

SCHOOL DISTRICT
OF THE
BOROUGH OF HAWORTH

Borough of Haworth
Board of Education
Haworth, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2017

Comprehensive Annual
Financial Report

of the

Borough of Haworth
Board of Education

Haworth, New Jersey

For the Fiscal Year Ended June 30, 2017

Prepared by

Borough of Haworth
Board of Education

HA WORTH BOARD OF EDUCATION
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INTRODUCTORY SECTION



Haworth Public School

Mr. Herbert Ammerman
Interim Superintendent

Mr. Paul Wolford
Business Administrator/
Director of Elementary Education

October 6, 2017

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

Dear Honorable President and Board Members:

The Comprehensive Annual Financial Report of the Haworth Board of Education (the "District") for the fiscal year ended June 30, 2017 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Haworth Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' report on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

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

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular, as well as special education, for handicapped youngsters. The District completed the 2016-2017 fiscal year with an average daily enrollment of 422 students, which is 2 students less than the prior year's enrollment.

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

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

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

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


An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2017.

The Honorable President and Members of
the Board of Education
Haworth Board of Education
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October 6, 2017

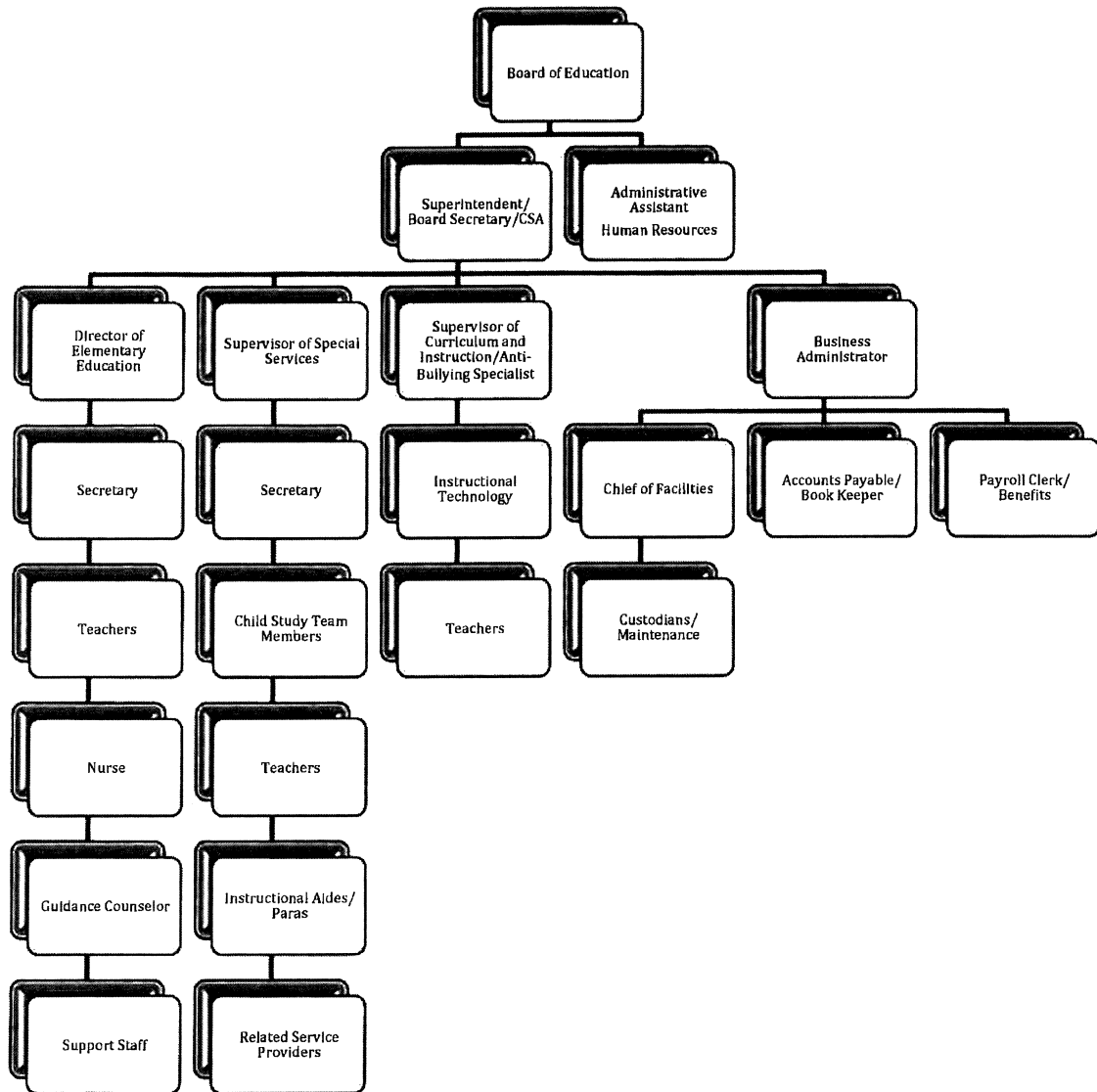
6. ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to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

Respectfully submitted,


Herbert Ammerman
Interim Superintendent


Paul Wolford
Business Administrator/
Director of Elementary Education

HAWORTH BOARD OF EDUCATION
ORGANIZATIONAL CHART
JUNE 30, 2017



HAWORTH BOARD OF EDUCATION
ROSTER OF OFFICIALS
JUNE 30, 2017

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Nicole Brennan, President	2018
Jeff Ashkenase, Vice President	2019
MaryAnn Doran	2017
Judy Eig	2019
Karen Leddy	2019
Warren Sutnick	2017
Stacey Wunsch	2018

<u>Other Officials</u>	<u>Title</u>
Jennifer Montesano	Chief School Administrator/Board Secretary
Paul Wolford	Business Administrator/Director of Elementary Education
Rebecca Overgaard	Treasurer of School Monies
Stephen Fogarty, Esq.	Attorney

HAWORTH BOARD OF EDUCATION

Consultants and Advisors
Year Ended June 30, 2017

Audit Firm

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

Attorney

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

Official Depository

Valley National Bank
243 Main Street
New Milford, NJ 07646

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Haworth Borough School District (the "District") in the County of Bergen, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Haworth Borough School District, in the County of Bergen, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

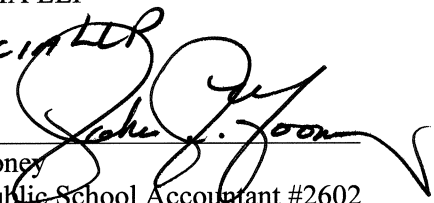
The Honorable President and Members
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The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

October 6, 2017
Mount Arlington, New Jersey

NISIVOCIA LLP
NISIVOCIA LLP


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

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

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2017
(Unaudited)**

This section of Haworth Borough School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2017. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

Key financial highlights for the 2016-17 school year are as follows:

- The District's net position increased \$225,471 during the year.
- In 2016-17, the Governmental Activities had \$12,279,192 in revenue. The majority of Governmental Activities revenue was raised through local property taxes and state aid. The total Governmental Activities expenses for 2016-17 were \$12,078,147.
- The District's total bonded debt decreased by \$520,000 during the current fiscal year.
- The District's net pension liability increased by \$1,026,980 during the current year.

Overview of the Financial Statements

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

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

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

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

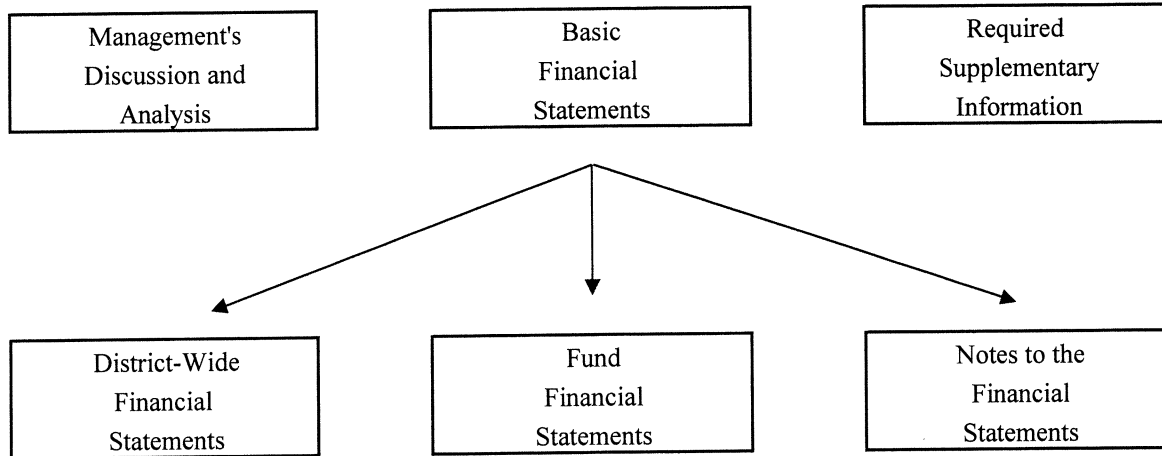


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

District-Wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

Notes to the Basic Financial Statements

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

Financial Analysis of the District as a Whole

Net Position. The District's net position is shown in Figure A-3. It is important to note here that depreciation of the District's capital assets is computed into the total. The depreciation factored into the District's net position for 2016-17 is \$226,162. This same amount is also factored in as an expense.

Figure A-3

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
Current and Other Assets	\$ 2,239,271	\$ 1,684,496	\$ 79,630	\$ 55,204	\$ 2,318,901	\$ 1,739,700	33.29%
Capital Assets, Net	9,741,112	9,950,466			9,741,112	9,950,466	-2.10%
Total Assets	11,980,383	11,634,962	79,630	55,204	12,060,013	11,690,166	3.16%
Deferred Outflows of Resources	1,671,477	1,074,929			1,671,477	1,074,929	55.50%
Other Liabilities	350,448	141,207			350,448	141,207	148.18%
Long-Term Liabilities	4,676,870	4,188,070			4,676,870	4,188,070	11.67%
Total Liabilities	5,027,318	4,329,277			5,027,318	4,329,277	16.12%
Deferred Inflows of Resources	62,254	117,315			62,254	117,315	-46.93%
Net Position:							
Net Investment in Capital							
Assets	8,449,112	8,138,466			8,449,112	8,138,466	3.82%
Restricted	1,753,425	1,331,391			1,753,425	1,331,391	31.70%
Unrestricted/(Deficit)	(1,640,249)	(1,206,558)	79,630	55,204	(1,560,619)	(1,151,354)	-35.55%
Total Net Position	\$ 8,562,288	\$ 8,263,299	\$ 79,630	\$ 55,204	\$ 8,641,918	\$ 8,318,503	3.89%

Changes in net position. The District's combined net position was \$8,641,918 on June 30, 2017, \$323,415 or 3.89% more than it was the year before. (See Figure A-3). The reduction of District long-term liabilities associated with capital assets and the conservative spending of the District were the primary reasons for the increase in the year end governmental net position. The net position of the business-type activities increased \$24,426 (see Figure A-4).

Figure A-4
Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
Revenue:							
Program Revenue:							
Charges for Services			\$ 67,836	\$ 54,325	\$ 67,836	\$ 54,325	24.87%
Operating Grants and Contributions	\$ 3,296,181	\$ 2,439,317			3,296,181	2,439,317	35.13%
General Revenue:							
Property Taxes	8,898,072	8,757,251			8,898,072	8,757,251	1.61%
Unrestricted Federal and State Aid	76,883	80,859			76,883	80,859	-4.92%
Other	8,056	9,227	258	100	8,314	9,327	-10.86%
Total Revenue	<u>12,279,192</u>	<u>11,286,654</u>	<u>68,094</u>	<u>54,425</u>	<u>12,347,286</u>	<u>11,341,079</u>	8.87%
Expenses:							
Instruction	7,752,225	6,681,274			7,752,225	6,681,274	16.03%
Pupil & Instruction Services	2,180,586	1,820,262			2,180,586	1,820,262	19.80%
Administrative and Business	985,669	974,928			985,669	974,928	1.10%
Maintenance & Operations	902,058	876,764			902,058	876,764	2.88%
Transportation	89,042	57,030			89,042	57,030	56.13%
Other	70,623	201,516	43,668	32,896	114,291	234,412	-51.24%
Total Expenses	<u>11,980,203</u>	<u>10,611,774</u>	<u>43,668</u>	<u>32,896</u>	<u>12,023,871</u>	<u>10,644,670</u>	12.96%
Change in Net Position	<u>\$ 298,989</u>	<u>\$ 674,880</u>	<u>\$ 24,426</u>	<u>\$ 21,529</u>	<u>\$ 323,415</u>	<u>\$ 696,409</u>	-53.56%

Revenue Sources. The District's total revenue for the 2016-17 school year was \$12,347,286. (See Figure A-4). Property taxes accounted for most of the District's revenue, with local taxes accounting for \$8,898,072 of the total, or 72.07 percent. (See Figure A-5). Another 27.32 percent came from state formula aid and other state and federal aid and grants, and the remainder came from miscellaneous sources. Haworth Borough School District basically conducts its operations from the revenues it receives from its local taxpayers and state funding.

Figure A-5

Sources of Revenue for Fiscal Year 2017

<u>Sources of Income</u>	<u>Amount</u>	<u>Percentage</u>
Operating Grants and Contributions	\$ 3,296,181	26.70%
Property Taxes	8,898,072	72.07%
Unrestricted Federal and State Aid	76,883	0.62%
Charges for Services	67,836	0.55%
Other	8,314	0.06%
	<u>\$ 12,347,286</u>	<u>100.00%</u>

The total cost of all programs and services was \$12,023,871. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (83.35 percent). (See Figure A-6). The District's administrative and business activities accounted for 8.20 percent of total costs.

