

**SCHOOL DISTRICT OF THE
BOROUGH OF HO-HO-KUS
COUNTY OF BERGEN, NEW JERSEY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2017**

**BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS
STATE OF NEW JERSEY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017**

PREPARED BY

**HO-HO-KUS BOARD OF EDUCATION
FINANCE OFFICE**

**BOROUGH OF HO-HO-KUS
BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

TABLE OF CONTENTS

INTRODUCTORY SECTION	<u>Page</u>
Letter of Transmittal	1 - 5
Organizational Chart.....	6
Roster of Officials.....	7
Consultants and Advisors	8
 FINANCIAL SECTION	
Independent Auditor's Report	9 - 12
 Required Supplementary Information - Part I	
Management's Discussion and Analysis	13 - 26
 Basic Financial Statements	
A. District-wide Financial Statements:	
A-1 Statement of Net Position	27
A-2 Statement of Activities.....	28
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet.....	29
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances.....	30
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	31
Proprietary Funds:	
B-4 Statement of Net Position	32
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	33
B-6 Statement of Cash Flows.....	34
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	35
B-8 Statement of Changes in Fiduciary Net Position	36
Notes to the Basic Financial Statements	37 - 77
 Required Supplementary Information - Part II	
C. Budgetary Comparison Schedule	
C-1 Budgetary Comparison Schedule - General Fund.....	78- 81
C-2 Budgetary Comparison Schedule - Special Revenue Fund.....	82

TABLE OF CONTENTS (Continued)

FINANCIAL SECTION (Continued)	<u>Page</u>
Notes to the Required Supplementary Information - Part II	
C-3 Budgetary Comparison Schedule	83
Required Supplementary Information - Part III	
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
L-1 Schedule of District's Proportionate Share of Net Pension Liability - PERS	84
L-2 Schedule of District Contributions - PERS	85
L-3 Schedule of the District's Proportionate Share of Net Pension Liability - TPAF	86
Notes to the Required Supplementary Information - Part III	
L-4 Note to the Required Schedules of Supplementary Information.....	87
Other Supplementary Information	
D. School Based Budget Schedules (if applicable):	
D-1 Combining Balance Sheet.....	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual.....	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual.....	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Revenues and Expenditures - Budgetary Basis.....	88
E-1a Combining Schedule of Revenues and Expenditures - Budgetary Basis.....	N/A
E-1b Combining Schedule of Revenues and Expenditures - Budgetary Basis	89
E-1c Combining Schedule of Revenues and Expenditures - Budgetary Basis.....	90
E-2 Demonstrably Effective Program Aid Schedule of Expenditures - Budgetary Basis	N/A
E-3 Preschool Education Aid Schedule of Expenditures - Budgetary Basis	N/A
E-4 Distance Learning Network Aid Schedule of Expenditures - Budgetary Basis.....	N/A
E-5 Instructional Supplemental Aid Schedule of Expenditures - Budgetary Basis	N/A
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	91
F-1a Schedule of Project Revenues, Expenditures, Project Balance, and Project Status Budgetary Basis – Partial Re-roofing, Folding Partition, and Lighting Replacement In Gym	92
F-2 Summary Schedule of Project Expenditures.....	93

TABLE OF CONTENTS (Continued)

FINANCIAL SECTION (Continued)	<u>Page</u>
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Combining Statement of Net Position - Food Services.....	N/A
G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Food Services.....	N/A
G-3 Combining Statement of Cash Flows - Food Services.....	N/A
Internal Service Fund:	
G-4 Combining Statement of Net Position.....	N/A
G-5 Combining Statement of Revenues, Expenses and Changes in Fund Net Position	N/A
G-6 Combining Statement of Cash Flows.....	N/A
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	N/A
H-2 Combining Statement of Changes in Fiduciary Net Position	N/A
H-3 Schedule of Receipts and Disbursements - Student Activity Agency Fund	94
H-4 Schedule of Receipts and Disbursements - Payroll Agency Fund	95
I. Long-Term Debt:	
I-1 Statement of Bonds Payable	96
I-2 Statement of Obligations under Capital Leases	97
I-3 Budgetary Comparison Schedule - Debt Service Fund	98

STATISTICAL SECTION (Unaudited)

Introduction to the Statistical Section

Financial Trends

Introduction to the Statistical Section.....	99
J-1 Net Position by Component	100
J-2 Changes in Net Position.....	101-102
J-3 Fund Balances - Governmental Funds	103
J-4 Changes in Fund Balances - Governmental Funds	104-105
J-5 General Fund - Other Local Revenue by Source	106

Revenue Capacity

J-6 Assessed Value and Actual Value of Taxable Property.....	107
J-7 Direct and Overlapping Property Tax Rates	108
J-8 Principal Property Taxpayers.....	109
J-9 Property Tax Levies and Collections	110

Debt Capacity

J-10 Ratios of Outstanding Debt by Type.....	111
J-11 Ratios of Net General Bonded Debt Outstanding	112
J-12 Direct and Overlapping Governmental Activities Debt.....	113
J-13 Legal Debt Margin Information.....	114

TABLE OF CONTENTS (Continued)

FINANCIAL SECTION (Continued) Page

Demographic and Economic Information

J-14	Demographic and Economic Statistics.....	115
J-15	Principal Employers.....	116

Operating Information

J-16	Full-time Equivalent District Employees by Function/Program.....	117
J-17	Operating Statistics.....	118
J-18	School Building Information.....	119
J-19	Schedule of Required Maintenance Expenditures by School Facility.....	120
J-20	Insurance Schedule.....	121

SINGLE AUDIT SECTION

K-1	Independent Auditor's 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.....	122 - 123
K-2	Independent Auditor's Report on Compliance for Each Major Program and Report on Internal Control Over Compliance Required by The Uniform Guidance and New Jersey's OMB Circular 15-08.....	124 - 126
K-3	Schedule of Expenditures of Federal Awards, Schedule A.....	127
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B.....	128
K-5	Notes to Schedules of Awards and Financial Assistance.....	129 - 131
K-6	Schedule of Findings and Questioned Costs.....	132 - 133
K-7	Schedule of Financial, Federal, and State Findings.....	134
K-7	Summary Schedule of Prior Year Audit Findings.....	135

INTRODUCTORY SECTION



Ho-Ho-Kus Board of Education

70 Lloyd Road ❖❖❖ Ho-Ho-Kus, New Jersey 07423
201-652-4555 ❖❖❖ <http://www.hohokus.org>

November 22, 2017

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

Dear Board Members:

The comprehensive annual financial report of the Ho-Ho-Kus School District (District) for the fiscal year ended June 30, 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 Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2017, and the respective changes in financial positions and cash flows, where applicable, thereof for the year ended in conformity with the accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the Federal Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations," and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

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

The District provides a full range of educational services appropriate to grade levels Pre-K through Eight. These include regular education, as well as special education for special needs students. In addition, there were 243 Ho-Ho-Kus students who attended Northern Highlands Regional High School in Allendale which represented a decrease of 1 student. The student enrollment data, listed in the table below, does not include the high school students. The District's enrollment for the 2016-2017 fiscal year was 611 students or a decrease of 6 students from the prior year. The following table details the changes in the Pre-K through 8th grade student enrollment of the District over the last ten years.

Student Enrollment

Fiscal Year	Student Enrollment	Percent Change
2016-17	611	-1.00%
2015-16	617	-2.97%
2014-15	640	-3.03%
2013-14	660	0.61%
2012-13	656	1.39%
2011-12	647	0.94%
2010-11	641	-4.75%
2009-10	673	1.66%
2008-09	662	-1.05%
2007-08	669	0.15%

2) ECONOMIC CONDITION AND OUTLOOK: Ho-Ho-Kus is a suburban residential community with its working population represented principally by white collar and professional people who commute to New York City and other commercial areas within New Jersey. The unemployment rate was 2.7% in 2016 which was below the county average of 4.2%. The personal per capita income in Bergen County in 2015 was \$ 75,849. The estimated population in 2016 was 4,142.

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

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

District initiatives include the following:

- Continue to improve performance of special education students to meet or exceed state required growth rate through the hiring of a full time supervisor of special education and continuation of efforts to move students to a less restrictive environment with enhanced rigor.
- Attain bronze status in Sustainable Jersey for Schools program through implementation and documentation of appropriate qualifying initiatives, and apply for grants/funding available as a result of bronze level qualification.
- Develop and expand community partnerships locally and beyond.
- Explore and present facility options for: a) library and technology; b) outdoor running track; c) auditorium upgrades.

School-wide initiatives include the following:

- Special Education-continue to improve performance of special education students to meet or exceed state required growth rate through the continuation of efforts to move students to a less restrictive environment with enhanced academic rigor.

- Sustainability/Wellness-ensure student wellness is a part of the total learning environment addressing nutrition, physical activity, and lifelong mental and physical healthy habits with an eye toward attaining bronze status in the Sustainable Jersey for Schools program.
- Partnerships/connections-develop and expand local, national, and global community partnerships.
- Next Generation Science Standards (NGSS)
 - Grades 6-8: full implementation of new units
 - Grades K-5: implementation of at least one pilot unit for grades K-5; preparation for full implementation for 17-18
- Technology- infuse more meaningful technology use to enhance teaching and learning including, but not limited to, SAMR (Substitution, Augmentation, Modification and Redefinition).

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

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

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 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 and account groups. These funds and account groups are explained in "Notes to the Financial Statements," Note I.

7) DEBT ADMINISTRATION: At June 30, 2017, the District had outstanding bonded debt of \$ 7,385,000. The total principal and interest payments paid during the 2016-17 fiscal year are \$ 739,092.13. The bonds that were issued and dated January 1, 1999 were re-financed during fiscal year 2016-17 in order to take advantage of lower interest rates, and the new bonds have a final maturity date of January 1, 2029. The bonds dated December 1, 2003 were previously refunded in February 2012, and have a final maturity date of February 1, 2029. The principal and interest repayment schedules have been structured to produce level debt service for the remaining maturities of both bond issues.

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

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

10) OTHER INFORMATION:

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

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


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

- National Spelling Bee and Geography Bee for middle school students
- Bergen County Regional Bands and Choruses - Area performing groups that required auditions
- Bergen Brain Busters Team, an inter-scholastic competition using the Middle School curriculum
- Regional/County athletic teams that compete in all areas of sports
- Individual students entered a wide range of essay, art, and poetry contests supported by local businesses, the YWCA, and public utilities
- Individual student art work entered into many contests and receiving numerous awards
- Service Learning student outreach programs

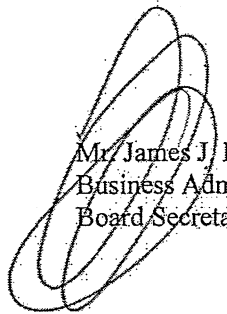
- Eighth grade service learning civics projects
- Partnership with ECLC, a special needs school – performed joint bell choir concerts
- Student Council members are recognized for their participation in community service activities such as: disaster relief, food drives, fund raising for charitable organizations and causes, recycling programs, and hosting the local senior citizens and the Women's Club.
- Awards and Recognition Night for eighth grade students.

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

Respectfully submitted,



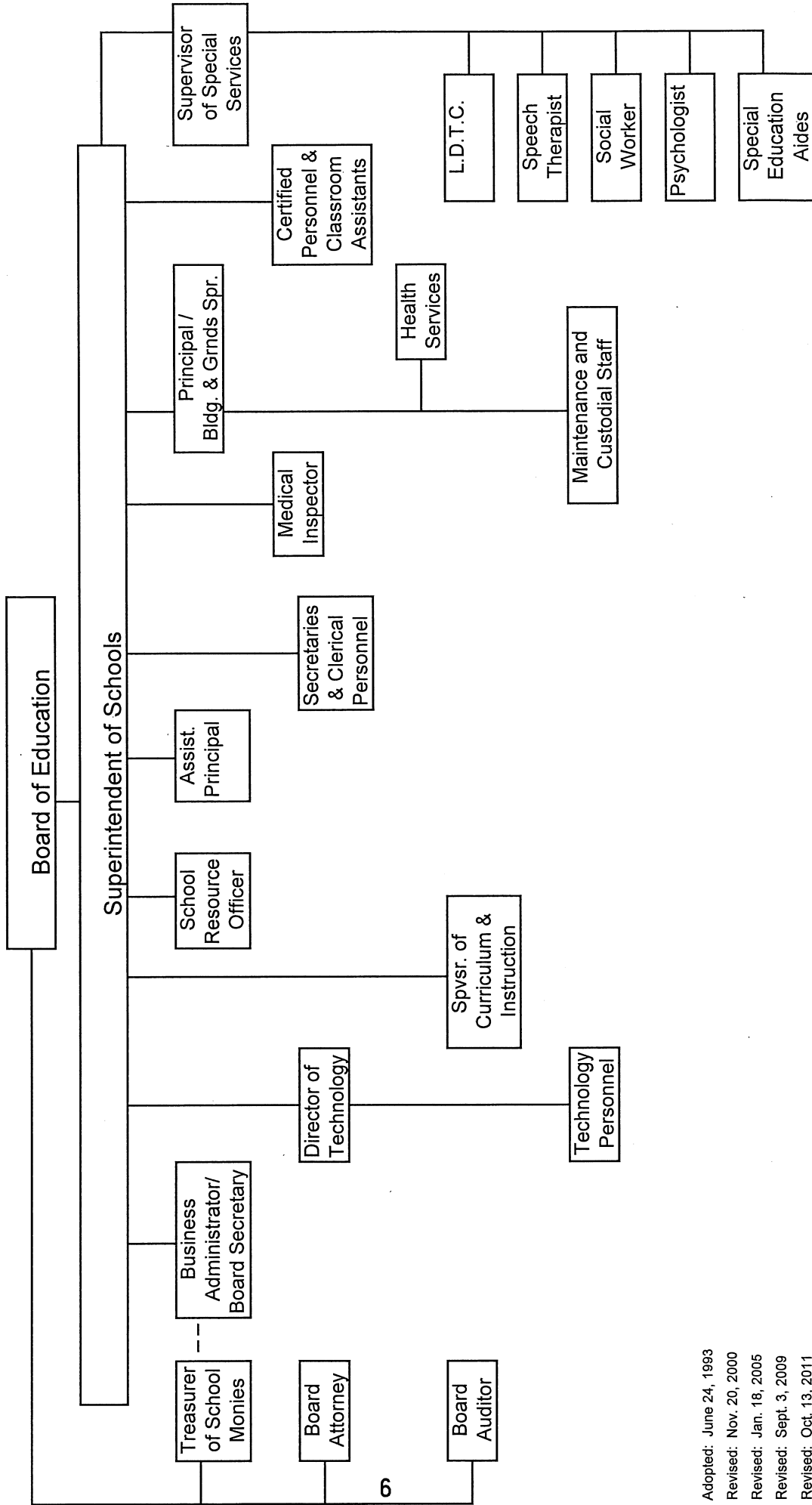
Dr. Diane G. Mardy
Superintendent of Schools



Mr. James J. Davis
Business Administrator/
Board Secretary

HO-HO-KUS BOARD OF EDUCATION

Organizational Chart



Adopted: June 24, 1993
 Revised: Nov. 20, 2000
 Revised: Jan. 18, 2005
 Revised: Sept. 3, 2009
 Revised: Oct. 13, 2011
 Revised: Feb. 24, 2014
 Revised: Oct. 24, 2017

**HO-HO-KUS BOARD OF EDUCATION
HO-HO-KUS, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2017**

Members of the Board of Education

Term Expires

Mary Ellen Nye, President	2018
Ellen Marie Walsh Vice President	2017
Cinzia D'Iorio, Member	2018
John Batt, Member	2017
Amy Langevin, Member	2019

Superintendent of Schools

Dr. Diane G. Mardy

Business Administrator/Board Secretary

Dr. Joseph Amatuzzi

HO-HO-KUS BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

Audit Firm

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.
100B Main Street
Newton, New Jersey 07860

Board Attorney

Fogarty & Hara
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Fair Lawn, New Jersey 07410

Risk Manager

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445 Godwin Avenue
Midland Park, New Jersey 07432

Official Depository

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

FINANCIAL SECTION

Ferraioli, Wielkocz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkocz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

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Newton, NJ 07860
973-579-3212
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Vincent M. Montanino, RMA, PSA

INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
Ho-Ho-Kus Borough School District
County of Bergen, New Jersey 07420

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 Borough of Ho-Ho-Kus School District, in the County of Bergen, State of New Jersey, as of and for the 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

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



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

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

Opinion

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information, and Schedules related to Accounting and Reporting for Pensions identified in the table of contents, 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 the 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 Borough of Ho-Ho-Kus Board of Education's basic financial statements. The introductory section, combining and individual non-major fund financial statements and schedule of expenditures of federal 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* (Uniform Guidance) and N.J. OMB Circular 15-08 and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the schedule of expenditures of federal 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* (Uniform Guidance) and N.J. OMB Circular 15-08 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal 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* (Uniform Guidance) and N.J. OMB Circular 15-08 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical data section has not been subject 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 [date] on our consideration of the Borough of Ho-Ho-Kus Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing

Honorable President and
Members of the Board of Education
Page 4.

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 Borough of Ho-Ho-Kus Board of Education's internal control over financial reporting and compliance.



Vincent M. Montanino
Licensed Public School Accountant
No. 20CS00049500

Ferraioli, Wielkocz, Cerullo & Cuva, PA

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

Newton, New Jersey

November 21, 2017



REQUIRED SUPPLEMENTARY INFORMATION

PART I

HO-HO-KUS SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(UNAUDITED)

The discussion and analysis of the Ho-Ho-Kus School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 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.

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

Financial Highlights

- The assets of the Ho-Ho-Kus School District exceeded its liabilities at the close of the most recent fiscal year by \$5,088,893.02 (net position).
- The District's total net position decreased \$191,219.80. The decrease is primarily attributable to the current year operating results.
- General revenues accounted for \$13,778,894.85 in revenue or 57 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions and capital grants accounted for \$10,268,671.09 or 43 percent of total revenues of \$24,047,565.94.
- The district had \$24,155,495.59 in expenses related to governmental activities; only \$10,268,671.09 was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$13,778,894.85 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$15,173,664.59 in revenues and \$15,266,625.35 in expenditures. The General Fund's fund balance increased \$11,009.29 from the June 30, 2016 fund balance. The Capital Projects Fund received its NJ Economic Development Authority Grant Receivable in the amount of \$56,731.30 during the current year and the unexpended monies of the roofing project was transferred to the general fund in the amount of \$103,170.05 eliminating the \$46,438.75 fund balance of the prior year. The Debt Service Fund's fund balance increased \$3,751.87 based on the current years' revenues and expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities

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

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

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

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

The District as Trustee

Reporting the District's Fiduciary Responsibilities

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

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

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

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

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

	Government wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as food service and student activities	Activities the District operates similar to private businesses; N/A	Instances in which the District is the trustee or agent for someone else's resources, such as payroll agency and student activities.
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balance	Statement of net position Statement of revenues, expenses, and changes in net position Statement of cash flows	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, deferred outflows and inflows, and liabilities, both financial and capital, and short-term and long term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included.	All assets and liabilities, both financial and capital, and short-term and long-term.	All assets and liabilities, both short-term and long- term.
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses, regardless of when cash is received or paid.	All revenues and expenses during the year, regardless of when cash is received or paid.

Financial Analysis of the District as a Whole

The District's *combined* net position changed from a year ago, *decreasing* from \$5.280 million to \$5.088 million. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the District's governmental and business-type activities as of June 30.

Table 1

Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	\$ 1,892,692.74	\$ 1,905,134.61	\$ 7,280.55	\$ 9,368.67	\$ 1,899,973.29	\$ 1,914,503.28
Capital Assets	13,760,782.62	14,129,457.34	5,150.52	6,352.55	13,765,933.14	14,135,809.89
Total Assets	<u>15,653,475.36</u>	<u>16,034,591.95</u>	<u>12,431.07</u>	<u>15,721.22</u>	<u>15,665,906.43</u>	<u>16,050,313.17</u>
Deferred Outflows of Resources	<u>1,572,222.83</u>	<u>839,588.40</u>	<u>-</u>	<u>-</u>	<u>1,572,222.83</u>	<u>839,588.40</u>
Long-term Debt Outstanding	7,894,876.75	8,405,746.60			7,894,876.75	8,405,746.60
Other Liabilities	<u>4,120,266.49</u>	<u>2,938,827.15</u>	<u>-</u>	<u>-</u>	<u>4,120,266.49</u>	<u>2,938,827.15</u>
Total Liabilities	<u>12,015,143.24</u>	<u>11,344,573.75</u>	<u>-</u>	<u>-</u>	<u>12,015,143.24</u>	<u>11,344,573.75</u>
Deferred Inflows of Resources	<u>1,472.00</u>	<u>265,215.00</u>	<u>-</u>	<u>-</u>	<u>1,472.00</u>	<u>265,215.00</u>
Net Position:						
Net Investment in Capital Assets	6,252,570.74	6,128,349.14	5,150.52	6,352.55	6,257,721.26	6,134,701.69
Restricted	1,350,584.18	1,381,646.18			1,350,584.18	1,381,646.18
Unrestricted (deficit)	<u>(2,526,692.97)</u>	<u>(2,245,603.72)</u>	<u>7,280.55</u>	<u>9,368.67</u>	<u>(2,519,412.42)</u>	<u>(2,236,235.05)</u>
Total Net Position	<u>\$ 5,076,461.95</u>	<u>\$ 5,264,391.60</u>	<u>\$ 12,431.07</u>	<u>\$ 15,721.22</u>	<u>\$ 5,088,893.02</u>	<u>\$ 5,280,112.82</u>

- Net position of the District's governmental activities decreased by 3.57 percent.
- Unrestricted net position, the part of net position that can be used to finance day-to-day operation without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased \$281,089.25.
- Restricted net position, those restricted mainly for capital projects decreased by \$31,062.00.
- The net investment in capital assets category increased by \$124,221.60.

