

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

North Haledon, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**
of the
North Haledon Board of Education
North Haledon, New Jersey
For The Fiscal Year Ended June 30, 2016

Prepared by
Business Office

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INTRODUCTORY SECTION

North Haledon Public Schools

201 Squaw Brook Road • North Haledon, NJ 07508 • (973) 427-8178 (Phone) • (973) 423-1514 (Fax)

Nicholas S. Coffaro
Superintendent of Schools

Michael J. Donow, RSBA
Interim Business Admin./ Board Secretary

October 28, 2016

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

Dear Board Members:

The comprehensive annual financial report (CAFR) of the North Haledon School District for the fiscal year ended June 30, 2016 is hereby submitted. This report includes the District's Basic Financial Statements prepared in accordance with Governmental Accounting Standards Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and required supplementary information, as well as the auditors' report thereon. The financial section also includes Management's Discussion and Analysis, which is an overview of the District's current financial status and future outlook. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, as amended, and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditors' report on the internal control structure and compliance with applicable laws and

regulations and findings and recommendations, are included in the single audit section of this report.

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

The District provides a full range of educational services appropriate to students in grade levels Pre-K through Grade 8. These services include programming for students in regular, vocational, and special educational settings. The District completed the 2015-2016 fiscal year with an average daily enrollment of 678.7 students, which is 2.9% below the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2006-2007	665.3	-0.03%
2007-2008	693.4	+4.22%
2008-2009	693.5	+0.00%
2009-2010	711.8	+2.64%
2010-2011	716.0	+0.59%
2011-2012	714.0	-0.28%
2012-2013	738.0	+3.36%
2013-2014	720.0	- 2.50%
2014-2015	690.0	- 4.17%
2015-2016	678.7	- 2.90%

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

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

A referendum held on September 27, 2005 was successful. The project for the replacement Memorial School was completed in late spring 2008. Renovations and a new addition at High Mountain School were ready to be occupied during the 2007-08

school year. These projects were financed with a Section 15 Grant from the State of New Jersey and the balance paid through district debt service.

The district completed the prior year in a deficit position, and there were concerns about the 2015-16 budget not being sufficient to meet the obligations of the district. During the course of the 2015-16 fiscal year, the administration and Board of Education took steps to ensure that the financial picture was turned around. Costs were reduced by a general freeze on all but essential services or purchase of goods, as well as not filling administrative positions. In addition, the district utilized the provision of a lease-back of textbooks to generate revenue. The result was ending the 2015-16 fiscal year with a fund balance as outlined in this Comprehensive Annual Financial Report.

3. MAJOR INITIATIVES: In September of 2015, The North Haledon School Board continued their focus as to the responsibilities and support of all state and local mandates and initiatives, which includes, but not limited to state reporting (QSAC), Achieve NJ (evaluation model), testing coordinator (PARCC), NGSS (Next Generation Science Standards), technology, curriculum development and design, and professional development. With regard to NGSS, the district will continue to design this mandated curriculum as alignment with state standards will be priority resulting implementation in school year 2016-2017. The refinement of the mandated RTI Process (Response to Intervention) will continue through the 2015-2016 school year. The district continues to implement the Stronge Evaluation System in compliance with state law. My Learning Plan is the web based application being used to facilitate all facets of the district evaluation system including observations, SGOs, and teacher documentation logs. The district continues to train staff to effectively complete all tasks required of the new evaluation system. The goal was met regarding the purchasing of laptops, and the installation of a wireless network with network hardware upgrades across the district. The special services department continues to service our special needs students and their families by continuing to meet with them and offering services to meet their needs.

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

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

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and

state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as a reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2016. In light of the prior year's fiscal problems, the district administration has made a concerted effort to assess the district's budgetary controls to ensure the district's financial obligations are encumbered in a timely manner.

6. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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

8. OTHER INFORMATION:

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

reports related specifically to the single audit are included in the single audit section of this report.

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

Respectfully submitted,

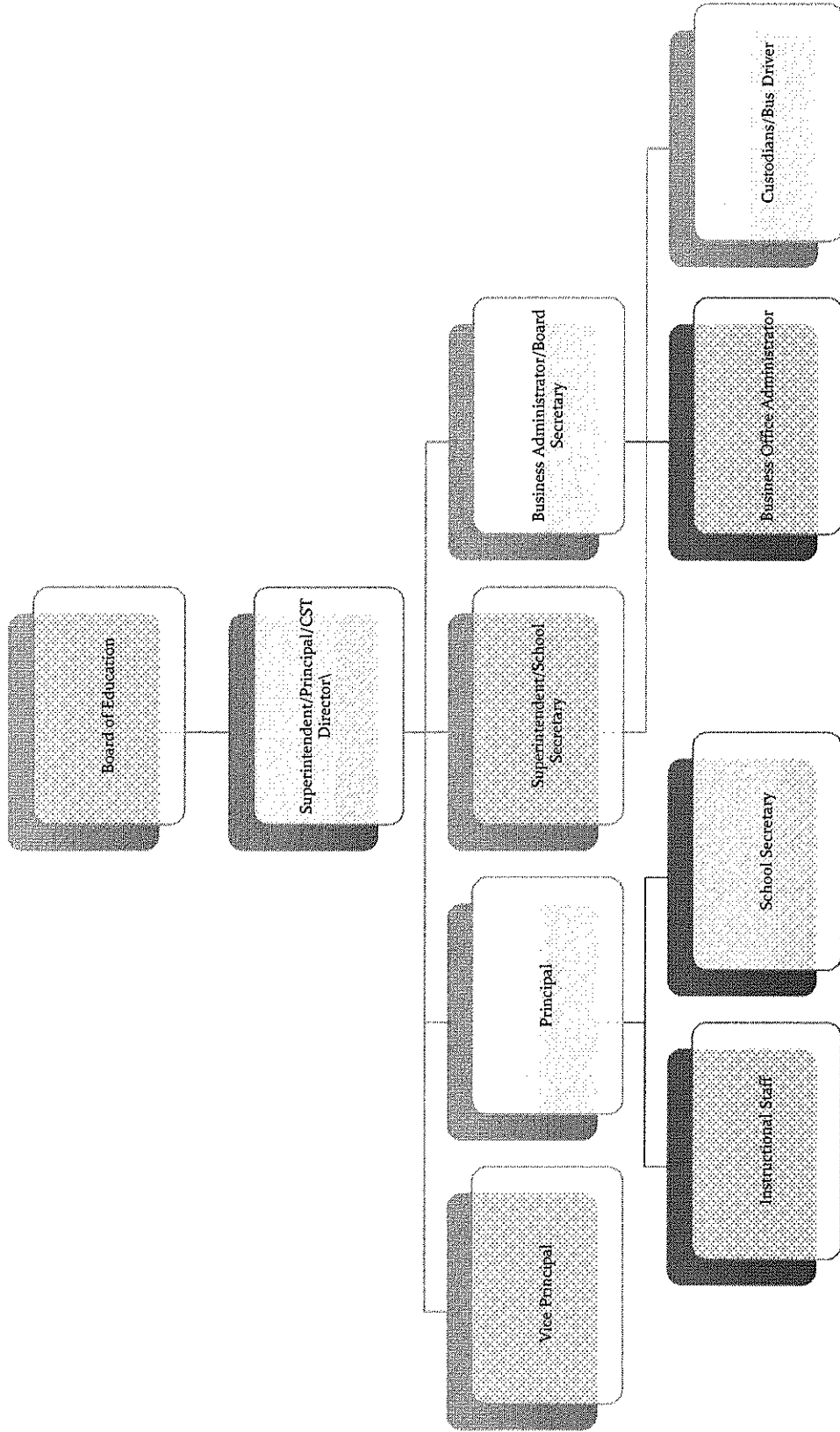
A handwritten signature in black ink, appearing to read "Michael J. Donow", with a long horizontal flourish extending to the right.

Michael J. Donow, RSBA
Interim Business Administrator/
Board Secretary

A handwritten signature in blue ink, appearing to read "Nicholas Coffaro", with a stylized, cursive script.

Nicholas Coffaro
Superintendent of Schools

NORTH HALEDON SCHOOL DISTRICT



**NORTH HALEDON BOARD OF EDUCATION
NORTH HALEDON, NEW JERSEY
ROSTER OF OFFICIALS
JUNE 30, 2016**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Michelle Melone, President	2017
Lucy De Nova, Vice President	2017
Heather LaCognata	2019
Michele Manning	2016
Peter Ten Kate	2019
Chirag Badami	2019
Renate Lampe	2016
Louis Colli	2016
Paul Valenti	2016

Other Officials

Nicholas Coffaro, Interim Superintendent
Barbara Veltri, Treasurer of School Monies
Viola Lordi, Esq., Solicitor

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

CONSULTANTS AND ADVISORS

Audit Firm

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

Attorney

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

Bond Attorney

McManimon & Scotland
One Gateway Center
Newark, New Jersey

Architect

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

Official Depository

Lakeland Bank
Belmont Avenue
North Haledon, NJ 07508

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the North Haledon Board of Education, as of and for the fiscal year ended June 30, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the North Haledon 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

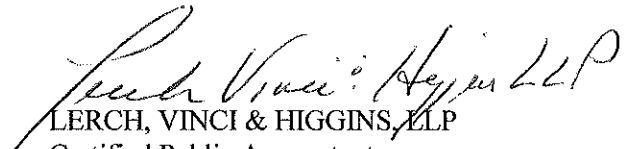
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the North Haledon Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures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

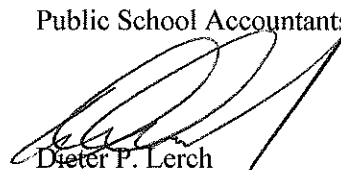
The combining fund financial statements, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial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

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

Other Reporting Required by *Government Auditing Standards*

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


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


Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
October 28, 2016

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

This discussion and analysis of the North Haledon School District's financial performance provides an overview of its financial activities for the fiscal year ended June 30, 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 the notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2016 are as follows:

- District-Wide Financials - Overall revenues were \$13,766,912. General revenues accounted for \$10,446,082 or 76 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$3,320,830 or 24 percent of total revenues.
- District-Wide Financials - The School District had \$13,546,401 in the "Governmental Activities" expenses; \$3,109,053 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$10,446,064 were adequate to provide for these programs. The Business-Type activities had \$190,734 in expenses and revenues of \$211,795.
- Fund Financials - As of the close of the current fiscal year, the North Haledon Board of Education's governmental funds reported combined ending fund balances of \$409,987, an increase of \$297,507 in comparison with the prior year.
- Fund Financials - At the end of June 30, 2016, unassigned fund balance for the General Fund was \$151,063, an increase of \$348,271.

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

District-wide Statements

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

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

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

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

District-wide Statements (Continued)

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

Fund Financial Statements (Continued)

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

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

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

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

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

Net position. The District's combined net position was \$(424,139) on June 30, 2016. (See Table A-1).

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

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

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

Table A-1
Statement of Net Position
As of June 30, 2016 and 2015

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u> (Restated)
Current and Other Assets	\$ 510,923	\$ 162,635	\$ 23,604	\$ (15,313)	\$ 534,527	\$ 147,322
Capital Assets	<u>19,071,029</u>	<u>19,993,541</u>	<u>19,192</u>	<u>23,610</u>	<u>19,090,221</u>	<u>20,017,151</u>
Total Assets	<u>19,581,952</u>	<u>20,156,176</u>	<u>42,796</u>	<u>8,297</u>	<u>19,624,748</u>	<u>20,164,473</u>
Deferred Outflows of Resources						
Deferred Amounts on Refunding of Debt	961,734	1,080,567			961,734	1,080,567
Deferred Amounts on Net Pension Liability	<u>288,946</u>	<u>49,888</u>	<u>-</u>	<u>-</u>	<u>288,946</u>	<u>49,888</u>
Total Deferred Outflows of Resources	<u>1,250,680</u>	<u>1,130,455</u>	<u>-</u>	<u>-</u>	<u>1,250,680</u>	<u>1,130,455</u>
Total Assets and Deferred Outflows of Resources	<u>20,832,632</u>	<u>21,286,631</u>	<u>42,796</u>	<u>8,297</u>	<u>20,875,428</u>	<u>21,294,928</u>
Long-Term Liabilities	20,869,186	21,306,653			20,869,186	21,306,653
Other Liabilities	<u>350,440</u>	<u>304,653</u>	<u>12,176</u>	<u>-</u>	<u>362,616</u>	<u>304,653</u>
Total Liabilities	<u>21,219,626</u>	<u>21,611,306</u>	<u>12,176</u>	<u>-</u>	<u>21,231,802</u>	<u>21,611,306</u>
Deferred Inflows of Resources						
USDA Commodities			1,695	433	1,695	433
Deferred Amounts on Net Pension Liability	<u>66,070</u>	<u>137,105</u>	<u>-</u>	<u>-</u>	<u>66,070</u>	<u>137,105</u>
Total Deferred Inflows of Resources	<u>66,070</u>	<u>137,105</u>	<u>1,695</u>	<u>433</u>	<u>67,765</u>	<u>137,538</u>
Total Liabilities and Deferred Inflows of Resources	<u>21,285,696</u>	<u>21,748,411</u>	<u>13,871</u>	<u>433</u>	<u>21,299,567</u>	<u>21,748,844</u>
Net Position:						
Invested in capital assets, net of related debt	1,490,238	1,806,033	19,192	23,610	1,509,430	1,829,643
Restricted	225,362	86,708			225,362	86,708
Unrestricted	<u>(2,168,664)</u>	<u>(2,354,521)</u>	<u>9,733</u>	<u>(15,746)</u>	<u>(2,158,931)</u>	<u>(2,370,267)</u>
Total Net Position	<u>\$ (453,064)</u>	<u>\$ (461,780)</u>	<u>\$ 28,925</u>	<u>\$ 7,864</u>	<u>\$ (424,139)</u>	<u>\$ (453,916)</u>

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

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

Governmental activities. Governmental activities increased the District's net position by \$8,716.

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

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues						
Program Revenues						
Charges for Services		\$ 7,930	\$ 134,111	\$ 134,076	\$ 134,111	\$ 142,006
Operating Grants and Contributions	3,109,053	2,736,150	77,666	79,430	3,186,719	2,815,580
General Revenues						
Property Taxes	10,303,582	10,229,127			10,303,582	10,229,127
Other	103,617	41,328	18	61	103,635	41,389
Federal/State Aid Not Restricted	38,865	60,643	-	-	38,865	60,643
Total Revenues	<u>13,555,117</u>	<u>13,075,178</u>	<u>211,795</u>	<u>213,567</u>	<u>13,766,912</u>	<u>13,288,745</u>
Expenses						
Instruction						
Regular	6,251,472	5,947,818			6,251,472	5,947,818
Special Education	2,379,668	2,762,282			2,379,668	2,762,282
Other Instruction	147,609	357,066			147,609	357,066
School Sponsored Activities and Athletic	109,721	86,140			109,721	86,140
Support Services						
Student and Instruction Related Serv.	1,754,568	1,480,738			1,754,568	1,480,738
General Administrative Services	498,885	671,055			498,885	671,055
School Administrative Services	467,651	489,071			467,651	489,071
Plant Operations and Maintenance	771,483	775,744			771,483	775,744
Pupil Transportation	337,598	430,908			337,598	430,908
Central Services	220,779	297,211			220,779	297,211
Food Services			190,734	227,924	190,734	227,924
Interest on Debt and Other Charges	606,967	724,825	-	-	606,967	724,825
Total Expenses	<u>13,546,401</u>	<u>14,022,858</u>	<u>190,734</u>	<u>227,924</u>	<u>13,737,135</u>	<u>14,250,782</u>
Change in Net Position	8,716	(947,680)	21,061	(14,357)	29,777	(962,037)
Prior Period Adjustment		(5,151,903)				(5,151,903)
Net Position, Beginning of Year	(461,780)	5,637,803	7,864	22,221	(453,916)	5,660,024
Net Position, End of Year	<u>\$ (453,064)</u>	<u>\$ (461,780)</u>	<u>\$ 28,925</u>	<u>\$ 7,864</u>	<u>\$ (424,139)</u>	<u>\$ (453,916)</u>

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

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

Table A-2 Revenues by Source- Governmental Activities
For Fiscal Year 2016

Governmental activities. The District's total governmental revenues were \$13,555,117. The local share of the revenues, that included property taxes, interest, unrestricted state aid and miscellaneous revenue, amounted to \$10,407,199 or 77% of total revenues. Funding from state and federal sources amounted to \$3,147,918 or 23%.

