned					6,308	6,274	40,677	162,634	258,512	243,384
Unassigned					150,000	30,063	129,101	131,201	136,388	134,093
Total general fund	\$ 737,548	\$ 396,114	\$ 529,406	\$ 1,183,849	\$ 2,087,553	\$ 2,553,335	\$ 2,896,046	\$ 3,222,719	\$ 3,440,851	\$ 3,957,009
All Other Governmental Funds										
Reserved										
Unreserved	\$ 102,063	\$ 102,062	\$ 4,232	\$ 26						
Restricted					\$ 35,761	\$ 20,721	\$ 1	\$ 384,347	\$ 465,699	\$ 541,197
Committed										
Assigned										
Unassigned										
Total all other governmental funds	\$ 102,063	\$ 102,062	\$ 4,232	\$ 26	\$ 35,761	\$ 20,721	\$ 1	\$ 384,347	\$ 465,699	\$ 541,197

Beginning with Fiscal Year 2012, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

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

	Fiscal Years Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax levy	\$ 9,107,298	\$ 9,734,443	\$ 10,629,946	\$ 10,707,933	\$ 11,135,058	\$ 11,444,877	\$ 11,698,449	\$ 11,932,354	\$ 12,154,672	\$ 12,412,679
Tuition				106,804	181,723	213,746	218,571	98,326	73,200	113,574
Use of Facilities	19,924	30,175	46,029	6,760	2,625	13,538	11,440	7,425	8,500	8,075
Interest earnings	106,896	53,155	16,121	11,348	11,361	8,203	10,013	11,605	13,157	13,522
Miscellaneous	25,833	2,655	18,981	240,839	30,344	38,698	58,833	50,669	43,164	28,651
State sources	1,285,581	1,326,905	867,743	1,309,141	1,071,785	1,253,835	1,500,067	1,377,245	1,671,786	1,793,970
Federal sources	153,520	130,786	205,517	314,634	157,759	152,902	152,088	146,642	153,905	204,235
Total revenue	10,699,052	11,278,119	11,784,337	12,697,459	12,590,655	13,125,799	13,649,461	13,624,266	14,118,384	14,574,706
Expenditures										
Instruction										
Regular Instruction	4,079,293	4,492,308	4,550,703	4,170,578	4,223,395	4,666,011	5,083,355	5,052,410	5,233,329	5,462,619
Special education instruction	1,818,756	1,906,821	2,034,325	2,607,026	2,606,078	2,635,320	2,452,885	2,658,653	2,542,115	2,595,450
School sponsored activities and athletics	981	1,002	942	980	3,499	8,148				
Support Services:										
Student & inst. related services	1,187,117	1,150,090	1,256,232	1,317,002	1,270,087	1,267,395	1,372,414	1,251,836	1,342,039	1,317,464
General administration services	362,130	398,672	392,709	398,452	379,141	472,601	474,114	419,025	463,094	432,990
School administration services	500,577	465,162	450,252	483,636	432,237	449,384	474,229	461,999	486,898	518,710
Business / Central services	222,877	246,906	250,478	266,926	311,545	378,977	370,224	395,405	410,885	427,126
Plant operations and maintenance	1,011,552	1,108,522	1,172,081	1,184,874	999,200	1,060,118	1,299,000	1,192,383	1,299,254	1,400,324
Pupil transportation	512,393	589,725	587,573	603,845	474,117	433,407	406,809	433,571	404,087	396,305
Special Schools	28,365	28,789	19,793	8,246						
Capital outlay	58,039	312,429	112,770	91,516	67,556	428,846	515,665	166,540	754,474	545,087
Debt service:										
Principal	481,312	506,312	531,312	556,312	650,247	645,000	675,000	685,000	700,000	720,000
Interest and other charges	480,161	412,816	389,705	357,829	234,114	229,850	209,924	196,425	182,725	166,975
Cost of Issuance of Refunding Bond					91,317					
Payment to Refunding Bond Escrow Agent					389,394					
Total expenditures	10,743,553	11,619,554	11,748,875	12,047,222	12,131,927	12,675,057	13,333,619	12,913,247	13,818,900	13,983,050
Excess (Deficiency) of revenues over (under) expenditures	(44,501)	(341,435)	35,462	650,237	458,728	450,742	315,842	711,019	299,484	591,656
Other Financing sources (uses)										
Payments to Refunding Escrow Agent					(6,720,000)					
Refunding Bond Proceeds					6,775,000					
Premium on Issuance of Refunding Bonds					425,711					
Premium on Temporary Notes										
Transfers in	1,997	1,620	588	37			6,149	407,905	370,500	477,394
Transfers out	(1,997)	(1,620)	(588)	(37)				(407,905)	(370,500)	(477,394)
Total other financing sources (uses)	-	-	-	-	480,711	-	6,149	-	-	-
Net change in fund balances	\$ (44,501)	\$ (341,435)	\$ 35,462	\$ 650,237	\$ 939,439	\$ 450,742	\$ 321,991	\$ 711,019	\$ 299,484	\$ 591,656
Debt service as a percentage of noncapital expenditures										
	9.00%	8.13%	7.92%	7.65%	11.31%	7.14%	6.90%	6.91%	6.76%	6.60%

