

NORTH HALEDON BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

North Haledon, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the
North Haledon Board of Education
North Haledon, New Jersey
For The Fiscal Year Ended June 30, 2017**

**Prepared by
Business Office**

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INTRODUCTORY SECTION

North Haledon Public Schools

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

Nicholas S. Coffaro
Superintendent of Schools

Debra E. Andreniuk, CPA
Business Admin./Board Secretary

September 28, 2017

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

Dear Board Members:

The comprehensive annual financial report (CAFR) of the North Haledon School District for the fiscal year ended June 30, 2017 is hereby submitted. This report includes the District's Basic Financial Statements prepared in accordance with Governmental Accounting Standards Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and required supplementary information, as well as the auditors' report thereon. The financial section also includes Management's Discussion and Analysis, which is an overview of the District's current financial status and future outlook. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the U.S. Uniform Guidance and the New Jersey Circular OMB 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditors' report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

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

The District provides a full range of educational services appropriate to students in grade levels Pre-K through Grade 8. These services include programming for students in regular, vocational, and special educational settings. The District completed the 2016-2017 fiscal year with an average daily enrollment of 638.81 students, which is 5.9% below the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2007-2008	693.4	+4.22%
2008-2009	693.5	+0.00%
2009-2010	711.8	+2.64%
2010-2011	716.0	+0.59%
2011-2012	714.0	-0.28%
2012-2013	738.0	+3.36%
2013-2014	720.0	-2.50%
2014-2015	690.0	- 4.17%
2015-2016	678.7	-2.90%
2016-2017	638.8	-5.90%

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

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

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

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

During the 2016-2017 school year, procedures were in place from a fiscal perspective. As indicated during 2015-2016 school year, the district was coming out of a deficit position. The course of the 2016-2017 school year provided sufficient funds to meet obligations of the district, as the administration and Board of Education took steps to ensure the financial picture would continue to be prosperous. Breakage from staff leaving the district and replaced by staff of lower salaries was at forefront. Also, having a full time (interim) Business Administrator was beneficial to district since previous year, this seat was held by part time personnel. The district continued to operate minus an administrative position (did not fill position which was the case from previous year).

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

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

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

As part of the District's single audit described earlier, tests are made to determine the

adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as an appropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2017. In light of the prior year's fiscal problems, the district administration has made a concerted effort to assess the district's budgetary controls to ensure the district's financial obligations are encumbered in a timely manner.

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

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

8. OTHER INFORMATION:

A) **Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm for the Board is Lerch, Vinci, Higgins, and LLP. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the U.S. Uniform guidance and state New Jersey OMB Circular 15-08. The auditors' report on the basic financial statements and required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

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

Respectfully submitted,

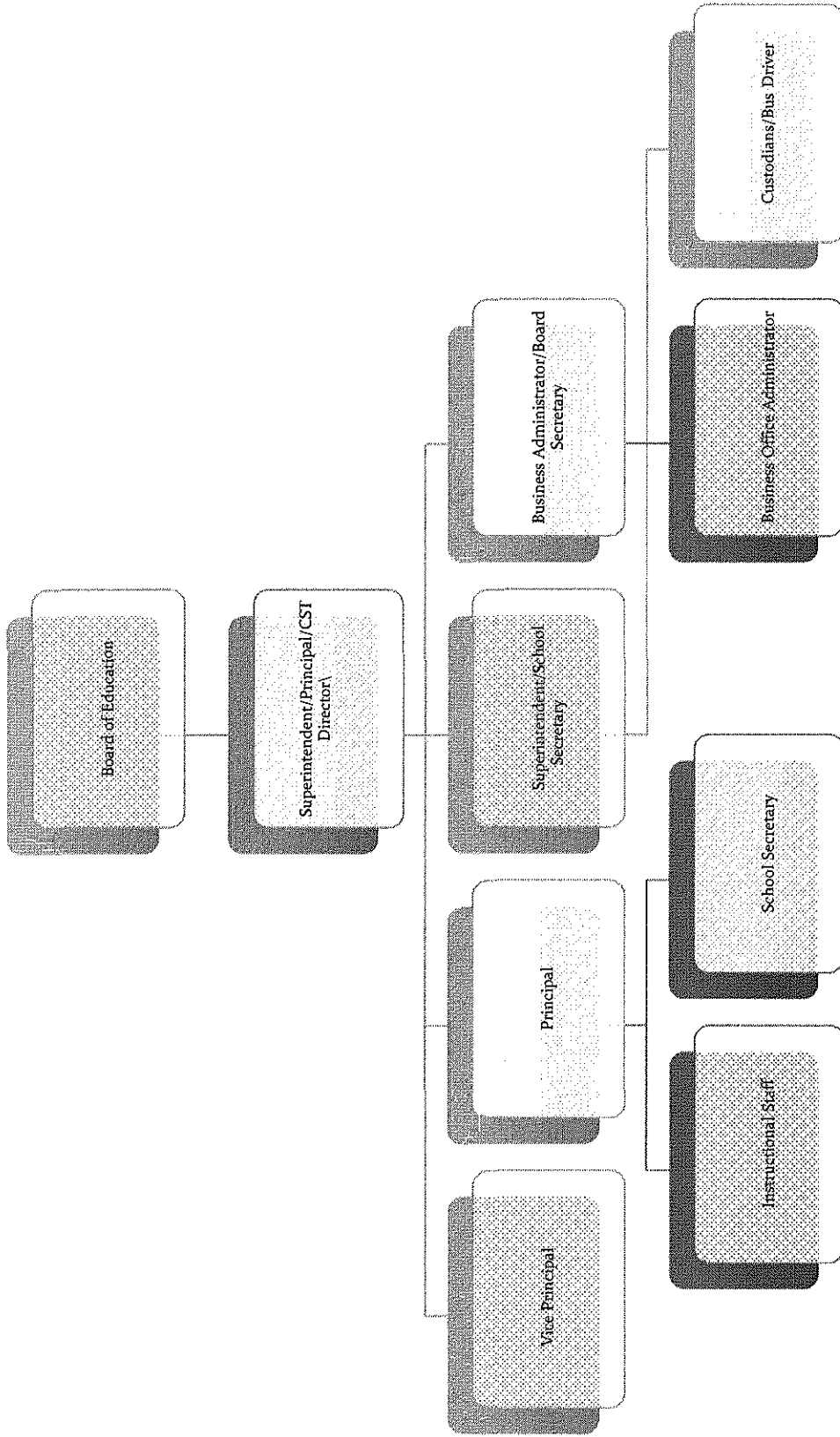


Debra E Andreniuk
Business Administrator/ Board
Secretary



Nicholas Coffaro
Superintendent of Schools

NORTH HALEDON SCHOOL DISTRICT



**NORTH HALEDON BOARD OF EDUCATION
NORTH HALEDON, NEW JERSEY
ROSTER OF OFFICIALS
JUNE 30, 2017**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Anthony Griffo, President	2019
Peter Ten Kate, Vice President	2019
Michelle Melone	2017
Lucy De Nova	2017
Heather LaCognata	2019
Michele Manning	2019
Chirag Badami	2019
Louis Colli	2017
Joseph Mannino	2019

Other Officials

Nicholas Coffaro, Superintendent

Katine Slunt, Business Administrator

Michael Donow, Treasurer of School Monies

Viola Lordi, Esq., Solicitor

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

CONSULTANTS AND ADVISORS

Audit Firm

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

Attorney

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

Anthony Sciarillo
Sciarillo, Cornell, Merlino, McKeever & Osborne, LLC
Westfield, New Jersey

Bond Attorney

McManimon & Scotland
One Gateway Center
Newark, New Jersey

Architect

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

Official Depository

Lakeland Bank
Belmont Avenue
North Haledon, NJ 07508

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

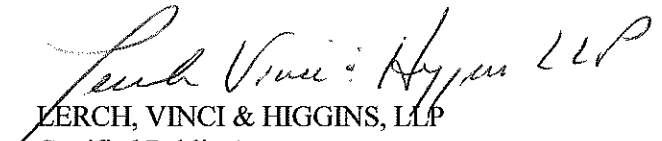
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the North Haledon Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures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

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

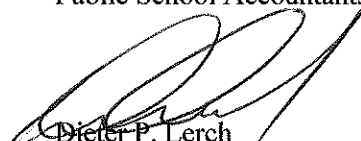
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated September 18, 2017 on our consideration of the North Haledon Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the North Haledon Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the North Haledon Board of Education's internal control over financial reporting and compliance.



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



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
September 18, 2017

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017**

This discussion and analysis of the North Haledon School District's financial performance provides an overview of its financial activities for the fiscal year ended June 30, 2017. The intent of this is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2017 are as follows:

- District-Wide Financials - Overall revenues were \$14,960,895 General revenues accounted for \$10,513,283 or 70 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$4,447,612 or 30 percent of total revenues.
- District-Wide Financials - The School District had \$14,431,209 in "Governmental Activities" expenses; \$4,232,723 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$10,513,215 were adequate to provide for these programs. The Business-Type activities had \$197,039 in expenses and revenues of \$214,957.
- Fund Financials - As of the close of the current fiscal year, the North Haledon Board of Education's governmental funds reported combined ending fund balances of \$850,189, an increase of \$440,202 in comparison with the prior year.
- Fund Financials - At the end of June 30, 2017, unassigned fund balance for the General Fund was \$227,728 an increase of \$76,665 from the prior year.

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

District-wide Statements

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

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

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

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

District-wide Statements (Continued)

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

Fund Financial Statements (Continued)

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

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

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

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

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

Net position. The District's combined net position deficit was \$(91,492) on June 30, 2017. (See Table A-1).