Table 2

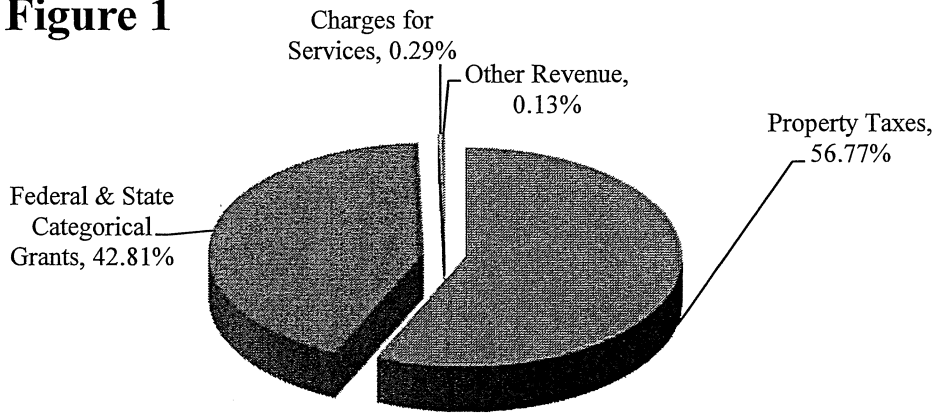
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
<u>Revenues</u>						
Program Revenues:						
Charges for Services	\$ 70,400.00	\$ 93,100.00	\$ 7,810.00	\$ 8,730.00	\$ 78,210.00	\$ 101,830.00
Operating Grants and Contributions	10,198,271.09	5,659,922.66	4,307.28	5,181.80	10,202,578.37	5,665,104.46
General Revenues:						
Property Taxes	13,650,844.25	13,048,124.74			13,650,844.25	13,048,124.74
Federal and State Aid	97,149.38	32,422.90			97,149.38	32,422.90
Interest and Investment Earnings	-	-	9.60	81.87	9.60	81.87
Other General Revenues	30,101.22	37,185.01	-	-	30,101.22	37,185.01
Special Item-Accounts Payable Canceled	-	1,032.00	-	-	-	1,032.00
Special Item-Unrestricted FEMA Reimbursement	800.00	-	-	-	800.00	-
Total Revenues:	<u>24,047,565.94</u>	<u>18,871,787.31</u>	<u>12,126.88</u>	<u>13,993.67</u>	<u>24,059,692.82</u>	<u>18,885,780.98</u>
<u>Program Expenses Including Indirect Expenses</u>						
Instruction:						
Regular	9,610,529.11	6,840,838.57			9,610,529.11	6,840,838.57
Special	1,707,499.83	1,364,789.52			1,707,499.83	1,364,789.52
Other Instruction	699,639.09	515,884.02			699,639.09	515,884.02
Support Services:						
Tuition	4,450,292.40	4,143,338.20			4,450,292.40	4,143,338.20
Student and Instruction Related Services	3,579,583.11	2,858,784.73			3,579,583.11	2,858,784.73
School Administrative Services	989,581.52	822,452.90			989,581.52	822,452.90
General and Business Administrative Services	1,096,147.49	893,974.11			1,096,147.49	893,974.11
Plant Operations and Maintenance	1,457,669.26	1,221,072.32			1,457,669.26	1,221,072.32
Pupil Transportation	343,550.89	290,549.76			343,550.89	290,549.76
Capital Outlay-Debt Service Assessment	29,837.00	29,837.00			29,837.00	29,837.00
Interest on Long-Term Debt	190,350.75	261,406.26			190,350.75	261,406.26
Debt Service-Other Charges	815.14	815.14			815.14	815.14
Special Item-Debt Refinanced, Net	80,000.00				80,000.00	
Business-Type Activities:						
Food Services	-	-	15,417.03	28,024.31	15,417.03	28,024.31
Total Expenses	<u>24,235,495.59</u>	<u>19,243,742.53</u>	<u>15,417.03</u>	<u>28,024.31</u>	<u>24,250,912.62</u>	<u>19,271,766.84</u>
Increase in Net Position	<u>(187,929.65)</u>	<u>(371,955.21)</u>	<u>(3,290.15)</u>	<u>(14,030.64)</u>	<u>(191,219.80)</u>	<u>(385,985.86)</u>
Net Position-Beginning 7/1	5,264,391.60	5,636,346.82	15,721.22	29,751.86	5,280,112.82	5,666,098.68
Net Position-Ending 6/30	<u>\$ 5,076,461.95</u>	<u>\$ 5,264,391.60</u>	<u>\$ 12,431.07</u>	<u>\$ 15,721.22</u>	<u>\$ 5,088,893.02</u>	<u>\$ 5,280,112.82</u>

Governmental Activities

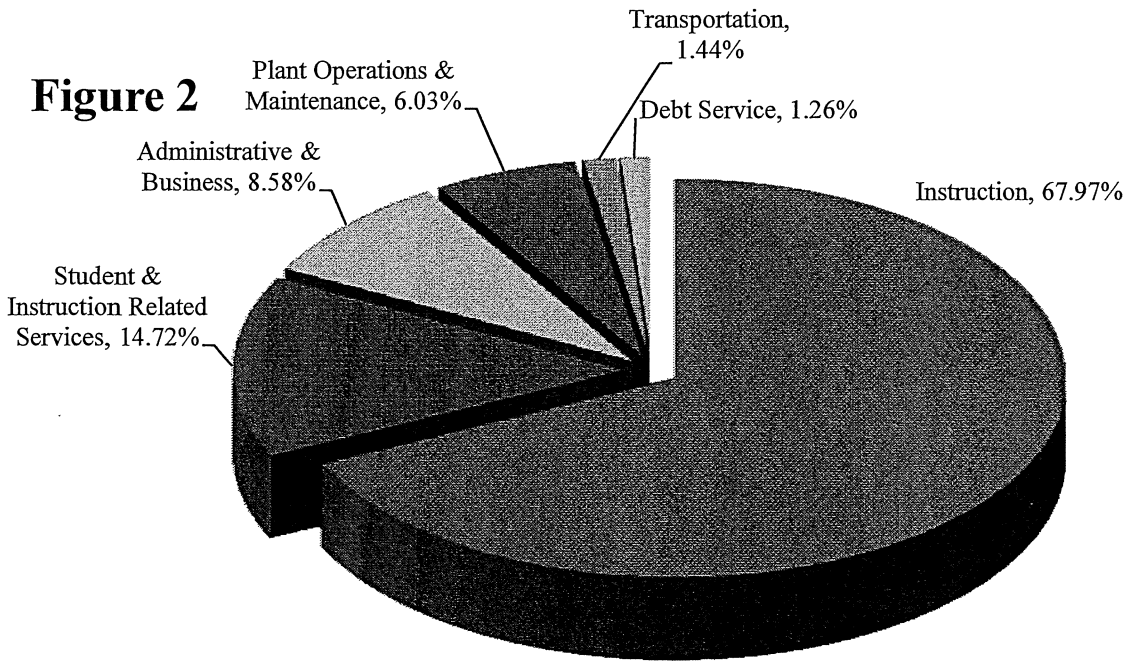
Revenue Sources. The District's total revenue for the 2016/2017 school year was \$24,047,565.94 (See Table 2). Property taxes accounted for most of the District's revenue, with local taxes accounting for \$13,650,844.25 of the total, or 56.77 percent (See Figure 1). State formula aid and categorical grants accounted for 42.81 percent and the remainder was from other miscellaneous sources. The Ho-Ho-Kus School District primarily conducts its operations from the revenue it receives from its local taxpayers.

Figure 1



The total cost of all programs and services was \$24,155,495.59. The District's expenses are predominantly related to instructing, caring for (pupil and instruction services) and transporting students (84.13 percent) (See Figure 2). The District's administrative and maintenance activities accounted for 14.61 percent of total costs. It is important to note that depreciation of \$374,598.00 is included in expenses for the year.

Figure 2



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

Table 3 presents the cost of the District’s major activities. The table also shows each activity’s net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District’s taxpayers by each of these functions:

Table 3
Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2016-2017	2015-2016	2016-2017	2015-2016
Instruction	\$ 12,017,668.03	\$ 8,721,512.11	\$ 5,455,873.89	\$ 5,218,427.82
Tuition	4,450,292.40	4,143,338.20	4,119,191.58	3,809,063.05
Student and Instruction Services	3,579,583.11	2,858,784.73	1,887,450.58	1,994,315.13
Administrative and Business	2,085,729.01	1,716,427.01	1,126,306.54	1,222,082.70
Maintenance and Operations	1,457,669.26	1,221,072.32	992,591.07	979,106.47
Transportation	343,550.89	290,549.76	274,758.70	237,072.56
Other	221,002.89	292,058.40	30,652.14	30,652.14
	<u>\$ 24,155,495.59</u>	<u>\$ 19,243,742.53</u>	<u>\$ 13,886,824.50</u>	<u>\$ 13,490,719.87</u>

- The cost of all governmental activities this year was \$24.2 million.
- The federal and state governments subsidized certain programs with grants and contributions.
- Most of the District’s costs, however, were financed by District taxpayers (\$13.65 million).
- A portion of governmental activities was financed with state aid based on the CEIFA formula.
- The remainder of governmental activities funding came from charges for services, local grants, investment earnings and miscellaneous revenue.

THE DISTRICT’S FUNDS

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

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

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

General Fund: The general fund is the main operating fund of the District. At the end of the current fiscal year, unassigned fund balance was \$376,671.08, while total fund balance was \$1,725,092.99.

As demonstrated by the various statements, the District maintains a sound financial position. The information below compares revenues for 2016-2017 and 2015-2016.

Table 4

<u>Revenues by Source:</u>	<u>2016-2017</u>	<u>2015-2016</u>	<u>% Change</u>
Local Tax Levy	\$ 13,772,072.00	\$ 13,240,289.00	4.02%
Tuition Charges	70,400.00	93,100.00	-24.38%
Miscellaneous	185,570.27	193,291.89	-3.99%
Total - Local Sources	14,028,042.27	13,526,680.89	3.71%
State Sources	2,100,666.67	1,820,297.42	15.40%
Federal Sources	143,596.00	171,277.00	-16.16%
Total Revenues	<u>\$ 16,272,304.94</u>	<u>\$ 15,518,255.31</u>	4.86%

The Tuition Charges category decreased \$22,700.00 primarily due to a decrease in the number of students. The State Sources increased \$280,369.25 due to an increase in the TPAF Pension-On-behalf amount for the District. The Federal Sources decreased \$27,681.00 primarily due to the District not receiving N.C.L.B. Title I monies in 2016-2017.

THE DISTRICT'S FUNDS (Continued)

The information below compares expenditures for 2016-2017 and 2015-2016:

Table 5

<u>Expenditures by Function:</u>	<u>2016-2017</u>	<u>2015-2016</u>	<u>% Change</u>
Current:			
Regular Instruction	\$ 3,521,909.45	\$ 3,324,429.11	5.94%
Special Education	704,477.85	729,299.60	-3.40%
Other Instruction	330,542.82	304,646.44	8.50%
Support Services and Undistributed Costs:			
Tuition	4,450,292.40	4,143,338.20	7.41%
Student and Instruction Related Services	1,491,402.03	1,514,079.53	-1.50%
School Administrative Services	482,767.33	500,215.02	-3.49%
General and Business Administrative Services	477,950.21	545,526.92	-12.39%
Plant Operations and Maintenance	706,151.27	738,535.61	-4.38%
Pupil Transportation	331,774.29	287,355.68	15.46%
Employee Benefits	3,032,662.47	2,759,062.88	9.92%
Capital Outlay	5,923.28	52,606.00	-88.74%
Capital Outlay-Debt Service Assessment	29,837.00	29,837.00	0.00%
Debt Service:			
Principal	520,000.00	470,000.00	10.64%
Interest on Long-Term Debt	219,092.13	268,293.76	-18.34%
Total Expenditures	<u>\$ 16,304,782.53</u>	<u>\$ 15,667,225.75</u>	4.07%

Transportation increased \$44,418.61 as a result of the needs of the students of the District. Capital Outlay decreased \$46,682.72 due to less capital outlay expenditures being budgeted in 16-17. Interest on Long-term Debt decreased \$49,201.63 due to debt refinancing in the current year.

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

THE DISTRICT'S FUNDS (Continued)

Business-type activities

The District's major Enterprise Fund consists of the Food Service Fund for its Special Milk Program. Revenues for the Special Milk (Food Service) Program were comprised of charges for services and federal and state reimbursements. Milk service expenses exceeded revenues by \$3,290.15. Charges for milk service represent \$7,810.00 of revenue; the amount paid by patrons for daily milk service. Federal and State reimbursements for milk, including payments for free milk were \$4,307.28.

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

Table 6

	<u>Food Service</u>
Total Assets	12,431.07
Net Position	12,431.07
Change in Net Position	(3,290.15)
Return on Ending Total Assets	-26.47%
Return on Ending Net Position	-26.47%

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Table 7

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

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Land	\$ 39,002.00	\$ 39,002.00	\$ -	\$ -	\$ 39,002.00	\$ 39,002.00
Land Improvements	238,360.00	238,360.00			238,360.00	238,360.00
Buildings	18,344,759.00	18,529,659.00			18,344,759.00	18,529,659.00
Machinery and Equipment	545,473.28	539,550.00	25,333.24	25,333.24	570,806.52	564,883.24
Construction-in-Progress	850,177.34	850,177.34	-	-	850,177.34	850,177.34
Subtotal	20,017,771.62	20,196,748.34	25,333.24	25,333.24	20,043,104.86	20,222,081.58
Accumulated Depreciation	(6,256,989.00)	(6,067,291.00)	(20,182.72)	(18,980.69)	(6,277,171.72)	(6,086,271.69)
Totals	\$ 13,760,782.62	\$ 14,129,457.34	\$ 5,150.52	\$ 6,352.55	\$ 13,765,933.14	\$ 14,135,809.89

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

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

DEBT

At year-end the District had total debt of \$7.9 million outstanding versus \$8.4 million last year – a decrease of 5.77 percent – as shown in Table 8.

Outstanding Debt, at Year-End

Table 8

	Governmental Activities	
	2017	2016
Serial Bonds	\$ 7,385,000.00	\$ 7,825,000.00
Unamortized Premium	231,466.67	252,509.10
Compensated Absences	168,089.04	164,205.00
Net Pension Liability	3,872,126.00	2,897,896.00
Capital Leases	110,321.04	164,032.50
	<u>\$ 11,767,002.75</u>	<u>\$ 11,303,642.60</u>

The District continued to pay down its debt as scheduled, retiring \$520,000.00 of its outstanding serial bonds and paying its \$53,711.46 lease payment for the LED Lighting Retrofit Lease signed in 2013-2014.

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

BUDGETS

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

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

Revenues

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

Expenditures

The modified budget for Tuition to CSSD & Regional Day Schools increased \$78,660.00 and Tuition to Private Schools for the Disabled increased \$60,387.00 due to the appropriation of additional fund balance. The Security Purchased Professional and Technical Services was decreased by \$74,039.00 due to the services not being needed. The Transportation Contracted Services-Special Ed.-ESC's was increased \$62,972.00 based on the needs of the students of the District. The modified budget for Health Benefits decreased \$54,035.00 due to the over estimation of the increase in premiums.

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

Revenues

Extraordinary Aid was more than the modified budget by \$122,614.00 as a result of this item being conservatively budgeted as \$0 due to the continued unstable state aid available and unpredictable conditions in the economy of the state.

Expenditures

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

FACTORS BEARING ON THE DISTRICT'S FUTURE

In preparing the 2016-2017 budget, the primary goal of the Board was to develop a budget that would meet the District's educational priorities, provide accountability to the taxpaying community, and comply with the stringent restrictions placed on school district budgets by the new legislation. This legislation put a "2% cap" on the local tax levy; therefore, limiting the amount of funds a district can raise to support its budget. During the preparation of the 2016-2017 budget, the District continued to utilize banked cap, and plans to continue to utilize it in the future. The District generated banked cap from enrollment adjustments and health benefits adjustments.

The Board utilized \$305,077 of available fund balance, a decrease of \$236,623 over the prior year, to support the 2016-17 current expense budget. This additional fund balance appropriated enabled the Board to prepare its 2016-2017 budget with a 2.0% total tax increase to the average homeowner. The 2016-2017 unrestricted fund balance will be limited to 2% of our expenditures as per the New Jersey Department of Education regulations. Thus, it will be important to prepare a budget that will closely reflect actual expenditures since the unrestricted fund balance will not permit much flexibility. Also, the availability of the same level of fund balance to support the 2016-17 budget will not likely be available. In addition, the new budget law put into effect by the State of New Jersey Department of Education will continue to have a significant impact on the 2017-18 budget process. The law goes beyond the capping of revenues for the budget but it also authorizes the Executive County Superintendent to look into the budget and challenge the District in their expenditure decisions. The State of New Jersey has also made it clear that they are moving to reduce the number of school districts in the State by consolidating neighboring districts and by encouraging shared services.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

**BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS
Statement of Net Position
June 30, 2017**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 825,230.93	\$ 7,110.30	\$ 832,341.23
Receivables, Net	200,706.90	170.25	200,877.15
Restricted Assets:			
Emergency Reserve-Cash	65,000.00		65,000.00
Maintenance Reserve-Cash	359,748.97		359,748.97
Capital Reserve Account - Cash	442,005.94		442,005.94
Capital Assets			
Land & Construction in Progress	889,179.34		889,179.34
Other Assets, Net of Accum. Depreciation	<u>12,871,603.28</u>	<u>5,150.52</u>	<u>12,876,753.80</u>
Total Assets	<u>15,653,475.36</u>	<u>12,431.07</u>	<u>15,665,906.43</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Deferred Outflows	1,353,647.00		1,353,647.00
Deferred Charge on Refunding of Debt	<u>218,575.83</u>		<u>218,575.83</u>
Total Deferred Outflows of Resources	<u>1,572,222.83</u>		<u>1,572,222.83</u>
LIABILITIES			
Accounts Payable	181,283.26	-	181,283.26
Accrued Interest Payable	84,293.01		84,293.01
Unearned Revenue	115,185.22		115,185.22
Noncurrent Liabilities:			
Due Within One Year	600,714.20		600,714.20
Due Beyond One Year	<u>11,166,288.55</u>	<u>-</u>	<u>11,166,288.55</u>
Total Liabilities	<u>12,147,764.24</u>	<u>-</u>	<u>12,147,764.24</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Deferred Inflows	<u>1,472.00</u>		<u>1,472.00</u>
Total Deferred Inflows of Resources	<u>1,472.00</u>		<u>1,472.00</u>
NET POSITION			
Net Investment in Capital Assets	6,252,570.74	5,150.52	6,257,721.26
Restricted for:			
Debt Service	3,752.27		3,752.27
Other Purposes	1,346,831.91		1,346,831.91
Unrestricted	<u>(2,526,692.97)</u>	<u>7,280.55</u>	<u>(2,519,412.42)</u>
Total Net Position	<u>\$ 5,076,461.95</u>	<u>\$ 12,431.07</u>	<u>\$ 5,088,893.02</u>

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

**BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS
Statement of Activities
For the Year Ended June 30, 2017**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 9,610,529.11	\$ 4,899,721.24	\$ -	\$ (4,640,407.87)	\$ -	\$ (4,640,407.87)
Special Education	1,707,499.83	1,173,449.83		(534,050.00)		(534,050.00)
Other Instruction	699,639.09	418,223.07		(281,416.02)		(281,416.02)
Support Services:						
Tuition	4,450,292.40	331,100.82		(4,119,191.58)		(4,119,191.58)
Student and Instruction Related Services	3,579,583.11	1,692,132.53		(1,887,450.58)		(1,887,450.58)
School Administrative Services	989,581.52	414,530.44		(575,051.08)		(575,051.08)
General and Business Administrative Services	1,096,147.49	544,892.03		(551,255.46)		(551,255.46)
Plant Operations and Maintenance	1,457,669.26	465,078.19		(992,591.07)		(992,591.07)
Pupil Transportation	343,550.89	68,792.19		(274,758.70)		(274,758.70)
Debt Assessment	29,837.00			(29,837.00)		(29,837.00)
Debt Service-Other Charges	815.14			(815.14)		(815.14)
Interest on Long-Term Debt	190,350.75	190,350.75		-		-
Total Governmental Activities	<u>24,155,495.59</u>	<u>10,198,271.09</u>	<u>-</u>	<u>(13,886,824.50)</u>	<u>-</u>	<u>(13,886,824.50)</u>
Business-Type Activities:						
Food Service	15,417.03	4,307.28			(3,299.75)	(3,299.75)
Total Business-Type Activities	<u>15,417.03</u>	<u>4,307.28</u>	<u>-</u>	<u>-</u>	<u>(3,299.75)</u>	<u>(3,299.75)</u>
Total Primary Government	\$ 24,170,912.62	\$ 10,202,578.37	\$ -	\$ (13,886,824.50)	\$ (3,299.75)	\$ (13,890,124.25)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes				\$ 13,098,351.00	\$ -	\$ 13,098,351.00
Property Taxes, Levied for Debt Service Principal				552,493.25		552,493.25
Federal and State Aid Not Restricted				97,149.38		97,149.38
Investment Earnings					9.60	9.60
Miscellaneous Income				30,101.22		30,101.22
Special Item-Prior Year Accounts Receivable Canceled				800.00		800.00
Special Item-Debt Refinanced, Net				(80,000.00)		(80,000.00)
Total General Revenues, Special Items, Extraordinary Items and Transfers				<u>13,698,894.85</u>	<u>9.60</u>	<u>13,698,904.45</u>
Change in Net Position				(187,929.65)	(3,290.15)	(191,219.80)
Net Position—Beginning				5,264,391.60	15,721.22	5,280,112.82
Net Position—Ending				<u>\$ 5,076,461.95</u>	<u>\$ 12,431.07</u>	<u>\$ 5,088,893.02</u>