Figure A-6

Expenses for Fiscal Year 2017

<u>Expense Category</u>	<u>Amount</u>	<u>Percentage</u>
Instruction	\$ 7,752,225	64.47%
Pupil & Instruction Services	2,180,586	18.14%
Administrative and Business	985,669	8.20%
Maintenance & Operations	902,058	7.50%
Transportation	89,042	0.74%
Other	114,291	0.95%
	<u>\$ 12,023,871</u>	<u>100.00%</u>

Governmental Activities

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

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

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

Figure A-7

Net Cost of Governmental Activities

	Total		Net	
	Cost of Services		Cost of Services	
	2016/17	2015/16	2016/17	2015/16
Instruction	\$ 7,752,225	\$ 6,681,274	\$ 4,646,763	\$ 4,437,709
Pupil & Instruction Services	2,180,586	1,820,262	1,999,081	1,633,632
Administrative and Business	985,669	974,928	985,669	974,928
Maintenance & Operations	902,058	876,764	902,058	876,764
Transportation	89,042	57,030	79,828	47,908
Other	70,623	201,516	70,623	201,516
Total	<u>\$ 11,980,203</u>	<u>\$ 10,611,774</u>	<u>\$ 8,684,022</u>	<u>\$ 8,172,457</u>

- The cost of all governmental activities this year was \$11.98 million.
- The federal and state governments subsidized certain programs with grants and contributions (\$3,373,064).
- Most of the District's costs (\$8.80 million), however, were financed by District taxpayers.
- The remainder of the funding came from miscellaneous revenue and investment earnings.

Business-Type Activities

Net position from the District's business-type activity increased by \$24,426 primarily due to an increase in program participation from prior year (refer to Figure A-4).

Financial Analysis of the District's Funds

The District's financial position is relatively sound during a difficult economic environment. The District had the luxury in past years of using excess fund balance to reduce the taxes for the ensuing school year; however, legislation enacted has limited the amount of fund balance to 2% over the last few years. Accordingly, the Haworth District has taken measures to reduce expenditures and not be dependent on excess fund balance going forward which has been a challenge during 2016-17 and will continue to be a larger challenge going forward.

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

General Fund Budgetary Highlights

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

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

Capital Asset and Debt Administration

Figure A-8

Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
Land	\$ 1,324,500	\$ 1,324,500			\$ 1,324,500	\$ 1,324,500	0.00%
Construction in Progress	840,770	823,962			840,770	823,962	2.04%
Site Improvements	328,203	366,540			328,203	366,540	-10.46%
Buildings & Building Improvements	7,062,795	7,214,109			7,062,795	7,214,109	-2.10%
Machinery and Equipment	184,844	221,355			184,844	221,355	-16.49%
Total	\$ 9,741,112	\$ 9,950,466	\$ -0-	\$ -0-	\$ 9,741,112	\$ 9,950,466	-2.10%

Long-Term Liabilities

At year-end, the District had \$1,292,000 in general obligation bonds, \$3,325,980 of net pension liability and \$58,890 in other long-term liabilities outstanding – an increase of \$488,800 from last year – as shown in Figure A-9. (More detailed information about the District’s long-term liabilities is presented in Note 6 to the financial statements.)

Figure A-9

Outstanding Long-Term Liabilities

	Total School District		Total Percentage Change
	2016/17	2015/16	2016/17
General Obligation Bonds and Notes (Financed with Property Taxes)	\$ 1,292,000	\$ 1,812,000	-28.70%
Other Long Term Liabilities	58,890	77,070	-23.59%
Net Pension Liability - PERS	3,325,980	2,299,000	44.67%
Total	\$ 4,676,870	\$ 4,188,070	11.67%

- The District continued to pay down its debt, retiring \$520,000 of general obligation bonds.
- The District experienced a net increase of \$1,026,980 in net pension liability.

Factors Bearing on the District’s Future

The District closed the 2016-17 fiscal year with an Unassigned General Fund balance of \$244,478, which equals the maximum of 2.00% currently permitted by state law. In addition, the District authorized transfers of \$322,992, at year end from the General Fund to the Capital Reserve. The Capital Reserve represents funds set aside for capital building improvements and repairs in future years. Also, the calculation of the District’s excess surplus performed during the annual audit revealed no excess surplus at year end.

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

HAWORTH BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 1,123,233	\$ 82,185	\$ 1,205,418
Receivables:			
Other Governments	54,041		54,041
Interfunds Receivable	5,355		5,355
Internal Balances	2,555	(2,555)	
Restricted Assets:			
Cash and Cash Equivalents	1,054,087		1,054,087
Capital Assets Net:			
Sites (Land)	1,324,500		1,324,500
Construction in Progress	840,770		840,770
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	7,575,842		7,575,842
Total Assets	11,980,383	79,630	12,060,013
DEFERRED OUTFLOWS OF RESOURCES			
Changes in Assumptions - Pensions	688,965		688,965
Difference between Expected and Actual Experience - Pensions	61,853		61,853
Changes in Proportions - Pensions	691,836		691,836
Investment Gains - Pensions	126,823		126,823
District Contribution Subsequent to the Measurement Date - Pensions	102,000		102,000
Total Deferred Outflows of Resources	1,671,477		1,671,477
LIABILITIES:			
Accounts Payable	331,863		331,863
Accrued Interest Payable	18,585		18,585
Noncurrent Liabilities:			
Due Within One Year	520,000		520,000
Due Beyond One Year	4,156,870		4,156,870
Total Liabilities	5,027,318		5,027,318
DEFERRED INFLOWS OF RESOURCES			
Changes in Proportion - Pensions	62,254		62,254
Total Deferred Inflows of Resources	62,254		62,254
NET POSITION:			
Net Investment in Capital Assets	8,449,112		8,449,112
Restricted for:			
Capital Projects	1,054,087		1,054,087
Debt Service	1,125		1,125
Excess Surplus	698,213		698,213
Unrestricted (Deficit)	(1,640,249)	79,630	(1,560,619)
Total Net Position	\$ 8,562,288	\$ 79,630	\$ 8,641,918

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

HAWORTH BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 6,407,853		\$ 2,422,762	\$ (3,985,091)		\$ (3,985,091)
Special Education	1,146,732		682,700	(464,032)		(464,032)
Other Special	197,640			(197,640)		(197,640)
Support Services:						
Tuition	388,094		87,502	(300,592)		(300,592)
Student & Instruction Related Services	1,792,492		94,003	(1,698,489)		(1,698,489)
General Administrative Services	376,497			(376,497)		(376,497)
School Administrative Services	237,453			(237,453)		(237,453)
Central Services	334,518			(334,518)		(334,518)
Administrative Technology Services	37,201			(37,201)		(37,201)
Plant Operations and Maintenance	902,058			(902,058)		(902,058)
Pupil Transportation	89,042		9,214	(79,828)		(79,828)
Interest on Long-Term Debt	66,380			(66,380)		(66,380)
Capital Outlay	4,243			(4,243)		(4,243)
Total Governmental Activities	11,980,203		3,296,181	(8,684,022)		(8,684,022)

HAWORTH BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:						
Afterschool Latchkey Program	\$ 43,668	\$ 67,836			\$ 24,168	\$ 24,168
Total Business-Type Activities	43,668	67,836			24,168	24,168
Total Primary Government	<u>12,023,871</u>	<u>67,836</u>	<u>3,296,181</u>	<u>\$ (8,684,022)</u>	<u>24,168</u>	<u>(8,659,854)</u>
General Revenue:						
Taxes:						
Property Taxes, Levied for General Purposes				8,381,757		8,381,757
Taxes Levied for Debt Service				516,315		516,315
Federal and State Aid not Restricted				76,883		76,883
Miscellaneous Income				8,056	258	8,314
Total General Revenue				<u>8,983,011</u>	<u>258</u>	<u>8,983,269</u>
Change in Net Position				298,989	24,426	323,415
Net Position - Beginning				8,263,299	55,204	8,318,503
Net Position - Ending				<u>\$ 8,562,288</u>	<u>\$ 79,630</u>	<u>\$ 8,641,918</u>

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

FUND FINANCIAL STATEMENTS

HAWORTH BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS:				
Cash and Cash Equivalents	\$ 1,060,380	\$ 62,853		\$ 1,123,233
Interfund Receivable	58,133		\$ 3,381	61,514
Receivables From State Government	54,041			54,041
Restricted Cash and Cash Equivalents	<u>1,054,087</u>			<u>1,054,087</u>
Total Assets	<u>\$ 2,226,641</u>	<u>\$ 62,853</u>	<u>\$ 3,381</u>	<u>\$ 2,292,875</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable - Vendors	\$ 229,863			\$ 229,863
Interfunds Payable		<u>\$ 51,348</u>	<u>\$ 2,256</u>	<u>53,604</u>
Total Liabilities	<u>229,863</u>	<u>51,348</u>	<u>2,256</u>	<u>283,467</u>
Fund Balances:				
Restricted:				
Capital Reserve Account	1,054,087			1,054,087
Excess Surplus	100,000			100,000
Excess Surplus - Designated for Subsequent Years' Expenditures	598,213			598,213
Debt Service Fund			1,125	1,125
Committed:				
Capital Projects Fund		11,505		11,505
Unassigned	<u>244,478</u>			<u>244,478</u>
Total Fund Balances	<u>1,996,778</u>	<u>11,505</u>	<u>1,125</u>	2,009,408
Total Liabilities and Fund Balances	<u>\$ 2,226,641</u>	<u>\$ 62,853</u>	<u>\$ 3,381</u>	

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

Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$14,649,831 and the accumulated depreciation is \$4,908,719.	9,741,112
Accrued liability for interest on long-term liability is not due and payable in the current period and is not reported as a liability in the funds.	(18,585)
Long-term liabilities, including bonds payable and other long-term liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(1,350,890)
The net pension liability for PERS is not due and payable in the current period and is not reported in the Governmental Funds.	(3,325,980)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Changes in Assumptions - Pensions	688,965
Difference between Expected and Actual Experience - Pensions	61,853
Changes in Proportions - Pensions	691,836
Investment Gains - Pensions	126,823
Changes in Proportions - Pensions	<u>(62,254)</u>
Net Position of Governmental Activities	<u>\$ 8,562,288</u>

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

HAWORTH BOARD OF EDUCATION
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 8,381,757			\$ 516,315	\$ 8,898,072
Interest on Capital Reserve	1,802				1,802
Interest on Investments			\$ 228		228
Miscellaneous	6,026				6,026
Total - Local Sources	8,389,585		228	516,315	8,906,128
State Sources	1,349,311			76,883	1,426,194
Federal Sources		\$ 89,063			89,063
Total Revenues	9,738,896	89,063	228	593,198	10,421,385

EXPENDITURES:					
Current:					
Regular Instruction	3,123,175				3,123,175
Special Education Instruction	541,511				541,511
Other Special Instruction	118,731				118,731
Support Services and Undistributed Costs:					
Tuition	300,592	89,063			389,655
Student & Instruction Related Services	1,208,511				1,208,511
General Administrative Services	287,356				287,356
School Administrative Services	150,361				150,361
Central Services	231,123				231,123
Administrative Information Technology	28,759				28,759
Plant Operations and Maintenance	739,845				739,845
Pupil Transportation	89,042				89,042
Unallocated Benefits	2,558,116				2,558,116
Debt Service:					
Principal				520,000	520,000
Interest and Other Charges				74,130	74,130

HAWORTH BOARD OF EDUCATION
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Capital Outlay	\$ 4,243		\$ 16,808		\$ 21,051
Total Expenditures	9,381,365	\$ 89,063	16,808	\$ 594,130	10,081,366
Excess/(Deficiency) of Revenue over/(under) Expenditures	357,531		(16,580)	(932)	340,019
OTHER FINANCING SOURCES/(USES):					
Transfers In				228	228
Transfers Out			(228)		(228)
Total Other Financing Sources/(Uses)			(228)	228	
Net Change in Fund Balances	357,531		(16,808)	(704)	340,019
Fund Balance - July 1	1,639,247		28,313	1,829	1,669,389
Fund Balance - June 30	\$ 1,996,778	\$ -0-	\$ 11,505	\$ 1,125	\$ 2,009,408

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

HAWORTH BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ 340,019

Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation differs from the capital asset additions for the current year.