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

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

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

**Table A-1
Statement of Net Position
As of June 30, 2017 and 2016**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	\$ 962,608	\$ 510,923	\$ 28,910	\$ 23,604	\$ 991,518	\$ 534,527
Capital Assets	<u>18,178,460</u>	<u>19,071,029</u>	<u>24,339</u>	<u>19,192</u>	<u>18,202,799</u>	<u>19,090,221</u>
Total Assets	<u>19,141,068</u>	<u>19,581,952</u>	<u>53,249</u>	<u>42,796</u>	<u>19,194,317</u>	<u>19,624,748</u>
Deferred Outflows of Resources						
Deferred Amounts on Refunding of Debt	840,862	961,734			840,862	961,734
Deferred Amounts on Net Pension Liability	<u>684,029</u>	<u>288,946</u>	<u>-</u>	<u>-</u>	<u>684,029</u>	<u>288,946</u>
Total Deferred Outflows of Resources	<u>1,524,891</u>	<u>1,250,680</u>	<u>-</u>	<u>-</u>	<u>1,524,891</u>	<u>1,250,680</u>
Total Assets and Deferred Outflows of Resources	<u>20,665,959</u>	<u>20,832,632</u>	<u>53,249</u>	<u>42,796</u>	<u>20,719,208</u>	<u>20,875,428</u>
Long-Term Liabilities	20,382,926	20,869,186			20,382,926	20,869,186
Other Liabilities	<u>351,444</u>	<u>350,440</u>	<u>3,722</u>	<u>12,176</u>	<u>355,166</u>	<u>362,616</u>
Total Liabilities	<u>20,734,370</u>	<u>21,219,626</u>	<u>3,722</u>	<u>12,176</u>	<u>20,738,092</u>	<u>21,231,802</u>
Deferred Inflows of Resources						
USDA Commodities			2,684	1,695	2,684	433
Deferred Amounts on Net Pension Liability	<u>69,924</u>	<u>66,070</u>	<u>-</u>	<u>-</u>	<u>69,924</u>	<u>66,070</u>
Total Deferred Inflows of Resources	<u>69,924</u>	<u>66,070</u>	<u>2,684</u>	<u>1,695</u>	<u>72,608</u>	<u>66,503</u>
Total Liabilities and Deferred Inflows of Resources	<u>20,804,294</u>	<u>21,285,696</u>	<u>6,406</u>	<u>13,871</u>	<u>20,810,700</u>	<u>21,298,305</u>
Net Position:						
Invested in capital assets, net of related debt	1,515,144	1,490,238	24,339	19,192	1,539,483	1,509,430
Restricted	127,029	225,362			127,029	225,362
Unrestricted	<u>(1,780,508)</u>	<u>(2,168,664)</u>	<u>22,504</u>	<u>9,733</u>	<u>(1,758,004)</u>	<u>(2,158,931)</u>
Total Net Position	<u>\$ (138,335)</u>	<u>\$ (453,064)</u>	<u>\$ 46,843</u>	<u>\$ 28,925</u>	<u>\$ (91,492)</u>	<u>\$ (424,139)</u>

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

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

Governmental activities. Governmental activities increased the District's net position by \$314,729.

**Table A-2
Changes in Net Position
For the Fiscal Years Ended June 30, 2017 and 2016**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues						
Program Revenues						
Charges for Services			\$ 147,689	\$ 134,111	\$ 147,689	\$ 134,111
Operating Grants and Contributions	\$ 4,232,723	\$ 3,109,053	67,200	77,666	4,299,923	3,186,719
General Revenues						
Property Taxes	10,435,585	10,303,582			10,435,585	10,303,582
Other	33,839	103,617	68	18	33,907	103,635
Federal/State Aid Not Restricted	43,791	38,865	-	-	43,791	38,865
Total Revenues	<u>14,745,938</u>	<u>13,555,117</u>	<u>214,957</u>	<u>211,795</u>	<u>14,960,895</u>	<u>13,766,912</u>
Expenses						
Instruction						
Regular	6,890,530	6,251,472			6,890,530	6,251,472
Special Education	2,448,145	2,379,668			2,448,145	2,379,668
Other Instruction	72,109	147,609			72,109	147,609
School Sponsored Activities and Athletic	28,537	109,721			28,537	109,721
Support Services						
Student and Instruction Related Serv.	1,775,496	1,754,568			1,775,496	1,754,568
General Administrative Services	511,588	498,885			511,588	498,885
School Administrative Services	602,423	467,651			602,423	467,651
Plant Operations and Maintenance	850,927	771,483			850,927	771,483
Pupil Transportation	274,565	337,598			274,565	337,598
Central Services	402,233	220,779			402,233	220,779
Food Services			197,039	190,734	197,039	190,734
Interest on Debt and Other Charges	574,656	606,967	-	-	574,656	606,967
Total Expenses	<u>14,431,209</u>	<u>13,546,401</u>	<u>197,039</u>	<u>190,734</u>	<u>14,628,248</u>	<u>13,737,135</u>
Change in Net Position	314,729	8,716	17,918	21,061	332,647	29,777
Net Position, Beginning of Year	<u>(453,064)</u>	<u>(461,780)</u>	<u>28,925</u>	<u>7,864</u>	<u>(424,139)</u>	<u>(453,916)</u>
Net Position, End of Year	<u>\$ (138,335)</u>	<u>\$ (453,064)</u>	<u>\$ 46,843</u>	<u>\$ 28,925</u>	<u>\$ (91,492)</u>	<u>\$ (424,139)</u>

Table A-2 Revenues by Source- Governmental Activities

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

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

For Fiscal Year 2017

Governmental activities. The District's total governmental revenues were \$14,745,938. The local share of the revenues, that included property taxes, interest, unrestricted state aid and miscellaneous revenue, amounted to \$10,513,215 or 71% of total revenues. Funding from state and federal sources amounted to \$4,232,723 or 29%.

The District's governmental expenses are predominantly related to instruction and support services. Instruction totaled \$9,439,321 (65%), student and other support services totaled \$4,417,232 (31%) and interest on long-term debt total \$574,656 (4%) of total expenditures. (See Table A-4.)

Table A-3 Revenues by Source – Governmental Activities
For Fiscal Year 2017

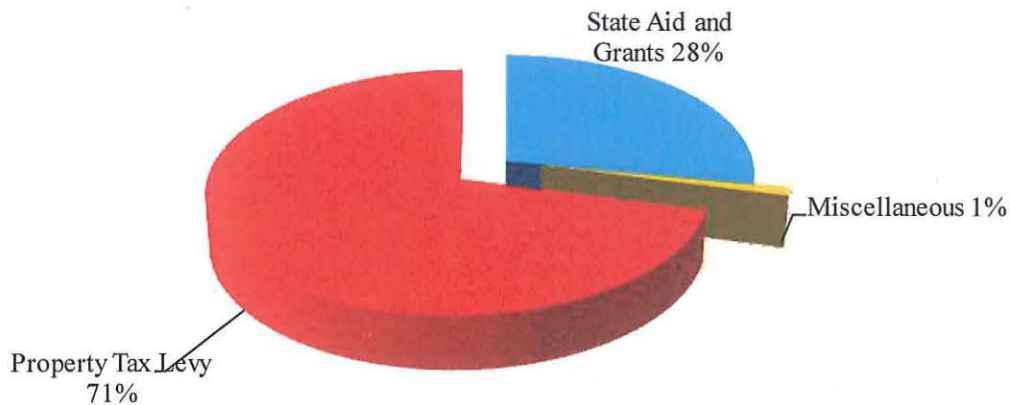
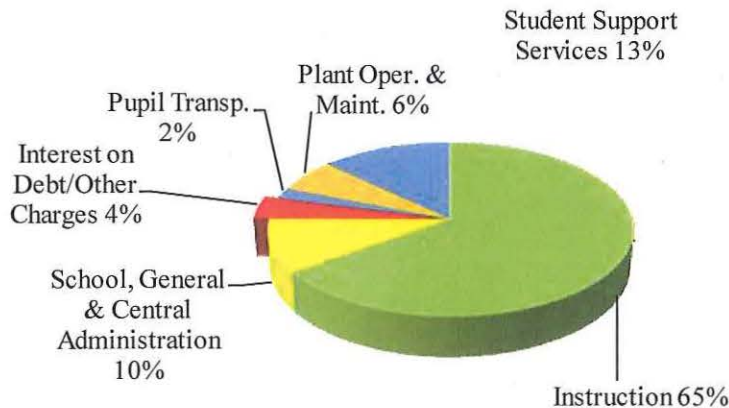


Table A-4 Expenditures by Type- Governmental Activities
For Fiscal Year 2017



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

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

**Table A-5
Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2017 and 2016**

<u>Functions/Programs</u>	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Governmental Activities				
Instruction				
Regular	\$ 6,890,530	\$ 6,251,472	\$ 4,628,161	\$ 4,579,629
Special Education	2,448,145	2,379,668	1,215,848	1,343,882
Other Instruction	72,109	147,609	45,658	103,434
School Sponsored Activities and Athletics	28,537	109,721	28,537	80,242
Support Services				
Student and Instruction Related Svcs.	1,775,496	1,754,568	1,277,274	1,470,347
General Administrative Services	511,588	498,885	511,588	498,885
School Administrative Services	602,423	467,651	434,056	467,651
Plant Operations and Maintenance	850,927	771,483	835,021	757,110
Pupil Transportation	274,565	337,598	245,454	308,422
Central Services	402,233	220,779	402,233	220,779
Interest on Debt/Other Charges	574,656	606,967	574,656	606,967
Total Governmental Activities	<u>\$ 14,431,209</u>	<u>\$ 13,546,401</u>	<u>\$ 10,198,486</u>	<u>\$ 10,437,348</u>

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2017 was \$197,039. These costs were funded by operating grants and charges for services and investment earnings (Detailed on Table A-2). The operations resulted in an increase in net position of \$17,918.

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

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

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

As the District completed the year, its governmental funds reported a combined fund balance of \$850,189. As of June 30, 2016 the fund balance was \$409,987.

The District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$12,744,278 and expenditures were \$12,304,076.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a summary of the governmental fund revenues for the fiscal years ended June 30, 2017 and 2016.

	<u>Year Ended June 30,</u>		<u>Amount of</u>	<u>Percent</u>
	<u>2017</u>	<u>2016</u>	<u>Increase</u>	<u>Increase</u>
			<u>(Decrease)</u>	<u>(Decrease)</u>
Local Sources	\$ 10,509,661	\$ 10,446,057	\$ 63,604	0.61%
State Sources	1,939,485	1,589,505	349,980	22.02%
Federal Sources	<u>295,132</u>	<u>277,215</u>	<u>17,917</u>	6.46%
 Total Revenues	 <u>\$ 12,744,278</u>	 <u>\$ 12,312,777</u>	 <u>\$ 431,501</u>	 3.50%

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

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

The following schedule represents a summary of the governmental fund expenditures for the fiscal years ended June 30, 2017 and 2016.