* Noncapital expenditures are total expenditures less capital outlay.

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

<u>Fiscal Year Ended June 30</u>	<u>Interest on Deposits</u>	<u>Program Fees</u>	<u>Miscellaneous</u>	<u>Tuition</u>	<u>Prior Year Cancelled Payables</u>	<u>Total</u>
2007	\$ 104,899	\$ 19,924	\$ 25,833			\$ 150,656
2008	51,535	30,175	2,655			84,365
2009	15,533	46,029	18,981			80,543
2010	11,311	6,760		\$ 106,804	\$ 240,839	365,714
2011	11,361	2,625	30,344	181,723		226,053
2012	8,203	13,538	17,977	213,746		253,464
2013	10,013	11,440	58,833	218,571		298,857
2014	11,605	7,425	50,669	98,326		168,025
2015	13,157	8,500	43,164	73,200		138,021
2016	13,522	8,075	28,651	113,574		163,822

Source: School District's Financial Statements

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Ofarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct Local School Tax Rate ^a
2007	\$ 9,677,700	\$ 354,687,700	\$ 94,900	\$ 4,000	\$ 5,563,900	\$ 739,600		\$ 370,767,800	\$ 149,800	\$ 370,917,600	\$ 1,672,593,459	\$ 2.630
2008 (1)	60,873,600	1,723,979,600	624,200	4,000	32,327,600	2,916,300		1,820,725,300	713,300	1,821,438,600	1,764,573,995	0.584
2009	52,622,000	1,723,500,900	624,200	4,000	32,127,000	2,916,300		1,811,794,400	781,000	1,812,575,400	1,808,237,504	0.591
2010	36,736,800	1,568,711,600	642,900	4,000	29,817,300	2,916,300		1,638,828,900	761,600	1,639,590,500	1,835,275,774	0.680
2011	31,687,700	1,517,159,000	474,200	4,000	27,941,000	2,916,300		1,580,182,200	568,100	1,580,750,300	1,705,642,135	0.724
2012	27,965,000	1,477,834,400	424,000	4,000	25,749,200	2,916,300		1,534,892,900	572,300	1,535,465,200	1,629,143,891	0.762
2013	32,703,600	1,479,925,700	424,000	4,000	23,679,100	2,697,500		1,539,433,900	618,900	1,540,052,800	1,603,705,860	0.775
2014	24,013,300	1,511,273,300	228,500	5,700	23,217,700	2,697,500		1,561,436,000	528,800	1,561,964,800	1,627,465,417	0.778
2015	19,041,700	1,535,025,600	-	-	24,426,700	2,697,500		1,581,191,500	517,500	1,581,709,000	1,676,062,829	0.785
2016	20,618,600	1,542,944,100	-	-	24,707,200	2,500,000	\$ 459,500	1,591,229,400	472,000	1,591,701,400	1,729,088,755	0.789