Depreciation Expense	\$ (226,162)
Capital Asset Additions	<u>16,808</u>
	(209,354)

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

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

Repayment of serial bonds is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities. 18,180

The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds. 520,000

Change in Net Pension Liability	(1,026,980)
Deferred Outflows:	
Changes in Assumptions	442,071
Difference between Expected and Actual Experience - Pensions	7,007
Changes in Proportion	18,412
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	163,787
Deferred Inflows:	
Changes in Proportion	<u>18,097</u>
Change in Net Position of Governmental Activities (Exhibit A-2)	<u>\$ 298,989</u>

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

HAWORTH BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	<u>Business-Type Activities - After School Latchkey Program</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 82,185
Total Current Assets	<u>82,185</u>
Total Assets	<u>82,185</u>
<u>LIABILITIES:</u>	
Current Liabilities:	
Interfund Payable	<u>2,555</u>
Total Current Liabilities	<u>2,555</u>
<u>NET POSITION:</u>	
Unrestricted	<u>79,630</u>
Total Net Position	<u><u>\$ 79,630</u></u>

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

HAWORTH BOARD OF EDUCATION
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Business-Type Activities - Aftercare Program</u>
Operating Revenue:	
Charges for Services:	
Program Fees	\$ 67,836
Total Operating Revenue	<u>67,836</u>
Operating Expenses:	
Salaries and Payroll Taxes	36,375
General Supplies	<u>7,293</u>
Total Operating Expenses	<u>43,668</u>
Operating Income	<u>24,168</u>
Non-Operating Revenue:	
Local Sources:	
Interest Revenue	<u>258</u>
Total Non-Operating Revenue	<u>258</u>
Change in Net Position	24,426
Net Position - Beginning of Year	<u>55,204</u>
Net Position - End of Year	<u><u>\$ 79,630</u></u>

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

HAWORTH BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Business-Type Activities - Aftercare Program</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 67,836
Payments to Employees	(36,375)
Payments to Suppliers	<u>(7,293)</u>
Net Cash Provided by Operating Activities	<u>24,168</u>
Cash Flows by Noncapital Financing Activities:	
Interest Revenue	<u>258</u>
Net Cash Provided by Noncapital Financing Activities	<u>258</u>
Net Increase in Cash and Cash Equivalents	24,426
Cash and Cash Equivalents, July 1	<u>57,759</u>
Cash and Cash Equivalents, June 30	<u>\$ 82,185</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	<u>\$ 24,168</u>
Net Cash Provided by Operating Activities	<u>\$ 24,168</u>

HAWORTH BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2017

	<u>Agency Funds</u>	<u>Flexible Spending Trust</u>
<u>ASSETS:</u>		
Cash and Cash Equivalents	\$ 63,797	\$ 8,142
Total Assets	<u>63,797</u>	<u>8,142</u>
<u>LIABILITIES:</u>		
Payroll Deductions and Withholdings	43,616	
Interfund Payable - General Fund	5,350	5
Due to Student Groups	<u>14,831</u>	
Total Liabilities	<u>63,797</u>	<u>5</u>
<u>NET POSITION:</u>		
Held in Trust for Flexible Spending Claims		<u>8,137</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ 8,137</u>

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

HAWORTH BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Flexible Spending Trust</u>
ADDITIONS:	
Contributions:	
Plan Member	\$ 22,157
Total Contributions	<u>22,157</u>
Total Additions	<u>22,157</u>
DEDUCTIONS:	
Flexible Spending Claims	<u>26,799</u>
Total Deductions	<u>26,799</u>
Change in Net Position	(4,642)
Net Position - Beginning of the Year	<u>12,779</u>
Net Position - End of the Year	<u><u>\$ 8,137</u></u>

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

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of the Haworth Board of Education (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

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

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3) The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

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

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

B. Basis of Presentation: (Cont'd)

Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

District-Wide Financial Statements:

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

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

Special Revenue Fund: The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

B. Basis of Presentation: (Cont'd)

funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

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

The District reports the following proprietary fund:

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

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting:

The district-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

C. Measurement Focus and Basis of Accounting: (Cont'd)

expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2017 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget Amendments/Transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 9,745,046	\$ 89,063
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements not Recognized for Budgetary Purposes	14,962	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(21,112)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 9,738,896	\$ 89,063

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

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

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

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 9,381,365	\$ 89,063
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 9,381,365	\$ 89,063

E. Cash and Cash Equivalents, and Investments:

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

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

New Jersey school districts are limited as to type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

F. Interfund Transactions:

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

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

F. Interfund Transactions: (Cont'd)

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2017.

K. Capital Assets:

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

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

K. Capital Assets: (Cont'd)

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

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

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

L. Long Term Liabilities:

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

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2017.

N. Compensated Absences:

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

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

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

N. Compensated Absences: (Cont'd)

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

O. Unearned Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$1,996,778 General Fund fund balance at June 30, 2017, \$1,054,087 is restricted in the capital reserve account; \$100,000 is current year excess surplus; \$598,213 is prior year excess surplus designated for subsequent year's expenditures in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2018; and \$244,478 is unassigned which is \$21,112 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final state aid payments, which are not recognized until the fiscal year ended June 30, 2018.

Capital Projects Fund: The Capital Projects Fund has \$11,505 in committed fund balance at June 30, 2017.

Debt Service Fund: The Debt Service Fund has \$1,125 in restricted fund balance at June 30, 2017.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2003, c.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996(CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had excess surplus at June 30, 2017 as noted above.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$21,112 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event state school aid payments are not made until the following school budget year, districts must record the state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

Q. Deficit in Net Position:

The District had a deficit in the governmental activities unrestricted net position at June 30, 2017 of \$1,640,249, which is primarily due to the changes in proportion in pensions of \$80,351, and net pension liability of \$2,299,000. This deficit does not indicate that the District is facing financial difficulties and is a permitted practice under generally accepted accounting principals.

R. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred inflows at June 30, 2017 for the changes in proportion in pensions and investment gains on pension. The District had deferred outflows at June 30, 2017 for the changes in proportions in pension, for changes in assumptions in pensions, the net difference between projected and actual experience in pensions and the District contribution subsequent to the measurement date related to pensions.

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

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

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

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

S. Fund Balance Restrictions, Commitments and Assignments:

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

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

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has committed resources in the capital projects fund at June 30, 2017.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has no assigned resources at June 30, 2017.

T. Revenue - Exchange and Nonexchange Transactions:

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

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

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

U. Operating Revenue and Expenses:

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

V. Management Estimates:

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

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

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

W. Pensions:

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents, and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

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

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

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

Deposits:

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

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

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

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

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

Deposits: (Cont'd)

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (7) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

Investments: (Cont'd)

As of June 30, 2017, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Restricted Cash and Cash Equivalents</u>	<u>Total</u>
Checking and Savings Accounts	\$ 1,277,357	\$ 1,054,087	\$ 2,331,444
	<u>\$ 1,277,357</u>	<u>\$ 1,054,087</u>	<u>\$ 2,331,444</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2017, was \$2,331,444 and the bank balance was \$2,462,384. The District did not hold any investments during the fiscal year ended June 30, 2017.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Haworth Board of Education for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amount or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Balance at June 30, 2016	\$ 731,349
Increased by:	
Interest Earned	1,802
Deposit by Board Resolution - June 30, 2017	<u>320,936</u>
Balance at June 30, 2017	<u>\$ 1,054,087</u>

The June 30, 2017 LRFP balance of local support costs of uncompleted capital projects exceeds the balance in the capital reserve account at June 30, 2017.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2017 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital Assets not being Depreciated:				
Sites (Land)	\$ 1,324,500			\$ 1,324,500
Construction in Progress	823,962	\$ 16,808		840,770
Total Capital Assets not Being Depreciated	2,148,462	16,808		2,165,270
Capital Assets Being Depreciated				
Site Improvements	773,644			773,644
Buildings and Building Improvements	11,054,683			11,054,683
Machinery and Equipment	656,234			656,234
Total Capital Assets Being Depreciated	12,484,561			12,484,561
Governmental Activities Capital Assets	14,633,023	16,808		14,649,831
Less Accumulated Depreciation for:				
Site Improvements	(407,104)	(38,337)		(445,441)
Buildings and Building Improvements	(3,840,574)	(151,314)		(3,991,888)
Machinery and Equipment	(434,879)	(36,511)		(471,390)
Total Accumulated Depreciation	(4,682,557)	(226,162)		(4,908,719)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 9,950,466	\$ (209,354)	\$ -0-	\$ 9,741,112

Depreciation expense was charged to governmental functions as follows:

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

The District expended \$16,808 towards construction projects in progress. As of June 30, 2017, the District has \$11,505 in active construction projects including \$11,505 of encumbrances.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 6. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2017, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2016	Issued/ Accrued	Retired	Balance 6/30/2017	Amounts Due in a Year
Serial Bonds Payable	\$ 1,812,000		\$ 520,000	\$ 1,292,000	\$ 520,000
Compensated Absences Payable	77,070	\$ 990	19,170	58,890	
Net Pension Liability - PERS	2,299,000	1,026,980		3,325,980	
	<u>\$ 4,188,070</u>	<u>\$ 1,027,970</u>	<u>\$ 539,170</u>	<u>\$ 4,676,870</u>	<u>\$ 520,000</u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds. The Debt Service Fund will be used to liquidate the serial bonds.

The District had bonds outstanding as of June 30, 2017 as follows:

Purpose	Maturity Date	Interest Rate	Amount
School Improvements	8/15/2019	4.00%	\$ 747,000
School Refunding	2/15/2019	4.500%-5.000%	545,000
			<u>\$ 1,292,000</u>

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

Fiscal Year Ending June 30,	Serial Bonds		Total
	Principal	Interest	
2018	\$ 520,000	\$ 50,755	\$ 570,755
2019	525,000	27,255	552,255
2020	247,000	4,940	251,940
	<u>\$ 1,292,000</u>	<u>\$ 82,950</u>	<u>\$ 1,374,950</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2017, the Board has no bonds authorized but not issued.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

C. Capital Leases Payable:

The District had no capital leases in effect during the fiscal year ended June 30, 2017.

D. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded as a long-term liability. The current portion of the compensated absences balance of the governmental funds in the current year is \$0. The long-term liability balance of compensated absences is \$58,890. The General Fund will be used to liquidate compensated absences payable.

The liability for vested compensated balances of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2017, no liability existed for compensated absences in the proprietary fund.

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2017 is \$-0- and the long-term portion is \$3,325,980. See Note 7 for further information on the PERS.

NOTE 7. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$104,188 for fiscal year 2017.

The employee contribution rate was 7.20% effective July 1, 2016. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2017, the District reported a liability of \$3,325,980 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2016, the District's proportion was 0.0196%, which was a decrease of 0.0094% from its proportion measured as of June 30, 2014.

For the fiscal year ended June 30, 2017, the District recognized pension expense of \$477,364. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

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

	<u>Year of Deferral</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2014	6.44	\$ 41,808	
	2015	5.72	170,838	
	2016	5.57	476,319	
Difference Between Expected and Actual Experience	2015	5.72	47,398	
	2016	5.57	14,455	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5	(62,650)	
	2015	5	40,083	
	2016	5	149,390	
Changes in Proportion	2014	6.44		\$ 62,254
	2015	5.72	530,749	
	2016	5.57	161,087	
District Contribution Subsequent to the Measurement Date	2016	1.00	102,000	
			<u>\$ 1,671,477</u>	<u>\$ 62,254</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2017	\$ 197,593
2018	197,592
2019	228,918
2020	192,325
2021	61,213
	<u>\$ 877,641</u>

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment Rate of Return	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2016 are summarized in the following table:

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex. U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2016 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate (Cont'd)

	Fiscal Year Ended June 30, 2016		
	1%	Current	1%
	Decrease (2.98%)	Discount Rate (3.98%)	Increase (4.98%)
District's proportionate share of the Net Pension Liability	\$ 4,075,600	\$ 3,325,980	\$ 2,707,103
<u>Pension plan Fiduciary Net Position</u>			

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

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

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

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2017, the State of New Jersey contributed \$434,806 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$2,308,367.

The employee contribution rate was 7.20% effective July 1, 2016. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2017, the State's proportionate share of the net pension liability associated with the District was \$30,722,479. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2016, the District's proportion was 0.039%, which was an decrease of 0.003% from its proportion measured as of June 30, 2015.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

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

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		30,722,479
Total	\$	<u>30,722,479</u>

For the fiscal year ended June 30, 2016, the State recognized pension expense on behalf of the District in the amount of \$2,308,367 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2016 financial statements.

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

	<u>Period</u> <u>in Years</u>	<u>Amortization</u> <u>Period</u> <u>in Years</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Changes in Assumptions	2014	8.5	\$ 1,691,524,165	
	2015	8.3	4,488,602,746	
	2016	8.3	9,522,623,964	
			<u>15,702,750,875</u>	
Difference Between Expected and Actual Experience	2014	8.5		\$ 16,110,615
	2015	8.3	277,221,464	
	2016	8.3		118,421,979
			<u>277,221,464</u>	<u>134,532,594</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5	(870,618,286)	
	2015	5	577,926,182	
	2016	5	1,727,420,767	
			<u>1,434,728,663</u>	
		<u>\$ 17,414,701,002</u>	<u>\$ 134,532,594</u>	

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

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Fiscal Year Ending June 30,	Total
2017	\$ 2,538,535,636
2018	2,538,535,636
2019	2,973,844,781
2020	2,781,202,718
2021	2,349,347,527
Thereafter	4,098,702,110
	\$ 17,280,168,408

Actuarial Assumptions

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

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60 years average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2016 are summarized in the following table:

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.39%
U.S. Government Bonds	1.50%	1.28%
U.S. Credit Bonds	13.00%	2.76%
U.S. Mortgages	2.00%	2.38%
U.S. Inflation-Indexed Bonds	1.50%	1.41%
U.S. High Yield Bonds	2.00%	4.70%
U.S. Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Market Equities	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2016 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2016		
	At 1% Decrease (2.22%)	At Current Discount Rate (3.22%)	At 1% Increase (4.22%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 36,689,506	\$ 30,722,479	\$ 25,849,632

Pension Plan Fiduciary Net Position - TPAF

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

NOTE 8. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. Chapter 103 of Public Law amended the law to eliminate the funding of post-retirement medical benefits through TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publically available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at <http://www.nj.gov/treasury/pensions/pdf/financial2015combined.pdf>.