	<u>Year Ended June 30,</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
	<u>2017</u>	<u>2016</u>		
Instruction	\$ 6,924,958	\$ 6,951,856	\$ (26,898)	-0.39%
Undistributed Expenditures	3,844,133	3,787,745	56,388	1.49%
Capital Outlay	29,943		29,943	100.00%
Debt Service				
Principal	838,615	835,248	3,367	0.40%
Interest	666,427	690,421	(23,994)	-3.48%
 Total Expenditures	 <u>\$ 12,304,076</u>	 <u>\$ 12,265,270</u>	 <u>\$ 38,806</u>	 0.32%

General and Special Revenue Fund

Budgetary Highlights

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

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

Capital Assets and Debt Administration. The North Haledon Board of Education's investment in capital assets for its governmental and business type activities as of June 30, 2017 amounts to \$18,202,799 (net of accumulated depreciation). This investment in capital assets includes land, buildings and building improvements, construction in progress and machinery and equipment.

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

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

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

	Governmental Activities		Business-Type Activities		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2015</u>
Land	\$ 70,295	\$ 70,295			\$ 70,295	\$ 70,295
Buildings	30,864,982	30,864,982			30,864,982	30,864,982
Machinery and Equipment	<u>1,190,442</u>	<u>1,160,499</u>	<u>\$ 107,216</u>	<u>\$ 97,651</u>	<u>1,297,658</u>	<u>1,258,150</u>
Total	32,125,719	32,095,776	107,216	97,651	32,232,935	32,193,427
Less: Accumulated Depreciation	<u>13,947,259</u>	<u>13,024,747</u>	<u>82,877</u>	<u>78,459</u>	<u>14,030,136</u>	<u>13,103,206</u>
Total	<u>\$ 18,178,460</u>	<u>\$ 19,071,029</u>	<u>\$ 24,339</u>	<u>\$ 19,192</u>	<u>\$ 18,202,799</u>	<u>\$ 19,090,221</u>

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

Debt Administration. As of June 30, 2017 the school district had long-term debt and outstanding long-term liabilities in the amount of \$20,382,926 as stated in Table A-7.

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

	<u>2017</u>	<u>2016</u>
Bonds Payable	\$ 17,398,939	\$ 18,386,103
Capital Leases	105,239	156,422
Sale and Lease-back Contracts	247,568	250,000
Compensated Absences Payable	137,920	127,672
Net Pension Liability	<u>2,493,260</u>	<u>1,948,989</u>
Total	<u>\$ 20,382,926</u>	<u>\$ 20,869,186</u>

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

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

**NORTH HALEDON BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2017**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 807,839	\$ 19,190	\$ 827,029
Receivables, net			
Receivables from Other Governments	142,262	3,693	145,955
Inventory		5,502	5,502
Accounts Receivable	8,404		8,404
Internal Balances	(525)	525	-
Due From Other Funds	4,628		4,628
Capital Assets			
Not Being Depreciated	70,295		70,295
Being Depreciated, net	<u>18,108,165</u>	<u>24,339</u>	<u>18,132,504</u>
Total Assets	<u>19,141,068</u>	<u>53,249</u>	<u>19,194,317</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding of Debt	840,862		840,862
Deferred Amounts on Net Pension Liability	<u>684,029</u>	<u>-</u>	<u>684,029</u>
Total Deferred Outflows of Resources	<u>1,524,891</u>	<u>-</u>	<u>1,524,891</u>
Total Assets and Deferred Outflows of Resources	<u>20,665,959</u>	<u>53,249</u>	<u>20,719,208</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	53,745	3,722	57,467
Payable to Other Governments	56,140		56,140
Accrued Interest Payable	239,025		239,025
Unearned Revenue	343		343
Due to Other Funds	2,191		2,191
Noncurrent Liabilities			
Due Within One Year	925,218		925,218
Due Beyond One Year	<u>19,457,708</u>	<u>-</u>	<u>19,457,708</u>
Total Liabilities	<u>20,734,370</u>	<u>3,722</u>	<u>20,738,092</u>
DEFERRED INFLOWS OF RESOURCES			
USDA Commodities		2,684	2,684
Deferred Amounts on Net Pension Liability	<u>69,924</u>	<u>-</u>	<u>69,924</u>
Total Deferred Inflows of Resources	<u>69,924</u>	<u>2,684</u>	<u>72,608</u>
Total Liabilities and Deferred Inflows of Resources	<u>20,804,294</u>	<u>6,406</u>	<u>20,810,700</u>
NET POSITION			
Net Investment in Capital Assets	1,515,144	24,339	1,539,483
Restricted for			
Capital Projects	112,029		112,029
Maintenance	15,000		15,000
Debt Service	-		-
Unrestricted	<u>(1,780,508)</u>	<u>22,504</u>	<u>(1,758,004)</u>
Total Net Position	<u>\$ (138,335)</u>	<u>\$ 46,843</u>	<u>\$ (91,492)</u>

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

**NORTH HALEDON BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 6,890,530		\$ 2,262,369		\$ (4,628,161)		\$ (4,628,161)
Special Education	2,448,145		1,232,297		(1,215,848)		(1,215,848)
Other Instruction	72,109		26,451		(45,658)		(45,658)
School Sponsored Activities and Athletics	28,537				(28,537)		(28,537)
Support Services							
Student and Instruction Related Services	1,775,496		498,222		(1,277,274)		(1,277,274)
General Administrative Services	511,588				(511,588)		(511,588)
School Administrative Services	602,423		168,367		(434,056)		(434,056)
Administration Information Technology	75,954				(75,954)		(75,954)
Plant Operations and Maintenance	850,927		15,906		(835,021)		(835,021)
Pupil Transportation	274,565		29,111		(245,454)		(245,454)
Business Services	326,279				(326,279)		(326,279)
Interest on Debt and Other Charges	574,656	-	-	-	(574,656)	-	(574,656)
Total Governmental Activities	14,431,209	-	4,232,723	-	(10,198,486)	-	(10,198,486)
Business-Type Activities							
Food Service	197,039	\$ 147,689	67,200	-	-	\$ 17,850	17,850
Total Business-Type Activities	197,039	147,689	67,200	-	-	17,850	17,850
Total Primary Government	\$ 14,628,248	\$ 147,689	\$ 4,299,923	\$ -	(10,198,486)	17,850	(10,180,636)
General Revenues							
Property Taxes - General Fund					9,058,058		9,058,058
Property Taxes - Debt Service Fund					1,377,527		1,377,527
Investment Earnings					3,061	68	3,129
Miscellaneous Income					30,778		30,778
State Aid not Restricted					43,791	-	43,791
Total General Revenues					10,513,215	68	10,513,283
Change in Net Position					314,729	17,918	332,647
Net Position, Beginning of Year					(453,064)	28,925	(424,139)
Net Position, End of Year					\$ (138,335)	\$ 46,843	\$ (91,492)

FUND FINANCIAL STATEMENTS

**NORTH HALEDON BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF 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	\$ 707,518		\$ 100,321		\$ 807,839
Receivables from Other Governments	25,983	\$ 116,279			142,262
Other Receivables		8,404			8,404
Due from Other Funds	41,428	4,628	-	-	46,056
	<u>774,929</u>	<u>129,311</u>	<u>100,321</u>	<u>-</u>	<u>1,004,561</u>
Total Assets	<u>\$ 774,929</u>	<u>\$ 129,311</u>	<u>\$ 100,321</u>	<u>\$ -</u>	<u>\$ 1,004,561</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Due to Other Funds	\$ 2,716	\$ 41,428			\$ 44,144
Intergovernmental Payable - State		56,140			56,140
Accounts Payable	22,345	31,400			53,745
Unearned Revenue	-	343	-	-	343
	<u>25,061</u>	<u>129,311</u>	<u>-</u>	<u>-</u>	<u>154,372</u>
Total Liabilities	<u>25,061</u>	<u>129,311</u>	<u>-</u>	<u>-</u>	<u>154,372</u>
Fund Balances					
Restricted Fund Balance					
Excess Surplus	\$ 223,589				\$ 223,589
Capital Reserve	11,708				11,708
Maintenance Reserve	15,000				15,000
Capital Projects			\$ 100,321		100,321
Assigned Fund Balance					
Designated for					
Subsequent Year's Expenditures	67,461				67,461
Year-end Encumbrances	204,382				204,382
Unassigned Fund Balance					
General Fund	227,728	-	-	-	227,728
	<u>749,868</u>	<u>-</u>	<u>100,321</u>	<u>-</u>	<u>850,189</u>
Total Fund Balances	<u>749,868</u>	<u>-</u>	<u>100,321</u>	<u>-</u>	<u>850,189</u>
Total Liabilities and Fund Balances	<u>\$ 774,929</u>	<u>\$ 129,311</u>	<u>\$ 100,321</u>	<u>\$ -</u>	

**NORTH HALEDON BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2017**

Total Fund Balances (Exhibit B-1) \$ 850,189

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$32,125,719 and the accumulated depreciation is \$13,947,259. 18,178,460

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. 840,862

Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.

Deferred Outflows of Resources	\$	684,029	
Deferred Inflows of Resources		<u>(69,924)</u>	
			614,105

The District has financed capital assets through the issuance of serial bonds. The interest accrual at year end is: (239,025)

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

Bonds Payable	\$	17,398,939	
Capital Leases Payable		105,239	
Sale and Lease-Back Contracts		247,568	
Compensated Absences Payable		137,920	
Net Pension Liability		<u>2,493,260</u>	
			<u>(20,382,926)</u>

Net position of governmental activities \$ (138,335)

**NORTH HALEDON BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL 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	\$ 9,058,058			\$ 1,377,527	\$ 10,435,585
Interest	3,061				3,061
Miscellaneous	30,778	\$ 40,237	-	-	71,015
Total - Local Sources	<u>9,091,897</u>	<u>40,237</u>	<u>-</u>	<u>1,377,527</u>	<u>10,509,661</u>
State Sources	1,939,485				1,939,485
Federal Sources	-	295,132	-	-	295,132
Total Revenues	<u>11,031,382</u>	<u>335,369</u>	<u>-</u>	<u>1,377,527</u>	<u>12,744,278</u>
EXPENDITURES					
Current					
Regular Instruction	4,619,371	144,777			4,764,148
Special Education Instruction	1,933,787	155,724			2,089,511
Other Instruction	56,112				56,112
School-Sponsored Activities and Athletics	15,187				15,187
Support Services and Undistributed Costs					
Student and Instruction Related Services	1,418,450	34,868			1,453,318
General Administrative Services	467,106				467,106
School Administrative Services	468,894				468,894
Administration Information Technology	75,954				75,954
Plant Operations and Maintenance	817,465				817,465
Pupil Transportation	268,323				268,323
Business Services	293,073				293,073
Debt Service					
Principal	53,615			785,000	838,615
Interest and Other Charges	5,477			660,950	666,427
Capital Outlay	29,943	-	-	-	29,943
Total Expenditures	<u>10,522,757</u>	<u>335,369</u>	<u>-</u>	<u>1,445,950</u>	<u>12,304,076</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>508,625</u>	<u>-</u>	<u>-</u>	<u>(68,423)</u>	<u>440,202</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfers In				90	90
Operating Transfers Out	(90)	-	-	-	(90)
Net Change in Fund Balances	508,535	-	-	(68,333)	440,202
Fund Balance, Beginning of Year	<u>241,333</u>	<u>-</u>	<u>\$ 100,321</u>	<u>68,333</u>	<u>409,987</u>
Fund Balance, End of Year	<u>\$ 749,868</u>	<u>\$ -</u>	<u>\$ 100,321</u>	<u>\$ -</u>	<u>\$ 850,189</u>