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

**BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS
Balance Sheet
Governmental Funds
June 30, 2017**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 706,293.44	\$ 115,185.22	\$ -	\$ 3,752.27	\$ 825,230.93
Interfunds Receivable	6,399.53				6,399.53
Receivables from Other Governments	194,307.37				194,307.37
Restricted Cash and Cash Equivalents	866,754.91	-	-	-	866,754.91
Total Assets	<u>\$ 1,773,755.25</u>	<u>\$ 115,185.22</u>	<u>\$ -</u>	<u>\$ 3,752.27</u>	<u>\$ 1,892,692.74</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 48,662.26	\$ -	\$ -	\$ -	\$ 48,662.26
Deferred Revenue - Local	-	115,185.22	-	-	115,185.22
Total Liabilities	<u>48,662.26</u>	<u>115,185.22</u>	<u>-</u>	<u>-</u>	<u>163,847.48</u>
Fund Balances:					
Restricted for:					
Excess Surplus- Current Year	175,000.00				175,000.00
Excess Surplus- Designated for Subsequent Year's Expenditures	173,189.14				173,189.14
Emergency Reserve	65,000.00				65,000.00
Capital Reserve Account	442,005.94				442,005.94
Maintenance Reserve	359,748.97				359,748.97
Assigned to:					
Encumbrances	1,590.00				1,590.00
Debt Service Fund				3,752.27	3,752.27
Designated for Subsequent Year's Expenditures	131,887.86				131,887.86
Unassigned:					
General Fund	376,671.08	-	-	-	376,671.08
Total Fund Balances	<u>1,725,092.99</u>	<u>-</u>	<u>-</u>	<u>3,752.27</u>	<u>1,728,845.26</u>
Total Liabilities and Fund Balances	<u>\$ 1,773,755.25</u>	<u>\$ 115,185.22</u>	<u>\$ -</u>	<u>\$ 3,752.27</u>	

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

The District has financed capital assets through the issuance of serial bonds. The adjustment to net position for the accrual of interest expense is.	(84,293.01)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$20,017,771.62 and the accumulated depreciation is \$6,256,989.00.	13,760,782.62
Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not report in the fund statements.	1,353,647.00
Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements.	(1,472.00)
Accounts Payable for subsequent Pension payment is not a payable in the funds	(132,621.00)
Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(3,872,126.00)
Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt. The unamortized portion of the Deferred Charges on Refunding of Debt is \$218,575.83	218,575.83
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(7,894,876.75)</u>

Net Position of Governmental Activities \$ 5,076,461.95

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

**BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS**
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources:					
Local Tax Levy	\$ 13,098,351.00	\$ -	\$ -	\$ 673,721.00	\$ 13,772,072.00
Tuition Charges	70,400.00				70,400.00
Miscellaneous	<u>30,101.22</u>	<u>155,469.05</u>	<u>-</u>	<u>-</u>	<u>185,570.27</u>
Total - Local Sources	13,198,852.22	155,469.05	-	673,721.00	14,028,042.27
State Sources	1,974,812.37	-	56,731.30	69,123.00	2,100,666.67
Federal Sources	<u>-</u>	<u>143,596.00</u>	<u>-</u>	<u>-</u>	<u>143,596.00</u>
Total Revenues	<u>15,173,664.59</u>	<u>299,065.05</u>	<u>56,731.30</u>	<u>742,844.00</u>	<u>16,272,304.94</u>
EXPENDITURES					
Current:					
Regular Instruction	3,521,909.45	-			3,521,909.45
Special Education Instruction	568,057.85	136,420.00			704,477.85
Other Instruction	214,208.77	116,334.05			330,542.82
Support Services and Undistributed Costs:					
Tuition	4,450,292.40				4,450,292.40
Student and Instruction Related Services	1,445,091.03	46,311.00			1,491,402.03
School Administrative Services	482,767.33				482,767.33
General and Business Administrative Services	477,950.21				477,950.21
Plant Operations and Maintenance	706,151.27				706,151.27
Pupil Transportation	331,774.29				331,774.29
Unallocated Benefits	3,032,662.47				3,032,662.47
Capital Outlay	5,923.28		-		5,923.28
Capital Outlay-Debt Assessment	29,837.00				29,837.00
Debt Service:					
Principal				520,000.00	520,000.00
Interest and Other Charges	-	-	-	219,092.13	219,092.13
Total Expenditures	<u>15,266,625.35</u>	<u>299,065.05</u>	<u>-</u>	<u>739,092.13</u>	<u>16,304,782.53</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(92,960.76)</u>	<u>-</u>	<u>56,731.30</u>	<u>3,751.87</u>	<u>(32,477.59)</u>
OTHER FINANCING SOURCES AND (USES)					
Payment to Refunded Bond Escrow Agent			-	(2,188,296.88)	(2,188,296.88)
Refunded Bonds Issued				2,225,000.00	2,225,000.00
Cost of Issuance				(36,703.12)	(36,703.12)
Prior Year Accounts Receivable Canceled	800.00				800.00
Transfers In	103,170.05				103,170.05
Transfers (Out)	-	-	(103,170.05)	-	(103,170.05)
Total Other Financing Sources and (Uses)	<u>103,970.05</u>	<u>-</u>	<u>(103,170.05)</u>	<u>0.00</u>	<u>800.00</u>
Net Change in Fund Balances	11,009.29	-	(46,438.75)	3,751.87	(31,677.59)
Fund Balance—July 1	<u>1,714,083.70</u>	<u>-</u>	<u>46,438.75</u>	<u>0.40</u>	<u>1,760,522.85</u>
Fund Balance—June 30	<u>\$ 1,725,092.99</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,752.27</u>	<u>\$ 1,728,845.26</u>

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

**BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2017**

Total net change in fund balances - governmental funds (from B-2) **\$ (31,677.59)**

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

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

	Depreciation Expense	\$ (374,598.00)
	Capital Outlays	<u>5,923.28</u>
		(368,674.72)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.

	Bonds Payable	520,000.00
	Refunding of Series 2003 Serial Bonds, Net	(80,000.00)
	Capital Leases Payable	<u>53,711.46</u>
		493,711.46

Transactions related to advanced refundings are reported as financing sources/uses in the governmental funds and thus contribute to the change in fund balances. In the statement of net position, refunding bonds are reported as an adjustment to long-term liabilities.

	Refunding bonds	2,225,000.00
	Payments to Refunded Bond Escrow Agent	(2,188,296.88)
	Bond Issuance Costs	<u>(36,703.12)</u>
		0.00

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

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

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

	Interest Paid	219,092.13
	Interest Accrued	<u>(190,350.75)</u>
		28,741.38

District pension contributions are reported as expenditures in the governmental funds when made. However per GASB No. 68 they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

	District Pension Contributions	116,147.00
	Less: Pension Expense	<u>(421,478.00)</u>
	(Increase)/Decrease in Pension Expense	(305,331.00)

Per GASB No. 68 Non-employer contributing entities are required to record an increase in revenue and expense for On-behalf TPAF pension payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements.

	Increase in On-behalf State Aid TPAF Pension	2,183,877.00
	Increase in On-behalf TPAF Pension Expense	<u>(2,183,877.00)</u>
		-

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

(3,884.04)

Change in Net Position of Governmental Activities

\$ (187,929.65)

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

**BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS
Statement of Net Position
Proprietary Funds
June 30, 2017**

	Business-Type Activities - Enterprise Funds	
	<u>Food Service</u>	<u>Totals</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 7,110.30	\$ 7,110.30
Accounts Receivable		-
Federal Program	<u>170.25</u>	<u>170.25</u>
Total Current Assets	<u>7,280.55</u>	<u>7,280.55</u>
Noncurrent Assets:		
Restricted Cash and Cash Equivalents		-
Furniture, Machinery and Equipment	25,333.24	25,333.24
Less Accumulated Depreciation	<u>(20,182.72)</u>	<u>(20,182.72)</u>
Total Noncurrent Assets	<u>5,150.52</u>	<u>5,150.52</u>
Total Assets	<u>12,431.07</u>	<u>12,431.07</u>
LIABILITIES		
Current Liabilities:		
Interfund Payable	<u>-</u>	<u>-</u>
Total Current Liabilities	<u>-</u>	<u>-</u>
NET POSITION		
Net Investment in Capital Assets	5,150.52	5,150.52
Unrestricted	<u>7,280.55</u>	<u>7,280.55</u>
Total Net Position	<u>\$ 12,431.07</u>	<u>\$ 12,431.07</u>

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

**BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS**
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2017

	Business-Type Activities - Enterprise Funds	
	Food Service	Totals
Operating Revenues:		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ 7,810.00	\$ 7,810.00
Total Operating Revenues	<u>7,810.00</u>	<u>7,810.00</u>
 Operating Expenses:		
Cost of Sales	6,505.40	6,505.40
Salaries	7,709.60	7,709.60
Depreciation	<u>1,202.03</u>	<u>1,202.03</u>
Total Operating Expenses	<u>15,417.03</u>	<u>15,417.03</u>
Operating (Loss)	<u>(7,607.03)</u>	<u>(7,607.03)</u>
 Nonoperating Revenues (Expenses):		
Federal Sources:		
Special Milk Program	4,307.28	4,307.28
Interest and Investment Revenue	<u>9.60</u>	<u>9.60</u>
Total Nonoperating Revenues (Expenses)	<u>4,316.88</u>	<u>4,316.88</u>
Income Before Contributions and Transfers	<u>(3,290.15)</u>	<u>(3,290.15)</u>
Change in Net Position	<u>(3,290.15)</u>	<u>(3,290.15)</u>
Total Net Position—Beginning	<u>15,721.22</u>	<u>15,721.22</u>
Total Net Position—Ending	<u>\$ 12,431.07</u>	<u>\$ 12,431.07</u>

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

**BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2017**

	Business-Type Activities - Enterprise Funds	
	<u>Food Service</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 7,810.00	\$ 7,810.00
Payments to Suppliers	<u>(14,215.00)</u>	<u>(14,215.00)</u>
Net Cash (Used for) Operating Activities	<u>(6,405.00)</u>	<u>(6,405.00)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Federal Sources	<u>4,691.83</u>	<u>4,691.83</u>
Net Cash Provided By Non-capital Financing Activities	<u>4,691.83</u>	<u>4,691.83</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and Dividends	<u>9.60</u>	<u>9.60</u>
Net Cash Provided By Investing Activities	<u>9.60</u>	<u>9.60</u>
Net Decrease in Cash and Cash Equivalents	<u>(1,703.57)</u>	<u>(1,703.57)</u>
Balances—Beginning of Year	<u>8,813.87</u>	<u>8,813.87</u>
Balances—End of Year	<u>\$ 7,110.30</u>	<u>\$ 7,110.30</u>
Reconciliation of operating (loss) to net cash provided by (used for) operating activities:		
Operating (Loss)	\$ (7,607.03)	\$ (7,607.03)
Adjustments to Reconcile Operating (Loss) to Net Cash (Used for) Operating Activities:		
Depreciation and Net Amortization	<u>1,202.03</u>	<u>1,202.03</u>
Total Adjustments	<u>1,202.03</u>	<u>1,202.03</u>
Net Cash (Used for) Operating Activities	<u>\$ (6,405.00)</u>	<u>\$ (6,405.00)</u>

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

**BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017**

	Unemployment Compensation <u>Trust</u>	Private Purpose Scholarship <u>Fund</u>	Agency <u>Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 13,447.94	\$ 23,980.27	\$ 42,023.49
Total Assets	<u>\$ 13,447.94</u>	<u>\$ 23,980.27</u>	<u>\$ 42,023.49</u>
LIABILITIES			
Payable to District			6,399.53
Payable to Student Groups			35,206.92
Payroll Deductions and Withholdings	<u>-</u>	<u>-</u>	<u>417.04</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>\$ 42,023.49</u>
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 13,447.94</u>		
Reserved for Scholarships		<u>\$ 23,980.27</u>	

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

**BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2017**

	Unemployment Compensation <u>Trust</u>	Private Purpose Scholarship <u>Fund</u>
ADDITIONS		
Contributions:		
Plan Member	\$ 8,452.55	\$ -
Other	<u>-</u>	<u>800.00</u>
Total Contributions	<u>8,452.55</u>	<u>800.00</u>
Investment Earnings:		
Interest	<u>15.05</u>	<u>21.72</u>
Net Investment Earnings	<u>15.05</u>	<u>21.72</u>
Total Additions	<u>8,467.60</u>	<u>821.72</u>
DEDUCTIONS		
Unemployment Claims	10,355.14	
Scholarships Awarded	<u>-</u>	<u>1,000.00</u>
Total Deductions	<u>10,355.14</u>	<u>1,000.00</u>
Change in Net Position	<u>(1,887.54)</u>	<u>(178.28)</u>
Net Position—Beginning	<u>15,335.48</u>	<u>24,158.55</u>
Net Position—Ending	<u>\$ 13,447.94</u>	<u>\$ 23,980.27</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Board of Education (“Board”) of the Borough of Ho-Ho-Kus School District (“District”) is an instrumentality of the State of New Jersey, established to function as an educational institution. The Borough of Ho-Ho-Kus School District is a Type II district located in the County of Bergen, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-8. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board’s duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

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

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, “Defining the Financial Reporting Entity” establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include an elementary school located in the Borough of Ho-Ho-Kus. 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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education of the Borough of Ho-Ho-Kus School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the board’s accounting policies are described below.

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Presentation

The Board's basic financial statements consist of District-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

District-wide Financial Statements

The statement of net position and the statement of activities display information about the Board as a whole. These statements include the financial activities of the overall District, except for the fiduciary funds. The statements distinguish between those activities of the Board that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the Board at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the governmental activities and for the business-type activities of the Board. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Board, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Board.

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 funds as major is important for public interest and to promote consistency among district financial reporting models. The various funds of the Board are grouped into the categories governmental, proprietary and fiduciary.

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the Board are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Board's governmental funds:

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

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

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

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

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from sale of bonds, lease purchases and other revenues.

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

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

PROPRIETARY FUNDS

The focus of Proprietary Fund measurement is upon determination of net income, changes in net position, financial position and cash flows. The accounting principles generally accepted in the United States of America applicable are those similar to businesses in the private sector. Proprietary funds are classified as enterprise or internal service; the Board has no internal service funds. The following is a description of the Proprietary Funds of the Board:

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

The Board's Enterprise Fund is comprised of the Food Service Fund.

FIDUCIARY FUNDS

Fiduciary Fund - Fiduciary Fund reporting focuses on net position and changes in net position. The Fiduciary Funds are used to account for assets held by the Board on behalf of individuals, private organizations, other governments and/or other funds. Fiduciary Funds include the Unemployment Compensation Insurance Fund, Student Activities Fund and Payroll Agency Fund.

B. Measurement Focus

District-wide Financial Statements

The District-wide statements (i.e., the statement of net position and the statement of activities) are prepared using the economic resources measurements focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the Board are included on the statement of net position, except for fiduciary funds.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements (continued)

governmental activities of the District-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the District-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Board finances and meets the cash flow needs of its proprietary activities.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The District-wide financial statements and the financial statements of the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange 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 a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that 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.

Nonexchange transactions, in which the Board receives value without directly giving equal value in return, 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. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Board must provide local resources to be used for a specified purpose, and expenditure

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues - Exchange and Non-exchange Transactions (continued)

requirements, in which the resources are provided to the Board on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under GAAP, in accordance with GASB No. 33, Accounting and Financial Reporting for Nonexchange Transactions, the last state aid payment is not considered revenue to the school district if the state has not recorded the corresponding expenditure, even though state law dictates recording the revenue.

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

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement of focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

D. Budgets/Budgetary Control

Annual appropriated budgets are adopted in the spring of the preceding year for the general, and special revenue funds. The budgets are submitted to the county superintendents office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. 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. 6A:23-2(g)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. The Board of Education made material supplemental budgetary appropriations during the fiscal year. Surplus funds of \$134,072.00 was appropriated for tuition.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the one or more June state aid payments

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budgets/Budgetary Control (continued)

for budgetary purposes only and special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

E. 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 reservations of 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 Board has received advances, are reflected in the balance sheet as unearned revenues 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.

F. Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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

Additionally, the Board 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

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Cash, Cash Equivalents and Investments (continued)

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 public 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 at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

G. Tuition Revenues/Receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

H. Tuition Payable

Tuition charges were established by the receiving district. The charges are subject to adjustment when the final costs have been determined.

I. Inventories

On District-wide financial statements, inventories are presented at cost, which approximates market on a first-in, first-out basis and are expensed when used.

On fund financial statements inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Inventories of proprietary funds consist of food and goods held for resale, as well as supplies, and are expensed when used.

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2017, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Short-Term Interfund Receivables/Payables

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

L. Capital Assets

General capital assets are those assets not specifically related to activities reported in the enterprise fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the district -wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the enterprise fund are reported both in the business-type activity column of the District-wide statement of net position and in the fund.

All capital assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The capital assets acquired or constructed prior to June 30, 1993 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their estimated fair market value on the date received. The Board maintains a capitalization threshold of \$2,000.00. The Board does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activity Estimated Lives</u>
Sites and Improvements	20 years	N/A
Building and Improvements	7-50 years	N/A
Furniture, Equipment and Vehicles	5-20 years	5-20 years

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Compensated Absences

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

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

N. Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Unearned revenue in the special revenue fund represents cash that has been received but not yet earned. See Note 2(E) regarding the special revenue fund.

O. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgements, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds, long-term obligations, and capital leases that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Accounting and Financial Reporting for Pensions

In fiscal year 2015, the District implemented GASB 68. This Statement amends GASB Statement No. 27. It improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

The District has also implemented GASB Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date—an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Accounting and Financial Reporting for Pensions (continued)

made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has only one item that qualifies for reporting in this category, which is deferred amounts related to pensions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies in this category, deferred amounts related to pension.

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**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

R. Fund Balances:

Fund balance is divided into five classifications based primarily on the extent to which the Board is bound to observe constraints imposed upon the resources in the governmental funds. The classifications are as follows:

Nonspendable fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of resource providers.

Committed fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Board's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.

Assigned fund balance comprises amounts *intended* to be used by the Board for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

S. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Board or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

S. Net Position (continued)

The Board applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

T. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Board, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

U. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board and that are either unusual in nature or infrequent in occurrence. The District had a Special Item in 2016-2017 for Debt Refinancing of \$80,000.00.

V. Allocation of Indirect Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, medical and dental benefits and TPAF on-behalf contributions were allocated based on salaries of that program. Changes in compensating absences have not been allocated and have been reported as unallocated benefits on the Statement of Activities. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities as unallocated depreciation. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

W. Use of Estimates

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

X. Recent Accounting Pronouncements:

The Government Accounting Standards Board issued GASB Statement No. 72, Fair Value Measurement and Application. This Statement is effective for fiscal years beginning after June 15, 2015. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement also provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The District had no transactions of this type for the year ended June 30, 2017.

The Government Accounting Standards Board issued GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68. This Statement is effective for fiscal years beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for fiscal years beginning after June 15, 2016. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. This Statement applies to OPEB plans and basically parallels GASB Statement 67 and replaces GASB Statement 43 and is effective for fiscal years beginning after June 15, 2016. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for fiscal years beginning after June 15, 2017. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

X. Recent Accounting Pronouncements:(continued)

The Government Accounting Standards Board issued GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the American Institute of Certified Public Accountants that is cleared by the GASB. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 77, *Tax Abatement Disclosures*, which improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The District believes this Statement will have no impact on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which establishes the criteria for identifying the applicable pension plans and addresses measurement and recognition for pension liabilities, expense and expenditures; note disclosures of descriptive information about the plan, benefit terms, and contributions items; and required supplementary information presenting required contribution amounts for the past 10 fiscal years. The District is currently reviewing what effect this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 79, *Certain External Investment Pools and Pool Participation*, which permits qualifying external investment pools to measure pool investments at amortized cost for financial reporting purposes. The District is currently reviewing what effect this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 80, *Blending Requirements for Certain Component Units*, which provides clarity about how certain component units incorporated as not-for-profit corporations should be presented in the financial statements of the primary state or local government. The District does not believe this Statement will have any effect on future financial statements.

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

X. Recent Accounting Pronouncements:(continued)

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 81, Irrevocable Split-Interest Agreements. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The District does not believe this Statement will have any effect on future financial statements.

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 82, Pension Issues - an Amendment of GASB Statements No. 67, No. 68 and No. 73. The objective of this Statement is to address certain issues that have been raised with respect to Statement No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement is effective for reporting periods beginning after June 15, 2016. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice.

In November 2016, the Government Accounting Standards Board issued GASB Statement No. 83, Certain Asset Retirement Obligations. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflows of resources for asset retirement obligations (AROs). The District does not believe this Statement will have any effect on future financial statements.

In January 2017, the Government Accounting Standards Board issued GASB Statement No. 84, Fiduciary Activities. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary

relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities. The District is currently evaluating the effects, if any, this Statement may have on future financial statements.

In March 2017, the Government Accounting Standards Board issued GASB Statement No. 85, Omnibus 2017, which addresses practice issues that have been identified during the implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues relating to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

X. Recent Accounting Pronouncements:(continued)

In May 2017, the Governmental Accounting Standards Board issued GASB Statement No. 86, *Certain Debt Extinguishment Issues*, which improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2017, \$0- of the District's bank balance of \$1,843,136.41 was exposed to custodial credit risk.

Investments

Investment Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investment to 397 days.

Credit Risk

New Jersey Statutes 18A:20-37 limits school district investments to those specified in the Statues. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the school districts or bonds or other obligations of the local unit or units within which the school district is located: obligations of federal agencies not exceeding 397 days; government

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)

Credit Risk (continued)

money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The district places no limit on the amount the District may invest in any one issuer.