The District's governmental expenses are predominantly related to instruction and support services. Instruction totaled \$8,888,470 (66%), student and other support services totaled \$4,050,964 (29%) and interest on long-term debt total \$606,967 (5%) of total expenditures. (See Table A-4.)

Table A-3 Revenues by Source – Governmental Activities
For Fiscal Year 2016

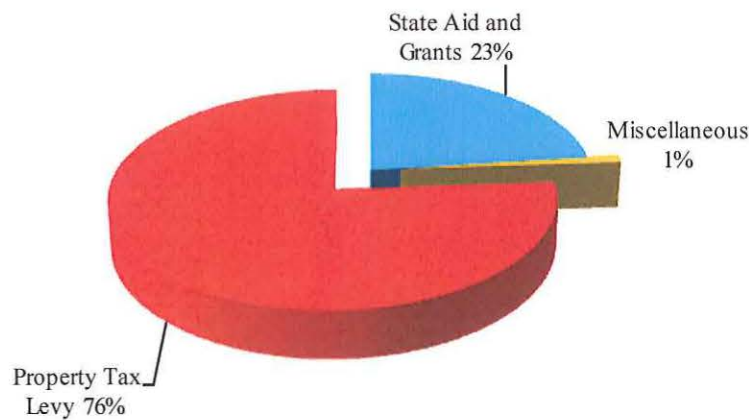
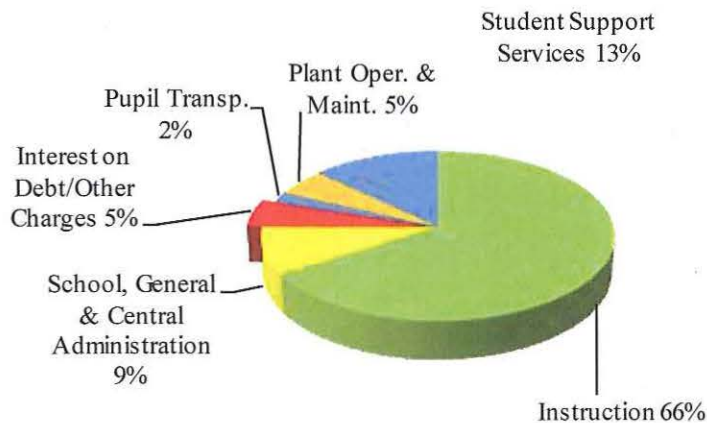


Table A-4 Expenditures by Type- Governmental Activities
For Fiscal Year 2016



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

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

**Table A-5
Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2016 and 2015**

<u>Functions/Programs</u>	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Governmental Activities				
Instruction				
Regular	\$ 6,251,472	\$ 5,947,818	\$ 4,579,629	\$ 4,629,548
Special Education	2,379,668	2,762,282	1,343,882	1,641,435
Other Instruction	147,609	357,066	103,434	265,976
School Sponsored Activities and Athletics	109,721	86,140	80,242	64,140
Support Services				
Student and Instruction Related Svcs.	1,754,568	1,480,738	1,470,347	1,332,692
General Administrative Services	498,885	671,055	498,885	671,055
School Administrative Services	467,651	489,071	467,651	489,071
Plant Operations and Maintenance	771,483	775,744	757,110	775,744
Pupil Transportation	337,598	430,908	308,422	387,081
Central Services	220,779	297,211	220,779	297,211
Interest on Debt/Other Charges	606,967	724,825	606,967	724,825
Total Governmental Activities	<u>\$ 13,546,401</u>	<u>\$ 14,022,858</u>	<u>\$ 10,437,348</u>	<u>\$ 11,278,778</u>

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2016 was \$190,734. These costs were funded by operating grants and charges for services and investment earnings (Detailed on Table A-2). The operations resulted in an increase in net position of \$21,061.

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

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

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

As the District completed the year, its governmental funds reported a combined fund balance of \$409,987. As of June 30, 2015 the fund balance was \$112,480.

The District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$12,312,777 and expenditures were \$12,265,270. In addition, the district had other financing sources of \$250,000.

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

	<u>Year Ended June 30,</u>		<u>Amount of</u>	<u>Percent</u>
	<u>2016</u>	<u>2015</u>	<u>Increase</u>	<u>Increase</u>
			<u>(Decrease)</u>	<u>(Decrease)</u>
Local Sources	\$ 10,446,057	\$ 10,278,385	\$ 167,672	1.63%
State Sources	1,589,505	1,476,155	113,350	7.68%
Federal Sources	<u>277,215</u>	<u>303,698</u>	<u>(26,483)</u>	-8.72%
 Total Revenues	 <u>\$ 12,312,777</u>	 <u>\$ 12,058,238</u>	 <u>\$ 254,539</u>	 2.11%

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

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

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

	<u>Year Ended June 30,</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
	<u>2016</u>	<u>2015</u>		
Instruction	\$ 6,951,856	\$ 7,434,807	\$ (482,951)	-6.50%
Undistributed Expenditures	3,787,745	3,881,542	(93,797)	-2.42%
Capital Outlay		39,545	(39,545)	-100.00%
Debt Service				
Principal	835,248	914,330	(79,082)	-8.65%
Interest	690,421	641,545	48,876	7.62%
Cost of Issuance on Refunded Bonds	-	114,092	(114,092)	-100.00%
 Total Expenditures	 <u>\$ 12,265,270</u>	 <u>\$ 13,025,861</u>	 <u>\$ (760,591)</u>	 -5.84%

General and Special Revenue Fund

Budgetary Highlights

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

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

Capital Assets and Debt Administration. The North Haledon Board of Education's investment in capital assets for its governmental and business type activities as of June 30, 2016 amounts to \$19,090,221 (net of accumulated depreciation). This investment in capital assets includes land, buildings and building improvements, construction in progress and machinery and equipment.

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

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

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

	Governmental Activities		Business-Type Activities		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 70,295	\$ 70,295			\$ 70,295	\$ 70,295
Buildings	30,864,982	30,864,982			30,864,982	30,864,982
Machinery and Equipment	<u>1,160,499</u>	<u>1,160,499</u>	<u>\$ 97,651</u>	<u>\$ 97,651</u>	<u>1,258,150</u>	<u>1,258,150</u>
 Total	 32,095,776	 32,095,776	 97,651	 97,651	 32,193,427	 32,193,427
Less: Accumulated Depreciation	<u>13,024,747</u>	<u>12,102,235</u>	<u>78,459</u>	<u>74,041</u>	<u>13,103,206</u>	<u>12,176,276</u>
 Total	 <u>\$ 19,071,029</u>	 <u>\$ 19,993,541</u>	 <u>\$ 19,192</u>	 <u>\$ 23,610</u>	 <u>\$ 19,090,221</u>	 <u>\$ 20,017,151</u>

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

Debt Administration. As of June 30, 2016 the school district had long-term debt and outstanding long-term liabilities in the amount of \$20,869,186 as stated in Table A-7.

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

	<u>2016</u>	<u>2015</u>
Bonds Payable	\$ 18,386,103	\$ 19,368,396
Capital Leases	156,422	206,670
Sale and Lease-back Contracts	250,000	
Compensated Absences Payable	127,672	145,100
Net Pension Liability	<u>1,948,989</u>	<u>1,586,487</u>
 Total	 <u>\$ 20,869,186</u>	 <u>\$ 21,306,653</u>

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

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report or need additional information, contact the School Superintendent at the North Haledon Board of Education, 201 Squawbrook Road, North Haledon, NJ 07508.

BASIC FINANCIAL STATEMENTS

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 448,711	\$ 15,803	\$ 464,514
Receivables, net			
Receivables from Other Governments	53,020	4,826	57,846
Inventory		4,044	4,044
Internal Balances	1,069	(1,069)	-
Due From Other Funds	8,123		8,123
Capital Assets			
Not Being Depreciated	70,295		70,295
Being Depreciated, net	<u>19,000,734</u>	<u>19,192</u>	<u>19,019,926</u>
Total Assets	<u>19,581,952</u>	<u>42,796</u>	<u>19,624,748</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding of Debt	961,734		961,734
Deferred Amounts on Net Pension Liability	<u>288,946</u>	<u>-</u>	<u>288,946</u>
Total Deferred Outflows of Resources	<u>1,250,680</u>	<u>-</u>	<u>1,250,680</u>
Total Assets and Deferred Outflows of Resources	<u>20,832,632</u>	<u>42,796</u>	<u>20,875,428</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	90,200	12,176	102,376
Accrued Interest Payable	249,504		249,504
Unearned Revenue	10,736		10,736
Noncurrent Liabilities			
Due Within One Year	841,183		841,183
Due Beyond One Year	<u>20,028,003</u>	<u>-</u>	<u>20,028,003</u>
Total Liabilities	<u>21,219,626</u>	<u>12,176</u>	<u>21,231,802</u>
DEFERRED INFLOWS OF RESOURCES			
USDA Commodities		1,695	1,695
Deferred Amounts on Net Pension Liability	<u>66,070</u>	<u>-</u>	<u>66,070</u>
Total Deferred Inflows of Resources	<u>66,070</u>	<u>1,695</u>	<u>67,765</u>
Total Liabilities and Deferred Inflows of Resources	<u>21,285,696</u>	<u>13,871</u>	<u>21,299,567</u>
NET POSITION			
Net Investment in Capital Assets	1,490,238	19,192	1,509,430
Restricted for			
Capital Projects	112,029		112,029
Maintenance	45,000		45,000
Debt Service	68,333		68,333
Unrestricted	<u>(2,168,664)</u>	<u>9,733</u>	<u>(2,158,931)</u>
Total Net Position	<u>\$ (453,064)</u>	<u>\$ 28,925</u>	<u>\$ (424,139)</u>

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 6,251,472		\$ 1,671,843		\$ (4,579,629)		\$ (4,579,629)
Special Education	2,379,668		1,035,786		(1,343,882)		(1,343,882)
Other Instruction	147,609		44,175		(103,434)		(103,434)
School Sponsored Activities and Athletics	109,721		29,479		(80,242)		(80,242)
Support Services							
Student and Instruction Related Services	1,754,568		284,221		(1,470,347)		(1,470,347)
General Administrative Services	498,885				(498,885)		(498,885)
School Administrative Services	467,651				(467,651)		(467,651)
Plant Operations and Maintenance	771,483		14,373		(757,110)		(757,110)
Pupil Transportation	337,598		29,176		(308,422)		(308,422)
Business Services	220,779				(220,779)		(220,779)
Interest on Debt and Other Charges	606,967	-	-	-	(606,967)	-	(606,967)
Total Governmental Activities	13,546,401	-	3,109,053	-	(10,437,348)	-	(10,437,348)
Business-Type Activities							
Food Service	190,734	134,111	77,666	-	-	\$ 21,043	21,043
Total Business-Type Activities	190,734	134,111	77,666	-	-	21,043	21,043
Total Primary Government	\$ 13,737,135	\$ 134,111	\$ 3,186,719	\$ -	(10,437,348)	21,043	(10,416,305)
General Revenues							
Property Taxes - General Fund					8,832,095		8,832,095
Property Taxes - Debt Service Fund					1,471,487		1,471,487
Investment Earnings					1,321	18	1,339
Miscellaneous Income					102,296		102,296
State Aid not Restricted					38,865	-	38,865
Total General Revenues					10,446,064	18	10,446,082
Change in Net Position					8,716	21,061	29,777
Net Position, Beginning of Year (Restated)					(461,780)	7,864	(453,916)
Net Position, End of Year					\$ (453,064)	\$ 28,925	\$ (424,139)

FUND FINANCIAL STATEMENTS

**NORTH HALEDON 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	\$ 269,172	\$ 9,132	\$ 101,141	\$ 69,266	\$ 448,711
Receivables from Other Governments	29,394	23,626			53,020
Due from Other Funds	6,317	4,628	-	-	10,945
	<u>304,883</u>	<u>37,386</u>	<u>101,141</u>	<u>69,266</u>	<u>512,676</u>
Total Assets	<u>\$ 304,883</u>	<u>\$ 37,386</u>	<u>\$ 101,141</u>	<u>\$ 69,266</u>	<u>\$ 512,676</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Due to Other Funds			\$ 820	\$ 933	\$ 1,753
Intergovernmental Payable - State		\$ 14,731			14,731
Accounts Payable	\$ 63,550	11,919			75,469
Unearned Revenue	-	10,736	-	-	10,736
	<u>63,550</u>	<u>37,386</u>	<u>820</u>	<u>933</u>	<u>102,689</u>
Total Liabilities	<u>63,550</u>	<u>37,386</u>	<u>820</u>	<u>933</u>	<u>102,689</u>
Fund Balances					
Restricted Fund Balance					
Capital Reserve Account	11,708				11,708
Maintenance Reserve	45,000				45,000
Capital Projects			100,321		100,321
Debt Service - Designated for Subsequent Year's Expenditures				68,333	68,333
Assigned Fund Balance					
ARRA/SEMI - Designated for Subsequent Year's Expenditures	292				292
Year-end Encumbrances	33,270				33,270
Unassigned Fund Balance					
General Fund	151,063	-	-	-	151,063
	<u>241,333</u>	<u>-</u>	<u>100,321</u>	<u>68,333</u>	<u>409,987</u>
Total Fund Balances	<u>241,333</u>	<u>-</u>	<u>100,321</u>	<u>68,333</u>	<u>409,987</u>
Total Liabilities and Fund Balances	<u>\$ 304,883</u>	<u>\$ 37,386</u>	<u>\$ 101,141</u>	<u>\$ 69,266</u>	

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

Total Fund Balances (Exhibit B-1) \$ 409,987

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$32,095,776 and the accumulated depreciation is \$13,024,747. 19,071,029

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. 961,734

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.