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

**NORTH HALEDON BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ 440,202

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

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

Capital Outlay	\$	29,943	
Depreciation Expense		<u>(922,512)</u>	(892,569)

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

Principal Payments			
Capital Leases		53,615	
Bonds Payable		<u>785,000</u>	838,615

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

Increase in Compensated Absences		(10,248)	
Increase in Pension Expense		<u>(153,042)</u>	(163,290)

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

Amortization of Deferred Charge on Refunding of Debt		(120,872)	
Amortization of Premium		202,164	
Decrease in Accrued Interest		<u>10,479</u>	91,771

Change in net position of governmental activities \$ 314,729

**NORTH HALEDON BOARD OF EDUCATION
 PROPRIETARY FUND
 ENTERPRISE FUND
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2017**

	<u>Enterprise Fund- Food Service</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 19,190
Intergovernmental Receivable	
State	154
Federal	3,539
Due from Other Funds	525
Inventories	<u>5,502</u>
Total Current Assets	<u>28,910</u>
Capital Assets	
Equipment	107,216
Less: Accumulated Depreciation	<u>(82,877)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>24,339</u>
Total Assets	<u>53,249</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	<u>3,722</u>
Total Current Liabilities	<u>3,722</u>
DEFERRED INFLOW OF RESOURCES	
Deferred Commodities Revenue	<u>2,684</u>
Total Liabilities and Deferred Inflow of Resources	<u>6,406</u>
NET POSITION	
Net Investment in Capital Assets	24,339
Unrestricted	<u>22,504</u>
Total Net Position	<u>\$ 46,843</u>

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

**NORTH HALEDON BOARD OF EDUCATION
 PROPRIETARY FUND
 ENTERPRISE FUND
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Enterprise Fund - Food Service</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales - Reimbursable Programs	\$ 97,987
Daily Sales - Non-Reimbursable Programs	49,621
Special Functions	<u>81</u>
 Total Operating Revenues	 <u>147,689</u>
OPERATING EXPENSES	
Cost of Sales - Reimbursable Programs	75,960
Cost of Sales - Non-Reimbursable Programs	18,954
Salaries and Wages	77,654
Insurance	6,151
Management Fee	7,904
Supplies and Materials	200
Depreciation	4,418
Miscellaneous	<u>5,798</u>
 Total Operating Expenses	 <u>197,039</u>
 Operating Loss	 <u>(49,350)</u>
NONOPERATING REVENUES	
Interest Income	68
State Sources	
State School Lunch Program	2,093
Federal Sources	
National School Lunch Program	51,233
Food Distribution Program	13,842
Special Milk Program	<u>32</u>
 Total Nonoperating Revenues	 <u>67,268</u>
 Change in Net Position	 17,918
 Net Position, Beginning of Year	 <u>28,925</u>
 Net Position, End of Year	 <u>\$ 46,843</u>

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

**NORTH HALEDON BOARD OF EDUCATION
 PROPRIETARY FUND
 ENTERPRISE FUND
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Other Non-Major Enterprise Fund - Food Service</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 147,689
Cash Payments for Employees' Salaries and Benefits	(77,654)
Cash Payments to Suppliers for Goods and Services	<u>(110,048)</u>
Net Cash Provided by/(Used for) Operating Activities	<u>(40,013)</u>
Cash Flows from Investing Activities	
Interest Income	<u>68</u>
Net Cash Provided by Investing Activities	<u>68</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	<u>(9,565)</u>
Net Cash (Used for) Capital and Related Financing Activities	<u>(9,565)</u>
Cash Flows from Noncapital Financing Activities	
Cash Paid to Other Funds	(1,594)
Cash Received from State and Federal Subsidy Reimbursements	<u>54,491</u>
Net Cash Provided by Noncapital Financing Activities	<u>52,897</u>
Net Increase in Cash and Cash Equivalents	3,387
Cash and Cash Equivalents, Beginning of Year	<u>15,803</u>
Cash and Cash Equivalents, End of Year	<u>\$ 19,190</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Operating Loss	<u>\$ (49,350)</u>
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities	
Depreciation	4,418
Food Distribution Program - Non-Cash Assistance	13,842
Change in Assets and Liabilities	
(Increase)/Decrease in Inventory	(1,458)
Increase/(Decrease) in Accounts Payable	(8,454)
Increase/(Decrease) in Deferred Commodities Revenue	<u>989</u>
Total Adjustments	<u>9,337</u>
Net Cash (Used) Provided by Operating Activities	<u>\$ (40,013)</u>
Non-Cash Investing, Capital and Financing Activities	
Value Received - Food Distribution Program	<u>\$ 14,831</u>

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

**NORTH HALEDON BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2017**

	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 3,078	\$ 83,469
Due from Other Funds	2,191	
Other Accounts Receivable	-	-
	<hr/>	<hr/>
Total Assets	5,269	83,469
	<hr/>	<hr/>
LIABILITIES		
Payroll Deductions and Withholdings		3,158
Accrued Salaries and Wages		1,085
Due to Other Funds	4,628	
Due to State of NJ	357	
Due to Student Groups	-	79,226
	<hr/>	<hr/>
Total Liabilities	4,985	\$ 83,469
	<hr/>	<hr/>
NET POSITION		
Held in Trust for Unemployment Claims	\$ 284	
	<hr/>	

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

**NORTH HALEDON BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

		<u>Unemployment Compensation Trust</u>
ADDITIONS		
Contributions		
Employees	\$	11,869
Board Contribution		20,000
Interest		25
		<hr/>
Total Additions		31,894
		<hr/>
DEDUCTIONS		
Unemployment Claims and Contributions		43,562
		<hr/>
Total Deductions		43,562
		<hr/>
Change in Net Position		(11,668)
Net Position, Beginning of Year		11,952
		<hr/>
Net Position, End of Year	\$	284
		<hr/> <hr/>

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

NOTES TO THE FINANCIAL STATEMENTS

**NORTH HALEDON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. New Accounting Standards

During fiscal year 2017, the District adopted the following GASB statements:

- GASB No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB No. 77, *Tax Abatement Disclosures*. The requirements of this Statement will improve financial reporting by providing disclosure of information about the nature and magnitude of tax abatements that will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government’s future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government’s financial position and economic condition.
- GASB No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14. *The Financial Reporting Entity, as amended*.

**NORTH HALEDON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB 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 Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pension*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

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

- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB No. 84, *Fiduciary Activities*, will be effective with the fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.
- GASB No. 85, *Omnibus 2017*, will be effective with the fiscal year ending June 30, 2018. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pensions and other post-employment benefits (OPEB)).
- GASB No. 86, *Certain Debt Extinguishment Issues*, will be effective with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve 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.
- GASB No. 87, *Leases*, will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

**NORTH HALEDON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements

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

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

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

**NORTH HALEDON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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

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

Additionally, the government reports the following fund types:

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

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

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

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

**NORTH HALEDON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

3. Inventories

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

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

4. Capital Assets

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

**NORTH HALEDON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. Capital Assets (Continued)

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

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements	20
Machinery and Equipment	5-10

5. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two types of items, which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred commodities revenue, reported in both the district-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed. The other item that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

**NORTH HALEDON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. Compensated Absences

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

7. Pensions

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

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

8. Long-Term Obligations

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Losses resulting from debt refundings are reported as deferred outflows of resources. Bond premiums are deferred and amortized over the life of the bonds using the effective interest method. Losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported net of the applicable bond premium. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

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

**NORTH HALEDON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. Net Position/Fund Balance

District-Wide Statements

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

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

Governmental Fund Statements

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

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

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2017 audited excess surplus that is required to be appropriated in the 2018/2019 original budget certified for taxes.

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

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

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

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

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

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2017/2018 District budget certified for taxes.

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

**NORTH HALEDON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental Fund Statements (Continued)

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

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

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

2. *Property Taxes*

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

3. *Tuition Revenues and Expenditures*

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

Tuition Expenditures - Tuition charges for the fiscal years 2015-2016 and 2016-2017 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

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

**NORTH HALEDON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

Budget adoptions and amendments are recorded in the District’s board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2016/2017. Also, during 2016/2017 the Board increased the original budget by \$196,834. The increase was funded by grant awards, the appropriation of funds from maintenance reserve and the reappropriation of prior year general fund encumbrances.

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

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

B. Capital Reserve

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

**NORTH HALEDON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Capital Reserve (Continued)

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

The activity of the capital reserve for the fiscal year ended June 30, 2017 is as follows:

Balance July 1, 2016	<u>\$ 11,708</u>
Balance June 30, 2017	<u>\$ 11,708</u>

C. Maintenance Reserve

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

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

The activity of the maintenance reserve for the fiscal year ended June 30, 2017 is as follows:

Balance July 1, 2016	\$ 45,000
Withdrawals	
Approved by Board Resolution	<u>30,000</u>
Balance June 30, 2017	<u>\$ 15,000</u>

D. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2017 is \$223,589. This amount will be appropriated in the 2018/2019 original budget certified for taxes.

**NORTH HALEDON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2017, the book value of the Board's deposits were \$913,576 and bank and brokerage firm balances of the Board's deposits amounted to \$1,205,977. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ <u>1,205,977</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2017 the Board's bank balances of were not exposed to custodial credit risk.

Investments

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

As of June 30, 2017, the Board had no outstanding investments.