NOTE 4. RECEIVABLES

Receivables at June 30, 2017 consisted of accounts and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of receivables follows:

	Governmental Fund Financial <u>Activities</u>	Enterprise Fund	District Wide Financial <u>Statements</u>
State Aid	\$194,307.37	\$ -	\$194,307.37
Federal Aid		170.25	170.25
Other		-	
Interfunds	<u>6,399.53</u>	<u>-</u>	<u>6,399.53</u>
Gross Receivables	<u>200,706.90</u>	<u>170.25</u>	<u>200,877.15</u>
Less Allowance for Uncollectables	<u>-</u>	<u>-</u>	<u>-</u>
Total Receivables Net	<u>\$200,706.90</u>	<u>\$170.25</u>	<u>\$200,706.90</u>

NOTE 5. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at June 30, 2017 consist of the following:

Due to General Fund from Net Payroll Account for interest earnings.	\$5,982.61
Due to General Fund from Payroll Agency Fund for interest earned.	<u>416.92</u>
	<u>\$6,399.53</u>

It is anticipated that all interfunds will be liquidated within the fiscal year.

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirement</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 39,002.00	\$ -	\$ -	\$ 39,002.00
Construction in Progress	<u>850,177.34</u>	<u>-</u>	<u>-</u>	<u>850,177.34</u>
Total Capital Assets Not Being Depreciated	<u>889,179.34</u>	<u>-</u>	<u>-</u>	<u>889,179.34</u>
Land Improvements	238,360.00			238,360.00
Buildings and Improvements	18,529,659.00	-	(184,900.00)	8,344,759.00
Machinery and Equipment	<u>539,550.00</u>	<u>5,923.28</u>	<u>-</u>	<u>545,473.28</u>
Totals at Historical Cost	<u>19,307,569.00</u>	<u>5,923.28</u>	<u>(184,900.00)</u>	<u>19,128,592.28</u>
Less Accumulated Depreciation for:				
Land Improvements	(238,360.00)	-		(238,360.00)
Buildings and Improvements	(5,371,446.00)	(356,807.00)	184,900.00	5,543,353.00)
Machinery and Equipment	<u>(457,485.00)</u>	<u>(17,791.00)</u>	<u>-</u>	<u>(475,276.00)</u>
Total Accumulated Depreciation	<u>(6,067,291.00)</u>	<u>(374,598.00)</u>	(1) <u>184,900.00</u>	<u>(6,256,989.00)</u>
Net Capital Assets Being Depreciated	<u>13,240,278.00</u>	<u>(368,674.72)</u>	<u>-</u>	<u>12,871,603.28</u>
Governmental Activities Capital Assets, Net	<u>\$ 14,129,457.34</u>	<u>\$ (368,674.72)</u>	<u>\$ -</u>	<u>\$ 13,760,782.62</u>
Business - Type Activities:				
Equipment	\$ 25,333.24	\$ -	\$ -	\$ 25,333.24
Less Accumulated Depreciation	<u>(18,980.69)</u>	<u>(1,202.03)</u>	<u>-</u>	<u>(20,182.72)</u>
Business - Type Activities Capital Assets, Net	<u>\$ 6,352.55</u>	<u>\$ (1,202.03)</u>	<u>\$ -</u>	<u>\$ 5,150.52</u>

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

Instruction	95,170.76
Student and Instruction Related Services	75,462.83
Plant Operations and Maintenance	<u>203,964.41</u>
	<u>\$ 374,598.00</u>

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 7. LONG-TERM OBLIGATION ACTIVITY

Changes in long-term obligations for the fiscal year ended June 30, 2017 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Long - Term Debt:					
Serial Bonds	\$ 7,825,000.00	\$2,225,000.00 (1)	\$(2,665,000.00) (2)	\$7,385,000.00	\$525,000.00
Unamortized Premium	<u>252,509.10</u>	<u>0.00</u>	<u>(21,042.43)</u>	<u>231,466.67</u>	<u>21,042.43</u>
Total Debt Payable	<u>8,077,509.10</u>	<u>2,225,000.00</u>	<u>(2,686,042.43)</u>	<u>7,616,466.67</u>	<u>546,042.43</u>
Other Liabilities:					
Compensated Absences	164,205.00	17,299.04	(13,415.00)	168,089.04	
Net Pension Liability	2,897,896.00	974,230.00		3,872,126.00	
Capital leases	<u>164,032.50</u>	<u>-</u>	<u>(53,711.46)</u>	<u>110,321.04</u>	<u>54,671.77</u>
Total Other Liabilities	<u>3,226,133.50</u>	<u>991,529.04</u>	<u>(67,126.46) (3)</u>	<u>4,150,536.08</u>	<u>54,671.77</u>
Governmental Activities					
Long - Term Liabilities	<u>\$11,303,642.60</u>	<u>\$3,216,529.00</u>	<u>\$ (2,753,168.89)</u>	<u>\$11,767,002.75</u>	<u>\$ 600,714.20</u>

(1) Series 2016 School Bonds Issued 10/13/16.

(2) \$520,000.00 School Bonds Paid by Debt Service Fund, \$2,145,000.00 Series 1999 School Bonds Defeased.

(3) Paid by General Fund

A. Bonds Payable:

The Board issued General Obligation Bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets.

Bonds are authorized in accordance with State Law by the voters of the District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are General Obligation Bonds.

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**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 7. LONG-TERM OBLIGATION ACTIVITY (continued)

A. Bonds Payable (continued):

Outstanding Bonds Payable at June 30, 2017 consisted of the following:

<u>Description</u>	<u>Interest Rate</u>	<u>Due Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Additions and Renovations to Elementary School	Various	2/1	2/1/29	\$6,585,000.00	\$ 5,190,000.00
Additions and Renovations to Elementary School (Refunding Bonds, Series 2016)	Various	1/1	1/1/29	<u>2,225,000.00</u> <u>\$8,810,000.00</u>	<u>2,195,000.00</u> <u>\$7,385,000.00</u>

Principal and interest due on Serial Bonds Outstanding is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 525,000.00	\$ 193,611.00	\$ 718,611.00
2019	550,000.00	179,544.00	729,544.00
2020	560,000.00	164,778.00	724,778.00
2021	580,000.00	145,812.00	725,812.00
2022	600,000.00	126,147.00	726,147.00
2023	620,000.00	105,682.00	725,682.00
2024	635,000.00	92,768.00	727,768.00
2025	645,000.00	78,980.00	723,980.00
2026	665,000.00	64,392.00	729,392.00
2027	660,000.00	48,755.00	708,755.00
2028	675,000.00	33,243.00	708,243.00
2029	<u>670,000.00</u>	<u>16,846.50</u>	<u>686,846.50</u>
	<u>\$7,385,000.00</u>	<u>\$1,250,558.50</u>	<u>\$8,635,558.50</u>

B. Refunding Bonds Payable

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

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 7. LONG-TERM OBLIGATION ACTIVITY (continued)

B. Refunding Bonds Payable (continued)

Refunding bonds in the amount of \$2,225,000.00 were issued on October 13, 2016. The purpose of the Bonds were to (i) advance refund all of the \$2,145,000.00 aggregate principal amount of School Bonds of the Board dated September 27, 2007 originally issued in the principal amount of \$3,800,000.00 maturing on or after January 1, 2018 through 2029 (the “Refunded Bonds”) through January 1, 2017 (the “Redemption Date”) at 100% of par (the “Redemption Price”), assuming the 2007 Refunding Bonds are called for redemption on the Redemption Date at the Redemption Price.

C. Unamortized Bond Issuance Premium

At June 30, 2017 , the District had unamortized premiums on the 2012 refunding bond issue totaling \$231,466.67. Amortization expense for the fiscal year ended June 30, 2017 amounted to \$21,042.43.

Bond premiums will be amortized using the straight-line method over the life of the specific bonds as follows:

Fiscal Year <u>Ending June 30,</u>	Amortization <u>Expense</u>
2018	\$ 21,042.43
2019	21,042.43
2020	21,042.43
2021	21,042.43
2022-2029	<u>147,296.95</u>
	<u>\$ 231,466.67</u>

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**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 7. LONG-TERM OBLIGATION ACTIVITY (continued)

D. Capital Leases

The District entered into a lease for LED Lighting Retrofit totaling \$285,769.76 under a capital lease.

The following is a schedule of the future minimum lease payments under these capital lease and the present value of the net minimum lease payments at June 30, 2017:

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	\$56,393.28
2019	<u>56,393.28</u>
Total Minimum Lease Payments	<u>112,786.56</u>
Less: Amount representing interest	<u>(2,465.52)</u>
Present Value of net minimum lease	<u>\$110,321.04</u>

Maturities of capital leases payable are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	\$ 54,671.77
2019	<u>55,649.27</u>
	<u>\$110,321.04</u>

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**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 8. PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or reports can be accessed on the internet at:
http://www.state.nj.us/treasury/pensions/annrpts_archive.htm.

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

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 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.

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**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 8. PENSION PLANS: (continued)

The following represents the membership tiers for TPAF:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 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 member 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.

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

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.

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**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 8. PENSION PLANS: (continued)

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member 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.

Defined Contribution Retirement Program

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 8. PENSION PLANS: (continued)

Contributions Requirements Fund Based Statements

The Board's contribution to PERS AND DCRP, equal to the required contributions for each year as reported in the fund based statements, were as follows:

<u>Year Ending</u>	<u>PERS</u>	<u>DCRP</u>
6/30/17	\$116,147.00	\$ 343.35
6/30/16	110,986.00	1,112.94
6/30/15	95,067.00	329.34

The State of New Jersey contribution to TPAF (paid on-behalf of the District) for normal and post retirement benefits have been included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13, as follows:

<u>Year Ending</u>	<u>Pension Contributions</u>	<u>Post-Retirement Medical Contributions</u>	<u>NCGI Premium</u>	<u>LTDI Contribution</u>
6/30/17	\$507,174.00	\$437,903.00	18,376.00	\$677.00
6/30/16	349,594.00	437,005.00	17,415.00	-
6/30/15	225,712.00	384,097.00	16,239.00	-

In addition, the post-retirement medical benefits are included in the district-wide financial statements.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$350,441.37 during the year ended June 30, 2017 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13.

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**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68

Public Employees Retirement System (PERS)

At June 30, 2017, the District had a liability of \$3,872,126.00 for its proportionate share of the PERS 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 that date. 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 governmental entities, actuarially determined. At June 30, 2016, the District's proportion was 0.01307393820 percent, which was an increase of 0.0129448445 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$421,478.00. At June 30, 2017, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 72,010.00	\$ -
Changes of assumptions	802,098.00	-
Net difference between projected and actual earnings on pension plan investments	147,648.00	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	199,270.00	1,472.00
District contributions subsequent to the measurement date	<u>132,621.00</u>	<u>-</u>
Total	<u>\$1,353,647.00</u>	<u>\$ 1,472.00</u>

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**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 8. PENSION PLANS (continued)

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-
WIDE STATEMENTS PER - GASB NO. 68, (continued)**

The \$132,621.00 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2017, the plan measurement date is June 30, 2016) will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$229,895.10
2018	229,895.10
2019	265,656.56
2020	224,786.32
2021	71,522.92

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.57, 5.72 and 6.44 years for 2016, 2015 and 2014 amounts, respectively.

Additional Information

Local Group Collective balances at June 30, 2016 and June 30, 2015 are as follows:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Collective deferred outflows of resources	\$ 8,685,338,380	\$3,578,755,666
Collective deferred inflows of resources	870,133,595	993,410,455
Collective net pension liability	29,617,131,759	22,447,996,119
District s Proportion	0.01307393820%	0.012909375%

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 8. PENSION PLANS: (continued)

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 rolled forward to June 30, 2016. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	3.08 Percent
Salary Increases:	
Through 2016	1.65-4.15 Percent (based on age)
Thereafter	2.65-5.15 Percent (based on age)
Investment Rate of Return	7.65 Percent

The actuarial assumptions used in the June 30, 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.

Mortality Rates

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. 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 plans actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 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 1 year for females).

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 8. PENSION PLANS: (continued)

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-
WIDE STATEMENTS PER - GASB NO. 68, (continued)**

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on 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's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	.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 Markets	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Returns	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	<u>5.25%</u>	5.63%
	<u>100.00%</u>	

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 8. PENSION PLANS: (continued)

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-
WIDE STATEMENTS PER - GASB NO. 68, (continued)**

Discount Rate

The discount rate used to measure the total pension liability was 3.98% and 4.90% as of June 30, 2016 and 2015, respectively. 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% and 3.80% as of June 30, 2016 and 2015, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions and 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 Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2016, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	1%	<u>June 30, 2016</u>	1%
	Decrease	At Current Discount Rate	Increase
	<u>2.98%</u>	<u>3.98%</u>	<u>4.98%</u>
District's proportionate share of the pension liability	\$4,744,838	3,872,126	\$3,151,626

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 8. PENSION PLANS: (continued)

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-
WIDE STATEMENTS PER - GASB NO. 68, (continued)**

Teachers Pensions and Annuity Fund (TPAF)

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. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2017 was as follows:

Net Pension Liability:

District's proportionate share	\$ -0-
State's proportionate share associated with the District	<u>36,060,257</u>
	\$ <u>36,060,257</u>

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 June 30, 2015 rolled forward to June 30, 2016. The net pension liability associated with the District 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 school districts and the State, actuarially determined. At June 30, 2016, the proportion of the TPAF net pension liability associated with the District was 0.0458394846%.

For the year ended June 30, 2017, the District recognized on-behalf pension expense and revenue of \$2,709,427.00 for contributions provided by the State in the District-Wide Financial Statements.

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. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 8. PENSION PLANS: (continued)

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-
WIDE STATEMENTS PER - GASB NO. 68, (continued)**

Actuarial Assumptions (continued)

was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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

Mortality Rates

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-year 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 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 TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 8. PENSION PLANS: (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)

Teachers Pensions and Annuity Fund (TPAF) (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Markets Equity	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	<u>3.75%</u>	3.49%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 3.22% and 4.13% as of June 30, 2016 and 2015, respectively. 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% and 3.80% as of June 30, 2016 and 2015, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuary 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 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2026, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 8. PENSION PLANS: (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

Because the District's proportionate share of the net pension liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

NOTE 9. POST-RETIREMENT BENEFITS:

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 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 Chapter 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 Chapter 126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$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 Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at:

<http://www.nj.gov/treasury/pensions/pdf/financial1/2016divisioncombined.pdf>

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to general liability, automobile coverage; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board has obtained insurance coverage to guard against these events to minimize the exposure to the District should they occur.

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

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

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

<u>Fiscal Year</u>	<u>School Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	\$ 0.00	\$8,452.55	\$10,355.14	\$13,447.94
2015-2016	1,455.61	10,575.02	4,633.11	15,335.48
2014-2015	0.00	29,956.00	30,804.14	7,899.84

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 11. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Borough of Ho-Ho-Kus Board of Education by inclusion of \$100.00 on October 3, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district’s approved Long Range Facilities Plan (LRFP). A district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfers by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A.* 19:60-2. Pursuant to *N.J.A.C.* 6A:23A-14.1(g), 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 July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning balance, July 1, 2016	\$368,652.89
Capital Projects Money Returned	103,190.05
Budgeted withdrawal	<u>(29,837.00)</u>
Ending balance June 30, 2017	<u>\$ 442,005.94</u>

The balance in the capital reserve account at June 30, 2017 does not exceed the balance of local support costs of uncompleted capital projects in its LRFP. Withdrawals from the capital reserve, where applicable, are for use in a DOE approved facilities project, consistent with the District’s Long Range Facilities Plan.

NOTE 12. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by the Board of Education resolution adopted on June 23, 2009 in the amount of \$25,000.00. The account is maintained in the general fund. The maintenance reserve account is used to accumulate funds for the required maintenance of a facility in accordance with the EFCFA (*N.J.S.A.* 18A:7G-9). EFCFA requires that upon district completion of a school facilities project, the district must submit a plan for the maintenance of that facility. All such plans must include a provision for a maintenance reserve fund.

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 12. MAINTENANCE RESERVE ACCOUNT (continued)

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

Beginning balance, July 1, 2016	\$409,430.00
2016-2017 Transfer from Undesignated Fund Balance	38,968.41
2016-2017 Unspent Budgeted Withdrawal From Maintenance Reserve	6,350.56
2016-2017 Budgeted Withdrawal from From Maintenance Reserve	<u>(95,000.00)</u>
Ending balance, June 30, 2017	<u>\$359,748.97</u>

NOTE 13. EMERGENCY RESERVE ACCOUNT

The emergency reserve account is used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c(1) to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time is the greater of \$250,000 or 1 percent of the general fund budget not to exceed \$1 million. Deposits may be made by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. Withdrawals from the reserve require approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of 4 percent. As of June 30, 2016, the District has reserved \$65,000.00.

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

Beginning balance, July 1, 2016	\$78,858.00
2016-2017 Transfer from Undesignated Fund Balance	10,000.00
2016-2017 Budgeted Withdrawal from From Emergency Reserve	<u>(23,858.00)</u>
Ending balance, June 30, 2017	<u>\$ 65,000.00</u>

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**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 14: CALCULATION OF EXCESS SURPLUS

In accordance with *N.J.S.A.* 18A:7F-7, as amended, the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in the subsequent years' budget. The excess fund balance at June 30, 2017 is \$348,189.14, of this amount \$175,000.00 is the result of current year's operations.

NOTE 15. FUND BALANCE APPROPRIATED

General Fund (B-1) - Of the \$1,725,092.99 General Fund fund balance at June 30, 2017, \$1,590.00 is reserved for encumbrances, \$348,189.14 is reserved as excess surplus in accordance with *N.J.S.A.* 18A:7F-7, \$173,189.14 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2018; \$442,005.94 has been reserved in the Capital Reserve Account, \$359,748.97 has been reserved in the Maintenance Reserve Account; \$65,000.00 has been reserved in the Emergency Reserve Account and \$376,671.08 is unreserved and undesignated.

Debt Service Fund - \$3,752.27 is unreserved and undesignated.

NOTE 16. CONTINGENT LIABILITIES

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

Litigation - The Board's attorney is unaware of any potential claims against the District that would materially affect the financial condition of the District.

NOTE 17: SUBSEQUENT EVENT

The District has evaluated subsequent events through November 21, 2017, the date which the financial statements were available to be issued and no other items were noted for disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULE

**BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2017**

	<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	\$ 13,098,351.00	\$ -	\$ 13,098,351.00	\$ 13,098,351.00	\$ -	
Tuition	95,000.00	-	95,000.00	70,400.00	(24,600.00)	
Interest Eamed on Capital Reserve Funds	20.00	-	20.00	-	(20.00)	
Miscellaneous	40,020.00	-	40,020.00	30,101.22	(9,918.78)	
Total - Local Sources	<u>13,233,391.00</u>	<u>-</u>	<u>13,233,391.00</u>	<u>13,198,852.22</u>	<u>(34,538.78)</u>	
State Sources:						
Categorical Special Education Aid	367,673.00	-	367,673.00	367,673.00	-	
Categorical Security Aid	14,624.00	-	14,624.00	14,624.00	-	
Categorical Transportation Aid	54,483.00	-	54,483.00	54,483.00	-	
Adjustment Aid	14,257.00	-	14,257.00	14,257.00	-	
PARCC Readiness Aid	8,800.00	-	8,800.00	8,800.00	-	
Per Pupil Growth Aid	8,800.00	-	8,800.00	8,800.00	-	
Professional Learning Community Aid	8,650.00	-	8,650.00	8,650.00	-	
Extraordinary Aid	50,000.00	-	50,000.00	172,614.00	122,614.00	
Non-Public Transportation Aid	-	-	-	4,524.00	4,524.00	
TPAF PRM (On-Behalf - Non-Budgeted)	-	-	-	437,903.00	437,903.00	
TPAF Pension (On-Behalf - Non-Budgeted)	-	-	-	525,550.00	525,550.00	
TPAF Pension LTDI Contributions (On-Behalf - Non-Budgeted)	-	-	-	677.00	677.00	
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	350,441.37	350,441.37	
Total State Sources	<u>527,287.00</u>	<u>-</u>	<u>527,287.00</u>	<u>1,968,996.37</u>	<u>1,441,709.37</u>	
Total Revenues	<u>13,760,678.00</u>	<u>-</u>	<u>13,760,678.00</u>	<u>15,167,848.59</u>	<u>1,407,170.59</u>	
EXPENDITURES:						
Current Expense:						
Regular Programs - Instruction						
Preschool - Salaries of Teachers	105-100-101	\$ 132,002.00	\$ -	\$ 132,002.00	\$ 132,002.00	\$ -
Kindergarten - Salaries of Teachers	110-100-101	185,321.00	2,628.00	187,949.00	187,948.40	0.60
Grades 1-5 - Salaries of Teachers	120-100-101	1,670,020.00	40,004.00	1,710,024.00	1,709,928.60	95.40
Grades 6-8 - Salaries of Teachers	130-100-101	1,271,519.00	4,749.00	1,276,268.00	1,273,113.40	3,154.60
Regular Programs - Home Instruction:						
Salaries of Teachers	150-100-101	2,600.00	-	2,600.00	2,175.00	425.00
Purchased Professional-Educational Services	150-100-320	1,000.00	-	1,000.00	804.00	196.00
Regular Programs - Undistributed Instruction						
Other Salaries for Instruction	190-100-106	79,978.00	113.00	80,091.00	80,091.00	-
Purchased Technical Services	190-100-340	28,995.00	(21,955.25)	7,039.75	7,039.75	-
Other Purchased Services (400-500 series)	190-100-500	35,450.00	525.00	35,975.00	34,527.34	1,447.66
General Supplies	190-100-610	108,413.00	1,423.00	109,836.00	93,777.46	16,058.54
Textbooks	190-100-640	20,000.00	(12,355.00)	7,645.00	-	7,645.00
Other Objects	190-100-800	1,000.00	(148.75)	851.25	502.50	348.75
TOTAL REGULAR PROGRAMS - INSTRUCTION		<u>3,536,298.00</u>	<u>14,983.00</u>	<u>3,551,281.00</u>	<u>3,521,909.45</u>	<u>29,371.55</u>
SPECIAL EDUCATION - INSTRUCTION						
Resource Room/Resource Center:						
Salaries of Teachers	213-100-101	485,112.00	(42,125.00)	442,987.00	427,482.00	15,505.00
Other Salaries for Instruction	213-100-106	125,714.00	14,836.00	140,550.00	140,550.00	-
General Supplies	213-100-610	2,000.00	-	2,000.00	25.85	1,974.15
Total Resource Room/Resource Center		<u>612,826.00</u>	<u>(27,289.00)</u>	<u>585,537.00</u>	<u>568,057.85</u>	<u>17,479.15</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION		<u>612,826.00</u>	<u>(27,289.00)</u>	<u>585,537.00</u>	<u>568,057.85</u>	<u>17,479.15</u>

**BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2017**

		<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Basic Skills/Remedial - Instruction						
Salaries of Teachers	230-100-101	\$ 155,739.00	\$ 22,228.00	\$ 177,967.00	\$ 177,966.40	\$ 0.60
General Supplies	230-100-610	200.00	-	200.00	-	200.00
Total Basic Skills/Remedial - Instruction		<u>155,939.00</u>	<u>22,228.00</u>	<u>178,167.00</u>	<u>177,966.40</u>	<u>200.60</u>
School-Spon. Cocurricular Actvts. - Inst.						
Salaries	401-100-100	21,825.00	1,866.00	23,691.00	21,984.25	1,706.75
Purchased Services (300-500 series)	401-100-500	2,500.00	-	2,500.00	-	2,500.00
Supplies and Materials	401-100-600	2,000.00	-	2,000.00	-	2,000.00
Other Objects	401-100-800	250.00	-	250.00	-	250.00
Total School-Spon. Cocurricular Actvts. - Inst.		<u>26,575.00</u>	<u>1,866.00</u>	<u>28,441.00</u>	<u>21,984.25</u>	<u>6,456.75</u>
Other Instructional Programs - Instruction						
Salaries	402-100-100	12,030.00	-	12,030.00	8,627.00	3,403.00
Purchased Services (300-500 series)	402-100-500	4,300.00	-	4,300.00	3,790.00	510.00
Supplies and Materials	402-100-600	1,500.00	-	1,500.00	1,463.12	36.88
Other Objects	402-100-800	750.00	-	750.00	378.00	372.00
Total Other Instructional Programs - Instruction		<u>18,580.00</u>	<u>-</u>	<u>18,580.00</u>	<u>14,258.12</u>	<u>4,321.88</u>
Total Instruction		<u>4,350,218.00</u>	<u>11,788.00</u>	<u>4,362,006.00</u>	<u>4,304,176.07</u>	<u>57,829.93</u>
Undistributed Expenditures - Instruction:						
Tuition to Other LEAs Within the State - Regular	000-100-561	3,010,690.00	-	3,010,690.00	3,010,690.00	-
Tuition to Other LEAs Within the State - Special	000-100-562	736,335.00	1,350.00	737,685.00	733,427.70	4,257.30
Tuition to County Voc. School Dist. - Regular	000-100-563	59,526.00	(4,930.00)	54,596.00	50,616.00	3,980.00
Tuition to CSSD & Regional Day Schools	000-100-565	148,900.00	78,660.00	227,560.00	226,807.00	753.00
Tuition to Private Schools for the Disabled - Within State	000-100-566	435,490.00	60,387.00	495,877.00	428,751.70	67,125.30
Total Undistributed Expenditures - Instruction:		<u>4,390,941.00</u>	<u>135,467.00</u>	<u>4,526,408.00</u>	<u>4,450,292.40</u>	<u>76,115.60</u>
Undistributed Expend. - Attend. & Social Work						
Salaries	000-211-100	5,109.00	-	5,109.00	5,108.63	0.37
Total Undistributed Expend. - Attend. & Social Work		<u>5,109.00</u>	<u>-</u>	<u>5,109.00</u>	<u>5,108.63</u>	<u>0.37</u>
Undist. Expend. - Health Services						
Salaries	000-213-100	111,860.00	4,742.00	116,602.00	115,851.25	750.75
Purchased Professional and Technical Services	000-213-300	5,000.00	(2,000.00)	3,000.00	3,000.00	-
Other Purchased Services (400-500 series)	000-213-500	500.00	(300.00)	200.00	147.00	53.00
Supplies and Materials	000-213-600	5,000.00	(321.00)	4,679.00	3,373.23	1,305.77
Total Undistributed Expenditures - Health Services		<u>122,360.00</u>	<u>2,121.00</u>	<u>124,481.00</u>	<u>122,371.48</u>	<u>2,109.52</u>
Undist. Expend. - Other Supp. Serv. Students - Related Serv.						
Salaries of Other Professional Staff	000-216-100	231,589.00	1,562.00	233,151.00	233,150.21	0.79
Purchased Professional - Educational Services	000-216-320	20,000.00	19,125.00	39,125.00	33,036.50	6,088.50
Supplies and Materials	000-216-600	1,500.00	55.00	1,555.00	1,554.87	0.13
Total Undist. Expend. - Other Supp. Serv. Students - Related Serv.		<u>253,089.00</u>	<u>20,742.00</u>	<u>273,831.00</u>	<u>267,741.58</u>	<u>6,089.42</u>
Undist. Expend. - Other Supp. Serv. Students - Extra Serv.						
Salaries of Other Professional Staff	000-217-100	77,717.00	-	77,717.00	71,395.69	6,321.31
Purchased Professional - Educational Services	000-217-320	73,500.00	-	73,500.00	51,163.85	22,336.15
Supplies and Materials	000-217-600	1,000.00	-	1,000.00	-	1,000.00
Total Undist. Expend. - Other Supp. Serv. Students - Extra Serv.		<u>152,217.00</u>	<u>-</u>	<u>152,217.00</u>	<u>122,559.54</u>	<u>29,657.46</u>
Undist. Expend. - Other Supp. Serv. Students-Reg.						
Salaries of Other Professional Staff	000-218-104	88,278.00	0.30	88,278.30	87,378.30	900.00
Supplies and Materials	000-218-600	1,000.00	(315.00)	685.00	46.04	638.96
Total Undist. Expend. - Other Supp. Serv. Students-Reg.		<u>89,278.00</u>	<u>(314.70)</u>	<u>88,963.30</u>	<u>87,424.34</u>	<u>1,538.96</u>
Undist. Expend. - Other Supp. Serv. Students-Special						
Salaries of Other Professional Staff	000-219-104	315,622.00	27,510.70	343,132.70	343,131.62	1.08
Salaries of Secretarial and Clerical Assistants	000-219-105	43,793.00	0.07	43,793.07	43,793.07	-
Purchased Professional - Educational Services	000-219-320	3,000.00	(1,175.00)	1,825.00	1,606.25	218.75
Other Purchased Prof. and Tech. Services	000-219-390	32,700.00	(8,467.00)	24,233.00	8,730.73	15,502.27
Other Purchased Services (400-500 series)	000-219-500	250.00	-	250.00	-	250.00
Residential Costs	000-219-591	108,150.00	5,955.93	114,105.93	114,105.20	0.73
Misc. Pur. Serv. (400-500 series) Other Than Residential Costs	000-219-592	1,250.00	84.00	1,334.00	1,334.00	-
Supplies and Materials	000-219-600	2,825.00	1,756.00	4,581.00	4,577.14	3.86
Total Undist. Expend. - Other Supp. Serv. Students-Spl.		<u>507,590.00</u>	<u>25,664.70</u>	<u>533,254.70</u>	<u>517,278.01</u>	<u>15,976.69</u>
Undist. Expend. - Improvement of Inst. Serv.						
Salaries of Other Professional Staff	000-221-104	62,339.00	11,555.00	73,894.00	70,401.96	3,492.04
Other Salaries	000-221-110	10,800.00	(10,800.00)	-	-	-
Purchased Prof. Educational Services	000-221-320	71,500.00	7,889.00	79,389.00	79,388.07	0.93
Total Undist. Expend. - Improvement of Inst. Serv.		<u>144,639.00</u>	<u>8,644.00</u>	<u>153,283.00</u>	<u>149,790.03</u>	<u>3,492.97</u>
Undist. Expend. - Edu. Media Serv./Sch. Library						
Salaries	000-222-100	110,404.00	690.00	111,094.00	105,968.20	5,125.80
Other Purchased Services (400-500 series)	000-222-500	1,000.00	(755.00)	245.00	-	245.00
Total Undist. Expend. - Edu. Media Serv./Sch. Library		<u>111,404.00</u>	<u>(65.00)</u>	<u>111,339.00</u>	<u>105,968.20</u>	<u>5,370.80</u>

**BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2017**

		Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Instructional Staff Training Serv.						
Salaries of Other Professional Staff	000-223-104	\$ 62,699.00	\$ -	\$ 62,699.00	\$ 60,932.93	\$ 1,766.07
Purchased Professional - Educational Service	000-223-320	1,333.00	1,405.00	2,738.00	2,737.96	0.04
Other Purchased Services (400-500 series)	000-223-500	5,000.00	(1,405.00)	3,595.00	2,190.40	1,404.60
Supplies and Materials	000-223-600	1,000.00	-	1,000.00	987.93	12.07
Total Undist. Expend. - Instructional Staff Training Serv.		<u>70,032.00</u>	<u>-</u>	<u>70,032.00</u>	<u>66,849.22</u>	<u>3,182.78</u>
Undist. Expend. - Supp. Serv. - General Admin.						
Salaries	000-230-100	230,191.00	(2,660.00)	227,531.00	223,226.08	4,304.92
Legal Services	000-230-331	15,000.00	4,060.00	19,060.00	19,050.27	9.73
Audit Fees	000-230-332	17,500.00	(1,200.00)	16,300.00	16,300.00	-
Architect/Engineer Svcs	000-230-334	5,000.00	(5,000.00)	-	-	-
Purchased Technical Services	000-230-340	6,485.00	(325.00)	6,160.00	5,206.25	953.75
Communications/Telephone	000-230-530	18,680.00	1,800.00	20,480.00	15,612.83	4,867.17
BOE Other Purchased Services	000-230-585	3,000.00	198.00	3,198.00	2,925.82	272.18
Other Purchased Services (400-500 series)	000-230-590	9,850.00	759.00	10,609.00	10,248.96	360.04
General Supplies	000-230-610	2,500.00	555.00	3,055.00	3,014.66	40.34
Miscellaneous Expenditures	000-230-890	6,000.00	(2,425.00)	3,575.00	3,319.50	255.50
BOE Membership Dues and Fees	000-230-895	7,500.00	(1,183.00)	6,317.00	6,193.86	123.14
Total Undist. Expend. - Supp. Serv. - General Admin.		<u>321,706.00</u>	<u>(5,421.00)</u>	<u>316,285.00</u>	<u>305,098.23</u>	<u>11,186.77</u>
Undist. Expend. - Support Serv. - School Admin.						
Salaries of Principals/Assistant Principals	000-240-103	238,744.00	11,000.00	249,744.00	237,912.50	11,831.50
Salaries of Secretarial and Clerical Assistants	000-240-105	50,197.00	5,000.00	55,197.00	48,490.05	6,706.95
Other Purchased Services (400-500 series)	000-240-500	2,300.00	(1,116.00)	1,184.00	-	1,184.00
Supplies and Materials	000-240-600	10,000.00	1,787.00	11,787.00	11,786.85	0.15
Other Objects	000-240-800	2,500.00	229.00	2,729.00	2,728.97	0.03
Total Undist. Expend. - Support Serv. - School Admin.		<u>303,741.00</u>	<u>16,900.00</u>	<u>320,641.00</u>	<u>300,918.37</u>	<u>19,722.63</u>
Undist. Expend.- Central Services						
Salaries	000-251-100	161,782.00	(4,728.00)	157,054.00	153,244.38	3,809.62
Purchased Professional Services	000-251-330	28,500.00	(1,300.00)	27,200.00	26,185.01	1,014.99
Purchased Technical Services	000-251-340	4,750.00	(1,600.00)	3,150.00	850.00	2,300.00
Miscellaneous Purchased Services (400-500 series)	000-251-592	2,000.00	(1,660.00)	340.00	202.94	137.06
Supplies and Materials	000-251-600	1,500.00	-	1,500.00	985.38	514.62
Other Objects	000-251-890	500.00	-	500.00	381.25	118.75
Total Undist. Expend. - Support Serv. - School Admin.		<u>199,032.00</u>	<u>(9,288.00)</u>	<u>189,744.00</u>	<u>181,848.96</u>	<u>7,895.04</u>
Undist. Expend.- Admin. Info. Technology						
Purchased Professional Services	000-252-330	4,000.00	-	4,000.00	500.00	3,500.00
Purchased Technical Services	000-252-340	189,630.00	(18,167.00)	171,463.00	170,832.98	630.02
Supplies and Materials	000-252-600	9,500.00	1,519.00	11,019.00	1,519.00	9,500.00
Total Undist. Expend. - Admin. Info Technology		<u>203,130.00</u>	<u>(16,648.00)</u>	<u>186,482.00</u>	<u>172,851.98</u>	<u>13,630.02</u>
Undist. Expend. - Required Maint. for Sch. Facil.						
Salaries	000-261-100	30,675.00	-	30,675.00	24,368.60	6,306.40
Cleaning, Repair and Maintenance Services	000-261-420	65,000.00	1,400.00	66,400.00	58,662.17	7,737.83
General Supplies	000-261-610	35,000.00	(6,680.00)	28,320.00	5,218.67	23,101.33
Other Objects	000-261-800	1,400.00	(1,400.00)	-	-	-
Total Undist. Expend. - Required Maint. for Sch. Facil.		<u>132,075.00</u>	<u>(6,680.00)</u>	<u>125,395.00</u>	<u>88,249.44</u>	<u>37,145.56</u>
Undist. Expend. - Oth. Oper. & Maint. of Plant						
Salaries	000-262-100	214,115.00	7,572.00	221,687.00	217,443.24	4,243.76
Salaries of Non-Instructional Aides	000-262-107	31,000.00	(31,000.00)	-	-	-
Purchased Professional and Technical Services	000-262-300	3,000.00	-	3,000.00	2,220.00	780.00
Cleaning, Repair and Maintenance Services	000-262-420	13,200.00	-	13,200.00	12,035.28	1,164.72
Other Purchased Property Services	000-262-490	20,000.00	-	20,000.00	12,974.75	7,025.25
Insurance	000-262-520	70,000.00	-	70,000.00	67,637.85	2,362.15
Miscellaneous Purchased Services	000-262-590	100.00	(25.00)	75.00	-	75.00
General Supplies	000-262-610	17,600.00	7,742.00	25,342.00	25,244.19	97.81
Energy (Natural Gas)	000-262-621	60,000.00	-	60,000.00	44,356.69	15,643.31
Energy (Electricity)	000-262-622	125,000.00	-	125,000.00	93,511.41	31,488.59
Energy (Gasoline)	000-262-626	3,000.00	-	3,000.00	940.42	2,059.58
Other Objects	000-262-800	2,000.00	(238.00)	1,762.00	1,369.41	392.59
Interest-Energy Improvement Bonds	000-262-837	2,682.00	-	2,682.00	2,680.02	1.98
Principal-Energy Improvement Bonds	000-262-917	53,695.00	-	53,695.00	53,695.00	-
Total Undist. Expend. - Other Oper. & Maint. Of Plant		<u>615,392.00</u>	<u>(15,949.00)</u>	<u>599,443.00</u>	<u>534,108.26</u>	<u>65,334.74</u>
Care and Upkeep of Grounds						
Salaries	000-263-100	29,675.00	-	29,675.00	24,368.74	5,306.26
Cleaning, Repair and Maintenance Services	000-263-420	16,000.00	(1,454.00)	14,546.00	13,804.34	741.66
General Supplies	000-263-610	2,500.00	-	2,500.00	620.49	1,879.51
Total Care and Upkeep of Grounds		<u>48,175.00</u>	<u>(1,454.00)</u>	<u>46,721.00</u>	<u>38,793.57</u>	<u>7,927.43</u>
Security						
Salaries	000-266-100	-	45,000.00	45,000.00	45,000.00	-
Purchased Professional and Technical Services	000-266-300	84,000.00	(74,039.00)	9,961.00	-	9,961.00
Total Security		<u>84,000.00</u>	<u>(29,039.00)</u>	<u>54,961.00</u>	<u>45,000.00</u>	<u>9,961.00</u>
Undist. Expend. - Student Transportation Serv.						
Salaries for Pupil Trans. (Other than Between Home & School)	000-270-162	2,600.00	4,055.00	6,655.00	6,655.00	-
Management Fees - ESC & CTSA Transportation Programs	000-270-350	10,605.00	-	10,605.00	10,604.00	1.00
Cleaning, Repair and Maintenance Services	000-270-420	1,800.00	(931.00)	869.00	868.68	0.32
Contracted Services-Aid in Lieu of Payments-Non Public School	000-270-503	22,100.00	330.00	22,430.00	22,198.76	231.24
Contracted Services (Other than Between Home and School) - Vendors	000-270-512	5,000.00	-	5,000.00	4,864.90	135.10
Contracted Services (Regular Students) - ESCs	000-270-517	165,700.00	2,359.00	168,059.00	168,058.09	0.91
Contracted Services (Special Education Students) - ESCs	000-270-518	55,000.00	62,972.00	117,972.00	117,971.11	0.89
General Supplies	000-270-610	350.00	-	350.00	103.75	246.25
Miscellaneous Expenditures	000-270-800	750.00	(274.00)	476.00	450.00	26.00
Total Undist. Expend. - Student Transportation Serv.		<u>263,905.00</u>	<u>68,511.00</u>	<u>332,416.00</u>	<u>331,774.29</u>	<u>641.71</u>

**BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2017**

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance <u>Final to Actual</u>
REVENUES:					
Federal Sources	\$ 162,100.00	\$ (18,504.00)	\$ 143,596.00	\$ 143,596.00	\$ -
Local Sources	-	<u>270,654.27</u>	<u>270,654.27</u>	<u>155,469.05</u>	<u>115,185.22</u>
Total Revenues	<u>162,100.00</u>	<u>252,150.27</u>	<u>414,250.27</u>	<u>299,065.05</u>	<u>115,185.22</u>
EXPENDITURES:					
Instruction					
Personal Services - Salaries	15,300.00	(15,300.00)	-	-	-
Other Purchased Services (400-500 series)	140,000.00	10,725.00	150,725.00	150,461.00	264.00
General Supplies	-	101,293.30	101,293.30	91,818.05	9,475.25
Other Objects	-	<u>112,145.99</u>	<u>112,145.99</u>	<u>10,475.00</u>	<u>101,670.99</u>
Total Instruction	<u>155,300.00</u>	<u>208,864.29</u>	<u>364,164.29</u>	<u>252,754.05</u>	<u>111,410.24</u>
Support Services					
Personal Services - Salaries		42,909.98	42,909.98	39,135.00	3,774.98
Purchased Professional and Technical Services	<u>6,800.00</u>	<u>376.00</u>	<u>7,176.00</u>	<u>7,176.00</u>	<u>-</u>
Total Support Services	<u>6,800.00</u>	<u>43,285.98</u>	<u>50,085.98</u>	<u>46,311.00</u>	<u>3,774.98</u>
Total Expenditures	<u>162,100.00</u>	<u>252,150.27</u>	<u>414,250.27</u>	<u>299,065.05</u>	<u>115,185.22</u>
Total Outflows	<u>\$ 162,100.00</u>	<u>\$ 252,150.27</u>	<u>\$ 414,250.27</u>	<u>\$ 299,065.05</u>	<u>\$ 115,185.22</u>

**BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2017**

		Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
UNALLOCATED BENEFITS						
Social Security Contributions	000-291-220	\$ 115,600.00	\$ (9,829.00)	\$ 105,771.00	\$ 105,770.34	\$ 0.66
Other Retirement Contributions - PERS	000-291-241	114,000.00	3,552.00	117,552.00	117,522.00	30.00
Other Retirement Reg - DCRP	000-291-249	2,500.00	-	2,500.00	343.35	2,156.65
Unemployment Compensation	000-291-250	10,000.00	(3,552.00)	6,448.00		6,448.00
Workmen's Compensation	000-291-260	58,136.00	(171.00)	57,965.00	55,257.00	2,708.00
Health Benefits	000-291-270	1,482,824.00	(54,035.00)	1,428,789.00	1,419,847.11	8,941.89
Tuition Reimbursement	000-291-280	10,000.00	-	10,000.00	4,799.00	5,201.00
Other Employee Benefits	000-291-290	17,500.00	-	17,500.00	14,552.30	2,947.70
TOTAL UNALLOCATED BENEFITS		<u>1,810,560.00</u>	<u>(64,035.00)</u>	<u>1,746,525.00</u>	<u>1,718,091.10</u>	<u>28,433.90</u>
TPAF PRM (On-Behalf - Non-Budgeted)			-		437,903.00	(437,903.00)
TPAF Pension (On-Behalf - Non-Budgeted)					525,550.00	(525,550.00)
TPAF Pension LTDI Contributions (On-Behalf - Non-Budgeted)					677.00	(677.00)
TPAF Social Security (Reimbursed - Non-Budgeted)		-	-	-	350,441.37	(350,441.37)
TOTAL ON-BEHALF CONTRIBUTIONS		<u>-</u>	<u>-</u>	<u>-</u>	<u>1,314,571.37</u>	<u>(1,314,571.37)</u>
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS		<u>1,810,560.00</u>	<u>(64,035.00)</u>	<u>1,746,525.00</u>	<u>3,032,662.47</u>	<u>(1,286,137.47)</u>
TOTAL UNDISTRIBUTED EXPENDITURES		<u>9,828,375.00</u>	<u>129,156.00</u>	<u>9,957,531.00</u>	<u>10,926,689.00</u>	<u>(969,158.00)</u>
TOTAL GENERAL CURRENT EXPENSE		<u>14,178,593.00</u>	<u>140,944.00</u>	<u>14,319,537.00</u>	<u>15,230,865.07</u>	<u>(911,328.07)</u>
CAPITAL OUTLAY						
Equipment						
Regular Programs - Instruction:						
Grades 1-5	120-100-730	6,000.00	(6,000.00)			-
Special Education - Instruction:						
Undistributed Expenditures - Instruction	000-100-730	-	6,000.00	\$ 6,000.00	\$ 5,923.28	\$ 76.72
Total Equipment		<u>6,000.00</u>	<u>-</u>	<u>6,000.00</u>	<u>5,923.28</u>	<u>76.72</u>
Facilities Acquisition and Construction Services						
Assessment for Debt Service on SDA Funding	000-400-896	29,837.00	-	29,837.00	29,837.00	-
Total Facilities Acquisition and Construction Services		<u>29,837.00</u>	<u>-</u>	<u>29,837.00</u>	<u>29,837.00</u>	<u>-</u>
TOTAL CAPITAL OUTLAY		<u>35,837.00</u>	<u>-</u>	<u>35,837.00</u>	<u>35,760.28</u>	<u>76.72</u>
TOTAL EXPENDITURES		<u>14,214,430.00</u>	<u>140,944.00</u>	<u>14,355,374.00</u>	<u>15,266,625.35</u>	<u>(911,251.35)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures		<u>(453,752.00)</u>	<u>(140,944.00)</u>	<u>(594,696.00)</u>	<u>(98,776.76)</u>	<u>495,919.24</u>
Other Financing Sources:						
Operating Transfer In:						
Transfer from Capital Projects Fund					103,170.05	103,170.05
Prior Year Accounts Receivable Canceled		-	-	-	800.00	800.00
Total Other Financing Sources:		<u>-</u>	<u>-</u>	<u>-</u>	<u>103,970.05</u>	<u>103,970.05</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)		<u>(453,752.00)</u>	<u>(140,944.00)</u>	<u>(594,696.00)</u>	<u>5,193.29</u>	<u>599,889.29</u>
Fund Balance, July 1		<u>1,749,407.70</u>	<u>-</u>	<u>1,749,407.70</u>	<u>1,749,407.70</u>	<u>-</u>
Fund Balance, June 30		<u>\$ 1,295,655.70</u>	<u>\$ (140,944.00)</u>	<u>\$ 1,154,711.70</u>	<u>\$ 1,754,600.99</u>	<u>\$ 599,889.29</u>
Recapitulation of Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures and Other Financing Sources (Uses):						
Increase in Capital Reserve		\$ 20.00	\$ -	\$ 20.00	\$ 103,190.05	\$ 103,170.05
Increase in Maintenance Reserve					45,318.97	45,318.97
Increase in Emergency Reserve					10,000.00	10,000.00
Appropriation of Additional Fund Balance			(134,072.00)	(134,072.00)	(134,072.00)	-
Withdrawal from Capital Reserve		(29,837.00)		(29,837.00)	(29,837.00)	-
Withdrawal from Maintenance Reserve		(95,000.00)		(95,000.00)	(95,000.00)	-
Withdrawal from Current Expense Emergency Reserve		(23,858.00)		(23,858.00)	(23,858.00)	-
Adjustment for Prior Year Encumbrances			(6,872.00)	(6,872.00)	(6,872.00)	-
Budgeted Fund Balance		<u>(305,077.00)</u>	<u>-</u>	<u>(305,077.00)</u>	<u>136,323.27</u>	<u>441,400.27</u>
Total		<u>\$ (453,752.00)</u>	<u>\$ (140,944.00)</u>	<u>\$ (594,696.00)</u>	<u>\$ 5,193.29</u>	<u>\$ 599,889.29</u>
Recapitulation of Fund Balance June 30, 2017:						
Restricted Fund Balance:						
Capital Reserve Account					\$ 442,005.94	
Maintenance Reserve					359,748.97	
Emergency Reserve					65,000.00	
Excess Surplus - Designated for Subsequent Year's Expenditures					173,189.14	
Excess Surplus-Current Year					175,000.00	
Assigned Fund Balance:						
Designated for Subsequent Year's Expenditures					131,887.86	
Year-End Encumbrances					1,590.00	
Unassigned Fund Balance					<u>406,179.08</u>	
					<u>\$ 1,754,600.99</u>	
Reconciliation of Budgetary Fund Balance to GAAP Fund Balance:						
Fund Balance June 30, 2017					\$ 1,754,600.99	
Last Current Year State Aid Payment Not Realized on GAAP Basis					(29,508.00)	
					<u>\$ 1,725,092.99</u>	

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

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

	<u>Exhibit</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1 & C-2]	\$ 15,167,848.59	\$ 299,065.05
Difference - budget to GAAP:			
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense in accordance with GASB 33.		5,816.00	-
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	<u>\$ 15,173,664.59</u>	<u>\$ 299,065.05</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1 & C-2]	\$ 15,266,625.35	\$ 299,065.05
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		-	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	<u>\$ 15,266,625.35</u>	<u>\$ 299,065.05</u>

**BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS**
Schedules of Required Supplementary Information
Schedule of District's Proportionate Share of Net Pension Liability - PERS
*Last 10 Fiscal Years**

Fiscal Year Ending June30,	District's Proportion Share of the Net Pension Liability (Asset)	District's Proportion Share of the Net Pension Liability (Asset)	District's Covered Payrol -PERS Employee's	District's Proportion Share of the Net Pension Liability (Asset) as a perecentage of its Covered Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2015	0.0115318620%	\$ 2,159,080	\$ 892,101	242.02%	47.92%
2016	0.0129093750%	2,897,896	920,640	314.77%	52.07%
2017	0.0130739380%	3,872,126	923,490	419.29%	59.86%

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

**BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS**
Schedules of Required Supplementary Information
Schedule of District's Contributions - PERS
*Last 10 Fiscal Years**

Fiscal Year Ending June30,	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's PERS Covered- Employee Payroll	Contributions as a Percentage of PERS Covered- Employee Payroll
2015	\$ 95,067	\$ 95,067	\$ -	\$892,101	10.66%
2016	110,986	110,986	\$ -	920,640	12.06%
2017	116,147	116,147		923,490	12.58%

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

**BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS**
Schedules of Required Supplementary Information
Schedule of District's Proportionate Share of Net Pension Liability - TPAF
*Last 10 Fiscal Years**

Fiscal Year Ending June30,	District's Proportion Share of the Net Pension Liability (Asset)	District's Proportion Share of the Net Pension Liability (Asset)	State's Proportionate Share of the Net Pension Liability Associated with the District (Asset)	District's Covered Payrol -TPAF Employee's	District's Proportion Share of the Net Pension Liability (Asset) as a percantage of its Covered Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2015	0.0466507276%	\$ -	\$ 24,933,296	\$ 4,764,687	0.00%	33.64%
2016	0.0447529819%	\$ -	28,285,796	4,702,769	0.00%	28.71%
2017	0.0458394846%	\$ -	36,060,257	4,998,964	0.00%	22.33%

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

**BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS
Note to Required Schedules of Supplementary Information - Part III
For the fiscal year ended June 30, 2017**

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (3.80%) to the current measurement date (2.85%), resulting in a change in the discount rate from 4.90% to 3.98%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (3.80%) to the current measurement date (3.22%), resulting in a change in the discount rate from 4.13% to 3.22%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

**BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS
Special Revenue Fund**

**Combining Schedule of Federal Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2017**

	<u>Total</u>	<u>N.C.L.B. Title II</u>	<u>I.D.E.A. Part B Basic</u>	<u>Preschool</u>
REVENUES				
Federal Sources	\$ 143,596.00	\$ 7,176.00	\$ 132,421.00	\$ 3,999.00
Total Federal Revenues	<u>143,596.00</u>	<u>7,176.00</u>	<u>132,421.00</u>	<u>3,999.00</u>
EXPENDITURES:				
Instruction:				
Other Purchased Services (400-500 series)	136,420.00		132,421.00	3,999.00
General Supplies	-		-	-
Total Instruction	<u>136,420.00</u>		<u>132,421.00</u>	<u>3,999.00</u>
Support Services:				
Purchased Professional and Technical Services	7,176.00	7,176.00		
Total Support Services	<u>7,176.00</u>	<u>7,176.00</u>		
Total Expenditures	<u>\$ 143,596.00</u>	<u>\$ 7,176.00</u>	<u>\$ 132,421.00</u>	<u>\$ 3,999.00</u>

**BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2017**

		<u>Total</u>	<u>Federal Aid</u>	<u>Local Aid</u>
REVENUES				
Federal Sources		\$ 143,596.00	\$ 143,596.00	\$ -
Local Sources		155,469.05	-	155,469.05
Total Revenues		<u>299,065.05</u>	<u>143,596.00</u>	<u>155,469.05</u>
EXPENDITURES:				
Instruction:				
Personal Services - Salaries	100-100	-	-	-
Other Purchased Services (400-500 series)	100-500	150,461.00	136,420.00	14,041.00
General Supplies	100-600	91,818.05	-	91,818.05
Other Objects	100-800	10,475.00	-	10,475.00
Total Instruction		<u>252,754.05</u>	<u>136,420.00</u>	<u>116,334.05</u>
Support Services:				
Purchased Professional and Technical Services	200-300	7,176.00	7,176.00	-
Supplies and Materials	200-600	-	-	-
Total Support Services		<u>46,311.00</u>	<u>7,176.00</u>	<u>39,135.00</u>
Total Expenditures		<u>\$ 299,065.05</u>	<u>\$ 143,596.00</u>	<u>\$ 155,469.05</u>

**BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS
Special Revenue Fund
Combining Schedule of Local Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2017**

	<u>Total</u>	<u>Local</u>
REVENUES		
Local Sources	\$ 155,469.05	\$ 155,469.05
Total Local Revenues	<u>155,469.05</u>	<u>155,469.05</u>
 EXPENDITURES:		
Instruction:		
Other Purchased Services (400-500 series)	100-500 14,041.00	14,041.00
General Supplies	100-600 91,818.05	91,818.05
Other Objects	100-800 10,475.00	10,475.00
Total Instruction	<u>116,334.05</u>	<u>116,334.05</u>
 Support Services:		
Personal Services - Salaries	200-100 39,135.00	39,135.00
Total Support Services	<u>39,135.00</u>	<u>39,135.00</u>
 Total Expenditures	 <u>\$ 155,469.05</u>	 <u>\$ 155,469.05</u>

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS
 Capital Projects Fund
 Summary Schedule of Project Expenditures
 For the Year Ended June 30, 2017

<u>Project Title/Issue</u>	<u>Approval Date</u>	<u>Revised Budgetary Appropriations</u>	<u>GAAP Expenditures to Date</u>		<u>Transfer to Capital Reserve</u>	<u>Canceled</u>	<u>Unexpended Appropriations June 30, 2017</u>
		<u>Prior Years</u>	<u>Current Year</u>				
Partial Re-roofing, Folding Partition, and Lighting Replacement in Gym	5/18/2011	\$ 356,962.00	\$ 172,910.85	\$ (5,172.40)	\$ 103,170.05	\$ 86,053.50	\$ -
		<u>\$ 356,962.00</u>	<u>\$ 172,910.85</u>	<u>\$ (5,172.40)</u>	<u>\$ 103,170.05</u>	<u>\$ 86,053.50</u>	<u>\$ -</u>
					Fund Balance		<u>\$ -</u>

**BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS**
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
Partial Re-roofing, Folding Partition, and Lighting Replacement in Gym
From Inception and for the Year Ended June 30, 2017

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources - SDA Grant	\$ 56,731.30	\$ -	\$ 56,731.30	\$ 56,731.30
Transfer from Capital Reserve	214,177.20	-	214,177.20	214,177.20
Total Revenues	<u>\$ 270,908.50</u>	<u>\$ -</u>	<u>\$ 270,908.50</u>	<u>270,908.50</u>
EXPENDITURES AND OTHER FINANCING USES				
Other Purchased Professional and Technical Services (390)	\$ 3,631.35	\$ -	\$ 3,631.35	5,000.00
Construction Services (450)	\$ 169,279.50	\$ (5,172.40)	\$ 164,107.10	265,908.50
Transfer to Capital Reserve	\$ -	\$ 103,170.05	\$ 103,170.05	-
Total Expenditures	<u>\$ 172,910.85</u>	<u>\$ 97,997.65</u>	<u>\$ 270,908.50</u>	<u>270,908.50</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 97,997.65</u>	<u>\$ (97,997.65)</u>	<u>\$ -</u>	<u>-</u>
ADDITIONAL PROJECT INFORMATION				
Project Number	2200-050-10-G0HV			
Grant Date	5/18/11			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$356,962.00			
Revised Authorized Cost	\$270,908.50			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completed	100.00%			
Original Target Completion Date	9/30/13			
Revised Target Completion Date	9/30/13			

**BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2017**

<u>Schools</u>	<u>Balance June 30, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2017</u>
Elementary Schools:				
Ho-Ho-Kus Elementary	\$ 13,642.68	\$ 44,126.17	\$ 40,283.10	\$ 17,485.75
Athletic Account	54.16	3,791.33	3,843.00	2.49
Sunshine Account	1,693.02	690.00	1,337.08	1,045.94
Bergen Brain Busters	1,533.31	2,500.00	2,999.40	1,033.91
Library	<u>13,545.90</u>	<u>8,963.92</u>	<u>6,870.99</u>	<u>15,638.83</u>
	<u>\$ 30,469.07</u>	<u>\$ 60,071.42</u>	<u>\$ 55,333.57</u>	<u>\$ 35,206.92</u>

**BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS**
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis
For the Year Ended June 30, 2017

REVENUES AND OTHER FINANCING SOURCES

State Sources - SDA Grant	\$ -
Transfer from Capital Reserve	-
Total Revenues	-

EXPENDITURES AND OTHER FINANCING USES

Construction Services (450)	(5,172.40)
Transfer to Capital Reserve	103,170.05
Total Expenditures	97,997.65

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

**BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2017**

	<u>Balance June 30, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2017</u>
Payroll Deductions and Withholdings	\$ 343.50	\$ 6,833,558.05	\$ 6,833,558.05	\$ 343.50
Net Salaries and Wages	73.54	3,707,607.24	3,707,607.24	73.54
Interfund Accounts Payable	<u>6,317.53</u>	<u>82.00</u>	<u>-</u>	<u>6,399.53</u>
	<u>\$ 6,734.57</u>	<u>\$ 10,541,247.29</u>	<u>\$ 10,541,165.29</u>	<u>\$ 6,816.57</u>

**BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS
Long - Term Debt
Schedule of Serial Bonds
For the Fiscal Year Ended June 30, 2017**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities of Bonds Outstanding June 30, 2017</u>			<u>Interest Rate</u>	<u>Balance June 30, 2016</u>	<u>Issued Current Year (1)</u>	<u>Retired Current Year</u>	<u>Defeased Current Year</u>	<u>Balance June 30, 2017</u>
			<u>Date</u>	<u>Amount</u>	<u>Rate</u>						
Additions and Renovations to Elementary School	9/27/2007	\$ 3,800,000.00	1/1/2018	145,000.00	4.000%	\$ 2,285,000.00	\$ -	\$ 140,000.00	\$ 2,145,000.00	\$ -	
			1/1/2019	150,000.00	4.000%						
			1/1/2020	155,000.00	4.000%						
			1/1/2021	160,000.00	4.000%						
			1/1/2022	165,000.00	4.000%						
			1/1/2023	175,000.00	4.000%						
			1/1/2024	180,000.00	4.000%						
			1/1/2025	185,000.00	4.000%						
			1/1/2026	195,000.00	4.000%						
			1/1/2027	200,000.00	4.125%						
			1/1/2028	215,000.00	4.125%						
			1/1/2029	220,000.00	4.125%						
	Additions and Renovations to Elementary School (Refunding Bonds, Series 2016)	10/13/2016	\$ 2,225,000.00	1/1/2018	165,000.00	4.000%	-	2,225,000.00	30,000.00	-	2,195,000.00
				1/1/2019	170,000.00	4.000%					
				1/1/2020	170,000.00	4.000%					
				1/1/2021	175,000.00	4.000%					
				1/1/2022	175,000.00	4.000%					
			1/1/2023	180,000.00	4.000%						
			1/1/2024	185,000.00	4.000%						
			1/1/2025	185,000.00	4.000%						
			1/1/2026	190,000.00	4.000%						
			1/1/2027	190,000.00	4.125%						
Additions and Renovations to Elementary School	3/22/2012	\$ 6,585,000.00	2/1/2018	360,000.00	3.000%	5,540,000.00		350,000.00		5,190,000.00	
			2/1/2019	380,000.00	3.000%						
			2/1/2020	390,000.00	4.000%						
			2/1/2021	405,000.00	4.000%						
			2/1/2022	425,000.00	4.000%						
			2/1/2023	440,000.00	2.125%						
			2/1/2024	450,000.00	2.250%						
			2/1/2025	460,000.00	2.375%						
			2/1/2026	475,000.00	2.500%						
			2/1/2027	470,000.00	2.500%						
		2/1/2028	470,000.00	2.625%							
		2/1/2029	465,000.00	2.750%							
						<u>\$ 7,825,000.00</u>	<u>\$ 2,225,000.00</u>	<u>\$ 520,000.00</u>	<u>\$ 2,145,000.00</u>	<u>\$ 7,985,000.00</u>	

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS
Long - Term Debt
Schedule of Obligations Under Capital Leases
For the Fiscal Year Ended June 30, 2017

<u>Purpose</u>	<u>Interest Rate Payable</u>	<u>Amount Outstanding June 30, 2016</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2017</u>
LED Lighting Retrofit	1.78%	\$ 164,032.50	\$ -	\$ 53,711.46	\$ 110,321.04
		<u>\$ 164,032.50</u>	<u>\$ -</u>	<u>\$ 53,711.46</u>	<u>\$ 110,321.04</u>

**BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS
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
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 673,721.00	\$ -	\$ 673,721.00	\$ 673,721.00	\$ -
State Sources:					
Debt Service Aid Type II	69,123.00	-	69,123.00	69,123.00	-
Total - State Sources	<u>69,123.00</u>	<u>-</u>	<u>69,123.00</u>	<u>69,123.00</u>	<u>-</u>
Total Revenues	<u>742,844.00</u>	<u>-</u>	<u>742,844.00</u>	<u>742,844.00</u>	<u>-</u>
EXPENDITURES:					
Regular Debt Service:					
Interest	252,844.00	(30,000.00)	222,844.00	219,092.13	(3,751.87)
Redemption of Principal	490,000.00	30,000.00	520,000.00	520,000.00	-
Total Regular Debt Service	<u>742,844.00</u>	<u>-</u>	<u>742,844.00</u>	<u>739,092.13</u>	<u>(3,751.87)</u>
Total Expenditures	<u>742,844.00</u>	<u>-</u>	<u>742,844.00</u>	<u>739,092.13</u>	<u>(3,751.87)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	3,751.87	3,751.87
Other Financing Sources (Uses):					
Payment to Refunded Bond Escrow Agent				(2,188,296.88)	(2,188,296.88)
Refunding Bonds Issued				2,225,000.00	2,225,000.00
Costs of Issuance				(36,703.12)	(36,703.12)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.00</u>	<u>0.00</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	-	-	-	3,751.87	3,751.87
Fund Balance, July 1	<u>0.40</u>	<u>-</u>	<u>0.40</u>	<u>0.40</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 0.40</u>	<u>\$ -</u>	<u>\$ 0.40</u>	<u>\$ 3,752.27</u>	<u>\$ 3,751.87</u>

STATISTICAL SECTION

OUTLINE OF NJ DOE STATISTICAL TABLES SECTION (GASB 44)

Exhibit #

Financial Trends Information/Schedules

J-1	Net Position by Component
J-2	Changes in Net Position
J-3	Fund Balances-Governmental Funds
J-4	Changes in Fund Balances. Governmental Funds
J-5	General Fund Other Local Revenue by Source

Revenue Capacity Information

J-6	Assessed Value and Estimated Actual Value of Taxable Property
J-7	Direct and Overlapping Property Tax Rates
J-8	Principal Property Taxpayers (Current year and nine years ago)
J-9	Property Tax Levies and Collections

Debt Capacity Information

J-10	Ratios of Outstanding Debt by Type
J-11	Ratios of General Bonded Debt Outstanding
J-12	Direct and Overlapping Governmental Activities Debt
J-13	Legal Debt Margin Information

Demographic and Economic Information

J-14	Demographic and Economic Statistics
J-15	Principal Employers, Current and Nine Years Ago

Operating Information

J-16	Full-time Equivalent District Employees by Function/Program
J-17	Operating Statistics
J-18	School Building Information
J-19	Schedule of Allowable Maintenance Expenditures by School
J-20	Insurance Schedule