Deferred Outflows of Resources	\$	288,946	
Deferred Inflows of Resources		(66,070)	
		222,876	222,876

The District has financed capital assets through the issuance of serial bonds. The interest accrual at year end is: (249,504)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds

Bonds Payable	\$	18,386,103	
Capital Leases Payable		156,422	
Sale and Lease-Back Contracts		250,000	
Compensated Absences Payable		127,672	
Net Pension Liability		1,948,989	
			(20,869,186)

Net position of governmental activities \$ (453,064)

**NORTH HALEDON 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					
Local Tax Levy	\$ 8,832,095			\$ 1,471,487	\$ 10,303,582
Interest	1,321				1,321
Miscellaneous	102,296	\$ 38,858	-	-	141,154
Total - Local Sources	<u>8,935,712</u>	<u>38,858</u>	<u>-</u>	<u>1,471,487</u>	<u>10,446,057</u>
State Sources	1,589,505				1,589,505
Federal Sources	-	277,215	-	-	277,215
Total Revenues	<u>10,525,217</u>	<u>316,073</u>	<u>-</u>	<u>1,471,487</u>	<u>12,312,777</u>
EXPENDITURES					
Current					
Regular Instruction	4,465,689	125,909			4,591,598
Special Education Instruction	1,963,320	190,164			2,153,484
Other Instruction	124,016				124,016
School-Sponsored Activities and Athletics	82,758				82,758
Support Services and Undistributed Costs					
Student and Instruction Related Services	1,550,113				1,550,113
General Administrative Services	481,431				481,431
School Administrative Services	449,408				449,408
Plant Operations and Maintenance	753,982				753,982
Pupil Transportation	335,589				335,589
Business Services	217,222				217,222
Debt Service					
Principal	50,248			785,000	835,248
Interest and Other Charges	3,844			686,577	690,421
Capital Outlay	-	-	-	-	-
Total Expenditures	<u>10,477,620</u>	<u>316,073</u>	<u>-</u>	<u>1,471,577</u>	<u>12,265,270</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>47,597</u>	<u>-</u>	<u>-</u>	<u>(90)</u>	<u>47,507</u>
OTHER FINANCING SOURCES (USES)					
Salé and Lease-back Contract Proceeds	\$ 250,000	-	-	-	250,000
Net Change in Fund Balances	297,597	-	-	(90)	297,507
Fund Balance, Beginning of Year	(56,264)	-	\$ 100,321	68,423	112,480
Fund Balance, End of Year	<u>\$ 241,333</u>	<u>\$ -</u>	<u>\$ 100,321</u>	<u>\$ 68,333</u>	<u>\$ 409,987</u>

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

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

Total net change in fund balances - governmental funds (Exhibit B-2) \$ 297,507

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

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

Depreciation Expense (922,512)

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

Debt Issued
 Sale and Lease-back Contracts (250,000)

Principal Payments
 Capital Leases \$ 50,248
 Bonds Payable 785,000
835,248

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

Decrease in Compensated Absences 17,428
Increase in Pension Expense (52,409)
(34,981)

Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details are as follows:

Amortization of Deferred Charge on Refunding of Debt (118,833)
Amortization of Premium 197,293
Decrease in Accrued Interest 4,994
83,454

Change in net position of governmental activities \$ 8,716

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

	<u>Enterprise Fund- Food Service</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 15,803
Intergovernmental Receivable	
State	170
Federal	4,656
Inventories	<u>4,044</u>
Total Current Assets	<u>24,673</u>
Capital Assets	
Equipment	97,651
Less: Accumulated Depreciation	<u>(78,459)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>19,192</u>
Total Assets	<u>43,865</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	12,176
Due to Other Funds	<u>1,069</u>
Total Current Liabilities	<u>13,245</u>
DEFERRED INFLOW OF RESOURCES	
Deferred Commodities Revenue	<u>1,695</u>
Total Liabilities and Deferred Inflow of Resources	<u>14,940</u>
NET POSITION	
Net Investment in Capital Assets	19,192
Unrestricted	<u>9,733</u>
Total Net Position	<u>\$ 28,925</u>

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

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

	Enterprise Fund - Food Service
OPERATING REVENUES	
Charges for Services	
Daily Sales	\$ 134,068
Special Functions	43
	134,111
Total Operating Revenues	134,111
OPERATING EXPENSES	
Cost of Sales	96,360
Salaries and Wages	71,696
Insurance	5,775
Management Fee	7,904
Supplies and Materials	763
Depreciation	4,418
Miscellaneous	3,818
	190,734
Total Operating Expenses	190,734
Operating Loss	(56,623)
NONOPERATING REVENUES	
Interest Income	18
State Sources	
State School Lunch Program	2,178
Federal Sources	
National School Lunch Program	75,473
Special Milk Program	15
	77,684
Total Nonoperating Revenues	77,684
Change in Net Position	21,061
Net Position, Beginning of Year	7,864
Net Position, End of Year	\$ 28,925

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

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

	Other Non-Major Enterprise Fund - <u>Food Service</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 134,111
Cash Payments for Employees' Salaries and Benefits	(71,696)
Cash Payments to Suppliers for Goods and Services	<u>(87,157)</u>
Net Cash Provided by/(Used for) Operating Activities	<u>(24,742)</u>
Cash Flows from Financing Activities	
Interest Income	<u>18</u>
Net Cash Provided by Financing Activities	<u>18</u>
Cash Flows from Noncapital Financing Activities	
Cash Received from State and Federal Subsidy Reimbursements	<u>63,535</u>
Net Cash Provided by Noncapital Financing Activities	<u>63,535</u>
Net Increase in Cash and Cash Equivalents	38,811
Cash and Cash Equivalents, Beginning of Year	<u>(23,008)</u>
Cash and Cash Equivalents, End of Year	<u>\$ 15,803</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Operating Loss	<u>\$ (56,623)</u>
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities	
Depreciation	4,418
Food Distribution Program - Non-Cash Assistance	15,076
Change in Assets and Liabilities	
(Increase)/Decrease in Inventory	(1,051)
Increase/(Decrease) in Accounts Payable	12,176
Increase/(Decrease) in Deferred Commodities Revenue	<u>1,262</u>
Total Adjustments	<u>31,881</u>
Net Cash (Used) Provided by Operating Activities	<u>\$ (24,742)</u>
Non-Cash Investing, Capital and Financing Activities	
Value Received - Food Distribution Program	<u>\$ 16,338</u>

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

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

	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 16,888	\$ 75,583
Other Accounts Receivable	<u>3,213</u>	<u>-</u>
Total Assets	<u>20,101</u>	<u>75,583</u>
LIABILITIES		
Payroll Deductions and Withholdings		1,531
Accrued Salaries and Wages		629
Due to Other Funds	8,123	
Due to State of NJ	26	
Due to Student Groups	<u>.</u>	<u>73,423</u>
Total Liabilities	<u>8,149</u>	<u>\$ 75,583</u>
NET POSITION		
Held in Trust for Unemployment Claims	<u>\$ 11,952</u>	

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

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

		<u>Unemployment Compensation Trust</u>
ADDITIONS		
Contributions		
Employees	\$	9,284
Board Contribution		20,000
Interest		43
		<hr/>
Total Additions		29,327
		<hr/>
DEDUCTIONS		
Unemployment Claims and Contributions		33,258
		<hr/>
Total Deductions		33,258
		<hr/>
Change in Net Position		(3,931)
Net Position, Beginning of Year		15,883
		<hr/>
Net Position, End of Year	\$	<u>11,952</u>

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

NOTES TO THE FINANCIAL STATEMENTS

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. New Accounting Standards

During fiscal year 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 HALEDON 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 either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the District's enterprise funds. Fiduciary funds are excluded from the district-wide financial statements.

**NORTH HALEDON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 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, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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

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

Additionally, the government reports the following fund types:

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

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

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

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 HALEDON 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, 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. Inventories

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

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

4. Capital Assets

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

**NORTH HALEDON 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. *Capital Assets (Continued)*

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

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District, 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	40
Building Improvements	20
Machinery and Equipment	5-10

5. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future 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 government has two types of items, which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred commodities revenue, reported in both the district-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed. The other item that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

**NORTH HALEDON 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)

6. *Compensated Absences*

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

7. *Pensions*

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.

8. *Long-Term Obligations*

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Losses resulting from debt refundings are reported 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 net of the applicable bond premium. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

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

**NORTH HALEDON 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)

9. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

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

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

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.

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

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

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

ARRA/SEMI – Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of the ARRA/SEMI revenue that is unexpended at June 30, 2016 that will be appropriated in the adopted 2016/2017 budget certified for taxes.

**NORTH HALEDON 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)

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

Governmental Fund Statements (Continued)

Assigned Fund Balance (Continued)

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.

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.

**NORTH HALEDON 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)

4. *Proprietary Funds, Operating and Nonoperating Revenues and Expenses*

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2015/2016. Also, during 2015/2016 the Board increased the original budget by \$178,575. The increase was funded by 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.

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.

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Excess Expenditures Over Appropriations

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund -			
Undistributed Expenditures			
Instruction			
Tuition to Priv. Sch. for the Handicap			
Within the State	546,068	553,215	(7,147)
Speech, OT, PT and Related Services			
Purchased Professional-Educational Services	22,660	33,305	(10,645)
Child Study Teams			
Other Purchased Prof. and Tech. Services	1,300	4,919	(3,619)

The above variances were offset with other available resources.

C. 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	<u>\$ 11,708</u>
Balance June 30, 2016	<u>\$ 11,708</u>

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. 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	\$ 75,000
Withdrawals	
Approved in District Budget	<u>30,000</u>
Balance June 30, 2016	<u>\$ 45,000</u>

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 \$556,985 and bank and brokerage firm balances of the Board's deposits amounted to \$760,462. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	<u>\$ 760,462</u>
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**NORTH HALEDON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

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 balances of were 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.

B. Receivables

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

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Unemployment Compensation Trust Fund</u>	<u>Total</u>
Receivables:					
Intergovernmental					
Federal		\$ 23,626	\$ 4,656		\$ 28,282
State	\$ 29,394		170		29,564
Other Accounts Receivables	-	-	-	\$ 3,213	3,213
Gross Receivables	29,394	23,626	4,826	3,213	61,059
Less: Allowance for Uncollectibles	-	-	-	-	-
Net Total Receivables	<u>\$ 29,394</u>	<u>\$ 23,626</u>	<u>\$ 4,826</u>	<u>\$ 3,213</u>	<u>\$ 61,059</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

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

	<u>Unearned</u>
Special Revenue Fund	
Unencumbered Grant Drawdowns	\$ 10,736
 Total Unearned Revenue for Governmental Funds	 <u>\$ 10,736</u>

D. Capital Assets

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

	Balance, <u>July 1, 2015</u> (Restated)	<u>Increases</u>	<u>Decrease</u>	Balance, <u>June 30, 2016</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 70,295	-	-	\$ 70,295
 Total capital assets, not being depreciated	 70,295	 -	 -	 70,295
Capital assets, being depreciated:				
Buildings	30,864,982			30,864,982
Machinery and equipment	1,160,499	-	-	1,160,499
Total capital assets being depreciated	<u>32,025,481</u>	<u>-</u>	<u>-</u>	<u>32,025,481</u>
Less accumulated depreciation for:				
Buildings	(11,481,860)	\$ (841,402)		(12,323,262)
Machinery and equipment	(620,375)	(81,110)	-	(701,485)
Total accumulated depreciation	<u>(12,102,235)</u>	<u>(922,512)</u>	<u>-</u>	<u>(13,024,747)</u>
 Total capital assets, being depreciated, net	 <u>19,923,246</u>	 <u>(922,512)</u>	 <u>-</u>	 <u>19,000,734</u>
 Governmental activities capital assets, net	 <u>\$ 19,993,541</u>	 <u>\$ (922,512)</u>	 <u>\$ -</u>	 <u>\$ 19,071,029</u>

**NORTH HALEDON 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)

	Balance, <u>July 1, 2015</u>	<u>Increases</u>	<u>Decrease</u>	Balance, <u>June 30, 2016</u>
Business-type activities:				
Capital assets, being depreciated:				
Machinery and equipment	\$ 97,651	-	-	\$ 97,651
Total capital assets being depreciated	<u>97,651</u>	<u>-</u>	<u>-</u>	<u>97,651</u>
Less accumulated depreciation for:				
Machinery and equipment	(74,041)	\$ (4,418)	-	(78,459)
Total accumulated depreciation	<u>(74,041)</u>	<u>(4,418)</u>	<u>-</u>	<u>(78,459)</u>
Total capital assets, being depreciated, net	<u>23,610</u>	<u>(4,418)</u>	<u>-</u>	<u>19,192</u>
Business-type activities capital assets, net	<u>\$ 23,610</u>	<u>\$ (4,418)</u>	<u>\$ -</u>	<u>\$ 19,192</u>

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

Governmental Activities:

Instruction	
Regular	\$ 842,436
School-Sponsored Activities and Athletics	<u>11,219</u>
Total Instruction	<u>853,655</u>
Support Services	
Support Services-Students	21,872
General Administration	5,903
School Administration	12,052
Operations and Maintenance of Plant	<u>29,030</u>
Total Support Services	<u>68,857</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 922,512</u>
Business-Type Activities:	
Food Service Fund	<u>\$ 4,418</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

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	Capital Projects Fund	820
General Fund	Debt Service Fund	933
General Fund	Food Service Fund	1,069
General Fund	Unemployment Compensation Trust Fund	3,495
Special Revenue Fund	Unemployment Compensation Trust Fund	<u>4,628</u>
 Total		 <u>\$ 10,945</u>

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

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

F. Leases

Capital Leases

The District is leasing computer equipment totaling \$306,000 under capital leases. The leases are for terms of 6 years. In addition, the district has entered into a contract for the sale and lease-back of textbooks totaling \$250,000. The contract is for a term of 5 years. The sale and lease-back contract was issued to finance District operating costs in the 2015/2016 budget.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>		
	<u>Capital Leases</u>	<u>Sale and Lease-back Contracts</u>	<u>Total</u>
2017	\$ 54,092	\$ 5,000	\$ 59,092
2018	54,092	68,605	122,697
2019	54,092	68,605	122,697
2020		68,605	68,605
2021	-	68,605	<u>68,605</u>
Total minimum lease payments	162,276	279,420	441,696
Less: amount representing interest	<u>(5,854)</u>	<u>(29,420)</u>	<u>(35,274)</u>
 Present value of minimum lease payments	 <u>\$ 156,422</u>	 <u>\$ 250,000</u>	 <u>\$ 406,422</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2016 are comprised of the following issues:

\$9,595,000 2014 Refunding Bonds, due in annual installments of \$875,000 to \$1,245,000 through February 15, 2027, interest at 4.000%	\$ 9,480,000
\$7,240,000 2015 Refunding Bonds, due in annual installments of \$785,000 to \$1,500,000 through February 15, 2031, interest at 3.000% to 4.000%	<u>7,240,000</u>
	<u>\$ 16,720,000</u>

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

Governmental Activities:

Fiscal Year Ending June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2017	\$ 785,000	\$ 660,950	\$ 1,445,950
2018	815,000	637,400	1,452,400
2019	875,000	604,800	1,479,800
2020	920,000	569,800	1,489,800
2021	960,000	533,000	1,493,000
2022-2026	5,480,000	2,054,200	7,534,200
2027-2031	<u>6,885,000</u>	<u>851,400</u>	<u>7,736,400</u>
	<u>\$ 16,720,000</u>	<u>\$ 5,911,550</u>	<u>\$ 22,631,550</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

Statutory Borrowing Power

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

3% of Equalized Valuation Basis (Municipal)	\$ 38,846,022
Less: Net Debt	<u>16,720,000</u>
Remaining Borrowing Power	<u>\$ 22,126,022</u>

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>Balance, July 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2016</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds Payable	\$ 17,505,000		\$ 785,000	\$ 16,720,000	\$ 785,000
Add: Unamortized Premium	<u>1,863,396</u>	<u>-</u>	<u>197,293</u>	<u>1,666,103</u>	<u>-</u>
Net Bonds Payable	19,368,396	-	982,293	18,386,103	785,000
Capital Leases	206,670		50,248	156,422	51,183
Sale and Lease-back Contracts		\$ 250,000		250,000	5,000
Compensated Absences	145,100		17,428	127,672	
Net Pension Liability	<u>1,586,487</u>	<u>362,502</u>	<u>-</u>	<u>1,948,989</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 21,306,653</u>	<u>\$ 612,502</u>	<u>\$ 1,049,969</u>	<u>\$ 20,869,186</u>	<u>\$ 841,183</u>

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

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

NOTE 4 OTHER INFORMATION

A. Risk Management

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

The District is a member of the New Jersey Schools Insurance Group (NJSIG). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims, general liability and automobile coverage.

The relationship between the Board and the insurance fund 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 fund, to report claims on a timely basis, cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the fund. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which they were a member.

NJSIG provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the respective insurance fund 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 June 30,	Employee Contributions	District Contribution	Amount Reimbursed	Ending Balance
2016	\$ 9,284	\$ 20,000	\$ 33,258	\$ 11,952
2015	13,743		10,868	15,883
2014	6,573	17,000	30,881	12,967

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.

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

NOTE 4 OTHER INFORMATION (Continued)

B. Contingent Liabilities (Continued)

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.

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.

**NORTH HALEDON 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)

Other Pension Funds

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

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

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

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

Basis of Accounting

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

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.us/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.

**NORTH HALEDON 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)

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.

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:

Year Ended June 30,	PERS	On-behalf TPAF	DCRP
2016	\$ 85,650	\$ 344,232	\$ 6,956
2015	70,917	222,264	
2014	65,833	182,282	

For fiscal years 2015/2016 and 2014/2015, the state contributed \$344,232 and \$222,264, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$182,282 for normal cost pension and NCGI premium.

The PERS contributions are recognized in the 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 \$329,688 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 HALEDON 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 \$1,948,989 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 .00868 percent, which was an increase of .00021 percent from its proportionate share measured as of June 30, 2014 of .00847 percent.