**NORTH HALEDON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2017 for the district's individual major funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Intergovernmental				
Federal		\$ 116,279	\$ 3,539	\$ 119,818
State	\$ 25,983		154	26,137
Other Accounts Receivables	-	8,404	-	8,404
Gross Receivables	25,983	124,683	3,693	154,359
Less: Allowance for Uncollectibles	-	-	-	-
Net Total Receivables	<u>\$ 25,983</u>	<u>\$ 124,683</u>	<u>\$ 3,693</u>	<u>\$ 154,359</u>

C. Unearned Revenue

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

	<u>Unearned</u>
Special Revenue Fund	
Unencumbered Grant Drawdowns	\$ 343
Total Unearned Revenue for Governmental Funds	<u>\$ 343</u>

**NORTH HALEDON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

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

	Balance, <u>July 1, 2016</u>	<u>Increases</u>	<u>Decrease</u>	Balance, <u>June 30, 2017</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 70,295	-	-	\$ 70,295
Total capital assets, not being depreciated	<u>70,295</u>	<u>-</u>	<u>-</u>	<u>70,295</u>
Capital assets, being depreciated:				
Buildings	30,864,982			30,864,982
Machinery and equipment	<u>1,160,499</u>	\$ 29,943	-	<u>1,190,442</u>
Total capital assets being depreciated	<u>32,025,481</u>	<u>29,943</u>	<u>-</u>	<u>32,055,424</u>
Less accumulated depreciation for:				
Buildings	(12,323,262)	(841,402)		(13,164,664)
Machinery and equipment	<u>(701,485)</u>	<u>(81,110)</u>	<u>-</u>	<u>(782,595)</u>
Total accumulated depreciation	<u>(13,024,747)</u>	<u>(922,512)</u>	<u>-</u>	<u>(13,947,259)</u>
Total capital assets, being depreciated, net	<u>19,000,734</u>	<u>(892,569)</u>	<u>-</u>	<u>18,108,165</u>
Governmental activities capital assets, net	<u>\$ 19,071,029</u>	<u>\$ (892,569)</u>	<u>\$ -</u>	<u>\$ 18,178,460</u>
	Balance, <u>July 1, 2016</u>	<u>Increases</u>	<u>Decrease</u>	Balance, <u>June 30, 2017</u>
Business-type activities:				
Capital assets, being depreciated:				
Machinery and equipment	\$ 97,651	\$ 9,565	-	\$ 107,216
Total capital assets being depreciated	<u>97,651</u>	<u>9,565</u>	<u>-</u>	<u>107,216</u>
Less accumulated depreciation for:				
Machinery and equipment	<u>(78,459)</u>	<u>(4,418)</u>	<u>-</u>	<u>(82,877)</u>
Total accumulated depreciation	<u>(78,459)</u>	<u>(4,418)</u>	<u>-</u>	<u>(82,877)</u>
Total capital assets, being depreciated, net	<u>19,192</u>	<u>5,147</u>	<u>-</u>	<u>24,339</u>
Business-type activities capital assets, net	<u>\$ 19,192</u>	<u>\$ 5,147</u>	<u>\$ -</u>	<u>\$ 24,339</u>

**NORTH HALEDON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

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

Governmental Activities:

Instruction

Regular	\$ 842,436
School-Sponsored Activities and Athletics	<u>11,219</u>
Total Instruction	<u>853,655</u>

Support Services

Support Services-Students	21,872
General Administration	5,903
School Administration	12,052
Operations and Maintenance of Plant	<u>29,030</u>

Total Support Services	<u>68,857</u>
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Total Depreciation Expense - Governmental Activities	<u>\$ 922,512</u>
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Business-Type Activities:

Food Service Fund	<u>\$ 4,418</u>
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E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2017, is as follows:

Due to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	41,428
Food Service Fund	General Fund	525
Unemployment Compensation Trust Fund	General Fund	2,191
Special Revenue Fund	Unemployment Compensation Trust Fund	<u>4,628</u>
Total		<u>\$ 48,772</u>

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

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

**NORTH HALEDON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases

Capital Leases

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

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>		<u>Total</u>
	<u>Capital Leases</u>	<u>Sale and Lease-back Contracts</u>	
2018	\$ 54,092	\$ 68,605	\$ 122,697
2019	54,092	68,605	122,697
2020		68,605	68,605
2021	-	68,605	68,605
Total minimum lease payments	108,184	274,420	382,604
Less: amount representing interest	(2,945)	(26,852)	(29,797)
Present value of minimum lease payments	<u>\$ 105,239</u>	<u>\$ 247,568</u>	<u>\$ 352,807</u>

G. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2017 are comprised of the following issues:

\$9,595,000 2014 Refunding Bonds, due in annual installments of \$875,000 to \$1,245,000 through February 15, 2027, interest at 4.000%	\$ 9,480,000
\$7,240,000 2015 Refunding Bonds, due in annual installments of \$815,000 to \$1,500,000 through February 15, 2031, interest at 4.000%	<u>6,455,000</u>
	<u>\$ 15,935,000</u>

**NORTH HALEDON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

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

Governmental Activities:

Fiscal Year Ending June 30,	Serial Bonds		Total
	Principal	Interest	
2018	\$ 815,000	\$ 637,400	\$ 1,452,400
2019	875,000	604,800	1,479,800
2020	920,000	569,800	1,489,800
2021	960,000	533,000	1,493,000
2022	1,000,000	494,600	1,494,600
2023-2027	5,725,000	1,835,000	7,560,000
2028-2031	<u>5,640,000</u>	<u>576,000</u>	<u>6,216,000</u>
	<u>\$ 15,935,000</u>	<u>\$ 5,250,600</u>	<u>\$ 21,185,600</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2017 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 39,099,410
Less: Net Debt	<u>15,935,000</u>
Remaining Borrowing Power	<u>\$ 23,164,410</u>

**NORTH HALEDON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2017, was as follows:

	Balance, <u>July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2017</u>	Due Within <u>One Year</u>
Governmental activities:					
Bonds Payable	\$ 16,720,000		\$ 785,000	\$ 15,935,000	\$ 815,000
Add: Unamortized Premium	<u>1,666,103</u>	<u>-</u>	<u>202,164</u>	<u>1,463,939</u>	<u>-</u>
Net Bonds Payable	18,386,103	-	987,164	17,398,939	815,000
Capital Leases	156,422		51,183	105,239	52,135
Sale and Lease-back Contracts	250,000		2,432	247,568	58,083
Compensated Absences	127,672	\$ 10,248		137,920	
Net Pension Liability	<u>1,948,989</u>	<u>619,058</u>	<u>74,787</u>	<u>2,493,260</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 20,869,186</u>	<u>\$ 629,306</u>	<u>\$ 1,115,566</u>	<u>\$ 20,382,926</u>	<u>\$ 925,218</u>

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

NOTE 4 OTHER INFORMATION

A. Risk Management

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

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

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

**NORTH HALEDON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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

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

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

<u>Fiscal Year Ended June 30,</u>	<u>Employee Contributions</u>	<u>District Contribution</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017	\$ 11,869	\$ 20,000	\$ 43,562	\$ 284
2016	9,284	20,000	33,258	11,952
2015	13,743		10,868	15,883

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2017, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2017, the District has not estimated its arbitrage earnings due to the IRS, if any.

**NORTH HALEDON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

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

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

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

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

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

Other Pension Funds

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

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

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

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

Basis of Accounting

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

**NORTH HALEDON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Investment Valuation

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

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

Funding Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 28 percent with an unfunded actuarial accrued liability of \$108.6 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 22.33 percent and \$79.0 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 40.14 percent and \$29.6 billion, respectively.

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

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

Actuarial Methods and Assumptions

In the July 1, 2015 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.65 percent and (b) projected salary increases applied through the year 2026 of 1.65-5.15 percent based on age for the PERS and varying percentages based on experience for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.06% for PERS, 7.06% for TPAF and 5.50% for DCRP of the employee's annual compensation.

**NORTH HALEDON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC)

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

During the fiscal years ended June 30, 2017, 2016 and 2015 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI) the following amounts:

Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2017	\$ 74,787	\$ 539,619	\$ 12,908
2016	85,650	344,232	6,956
2015	70,917	222,264	

In addition, for fiscal year 2016/2017, the District contributed \$1,496 for PERS and the State of New Jersey contributed \$1,395 for TPAF for Long Term Disability Insurance Premium (LTDI).

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$317,436 during the fiscal 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 recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

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

Public Employees Retirement System (PERS)

At June 30, 2017, the District reported in the statement of net position (accrual basis) a liability of \$2,493,260 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 proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2016, the District's proportionate share was .00841 percent, which was a decrease of .00027 percent from its proportionate share measured as of June 30, 2015 of .00868 percent.

**NORTH HALEDON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

For the fiscal year ended June 30, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$229,325 for PERS. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 46,367	
Changes of Assumptions	516,470	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	95,070	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>26,122</u>	<u>\$ 69,924</u>
Total	<u>\$ 684,029</u>	<u>\$ 69,924</u>

At June 30, 2017, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Fiscal Year Ending <u>June 30,</u>	
2018	\$ 111,846
2019	111,846
2020	111,846
2021	111,846
2022	166,721
Thereafter	<u>-</u>
	<u>\$ 614,105</u>

**NORTH HALEDON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

	<u>PERS</u>
Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.65%
Mortality Rate Table	RP-2000

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

**NORTH HALEDON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

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

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

Discount Rate

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

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2016	3.98%

**NORTH HALEDON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

Period of Projected Benefit

Payments for which the Following
 Rates were Applied:

Long-Term Expected Rate of Return Through June 30, 2034

Municipal Bond Rate * From July 1, 2034
 and Thereafter

* The municipal bond return rate used is 2.85% as of the measurement date of June 30, 2016. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 3.98%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98 percent) or 1-percentage-point higher (4.98 percent) than the current rate:

	1%	Current	1%
	Decrease	Discount Rate	Increase
	<u>(2.98%)</u>	<u>(3.98%)</u>	<u>(4.98%)</u>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 3,098,817</u>	<u>\$ 2,493,260</u>	<u>\$ 1,985,565</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2016. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

**NORTH HALEDON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

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

For the fiscal year ended June 30, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$2,541,279 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2017 the State's proportionate share of the net pension liability attributable to the District is \$33,822,352. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2016. At June 30, 2016, the state's share of the net pension liability attributable to the District was .04299 percent, which was an increase of .00188 percent from its proportionate share measured as of June 30, 2015 of .04111 percent.

Actuarial Assumptions

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

	<u>TPAF</u>
Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

Assumptions for mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational bases 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.