N/A - Not available

Source: County Abstract of Ratables

^a Tax rates are per \$100

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

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

Calendar Year	Total Direct Local School Tax Rate	Overlapping Rates			Total
		Regional High School District	Municipality	County	
2007	\$ 2.63	\$ 1.73	\$ 1.22	\$ 1.78	\$ 7.36
2008	(1) 0.58	0.37	0.27	0.38	1.60
2009	0.59	0.40	0.30	0.39	1.67
2010	0.68	0.45	0.34	0.46	1.93
2011	0.72	0.48	0.36	0.47	2.04
2012	0.76	0.48	0.38	0.49	2.11
2013	0.78	0.50	0.38	0.51	2.17
2014	0.78	0.50	0.38	0.55	2.21
2015	0.785	0.508	0.384	0.553	2.230
2016	0.789	0.508	0.384	0.567	2.248

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

Source: Tax Duplicate, Borough of North Caldwell

**NORTH CALDWELL BOARD OF EDUCATION
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

Taxpayer	2016		2007	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Greenbrook Country Club	\$ 12,000,000	0.75%	\$ 4,128,000	1.13%
K. Hovnanian at Hilltop Individual Taxpayer	8,503,100	0.53%	5,540,836	1.51%
Individual Taxpayer	3,425,400	0.22%	980,100	0.27%
Individual Taxpayer	2,824,800	0.18%	945,800	0.26%
Individual Taxpayer	2,563,000	0.16%	655,700	0.18%
Heller Property Partners, LP Individual Taxpayer	2,500,000	0.16%	621,900	0.17%
5 The Crossing LLC	2,470,900	0.16%		
PSEG Services Corp	2,458,300	0.15%		
Individual Taxpayer	2,320,000	0.15%	558,300	0.15%
Zephyr Spc. 1 LLC.	2,314,000	0.15%	833,000	0.23%
Transcontinental Pipeline Individual Taxpayer			708,400	0.19%
			533,400	0.15%
	<u>\$ 41,379,500</u>	<u>2.60%</u>	<u>\$ 15,505,436</u>	<u>4.24%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Local School Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	\$ 9,107,298	\$ 9,107,298	100.00%	
2008	9,734,443	9,734,443	100.00%	
2009	10,629,946	10,629,946	100.00%	
2010	10,707,933	10,707,933	100.00%	
2011	11,135,058	11,135,058	100.00%	
2012	11,444,877	11,444,877	100.00%	
2013	11,698,449	11,698,449	100.00%	
2014	11,932,354	11,932,354	100.00%	
2015	12,154,672	12,154,672	100.00%	
2016	12,412,679	12,412,679	100.00%	

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>			Total District	<u>Population</u>	<u>Per Capita</u>
	General Obligation Bonds	Intergovernmental Loans Payable				
2007	\$ 9,305,000	\$ 9,182	\$	9,314,182	7,034	\$ 1,324
2008	8,800,000	7,871		8,807,871	7,020	1,255
2009	8,270,000	6,559		8,276,559	7,071	1,170
2010	7,715,000	5,247		7,720,247	6,162	1,253
2011	7,125,000	-		7,125,000	6,192	1,151
2012	6,480,000	-		6,480,000	6,261	1,035
2013	5,805,000	-		5,805,000	6,370	911
2014	5,120,000	-		5,120,000	6,580	778
2015	4,420,000	-		4,420,000	6,661	664
2016	3,700,000	-		3,700,000	6,661 (1)	555

(1) - estimated

Source: District records

**NORTH CALDWELL BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)**

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Debt	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2007	\$ 9,314,182		\$ 9,314,182	2.51%	\$ 1,324
2008	8,807,871		8,807,871	0.48%	1,255
2009	8,276,559		8,276,559	0.45%	1,170
2010	7,720,247		7,720,247	0.47%	1,253
2011	7,125,000		7,125,000	0.45%	1,151
2012	6,480,000		6,480,000	0.42%	1,035
2013	5,805,000		5,805,000	0.38%	911
2014	5,120,000		5,120,000	0.33%	778
2015	4,420,000	\$ 1	4,419,999	0.28%	664
2016	3,700,000	1	3,699,999	0.23%	555

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**NORTH CALDWELL BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING DEBT
FOR YEAR ENDED DECEMBER 31, 2015
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
West Essex Regional High School	\$ 15,287,000	\$ 15,287,000	
Borough of North Caldwell School District	4,420,000	4,420,000	
Borough of North Caldwell	<u>7,513,271</u>	<u>720,724</u>	<u>\$ 6,792,547</u>
	<u>\$ 27,220,271</u>	<u>\$ 20,427,724</u>	<u>6,792,547</u>
Overlapping Debt Apportioned to the Municipality:			
Essex County (3);(A):			9,232,394
Essex County Utilities Authority (2) (A)			<u>1,022,659</u>
			<u>10,255,053</u>
Total Direct and Overlapping Debt			<u>\$ 17,047,600</u>

(A) The debt for this entity was apportioned to the Borough of North Caldwell by dividing the Municipality's 2015 equalized value by the total 2015 equalized value for Essex County.