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$138,059 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	\$ 46,496	
Changes of Assumptions	209,306	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 31,336
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>33,144</u>	<u>34,734</u>
Total	<u>\$ 288,946</u>	<u>\$ 66,070</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	\$ 40,196
2018	40,196
2019	40,196
2020	63,832
2021	<u>38,456</u>
	<u>\$ 222,876</u>

**NORTH HALEDON 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:

	<u>PERS</u>
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 HALEDON 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 HALEDON 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	<u>\$ 2,422,355</u>	<u>\$ 1,948,989</u>	<u>\$ 1,552,122</u>

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 HALEDON 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 \$1,586,572 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 \$25,984,245. 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 .04111 percent, which was a decrease of .00198 percent from its proportionate share measured as of June 30, 2014 of .04309 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 HALEDON 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 HALEDON 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 (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 30,881,304</u>	<u>\$ 25,984,245</u>	<u>\$ 21,765,136</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 HALEDON 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 HALEDON 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 HALEDON 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 \$409,885, \$352,842 and \$298,875, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

NOTE 5 RESTATEMENT

The financial statements for June 30, 2015 have been restated to reflect an updated inventory of the District's capital assets as provided by an independent consultant. The effect of this restatement results in a net decrease of \$5,151,903 in governmental activities capital assets with a corresponding decrease in the net investment in capital assets component of net position at June 30, 2015. In the District-wide financial statements, the restatement reduced total net position of governmental activities at June 30, 2015 from \$4,690,123 to \$(461,780).

	<u>Balance Prior</u>		<u>Restated</u>
	<u>Restatement</u>	<u>Adjustment</u>	<u>Balance</u>
<u>Governmental Activities</u>			
Capital Assets - Net	\$ 25,145,444	\$ (5,151,903)	\$ 19,993,541
Net Position	4,690,123	(5,151,903)	(461,780)

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**NORTH HALEDON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 8,832,095		\$ 8,832,095	\$ 8,832,095	
Interest				1,321	\$ 1,321
Miscellaneous Revenue	36,000	-	36,000	102,296	66,296
Total Local Sources	<u>8,868,095</u>	<u>-</u>	<u>8,868,095</u>	<u>8,935,712</u>	<u>67,617</u>
State Sources					
Categorical Special Education Aid	328,563		328,563	328,563	
Categorical Security Aid	14,359		14,359	14,359	
Categorical Transportation Aid	15,980		15,980	15,980	
Under Adequacy Aid	31,620		31,620	31,620	
PARCC Readiness Aid	7,210		7,210	7,210	
Per Pupil Growth Aid	7,210		7,210	7,210	
Additional Nonpublic Transportation Aid				13,182	13,182
Extraordinary Aid	65,677		65,677	220,725	155,048
On-behalf TPAF Pension System Payments - Normal Cost (Non-Budget)				327,898	327,898
On-behalf TPAF Pension System Payments - NCGI Premium (Non-Budget)				16,334	16,334
On-behalf TPAF Pension System Payments - Post Retirement Medical Contribution (Non-Budget)				409,885	409,885
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	329,688	329,688
Total State Sources	<u>470,619</u>	<u>-</u>	<u>470,619</u>	<u>1,722,654</u>	<u>1,252,035</u>
Total Revenues	<u>9,338,714</u>	<u>-</u>	<u>9,338,714</u>	<u>10,658,366</u>	<u>1,319,652</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	348,393	\$ (18,600)	329,793	329,199	594
Grades 1-5	1,524,972	(49,355)	1,475,617	1,475,533	84
Grades 6-8	1,029,856	74,089	1,103,945	1,103,907	38
Regular Program - Home Instruction					
Salaries of Teachers	1,000	4,600	5,600	5,544	56
Regular Programs - Undistributed Instruction					
Purchased Professional/Educational Services	2,500	(1,200)	1,300	1,278	22
Purchased Technical Services	48,399		48,399	48,399	
Other Purchased Services	56,942	(37,300)	19,642	19,625	17
General Supplies	72,089	(10,420)	61,669	60,309	1,360
Textbooks	11,800	(1,500)	10,300	9,840	460
Total Regular Programs	<u>3,095,951</u>	<u>(39,686)</u>	<u>3,056,265</u>	<u>3,053,634</u>	<u>2,631</u>

**NORTH HALEDON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	\$ 87,669	\$ 97,014	\$ 184,683	\$ 184,679	\$ 4
Other Salaries for Instruction		30,239	30,239	30,239	
Other Purchased Services	150	-	150	65	85
Total Learning and/or Language Disabilities	<u>87,819</u>	<u>127,253</u>	<u>215,072</u>	<u>214,983</u>	<u>89</u>
Multiple Disabilities					
Salaries of Teachers	175,152	(77,700)	97,452	96,879	573
Other Salaries for Instruction	153,031	(105,020)	48,011	48,006	5
Purchased Professional-Educational Services	25,000	(2,360)	22,640	21,243	1,397
Other Purchased Services	150		150	150	
General Supplies	600	-	600	357	243
Total Multiple Disabilities	<u>353,933</u>	<u>(185,080)</u>	<u>168,853</u>	<u>166,635</u>	<u>2,218</u>
Resource Room					
Salaries of Teachers	478,564	(98,925)	379,639	379,445	194
Other Salaries for Instruction		25,925	25,925	25,813	112
Other Purchased Services	150		150	96	54
General Supplies	1,200	(460)	740	739	1
Total Resource Room	<u>479,914</u>	<u>(73,460)</u>	<u>406,454</u>	<u>406,093</u>	<u>361</u>
Preschool Disabilities - Part-Time					
Salaries of Teachers	55,069	(20,000)	35,069	34,644	425
Other Salaries for Instruction	29,458	(16,400)	13,058	12,901	157
Purchased Professional-Educational Services	20,000		20,000	20,000	
Other Purchased Services	75		75		75
General Supplies	100	-	100	97	3
Total Preschool Disabilities - Part-Time	<u>104,702</u>	<u>(36,400)</u>	<u>68,302</u>	<u>67,642</u>	<u>660</u>
Home Instruction					
Salaries of Teachers	1,000	-	1,000	923	77
Total Home Instruction	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>923</u>	<u>77</u>
Total Special Education	<u>1,027,368</u>	<u>(167,687)</u>	<u>859,681</u>	<u>856,276</u>	<u>3,405</u>

**NORTH HALEDON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Basic Skills/Remedial					
Salaries of Teachers	\$ 39,171	\$ 44,492	\$ 83,663	\$ 83,663	
General Supplies	<u>1,600</u>	<u>(1,600)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Basic Skills/Remedial	<u>40,771</u>	<u>42,892</u>	<u>83,663</u>	<u>83,663</u>	<u>-</u>
Bilingual Education					
General Supplies	<u>100</u>	<u>-</u>	<u>100</u>	<u>-</u>	<u>\$ 100</u>
Total Bilingual Education	<u>100</u>	<u>-</u>	<u>100</u>	<u>-</u>	<u>100</u>
School Sponsored Cocurricular Activities					
Salaries	<u>20,000</u>	<u>36,761</u>	<u>56,761</u>	<u>55,830</u>	<u>931</u>
Total School Sponsored Cocurricular Activities	<u>20,000</u>	<u>36,761</u>	<u>56,761</u>	<u>55,830</u>	<u>931</u>
Total Instruction	<u>4,184,190</u>	<u>(127,720)</u>	<u>4,056,470</u>	<u>4,049,403</u>	<u>7,067</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State-Regular		12,950	12,950	6,460	6,490
Tuition to Other LEAs Within the State-Special	55,097	(55,097)			
Tuition to CSSD & Reg. Day Schools	170,453	(9,013)	161,440	161,440	
Tuition to Priv. Sch. for the Handicap Within the State	<u>339,610</u>	<u>206,458</u>	<u>546,068</u>	<u>553,215</u>	<u>(7,147)</u>
Total Undistributed Expenditures - Instruction	<u>565,160</u>	<u>155,298</u>	<u>720,458</u>	<u>721,115</u>	<u>(657)</u>
Attendance & Social Work					
Other Purchased Services	<u>15,925</u>	<u>(700)</u>	<u>15,225</u>	<u>15,191</u>	<u>34</u>
Total Attendance & Social Work	<u>15,925</u>	<u>(700)</u>	<u>15,225</u>	<u>15,191</u>	<u>34</u>
Health Services					
Salaries	133,833	6,350	140,183	140,134	49
Purchased Professional and Technical Services	1,000		1,000	1,000	
Other Purchased Services	100		100		100
Supplies and Materials	2,000		2,000	1,716	284
Other Objects	<u>250</u>	<u>-</u>	<u>250</u>	<u>167</u>	<u>83</u>
Total Health Services	<u>137,183</u>	<u>6,350</u>	<u>143,533</u>	<u>143,017</u>	<u>516</u>
Speech, OT, PT and Related Services					
Salaries	191,660	(9,200)	182,460	182,400	60
Purchased Professional-Educational Services	25,000	(2,340)	22,660	33,305	(10,645)
Supplies and Materials	200	500	700	690	10
Other Objects	<u>500</u>	<u>-</u>	<u>500</u>	<u>400</u>	<u>100</u>
Total Speech, OT, PT and Related Services	<u>217,360</u>	<u>(11,040)</u>	<u>206,320</u>	<u>216,795</u>	<u>(10,475)</u>

**NORTH HALEDON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Other Support Serv. Students - Extra. Svcs.					
Salaries	\$ 63,013	\$ 152,741	\$ 215,754	\$ 215,753	\$ 1
Purchased Professional-Educational Services	66,000	84,524	150,524	149,257	1,267
Supplies and Materials	500	(500)	-	-	-
Total Other Support Serv. Students - Extra Svcs.	<u>129,513</u>	<u>236,765</u>	<u>366,278</u>	<u>365,010</u>	<u>1,268</u>
Guidance					
Salaries of Other Professional Staff	61,819	(61,819)	-	-	-
Supplies and Materials	100	-	100	-	100
Total Guidance	<u>61,919</u>	<u>(61,819)</u>	<u>100</u>	<u>-</u>	<u>100</u>
Child Study Teams					
Salaries of Other Professional Staff	248,345	13,350	261,695	261,678	17
Purchased Professional - Educational Services	8,500	-	8,500	8,381	119
Other Purchased Prof. and Tech. Services	-	1,300	1,300	4,919	(3,619)
Misc. Purchased Services	200	(200)	-	-	-
Supplies and Materials	2,800	(500)	2,300	2,214	86
Other Objects	1,200	(70)	1,130	1,130	-
Total Child Study Teams	<u>261,045</u>	<u>13,880</u>	<u>274,925</u>	<u>278,322</u>	<u>(3,397)</u>
Improvement of Instructional Services					
Salary of Supervisor of Instruction	73,440	(1,440)	72,000	72,000	-
Purchased Professional - Educational Services	4,300	(730)	3,570	3,561	9
Other Objects	1,200	-	1,200	1,130	70
Total Improvement of Instructional Services	<u>78,940</u>	<u>(2,170)</u>	<u>76,770</u>	<u>76,691</u>	<u>79</u>
Educational Media Services/School Library					
Salaries	-	35,750	35,750	35,750	-
Purchased Professional and Technical Services	18,615	-	18,615	18,615	-
Other Purchased Services	3,000	(3,000)	-	-	-
Supplies and Materials	2,579	(2,200)	379	221	158
Total Educational Media Serv./School Library	<u>24,194</u>	<u>30,550</u>	<u>54,744</u>	<u>54,586</u>	<u>158</u>
Instructional Staff Training Services					
Purchased Professional/Educational Services	-	2,000	2,000	1,978	22
Total Instructional Staff Training Services	<u>-</u>	<u>2,000</u>	<u>2,000</u>	<u>1,978</u>	<u>22</u>

NORTH HALEDON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
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)					
Support Services General Administration					
Salaries	\$ 213,403	\$ (58,651)	\$ 154,752	\$ 154,715	\$ 37
Legal Services	40,000	33,235	73,235	72,605	630
Audit Fees	25,000	5,200	30,200	30,118	82
Purchased Technical Services	5,000	2,100	7,100	6,987	113
Communications/Telephone	47,000	(8,500)	38,500	38,473	27
BOE Other Purchased Services	3,000	(2,000)	1,000	744	256
Miscellaneous Purchased Services	19,205	2,360	21,565	21,471	94
General Supplies	1,000	500	1,500	1,478	22
Judgments Against The School District		2,000	2,000	2,000	
Miscellaneous Expenditures	2,000	1,258	3,258	3,258	
BOE Membership Dues and Fees	5,000	(200)	4,800	4,739	61
Total Support Services General Administration	360,608	(22,698)	337,910	336,588	1,322
Support Services School Administration					
Salaries of Principal/Asst. Principals	334,458	(81,550)	252,908	252,900	8
Salaries of Secretarial and Clerical Assistants	5,592	64,718	70,310	70,051	259
Purchased Professional/Tech.Services	2,000	(2,000)			
Other Purchased Services	1,000	(500)	500	250	250
Supplies and Materials	1,000	500	1,500	1,391	109
Other Objects	3,400	-	3,400	3,398	2
Total Support Services School Administration	347,450	(18,832)	328,618	327,990	628
Central Services					
Salaries	154,749	(80,100)	74,649	74,610	39
Purchased Professional Services	28,750	42,200	70,950	70,906	44
Purchased Technical Services	4,100	5,300	9,400	8,837	563
Misc. Purchased Services	4,700	19,200	23,900	23,340	560
Supplies and Materials	1,000		1,000	996	4
Miscellaneous Expenditures	1,800	(570)	1,230	1,222	8
Total Central Services	195,099	(13,970)	181,129	179,911	1,218
Administration Information Technology					
Purchased Technical Services	59,446	4,000	63,446	63,352	94
Total Administration Information Technology	59,446	4,000	63,446	63,352	94
Required Maintenance for School Facilities					
Salaries	88,025	(22,930)	65,095	65,084	11
Cleaning, Repair and Maint. Serv.	30,000	703	30,703	30,703	
General Supplies	10,000	(1,053)	8,947	8,947	-
Total Required Maintenance for School Facilities	128,025	(23,280)	104,745	104,734	11

**NORTH HALEDON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Other Operation and Maintenance of Plant					
Salaries	\$ 195,518	\$ (35,557)	\$ 159,961	\$ 159,940	\$ 21
Salaries for Non-Instructional Aides		19,377	19,377	19,365	12
Purchased Prof. And Technical Serv.	10,500	3,850	14,350	14,150	200
Cleaning, Repair and Maintenance	25,000		25,000	24,915	85
Other Purchased Property Services	5,000	760	5,760	5,760	
Insurance	67,361	10,000	77,361	77,110	251
General Supplies	25,000	4,710	29,710	29,710	-
Energy (Natural Gas)	55,000	(18,930)	36,070	34,985	1,085
Energy (Electricity)	155,000	48,000	203,000	198,712	4,288
	<u>538,379</u>	<u>32,210</u>	<u>570,589</u>	<u>564,647</u>	<u>5,942</u>
Total Other Operation and Maintenance of Plant					
Student Transportation Services					
Salaries for Pupil Transportation					
(Between Home and School) - Regular	28,084	(28,000)	84		84
Salaries for Pupil Transportation					
(Between Home and School) - Special	47,270	(20,900)	26,370	26,336	34
Management fees- ESC & CTSA Transportation	4,500	(4,500)			
Cleaning, Repair and Maintenance Services	5,000	(545)	4,455	4,453	2
Contracted Serv.-(Bet. Home and Sch.) Joint Agr.	106,080	(11,600)	94,480	94,436	44
Contracted Services (Spl. Ed. Students) -					
ESCs & CTSA's	155,387	43,915	199,302	192,907	6,395
Other Objects	500	(225)	275	275	-
	<u>346,821</u>	<u>(21,855)</u>	<u>324,966</u>	<u>318,407</u>	<u>6,559</u>
Total Student Transportation Services					
Unallocated Benefits - Employee Benefits					
Social Security Contributions	80,000	10	80,010	80,003	7
Other Retirement Contributions-PERS	80,274	5,377	85,651	85,650	1
Other Retirement Contributions-Regular (DCRP)		6,956	6,956	6,956	
Unemployment Compensation	20,000	565	20,565	20,000	565
Workmen's Compensation	53,124		53,124	53,124	
Health Benefits	1,389,171	(187,502)	1,201,669	1,185,920	15,749
Tuition Reimbursement	15,500	9,000	24,500	22,499	2,001
Other Employee Benefits	37,200	(1,919)	35,281	35,250	31
	<u>1,675,269</u>	<u>(167,513)</u>	<u>1,507,756</u>	<u>1,489,402</u>	<u>18,354</u>
Total Unallocated Benefits - Employee Benefits					
On-behalf TPAF Pension System Payments -					
Normal Cost (Non-Budget)				327,898	(327,898)
On-behalf TPAF Pension System Payments -					
NCGI Premium (Non-Budget)				16,334	(16,334)
On-behalf TPAF Pension System Payments -					
Post Retirement Medical Contribution					
(Non-Budget)				409,885	(409,885)
Reimbursed TPAF Social Security Payments					
(Non-Budget)	-	-	-	329,688	(329,688)
	<u>5,142,336</u>	<u>137,176</u>	<u>5,279,512</u>	<u>6,341,541</u>	<u>(1,062,029)</u>
Total Undistributed Expenditures					
Total Expenditures - Current Expenditures					
	<u>9,326,526</u>	<u>9,456</u>	<u>9,335,982</u>	<u>10,390,944</u>	<u>(1,054,962)</u>