The State's on behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$375,419, \$372,320, and \$311,754 for 2017, 2016 and 2015 respectively.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 9. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency.

The plan administrators are as follows:

TD Bank/Legend	Equitable
Metropolitan Life Insurance Company	Valic

NOTE 10. RISK MANAGEMENT

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

Property and Liability

The Haworth Board of Education is currently a member of the Northeast Bergen County School Board Insurance Group (the “Group”). The Group provides Worker’s Compensation, Property Damage, Employer’s Liability, Automobile and Equipment Liability, School Board Legal Liability and Boiler and Machinery insurance coverage for member school districts. The Group is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Group are elected.

As a member of the Group, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Group were to be exhausted, members would become responsible for their respective shares of the Fund’s liabilities. The Group can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

The June 30, 2017 financial information was not available as of the date of the audit. Selected summarized financial information for the Group as of June 30, 2016 is as follows:

Total Assets	\$ 27,909,834
Net Position	\$ 17,959,092
Total Revenue	\$ 13,953,880
Total Expenses	\$ 11,937,228
Change in Net Position	\$ 2,016,652
Members Dividends	\$ 1,626,692

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

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

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

New Jersey Unemployment Compensation Insurance

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

NOTE 11. ECONOMIC DEPENDENCY

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

NOTE 12. TAX CALENDAR

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

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

NOTE 13. COMMITMENTS AND CONTINGENCIES

Grant Programs

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

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 13. COMMITMENTS AND CONTINGENCIES (Cont'd)

Encumbrances

At June 30, 2017, there were encumbrances as detailed below in the governmental funds.

Capital Projects Fund	Total Governmental Funds
\$ 11,505	\$ 11,505

On the District's Governmental Balance Sheet as of June 30, 2017, Capital Projects Fund encumbrances of \$11,505 are included in the committed fund balance.

Litigation

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

NOTE 14. INTERFUND RECEIVABLES AND PAYABLES

The District had the following interfunds payables or receivables on the various balance sheets as of June 30, 2017:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 58,133	
Capital Projects Fund		\$ 51,348
Debt Service Fund	3,381	2,256
After School Latchkey Program Enterprise Fund		2,555
Payroll Agency Fund		5,350
Flexible Spending Trust Fund		5
	\$ 61,514	\$ 61,514

The general fund is owed \$2,256 from the debt service fund for funds forwarded to pay expenses and will be returned to the general fund when available. The \$3,381 due to the debt service fund is for interest earned in the capital projects fund. The capital projects fund owes the general fund \$51,348 for the close out of capital projects that was not turned over to the general fund. The after school program enterprise fund owes the general fund \$2,555 for payroll expenses paid on behalf of the enterprise fund and not turned over to general fund. The general fund owes the payroll agency fund \$5,350 for expenses paid on its behalf. The Flexible Spending Trust Fund owes General Fund \$5 for interest earned that had not been turned over as of year-end.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
 (Continued)

NOTE 15. ACCOUNTS PAYABLE

At year end June 30, 2017, the Board has the following accounts payable in the governmental funds:

	<u>Governmental Funds General Fund</u>	<u>District Contribution Subsequent to the Measurement Date</u>	<u>Total Governmental Activites</u>
Vendors	\$ 229,863		\$ 229,863
State of New Jersey		\$ 102,000	102,000
	<u>\$ 229,863</u>	<u>\$ 102,000</u>	<u>\$ 331,863</u>

NOTE 16. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2017, the District did not make transfers to Capital outlay accounts.

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,		
	2015	2016	2017
District's proportion of the net pension liability	0.0060019245%	0.0102414497%	0.0112299194%
District's proportionate share of the net pension liability	\$ 1,123,724	\$ 2,299,000	\$ 3,325,980
District's covered employee payroll	\$ 570,232	\$ 717,223	\$ 728,358
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	197.06%	320.54%	456.64%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%

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

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

	Fiscal Year Ending June 30,		
	2015	2016	2017
Contractually required contribution	\$ 49,479	\$ 88,049	\$ 99,765
Contributions in relation to the contractually required contribution	(49,479)	(88,049)	(99,765)
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 717,223	\$ 728,358	\$ 717,284
Contributions as a percentage of covered employee payroll	6.90%	12.09%	13.91%

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

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

	Fiscal Year Ending June 30,		
	2015	2016	2017
State's proportion of the net pension liability attributable to the District	0.0374251988%	0.0363240299%	0.0390541479%
State's proportionate share of the net pension liability attributable to the District	\$ 20,002,551	\$ 22,958,338	\$ 30,722,479
District's covered employee payroll	\$ 3,766,281	\$ 3,779,559	\$ 3,951,013
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	531.10%	607.43%	777.58%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%

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

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

	Fiscal Year Ending June 30,		
	2015	2016	2017
Contractually required contribution	\$ 727,021	\$ 3,302,561	\$ 2,308,367
Contributions in relation to the contractually required contribution	<u>(196,381)</u>	<u>(312,683)</u>	<u>(434,806)</u>
Contribution deficiency/(excess)	<u>\$ 530,640</u>	<u>\$ 2,989,878</u>	<u>\$ 1,873,561</u>
District's covered employee payroll	3,779,559	\$ 3,951,013	\$ 3,636,435
Contributions as a percentage of covered employee payroll	5.20%	7.91%	11.96%

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

HAWORTH BOARD OF EDUCATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.90% as of June 30, 2015 to 3.98% as of June 30, 2016. The municipal bond rate changed from 3.80% to 2.85%. The long-term expected rate of return on pension plan investments changed from 7.90% to 7.65%.

The inflation rate changed from 3.04% as of June 30, 2015 to 3.08% as of June 30, 2016. The salary increases changed from 2.15% - 4.40% for 2012 – 2021 to 1.65%-4.15% through 2026 and from 3.15%-5.40% thereafter to 2.65%-5.15% thereafter.

The mortality rates in the July 1, 2014 actuarial valuation were based on the following:

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

The mortality rates in the July 1, 2015 actuarial valuation were based on the following:

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.13% as of June 30, 2015 to 3.22% as of June 30, 2016. The municipal bond rate changed from 3.80% to 2.85%. The long-term expected rate of return on pension plan investments changed from 7.90% to 7.65%.

HAWORTH BOARD OF EDUCATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

B. TEACHERS PENSION AND ANNUITY FUND (Cont'd)

Changes of Assumptions (Cont'd)

The mortality rates in the July 1, 2014 actuarial valuation were based on the following:

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The mortality rates in the July 1, 2015 actuarial valuation were based on the following:

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60 years average of Social Security data from 1953 to 2013.

BUDGETARY COMPARISON SCHEDULES

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 8,381,757		\$ 8,381,757	\$ 8,381,757	
Interest Earned on Capital Reserve	500		500	1,802	1,302
Miscellaneous	24,500		24,500	6,026	(18,474)
Total - Local Sources	<u>8,406,757</u>		<u>8,406,757</u>	<u>8,389,585</u>	<u>(17,172)</u>
State Sources:					
Special Education Aid	186,528		186,528	186,528	
Transportation Aid	6,952		6,952	6,952	
Security Aid	7,165		7,165	7,165	
Adjustment Aid	2,010		2,010	2,010	
PARCC Readiness Aid	4,310		4,310	4,310	
Per Pupil Growth Aid	4,310		4,310	4,310	
Professional Learning Community Aid	4,160		4,160	4,160	
Extraordinary Aid	25,000		25,000	38,328	13,328
Non Public Transportation Aid				2,262	2,262
TPAF Pension Contributions (non-budgeted)				434,806	434,806
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				375,419	375,419
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				15,754	15,754
TPAF Long Term Disability Insurance (On-Behalf - Non-Budgeted)				618	618
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				272,839	272,839
Total State Sources	<u>240,435</u>		<u>240,435</u>	<u>1,355,461</u>	<u>1,115,026</u>
TOTAL REVENUES	<u>8,647,192</u>		<u>8,647,192</u>	<u>9,745,046</u>	<u>1,097,854</u>

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten	\$ 178,315	\$ (10,260)	\$ 168,055	\$ 167,998	\$ 57
Grades 1-5	980,840	13,055	993,895	993,895	
Grades 6-8	1,298,414	(92,326)	1,206,088	1,206,088	
Regular Programs - Home Instruction:	2,040		2,040	700	1,340
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	360,107	31,692	391,799	388,799	3,000
Purchased Professional - Educational Services	60,000	(440)	59,560	59,410	150
Purchased Technical Services	85,000	(7,000)	78,000	77,543	457
Other Purchased Services	67,794	70,083	137,877	137,074	803
General Supplies	71,550	500	72,050	68,807	3,243
Textbooks	22,500	(500)	22,000	20,236	1,764
Other Objects	3,250		3,250	2,625	625
Total Regular Programs	<u>3,129,810</u>	<u>4,804</u>	<u>3,134,614</u>	<u>3,123,175</u>	<u>11,439</u>
Special Education:					
Resource Room/Resource Center:					
Salaries of Teachers	590,369		590,369	540,369	50,000
General Supplies	1,500		1,500	1,142	358
Total Resource Room/Resource Center/Total Special Education	<u>591,869</u>		<u>591,869</u>	<u>541,511</u>	<u>50,358</u>

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
School-Sponsored Co/Extra-Curricular Activities-Instruction:					
Salaries	\$ 17,638		\$ 17,638	\$ 12,320	\$ 5,318
Purchased Services	450		450	125	325
Supplies and Materials	3,920		3,920	3,806	114
Other Objects	4,080	2,350	6,430	4,954	1,476
Total School-Sponsored Co/Extra-Curricular Activities-Instruction	<u>26,088</u>	<u>2,350</u>	<u>28,438</u>	<u>21,205</u>	<u>7,233</u>
Bilingual Education:					
Salaries of Teachers	120,426		120,426	70,426	50,000
General Supplies	475		475	475	475
Total Bilingual Education	<u>120,901</u>		<u>120,901</u>	<u>70,426</u>	<u>50,475</u>
Other Instructional Programs - Instruction:					
Summer School Program: Salaries of Teachers	22,450	4,650	27,100	27,100	
Total Other Instructional Programs - Instruction	<u>22,450</u>	<u>4,650</u>	<u>27,100</u>	<u>27,100</u>	
Total Instruction	<u>3,891,118</u>	<u>11,804</u>	<u>3,902,922</u>	<u>3,783,417</u>	<u>119,505</u>

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Instruction:					
Tuition to CSSD & Reg. Day School	\$ 74,500	\$ (74,500)			
Tuition to Other LEAS Within the State - Special	192,508	56,865	\$ 249,373	\$ 249,373	
Tuition to Private Schools for the Disabled - Within State		51,219	51,219	51,219	
Total Instruction	267,008	33,584	300,592	300,592	
Attendance and Social Work:					
Salaries	48,575	(38,000)	10,575	6,671	\$ 3,904
Purchased Professional & Tech. Services	1,500		1,500	1,451	49
Supplies and Materials	126		126		126
Total Attendance and Social Work	50,201	(38,000)	12,201	8,122	4,079
Health Services:					
Salaries	75,264	(4,750)	70,514	66,731	3,783
Purchased Professional and Technical Services	20,000	(3,000)	17,000	12,146	4,854
Other Purchased Services	500		500	225	275
Supplies and Materials	2,350		2,350	2,149	201
Total Health Services	98,114	(7,750)	90,364	81,251	9,113
Other Support Services - Speech, OT, PT and Related Services:					
Salaries	115,078		115,078	113,291	1,787
Purchased Professional - Educational Services	56,467	18,000	74,467	74,073	394
Supplies and Materials	1,810		1,810	1,757	53
Total Other Support Services - Speech, OT, PT and Related Services	173,355	18,000	191,355	189,121	2,234

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2017

(UNAUDITED)
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Other Support Services - Guidance:					
Salaries of Other Professional Staff	\$ 92,516	\$ 10,378	\$ 102,894	\$ 99,821	\$ 3,073
Salaries of Secretarial and Clerical Assistants	62,548	(17,750)	44,798	40,202	4,596
Purchased Professional - Educational Services	2,321	41	2,362	2,361	1
Supplies and Materials	3,315	(41)	3,274	3,274	
Total Other Support Services - Guidance	160,700	(7,372)	153,328	145,658	7,670
Other Support Services - Child Study Team:					
Salaries of Other Professional Staff	368,905	85,546	454,451	449,641	4,810
Salaries of Secretarial and Other Clerical Assistants	39,119	4,133	43,252	43,030	222
Purchased Professional - Educational Services	30,150	167	30,317	30,244	73
Other Purchased Services	500	178	678	678	
Supplies and Materials	7,925	(200)	7,725	6,527	1,198
Other Objects	900	122	1,022	1,000	22
Total Other Support Services - Child Study Team	447,499	89,946	537,445	531,120	6,325
Improvement of Instructional Services:					
Purchased Professional and Educational Services	8,900		8,900	8,777	123
Salary of Supervisor of Instruction	119,065	(30,378)	88,687	82,810	5,877
Supplies and Materials	500	(375)	125	125	
Other Objects	500	(339)	161	112	49
Other Purchased Professional and Technical Services	36,000	(36,000)			
Total Improvement of Instructional Services	164,965	(67,092)	97,873	91,824	6,049
Educational Media Services/School Library:					
Salaries	98,804		98,804	91,557	7,247
Purchased Professional - Technical Services		3,238	3,238	3,156	82
Supplies and Materials	7,180	(24)	7,156	6,779	377
Total Educational Media Services/School Library	105,984	3,214	109,198	101,492	7,706