**NORTH HALEDON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.39%
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	3.75%	3.49%

**NORTH HALEDON BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2016	3.22%

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

Period of Projected Benefit	
Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2029
Municipal Bond Rate *	From July 1, 2029 and Thereafter

* The municipal bond return rate used is 2.85% as of the measurement date of June 30, 2016. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 3.22%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.22 percent) or 1-percentage-point higher (4.22 percent) than the current rate:

	1% Decrease <u>(2.22%)</u>	Current Discount Rate <u>(3.22%)</u>	1% Increase <u>(4.22%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	\$ 40,196,601	\$ 33,822,352	\$ 28,330,555

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2016. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2016 was not provided by the pension system.

**NORTH HALEDON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

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

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 584 state and local participating employers and contributing entities for Fiscal Year 2016.

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

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

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

**NORTH HALEDON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Basis of Accounting

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

Significant Legislation

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

Investment Valuation

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

Funded Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, the State had a \$84.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$25.9 billion for state active and retired members and \$41.6 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

Actuarial Methods and Assumptions

In the July 1, 2015, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**NORTH HALEDON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 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 and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (ABP) 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/financial/2015divisioncombined.pdf>.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2017, 2016 and 2015 were \$449,625, \$409,885, and \$352,842, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**NORTH HALEDON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 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	\$ 9,058,058		\$ 9,058,058	\$ 9,058,058	
Interest				3,061	\$ 3,061
Rental				10,487	10,487
PY Refund				9,650	9,650
Miscellaneous Revenue	20,000	-	20,000	10,641	(9,359)
Total Local Sources	<u>9,078,058</u>	<u>-</u>	<u>9,078,058</u>	<u>9,091,897</u>	<u>13,839</u>
State Sources					
Categorical Special Education Aid	327,422		327,422	327,422	
Categorical Security Aid	16,636		16,636	16,636	
Categorical Transportation Aid	19,291		19,291	19,291	
Under Adequacy Aid	31,620		31,620	31,620	
PARCC Readiness Aid	7,210		7,210	7,210	
Per Pupil Growth Aid	7,210		7,210	7,210	
Professional Learning Com. Aid	7,000		7,000	7,000	
Additional Nonpublic Transportation Aid				10,693	10,693
Extraordinary Aid				92,188	92,188
On-behalf TPAF Pension System Payments - Normal Cost (Non-Budget)				520,751	520,751
On-behalf TPAF Pension System Payments - NCGI Premium (Non-Budget)				18,868	18,868
On-behalf TPAF Pension System Payments - Post Retirement Medical Contribution (Non-Budget)				449,625	449,625
On-behalf TPAF Pension System Payments - Long-Term Disability Insurance (Non-Budget)				1,395	1,395
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	317,436	317,436
Total State Sources	<u>416,389</u>	<u>-</u>	<u>416,389</u>	<u>1,827,345</u>	<u>1,410,956</u>
Total Revenues	<u>9,494,447</u>	<u>-</u>	<u>9,494,447</u>	<u>10,919,242</u>	<u>1,424,795</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	310,000	\$ (23,911)	286,089	286,089	
Grades 1-5	1,574,800	(36,038)	1,538,762	1,538,762	
Grades 6-8	1,077,530	(23,803)	1,053,727	1,053,727	
Regular Program - Home Instruction					
Salaries of Teachers	2,500	4,400	6,900	6,900	
Regular Programs - Undistributed Instruction					
Purchased Professional/Educational Services	5,500	(691)	4,809	4,341	468
Purchased Technical Services	1,300	20,986	22,286	1,626	20,660
Other Purchased Services	32,764	54,654	87,418	86,918	500
General Supplies	108,000	48,918	156,918	109,940	46,978
Textbooks	20,000	(5,825)	14,175	14,175	
Other Objects	250	250	500	412	88
Total Regular Programs	<u>3,132,644</u>	<u>38,940</u>	<u>3,171,584</u>	<u>3,102,890</u>	<u>68,694</u>

**NORTH HALEDON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE 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>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	\$ 142,946	\$ 570	\$ 143,516	\$ 143,516	
Other Salaries for Instruction	64,149	(13,224)	50,925	50,925	
Other Purchased Services	150		150		\$ 150
General Supplies	1,000	-	1,000	164	836
Total Learning and/or Language Disabilities	<u>208,245</u>	<u>(12,654)</u>	<u>195,591</u>	<u>194,605</u>	<u>986</u>
Multiple Disabilities					
Salaries of Teachers	115,179	(58,325)	56,854	56,854	
Other Salaries for Instruction	42,610	(20,867)	21,743	21,743	
Purchased Professional-Educational Services	25,000	(12,441)	12,559	12,559	
Other Purchased Services	150		150		150
General Supplies	750	-	750	624	126
Total Multiple Disabilities	<u>183,689</u>	<u>(91,633)</u>	<u>92,056</u>	<u>91,780</u>	<u>276</u>
Resource Room					
Salaries of Teachers	382,814	94,957	477,771	477,771	
Other Salaries for Instruction	57,572	(6,836)	50,736	50,736	
Other Purchased Services	4,450	(4,450)			
General Supplies	1,000	1,025	2,025	1,132	893
Total Resource Room	<u>445,836</u>	<u>84,696</u>	<u>530,532</u>	<u>529,639</u>	<u>893</u>
Preschool Disabilities - Part-Time					
Salaries of Teachers	58,365	2,964	61,329	61,329	
Other Salaries for Instruction	25,154	772	25,926	25,926	
Purchased Professional-Educational Services	25,000	(14,413)	10,587	10,587	
Other Purchased Services	150		150		150
General Supplies	500	-	500	383	117
Total Preschool Disabilities - Part-Time	<u>109,169</u>	<u>(10,677)</u>	<u>98,492</u>	<u>98,225</u>	<u>267</u>
Home Instruction					
Salaries of Teachers	2,500	(2,500)	-	-	-
Total Home Instruction	<u>2,500</u>	<u>(2,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Special Education	<u>949,439</u>	<u>(32,768)</u>	<u>916,671</u>	<u>914,249</u>	<u>2,422</u>

**NORTH HALEDON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE 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>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Basic Skills/Remedial					
Salaries of Teachers	\$ 88,628	\$ (51,517)	\$ 37,111	\$ 36,161	\$ 950
General Supplies	500	-	500	199	301
Total Basic Skills/Remedial	<u>89,128</u>	<u>(51,517)</u>	<u>37,611</u>	<u>36,360</u>	<u>1,251</u>
Bilingual Education					
General Supplies	-	200	200	150	50
Total Bilingual Education	<u>-</u>	<u>200</u>	<u>200</u>	<u>150</u>	<u>50</u>
School Sponsored Cocurricular Activities					
Salaries	25,000	(9,275)	15,725	10,275	5,450
Total School Sponsored Cocurricular Activities	<u>25,000</u>	<u>(9,275)</u>	<u>15,725</u>	<u>10,275</u>	<u>5,450</u>
Total Instruction	<u>4,196,211</u>	<u>(54,420)</u>	<u>4,141,791</u>	<u>4,063,924</u>	<u>77,867</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State-Regular		6,460	6,460	6,460	
Tuition to Other LEAs Within the State-Special		23,850	23,850	23,848	2
Tuition to CSSD & Reg. Day Schools	497,000	26,455	523,455	523,455	-
Total Undistributed Expenditures - Instruction	<u>497,000</u>	<u>56,765</u>	<u>553,765</u>	<u>553,763</u>	<u>2</u>
Attendance & Social Work					
Other Purchased Services	9,780	(1,542)	8,238	7,770	468
Total Attendance & Social Work	<u>9,780</u>	<u>(1,542)</u>	<u>8,238</u>	<u>7,770</u>	<u>468</u>
Health Services					
Salaries	138,076	2,693	140,769	140,769	
Purchased Professional and Technical Services	1,000	750	1,750	1,464	286
Other Purchased Services	250		250		250
Supplies and Materials	2,250		2,250	1,852	398
Other Objects	100	-	100	35	65
Total Health Services	<u>141,676</u>	<u>3,443</u>	<u>145,119</u>	<u>144,120</u>	<u>999</u>
Speech, OT, PT and Related Services					
Salaries	193,577	5,890	199,467	199,467	
Purchased Professional-Educational Services		27,345	27,345	27,345	
Supplies and Materials	500	297	797	790	7
Other Objects	250	(110)	140	-	140
Total Speech, OT, PT and Related Services	<u>194,327</u>	<u>33,422</u>	<u>227,749</u>	<u>227,602</u>	<u>147</u>

NORTH HALEDON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Other Support Serv. Students - Extra Svcs.					
Salaries	\$ 94,000	\$ 7,125	\$ 101,125	\$ 101,125	
Purchased Professional-Educational Services	175,000	(9,517)	165,483	162,780	\$ 2,703
Total Other Support Serv. Students - Extra Svcs.	269,000	(2,392)	266,608	263,905	2,703
Guidance					
Salaries of Other Professional Staff		60,405	60,405	58,154	2,251
Purchased Professional and Technical Services	2,000	-	2,000	-	2,000
Total Guidance	2,000	60,405	62,405	58,154	4,251
Child Study Teams					
Salaries of Other Professional Staff	265,204	12,793	277,997	277,996	1
Purchased Professional - Educational Services	9,000	(3,620)	5,380	5,380	
Other Purchased Prof. and Tech. Services		4,404	4,404	4,404	
Misc. Purchased Services	250		250	150	100
Supplies and Materials	2,500	(653)	1,847	1,501	346
Other Objects	1,300	-	1,300	1,280	20
Total Child Study Teams	278,254	12,924	291,178	290,711	467
Improvement of Instructional Services					
Salaries of Other Professional Staff		6,500	6,500	6,500	
Purchased Professional - Educational Services	1,900	66	1,966	1,966	
Other Purchased Services	150	(66)	84	-	84
Total Improvement of Instructional Services	2,050	6,500	8,550	8,466	84
Educational Media Services/School Library					
Salaries	36,824	(36,800)	24		24
Purchased Professional and Technical Services	4,000	200	4,200	4,111	89
Other Purchased Services	1,000	(200)	800		800
Supplies and Materials	1,500	-	1,500	434	1,066
Total Educational Media Serv./School Library	43,324	(36,800)	6,524	4,545	1,979
Instructional Staff Training Services					
Other Salaries		975	975	975	
Purchased Professional/Educational Services	2,500	(963)	1,537	800	737
Other Purchased Services	-	263	263	263	-
Total Instructional Staff Training Services	2,500	275	2,775	2,038	737