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

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

	Fiscal Year Ending June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental Activities										
Net Investment in Capital Assets	\$ 6,252,570.74	\$ 6,128,349.14	\$ 5,939,954.42	\$ 5,761,008.57	\$ 5,641,731.64	\$ 5,675,494.27	\$ 5,309,460.12	\$ 5,345,758.12	\$ 5,374,590.77	\$ 5,445,691.77
Restricted	1,350,584.18	1,381,646.18	1,493,158.00	1,861,994.51	1,798,244.53	1,539,574.03	877,136.46	396,077.58	298,683.35	309,018.66
Unrestricted	(2,526,692.97)	(2,245,603.72)	(2,013,480.60)	(2,110,512.88)	31,701.31	40,212.71	53,817.05	132,090.50	211,558.39	171,141.10
Total Governmental Activities Net Position	\$ 5,076,461.95	\$ 5,264,391.60	\$ 5,419,631.82	\$ 5,512,490.20	\$ 7,471,677.48	\$ 7,255,281.01	\$ 6,240,413.63	\$ 5,873,926.20	\$ 5,884,832.51	\$ 5,925,851.53
Business-Type Activities										
Net Investment in Capital Assets	\$ 5,150.52	\$ 6,352.55	\$ 7,554.59	\$ 8,859.11	\$ 7,890.90	\$ 9,517.04	\$ 11,143.22	\$ 12,926.49	\$ 14,925.47	\$ 8,086.50
Restricted	7,280.55	9,368.67	22,197.27	13,501.04	12,617.98	10,089.48	9,774.01	7,476.39	2,522.06	4,853.75
Unrestricted	(2,129.03)	(3,016.12)	(14,642.68)	(4,641.93)	(4,726.08)	(512.44)	(830.80)	(4,549.90)	(776.60)	(3,767.25)
Total Business-Type Activities Net Position	\$ 12,431.07	\$ 15,721.22	\$ 29,751.86	\$ 22,360.15	\$ 20,508.88	\$ 19,606.52	\$ 20,917.23	\$ 20,402.88	\$ 17,447.53	\$ 12,940.25
District-Wide										
Net Investment in Capital Assets	\$ 6,257,721.26	\$ 6,134,701.69	\$ 5,947,509.01	\$ 5,769,867.68	\$ 5,649,622.54	\$ 5,685,011.31	\$ 5,320,603.34	\$ 5,358,684.61	\$ 5,389,516.24	\$ 5,453,776.27
Restricted	1,350,584.18	1,381,646.18	1,493,158.00	1,861,994.51	1,798,244.53	1,539,574.03	877,136.46	396,077.58	298,683.35	309,018.66
Unrestricted	(2,519,412.42)	(2,236,235.05)	(1,991,283.33)	(2,097,011.84)	44,319.29	50,302.19	63,591.06	139,566.89	214,080.45	175,994.85
Total District Net Position	\$ 5,088,893.02	\$ 5,280,112.82	\$ 5,449,383.68	\$ 5,534,850.35	\$ 7,492,186.36	\$ 7,274,887.53	\$ 6,261,330.86	\$ 5,894,329.08	\$ 5,902,280.04	\$ 5,938,791.78

Source: District Records

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 9,610,529.11	\$ 6,840,838.57	\$ 5,696,017.04	\$ 4,783,608.15	\$ 4,755,365.25	\$ 4,573,681.73	\$ 4,574,260.43	\$ 4,558,253.05	\$ 4,268,097.44	\$ 4,430,728.61
Special Education	1,707,498.83	1,364,789.52	1,180,308.56	885,713.71	928,147.64	1,171,923.93	1,306,080.16	1,340,177.40	1,265,672.79	1,205,023.52
School Sponsored/Other Instructional Support Services:	699,639.09	515,884.02	287,608.56	394,078.46	441,313.72	473,154.74	366,008.38	556,419.25	472,931.00	456,869.69
Tuition	4,450,292.40	4,143,338.20	3,887,397.52	3,728,923.15	3,312,341.19	3,114,066.52	3,091,447.86	2,887,319.00	2,927,584.90	2,552,600.25
Student and Instruction Related Services	3,579,583.11	2,866,784.73	2,132,674.58	1,779,232.86	1,674,072.77	1,556,839.53	1,364,867.81	1,339,530.18	1,293,466.83	1,235,001.73
School Administrative Services	989,581.52	822,452.90	685,248.98	595,321.95	597,385.02	558,183.19	578,928.66	544,276.12	621,266.99	691,731.64
General and Business Admin. Services	1,096,147.49	893,974.11	640,520.74	615,564.16	591,410.81	507,113.65	563,586.71	488,174.89	431,244.75	548,123.21
Plant Operations and Maintenance	1,457,669.26	1,221,072.32	1,096,851.25	1,015,290.21	1,026,501.45	985,780.59	949,358.61	1,008,974.41	1,053,905.67	1,065,793.25
Pupil Transportation	343,550.89	290,549.76	250,028.01	276,706.17	248,560.02	217,420.19	270,548.92	389,490.25	424,286.04	382,216.95
Debt Assessment	29,837.00	29,837.00	29,837.00	29,837.00	29,837.00	29,837.00	29,837.00	29,837.00	29,837.00	29,837.00
Debt Service Other Charges	815.14	815.14	815.14	815.14	815.14	815.14	815.14	815.14	815.14	815.14
Interest on Long-Term Debt	190,350.75	261,406.26	274,743.76	286,443.76	301,711.41	343,768.96	423,528.35	438,637.52	453,756.68	437,779.85
Total Governmental Activities Expenses	24,155,495.59	19,243,742.53	16,142,049.15	14,391,534.72	13,907,481.42	13,501,933.03	13,488,615.89	13,551,452.07	13,212,213.09	13,005,858.69
Business-type Activities:										
Food Service	15,417.03	28,024.31	10,739.40	12,881.03	13,658.91	18,388.86	15,302.98	11,493.87	10,744.44	11,003.65
Total Business-Type Activities Expense	15,417.03	28,024.31	10,739.40	12,881.03	13,658.91	18,388.86	15,302.98	11,493.87	10,744.44	11,003.65
Total District-Wide Expenses	\$ 24,170,912.62	\$ 19,271,766.84	\$ 16,152,788.55	\$ 14,404,415.75	\$ 13,921,140.33	\$ 13,520,321.89	\$ 13,503,918.87	\$ 13,562,945.94	\$ 13,222,957.53	\$ 13,016,862.34
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	70,400.00	93,100.00	95,700.00	158,342.80	166,892.80	449,339.00				
Pupil transportation	0	0	0	66.16						
Interest on Long-Term Debt	0	0	0	0	0	0	0	0	0	0
Operating Grants and Contributions	10,198,271.09	5,659,922.66	3,208,197.34	1,893,512.02	2,076,356.64	1,720,430.94	1,697,748.85	1,941,300.28	2,046,016.24	437,779.85
Total Governmental Activities Program Revenue:	10,268,671.09	5,753,022.66	3,303,897.34	2,051,920.98	2,243,249.44	2,169,769.94	1,697,748.85	1,941,300.28	2,046,016.24	2,186,904.87

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

	Fiscal Year Ending June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Business-Type Activities:										
Charges for Services										
Food Service	7,810.00	8,730.00	11,070.00	7,840.00	7,960.00	8,850.00	8,820.00	8,400.00	8,473.00	8,586.00
Operating grants and contributions	4,307.28	5,181.80	6,955.79	6,824.05	6,536.93	8,194.48	6,924.82	6,029.12	6,692.09	6,587.16
Total Business-Type Activities Program Revenues	12,117.28	13,911.80	18,025.79	14,664.05	14,496.93	17,044.48	15,744.82	14,429.12	15,165.09	15,173.16
Total District-Wide Program Revenues	\$ 10,280,786.37	\$ 5,786,934.46	\$ 3,321,953.13	\$ 2,066,585.03	\$ 2,237,746.37	\$ 2,186,814.42	\$ 1,713,493.67	\$ 1,955,729.40	\$ 2,061,181.33	\$ 2,202,078.03
Net (Expense)/Revenue	\$ (13,886,824.50)	\$ (13,490,719.87)	\$ (12,838,151.81)	\$ (12,339,613.73)	\$ (11,664,231.98)	\$ (11,332,163.08)	\$ (11,790,867.04)	\$ (11,610,151.79)	\$ (11,166,196.84)	\$ (10,818,953.81)
Governmental Activities										
Business-Type Activities	(3,299.75)	(14,112.51)	7,316.39	1,783.02	838.02	(1,344.38)	441.84	2,935.25	4,420.65	4,169.51
Total District-Wide Net Expense	\$ (13,890,124.25)	\$ (13,504,832.38)	\$ (12,830,835.42)	\$ (12,337,830.71)	\$ (11,826,393.96)	\$ (11,333,507.46)	\$ (11,607,216.54)	\$ (11,607,216.54)	\$ (11,161,776.19)	\$ (10,814,784.30)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Property Taxes, Levied for General Purposes	13,098,351.00	12,573,757.00	12,207,532.00	11,968,169.00	11,661,591.00	11,432,932.00	11,165,103.00	10,639,521.98	10,230,310.00	9,838,837.00
Property Taxes, Levied for Debt Service Principal	552,493.25	474,367.74	465,349.24	460,249.24	450,985.59	481,132.04	406,791.65	384,036.48	376,129.31	425,761.15
Federal and State Aid Not Restricted	97,149.38	32,422.90	29,988.80	16,273.89	-	984.00	-	62,685.68	15,983.90	81,017.65
Tuition	-	-	-	-	-	-	429,226.10	410,246.58	439,903.59	447,335.55
Investment Earnings	30,101.22	37,185.01	42,423.38	66,423.54	60,924.19	1,079.46	1,713.43	2,681.20	3,896.40	44,763.93
Miscellaneous Income	-	1,032.00	-	17,477.27	126.15	122,902.96	154,520.29	100,073.56	58,952.63	69,229.43
Special Item - Accounts Payable Canceled	-	-	-	-	-	-	-	-	-	-
Special Item - Unrestricted FEMA Reimbursement	-	-	-	4,579.51	15,813.66	-	-	-	-	-
Special Item - Prior Year Accounts Receivable Canceled	800.00	-	-	-	-	308,000.00	-	-	-	-
Special Item - Debt Refinanced, Net	(80,000.00)	-	-	-	-	-	-	-	-	-
Special Item - Proceeds from Refunding of Bonds	-	-	2,520.00	-	-	-	-	-	-	-
Total Governmental Activities	13,698,984.85	13,118,764.55	12,745,293.42	12,537,692.45	12,189,443.59	12,347,030.46	12,157,354.47	11,599,245.48	11,125,177.83	10,924,044.71
Business-Type Activities:										
Investment Earnings	9.60	81.87	75.32	68.25	64.34	33.67	72.51	20.10	86.63	264.61
Total Business-Type Activities	9.60	81.87	75.32	68.25	64.34	33.67	72.51	20.10	86.63	264.61
Total District-Wide General Revenues	\$ 13,698,994.45	\$ 13,118,846.52	\$ 12,745,368.74	\$ 12,537,760.70	\$ 12,189,507.93	\$ 12,347,064.13	\$ 12,157,426.98	\$ 11,599,265.58	\$ 11,125,264.46	\$ 10,924,309.32
Change in Net Position	\$ (187,929.65)	\$ (371,955.21)	\$ (92,858.38)	\$ 198,078.72	\$ 525,211.61	\$ 1,014,867.38	\$ 366,487.43	\$ (10,906.31)	\$ (41,019.03)	\$ 108,090.88
Governmental Activities	(3,290.15)	(14,030.64)	7,391.71	1,851.27	902.36	(1,310.71)	514.35	2,955.35	4,507.28	4,434.12
Total District-Wide Change in Net Position	\$ (191,219.80)	\$ (385,985.85)	\$ (85,466.67)	\$ 199,929.99	\$ 526,113.97	\$ 1,013,556.67	\$ 367,001.78	\$ (7,950.96)	\$ (36,511.75)	\$ 109,525.00

Source: District Records.

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

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

	Fiscal Year Ending June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,381,598.34	\$ 701,535.57	\$ 436,279.97	\$ 220,880.73	\$ 245,009.59
Unreserved	-	-	-	-	-	231,582.80	478,861.28	362,173.10	555,562.48	497,383.46
Restricted	1,214,944.05	1,238,996.23	1,344,198.38	1,732,713.21	1,711,473.41	-	-	-	-	-
Assigned	133,477.86	103,082.80	188,048.68	80,321.63	40,330.69	-	-	-	-	-
Unassigned	376,671.08	372,004.67	327,255.32	311,335.01	279,413.20	-	-	-	-	-
Total General Fund	\$ 1,725,092.99	\$ 1,714,083.70	\$ 1,859,502.38	\$ 2,124,369.85	\$ 2,031,217.30	\$ 1,613,181.14	\$ 1,180,396.85	\$ 798,453.07	\$ 776,443.21	\$ 742,393.05
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, Reported In:										
Capital Projects Fund	-	-	-	-	-	157,974.40	0.31	0.33	17,676.35	27,980.37
Debt Service Fund	-	-	-	-	-	1.29	-	-	-	-
Restricted, Reported In:										
Capital Projects Fund	-	46,438.75	46,438.75	46,438.75	46,438.75	-	-	-	-	-
Debt Service Fund	3,752.27	0.40	2,520.16	2,520.92	1.68	-	-	-	-	-
Total All Other Governmental Funds	\$ 3,752.27	\$ 46,439.15	\$ 48,958.91	\$ 48,959.67	\$ 46,440.43	\$ 157,975.69	\$ 0.31	\$ 0.33	\$ 17,676.35	\$ 27,980.37
Total Fund Balances	\$ 1,728,845.26	\$ 1,760,522.85	\$ 1,908,461.29	\$ 2,173,329.52	\$ 2,077,657.73	\$ 1,771,156.83	\$ 1,180,397.16	\$ 798,453.40	\$ 794,119.56	\$ 770,373.42

Source: District Records

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

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

	Fiscal Year Ending June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues										
Tax Levy	\$ 13,772,072.00	\$ 13,240,289.00	\$ 12,878,324.00	\$ 12,645,561.00	\$ 12,345,049.00	\$ 12,188,710.00	\$ 11,926,479.00	\$ 11,379,743.98	\$ 10,982,256.00	\$ 10,613,558.00
Tuition Charges	70,400.00	93,100.00	95,700.00	158,342.80	166,892.80	449,339.00	429,226.10	410,246.58	439,903.59	447,335.55
Transportation fees				66.16						
Interest Earnings	185,570.27	193,291.89	145,190.23	124,386.36	167,846.04	188,263.73	1,713.43	2,681.20	3,898.40	44,763.93
Miscellaneous	2,100,666.67	1,820,297.42	1,599,640.54	1,470,366.34	1,562,325.38	1,222,121.73	218,570.77	127,312.22	95,188.77	119,076.90
State Sources	143,586.00	171,277.00	149,741.00	166,294.00	174,640.00	182,106.95	1,003,308.32	1,356,225.90	1,482,177.31	1,702,725.21
Federal Sources	16,272,304.94	15,518,255.31	14,868,595.77	14,565,036.66	14,416,753.22	14,230,541.41	252,180.70	264,335.88	167,770.00	165,390.00
Total revenues										
	3,521,909.45	3,324,429.11	3,529,975.94	3,404,351.00	3,342,689.64	3,214,014.17	3,186,419.81	3,319,343.98	3,173,864.96	3,196,943.39
Expenditures										
Instruction	704,477.85	729,299.60	736,909.38	673,835.73	698,756.99	899,343.95	1,036,755.23	1,075,586.13	1,019,606.59	939,338.78
Regular	330,542.82	304,646.44	249,630.89	299,834.32	317,754.30	342,243.53	273,524.62	417,765.68	363,926.78	335,791.60
School Sponsored/Other Instructional										
Support Services:										
Tuition	4,450,292.40	4,143,338.20	3,887,397.52	3,728,923.15	3,312,341.19	3,114,066.52	3,091,447.86	2,887,319.00	2,927,584.90	2,552,600.25
Student and Instruction Related Services	1,491,402.03	1,514,079.53	1,299,726.69	1,174,768.42	1,063,584.93	1,058,187.97	1,014,478.80	1,006,731.51	1,000,558.89	932,658.46
School Administrative Services	482,767.33	500,215.02	465,268.33	417,381.18	404,919.05	418,670.82	463,894.26	445,182.56	437,764.70	488,220.74
General and Business Administrative Services	477,950.21	545,526.92	524,781.76	487,081.83	476,854.82	406,820.18	424,389.83	377,682.18	349,397.31	365,336.08
Plant Operations and Maintenance	706,151.27	738,535.61	765,751.30	782,693.86	778,108.95	778,538.05	702,066.45	745,115.25	802,397.01	799,085.02
Pupil Transportation	331,774.29	287,355.68	248,764.35	276,621.15	248,535.32	217,370.81	267,818.84	293,337.15	340,544.96	301,826.15
Employee Benefits	3,032,662.47	2,759,062.88	2,610,354.73	2,423,834.18	2,513,412.68	2,257,319.57	2,118,053.84	2,077,430.11	1,860,116.81	2,161,382.89
Capital Outlay	5,923.28	52,606.00	44,972.35	320,386.07	186,697.65	86,565.15	2,980.00	50,168.35	30,795.00	321,727.62
Capital Outlay-Debt Assessment	29,837.00	29,837.00	29,837.00	29,837.00	29,837.00	21,741.00	37,385.00			
Debt Service:										
Principal	520,000.00	470,000.00	460,000.00	455,000.00	470,000.00	410,000.00	400,000.00	395,000.00	380,000.00	400,000.00
Interest and Other Charges	219,092.13	269,293.76	280,093.76	291,693.76	282,699.61	414,900.02	430,320.02	445,550.02	460,190.02	456,084.63
Total Expenditures	16,304,782.53	15,667,225.75	15,133,464.00	14,766,241.65	14,126,192.13	13,639,781.74	13,449,534.56	13,536,211.92	13,146,747.93	13,249,995.61
Excess (Deficiency) of Revenues	(32,477.59)	(148,970.44)	(264,868.23)	(201,204.99)	(290,561.09)	(590,759.67)	(381,943.76)	(4,333.84)	24,446.14	(158,146.02)
Over (Under) Expenditures										

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

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

	Fiscal Year Ending June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Other Financing Sources (Uses)										
Capital leases (non-budgeted)	-	-	-	272,300.00	-	-	-	-	-	-
Refunded Bonds Issued	2,225,000.00	-	-	-	-	-	-	-	-	-
Payment to Refunded Bond Escrow Agent	(2,188,296.88)	-	-	4,579.51	15,813.66	-	-	-	-	-
Unrestricted FEMA Reimbursement	-	1,032.00	-	17,477.27	126.15	-	-	-	-	-
Accounts Payable Canceled (non-budgeted)	(36,703.12)	-	-	2,520.00	-	-	-	-	-	19,100.00
Cost of Issuance	800.00	-	-	-	-	-	-	-	-	-
Prior Year Accounts Receivable Canceled	103,170.05	-	-	-	-	-	-	-	-	-
Transfers In	(103,170.05)	-	-	-	-	-	-	-	-	-
Transfers Out	800.00	1,032.00	-	296,876.78	15,939.81	-	-	-	-	19,100.00
Total Other Financing Sources (Uses)	\$ (31,677.59)	\$ (147,938.44)	\$ (264,868.23)	\$ 95,671.79	\$ 306,500.90	\$ 590,759.67	\$ 381,943.76	\$ 4,333.84	\$ 24,446.14	\$ (139,046.02)
Net Change in Fund Balances	4.53%	4.73%	4.91%	5.17%	5.40%	6.09%	6.17%	6.23%	6.41%	6.62%
Debt Service as a Percentage of Noncapital Expenditures										

Source: District Records

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

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

Fiscal Year Ending June 30,	Rentals	Prior Year Refunds	Miscellaneous	Annual Totals
2008	\$ 51,202.76	\$ 6,339.80	\$ 503,786.35	\$ 561,328.91
2009	48,077.07	1,848.15	452,829.40	502,754.62
2010	51,925.02	4,454.48	456,621.84	513,001.34
2011	54,380.49	4,206.77	526,872.56	585,459.82
2012	44,804.23	5,073.08	523,444.11	573,321.42
2013	35,450.00		192,366.99	227,816.99
2014	47,195.11	18,059.27	161,578.12	226,832.50
2015	32,154.19		10,269.19	42,423.38
2016	17,660.24	187.22	19,337.55	37,185.01
2017	21,704.21	1,591.23	6,805.78	30,101.22

Source: District Records

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

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

Fiscal Year Ended December 31,	Vacant Land	Residential	Commercial	Industrial	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
2007	15,391,100	1,283,535,800	41,253,400	18,142,200	1,358,322,500	746,932	1,359,069,432	1,359,069,432	0.767
2008	15,088,500	1,287,431,000	41,253,400	18,142,200	1,361,915,100	798,679	1,362,713,779	1,362,713,779	0.791
2009	12,546,200	1,298,026,500	41,253,400	18,142,200	1,369,968,300	924,266	1,370,892,566	1,386,280,277	0.815
2010	12,546,200	1,300,365,800	40,688,700	18,142,200	1,371,742,900	867,045	1,372,609,945	1,372,609,945	0.850
2011	8,676,800	1,078,974,500	40,649,400	15,300,000	1,143,600,700	722,133	1,144,322,833	1,241,057,068	1.053
2012	8,676,800	1,081,984,000	41,521,400	15,300,000	1,147,482,200	656,997	1,148,139,197	1,263,868,792	1.066
2013	9,266,800	1,083,001,200	42,219,900	15,300,000	1,149,747,900	100,000	1,149,847,900	1,247,993,130	1.087
2014	8,505,900	1,081,610,600	42,498,100	15,300,000	1,147,914,600	100	1,147,914,700	1,230,479,901	1.112
2015	10,894,500	1,081,033,500	42,097,100	15,300,000	1,149,325,100	100	1,149,325,200	1,255,818,618	1.136
2016	9,361,900	1,094,513,900	41,979,300	15,300,000	1,151,155,100	100	1,151,155,200	1,302,506,449	1.174

Source: Municipal Tax Assessor

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

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

Fiscal Year Ended December 31,	School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Municipality	County	
2008	0.791	0.0003	0.791	0.412	0.188	1.391
2009	0.815	0.0003	0.815	0.431	0.195	1.441
2010	0.850	0.0003	0.850	0.459	0.201	1.510
2011	1.053	0.0003	1.053	0.569	0.226	1.848
2012	1.066	0.0003	1.066	0.574	0.242	1.882
2013	1.087	0.0003	1.087	0.577	0.250	1.914
2014	1.112	0.0003	1.112	0.591	0.251	1.954
2015	1.136	0.0003	1.136	0.590	0.263	1.989
2016	1.174	0.0003	1.174	0.609	0.276	2.059
2017	1.136	0.0000	1.136	0.590	0.263	1.989