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Instructional Staff Training Services:					
Other Purchased Services (400-500 series)	\$ 4,000	\$	\$ 4,000	\$ 3,923	\$ 77
Purchased Professional and Educational Services	45,000	11,000	56,000	56,000	
Total Instructional Staff Training Services	49,000	11,000	60,000	59,923	77
Support Services - General Administration:					
Salaries	148,927	3,793	152,720	146,677	6,043
Legal Services	28,000	47,100	75,100	67,287	7,813
Other Purchased Professional Services	983	400	1,383	1,283	100
Audit Fees	15,810		15,810	15,600	210
Architectural / Engineering Services	6,120	(6,000)	120		120
Purchased Technical Services	20,086	(11,500)	8,586	8,549	37
Communications/Telephone	23,537	(6,500)	17,037	16,685	352
BOE Other Purchased Services	7,500		7,500	2,144	5,356
BOE Membership Dues and Fees	5,100		5,100	4,863	237
Miscellaneous Purchased Services (400-500 series)	36,567	(14,183)	22,384	20,466	1,918
General Supplies	7,000	(4,244)	2,756	2,611	145
Miscellaneous Expenditures	2,000	(450)	1,550	1,191	359
Total Support Services - General Administration	301,630	8,416	310,046	287,356	22,690
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	121,500	(27,000)	94,500	93,649	851
Salaries of Secretarial and Clerical Assistants	40,912		40,912	35,000	5,912
Purchased Professional and Technical Services	10,693	(800)	9,893	9,893	
Other Purchased Services	1,000		1,000	820	180
Supplies and Materials	12,888		12,888	9,492	3,396
Other Objects	1,612		1,612	1,507	105
Total Support Services - School Administration	188,605	(27,800)	160,805	150,361	10,444

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2017

(UNAUDITED)
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Central Services:					
Salaries	\$ 80,910	\$ 127,000	\$ 207,910	\$ 205,395	\$ 2,515
Purchased Professional Services	75,000	(75,000)			
Purchased Technical Services	14,280	200	14,480	14,476	4
Other Purchased Services	510	275	785	770	15
Supplies & Materials	9,180	(2,375)	6,805	6,783	22
Miscellaneous Expenditures	1,000	2,700	3,700	3,699	1
Total Central Services	180,880	52,800	233,680	231,123	2,557
Administrative Information Technology Services:					
Salaries	23,257		23,257	16,298	6,959
Supplies & Materials	2,550	2,000	4,550	4,449	101
Purchased Technical Services	10,200	(2,000)	8,200	8,012	188
Total Administrative Information Technology Services	36,007		36,007	28,759	7,248
Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	96,050	16,900	112,950	100,679	12,271
General Supplies	21,614		21,614	21,583	31
Total Required Maintenance for School Facilities	117,664	16,900	134,564	122,262	12,302
Custodial Services:					
Salaries	256,700	35,550	292,250	257,429	34,821
Salaries of Non-Instructional Aides	71,000	(20,000)	51,000	39,810	11,190
Cleaning, Repair, and Maintenance	20,000		20,000	18,027	1,973
Other Purchased Property Services	43,244	(12,030)	31,214	25,996	5,218
Insurance	88,000	3,530	91,530	91,530	
Miscellaneous Purchased Services		2,000	2,000	874	1,126
General Supplies	35,000	(4,000)	31,000	24,047	6,953
Other Objects	9,094		9,094	5,539	3,555
Energy (Natural Gas)	62,131		62,131	31,909	30,222
Energy (Electricity)	118,020		118,020	103,799	14,221
Total Custodial Services	703,189	5,050	708,239	598,960	109,279

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2017

(UNAUDITED)
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Care and Upkeep of Grounds:					
Cleaning, Repair, and Maintenance Services	\$ 15,000	\$ 15,000	\$ 30,000	\$ 16,618	\$ 13,382
Other Objects	490		490	490	490
General Supplies	6,128		6,128	2,005	4,123
Total Care and Upkeep of Grounds	21,618	15,000	36,618	18,623	17,995
Student Transportation Services:					
Contracted Services - (Other than Between Home and School) - Vendors	6,120	6,744	12,864	12,382	482
Misc. Purchased Services - Transportation	7,837	(150)	7,687	7,682	5
Contracted Services - (Special Ed Students) - Vendors	25,000	27,644	52,644	52,644	
Contracted Services - Aid in Lieu Payments- Non-public Schools	20,400	(4,000)	16,400	16,334	66
Total Student Transportation Services	59,357	30,238	89,595	89,042	553
Unallocated Benefits:					
Unemployment Compensation	14,470	10,000	24,470	24,334	136
Workmen's Compensation	69,980	(18,000)	51,980	41,449	10,531
Health Benefits	1,320,468	(73,900)	1,246,568	1,183,332	63,236
Tuition Reimbursement	12,367		12,367	9,063	3,304
Social Security Contributions	97,499		97,499	85,280	12,219
Other Retirement Contributions - PERS	96,000	10,000	106,000	104,188	1,812
Unused Sick Payments to Terminated/Retired Staff	15,821	(2,355)	13,466	11,034	2,432
Total Unallocated Benefits	1,626,605	(74,255)	1,552,350	1,458,680	93,670

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2017

(UNAUDITED)
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
On-Behalf Contributions:					
TPAF Pension Contributions (Non-Budgeted)				\$ 434,806	\$ (434,806)
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				375,419	(375,419)
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				15,754	(15,754)
TPAF Long Term Disability Insurance (On-Behalf - Non-Budgeted)				618	(618)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				272,839	(272,839)
Total On-Behalf Contributions				1,099,436	(1,099,436)
Total Undistributed Expenditures	\$ 4,752,381	\$ 61,879	\$ 4,814,260	5,593,705	(779,445)
Total Expenditures - Current Expense	8,643,499	73,683	8,717,182	9,377,122	(659,940)
Capital Outlay:					
Facilities Acquisition and Construction Services:					
Assessment for Debt Service- SDA Funding	4,243		4,243	4,243	
Total Facilities Acquisition and Construction Services	4,243		4,243	4,243	
Total Capital Outlay	4,243		4,243	4,243	

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Total Expenditures	\$ 8,647,742	\$ 73,683	\$ 8,721,425	\$ 9,381,365	\$ (659,940)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(550)	73,683	(74,233)	363,681	437,914
Fund Balance, July 1	1,654,209		1,654,209	1,654,209	
Fund Balance, June 30	\$ 1,653,659	\$ 73,683	\$ 1,579,976	\$ 2,017,890	\$ 437,914
Recapitulation:					
Restricted Fund Balance:				\$ 1,054,087	
Capital Reserve				100,000	
Excess Surplus				598,213	
Excess Surplus - Designated for Subsequent Year's Expenditures				265,590	
Unassigned Fund Balance				2,017,890	
Reconciliation to Governmental Funds Statements (GAAP):					
Last Two State Aid Payments not recognized on GAAP Basis				(21,112)	
Fund Balance per Governmental Funds (GAAP)				\$ 1,996,778	

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ 82,472	\$ 6,591	\$ 89,063	\$ 89,063	
Total Revenues	82,472	6,591	89,063	89,063	
EXPENDITURES:					
Instruction					
Tuition	82,472	6,591	89,063	89,063	
Total Instruction	82,472	6,591	89,063	89,063	
Total Expenditures	82,472	6,591	89,063	89,063	
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

HAWORTH BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 9,745,046	\$ 89,063
Difference - Budget to GAAP:		
Prior year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	14,962	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(21,112)	
 Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	 \$ 9,738,896	 \$ 89,063
 Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 9,381,365	\$ 89,063
 Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	 \$ 9,381,365	 \$ 89,063

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ending June 30, 2017, was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

SPECIAL REVENUE FUND

HAWORTH BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	IDEA Part B, Basic	IDEA Part B, Preschool	Totals
REVENUE:			
Federal Sources	\$ 87,502	\$ 1,561	\$ 89,063
Total Revenue	87,502	1,561	89,063
EXPENDITURES:			
Instruction:			
Tuition	87,502	1,561	89,063
Total Instruction	87,502	1,561	89,063
Total Expenditures	\$ 87,502	\$ 1,561	\$ 89,063

CAPITAL PROJECTS FUND

HA WORTH 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, 2017

Revenue and Other Financing Sources:	
Investment Income	\$ 228
Total Revenues and Other Financing Sources	228
Expenditures:	
Construction Services	16,808
Total Expenditures	16,808
Excess of Expenditures Over Revenue and Other Financing Sources	(16,580)
Other Financing Uses:	
Transfers Out:	
Transfer to Debt Service Fund	228
Total Other Financing Uses	228
Deficit of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses	(16,808)
Fund Balance - Beginning Balance	28,313
Fund Balance - Ending Balance	\$ 11,505
 <u>Recapitulation:</u>	
Committed Fund Balance:	
Other Purposes	11,505
Fund Balance per Governmental Funds (GAAP)/Budgetary	\$ 11,505

HAWORTH BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS
BUDGETARY BASIS
HAWK HALL HVAC UPGRADE/BOILER INSTALLATION
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Prior Periods	Total	Authorized Cost
Revenue and Other Financing Sources:			
Transfer from Capital Outlay	\$ 325,000	\$ 325,000	\$ 325,000
Transfer from Capital Reserve	304,700	304,700	304,700
	<u>629,700</u>	<u>629,700</u>	<u>629,700</u>
Total Revenue and Other Financing Sources			
Expenditures:			
Other Purchased Professional Technical Services	47,975	47,975	50,000
Construction Services	579,700	579,700	579,700
	<u>627,675</u>	<u>627,675</u>	<u>629,700</u>
Total Expenditures			
Excess of Revenue and Other Financing Sources Over Expenditures	<u>\$ 2,025</u>	<u>\$ 2,025</u>	<u>\$ -0-</u>
Additional Project Information:			
Project Number	N/A		
Original Authorized Cost	\$ 629,700		
Revised Authorized Cost	N/A		
Percentage Decrease over Original Authorized Cost	0.00%		
Percentage Completion	100.00%		
Target Completion Date	8/31/2015		

HAWORTH BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS
BUDGETARY BASIS
MAIN ENTRANCE/LOBBY UPGRADE
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Prior Periods	Current Year	Total	Authorized Cost
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 349,050		\$ 349,050	\$ 349,050
Total Revenue and Other Financing Sources	349,050		349,050	349,050
Expenditures:				
Other Purchased Professional Technical Services	20,000		20,000	20,000
Construction Services	302,762	\$ 16,808	319,570	329,050
Total Expenditures	322,762	16,808	339,570	349,050
Excess/(Deficit) of Revenue and Other Financing Sources Over Expenditures	\$ 26,288	\$ (16,808)	\$ 9,480	\$ -0-
Additional Project Information:				
Project Number	N/A			
Grant Date	N/A			
Original Authorized Cost	\$ 349,050			
Revised Authorized Cost	\$ 349,050			
Percentage Decrease over Original Authorized Cost	0.00%			
Percentage Completion	97.28%			
Target Completion Date	8/31/2017			

PROPRIETARY FUNDS

HAWORTH BOARD OF EDUCATION
AFTERCARE PROGRAM ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2017

ASSETS:

Current Assets:

Cash and Cash Equivalents

\$ 82,185

Total Current Assets

82,185

Total Assets

82,185

LIABILITIES:

Current Liabilities:

Interfund Payable

2,555

Total Liabilities

2,555

NET POSITION:

Unrestricted

79,630

Total Net Position

\$ 79,630

HAWORTH BOARD OF EDUCATION
AFTERCARE PROGRAM ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Operating Revenue:	
Charges for Services:	
Program Fees	\$ 67,836
	<hr/>
Total Operating Revenue	67,836
	<hr/>
Operating Expenses:	
Salaries and Payroll Taxes	36,375
General Supplies	7,293
	<hr/>
Total Operating Expenses	43,668
	<hr/>
Operating Income	24,168
	<hr/>
Non-Operating Revenue:	
Local Sources:	
Interest Revenue	258
	<hr/>
Total Non-Operating Revenue	258
	<hr/>
Change in Net Position	24,426
	<hr/>
Net Position - Beginning of Year	55,204
	<hr/>
Net Position - End of Year	\$ 79,630
	<hr/> <hr/>

HAWORTH BOARD OF EDUCATION
AFTERCARE PROGRAM ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 67,836
Payments to Employees	(36,375)
Payments to Suppliers	<u>(7,293)</u>
Net Cash Provided by Operating Activities	<u>24,168</u>
Cash Flows from Investing Activities:	
Interest Revenue	<u>258</u>
Net Cash Provided by Investing Activities	<u>258</u>
Net Increase in Cash and Cash Equivalents	24,426
Cash and Cash Equivalents, July 1	<u>57,759</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 82,185</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	<u>\$ 24,168</u>
Net Cash Provided by Operating Activities	<u><u>\$ 24,168</u></u>

FIDUCIARY FUNDS

HAWORTH BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2017

	<u>Payroll</u>	<u>Agency Student Activities</u>	<u>Total Agency</u>	<u>Flexible Spending Trust</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 48,966	\$ 14,831	\$ 63,797	\$ 8,142
Total Assets	<u>48,966</u>	<u>14,831</u>	<u>63,797</u>	<u>8,142</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	43,616		43,616	
Interfund Payable - General Fund	5,350		5,350	5
Due to Student Groups		14,831	14,831	
Total Liabilities	<u>48,966</u>	<u>14,831</u>	<u>63,797</u>	<u>5</u>
<u>NET POSITION:</u>				
Held in Trust for Flexible Spending Claims				<u>8,137</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 8,137</u>