Sources:

- (1) Borough of North Caldwell 2015 Annual Debt Statement
- (2) Essex County Utilities Authority 2015 audit
- (3) Essex County 2015 Annual Debt Statement

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

Legal Debt Margin Calculation for Fiscal Year 2015

Equalized valuation basis	
2015	\$ 1,716,447,568
2014	1,653,362,982
2013	<u>1,602,742,218</u>
	<u>\$ 4,972,552,768</u>
Average equalized valuation of taxable property	<u>\$ 1,657,517,589</u>
Debt limit (2.5% of average equalization value)	\$ 41,437,940
Total Net Debt Applicable to Limit	<u>3,700,000</u>
Legal debt margin	<u>\$ 37,737,940</u>

	Fiscal Year									
	<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>
Debt limit	\$ 37,483,088	\$ 40,921,221	\$ 43,259,350	\$ 44,569,618	\$ 44,731,990	\$ 43,744,679	\$ 41,991,015	\$ 40,624,359	\$ 40,442,684	\$ 41,437,940
Total net debt applicable to limit	<u>9,314,182</u>	<u>8,807,871</u>	<u>8,276,559</u>	<u>7,720,563</u>	<u>7,125,000</u>	<u>6,480,000</u>	<u>5,805,000</u>	<u>5,120,000</u>	<u>4,420,000</u>	<u>3,700,000</u>
Legal debt margin	<u>\$ 28,168,906</u>	<u>\$ 32,113,350</u>	<u>\$ 34,982,791</u>	<u>\$ 36,849,055</u>	<u>\$ 37,606,990</u>	<u>\$ 37,264,679</u>	<u>\$ 36,186,015</u>	<u>\$ 35,504,359</u>	<u>\$ 36,022,684</u>	<u>\$ 37,737,940</u>
Total net debt applicable to the limit as a percentage of debt limit	24.85%	21.52%	19.13%	17.32%	15.93%	14.81%	13.82%	12.60%	10.93%	8.93%

Source: Annual Debt Statements

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

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income (1)</u>	<u>School District Population</u>
2007	2.7%	\$ 51,568	7,034
2008	3.3%	53,136	7,020
2009	6.6%	51,288	7,071
2010	6.7%	52,324	6,162
2011	6.4%	55,014	6,192
2012	6.6%	55,404	6,261
2013	3.1%	55,692	6,370
2014	3.6%	58,319	6,580
2015	3.1%	N/A	6,661
2016	N/A	N/A	6,661 (2)