**NORTH HALEDON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CAPITAL OUTLAY					
Facilities Acquisition and Construction Services Assessment for Debt Service on SDA Funding	\$ 86,676	-	\$ 86,676	\$ 86,676	-
Total Capital Outlay	<u>86,676</u>	<u>-</u>	<u>86,676</u>	<u>86,676</u>	<u>-</u>
Total Expenditures	<u>9,413,202</u>	<u>\$ 9,456</u>	<u>9,422,658</u>	<u>10,477,620</u>	<u>\$ (1,054,962)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(74,488)</u>	<u>(9,456)</u>	<u>(83,944)</u>	<u>180,746</u>	<u>264,690</u>
Other Financing Sources (Uses) Sale and Lease-back Contract Proceeds	<u>-</u>	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>250,000</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>250,000</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources (Uses)	<u>(74,488)</u>	<u>(9,456)</u>	<u>(83,944)</u>	<u>430,746</u>	<u>514,690</u>
Fund Balance, Beginning of Year	<u>47,880</u>	<u>-</u>	<u>47,880</u>	<u>47,880</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (26,608)</u>	<u>\$ (9,456)</u>	<u>\$ (36,064)</u>	<u>\$ 478,626</u>	<u>\$ 514,690</u>
Recapitulation of Fund Balance					
Restricted					
Capital Reserve				\$ 11,708	
Maintenance Reserve				45,000	
Assigned					
Year-End Encumbrances				33,270	
ARRA/SEMI - Designated for Subsequent Year's Expenditures				292	
Unassigned				<u>388,356</u>	
Reconciliation to Governmental Funds Statements (GAAP):				478,626	
Less: Final State Aid Payments Not Recognized on GAAP Basis				<u>(237,293)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 241,333</u>	

EXHIBIT C-1a

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

NOT APPLICABLE

EXHIBIT C-1b

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

**NORTH HALEDON BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
Local		\$ 39,201	\$ 39,201	\$ 38,858	\$ (343)
State		14,731	14,731		(14,731)
Federal	\$ 201,563	115,187	316,750	287,608	(29,142)
Total Revenues	<u>201,563</u>	<u>169,119</u>	<u>370,682</u>	<u>326,466</u>	<u>(44,216)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	37,047	36,587	73,634	71,374	2,260
Other Purchased Services	140,466	23,462	163,928	163,928	
Purchased Professional/Educational Services		7,483	7,483		7,483
General Supplies	-	55,882	55,882	41,667	14,215
Total Instruction	<u>177,513</u>	<u>123,414</u>	<u>300,927</u>	<u>276,969</u>	<u>23,958</u>
Support Services					
Personnel Services - Employee Benefits		11,912	11,912	11,911	1
Purchased Professional/Educational Services	24,050	30,862	54,912	36,327	18,585
Supplies and Materials	-	2,931	2,931	1,259	1,672
Total Support Services	<u>24,050</u>	<u>45,705</u>	<u>69,755</u>	<u>49,497</u>	<u>20,258</u>
Total Expenditures	<u>201,563</u>	<u>169,119</u>	<u>370,682</u>	<u>326,466</u>	<u>44,216</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**NORTH HALEDON BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 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 Funds are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 10,658,366	(C-2) \$ 326,466
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2016		(10,393)
State Aid and Extraordinary Aidpayment recognized for GAAP purposes, not recognized for Budgetary statements (2014/2015)	104,144	
State Aid and Extraordinary Aid payment recognized for budgetary purposes, not recognized for GAAP statements (2015/2016)	<u>(237,293)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 10,525,217</u>	<u>\$ 316,073</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ 10,477,620	(C-2) \$ 326,466
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Encumbrances, June 30, 2016	<u>-</u>	<u>(10,393)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 10,477,620</u>	<u>\$ 316,073</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

Public Employees Retirement System

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.00868%	0.00847%	0.00874%
District's Proportionate Share of the Net Pension Liability (Asset)	\$1,948,989	\$1,586,487	\$1,669,852
District's Covered-Employee Payroll	\$ 572,105	\$ 581,943	\$ 594,157
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	341%	273%	281%
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 HALEDON BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS**

Public Employees Retirement System

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 85,650	\$ 70,917	\$ 78,025
Contributions in Relation to the Contractually Required Contribution	<u>85,650</u>	<u>70,917</u>	<u>78,025</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 572,105	\$ 581,943	\$ 594,157
Contributions as a Percentage of Covered-Employee Payroll	15%	12%	13%

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

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

Teachers Pension and Annuity Fund

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	-	-	-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 25,984,245</u>	<u>\$ 23,029,519</u>	<u>\$22,317,128</u>
Total	<u>\$ 25,984,245</u>	<u>\$ 23,029,519</u>	<u>\$22,317,128</u>
District's Covered-Employee Payroll	\$ 4,605,730	\$ 3,970,763	\$ 4,303,312
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	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 HALEDON BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Change of Benefit Terms: None.

Change of Assumptions: Assumptions used in calculating the net pension liability and
statutorily required employer contribution are presented in Note 4.

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

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

	<u>NCLB Title I</u>	<u>NCLB Title II A</u>	<u>NCLB Title III</u>	<u>IDEIA Part B, Basic</u>	<u>IDEIA Part B, Preschool</u>	<u>NonPublic Technology</u>	<u>Compensatory Education</u>	<u>Total Exhibit E-1a</u>	<u>Total 2016</u>
REVENUES									
Intergovernmental									
Local								\$ 38,858	\$ 38,858
State									-
Federal	\$ 86,094	\$ 11,350	-	\$ 181,822	\$ 8,342	-	-	-	287,608
Total Revenues	\$ 86,094	\$ 11,350	\$ -	\$ 181,822	\$ 8,342	\$ -	\$ -	\$ 38,858	\$ 326,466
EXPENDITURES									
Instruction									
Salaries of Teachers	\$ 71,374								\$ 71,374
Other Purchased Services				\$ 163,928					163,928
General Supplies	2,809	-	-	-	-	-	-	\$ 38,858	41,667
Total Instruction	74,183	-	-	163,928	-	-	-	38,858	276,969
Support Services									
Personnel Services - Employee Benefits	11,911								11,911
Purchased Professional/Educational Services		\$ 11,350		16,635	\$ 8,342				36,327
Supplies and Material	-	-	-	1,259	-	-	-	-	1,259
Total Support Services	11,911	11,350	-	17,894	8,342	-	-	-	49,497
Total Expenditures	\$ 86,094	\$ 11,350	\$ -	\$ 181,822	\$ 8,342	\$ -	\$ -	\$ 38,858	\$ 326,466

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

	Initial Exam. & Class.	Supple - mental Instruction	ESL	Local Grants	Exhibit E-1a Total 2016
REVENUES					
Intergovernmental					
Local				\$ 38,858	\$ 38,858
State					
Federal	-	-	-	-	-
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,858</u>	<u>\$ 38,858</u>
EXPENDITURES					
Instruction					
Salaries of Teachers					
Other Purchased Services					
General Supplies	-	-	-	\$ 38,858	\$ 38,858
Total Instruction	-	-	-	38,858	38,858
Support Services					
Personnel Services - Employee Benefits					
Purchased Professional/Educational Services					
Supplies and Material	-	-	-	-	-
Total Support Services	-	-	-	-	-
Total Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,858</u>	<u>\$ 38,858</u>

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

NOT APPLICABLE

CAPITAL PROJECTS FUND

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

<u>Project Description</u>	<u>Appropriation</u>	<u>Expenditures to Date</u>		<u>Balance, June 30, 2016</u>
		<u>Prior Years</u>	<u>Current Year</u>	
High Mountain School Expansion	\$ 11,987,451	\$ 11,972,181		\$ 15,270
Construction of Memorial School	<u>18,355,107</u>	<u>18,269,773</u>	<u>\$ -</u>	<u>85,334</u>
	<u>\$ 30,342,558</u>	<u>\$ 30,241,954</u>	<u>\$ -</u>	<u>\$ 100,604</u>
Appropriation Balance June 30, 2016				\$ 100,604
Less: Bond Authorizations Not Issued				<u>(283)</u>
Fund Balance, GAAP Basis				<u>\$ 100,321</u>

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

REVENUES AND OTHER FINANCING SOURCES

Interest on Investments	-
Total Revenues and Other Financing Sources	-

EXPENDITURES AND OTHER FINANCING USES

Construction Costs	-
Total Expenditures and Other Financing Uses	-

Other Financing Sources (Uses)

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

Net Changes in Fund Balance

-

Fund Balance, Beginning of Year

\$ 100,321

Fund Balance, End of Year

\$ 100,321

Reconciliation to GAAP:

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

Fund Balance - GAAP Basis

\$ 100,321

**NORTH HALEDON BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
HIGH MOUNTAIN EXPANSION
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Bond Proceeds	\$ 8,775,528		\$ 8,775,528	
SCC Grant Proceeds	3,211,640	-	3,211,640	-
Total Revenues	11,987,168	-	11,987,168	-
EXPENDITURES AND OTHER FINANCING SOURCES				
Construction Costs	9,688,620		9,688,620	
Purchased Professional and Technical Services	2,283,561	-	2,283,561	-
Total Expenditures and Other Financing Uses	11,972,181	-	11,972,181	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 14,987	\$ -	\$ 14,987	\$ -

Additional Project Information:

Project Number	3640-050-05-1000
Grant Date	01/18/2005
Bond Authorization Date	09/27/2005
Bonds Authorized	\$ 8,775,811
Bonds Issued	8,775,528
SCC Grant Authorized	3,211,640
Original Authorized Cost	11,987,451
Additional Authorized Cost	-
Revised Authorized Cost	11,987,451

Percentage Increase Over Original

Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	2008
Revised Target Completion Date	N/A

**NORTH HALEDON BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
CONSTRUCTION OF MEMORIAL SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Bond Proceeds and Transfers	\$ 15,059,472		\$ 15,059,472	
SCC Grant Proceeds	3,295,635	-	3,295,635	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	18,355,107	-	18,355,107	-
EXPENDITURES AND OTHER FINANCING SOURCES				
Construction Costs	16,627,472	-	16,627,472	
Purchased Professional and Technical Services	1,642,301	-	1,642,301	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures and Other Financing Uses	18,269,773	-	18,269,773	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 85,334</u>	<u>\$ -</u>	<u>\$ 85,334</u>	<u>\$ -</u>

Additional Project Information:

Project Number	3640-060-05-1000
Grant Date	04/25/2005
Bond Authorization Date	09/27/2005
Bonds Authorized	\$ 15,059,472
Bonds Issued	15,059,472
SCC Grant Authorized	3,295,635
Original Authorized Cost	18,355,107
Additional Authorized Cost	-
Revised Authorized Cost	18,355,107

Percentage Increase Over Original

Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	2008
Revised Target Completion Date	N/A

ENTERPRISE FUND

EXHIBIT G-1

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

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

EXHIBIT G-2

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

EXHIBIT G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

FIDUCIARY FUNDS

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

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 73,423	\$ 2,160	\$ 75,583
Total Assets	<u>\$ 73,423</u>	<u>\$ 2,160</u>	<u>\$ 75,583</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 1,531	\$ 1,531
Accrued Salaries and Wages		629	629
Due to Student Groups	<u>\$ 73,423</u>	<u>-</u>	<u>73,423</u>
Total Liabilities	<u>\$ 73,423</u>	<u>\$ 2,160</u>	<u>\$ 75,583</u>

**NORTH HALEDON 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>
High Mountain School	\$ 74,378	\$ 60,576	\$ 61,531	\$ 73,423
Total	<u>\$ 74,378</u>	<u>\$ 60,576</u>	<u>\$ 61,531</u>	<u>\$ 73,423</u>

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

	Balance, July 1, <u>2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2016</u>
LIABILITIES				
Payroll Deductions and Withholdings		\$ 2,753,711	\$ 2,752,180	\$ 1,531
Accrued Salaries and Wages	\$ 16,677	<u>3,399,476</u>	<u>3,415,524</u>	<u>629</u>
 Total	 <u>\$ 16,677</u>	 <u>\$ 6,153,187</u>	 <u>\$ 6,167,704</u>	 <u>\$ 2,160</u>

LONG-TERM DEBT

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

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2015</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2016</u>
			<u>Date</u>	<u>Amount</u>					
Refunding School Bonds - 2015	2/5/2015	\$ 7,240,000	2/15/2017	\$ 785,000	3.000%	\$ 7,240,000			\$ 7,240,000
			2/15/2018	815,000	4.000%				
			2/15/2028	1,320,000					
			2/15/2029	1,380,000					
			2/15/2030	1,440,000					
			2/15/2031	1,500,000					
Refunding School Bonds - 2014	6/25/2014	9,595,000	2/15/2019	875,000	4.000%	9,480,000			9,480,000
			2/15/2020	920,000					
			2/15/2021	960,000					
			2/15/2022	1,000,000					
			2/15/2023	1,045,000					
			2/15/2024	1,095,000					
			2/15/2025	1,145,000					
			2/15/2026	1,195,000					
			2/15/2027	1,245,000					
General Improvements - 2005	1/15/2006	23,835,000				785,000	-	\$ 785,000	-
						<u>\$ 17,505,000</u>	<u>\$ -</u>	<u>\$ 785,000</u>	<u>\$ 16,720,000</u>

NORTH HALEDON BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES AND SALE/LEASE-BACK CONTRACTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

<u>Issue</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2015</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2016</u>
Capital Leases:						
Wireless Access Point Project - Purchase of Computers	1.860%	306,000	\$ 206,670	-	\$ 50,248	\$ 156,422
Sale and Lease-back Contracts:						
2015/2016 Textbook Sale and Lease-back	4.250%	250,000	-	\$ 250,000	-	250,000
			<u>\$ 206,670</u>	<u>\$ 250,000</u>	<u>\$ 50,248</u>	<u>\$ 406,422</u>

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

REVENUES	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Local Sources					
Local Tax Levy	\$ 1,471,487	-	\$ 1,471,487	\$ 1,471,487	-
 Total Revenues	<u>1,471,487</u>	<u>-</u>	<u>1,471,487</u>	<u>1,471,487</u>	<u>-</u>
 EXPENDITURES					
Regular Debt Service					
Redemption of Principal	785,000	-	785,000	785,000	
Interest	<u>686,487</u>	<u>-</u>	<u>686,487</u>	<u>686,577</u>	\$ (90)
 Total Expenditures	<u>1,471,487</u>	<u>-</u>	<u>1,471,487</u>	<u>1,471,577</u>	<u>(90)</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	(90)	(90)
 Fund Balance, Beginning of Year	<u>68,423</u>	<u>-</u>	<u>68,423</u>	<u>68,423</u>	<u>-</u>
 Fund Balance, End of Year	<u>\$ 68,423</u>	<u>\$ -</u>	<u>\$ 68,423</u>	<u>\$ 68,333</u>	<u>\$ (90)</u>