HAWORTH BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGE IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Flexible Spending Trust</u>
<p>Additions:</p> <p style="padding-left: 20px;">Contributions:</p> <p style="padding-left: 40px;">Plan Contributions</p>	<p style="text-align: right;">\$ 22,157</p> <hr style="width: 100%;"/>
Total Additions	<p style="text-align: right;">22,157</p> <hr style="width: 100%;"/>
<p>Deductions:</p> <p style="padding-left: 20px;">Flexible Spending Claims</p>	<p style="text-align: right;">26,799</p> <hr style="width: 100%;"/>
Total Deductions	<p style="text-align: right;">26,799</p> <hr style="width: 100%;"/>
Change in Net Position	<p style="text-align: right;">(4,642)</p>
Net Position - Beginning of the Year	<p style="text-align: right;">12,779</p> <hr style="width: 100%;"/>
Net Position - End of the Year	<p style="text-align: right;">\$ 8,137</p> <hr style="width: 100%; border-top: 3px double black;"/>

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

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 17,931	\$ 60,864	\$ 63,964	\$ 14,831
Total Assets	<u>\$ 17,931</u>	<u>\$ 60,864</u>	<u>\$ 63,964</u>	<u>\$ 14,831</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 17,931	\$ 60,864	\$ 63,964	\$ 14,831
Total Liabilities	<u>\$ 17,931</u>	<u>\$ 60,864</u>	<u>\$ 63,964</u>	<u>\$ 14,831</u>

HAWORTH BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY

<u>Schools</u>	<u>Balance June 30, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2017</u>
Haworth Elementary School	<u>\$ 17,931</u>	<u>\$ 60,864</u>	<u>\$ 63,964</u>	<u>\$ 14,831</u>
	<u><u>\$ 17,931</u></u>	<u><u>\$ 60,864</u></u>	<u><u>\$ 63,964</u></u>	<u><u>\$ 14,831</u></u>

HAWORTH BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents		\$ 5,617,474	\$ 5,568,508	\$ 48,966
Interfund Receivable	\$ 7,862		7,862	
Total Assets	<u>\$ 7,862</u>	<u>\$ 5,617,474</u>	<u>\$ 5,576,370</u>	<u>\$ 48,966</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 7,862	\$ 5,612,124	\$ 5,576,370	\$ 43,616
Interfund Payable - General Fund		5,350		5,350
Total Liabilities	<u>\$ 7,862</u>	<u>\$ 5,617,474</u>	<u>\$ 5,576,370</u>	<u>\$ 48,966</u>

LONG-TERM DEBT

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding			Interest Rate	Balance June 30, 2016	Matured	Balance June 30, 2017
			Date	Amount	June 30, 2017				
School Improvements	8/15/2004	\$ 2,682,000	8/15/2017	\$ 250,000	4.000%	\$ 997,000	\$ 250,000	\$ 747,000	
			8/15/2018	250,000	4.000%				
			8/15/2019	247,000	4.000%				
School Refunding	6/30/2009	2,560,000	2/15/2018	270,000	5.000%	815,000	270,000	545,000	
			2/15/2019	275,000	4.500%				
						<u>\$ 1,812,000</u>	<u>\$ 520,000</u>	<u>\$ 1,292,000</u>	

HAWORTH BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOT APPLICABLE

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 516,315		\$ 516,315	\$ 516,315	
State Sources:					
Debt Service State Aid Support	76,883		76,883	76,883	
Total Revenue	593,198		593,198	593,198	
EXPENDITURES:					
Regular Debt Service:					
Interest - Bonds	74,130		74,130	74,130	
Redemption of Principal - Bonds	520,000		520,000	520,000	
Total Regular Debt Service	594,130		594,130	594,130	
Total Expenditures	594,130		594,130	594,130	
Other Financing Sources:					
Transfer In:					
Interest Earned in Capital Projects Fund				228	\$ 228
Total Other Financing Sources				228	228
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures	(932)		(932)	(704)	228
Fund Balance, July 1	1,829		1,829	1,829	
Fund Balance, June 30	\$ 897	\$ -0-	\$ 897	\$ 1,125	\$ 228
<u>Recapitulation of Fund Balance at June 30, 2017</u>				\$ 1,125	
Restricted				\$ 1,125	

STATISTICAL SECTION
(UNAUDITED)

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

Contents

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

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

	June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities										
Net Investment in Capital Assets	\$ 1,637,099	\$ 2,057,023	\$ 2,405,191	\$ 2,780,153	\$ 3,364,587	\$ 4,710,078	\$ 5,968,195	\$ 6,943,345	\$ 8,138,466	\$ 8,449,112
Restricted	351,387	71,890	262,319	555,824	1,357,228	1,607,876	1,041,364	660,167	1,331,391	1,753,425
Unrestricted/(Deficit)	61,349	72,826	100,378	139,056	140,548	118,509	(641,392)	(15,093)	(1,206,558)	(1,640,249)
Total Governmental Activities Net Position	\$ 2,049,835	\$ 2,201,739	\$ 2,767,889	\$ 3,475,033	\$ 4,862,362	\$ 6,436,463	\$ 6,368,167	\$ 7,588,419	\$ 8,263,299	\$ 8,562,288
Business-Type Activities										
Unrestricted	19,532	23,020	38,672	8,047	14,691	34,889	22,533	33,675	55,204	79,630
Total Business-Type Activities Net Position	\$ 19,532	\$ 23,020	\$ 38,672	\$ 8,047	\$ 14,691	\$ 34,889	\$ 22,533	\$ 33,675	\$ 55,204	\$ 79,630
District-Wide										
Net Investment in Capital Assets	\$ 1,637,099	\$ 2,057,023	\$ 2,405,191	\$ 2,780,153	\$ 3,364,587	\$ 4,710,078	\$ 5,968,195	\$ 6,943,345	\$ 8,138,466	\$ 8,449,112
Restricted	351,387	71,890	262,319	555,824	1,357,228	1,607,876	1,041,364	660,167	1,331,391	1,753,425
Unrestricted/(Deficit)	80,881	95,846	139,050	147,103	155,238	153,398	(618,859)	18,582	(1,151,354)	(1,560,619)
Total District-Wide Net Position	\$ 2,069,367	\$ 2,224,759	\$ 2,806,561	\$ 3,483,080	\$ 4,877,053	\$ 6,471,352	\$ 6,390,700	\$ 7,622,094	\$ 8,318,503	\$ 8,641,918

Source: School District Financial Reports

HAWORTH BOARD OF EDUCATION
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS

UNAUDITED

(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities										
Instruction:										
Regular	\$ 3,985,896	\$ 3,939,755	\$ 3,774,480	\$ 3,814,522	\$ 3,879,062	\$ 3,906,058	\$ 3,923,628	\$ 4,980,945	\$ 5,430,627	\$ 6,407,853
Special Education	674,584	478,193	555,814	578,444	711,441	810,721	758,441	923,705	972,945	1,146,732
Other Instruction	172,290	168,654	164,454	172,128	191,061	231,894	219,615	256,156	277,702	197,640
Support Services:										
Tuition	350,228	436,892	254,460	246,636	322,790	359,741	440,516	257,840	259,668	388,094
Student & Instruction Related Services	951,850	1,022,280	1,129,889	1,177,881	1,128,282	1,234,213	1,286,442	1,366,370	1,560,594	1,792,492
General Administrative Services	435,317	403,777	377,024	328,274	511,427	565,759	351,255	350,864	365,582	376,497
School Administrative Services	241,608	275,260	354,068	229,362	286,258	268,198	234,090	265,121	332,214	237,453
Central Services							188,940	177,031	233,025	334,518
Administrative Technology Services							23,392	43,156	44,107	37,201
Plant Operations And Maintenance	854,799	827,598	824,886	964,573	812,855	799,938	834,823	844,668	876,764	902,058
Pupil Transportation	147,268	166,957	132,515	101,182	92,217	88,628	78,796	54,697	57,030	89,042
Business and Other Support Services	270,309	244,069	256,347	261,517			20,460			
Special Schools										
Interest On Long-Term Debt	253,462	176,100	197,959	195,735	164,643	147,093	134,971	148,173	87,922	66,380
Capital Outlay					3,091	4,243	4,243	33,843	113,594	4,243
Unallocated Depreciation	105,571	114,416	111,525	61,718						
Total Governmental Activities Expenses	\$ 8,443,182	\$ 8,253,949	\$ 8,133,421	\$ 8,131,971	\$ 8,103,126	\$ 8,416,486	\$ 8,499,612	\$ 9,702,569	\$ 10,611,774	\$ 11,980,203
Business-Type Activities:										
After School Latchkey Program	141,847	120,957	94,721	72,184	35,606	25,529	43,256	28,137	32,896	43,668
Total Business-Type Activities Expenses	141,847	120,957	94,721	72,184	35,606	25,529	43,256	28,137	32,896	43,668
Total District Expenses	\$ 8,585,030	\$ 8,374,906	\$ 8,228,142	\$ 8,204,155	\$ 8,138,732	\$ 8,442,015	\$ 8,542,868	\$ 9,730,706	\$ 10,644,670	\$ 12,023,871
Program Revenues										
Governmental Activities:										
Charges For Services:										
Interest on Long-Term Debt	\$ 814,855	\$ 575,529	\$ 662,119	\$ 704,533	\$ 92,233	\$ 58,033	\$ 1,010,506	\$ 2,045,127	\$ 2,439,317	\$ 3,296,181
Operating Grants and Contributions					1,016,390	1,247,284				
Total Governmental Activities Program Revenues	\$ 814,855	\$ 575,529	\$ 662,119	\$ 704,533	\$ 1,108,623	\$ 1,305,317	\$ 1,010,506	\$ 2,045,127	\$ 2,439,317	\$ 3,296,181

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Business-Type Activities:										
Changes For Services					\$ 8,292	\$ 45,670	\$ 30,840	\$ 39,215	\$ 54,325	\$ 67,836
Operating Grants and Contributions					33,940					
Total Business Type Activities Program Revenues					42,232	45,670	30,840	39,215	54,325	67,836
Total District Program Revenues	\$ 814,855	\$ 575,529	\$ 662,119	\$ 704,533	\$ 1,150,855	\$ 1,350,987	\$ 1,041,346	\$ 2,084,342	\$ 2,493,642	\$ 3,364,017
Net (Expenses)/Revenue										
Governmental Activities	\$ (7,628,327)	\$ (7,678,420)	\$ (7,471,302)	\$ (7,427,439)	\$ (6,994,503)	\$ (7,111,169)	\$ (7,489,106)	\$ (7,657,442)	\$ (8,172,457)	\$ (8,684,022)
Business-Type Activities	(141,847)	(120,957)	(94,721)	(72,184)	6,626	20,141	(12,416)	11,078	21,429	24,168
Total District-Wide Net Expense	\$ (7,770,174)	\$ (7,799,377)	\$ (7,566,023)	\$ (7,499,622)	\$ (6,987,877)	\$ (7,091,027)	\$ (7,501,522)	\$ (7,646,364)	\$ (8,151,028)	\$ (8,659,854)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 6,499,906	\$ 6,759,902	\$ 7,030,298	\$ 7,448,601	\$ 7,597,573	\$ 7,749,524	\$ 7,902,965	\$ 8,059,443	\$ 8,219,020	\$ 8,381,757
Taxes Levied for Debt Service	565,713	529,185	544,101	559,968	450,621	467,286	546,693	529,964	538,231	516,315
Federal and State Aid not Restricted	485,730	457,289	453,576	111,315	40,804	6,150	221,028	240,742	80,859	76,883
Tuition	82,075	45,277								
Investment Earnings			9,476	14,698	2,197	3,804	13,756	47,545	9,227	8,056
Miscellaneous Income	128,102	38,671			61,347	68,235				
Adjustment to Capital Assets					584,273					
N.J. Economic Development Authority Grants					246,552					
Total Governmental Activities	7,761,526	7,830,324	8,037,451	8,134,582	8,399,094	8,879,272	8,684,442	8,877,694	8,847,337	8,983,011
Business-Type Activities:										
Investment Earnings						17	60	64	100	258
Miscellaneous	142,075	124,445	110,373	41,558		57	60	64	100	258
Total Business-Type Activities	142,075	124,445	110,373	41,558		57	60	64	100	258
Total District-Wide	\$ 7,903,601	\$ 7,954,769	\$ 8,147,825	\$ 8,176,140	\$ 8,399,111	\$ 8,879,329	\$ 8,684,502	\$ 8,877,758	\$ 8,847,437	\$ 8,983,269
Change in Net Position:										
Governmental Activities	\$ 133,199	\$ 151,904	\$ 566,150	\$ 707,144	\$ 1,404,591	\$ 1,768,103	\$ 1,195,336	\$ 1,220,252	\$ 674,880	\$ 298,989
Business-Type Activities	228	3,488	15,652	(30,626)	6,644	20,198	(12,356)	11,142	21,529	24,426
Total District	\$ 133,426	\$ 155,392	\$ 581,802	\$ 676,518	\$ 1,411,235	\$ 1,788,302	\$ 1,182,980	\$ 1,231,394	\$ 696,409	\$ 323,415