Source: United States Bureau of Census
School District Records

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

(2) Estimated

N/A - not available

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

	<u>2016</u>		<u>2007</u>	
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

NOT AVAILABLE

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

<u>Function/Program</u>	<u>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	59.0	58.0	46.2	46.0	44.0	45.4	48.2	53.0	53.0	53.4
Special education	16.0	19.5	32.8	36.3	34.8	36.8	37.1	37.0	38.0	40.0
Other instruction	6.0	4.0	2.2	3.0	9.0	9.0	7.3	6.0	6.0	6.0
Support Services:										
Student and instruction related services	4.0	4.0	4.0	4.0	2.0	2.0	2.0	2.0	2.0	2.0
General administration Services	3.0	3.0	3.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0
School administrative Services	9.0	8.0	8.2	8.2	4.0	4.0	4.0	4.0	4.0	4.0
Other Administrative Services	2.0	1.0	1.0	1.0	3.0	3.0	3.0	3.0	3.0	3.0
Administrative Technology	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Plant operations and maintenance	7.0	6.5	7.0	7.2	6.0	6.0	6.5	6.5	7.5	7.5
Other Support Services	7.0	5.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Total	<u>114</u>	<u>110</u>	<u>107.4</u>	<u>111.7</u>	<u>107.8</u>	<u>111.2</u>	<u>113.1</u>	<u>116.5</u>	<u>118.5</u>	<u>120.9</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Pupil/Teacher Ratio				Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Middle School	Senior High School				
2007	649.0	\$ 9,724,021	\$ 14,983	10.70%	59.0	1:11.0	N/A	N/A	645.9	621.0	0.94%	96.14%
2008	634.0	10,387,995	16,385	9.36%	58.0	1:10.9	N/A	N/A	634.5	609.0	-1.76%	95.98%
2009	614.0	10,715,088	17,451	6.51%	46.0	1:13.4	N/A	N/A	614.4	591.0	-3.17%	96.19%
2010	640.0	11,041,565	17,252	-1.14%	46.0	1:14:0	N/A	N/A	640.0	614.4	4.17%	96.00%
2011	662.0	10,699,299	16,162	-6.32%	41.2	1:16:0	N/A	N/A	670.1	637.8	4.70%	95.18%
2012	675.0	11,371,361	16,846	4.23%	43.4	1:15:5	N/A	N/A	675.5	650.0	0.81%	96.23%
2013	676.0	11,933,030	17,652	4.78%	48.2	1:14:0	N/A	N/A	686.4	659.1	1.61%	96.02%
2014	670.0	11,865,282	17,709	0.32%	53.0	1:12.6	N/A	N/A	672.5	646.5	2.03%	96.14%
2015	658.0	12,181,701	18,513	4.54%	53.0	1:12.4	N/A	N/A	663.2	635.5	-1.38%	95.82%
2016	673.0	12,550,988	18,649	0.74%	53.4	1:12.4	N/A	N/A	685.0	647.1	3.29%	94.47%

Sources: District records

- Note:
- a Enrollment based on annual October district count.
 - b Operating expenditures equal total expenditures less debt service and capital outlay.
 - c Cost per pupil represents operating expenditures divided by enrollment.

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>District Building</u>										
<u>Grandview Elementary School</u>										
Square Feet	52,430	52,430	52,430	52,430	52,430	52,430	52,430	52,430	52,430	52,430
Capacity (students)	385	385	385	385	385	385	385	385	385	385
Enrollment	384	375	366	367	381	390	400	397	385	391
<u>Gould Elementary/Middle School</u>										
Square Feet	34,175	34,175	34,175	34,175	34,175	34,175	34,175	34,175	34,175	34,175
Capacity (students)	327	327	327	327	327	327	327	327	327	327
Enrollment	265	259	248	277	281	285	276	273	273	282

Number of Schools at June 30, 2016

Elementary = 2

Source: District Records

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

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

	Project # (s)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
*School Facilities											
Building A - Gould School	N/A	\$ 153,723	\$ 168,713	\$ 171,048	\$ 134,139	\$ 108,114	\$ 121,971	\$ 285,144	\$ 170,667	\$ 200,665	\$ 257,412
Building B - Grandview School	N/A	123,347	129,016	139,949	133,668	107,507	124,682	188,995	122,988	155,868	222,062
Grand Total		<u>\$ 277,070</u>	<u>\$ 297,729</u>	<u>\$ 310,997</u>	<u>\$ 267,807</u>	<u>\$ 215,621</u>	<u>\$ 246,653</u>	<u>\$ 474,139</u>	<u>\$ 293,655</u>	<u>\$ 356,533</u>	<u>\$ 479,474</u>

Source: School District Records

**NORTH CALDWELL BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2016
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - NJ Schools Insurance Group		
Property - Blanket Building & Contents	\$ 400,000,000	\$ 5,000
Comprehensive General Liability	11,000,000	-
Comprehensive Automobile Liability	11,000,000	1,000
Boiler and Machinery		
Property Damage	100,000,000	5,000
Umbrella Liability		
Umbrella Policy	11,000,000	
Educator's Legal Liability		
Directors and Officer's Policy	11,000,000	5,000
Public Employees' Bond		
Business Administrator/Board Secretary	125,000	
Treasurer of School Moneys	200,000	

Source: School District's records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
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CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA
ROBERT AMPONSAH, CPA

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
North Caldwell Board of Education
North Caldwell, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Caldwell Board of Education as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the North Caldwell Board of Education's basic financial statements and have issued our report thereon dated November 22, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the North Caldwell Board of Education's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the North Caldwell Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the North Caldwell Board of Education's internal control.