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

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

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

	2007	2008	2009	2010	2011	2012	2013	2014 (1)	2015 (Restated)	2016
Governmental Activities										
Invested In Capital Assets, Net Of Related Debt	\$ 1,125,472	\$ 6,426,750	\$ 7,059,255	\$ 7,024,823	\$ 7,085,305	\$ 7,153,804	\$ 7,113,412	\$ 6,992,009	\$ 1,806,033	\$ 1,490,238
Restricted	990,285	875,431	600,270	229,270	98,270	103	125,103	125,103	86,708	225,362
Unrestricted	255,907	(138,175)	34,031	469,683	193,003	346,165	347,474	(1,479,309)	(2,354,521)	(2,168,664)
Total Governmental Activities Net Position	\$ 2,371,664	\$ 7,164,006	\$ 7,693,556	\$ 7,723,776	\$ 7,376,578	\$ 7,500,072	\$ 7,585,989	\$ 5,637,803	\$ (461,780)	\$ (453,064)
Business-Type Activities										
Invested In Capital Assets, Net Of Related Debt	\$ 12,600	\$ 32,889	\$ 57,154	\$ 51,322	\$ 65,976	\$ 56,901	\$ 45,775	\$ 34,650	\$ 23,610	\$ 19,192
Restricted										
Unrestricted	121,579	127,829	124,442	158,140	73,719	41,039	12,120	(12,429)	(15,746)	9,733
Total Business-Type Activities Net Position	\$ 134,179	\$ 160,718	\$ 181,596	\$ 209,462	\$ 139,695	\$ 97,940	\$ 57,895	\$ 22,221	\$ 7,864	\$ 28,925
District-Wide										
Invested In Capital Assets, Net Of Related Debt	\$ 1,138,072	\$ 6,459,639	\$ 7,116,409	\$ 7,076,145	\$ 7,151,281	\$ 7,210,705	\$ 7,159,187	\$ 7,026,659	\$ 1,829,643	\$ 1,509,430
Restricted	990,285	875,431	600,270	229,270	98,270	103	125,103	125,103	86,708	225,362
Unrestricted	377,486	(10,346)	158,473	627,823	266,722	387,204	359,594	(1,491,738)	(2,370,267)	(2,158,931)
Total District Net Position	\$ 2,505,843	\$ 7,324,724	\$ 7,875,152	\$ 7,933,238	\$ 7,516,273	\$ 7,598,012	\$ 7,643,884	\$ 5,660,024	\$ (453,916)	\$ (424,139)

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

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 3,545,480	\$ 3,498,492	\$ 4,493,765	\$ 4,536,548	\$ 4,535,027	\$ 4,733,315	\$ 5,124,145	\$ 5,103,149	\$ 5,947,818	\$ 6,251,472
Special Education	1,829,284	1,966,009	1,752,199	1,887,519	2,016,580	1,710,074	1,801,800	1,979,775	2,762,282	2,379,668
Other Instruction	206,673	238,398	167,480	168,557	193,059	232,737	162,896	384,414	357,066	147,609
School Sponsored Activities and Athletics	40,595	28,033	29,019	50,895	29,543	57,387	29,372	65,465	86,140	109,721
Support Services:										
Student & Instruction Related Services	688,405	857,646	835,291	879,123	1,128,038	1,199,127	1,274,596	1,210,025	1,480,738	1,754,568
School Administrative Services	251,005	132,956	238,083	253,493	267,744	377,641	463,582	570,717	489,071	467,651
General Administration	347,857	390,900	366,254	337,125	434,950	424,950	368,848	447,396	671,055	498,885
Plant Operations And Maintenance	756,298	610,094	742,729	737,769	765,954	720,879	718,069	797,401	775,744	771,483
Pupil Transportation	482,507	529,472	450,771	406,767	369,401	324,312	347,326	323,829	430,908	337,598
Other Support Services	-	229,766	249,665	285,569	207,851	239,716	259,826	244,249	297,211	220,779
Interest On Long-Term Debt	1,041,286	997,326	973,977	949,486	923,799	896,972	868,789	680,565	724,825	606,967
Arbitrage Rebate		300,907								
Total Governmental Activities Expenses	9,189,390	9,779,999	10,299,233	10,492,851	10,871,946	10,917,110	11,419,249	11,806,985	14,022,858	13,546,401
Business-Type Activities:										
Food Service	124,798	127,424	163,463	175,031	267,264	247,253	257,753	248,451	227,924	190,734
Total Business-Type Activities Expense	124,798	127,424	163,463	175,031	267,264	247,253	257,753	248,451	227,924	190,734
Total District Expenses	\$ 9,314,188	\$ 9,907,423	\$ 10,462,696	\$ 10,667,882	\$ 11,139,210	\$ 11,164,363	\$ 11,677,002	\$ 12,055,436	\$ 14,250,782	\$ 13,737,135
Program Revenues										
Governmental Activities:										
Charges For Services:										
Special Education	\$ 20,500	\$ 2,151			\$ 16,273	\$ 12,110	\$ 10,490	\$ 5,440	\$ 7,930	
Transportation										
Operating Grants And Contributions	1,542,778	1,513,382	\$ 1,306,000	\$ 1,542,717	1,140,296	1,414,664	1,594,056	1,402,879	2,736,150	3,109,053
Capital Grants And Contributions	650,728	4,555,092	976,091		148,304	144,524	-	-	-	-
Total Governmental Activities Program Revenues	2,214,006	6,070,625	2,282,091	1,542,717	1,304,873	1,571,298	1,604,546	1,408,319	2,744,080	3,109,053
Business-Type Activities:										
Charges For Services										
Food Service	116,794	123,053	146,562	150,962	143,974	148,394	149,285	139,236	134,076	134,111
Operating Grants And Contributions	25,088	30,910	37,779	51,482	53,035	56,932	68,325	73,106	79,430	77,666
Total Business Type Activities Program Revenues	141,882	153,963	184,341	202,444	197,009	205,326	217,610	212,342	213,506	211,777
Total District Program Revenues	\$ 2,355,888	\$ 6,224,588	\$ 2,466,432	\$ 1,745,161	\$ 1,501,882	\$ 1,776,624	\$ 1,822,156	\$ 1,620,661	\$ 2,957,586	\$ 3,320,830
Net (Expense)/Revenue										
Governmental Activities	\$ (6,975,384)	\$ (3,709,374)	\$ (8,017,142)	\$ (8,950,134)	\$ (9,567,073)	\$ (9,345,812)	\$ (9,814,703)	\$ (10,398,666)	\$ (11,278,778)	\$ (10,437,348)
Business-Type Activities	17,084	26,539	20,878	27,413	(70,255)	(41,927)	(40,143)	(36,109)	(14,418)	21,043
Total District-Wide Net Expense	\$ (6,958,300)	\$ (3,682,835)	\$ (7,996,264)	\$ (8,922,721)	\$ (9,637,328)	\$ (9,387,739)	\$ (9,854,846)	\$ (10,434,775)	\$ (11,293,196)	\$ (10,416,305)

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

	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	\$ 7,477,461	\$ 8,184,427	\$ 8,512,052	\$ 8,892,469	\$ 9,190,961	\$ 9,453,714	\$ 8,154,441	\$ 8,480,231	\$ 8,658,921	\$ 8,832,095
Taxes Levied For Debt Service							1,564,706	1,565,594	1,570,206	1,471,487
Unrestricted Grants And Contributions	77,481	75,709	4,547	48,778	11,259		11,309	43,906	60,643	38,865
Investment Earnings	1,032,657	241,097	24,025	6,370	5,070	2,799	3,073	2,590	1,500	1,321
Miscellaneous Income	6,496	483	6,068	32,737	12,585	12,793	157,091	38,011	39,828	102,296
Transfers	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities	8,594,095	8,501,716	8,546,692	8,980,354	9,219,875	9,469,306	9,890,620	10,130,332	10,331,098	10,446,064
Business-Type Activities:										
Investment Earnings				453	488	172	98	435	61	18
Transfers	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities	-	-	-	453	488	172	98	435	61	18
Total District-Wide	\$ 8,594,095	\$ 8,501,716	\$ 8,546,692	\$ 8,980,807	\$ 9,220,363	\$ 9,469,478	\$ 9,890,718	\$ 10,130,767	\$ 10,331,159	\$ 10,446,082
Change In Net Position										
Governmental Activities	\$ 1,618,711	\$ 4,792,342	\$ 529,550	\$ 30,220	\$ (347,198)	\$ 123,494	\$ 75,917	\$ (268,334)	\$ (947,680)	\$ 8,716
Business-Type Activities	17,084	26,539	20,878	27,866	(69,767)	(41,755)	(40,045)	(35,674)	(14,357)	21,061
Total District	\$ 1,635,795	\$ 4,818,881	\$ 550,428	\$ 58,086	\$ (416,965)	\$ 81,739	\$ 35,872	\$ (304,008)	\$ (962,037)	\$ 29,777

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Restricted					\$ 262,326	\$ 230,384	\$ 452,375	\$ 440,519	\$ 131,196	\$ 56,708
Committed						42,870	-	-		
Assigned					94,227	246,085	195,679	186,297	9,748	33,562
Unassigned					270,519	241,466	233,038	238,874		151,063
Reserved	\$ 397,910	\$ 85,028	\$ 228,852	\$ 241,535						
Unreserved	208,996	272,568	307,410	702,655					(197,208)	
Total General Fund	<u>\$ 606,906</u>	<u>\$ 357,596</u>	<u>\$ 536,262</u>	<u>\$ 944,190</u>	<u>\$ 627,072</u>	<u>\$ 760,805</u>	<u>\$ 881,092</u>	<u>\$ 865,690</u>	<u>\$ (56,264)</u>	<u>\$ 241,333</u>
All Other Governmental Funds										
Restricted					\$ 55,797	\$ 100,321	\$ 100,321	\$ 100,321	\$ 168,744	\$ 168,654
Committed						100,000				
Assigned					98,167					
Unassigned										
Reserved	\$ 12,710,424	\$ 1,678,903	\$ 609,958	\$ 179,618						
Unreserved	(2,008,586)	463,300	487,052	73,520						
Total All Other Governmental Funds	<u>\$ 10,701,838</u>	<u>\$ 2,142,203</u>	<u>\$ 1,097,010</u>	<u>\$ 253,138</u>	<u>\$ 153,964</u>	<u>\$ 200,321</u>	<u>\$ 100,321</u>	<u>\$ 100,321</u>	<u>\$ 168,744</u>	<u>\$ 168,654</u>

Beginning with Fiscal Year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax Levy	\$ 7,477,461	\$ 8,184,427	\$ 8,512,052	\$ 8,892,469	\$ 9,190,961	\$ 9,453,714	\$ 9,719,147	\$ 10,045,825	\$ 10,229,127	\$ 10,303,582
Tuition Charges	20,500	2,151								
Transportation Charges					16,273	12,110	10,490	5,440	7,930	
Interest Earnings	1,032,657	241,097	24,025	6,371	5,070	2,799	3,073	2,590	1,500	1,321
Miscellaneous	6,496	483	6,068	32,737	12,585	49,998	157,091	38,011	39,828	141,154
State Sources	2,024,305	5,961,092	2,108,390	1,272,139	1,063,277	1,276,861	1,403,634	1,273,040	1,476,155	1,589,505
Federal Sources	246,682	183,091	178,248	319,356	236,582	245,122	201,731	173,745	303,698	277,215
Total Revenue	10,808,101	14,572,341	10,828,783	10,523,072	10,524,748	11,040,604	11,495,166	11,538,651	12,058,238	12,312,777
Expenditures										
Instruction										
Regular Instruction	3,489,716	3,497,653	3,643,226	3,895,504	3,883,305	4,060,662	4,456,183	4,441,761	4,536,697	4,591,598
Special Education Instruction	1,833,473	1,963,907	1,745,097	1,893,782	2,018,014	1,715,338	1,800,465	1,983,170	2,513,597	2,153,484
Other Special Instruction	206,673	238,398	167,480	168,557	193,059	232,737	162,896	384,414	309,791	124,016
School-Sponsored Activities and Athletics	40,595	28,033	29,019	31,830	29,543	57,387	29,372	65,465	74,722	82,758
Support Services:										
Student & Inst. Related Services	686,598	857,201	819,360	886,950	1,111,794	1,176,230	1,251,699	1,187,628	1,383,590	1,550,113
General Administration	348,229	389,888	356,812	322,066	426,866	389,644	455,498	451,622	545,027	481,431
School Administrative Services	245,228	131,870	224,808	244,100	259,982	365,589	356,796	418,161	477,019	449,408
Plant Operations And Maintenance	754,154	608,997	717,977	741,421	738,377	699,858	693,549	751,609	751,224	753,982
Pupil Transportation	482,507	529,472	447,334	384,592	365,964	320,875	343,889	320,392	427,471	335,589
Other Support Services		228,738	249,566	279,110	223,998	239,716	259,826	240,237	297,211	217,222
Capital Outlay	13,197,097	13,060,290	1,746,649	557,135	136,458	45,147	100,000	-	39,545	
Debt Service:										
Principal	575,000	540,000	565,000	595,000	620,000	650,000	685,000	765,000	914,330	835,248
Interest And Other Charges	1,115,045	1,306,839	982,982	958,969	933,681	907,331	879,706	850,594	641,545	690,421
Bond Issuance Cost								111,011	114,092	
Total Expenditures	22,974,315	23,381,286	11,695,310	10,959,016	10,941,041	10,860,514	11,474,879	11,971,064	13,025,861	12,265,270
Excess (Deficiency) Of Revenues										
Over (Under) Expenditures	(12,166,214)	(8,808,945)	(866,527)	(435,944)	(416,293)	180,090	20,287	(432,413)	(967,623)	47,507
Other Financing Sources (Uses)										
Bond Proceeds										
Approved Budget Transfer In			160,180							
Approved Budget Transfer Out			(160,180)							
Transfers In	990,182	214,519	16,019	242,971	774	56	-	-	-	-
Transfers Out	(990,182)	(214,519)	(16,019)	(242,971)	(774)	(56)	-	-	-	-
Payments to Refunding Escrow Agent								(10,664,017)	(7,881,087)	
Refunding Bonds Proceeds								9,595,000	7,240,000	
Premium on Issuance of Refunding Bond								1,180,028	755,179	
Sale and Lease-back Contract Proceeds										250,000
Capital Leases (Non-Budgeted)								306,000		
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	417,011	114,092	250,000
Net Change In Fund Balances	\$ (12,166,214)	\$ (8,808,945)	\$ (866,527)	\$ (435,944)	\$ (416,293)	\$ 180,090	\$ 20,287	\$ (15,402)	\$ (853,531)	\$ 297,507
Debt Service As A Percentage Of										
Noncapital Expenditures	17.29%	21.78%	21.78%	17.56%	16.79%	16.82%	15.95%	15.60%	13.61%	14.21%

* Noncapital expenditures are total expenditures less capital outlay.

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

Fiscal Year Ended June 30,	<u>Tuition</u>	<u>Transportation</u>	<u>Interest on Invest.</u>	<u>Refunds/ Settlements</u>	<u>Misc.</u>	<u>Total</u>
2007	\$ 20,500		\$ 42,475		\$ 6,496	\$ 69,471
2008	2,151		26,578		483	29,212
2009			8,006		6,068	14,074
2010			3,400		32,737	36,137
2011		\$ 16,273	4,296		12,585	33,154
2012		12,110	2,743	\$ 353	12,440	27,646
2013		10,490	3,073	125,087	32,004	170,654
2014		5,440	2,590		38,011	46,041
2015		7,930	1,500		39,828	49,258
2016			1,321	38,154	64,142	103,617

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2007	\$ 3,721,600	\$ 418,440,600	\$ 224,800	\$ 9,300	\$ 16,998,300	\$ 2,147,000	N/A	\$ 441,542,300	\$ 407,893	\$ 441,950,193	\$ 1,489,799,091	\$ 1.85
2008	3,379,000	422,150,200	224,800	9,300	17,270,300	2,147,700	N/A	445,181,300	393,097	445,574,397	1,574,584,398	1.91
2009	3,204,600	424,852,600	224,800	9,300	18,123,600	2,147,700	N/A	448,562,600	412,748	448,975,348	1,590,496,406	1.98
2010	2,618,100	418,423,900	224,800	9,300	17,729,600	2,147,700	N/A	441,153,400	432,330	441,585,730	1,492,140,716	2.08
2011	2,553,400	419,383,900	224,800	9,300	17,734,900	2,147,700	N/A	442,054,000	371,880	442,425,880	1,417,911,637	2.14
2012	8,720,600	1,106,681,100	571,100	11,100	59,508,400	6,346,700	N/A	1,181,839,000	371,880	1,182,210,880	1,282,934,216	0.82
2013	8,667,100	1,106,157,600	571,100	11,100	58,854,400	6,189,100	N/A	1,180,450,400	889	1,180,451,289	1,282,934,216	0.85
2014	8,934,100	1,106,531,400	571,100	11,100	58,585,000	6,049,600	N/A	1,180,682,300	915	1,180,683,215	1,335,237,800	0.87
2015	8,902,400	1,108,014,700	571,100	11,100	58,167,300	5,268,600	N/A	1,180,935,200	908	1,180,936,108	1,302,643,635	0.87
2016	8,732,800	1,108,926,300	571,100	11,100	58,167,300	5,268,600	N/A	1,181,677,200	913	1,181,678,113	1,296,451,026	0.88

Source: County Abstract of Ratables

^a Tax rates are per \$100

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

<u>Calendar Year</u>	<u>North Haledon School District</u>	<u>Manchester School District</u>	<u>North Haledon Borough</u>	<u>Passaic County</u>	<u>Total</u>
2007	\$ 1.85	\$ 0.73	\$ 1.55	\$ 1.67	\$ 5.80
2008	1.91	0.64	1.73	1.79	6.07
2009	1.98	0.64	1.80	1.79	6.21
2010	2.08	0.66	1.99	1.80	6.53
2011	2.14	0.66	2.01	1.85	6.66
2012	0.82	0.26	0.80	0.69	2.57
2013	0.85	0.31	0.81	0.76	2.73
2014	0.87	0.26	0.82	0.77	2.72
2015	0.87	0.22	0.85	0.84	2.78
2016	0.88	0.20	0.92	0.82	2.82

Source: Tax Duplicate

* The Borough undertook a revaluation.