**NORTH HALEDON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE 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>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Support Services General Administration					
Salaries	\$ 140,775	\$ 16,769	\$ 157,544	\$ 157,544	
Legal Services	45,000	26,978	71,978	71,978	
Audit Fees	23,000		23,000	22,515	\$ 485
Purchased Technical Services	8,000	(55)	7,945	6,985	960
Communications/Telephone	53,500	(21,380)	32,120	32,120	
BOE Other Purchased Services	3,500	(3,400)	100	100	
Miscellaneous Purchased Services	15,000	(5,769)	9,231	8,330	901
General Supplies	1,500		1,500	1,143	357
BOE In-House Training/Meeting Supplies	300		300		300
Miscellaneous Expenditures	3,200	(1,396)	1,804	1,804	
BOE Membership Dues and Fees	5,000	-	5,000	4,739	261
Total Support Services General Administration	<u>298,775</u>	<u>11,747</u>	<u>310,522</u>	<u>307,258</u>	<u>3,264</u>
Support Services School Administration					
Salaries of Principal/Asst. Principals	219,000	11,175	230,175	230,175	
Salaries of Secretarial and Clerical Assistants	79,000	(5,989)	73,011	73,011	
Purchased Professional/Tech. Services	2,000	417	2,417	1,650	767
Other Purchased Services	500		500	135	365
Supplies and Materials	2,000		2,000	1,739	261
Other Objects	3,400	-	3,400	2,508	892
Total Support Services School Administration	<u>305,900</u>	<u>5,603</u>	<u>311,503</u>	<u>309,218</u>	<u>2,285</u>
Central Services					
Salaries	172,275	(13,643)	158,632	158,632	
Purchased Professional Services	55,000	(848)	54,152	50,493	3,659
Purchased Technical Services	7,500	(3,698)	3,802	3,802	
Misc. Purchased Services	3,950	(3,749)	201	35	166
Sale/Lease-back Payments		5,000	5,000	5,000	
Supplies and Materials	1,500	2,251	3,751	3,204	547
Miscellaneous Expenditures	1,800	(735)	1,065	1,065	-
Total Central Services	<u>242,025</u>	<u>(15,422)</u>	<u>226,603</u>	<u>222,231</u>	<u>4,372</u>
Administration Information Technology					
Purchased Technical Services	74,460	1,494	75,954	75,954	
Supplies and Materials	2,500	(2,500)	-	-	-
Total Administration Information Technology	<u>76,960</u>	<u>(1,006)</u>	<u>75,954</u>	<u>75,954</u>	<u>-</u>
Required Maintenance for School Facilities					
Salaries	33,500	(11,853)	21,647	21,647	
Cleaning, Repair and Maint. Serv.	48,700	125,926	174,626	79,062	95,564
Conference/Training		1,042	1,042	1,042	
General Supplies	10,500	18,819	29,319	11,109	18,210
Total Required Maintenance for School Facilities	<u>92,700</u>	<u>133,934</u>	<u>226,634</u>	<u>112,860</u>	<u>113,774</u>

**NORTH HALEDON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE 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>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Other Operation and Maintenance of Plant					
Salaries	\$ 203,561	\$ 48,294	\$ 251,855	\$ 251,855	
Purchased Prof. And Technical Serv.	17,000	(934)	16,066	16,066	
Cleaning, Repair and Maintenance	10,000	(4,367)	5,633	5,633	
Other Purchased Property Services	6,768	27,016	33,784	33,784	
Insurance	81,500	(1,420)	80,080	80,080	
Misc. Purchased Services	-	840	840	840	
General Supplies	30,000	37,111	67,111	60,543	\$ 6,568
Energy (Natural Gas)	60,000	(3,879)	56,121	56,121	
Energy (Electricity)	200,000	(14,279)	185,721	185,721	
Other Objects	-	3,613	3,613	3,613	-
Total Other Operation and Maintenance of Plant	<u>608,829</u>	<u>91,995</u>	<u>700,824</u>	<u>694,256</u>	<u>6,568</u>
Student Transportation Services					
Salaries for Pupil Transportation					
(Between Home and School) - Special	28,360	6,234	34,594	30,091	4,503
Management fees- ESC & CTSA Transportation		5,934	5,934	5,934	
Cleaning, Repair and Maintenance Services	5,000	(199)	4,801	1,712	3,089
Contracted Serv.-Aid in Lieu Pymts - NonPub School		54,000	54,000	53,040	960
Contracted Serv.-(Bet. Home and Sch.) Joint Agr.	125,000	(88,360)	36,640	33,977	2,663
Contracted Services (Spl. Ed. Students) - Vendors		6,000	6,000	4,957	1,043
Contracted Services (Spl. Ed. Students) - ESCs & CTSA	130,000	(4,400)	125,600	124,200	1,400
Other Objects	-	25	25	25	-
Total Student Transportation Services	<u>288,360</u>	<u>(20,766)</u>	<u>267,594</u>	<u>253,936</u>	<u>13,658</u>
Unallocated Benefits - Employee Benefits					
Social Security Contributions	85,000	4,814	89,814	89,814	
Other Retirement Contributions-PERS	90,000	(13,717)	76,283	76,283	
Other Retirement Contributions-Regular (DCRP)	5,000	7,908	12,908	12,908	
Unemployment Compensation	20,000	13,907	33,907	25,685	8,222
Workmen's Compensation	60,000		60,000	58,484	1,516
Health Benefits	1,456,194	(188,329)	1,267,865	1,211,245	56,620
Tuition Reimbursement	16,000	6,350	22,350	22,333	17
Other Employee Benefits	50,000	(49,262)	738	600	138
Total Unallocated Benefits - Employee Benefits	<u>1,782,194</u>	<u>(218,329)</u>	<u>1,563,865</u>	<u>1,497,352</u>	<u>66,513</u>
On-behalf TPAF Pension System Payments -					
Normal Cost (Non-Budget)				520,751	(520,751)
On-behalf TPAF Pension System Payments - NCGI Premium (Non-Budget)				18,868	(18,868)
On-behalf TPAF Pension System Payments - Post Retirement Medical Contribution (Non-Budget)				449,625	(449,625)
On-behalf TPAF Pension System Payments - Long-Term Disability Insurance (Non-Budget)				1,395	(1,395)
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	317,436	(317,436)
Total Undistributed Expenditures	<u>5,135,654</u>	<u>120,756</u>	<u>5,256,410</u>	<u>6,342,214</u>	<u>(1,085,804)</u>
Total Expenditures - Current Expenditures	<u>9,331,865</u>	<u>66,336</u>	<u>9,398,201</u>	<u>10,406,138</u>	<u>(1,007,937)</u>

**NORTH HALEDON BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE 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>
EXPENDITURES					
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures - Instruction	\$ 75,906	\$ (58,124)	\$ 17,782	\$ 14,743	\$ 3,039
Undistributed Expenditures - Req. Maint. For School Facilities		34,326	34,326	15,200	19,126
Undistributed Expenditures - Student Trans. - Non-Instruc. - Equipment	-	3,485	3,485	-	3,485
Total Equipment	<u>75,906</u>	<u>(20,313)</u>	<u>55,593</u>	<u>29,943</u>	<u>25,650</u>
Facilities Acquisition and Construction Services					
Construction Services		17,250	17,250		17,250
Assessment for Debt Service on SDA Funding	86,676	-	86,676	86,676	-
Total Facilities Acquisition and Construction Services	<u>86,676</u>	<u>17,250</u>	<u>103,926</u>	<u>86,676</u>	<u>17,250</u>
Total Capital Outlay	<u>162,582</u>	<u>(3,063)</u>	<u>159,519</u>	<u>116,619</u>	<u>42,900</u>
Total Expenditures	<u>9,494,447</u>	<u>\$ 63,273</u>	<u>9,557,720</u>	<u>10,522,757</u>	<u>(965,037)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	(63,273)	(63,273)	396,485	459,758
Other Financing Sources (Uses) Operating Transfers Out	-	-	-	(90)	(90)
Total Other Financing Sources (Uses)	-	-	-	(90)	(90)
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources (Uses)	-	(63,273)	(63,273)	396,395	459,668
Fund Balance, Beginning of Year	<u>478,626</u>	<u>-</u>	<u>478,626</u>	<u>478,626</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 478,626</u>	<u>\$ (63,273)</u>	<u>\$ 415,353</u>	<u>\$ 875,021</u>	<u>\$ 459,668</u>
Recapitulation of Fund Balance					
Restricted					
Capital Reserve				\$ 11,708	
Maintenance Reserve				15,000	
Excess Surplus				223,589	
Assigned					
Year-End Encumbrances				204,382	
Designated for Subsequent Year's Expenditures				67,461	
Unassigned				<u>352,881</u>	
Reconciliation to Governmental Funds Statements (GAAP):				875,021	
Less: Final State Aid Payments Not Recognized on GAAP Basis				<u>(125,153)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 749,868</u>	

EXHIBIT C-1a

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

NOT APPLICABLE

EXHIBIT C-1b

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOT APPLICABLE

**NORTH HALEDON BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
Local	\$ 15,728	\$ 24,509	\$ 40,237	\$ 40,237	
Federal	185,000	109,052	294,052	284,739	\$ (9,313)
Total Revenues	<u>200,728</u>	<u>133,561</u>	<u>334,289</u>	<u>324,976</u>	<u>(9,313)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	60,000	23,440	83,440	83,340	100
Other Purchased Services	125,000	30,724	155,724	155,724	
General Supplies	15,728	27,398	43,126	40,237	2,889
Total Instruction	<u>200,728</u>	<u>81,562</u>	<u>282,290</u>	<u>279,301</u>	<u>2,989</u>
Support Services					
Personnel Services - Employee Benefits		21,200	21,200	21,200	
Purchased Professional/Educational Services	-	12,287	12,287	10,898	1,389
Other Purchased Services		2,278	2,278	2,097	181
Supplies and Materials	-	16,234	16,234	11,480	4,754
Total Support Services	<u>-</u>	<u>51,999</u>	<u>51,999</u>	<u>45,675</u>	<u>6,324</u>
Total Expenditures	<u>200,728</u>	<u>133,561</u>	<u>334,289</u>	<u>324,976</u>	<u>9,313</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**NORTH HALEDON BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