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


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

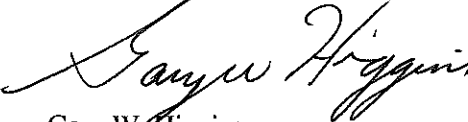
Compliance and Other Matters

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

Purpose of this Report

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


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


Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
November 22, 2016



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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
North Caldwell Board of Education
North Caldwell, New Jersey

Report on Compliance for Each Major State Program

We have audited the North Caldwell Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the North Caldwell Board of Education's major state programs for the fiscal year ended June 30, 2016. The North Caldwell Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of state statutes, regulations, and the terms and conditions of its state financial assistance applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the North Caldwell Board of Education's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and New Jersey Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the North Caldwell Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the North Caldwell Board of Education's compliance.

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

Management of the North Caldwell Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the North Caldwell Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the North Caldwell Board of Education's internal control over compliance.

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

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

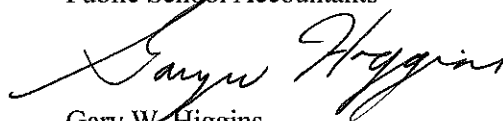
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Caldwell Board of Education as of and for the fiscal year ended June 30, 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 22, 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 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
November 22, 2016

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

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2015	A/R Carryover Amount	Def. Rev. Carryover Amount	Cash Received	Budgetary Expenditures	June 30, 2016		Due to Grantor	Memo GAAP Receivable	
											(Accounts Receivable)	Deferred Revenue			
U.S. Department of Education															
Passed-through State Department of Education															
Special Revenue Fund															
I.D.E.A. Part B-Basic	84.027	H027A150100	FT-3630-16	7/1/15-6/30/16	\$ 143,450				\$ 143,450	\$ 143,450					
I.D.E.A. Part B-Preschool	84.173	H173A150114	PS-3630-16	7/1/15-6/30/16	6,941				6,941	6,941					
Total Special Education Cluster (IDEA)										150,391					
NCLB Title I	84.010A	S010A150030	NCLB-3630-16	7/1/15-6/30/16	46,870				46,870	46,870					
NCLB Title IIA	84.367A		NCLB-3630-15	7/1/14-6/30/15	7,173		\$ 3	\$ (3)							
NCLB Title IIA	84.367A	S367A150029	NCLB-3630-16	7/1/15-6/30/16	6,974	-	(3)	3	6,974	6,974	-	-	-	-	
Total U.S. Department of Education										204,235	204,235	-	-	-	-
Total					\$ -	\$ -	\$ -	\$ -	\$ 204,235	\$ 204,235	\$ -	\$ -	\$ -	\$ -	

Note: FAIN numbers are only applicable for current year grant awards.

Note: This schedule was not subject to an audit in accordance with U.S. Uniform Guidance

The Notes to the Schedule of Expenditures of Federal Awards are an Integral Part of this Schedule.