**NORTH HALEDON 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
High Mt. Rty, LLC c/o Kennedy Constr.	\$ 7,840,000	0.66%	\$ 1,646,200	0.37%
535 Associates, LLC	4,225,000	0.36%		
1243 Belmont Ave Corp.	4,013,100	0.34%	1,360,100	0.31%
Sicomac Rlty LLC & Rosehall Rlty, LLC	3,800,000	0.32%	1,450,900	0.33%
High Mountain Realty Group, LLC	3,400,000	0.29%	1,076,700	0.24%
920 Belmont Acquisition, LLC	3,005,400	0.25%		
Hofer Heights, LLC	2,839,100	0.24%	1,201,600	0.27%
NJTT Realty, LLC	2,575,400	0.22%	722,200	0.16%
Rudd O'Connor	2,068,800	0.18%		
Overlook Properties, LLC	1,900,000	0.16%	615,300	0.14%
Danza Group VII, LLC			1,622,200	0.37%
William Tannis Sr.			1,017,700	0.23%
Rainmaker Capital of North Haledon, LLC			903,200	0.20%
	<u>\$ 35,666,800</u>	<u>3.02%</u>	<u>\$ 11,616,100</u>	<u>2.62%</u>

Source - Municipal Tax Assessor

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

Fiscal Year Ended June 30,	School Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	\$ 7,477,461	\$ 7,477,461	100.00%	
2008	8,184,427	8,184,427	100.00%	
2009	8,512,052	8,512,052	100.00%	
2010	8,892,469	8,892,469	100.00%	
2011	9,190,961	9,190,961	100.00%	
2012	9,453,714	9,453,714	100.00%	
2013	9,719,147	9,719,147	100.00%	
2014	10,045,825	9,339,139	92.96%	\$ 706,686
2015	10,229,127	10,229,127	100.00%	
2016	10,303,582	10,303,582	100.00%	

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

Fiscal Year Ended June 30,	Governmental Activities					Business-Type Activities		Total District	Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Sale and Lease-back Contracts	Bond Anticipation Notes (BANs)	Capital Leases				
2007	\$ 23,320,000	N/A	N/A	N/A	N/A	N/A	\$ 23,320,000	8,843	\$ 2,570	
2008	22,780,000	N/A	N/A	N/A	N/A	N/A	22,780,000	8,851	2,574	
2009	22,215,000	N/A	N/A	N/A	N/A	N/A	22,215,000	8,897	2,497	
2010	21,620,000	N/A	N/A	N/A	N/A	N/A	21,620,000	8,428	2,565	
2011	21,000,000	N/A	N/A	N/A	N/A	N/A	21,000,000	8,479	2,477	
2012	20,350,000	N/A	N/A	N/A	N/A	N/A	20,350,000	8,484	2,399	
2013	19,665,000	N/A	N/A	N/A	N/A	N/A	19,665,000	8,509	2,311	
2014	18,695,000	N/A	\$ 256,000	N/A	N/A	N/A	18,951,000	8,535	2,220	
2015	17,505,000	N/A	206,670	N/A	N/A	N/A	17,711,670	8,548	2,072	
2016	16,720,000	N/A	156,422	250,000	N/A	N/A	17,126,422	8,548 *	2,004	

Source: District records

* Estimate

**NORTH HALEDON 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 Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2007	\$ 23,320,000		\$ 23,320,000	5.32%	2,570
2008	22,780,000		22,780,000	5.07%	2,574
2009	22,215,000		22,215,000	5.03%	2,497
2010	21,620,000		21,620,000	4.89%	2,565
2011	21,000,000		21,000,000	1.78%	2,477
2012	20,350,000		20,350,000	1.72%	2,399
2013	19,665,000		19,665,000	1.67%	2,311
2014	18,695,000		18,695,000	1.58%	2,220
2015	17,505,000		17,505,000	1.34%	2,048
2016	16,720,000		16,720,000	1.41%	1,956

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**NORTH HALEDON BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt:			
Borough of North Haledon	\$ 13,140,929	\$ 15,958	\$ 13,124,971
North Haledon Board of Education	<u>17,505,000</u>	<u>17,505,000</u>	<u>-</u>
	<u>\$ 30,645,929</u>	<u>\$ 17,520,958</u>	<u>\$ 13,124,971</u>
Net Overlapping Debt of School District:			
County of Passaic		9,887,071	
PCUA		1,580,459	
PVSC		<u>743,525</u>	
			<u>12,211,055</u>
Total Direct and Overlapping Bonded Debt as of December 31, 2015			<u>\$ 25,336,026</u>

Source: 2015 Debt Statement, Borough of North Haledon

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

Legal Debt Margin Calculation for Fiscal Year 2016

Equalized Valuation Basis

	2015	\$	1,294,033,750
	2014		1,300,740,663
	2013		1,289,827,797
		\$	<u>3,884,602,210</u>
Average equalized valuation of taxable property		\$	1,294,867,403
Debt limit (3 % of average equalization value)			38,846,022
Total Net Debt Applicable to Limit			<u>16,720,000</u>
Legal debt margin		\$	<u>22,126,022</u>

Fiscal Year

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 38,545,930	\$ 43,167,259	\$ 46,128,175	\$ 46,313,490	\$ 44,824,204	\$ 42,905,067	\$ 41,284,805	\$ 41,020,694	\$ 39,202,703	\$ 38,846,022
Total net debt applicable to limit	<u>23,320,000</u>	<u>22,780,283</u>	<u>22,215,283</u>	<u>21,620,283</u>	<u>21,000,283</u>	<u>20,350,283</u>	<u>19,665,283</u>	<u>18,695,000</u>	<u>17,505,283</u>	<u>16,720,000</u>
Legal debt margin	<u>\$ 15,225,930</u>	<u>\$ 20,386,976</u>	<u>\$ 23,912,892</u>	<u>\$ 24,693,207</u>	<u>\$ 23,823,921</u>	<u>\$ 22,554,784</u>	<u>\$ 21,619,522</u>	<u>\$ 22,325,694</u>	<u>\$ 21,697,420</u>	<u>\$ 22,126,022</u>
Total net debt applicable to the limit as a percentage of debt limit	60.5%	52.8%	48.2%	46.7%	46.9%	47.4%	47.6%	45.6%	44.7%	43.0%

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

<u>Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2007	8,843	\$ 38,897	2.4%
2008	8,851	39,907	3.1%
2009	8,897	38,932	6.1%
2010	8,428	39,807	6.2%
2011	8,479	41,371	6.1%
2012	8,484	41,824	6.0%
2013	8,509	41,857	9.5%
2014	8,535	43,687	5.7%
2015	8,548	43,687 *	4.6%
2016	8,548 *	43,687 *	4.6% *

Source: New Jersey State Department of Education

* Estimate

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

PRIOR YEAR INFORMATION NOT AVAILABLE

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction						
Regular	43	43	45.5	47.5	46.0	51.0
Special Education	15.2	14.5	15.3	15.8	13.2	16.0
Other Special Education	9.5	9.2	7.48	7.48	19.0	15.0
Vocational	-					
Other Instruction	-					
Non Public School Program	-					
Adult/Continuing Education	-					
Support Services						
Student & Instruction Related	4	4	4	4	8.2	7.0
General Administration	1	1	2.1	2	2.0	2.0
School Administrative Services	4	4	3.25	4	5.5	5.0
Other Administrative Services						
Central Services	2	2	2	2	2.0	2.0
Administrative Technology						
Plant & Operation Maintenance	6.7	6.1	6.1	6.1	6.0	6.7
Other Support Services	3	3	3	3	5.0	4.0
Transportation	<u>1</u>	<u>1</u>	<u>1.4</u>	<u>1.4</u>	<u>1.4</u>	<u>0.3</u>
Total	<u>89.10</u>	<u>87.90</u>	<u>90.13</u>	<u>93.28</u>	<u>108.30</u>	<u>109.00</u>

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

Pupil/Teacher Ratio

<u>Fiscal Year</u>	<u>Enrollment a</u>	<u>Operating Expenditures b</u>	<u>Cost Per Pupil c</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Elementary</u>	<u>Middle School</u>	<u>Senior High School</u>	<u>Average Daily Enrollment (ADE)</u>	<u>Average Daily Attendance (ADA)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2007	665.3	\$ 8,087,173	\$ 12,156	9.37%	72.5	8	8	N/A	665.3	640.1	-0.36%	96.21%
2008	693.4	8,474,157	12,220	.52%	72.5	8	8	N/A	693.4	668.7	4.22%	96.44%
2009	693.5	8,400,679	12,113	-0.87%	70.0	8	8	N/A	693.5	670.7	0.01%	96.71%
2010	711.8	8,847,912	12,430	2.62%	74.0	8	8	N/A	711.8	683.8	2.64%	96.07%
2011	702.0	9,250,902	13,178	6.02%	74.4	8	8	N/A	702.0	676.9	-1.38%	96.42%
2012	714.0	9,258,036	12,966	-1.61%	65.0	11	11	N/A	702.2	677.8	0.03%	96.53%
2013	738.0	9,810,173	13,293	2.52%	64.0	11.5	11.5	N/A	635.1	608.5	-9.52%	95.81%
2014	720.0	10,244,459	14,228	7.04%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2015	706.0	11,316,349	16,029	12.65%	64.0	11.03	11.03	N/A	N/A	706.0	N/A	N/A
2016	702.0	10,739,601	15,299	-4.56%	67.0	10.5	10.5	N/A	678.0	650.0	N/A	95.87%

Sources: District records

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

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>District Building</u>										
<u>High Mountain Middle School</u>										
Square Feet	61,025	61,025	61,025	61,025	61,025	61,025	61,025	61,025	61,025	61,025
Capacity (students)	369	369	369	369	369	369	369	369	369	369
Enrollment	279	286	286	299	324	324	393	393	292	291
 <u>Memorial Elementary School</u>										
Square Feet	60,480	60,480	60,480	60,480	60,480	60,480	60,480	60,480	60,480	60,480
Capacity (students)	450	450	450	450	450	450	450	450	450	450
Enrollment	383	401	399	410	387	383	345	345	414	389

Number of Schools at June 30, 2016
Elementary = 2

Source: District Records

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

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

School Facilities	Project #(s)	<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>
High Mountain School	N/A	\$ 36,949	\$ 31,109	\$ 40,164	\$ 47,398	\$ 47,902	\$ 58,784	\$ 66,833	\$ 62,915	\$ 57,918	\$ 52,602
Memorial School	N/A	<u>34,439</u>	<u>33,430</u>	<u>36,733</u>	<u>44,434</u>	<u>46,010</u>	<u>49,670</u>	<u>64,368</u>	<u>62,364</u>	<u>57,401</u>	<u>52,132</u>
Total Facilities		<u>71,388</u>	<u>64,539</u>	<u>76,897</u>	<u>91,832</u>	<u>93,912</u>	<u>108,454</u>	<u>131,201</u>	<u>125,279</u>	<u>115,319</u>	<u>104,734</u>
Grand Total		<u>\$ 71,388</u>	<u>\$ 64,539</u>	<u>\$ 76,897</u>	<u>\$ 91,832</u>	<u>\$ 93,912</u>	<u>\$ 108,454</u>	<u>\$ 131,201</u>	<u>\$ 125,279</u>	<u>\$ 115,319</u>	<u>\$ 104,734</u>

Source: District Records

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

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - New Jersey Schools Insurance Group		
Property - Blanket Building & Contents	\$30,603,602	\$5,000
Comprehensive General Liability	11,000,000	
Comprehensive Automobile Liability	11,000,000	
Auto Physical Damage Deductible		1,000
Boiler and Machinery	100,000,000	1,000
School Board Legal Liability - New Jersey Schools Insurance Group		
Limit of Liability	11,000,000	5,000
Environmental Impairment Liability - Zurich Stedfast Insurance Co.		
Each occurrence	2,000,000	25,000
Aggregate	11,000,000	
Additional Excess Liability Policy - Tourus/Markel		
Aggregate	29,000,000	
Travel Accident Policy - Gerber Life Insurance (accident death dismembership and paralysis benefit)		
Principal sum	100,000	
Aggregate limit	500,000	
Student Accident Policy - Berkley Life & Health Insurance Co.		
Maximum Benefit	1,000,000	
Full Exceed 3 year benefit period		
Deductible		
Public Employees' Faithful Performance Blanket		
Position Bond - New Jersey Schools Insurance Group		
Treasurer	200,000	
Business Administrator/ Board Secretary	100,000	

Source School District's records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the North Haledon Board of Education as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the North Haledon Board of Education's basic financial statements and have issued our report thereon dated October 28, 2016.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs we identified certain deficiencies in internal control that we consider to be material weaknesses or significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2016-001 and 2016-002 to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2016-003 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the North Haledon Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and which are described in the accompanying schedule of findings and questioned costs as items 2016-001, 2016-002 and 2016-003.

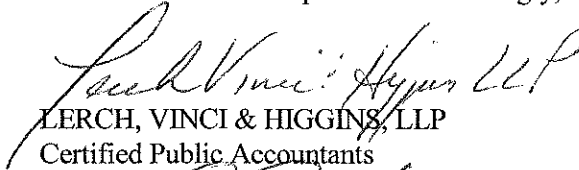
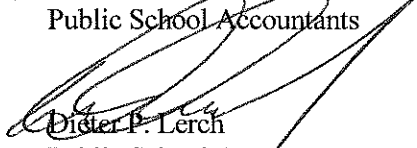
We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the North Haledon Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated October 28, 2016.

North Haledon Board of Education's Responses to Findings

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

Purpose of this Report

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


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

 Dieter P. Lerch
 Public School Accountant
 PSA Number CS00756

Fair Lawn, New Jersey
 October 28, 2016



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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

INDEPENDENT AUDITOR’S REPORT

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

Report on Compliance for Each Major State Program

We have audited the North Haledon Board of Education’s compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/ Grant Compliance Supplement that could have a direct and material effect on each of North Haledon Board of Education’s major state programs for the fiscal year ended June 30, 2015. The North Haledon Board of Education’s major state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

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

Opinion on Each Major State Programs

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with New Jersey OMB Circular 15-08 and which are described in the accompanying schedule of findings and questioned costs as items 2016-004, 2016-005 and 2016-006. Our opinion on each major state program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2016-004 and 2016-006 to be material weaknesses.

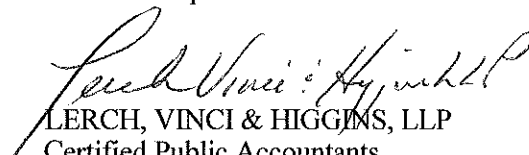
A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2016-005 to be a significant deficiency.