Source: Municipal Tax Collector

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

Principal Property Taxpayers
Current Year and Ten Years Ago
Unaudited

Fiscal Year Ended June 30,	2017		2007	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Taxpayer 1	\$ 15,300,000	1.32%	\$ 5,629,700	0.41%
Taxpayer 2	5,673,200	0.49%	3,177,500	0.23%
Taxpayer 3	5,483,000	0.47%	2,055,000	0.15%
Taxpayer 4	3,727,700	0.32%	1,700,000	0.13%
Taxpayer 5	3,444,000	0.30%	1,634,500	0.12%
Taxpayer 6	3,300,000	0.28%	1,465,500	0.11%
Taxpayer 7	2,668,800	0.23%	1,354,200	0.10%
Taxpayer 8	2,965,900	0.26%	1,218,000	0.09%
Taxpayer 9	2,950,000	0.25%	1,197,200	0.09%
Taxpayer 10	2,900,000	0.25%	1,177,000	0.09%
Taxpayer 11	2,851,700	0.25%	n/a	
Taxpayer 12	2,773,200	0.24%	n/a	
Taxpayer 13	2,660,900	0.23%	n/a	
Total	<u>\$ 56,698,400</u>	<u>4.89%</u>	<u>\$ 20,608,600</u>	<u>1.52%</u>

Source: Municipal Tax Assessor

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

Property Tax Levies and Collections
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended December 31,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the		Total Collections to Date	
		Amount	Percentage of Levy	Amount	Percentage of Levy
2008	\$ 10,613,558	\$ 10,613,558	100.00%	\$ 10,613,558	100.00%
2009	10,982,256	10,982,256	100.00%	10,982,256	100.00%
2010	11,379,744	11,379,744	100.00%	11,379,744	100.00%
2011	11,926,479	11,926,479	100.00%	11,926,479	100.00%
2012	12,188,710	12,188,710	100.00%	12,188,710	100.00%
2013	12,345,049	12,345,049	100.00%	12,345,049	100.00%
2014	12,645,561	12,645,561	100.00%	12,645,561	100.00%
2015	12,878,324	12,878,324	100.00%	12,878,324	100.00%
2016	13,240,289	13,240,289	100.00%	13,240,289	100.00%
2017	13,772,072	13,772,072	100.00%	13,772,072	100.00%

Source: Municipal Tax Collector

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Governmental Activities						Total District	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANS)					
2008	\$ 11,273,000	-	-	-	-	\$ 11,273,000	4.20%	2,826	
2009	10,893,000	-	-	-	-	10,893,000	4.26%	2,720	
2010	10,498,000	-	-	-	-	10,498,000	4.03%	2,572	
2011	10,098,000	-	-	-	-	10,098,000	3.65%	2,454	
2012	9,680,000	-	-	-	-	9,680,000	3.39%	2,347	
2013	9,210,000	-	-	-	-	9,210,000	3.21%	2,231	
2014	8,755,000	-	272,300	-	-	9,027,300	3.04%	2,177	
2015	8,295,000	-	212,103	-	-	8,507,103	2.78%	2,048	
2016	7,825,000	-	164,033	-	-	7,989,033	2.54%	1,929	
2017	7,385,000	-	110,321	-	-	7,495,321	2.31%	1,810	

Source: District Records

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2008	\$ 11,273,000		\$ 11,273,000	0.83%	2,826.02
2009	10,893,000		10,893,000	0.79%	2,719.85
2010	10,498,000		10,498,000	0.76%	2,571.78
2011	10,098,000		10,098,000	0.88%	2,453.95
2012	9,680,000		9,680,000	0.84%	2,346.67
2013	9,210,000		9,210,000	0.80%	2,230.56
2014	8,755,000		8,755,000	0.76%	2,111.16
2015	8,295,000		8,295,000	0.72%	1,997.35
2016	7,825,000		7,825,000	0.68%	1,889.18
2017	7,385,000		7,385,000	0.64%	1,782.95

Source: District Records

NOTE: 2006 Revaluation completed

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

Direct and Overlapping Governmental Activities Debt
As of December 31, 2016
Unaudited

Net Direct Debt of School District as of December 31, 2016	\$ 7,825,000.00
Net Overlapping Debt of School District:	
Borough of Ho-Ho-Kus (100%)	\$ 7,768,900.00
County of Bergen - Borough's share (0.75%)	9,037,727.58
Northwest Bergen County Utilities Authority - Borough's share (5.51%)	<u>1,106,590.38</u>
Total Direct and Overlapping Debt as of December 31, 2016	<u>17,913,217.96</u> <u>\$ 25,738,217.96</u>

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2016

Equalized Valuation Basis	
2014	1,254,277,316
2015	1,300,435,732
2016	1,313,354,364
	<u>\$ 3,868,067,412</u>
	<u>\$ 1,289,355,804</u>
Debt limit (4 % of average equalization)	51,574,232
	<u>7,825,000</u>
	<u>\$ 43,749,232</u>

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 35,721,154	\$ 38,717,246	\$ 40,821,697	\$ 54,728,669	53,125,713	51,041,647	49,772,054	49,736,014	50,495,440	51,574,232
Total Net Debt Applicable to Limit	11,523,000	11,273,000	10,893,000	10,098,000	9,380,000	9,680,000	8,755,000	8,295,000	7,825,000	7,825,000
Legal Debt Margin	\$ 24,198,154	\$ 27,444,246	\$ 29,928,697	\$ 44,630,669	\$ 43,745,713	\$ 41,361,647	\$ 41,017,054	\$ 41,441,014	\$ 42,670,440	\$ 43,749,232
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	32.26%	29.12%	26.68%	18.45%	17.66%	18.96%	17.59%	16.68%	15.50%	15.17%

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

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

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

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2008	3,989	268,583,359	67,331	0.20%
2009	4,005	255,815,370	63,874	0.60%
2010	4,082	260,778,570	63,885	1.20%
2011	4,115	276,725,520	67,248	1.20%
2012	4,125	285,784,125	69,281	1.20%
2013	4,129	286,944,855	69,495	1.20%
2014	4,147	296,841,638	71,580	6.00%
2015	4,153	306,189,251	73,727	3.70%
2016	4,142	314,539,598	75,939	3.50%
2017	4,142 E	323,975,786 E	78,217 E	2.70%

Sources:

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

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

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

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

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

Principal Employers
Current Year and Ten Years Ago
Unaudited

Employer	2016			2006		
	Employees	Rank [Optional]	Percentage of Total Municipal Employment	Employees	Rank [Optional]	Percentage of Total Municipal Employment
	0		0.00%	0		0.00%

NOT AVAILABLE

Source: NOT AVAILABLE

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

Full-time Equivalent District Employees by Function/Program
Last Ten Fiscal Years
Unaudited

<u>Function/Program</u>	<u>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	45.3	45.3	49.5	45.3	45.9	45.9	49	49	49	50.8
Special Education	15.2	15.7	17.1	13	13	13	15	15	15	15.5
Support Services:										
Student and Instruction Related Services	13.5	15	16.7	17.7	17.3	17.3	13.6	13.6	13.6	10.2
School Administrative Services	3.4	3.5	3.5	3.5	3.5	3.5	2.5	2.5	2.5	2.6
General and Business Administrative Services	4.5	3.8	3.8	4	4.5	4.5	4.4	4.4	4.4	4.9
Plant Operations and Maintenance	8	8	8	6	6	6	6.5	6.5	6.5	5.5
Total	<u>89.9</u>	<u>91.3</u>	<u>98.6</u>	<u>89.5</u>	<u>90.2</u>	<u>90.2</u>	<u>91.0</u>	<u>91.0</u>	<u>91.0</u>	<u>89.5</u>

Source: District Records

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

Operating Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Senior High School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School						
2008	669	8,539,043	12,763.89	1.28%	51	13.1	N/A	N/A	669.0	641.0	0.15%	95.81%	
2009	662	8,749,216	13,216.34	3.54%	51	12.9	N/A	N/A	662.0	636.0	-1.05%	96.07%	
2010	673	9,198,234	13,667.51	3.41%	54	12.4	N/A	N/A	673.0	645.8	1.66%	95.96%	
2011	660	9,866,489	14,949.23	9.38%	51	12.9	N/A	N/A	659.0	633.0	-2.08%	96.05%	
2012	647	8,979,684	13,878.96	-7.16%	51	12.4	N/A	N/A	649.4	626.5	-1.46%	96.47%	
2013	656	9,030,648	13,766.23	-0.81%	51	12.4	N/A	N/A	648.1	622.2	-0.20%	96.00%	
2014	663	9,435,356	14,231.31	3.38%	49	13.5	N/A	N/A	657.5	634.3	1.45%	96.47%	
2015	641	10,256,074	16,000.12	12.43%	49	13.1	N/A	N/A	638.2	615.3	-2.94%	96.41%	
2016	638	14,846,489	23,270.36	45.44%	50	12.8	N/A	N/A	618.4	595.8	-3.10%	96.35%	
2017	611	15,529,930	25,417.23	9.23%	50	12.2	N/A	N/A	607.9	583.5	-1.70%	95.99%	

Source: District Records

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

School Building Information
Last Ten Fiscal Years
Unaudited

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>District Building</u>										
<u>Elementary</u>										
Ho-Ho-Kus Elementary (1936)	104,503	104,503	104,503	104,503	104,503	104,503	104,503	104,503	104,503	104,503
Square Feet	800	800	800	800	800	800	800	800	800	800
Capacity (students)	669	662	673	660	647	656	663	641	638	611
Enrollment										

Number of Schools at June 30, 2017
Elementary = 1 {PreK/Eighth Grade}

Source: District Records

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

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

General Fund

Schedule of Required Maintenance for School Facilities

Last Ten Fiscal Years

Unaudited

Undistributed Expenditures--Required Maintenance for School Facilities 11-000-261-xxx	Gross Building Area (SF)	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
*School Facility		\$ 88,249	\$ 162,390	\$ 160,667	\$ 175,131	\$ 198,743	\$ 198,743	\$ 140,639	\$ 97,969	\$ 86,861	\$ 122,712
Ho-Ho-Kus Elementary School	104,503	\$ 88,249	\$ 162,390	\$ 160,667	\$ 175,131	\$ 198,743	\$ 198,743	\$ 140,639	\$ 97,969	\$ 86,861	\$ 122,712
District Total	104,503	<u>\$ 88,249</u>	<u>\$ 162,390</u>	<u>\$ 160,667</u>	<u>\$ 175,131</u>	<u>\$ 198,743</u>	<u>\$ 198,743</u>	<u>\$ 140,639</u>	<u>\$ 97,969</u>	<u>\$ 86,861</u>	<u>\$ 122,712</u>

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

Source: District Records

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

**Insurance Schedule
As of June 30, 2017
Unaudited**

	<u>LIMITS</u>	<u>DEDUCTIBLE</u>
Selective Way Insurance Company		
Package Policy:		
Blanket Real and Personal Property	Scheduled	
Flood & Earthquake	\$ 5,000,000.00	\$ 50,000.00
Flood-Within Special Flood "A"	2,000,000.00	500,000.00
Cyber Liability	6,000,000.00	
Boiler and Machinery	250,000.00	
Crime Coverage:		
Public Employee Dishonesty-Per Employee	100,000.00	5,000.00
Public Employee Dishonesty-Per Loss (Excess)	500,000.00	100,000.00
Forgery or Alteration	100,000.00	1,000.00
General Liability-Per Occurance	1,000,000.00	
General Liability-Aggregate	2,000,000.00	
Automobile	1,000,000.00	
Darwin National Assurance Co.:		
Educators Legal Liability	1,000,000.00	
Ace American Insurance Co.:		
Environmental Impairment	4,000,000.00	15,000.00
Safety National:		
Workers Compensation Coverage	1,000,000.00	
Fireman's Fund Insurance Company:		
Commercial Umbrella	50,000,000.00	
Ohio Casualty Insurance Co.:		
Board Secretary/Business Administrator	2,000.00	
Liberty Mutual Surety Company:		
Treasurer of School Monies	225,000.00	

Source: District Records

SINGLE AUDIT SECTION

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

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K-1
Page 1 of 2

INDEPENDENT AUDITOR'S 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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the Borough of Ho-Ho-Kus School District, in the County of Bergen, New Jersey, as of and for the 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 November 21, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Ho-Ho-Kus Board of Education'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 or the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

We noted certain matters that were required to be reported to the Board of Education of the Borough of Ho-Ho-Kus School District in the separate Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance dated November 21, 2017.

Purpose of this Report

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



Vincent M. Montanino
Licensed Public School Accountant
No. 20CS00049500

Ferraioli, Wielkottz, Cerullo & Cuva, P.A.
FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

Newton, New Jersey

November 21, 2017

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K-2
Page 1 of 3

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND NEW JERSEY'S OMB CIRCULAR 15-08

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Borough of Ho-Ho-Kus School District in the County of Bergen, New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplements* and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Borough of Ho-Ho-Kus Board of Education's major federal and state programs for the year ended June 30, 2017. The Borough of Ho-Ho-Kus Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Borough of Ho-Ho-Kus Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and N.J. OMB Circular 15-08. Those statutes, the Uniform Guidance and N.J. OMB 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 federal and state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Ho-Ho-Kus Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Borough of Ho-Ho-Kus Board of Education's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Borough of Ho-Ho-Kus Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

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

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



Vincent M. Montanino
Licensed Public School Accountant
No. 20CS00049500

Ferraioli, Wielkatz, Cerullo & Cuva, P.A.
FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

Newton, New Jersey

November 21, 2017



BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

Schedule of Expenditures of Federal Awards, Schedule A
For the Fiscal Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2016	Adjustments	Cash Received	Total Budgetary Expenditures	Repayment of Prior Years' Balances	Accounts Receivable	Balance June 30, 2017	Deferred Revenue	Due to Grantor
U.S. Department of Agriculture Passed - Through State Department of Education:														
Special Milk Program	10.556	171NJ304N1099	N/A	7/1/16-6/30/17	4,307.28			4,137.03	(4,307.28)		(170.25)			
Special Milk Program	10.556	171NJ304N1099	N/A	7/1/15-6/30/16	6,985.79	(554.80)		554.80	-		-			
Total U.S. Department of Agriculture						(554.80)		4,691.83	(4,307.28)		(170.25)			
U.S. Department of Education Passed - Through State Department of Education:														
N.C.L.B. Title II A	84.367A	S367A160029	NCLB2200017	7/1/16-6/30/17	7,176.00			7,176.00	(7,176.00)		-			
I.D.E.A. Part B, Basic	84.027A	H027A160100	IDEA2200017	7/1/16-6/30/17	132,421.00			132,421.00	(132,421.00)		-			
I.D.E.A. Part B, Preschool	84.173A	H173A160114	IDEA2200017	7/1/16-6/30/17	3,999.00			3,999.00	(3,999.00)		-			
Total U.S. Department of Education								143,596.00	(143,596.00)		-			
Total Federal Financial Assistance						(554.80)		\$148,287.83	\$ (147,903.28)		\$ (170.25)			\$ -

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

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

**Schedule of Expenditures of State Financial Assistance, Schedule B
For the Fiscal Year Ended June 30, 2017**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2016		Adjustments	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2017 Accounts Receivable	Budgetary Receivable	MEMO Cumulative Total Expenditures
				Deferred Revenue (Accts Receivable)								
State Department of Education:												
General Funds:												
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	54,483.00	\$ -	\$ -	\$ -	\$ 51,114.62	\$ (54,483.00)	\$ -	\$ -	(3,368.38)	54,483.00
Special Education Categorical Aid	17-495-034-5120-089	7/1/16-6/30/17	367,673.00	-	-	344,941.82	344,941.82	(367,673.00)	-	-	(22,731.18)	367,673.00
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	14,624.00	-	-	13,719.88	13,719.88	(14,624.00)	-	-	(804.12)	14,624.00
Adjustment Aid	17-495-034-5120-085	7/1/16-6/30/17	14,257.00	-	-	13,375.57	13,375.57	(14,257.00)	-	-	(881.43)	14,257.00
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	8,800.00	-	-	8,255.94	8,255.94	(8,800.00)	-	-	(544.06)	8,800.00
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	8,800.00	-	-	8,255.94	8,255.94	(8,800.00)	-	-	(544.06)	8,800.00
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	8,650.00	-	-	8,115.22	8,115.22	(8,650.00)	-	-	(534.78)	8,650.00
Extraordinary Aid	17-100-034-5120-473	7/1/16-6/30/17	172,614.00	-	-	134,072.00	134,072.00	(172,614.00)	-	(172,614.00)	-	172,614.00
Extraordinary Aid	16-100-034-5120-473	7/1/15-6/30/16	134,072.00	(134,072.00)	-	-	-	-	-	-	-	134,072.00
Non-Public Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	4,524.00	-	-	4,002.00	4,002.00	(4,524.00)	-	(4,524.00)	-	4,524.00
Non-Public Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	4,002.00	(4,002.00)	-	-	-	-	-	-	-	4,002.00
Reimbursed TPAF Social Security Contribution	17-495-034-5094-002	7/1/16-6/30/17	350,441.37	-	-	333,272.00	333,272.00	(350,441.37)	-	(17,169.37)	-	350,441.37
Reimbursed TPAF Social Security Contribution	16-495-034-5094-002	7/1/15-6/30/16	334,800.42	(16,744.17)	-	16,744.17	16,744.17	-	-	-	-	334,800.42
On-Behalf TPAF PRM Contributions	17-495-034-5094-001	7/1/16-6/30/17	437,903.00	-	-	437,903.00	437,903.00	(437,903.00)	-	-	-	437,903.00
On-Behalf TPAF Pension Contributions	17-495-034-5094-001	7/1/16-6/30/17	525,550.00	-	-	525,550.00	525,550.00	(525,550.00)	-	-	-	525,550.00
On-Behalf TPAF LTDI Contributions	17-495-034-5094-004	7/1/16-6/30/17	677.00	-	-	677.00	677.00	(677.00)	-	-	-	677.00
Total General Funds			1,899,999.16	(154,816.17)	-	1,899,999.16	1,899,999.16	(1,968,996.37)	-	(194,307.37)	(29,508.00)	2,441,870.79
Capital Project Funds:												
N.J. Economic Development Authority Grant	2200-050-10-G0HV		142,784.80	(56,731.30)	-	56,731.30	56,731.30	-	-	-	-	-
Total Capital Project Funds			142,784.80	(56,731.30)	-	56,731.30	56,731.30	-	-	-	-	-
Debt Service Funds:												
Debt Service Aid - State Support	17-495-034-5120-075	7/1/16-6/30/17	69,123.00	-	-	69,123.00	69,123.00	(69,123.00)	-	138,246.00	-	69,123.00
Total Debt Service Funds			69,123.00	-	-	69,123.00	69,123.00	(69,123.00)	-	138,246.00	-	69,123.00
Total All Funds			\$ 2,025,853.46	\$ (211,549.47)	\$ -	\$ 2,025,853.46	\$ 2,025,853.46	\$ (2,038,119.37)	\$ -	\$ (56,061.37)	\$ (29,508.00)	\$ 2,510,993.79
State Financial Assistance Not Subject To Major Program Determination:												
General Funds:												
On-Behalf TPAF PRM Contributions	17-495-034-5094-001	7/1/16-6/30/17	437,903.00	-	-	-	-	(437,903.00)	-	-	-	(437,903.00)
On-Behalf TPAF Pension Contributions	17-495-034-5094-002	7/1/16-6/30/17	525,550.00	-	-	-	-	(525,550.00)	-	-	-	(525,550.00)
On-Behalf TPAF LTDI Contributions	17-495-034-5094-004	7/1/16-6/30/17	677.00	-	-	-	-	(677.00)	-	-	-	(677.00)
Total State Financial Assistance Subject to Single Audit			(964,130.00)	-	-	-	-	(964,130.00)	-	-	-	(964,130.00)
Total State Financial Assistance Subject to Single Audit			(1,073,989.37)	-	-	-	-	(1,073,989.37)	-	-	-	(1,073,989.37)

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

NOTE 1. GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include the activity of all Federal and State Award programs of the Board of Education, Borough of Ho-Ho-Kus School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of Federal Awards and State Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 2 (C) and 2(D) to the Board's basic financial statements. The information in this schedule 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 N.J. OMB Circular 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS

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

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

NOTE 3. RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS

(Continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$5,816.00 for the general fund. See Note for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

Additionally, as discussed further in Note 6, the State of New Jersey makes contributions on-behalf of the District for TPAF post-retirement medical and pension contributions. The total amount of these contributions during 2017 fiscal year was \$964,130.00.

Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 0.00	\$1,974,812.37	\$1,974,812.37
Special Revenue Fund	143,596.00		143,596.00
Capital Projects Fund		56,731.30	56,731.30
Debt Service Fund		69,123.00	69,123.00
Food Service Fund	<u>4,307.28</u>	<u>0.00</u>	<u>4,307.28</u>
 Total Awards and Financial Assistance	 <u>\$147,903.28</u>	 <u>\$2,100,666.67</u>	 <u>\$2,248,569.95</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2017. The amount reported as TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2017.

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

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

NOTE 7. INDIRECT COST RATE

The Borough of Ho-Ho-Kus School District has elected not to use the 10 percent de minimis Indirect Cost Rate as allowed under the Uniform Guidance.

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- 1) Material weakness(es) identified? yes X no
2) Significant deficiencies identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

N/A

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(continued)**

State Awards Section

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X yes no

Internal Control over major state programs:

- 1) Material weakness(es) identified? yes X no
- 2) Significant deficiencies identified that are not
 Considered to be material weaknesses? yes X none reported

Type of auditor's report on compliance for major state programs: Unmodified

Any audit findings disclosed that are required to be reported
in accordance with NJ OMB Circular letter 15-08, as applicable? yes X no

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
17-495-034-5094-003	Reimbursed TPAF - Social Security
17-495-034-5120-089	State Aid Public Cluster:
17-495-034-5120-084	Special Education Aid
17-495-034-5120-085	Security Aid
17-495-034-5120-097	Adjustment Aid
17-495-034-5120-098	Per Pupil Growth Aid
17-495-034-5120-101	PARCC Readiness Aid
17-495-034-5120-014	Professional Learning Community Aid
17-495-034-5120-014	Transportation Aid

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT
SCHEDULE OF FINANCIAL, FEDERAL AND STATE FINDINGS
AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section II - Schedule of Financial Statement Findings

NONE

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

No matters were reported.

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Status of Prior Year Findings

There were no prior audit findings.