Source: School District Financial Reports

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

	June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 351,387	\$ 71,890	\$ 262,319	\$ 555,824						
Unreserved	143,361	177,421	217,185	250,000						
Restricted					\$ 779,865	\$ 1,453,729	\$ 833,623	\$ 459,801	\$ 1,329,562	\$ 1,752,300
Assigned					50,000	117,651	471,981	559,147	1,050	
Unassigned					244,035	250,000	249,559	269,442	308,635	244,478
Total General Fund	\$ 494,748	\$ 249,312	\$ 479,504	\$ 805,824	\$ 1,073,900	\$ 1,821,380	\$ 1,555,163	\$ 1,288,390	\$ 1,639,247	\$ 1,996,778
All Other Governmental Funds										
Reserved	\$ 26,041	\$ 12,661	\$ 270							
Unreserved, Reported In:										
Capital Projects Fund/(Deficit)	23,844			37,318						
Debt Service Fund	12,660	270	35,598	\$ 37,318						
Restricted, Reported In:										
Capital Projects Fund					\$ 286,894	\$ 23,499	\$ 190,627	\$ 198,769		
Debt Service Fund					37,648	16,779	17,114	1,597	\$ 1,829	\$ 1,125
Committed, Reported In:										
Capital Projects Fund					312,837			546,220	28,313	11,505
Total All Other Governmental Funds	\$ 62,546	\$ 12,931	\$ 35,868	\$ 37,318	\$ 637,379	\$ 40,278	\$ 207,741	\$ 746,586	\$ 30,142	\$ 12,630
Total Governmental Funds:										
Reserved	\$ 377,428	\$ 84,551	\$ 262,589	\$ 555,824						
Unreserved/(Deficit)	179,866	177,691	252,783	287,318						
Restricted					\$ 1,104,407	\$ 1,494,007	\$ 1,041,364	\$ 660,167	\$ 1,331,391	\$ 1,753,425
Assigned					362,837	117,651	471,981	1,105,367	29,363	11,505
Unassigned					244,035	250,000	249,559	269,442	308,635	244,478
Total Governmental Funds:	\$ 557,294	\$ 262,243	\$ 515,373	\$ 843,142	\$ 1,711,279	\$ 1,861,658	\$ 1,762,904	\$ 2,034,976	\$ 1,669,389	\$ 2,009,408

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax Levy	\$ 7,065,619	\$ 7,289,087	\$ 7,574,399	\$ 8,008,569	\$ 8,140,427	\$ 8,274,843	\$ 8,449,658	\$ 8,589,407	\$ 8,757,251	\$ 8,898,072
Tuition Charges	82,075	45,277								
Interest Earnings-Capital Reserve					2,197	3,804	1,077	500	216	1,802
Miscellaneous	128,102	38,671	9,476	14,698	156,846	83,775	32,679	47,045	9,011	6,254
County Sources			765	25,000						
State Sources	1,200,400	945,184	965,403	637,504	848,731	1,143,703	1,119,961	1,314,728	1,338,297	1,426,194
Federal Sources	100,185	103,532	149,527	153,344	112,964	94,191	91,573	91,197	92,748	89,063
Total Revenue	8,576,381	8,421,751	8,699,570	8,839,115	9,261,165	9,600,316	9,694,948	10,042,877	10,197,523	10,421,385
Expenditures										
Instruction										
Regular Instruction	2,955,595	3,108,741	2,925,746	2,952,905	2,807,664	2,710,669	2,836,129	2,901,190	3,004,135	3,123,175
Special Education Instruction	492,218	373,595	424,858	437,080	518,057	599,328	558,069	542,041	531,503	541,511
Other Instruction	131,494	135,582	126,205	131,002	141,706	157,655	155,027	168,237	180,103	118,731
Support Services:										
Tuition	350,228	436,892	254,460	246,636	322,790	359,741	440,516	257,840	259,668	389,655
Student & Instruction Related Services	754,884	848,078	894,419	933,887	848,861	915,970	982,490	1,092,208	1,161,229	1,208,511
General Administrative Services	340,926	355,258	310,301	274,012	430,440	454,553	318,864	298,418	293,274	287,356
School Administrative Services	185,576	197,855	276,465	178,649	213,882	193,340	174,416	211,154	244,320	150,361
Central Services							161,308	157,710	185,482	231,123
Administrative Information Technology							23,392	37,809	35,301	28,759
Plant Operations And Maintenance	719,565	711,459	696,123	813,933	747,854	739,207	727,687	771,955	752,590	739,845
Pupil Transportation	123,970	143,527	111,830	85,380	92,217	88,628	78,796	54,697	57,030	89,042
Other Support Services	220,386	205,003	213,473	213,609						
Unallocated Benefits	1,782,187	1,454,606	1,590,447	1,608,285	1,676,739	1,913,698	1,774,072	1,960,340	2,254,843	2,558,116
Special Schools							15,029			
Capital Outlay	466,624	71,490		12,315	221,015	435,020	914,558	687,201	983,877	21,051
Debt service:										
Principal	659,608	658,816	622,114	623,652	443,768	481,017	498,378	515,000	525,000	520,000
Interest And Other Charges					171,496	154,560	134,971	115,005	94,755	74,130
Total Expenditures	9,183,261	8,700,902	8,446,441	8,511,345	8,636,489	9,203,385	9,793,702	9,770,805	10,563,110	10,081,366
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(606,880)	(279,151)	253,129	327,770	624,675	396,931	(98,754)	272,072	(365,587)	340,019

HAWORTH BOARD OF EDUCATION
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

UNAUDITED

(modified accrual basis of accounting)

(Continued)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Other Financing Sources (Uses)										
N.J. Economic Development Authority Grants					\$ 246,552					
Debt Service Assessment					(3,091)					
Transfers In					370,159	\$ 329	\$ 750,665	\$ 1,341,503	\$ 551,691	\$ 228
Transfers Out					(370,159)	(329)	(750,665)	(1,341,503)	(551,691)	(228)
Total Other Financing Sources (Uses)					243,461					
Net Change In Fund Balances	\$ (606,880)	\$ (279,151)	\$ 253,129	\$ 327,770	\$ 868,136	\$ 396,931	\$ (98,754)	\$ 272,072	\$ (365,587)	\$ 340,019
Debt Service As A Percentage Of Noncapital Expenditures	7.57%	7.63%	7.37%	7.34%	7.31%	7.25%	6.47%	6.94%	6.43%	5.87%

Source: School District Financial Reports

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

Fiscal Year Ended June 30,	Interest on Investments	Tuition	Rentals	Other	Total
2008	\$ 31,339	\$ 82,075	\$ 30,000	\$ 66,763	\$ 210,177
2009	1,530	45,277		36,872	83,679
2010	6,544		1,125	1,489	9,158
2011	7,327		1,108	6,263	14,698
2012	1,751			33,311	35,062
2013	3,475			68,235	71,710
2014	1,077			12,014	13,091
2015	2,758			23,855	26,613
2016	216			8,114	8,330
2017	1,802			6,026	7,828

Source: Haworth Board of Education records

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

Year Ended December 31,	Vacant Land			Residential		Commercial	Total Assessed Value	Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2007	\$ 17,828,700	\$ 654,232,100	\$ 78,365,500	\$ 750,426,300	\$ 260,247	\$ 750,686,547	\$ 0.51	\$ 927,759,601				
2008	16,021,200	669,141,100	78,365,500	763,527,800	261,858	763,789,658	0.53	985,266,258				
2009	14,785,400	681,880,900	98,935,300	795,601,600	810,227	796,411,827	0.50	1,054,551,126				
2010	14,816,600	677,484,000	78,483,600	770,784,200	323,307	771,107,507	0.52	998,534,689				
2011	14,497,100	683,091,200	98,935,300	796,523,600	534,748	797,058,348	0.57	1,047,745,035				
2012	14,802,000	683,084,200	97,551,200	795,437,400	507,416	795,944,816	0.62	1,036,587,284				
2013	15,354,600	681,765,000	97,638,300	794,757,900	577,488	795,335,388	0.66	988,226,052				
2014	15,027,000	683,331,400	94,794,900	793,153,300	571,705	793,725,005	0.68	927,314,313				
2015	13,886,600	684,502,500	92,027,800	790,416,900	\$ 73,545,200	790,989,278	0.69	947,007,450				
2016	12,288,800	688,316,600	91,150,400	791,755,800	75,473,000	792,336,833	0.76	938,535,971				

Source: Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

HAWORTH BOARD OF EDUCATION
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS

UNAUDITED
(rate per \$100 of assessed value)

Year Ended December 31,	Haworth Board of Education Direct Rate				Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Borough of Haworth	Regional High School	Bergen County		
2007	\$ 0.48	\$ 0.02	\$ 0.51	\$ 0.64	\$ 0.92	\$ 0.22	\$ 2.29	
2008	0.51	0.02	0.53	0.68	0.94	0.24	2.39	
2009	0.48	0.03	0.50	0.68	0.96	0.25	2.39	
2010	0.50	0.02	0.52	0.69	0.98	0.26	2.45	
2011	0.55	0.03	0.57	0.69	1.01	0.27	2.55	
2012	0.59	0.03	0.62	0.70	1.03	0.29	2.64	
2013	0.58	0.08	0.66	0.70	1.05	0.29	2.70	
2014	0.64	0.04	0.68	0.71	1.07	0.27	2.74	
2015	0.65	0.04	0.69	0.73	1.09	0.28	2.79	
2016	0.72	0.04	0.76	0.76	1.11	0.28	2.91	

Source: Municipal Tax Collector and School Business Administrator

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

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

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

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

	2016			2007		
	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
United Water NJ		\$ 51,789,000	6.51%	N/A	N/A	N/A
Haworth Country Club LLC		10,501,900	2.12%	N/A	N/A	N/A
White Beeches Golf & Country Club		10,479,100	1.32%	N/A	N/A	N/A
Haworth Country Club LLC		7,498,100	1.26%	N/A	N/A	N/A
White Beeches Realty Corp.		5,462,100	0.69%	N/A	N/A	N/A
Ashley lane Properties		1,730,700	0.25%	N/A	N/A	N/A
Individual Taxpayer #1		1,638,500	0.23%	N/A	N/A	N/A
Individual Taxpayer #2		1,553,800	0.21%	N/A	N/A	N/A
Individual Taxpayer #3		1,534,600	0.20%	N/A	N/A	N/A
Individual Taxpayer #4		1,507,500	0.20%	N/A	N/A	N/A
Total		\$ 93,695,300	12.99%			

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

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	\$ 7,065,619	\$ 7,065,619	100.00%	-0-
2009	7,289,087	7,289,087	100.00%	-0-
2010	7,574,399	7,574,399	100.00%	-0-
2011	8,008,569	8,008,569	100.00%	-0-
2012	8,140,427	8,140,427	100.00%	-0-
2013	8,274,843	8,274,843	100.00%	-0-
2014	8,449,658	8,449,658	100.00%	-0-
2015	8,589,407	8,589,407	100.00%	-0-
2016	8,757,251	8,757,251	100.00%	-0-
2017	8,898,072	8,898,072	100.00%	-0-

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

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

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

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	School Facilities Loans				
2008	\$ 5,257,000	\$ 377,386	\$ 5,634,386	2.89%	\$ 1,657	
2009	4,852,000	319,537	5,171,537	2.56%	1,511	
2010	4,452,000	259,843	4,711,843	2.13%	1,391	
2011	4,077,000	198,164	4,275,164	2.08%	1,250	
2012	3,697,000	134,395	3,831,395	1.57%	1,119	
2013	3,282,000	68,378	3,350,378	1.67%	972	
2014	2,852,000		2,852,000	1.12%	825	
2015	2,337,000		2,337,000	0.89%	673	
2016	1,812,000		1,812,000	0.69%	523	
2017	1,292,000		1,292,000	0.49%	373	

Source: School District Financial Reports

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

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

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

Fiscal Year Ended June 30,	<u>General Bonded Debt Outstanding</u>		Percentage of Actual Taxable Net Valuation ^a Taxable	Per Capita ^b
	General Obligation Bonds	Net General Bonded Debt Outstanding		
2008	\$ 5,257,000	\$ 5,257,000	0.69%	\$ 1,546
2009	4,852,000	4,852,000	0.61%	1,418
2010	4,452,000	4,452,000	0.58%	1,314
2011	4,077,000	4,077,000	0.51%	1,192
2012	3,697,000	3,697,000	0.46%	1,080
2013	3,282,000	3,282,000	0.41%	952
2014	2,852,000	2,852,000	0.36%	825
2015	2,337,000	2,337,000	0.29%	673
2016	1,812,000	1,812,000	0.23%	523
2017	1,292,000	1,292,000	0.16%	373

Source: School District Financial Reports

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

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

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

HAWORTH BOARD OF EDUCATION
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
UNAUDITED
AS OF DECEMBER 31, 2016

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes:			
Borough of Haworth	\$ 6,231,865	100.00%	\$ 6,231,865
Bergen County General Obligation Debt (Borough Share)	1,205,030,344	0.56%	6,733,382
Northern Valley Regional High School District	2,356,086	100.00%	2,356,086
Other Debt			
Bergen County Utilities Authority (Water Pollution)	106,680,000	0.57%	<u>609,890</u>
Subtotal, Overlapping Debt			15,931,222
Haworth School District Direct Debt			<u>1,292,000</u>
Total Direct And Overlapping Debt			<u>\$ 17,223,222</u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2017

	Equalized valuation basis
	2016 \$ 913,634,664
	2015 935,515,327
	2014 948,861,467
	\$ 2,798,011,458
Average Equalized Valuation of Taxable Property	\$ 932,670,486
Debt Limit (3% of average equalization value)	27,980,115 ^a
Net Bonded School Debt	1,292,000
Legal Debt Margin	\$ 26,688,115

	Fiscal Year				
	2008	2009	2010	2011	2012
Debt Limit	\$ 27,133,506	\$ 28,713,614	\$ 29,746,160	\$ 30,524,912	\$ 31,012,103
Total Net Debt Applicable to Limit	5,634,386	5,171,537	4,711,843	4,275,164	3,831,395
Legal Debt Margin	\$ 21,499,120	\$ 23,542,077	\$ 25,034,317	\$ 26,249,748	\$ 27,180,708
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	20.77%	18.01%	15.84%	14.01%	12.35%

	Fiscal Year				
	2013	2014	2015	2016	2017
Debt Limit	\$ 30,688,923	\$ 29,516,698	\$ 28,640,660	\$ 28,120,737	\$ 27,980,115
Total Net Debt Applicable to Limit	3,350,378	2,852,000	2,337,000	1,812,000	1,292,000
Legal Debt Margin	\$ 27,338,545	\$ 26,664,698	\$ 26,303,660	\$ 26,308,737	\$ 26,688,115
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	10.92%	9.66%	8.16%	6.44%	4.62%

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

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

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

Year	Population ^a	Personal Income (thousands of dollars) ^b	Bergen County Per Capita Personal Income ^c	Unemployment Rate ^d
2008	3,400	\$ 195,133,325	\$ 68,548	4.40%
2009	3,422	202,091,435	64,571	7.90%
2010	3,388	221,151,700	65,275	4.80%
2011	3,419	205,371,003	68,244	4.80%
2012	3,423	244,333,740	71,380	8.00%
2013	3,448	200,653,335	70,498	11.30%
2014	3,458	254,287,488	73,536	4.00%
2015	3,470	263,196,030	75,849	3.30%
2016	3,464	262,740,936	75,849 *	3.10%
2017	3,464 **	262,740,936 **	75,849 *	N/A

* - Latest Bergen County per capita personal income available (2015) was used for calculation purposes.