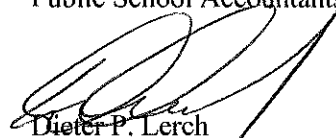
The North Haledon Board of Education's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The North Haledon Board of Education's response was not subjected to the auditing procedures applied in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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the North Haledon Board of Education as of and for the fiscal year ended June 30, 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 October 28, 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 are fairly stated in all material respects in relation to the basic financial statements as a whole.


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 Dieter P. Lerch
 Public School Accountant
 PSA Number CS00756

Fair Lawn, New Jersey
 October 28, 2016

**NORTH HALEDON BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEARS 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	Deferred Revenue Carryover Amount	(Accounts Receivable) Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Balance, June 30, 2016			GAAP Receivable
												(Accounts Receivable)	Deferred Revenue	Due to Grantor	
U.S. Department of Agriculture Passed-Through State Department of Education															
<u>Enterprise Fund</u>															
National School Lunch Program	10.555														
Non-Cash Assistance (Food Distribution Program)		16161NJ304N1099	N/A	7/1/15-6/30/16	\$ 16,338				\$ 16,338	\$ 14,643			\$ 1,695		
Non-Cash Assistance (Food Distribution Program)			N/A	7/1/14-6/30/15	15,772					433	\$ 433				
Cash Assistance		16161NJ304N1099	N/A	7/1/15-6/30/16	60,397			55,741	60,397			\$ (4,656)			\$ (4,656)
Cash Assistance			N/A	7/1/14-6/30/15	61,722	\$ (5,551)		5,551							
Special Milk Program	10.556	16161NJ304N1099	N/A	7/1/15-6/30/16	15			15	15						
Special Milk Program	10.556		N/A	7/1/14-6/30/15	153	(16)	-	16	-	-	-	-	-	-	-
Total Child Nutrition Cluster/Enterprise Fund						(5,567)	-	-	77,661	75,488	433	(4,656)	1,695	-	(4,656)
U.S. Department of Education Passed-Through State Department of Education															
<u>Special Revenue Fund</u>															
I.D.E.A. Part B, Basic	84.027A	H027A150100	IDEA364016	7/1/15-6/30/16	181,882		\$ 8,925	\$ (8,925)	178,408	181,822		(12,399)	8,985		(3,414)
I.D.E.A. Part B, Preschool	84.173A	H173A150114	IDEA364016	7/1/15-6/30/16	8,342				8,342	8,342					-
I.D.E.A. Part B, Basic, C/O	84.027A		IDEA364015	7/1/14-6/30/15	179,905	(35,106)	(8,925)	8,925	27,926		7,180				-
I.D.E.A. Part B, Preschool, C/O	84.173A		IDEA364015	7/1/14-6/30/15	8,177	(16,130)			16,130						-
Total Special Education Cluster (IDEA)										190,164	7,180	(12,399)	8,985		(3,414)
N.C.L.B Title I-A	84.010A	S010A150030	NCLB364016	7/1/15-6/30/16	70,648		15,448	(15,448)	77,232	86,094		(8,864)	2		(8,862)
N.C.L.B Title I-A, C/O	84.010A		NCLB364015	7/1/14-6/30/15	46,306	(37,624)	(15,448)	15,448	37,624						-
N.C.L.B Title II-A	84.281A	S367A150029	NCLB364016	7/1/15-6/30/16	17,419		14,087	(14,087)		11,350		(31,506)	20,156		(11,350)
N.C.L.B Title II-A, C/O	84.281A		NCLB364015	7/1/14-6/30/15	17,562	(2,575)	(14,087)	14,087	2,575						-
Total Special Revenue Fund						(91,435)	-	-	348,237	287,608	7,180	(52,769)	29,143	-	(23,626)
Total Federal Awards						\$ (97,002)	\$ -	\$ -	\$ 425,898	\$ 363,096	\$ 7,613	\$ (57,425)	\$ 30,838	\$ -	\$ (28,282)

Note - This schedule was not subject to a Federal Single Audit in accordance with U.S. Uniform Guidance.

FAIN numbers are only applicable to current year grant awards.

NORTH HALEDON 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	Award Amount	Balance, July 1, 2015	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Balance, June 30, 2016			MEMO		
									(Accounts Receivable)	Deferred Revenue/	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures	
State Department of Education														
General Fund														
Special Education Categorical Aid	16-495-034-5120-089	7/1/15-06/30/16	\$ 328,563			\$ 315,120	\$ 328,563		\$ (13,443)				\$	328,563
Special Education Categorical Aid	15-495-034-5120-089	7/1/14-06/30/15	328,563	(13,738)		13,738								
Security Aid	16-495-034-5120-084	7/1/15-06/30/16	14,359			13,772	14,359		(587)					14,359
Security Aid	15-495-034-5120-084	7/1/14-06/30/15	14,359	(600)		600								
Under Adequacy Aid	16-495-034-5120-096	7/1/15-06/30/16	31,620			30,326	31,620		(1,294)					31,620
Under Adequacy Aid	15-495-034-5120-096	7/1/14-06/30/15	31,620	(1,322)		1,322								
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-06/30/16	7,210			6,915	7,210		(295)					7,210
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-06/30/15	7,210	(302)		302								
PARCC Readiness	16-495-034-5120-098	7/1/15-06/30/16	7,210			6,915	7,210		(295)					7,210
PARCC Readiness	15-495-034-5120-098	7/1/14-06/30/15	7,210	(302)		302								
Total State Aid - Public Cluster							<u>388,962</u>		<u>(15,914)</u>					<u>388,962</u>
Transportation Aid	16-495-034-5120-014	7/1/15-06/30/16	15,980			15,326	15,980		(654)					15,980
Transportation Aid	15-495-034-5120-014	7/1/14-06/30/15	15,980	(668)		668								
Extraordinary Aid	16-100-034-5120-473	7/1/15-06/30/16	220,725				220,725		(220,725)					220,725
Extraordinary Aid	15-100-034-5120-473	7/1/14-06/30/15	87,212	(87,212)		87,212								
Additional NonPublic Transportation Aid	N/A	7/1/15-06/30/16	13,182				13,182		(13,182)			\$	(13,182)	13,182
Additional NonPublic Transportation Aid	N/A	7/1/14-06/30/15	19,662	(19,662)		19,662								
On-Behalf TPAF Normal Cost	16-495-034-5094-002	7/1/15-06/30/16	327,898			327,898	327,898							327,898
On-Behalf NCGI Premium	16-495-034-5094-004	7/1/15-06/30/16	16,334			16,334	16,334							16,334
On-Behalf Post Retirement Medical	16-495-034-5094-001	7/1/15-06/30/16	409,885			409,885	409,885							409,885
Reimbursed TPAF Soc. Sec. Contr.	16-495-034-5094-013	7/1/15-06/30/16	329,688			313,476	329,688		(16,212)				(16,212)	329,688
Reimbursed TPAF Soc. Sec. Contr.	15-495-034-5094-013	7/1/14-06/30/15	367,406	(17,380)		17,380								
Total General Fund				<u>(141,186)</u>		<u>1,597,153</u>	<u>1,722,654</u>		<u>(266,687)</u>				<u>(29,394)</u>	<u>1,722,654</u>
Special Revenue Fund														
NJ Nonpublic Aid														
Auxiliary Services														
Compensatory Education	16-100-034-5120-067	7/1/15-06/30/16	4,230			4,230							\$	4,230
Compensatory Education, C/O	15-100-034-5120-067	7/1/14-06/30/15	7,166	4,479				\$ 4,479						
ESL	15-100-034-5120-067	7/1/14-06/30/15	1,827	1,827				1,827						
Total Nonpublic Auxiliary Services Aid (Chapter 192) Cluster								<u>6,306</u>						<u>4,230</u>
Handicapped Services														
Examination & Classification	16-100-034-5120-066	7/1/15-06/30/16	1,025			1,025								1,025
Examination & Classification, C/O	15-100-034-5120-066	7/1/14-06/30/15	1,982	1,260				1,260						
Supplemental Instruction	16-100-034-5120-066	7/1/15-06/30/16	2,228			2,228								2,228
Supplemental Instruction, C/O	15-100-034-5120-066	7/1/14-06/30/15	2,982	1,413				1,413						
Total Nonpublic Handicapped Aid (Chapter 193) Cluster								<u>2,673</u>						<u>3,253</u>
Nursing Aid	16-100-034-5120-070	7/1/15-06/30/16	1,260			1,260								1,260
Nursing Aid, C/O	15-100-034-5120-070	7/1/14-06/30/15	3,415	3,415				3,415						
Technology Aid	16-100-034-5120-373	7/1/15-06/30/16	364			364								364
Technology Aid, C/O	15-100-034-5120-373	7/1/14-06/30/15	1,152	1,152				1,152						
Textbook Aid	16-100-034-5120-064	7/1/15-06/30/16	799			799								799
Textbook Aid, C/O	15-100-034-5120-064	7/1/14-06/30/15	2,145	2,145				2,145						
Security Aid	16-100-034-5120-509	7/1/15-06/30/16	4,825			4,825								4,825
Total Special Revenue Fund				<u>15,691</u>		<u>14,731</u>		<u>15,691</u>						<u>14,731</u>
State Department of Agriculture														
State School Lunch Program	16-100-010-3360-067	7/1/15-06/30/16	2,178			2,008	2,178		(170)				(170)	2,178
State School Lunch Program	15-100-010-3360-067	7/1/14-6/30/15	2,216	(204)		204								
Total Enterprise Fund				<u>(204)</u>		<u>2,212</u>	<u>2,178</u>		<u>(170)</u>				<u>(170)</u>	<u>2,178</u>
Total State Financial Assistance Subject to Single Audit Determination				\$ (125,699)	\$ -	1,614,096	1,724,832	\$ 15,691	\$ (266,857)	\$ -	\$ 14,731	\$ (29,564)		1,724,832
State Financial Assistance Not Subject to Major Program Determination														
General Fund														
On-Behalf TPAF						(754,117)	(754,117)							(754,117)
Total State Financial Assistance Subject to Major Program Determination						\$ 859,979	\$ 970,715							\$ 970,715

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

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These 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 a decrease of \$133,149 for the general fund and a decrease of \$10,393 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		\$ 1,589,505	\$ 1,589,505
Special Revenue Fund	\$ 277,215		277,215
Food Service Fund	75,488	2,178	77,666
	<hr/>	<hr/>	<hr/>
Total Awards Financial Assistance	<u>\$ 352,703</u>	<u>\$ 1,591,683</u>	<u>\$ 1,944,386</u>

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

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$329,688 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 \$344,232 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$409,885 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.

NOTE 7 DE MINIMIS INDIRECT COST RATE

The District has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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

Part I – Summary of Auditor’s Results

Financial Statement Section

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

Federal Awards Section

Not Applicable

**NORTH HALEDON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Part I – Summary of Auditor’s Results

State Awards Section

J) Dollar threshold used to distinguish Type A and Type B programs: \$ 750,000

K) Auditee qualified as low-risk auditee? yes X no

L) Type of auditors' report on compliance for major programs: Unmodified

M) Internal Control over compliance:

1) Material weakness(es) identified? X yes no

2) Were significant deficiencies identified that were not considered to be material weaknesses? X yes no

N) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08, as amended? X yes no

O) Identification of major programs:

GMIS Number(s)	Name of State Program
16-495-034-5120-089	Special Education Categorical Aid
16-495-034-5120-084	Security Aid
16-495-034-5120-096	Under Adequacy Aid
16-495-034-5120-097	Per Pupil Growth Aid
16-495-034-5120-098	PARCC Readiness

**NORTH HALEDON 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, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

Finding 2016-001:

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

Criteria or specific requirement:

Internal controls over purchasing and accounts payable.

Condition:

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

Questioned Costs:

None.

Context:

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

Effect:

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

Cause:

Unknown.

Recommendation:

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

View of Responsible Officials and Planned Corrective Action:

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

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

Part 2 – Schedule of Financial Statement Findings

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

Finding 2016-002:

The audit revealed that certain vendors' invoices were paid twice in error.

Criteria or specific requirement:

Internal controls over purchasing and accounts payable.

Condition:

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

Questioned Costs:

None. The vendors credited the District for the overpayment.

Context:

We noted certain invoices received from Bergen County Special Services (\$8,800) and Glenview Academy (\$31,683) which were paid twice in error.

Effect:

Lack of internal controls pertaining to payment of invoices resulted in duplicate payments made to vendors.

Cause:

Unknown.

Recommendation:

Internal controls be enhanced to ensure proper payment of vendor invoices.

View of Responsible Officials and Planned Corrective Action:

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

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

Part 2 – Schedule of Financial Statement Findings

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

Finding 2016-003:

Our audit revealed that the Board minutes were incomplete. The minutes did not always reflect action taken nor were they always properly signed by the Board Secretary.

Criteria or specific requirement:

New Jersey Statute Title 18A.

Condition:

The minutes did not always contain approved bills list, certain minutes referred to Agenda items not citing specific vote on action taken. Furthermore minutes were not always signed by the Board Secretary.

Questioned Costs:

None.

Context:

See Condition.

Effect:

Failure to properly document board action taken may result in unauthorized actions and/or expenditures.

Cause:

Unknown.

Recommendation:

Board minutes reflect all action taken by the Board and be properly signed by the Board Secretary.

View of Responsible Officials and Planned Corrective Action:

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

**NORTH HALEDON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 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 federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR FEDERAL AWARDS

Not Applicable

**NORTH HALEDON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 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 federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR STATE AWARDS

Finding 2016-004

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

State program Information:

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

Criteria or Specific Requirement:

State of New Jersey Grant Compliance Supplement – State Aid Public

Condition:

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

Questioned Costs:

None.

Context:

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

Cause:

Unknown.

Effect:

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

Recommendation:

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

View of Responsible Officials and Planned Corrective Action:

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

**NORTH HALEDON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 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 federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR STATE AWARDS

Finding 2016-005

Our audit revealed that Board minutes were incomplete. The minutes did not always reflect action taken nor were they always properly signed by the Board Secretary.

State program Information:

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

Criteria or Specific Requirement:

State of New Jersey Grant Compliance Supplement – State Aid Public

Condition:

The minutes did not always contain approved bills list, certain minutes referred to Agenda items not citing specific vote on action taken. Furthermore, minutes were not always signed by the Board Secretary.

Questioned Costs:

None.

Context:

See Condition.

Cause:

Unknown.

Effect:

Failure to properly document board action taken may result in unauthorized actions and/or expenditures.

Recommendation:

Board minutes reflect all action taken by the Board and be properly signed by the Board Secretary.

View of Responsible Officials and Planned Corrective Action:

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

**NORTH HALEDON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 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 federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR STATE AWARDS

Finding 2016-006

The audit of the District's ASSA revealed that the student counts reported on the ASSA were not in agreement to the District workpapers.

State program Information:

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

Criteria or Specific Requirement:

State of New Jersey Grant Compliance Supplement – State Aid Public

Condition:

Students counts claimed on the ASSA did not always agree with the student counts reflected on the District workpapers.

Questioned Costs:

None.

Context:

We noted several instances where the student counts for certain grade levels per the ASSA were not in agreement with the District workpapers.

Cause:

Unknown.

Effect:

Lack of internal controls pertaining to ASSA reporting resulted in over/under reporting of student counts for certain grade levels.

Recommendation:

Internal controls procedures be enhanced to ensure student counts reported on ASSA are in agreement with District workpapers.

View of Responsible Officials and Planned Corrective Action:

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

**NORTH HALEDON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 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*, U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

Finding 2015-001

Condition:

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

Current Status

Corrective action has been taken.

Finding 2015-002

Condition:

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

Current Status

Corrective action has been taken.

Finding 2015-003

Condition:

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

Current Status

Corrective action has been taken.

**NORTH HALEDON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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*, U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

Finding 2015-004

Condition:

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

Current Status

See Finding 2016-001.

Finding 2015-005

Condition:

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

Current Status

Corrective action has been taken.

Finding 2015-006

Condition:

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

Current Status

Corrective action has been taken.

**NORTH HALEDON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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*, U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

Finding 2015-007

Condition:

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

Current Status

Corrective action has been taken.

Finding 2015-008

Condition:

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

Current Status

Corrective action has been taken.

Finding 2015-009

Condition:

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

Current Status

See Finding 2016-001.