NORTH CALDWELL BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period	Balance at June 30, 2015				June 30, 2016			Memo	
			Award Amount	(Accounts Receivable)	Deferred Revenue	Cash Received	Budgetary Expenditures	(Accounts Receivable)	Deferred Revenue	Due to Grantor	GAAP Receivable
State Department of Education											
Current Expense											
Special Education Categorical Aid	16-495-034-5120-089	7/1/15-6/30/16	\$ 86,078			\$ 80,213	\$ 86,078	\$ (5,865)			\$ 86,078
Special Education Categorical Aid	15-495-034-5120-089	7/1/14-6/30/15	86,078	(5,975)		5,975					
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	48,817			45,491	48,817	(3,326)			48,817
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	48,817	(3,389)		3,389					
Additional Adjustment Aid	16-495-034-5120-085	7/1/15-6/30/16	1			1	1	-			1
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	6,540			6,094	6,540	(446)			6,540
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	6,540	(454)		454					
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	6,540			6,095	6,540	(445)			6,540
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	6,540	(454)		454					
Total State Aid Public Cluster							147,976				147,976
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	85,492			79,667	85,492	(5,825)			85,492
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	85,492	(5,935)		5,935					
Extraordinary Sp. Ed. Aid	16-100-034-5120-044	7/1/15-6/30/16	240,186				240,186	(240,186)			240,186
Extraordinary Sp. Ed. Aid	15-100-034-5120-473	7/1/14-6/30/15	274,538	(274,538)		274,538					
TPAF Social Security Tax	16-495-034-5094-003	7/1/15-6/30/16	355,634			355,634	355,634				355,634
TPAF Pension On-Behalf Normal Costs	16-495-034-5094-002	7/1/15-6/30/16	350,586			350,586	350,586				350,586
TPAF Pension On-Behalf NCGI Premium	16-495-034-5094-004	7/1/15-6/30/16	17,464			17,464	17,464				17,464
TPAF Pension PRM Contr.	16-495-034-5094-001	7/1/15-6/30/16	438,246	-	-	438,246	438,246	-	-	-	438,246
Total General Fund				(290,745)	-	1,670,236	1,635,584	(256,093)	-	-	1,635,584
Capital Projects Fund											
Gould Mountain Elementary School - Exterior Masonry Repairs	3630-050-14-1001-G04	7/1/13-6/30/14	43,463	(43,463)	\$ 37,505		37,505	(43,463)		\$ (43,463)	43,463
Gould Mountain Elementary School - Partial Roof Replacement	3630-050-14-1002-G04	7/1/13-6/30/14	52,274	(52,274)	46,437		40,315	(52,274)	\$ 6,122	(52,274)	46,152
Gould Mountain Elementary School - Security Upgrades	3630-060-14-1003-G04	7/1/13-6/30/14	75,800	(75,800)	13,329		13,329	(75,800)		(75,800)	75,800
Grandview Elementary School - Security Upgrades	3630-060-14-1004-G04	7/1/13-6/30/14	100,400	(100,400)	32,585		32,585	(100,400)		(100,400)	100,400
Total SDA Cluster							123,734				265,815
Total Capital Projects Fund				(271,937)	129,856	-	123,734	(271,937)	6,122	-	(271,937)
Total State Financial Assistance Subject to Single Audit Determination				(562,682)	129,856	1,670,236	1,759,318	(528,030)	6,122	-	(271,937)
State Financial Assistance Not Subject to Single Audit Determination											
General Fund											
TPAF Pension On-Behalf Normal Costs	16-495-034-5094-002	7/1/15-6/30/16	350,586			(350,586)	(350,586)				(350,586)
TPAF Pension On-Behalf NCGI Premium	16-495-034-5094-004	7/1/15-6/30/16	17,464			(17,464)	(17,464)				(17,464)
TPAF Pension PRM Contr.	16-495-034-5094-001	7/1/15-6/30/16	438,246	-	-	(438,246)	(438,246)			\$ -	(438,246)
Total State Financial Assistance Utilized for Calculation to Determine Major Programs				\$ (562,682)	\$ 129,856	\$ 863,940	\$ 953,022	\$ (528,030)	\$ 6,122	\$ -	\$ (271,937)

The Notes to the Schedule of Expenditures of State Financial Assistance are an Integral Part of this Schedule.

**NORTH CALDWELL BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal and state financial assistance programs of the North Caldwell Board of Education. The Board of Education is defined in Note 1(A) to the Board's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the budgetary basis of accounting 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 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with the requirements of 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Uniform Guidance) and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$34,652 for the general fund and no change for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,670,236	\$ 1,670,236
Special Revenue Fund	\$ 204,235		204,235
Capital Projects	-	123,734	123,734
Total Financial Assistance	<u>\$ 204,235</u>	<u>\$ 1,793,970</u>	<u>\$ 1,998,205</u>

**NORTH CALDWELL BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

NOTE 5 OTHER INFORMATION

TPAF Social Security contributions in the amount of \$355,634 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2016. The amount reported as TPAF Pension System Contributions in the amount of \$368,050 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$438,246 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2016.

NOTE 6 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

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

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

Part 2 – Schedule of Financial Statement Findings

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

THERE ARE NONE.

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

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

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

CURRENT YEAR STATE AWARDS

THERE ARE NONE.

**NORTH CALDWELL BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 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* and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

THERE WERE NONE.