** - Latest population data available (2016) was used for calculation purposes.

N/A Not Available

Source: School District Reports

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

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

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

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

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

	2016			2007		
	Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
Hackensack University Medical Center		9,000	N/A	N/A	N/A	N/A
Valley Health Systems, Inc		4,660	N/A	N/A	N/A	N/A
Bio-Reference Laboratories, Inc.		2,900	N/A	N/A	N/A	N/A
Express Scripts		2,676	N/A	N/A	N/A	N/A
County of Bergen		2,390	N/A	N/A	N/A	N/A
Quest Diagnostics, Inc.		2,700	N/A	N/A	N/A	N/A
KPMG LLP		2,100	N/A	N/A	N/A	N/A
Englewood Hospital and Medical Center		2,002	N/A	N/A	N/A	N/A
Englewood Home Health Care Services		1,985	N/A	N/A	N/A	N/A
Unilever Best Foods		1,900	N/A	N/A	N/A	N/A
		<u>32,313</u>	<u>N/A</u>		<u>N/A</u>	<u>N/A</u>

N/A - Information not available
 Source: Bergen County Economic Development Corporation

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

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Instruction:										
Regular	43.5	43.5	45.0	48.0	47.0	47.0	47.0	47.0	48.0	48.0
Special Education	12.0	12.0	12.0	10.0	10.0	10.0	10.0	10.0	11.0	11.0
Support Services:										
Health Services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
General Administrative Services	6.8	6.8		3.0	3.0	3.0	3.0	3.0	4.0	4.0
Guidance-Professional/Support	1.0	1.0	0.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Child Study Team/Support	4.9	4.9	6.0	4.0	4.0	4.0	4.0	4.0	5.0	4.5
Plant Operations and Maintenance	5.6	5.6	1.0	1.0	1.0	1.0	1.0	1.0	5.0	5.0
Media Services Technology	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0
Principal/School Administration	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0	2.0	3.0
Total	78.8	78.8	69.5	72.0	72.0	72.0	72.0	72.0	78.0	78.5

Source: District Personnel Records

HAWORTH BOARD OF EDUCATION
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio Elementary	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2008	495	\$ 7,973,764	\$ 16,109	14.07%	56	8:8.1	518	489	-1.45%	94.38%
2009	506	7,914,712	15,642	-2.90%	56	8:8.1	506	481	-2.32%	95.08%
2010	485	7,674,035	15,823	1.16%	45	10:8.1	487	466	-3.70%	95.69%
2011	486	7,709,349	15,863	0.25%	48	10:1.1	486	466	-0.21%	95.88%
2012	438	7,800,211	17,809	12.27%	46	9:5.1	439	416	-9.65%	94.72%
2013	436	8,132,788	18,653	4.74%	45	9:3.1	430	417	-2.07%	97.05%
2014	432	8,245,795	19,087	2.33%	45	9:2.1	434	417	0.93%	96.08%
2015	404	8,453,599	20,925	9.63%	45	9:1.1	408	394	-5.99%	96.57%
2016	424	8,959,478	21,131	0.98%	45	9:1.0	424	408	3.92%	96.23%
2017	422	9,466,185	21,384	1.20%	45	9:1.1	422	412	-0.47%	97.63%

Source: Haworth Board of Education records

Note: Enrollment based on annual October district count.

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

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

c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

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

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

<u>District Building</u>	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Elementary										
Haworth School:										
Square Feet	75,230	75,230	75,230	75,230	75,230	75,230	75,230	75,230	75,230	75,230
Capacity (students)	544	544	544	544	544	544	544	544	544	544
Enrollment	495	506	485	486	438	436	432	404	424	422

Number of Schools at June 30, 2017
 Elementary = 1

Source: Haworth Board of Education Facilities Office

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

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

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

School Facilities *	Projects #	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Haworth School	N/A	\$ 129,509	\$ 71,204	\$ 64,998	\$ 100,396	\$ 92,264	\$ 118,938	\$ 58,080	\$ 113,898	\$ 99,340	\$ 122,262
		\$ 129,509	\$ 71,204	\$ 64,998	\$ 100,396	\$ 92,264	\$ 118,938	\$ 58,080	\$ 113,898	\$ 99,340	\$ 122,262

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

Source: Haworth Board of Education records

HAWORTH BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2017
UNAUDITED

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

Source: Haworth Board of Education records

SINGLE AUDIT SECTION

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Haworth Borough School District, in the County of Bergen (the "District") as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 6, 2017.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

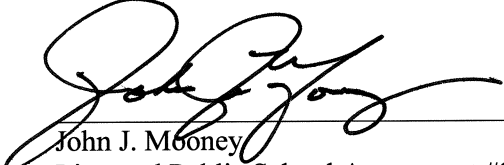
As part of obtaining reasonable assurance about whether the District’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

October 6, 2017
Mount Arlington, New Jersey

NISIVOC CIA LLP
NISIVOC CIA LLP



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

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

Independent Auditors' Report

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

Report on Compliance for Each Major State Program

We have audited the Board of Education of the Haworth Borough School District (the "District's") compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on the District's major state program for the fiscal year ended June 30, 2017. The District's major state program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the District's major state program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the fiscal year ended June 30, 2017.

Report on Internal Control Over Compliance

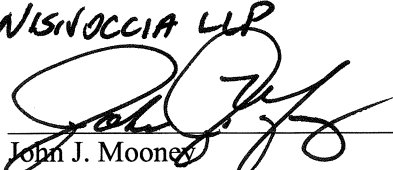
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the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

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

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

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

October 6, 2017
Mount Arlington, New Jersey

NISIVOCCIA LLP
NISIVOCCIA LLP


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

HAWORTH BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass Through Grantor Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Unearned Revenue (Accounts Receivable) 6/30/2016	Cash Received	Budgetary Expenditures	Balance 6/30/2017		Due to Grantor 6/30/17	Amounts Paid to Subrecipients
								Accounts Receivable	Unearned Revenue		
U.S. Department of Education Passed-through State Department of Education: Special Education Cluster:											
I.D.E.A. Part B, Preschool	84.173	FT-2090-17	7/1/16-6/30/17	\$ 1,561		\$ 1,561	\$ (1,561)				
I.D.E.A. Part B, Basic	84.027	FT-2090-17	7/1/16-6/30/17	87,502		87,502	(87,502)				
Total Special Education Cluster						<u>89,063</u>	<u>(89,063)</u>				
Total Special Revenue/U.S. Department of Education						<u>89,063</u>	<u>(89,063)</u>				
Total Federal Financial Awards						<u>\$ -0-</u>	<u>\$ (89,063)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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

HAWORTH BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Project Number	Grant Period	Award Amount	Balance (Accounts Receivable) 06/30/16	Cash Received	Budgetary Expenditures	GAAP (Accounts Receivable)	Balance 6/30/17		MEMO	
								Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
NJ Department of Education:											
Extraordinary Aid	17-495-034-5120-044	7/1/16-6/30/17	\$ 38,328		\$ 259,388	\$ (38,328)	\$ (38,328)	\$ (38,328)	\$ 38,328		
Non-Public Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	2,262		434,806	(2,262)	(2,262)	(2,262)	2,262		
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	7/1/16-6/30/17	272,839			(13,451)	(13,451)	(13,451)	272,839		
TPAF Pension Contributions (non-budgeted)	17-495-034-5094-002	7/1/16-6/30/17	434,806			(434,806)	(434,806)	(434,806)	434,806		
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)	17-495-034-5094-001	7/1/16-6/30/17	375,419			(375,419)	(375,419)	(375,419)	375,419		
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)	17-495-034-5094-004	7/1/16-6/30/17	15,754			(15,754)	(15,754)	(15,754)	15,754		
TPAF Long Term Disability Insurance (On-Behalf - Non-Budgeted)	17-495-034-5094-004	7/1/16-6/30/17	618			(618)	(618)	(618)	618		
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	186,249		168,249	(186,528)	(186,528)	(18,279)	186,528		
Categorical Security Aid	17-495-034-5120-084	7/1/16-6/30/17	7,165		6,463	(7,165)	(7,165)	(702)	7,165		
Categorical Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	6,952		6,271	(6,952)	(6,952)	(681)	6,952		
Adjustment Aid	17-495-034-5120-085	7/1/16-6/30/17	2,010		1,813	(2,010)	(2,010)	(197)	2,010		
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	4,310		3,888	(4,310)	(4,310)	(422)	4,310		
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	4,310		3,888	(4,310)	(4,310)	(422)	4,310		
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	4,160		3,751	(4,160)	(4,160)	(409)	4,160		
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	186,749	\$ (13,295)	13,295				186,749		
Categorical Security Aid	16-495-034-5120-084	7/1/15-6/30/16	6,257	(445)	445				6,257		
Categorical Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	6,531	(465)	465				6,531		
Adjustment Aid	16-495-034-5120-085	7/1/15-6/30/16	2,010	(143)	143				2,010		
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	4,310	(307)	307				4,310		
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	4,310	(307)	307				4,310		
Extraordinary Aid	16-495-034-5120-044	7/1/15-6/30/16	76,733	(76,733)	76,733				76,733		
Non-Public Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	2,591	(2,591)	2,591				2,591		
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	7/1/15-6/30/16	282,800	(13,952)	13,952				282,800		
Total General Fund State Aid				(108,238)	1,388,546		(54,041)	(75,153)	1,927,752		
Debt Service Fund											
Debt Service State Aid Support	17-495-034-5120-017	7/1/16-6/30/17	76,883		76,883				76,883		
Total Debt Service Fund					76,883				76,883		
Total State Awards				\$ (108,238)	\$ 1,465,429	\$ (1,432,344)	\$ (54,041)	\$ -0-	\$ 2,004,635	\$ (75,153)	\$ 2,004,635

HAWORTH BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance (Accounts Receivable) 06/30/16	Cash Received	Balance 6/30/17			MEMO		
						GAAP (Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
Less: On-Behalf TPAF Pension System Contributions:											
TPAF Pension Contributions (non-budgeted)	17-495-034-5094-002	7/1/16-6/30/17	\$ (434,806)				\$ 434,806				
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)	17-495-034-5094-001	7/1/16-6/30/17	(375,419)				375,419				
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)	17-495-034-5094-003	7/1/16-6/30/17	(15,754)				15,754				
TPAF Long Term Disability Insurance (On-Behalf - Non-Budgeted)	17-495-034-5094-001	7/1/16-6/30/17	(618)				618				
Subtotal - On-Behalf TPAF Pension System Contributions											
							826,597				
Total State Awards (Net of On-Behalf TPAF Pension System Contributions)							\$ (605,747)				

SEE ACCOMPANYING NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS

HAWORTH BOARD OF EDUCATION
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the "Schedules") include the federal and state grant activity of the Haworth Board of Education under programs of the federal and state governments for the fiscal year ended June 30, 2017. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$6,150) for the general fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

HAWORTH BOARD OF EDUCATION
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,349,311	\$ 1,349,311
Special Revenue Fund	\$ 89,063		89,063
Debt Service Fund		76,883	76,883
Total Financial Awards	<u>\$ 89,063</u>	<u>\$ 1,426,194</u>	<u>\$ 1,515,257</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2017.

HAWORTH BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over the major state program disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state program for the District expresses an unmodified opinion on the major state program.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2017 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's program tested as a major state program for the current fiscal year consisted of the following state aid:

	<u>State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
State Awards:				
Reimbursed TPAF Social Security Contributions	16-495-034-5095-002	7/1/16-6/30/17	\$ 272,839	\$ 272,839

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

HAWORTH BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

HAWORTH BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

Status of Prior Year Findings:

There were no prior year findings.