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

	<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) \$ 10,919,242	(C-2) \$ 324,976
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2016		10,393
State Aid and Extraordinary Aid payment recognized for GAAP purposes, not recognized for Budgetary statements (2015/2016)	237,293	
State Aid and Extraordinary Aid payment recognized for budgetary purposes, not recognized for GAAP statements (2016/2017)	<u>(125,153)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 11,031,382</u>	<u>\$ 335,369</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ <u>10,522,757</u>	(C-2) \$ <u>324,976</u>
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Encumbrances, June 30, 2016	<u>-</u>	<u>10,393</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 10,522,757</u>	<u>\$ 335,369</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

Public Employees Retirement System

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.84100%	0.00868%	0.00847%	0.00874%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 2,493,260	\$ 1,948,989	\$ 1,586,487	\$ 1,669,852
District's Covered-Employee Payroll	\$ 376,314	\$ 572,105	\$ 581,943	\$ 594,157
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	663%	341%	273%	281%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.93%	52.08%	48.72%

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

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

**NORTH HALEDON BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS**

Public Employees Retirement System

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 76,283	\$ 85,650	\$ 70,917	\$ 78,025
Contributions in Relation to the Contractually Required Contribution	<u>76,283</u>	<u>85,650</u>	<u>70,917</u>	<u>78,025</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 376,314	\$ 572,105	\$ 581,943	\$ 594,157
Contributions as a Percentage of Covered-Employee Payroll	20%	15%	12%	13%

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

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

Teachers Pension and Annuity Fund

Last Four Fiscal Years*
(Dollar amounts in thousands)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	-	-	-	-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 33,822,352</u>	<u>\$ 25,984,245</u>	<u>\$ 23,029,519</u>	<u>\$22,317,128</u>
Total	<u>\$ 33,822,352</u>	<u>\$ 25,984,245</u>	<u>\$ 23,029,519</u>	<u>\$22,317,128</u>
District's Covered-Employee Payroll	\$ 4,402,761	\$ 4,605,730	\$ 3,970,763	\$ 4,303,312
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	22.33%	28.71%	33.64%	33.76%

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

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

**NORTH HALEDON BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Change of Benefit Terms: None.

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

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

**NORTH HALEDON BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>NCLB Title I</u>	<u>NCLB Title II A</u>	<u>IDEIA Part B, Basic</u>	<u>IDEIA Part B, Preschool</u>	<u>Local Grants</u>	<u>Total 2016</u>
REVENUES						
Intergovernmental						
Local					\$ 40,237	\$ 40,237
Federal	\$ 101,733	\$ 27,282	\$ 147,721	\$ 8,003	-	284,739
Total Revenues	<u>\$ 101,733</u>	<u>\$ 27,282</u>	<u>\$ 147,721</u>	<u>\$ 8,003</u>	<u>\$ 40,237</u>	<u>\$ 324,976</u>
EXPENDITURES						
Instruction						
Salaries of Teachers	\$ 80,740	\$ 2,600				\$ 83,340
Other Purchased Services			\$ 147,721	\$ 8,003		155,724
General Supplies	-	-	-	-	\$ 40,237	40,237
Total Instruction	<u>80,740</u>	<u>2,600</u>	<u>147,721</u>	<u>8,003</u>	<u>40,237</u>	<u>279,301</u>
Support Services						
Personnel Services - Employee Benefits	20,993	207				21,200
Purchased Professional/Educational Services		10,898				10,898
Other Purchased Services		2,097				2,097
Supplies and Material	-	11,480	-	-	-	11,480
Total Support Services	<u>20,993</u>	<u>24,682</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,675</u>
Total Expenditures	<u>\$ 101,733</u>	<u>\$ 27,282</u>	<u>\$ 147,721</u>	<u>\$ 8,003</u>	<u>\$ 40,237</u>	<u>\$ 324,976</u>

**NORTH HALEDON BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOT APPLICABLE

CAPITAL PROJECTS FUND

NORTH HALEDON BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<u>Project Description</u>	<u>Appropriation</u>	<u>Expenditures to Date</u>		<u>Balance, June 30, 2017</u>
		<u>Prior Years</u>	<u>Current Year</u>	
High Mountain School Expansion	\$ 11,987,451	\$ 11,972,181		\$ 15,270
Construction of Memorial School	<u>18,355,107</u>	<u>18,269,773</u>	<u>-</u>	<u>85,334</u>
	<u>\$ 30,342,558</u>	<u>\$ 30,241,954</u>	<u>\$ -</u>	<u>\$ 100,604</u>
Appropriation Balance June 30, 2017				\$ 100,604
Less: Bond Authorizations Not Issued				<u>(283)</u>
Fund Balance, GAAP Basis				<u>\$ 100,321</u>

**NORTH HALEDON BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
- BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

REVENUES AND OTHER FINANCING SOURCES

Interest on Investments	-
Total Revenues and Other Financing Sources	-

EXPENDITURES AND OTHER FINANCING USES

Construction Costs	-
Total Expenditures and Other Financing Uses	-

Other Financing Sources (Uses)

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

Net Changes in Fund Balance

-

Fund Balance, Beginning of Year

\$ 100,321

Fund Balance, End of Year

\$ 100,321

**NORTH HALEDON BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
HIGH MOUNTAIN EXPANSION
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Bond Proceeds	\$ 8,775,528		\$ 8,775,528	\$ 8,775,811
SCC Grant Proceeds	3,211,640	-	3,211,640	3,211,640
	<u>11,987,168</u>	<u>-</u>	<u>11,987,168</u>	<u>11,987,451</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Construction Costs	9,688,620		9,688,620	9,703,890
Purchased Professional and Technical Services	2,283,561	-	2,283,561	2,283,561
	<u>11,972,181</u>	<u>-</u>	<u>11,972,181</u>	<u>11,987,451</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 14,987</u>	<u>-</u>	<u>\$ 14,987</u>	<u>\$ -</u>
 Additional Project Information:				
Project Number	3640-050-05-1000			
Grant Date	01/18/2005			
Bond Authorization Date	09/27/2005			
Bonds Authorized	\$ 8,775,811			
Bonds Issued	8,775,528			
SCC Grant Authorized	3,211,640			
Original Authorized Cost	11,987,451			
Additional Authorized Cost	-			
Revised Authorized Cost	11,987,451			
 Percentage Increase Over Original				
Authorized Cost	0.00%			
Percentage Completion	100.00%			
Original Target Completion Date	2008			
Revised Target Completion Date	N/A			

NORTH HALEDON BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
CONSTRUCTION OF MEMORIAL SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Bond Proceeds and Transfers	\$ 15,059,472		\$ 15,059,472	\$ 15,059,472
SCC Grant Proceeds	3,295,635	-	3,295,635	3,295,635
Total Revenues	<u>18,355,107</u>	<u>-</u>	<u>18,355,107</u>	<u>18,355,107</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Construction Costs	16,627,472	-	16,627,472	16,712,806
Purchased Professional and Technical Services	1,642,301	-	1,642,301	1,642,301
Total Expenditures and Other Financing Uses	<u>18,269,773</u>	<u>-</u>	<u>18,269,773</u>	<u>18,355,107</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 85,334</u>	<u>-</u>	<u>\$ 85,334</u>	<u>\$ -</u>

Additional Project Information:

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

Percentage Increase Over Original

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

ENTERPRISE FUND

EXHIBIT G-1

**NORTH HALEDON BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2017**

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

EXHIBIT G-2

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

EXHIBIT G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

FIDUCIARY FUNDS

**NORTH HALEDON BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2017**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 79,226	\$ 4,243	\$ 83,469
Total Assets	<u>\$ 79,226</u>	<u>\$ 4,243</u>	<u>\$ 83,469</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 3,158	\$ 3,158
Accrued Salaries and Wages		1,085	1,085
Due to Student Groups	\$ 79,226	-	79,226
Total Liabilities	<u>\$ 79,226</u>	<u>\$ 4,243</u>	<u>\$ 83,469</u>

NORTH HALEDON BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Balance,</u> <u>July 1, 2016</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance,</u> <u>June 30, 2017</u>
High Mountain School	\$ 73,423	\$ 57,150	\$ 51,347	\$ 79,226
Total	<u>\$ 73,423</u>	<u>\$ 57,150</u>	<u>\$ 51,347</u>	<u>\$ 79,226</u>

NORTH HALEDON BOARD OF EDUCATION
 PAYROLL AGENCY FUND
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Balance,</u> <u>July 1,</u> <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance,</u> <u>June 30,</u> <u>2017</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 1,531	\$ 2,766,200	\$ 2,764,573	\$ 3,158
Accrued Salaries and Wages	<u>629</u>	<u>3,364,914</u>	<u>3,364,458</u>	<u>1,085</u>
Total	<u>\$ 2,160</u>	<u>\$ 6,131,114</u>	<u>\$ 6,129,031</u>	<u>\$ 4,243</u>

LONG-TERM DEBT

NORTH HALEDON BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES AND SALE/LEASE-BACK CONTRACTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<u>Issue</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2016</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2017</u>
Capital Leases:						
Wireless Access Point Project - Purchase of Computers	1.860%	306,000	\$ 156,422		\$ 51,183	\$ 105,239
Sale and Lease-back Contracts:						
2015/2016 Textbook Sale and Lease-back	4.250%	250,000	<u>250,000</u>	<u>-</u>	<u>2,432</u>	<u>247,568</u>
			<u>\$ 406,422</u>	<u>\$ -</u>	<u>\$ 53,615</u>	<u>\$ 352,807</u>

**NORTH HALEDON BOARD OF EDUCATION
LONG-TERM DEBT
BUDGETARY COMPARISON SCHEDULE
FOR THE 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	\$ 1,377,527	-	\$ 1,377,527	\$ 1,377,527	-
 Total Revenues	<u>1,377,527</u>	<u>-</u>	<u>1,377,527</u>	<u>1,377,527</u>	<u>-</u>
 EXPENDITURES					
Regular Debt Service					
Redemption of Principal	785,000	-	785,000	785,000	
Interest	660,950	-	660,950	660,950	\$ -
 Total Expenditures	<u>1,445,950</u>	<u>-</u>	<u>1,445,950</u>	<u>1,445,950</u>	<u>-</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	(68,423)	-	(68,423)	(68,423)	-
 Other Financing Sources					
Operating Transfers In	-	-	-	90	-
 Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(68,423)	-	(68,423)	(68,333)	-
 Fund Balance, Beginning of Year	<u>68,333</u>	<u>-</u>	<u>68,333</u>	<u>68,333</u>	<u>-</u>
 Fund Balance, End of Year	<u>\$ (90)</u>	<u>\$ -</u>	<u>\$ (90)</u>	<u>\$ -</u>	<u>\$ -</u>

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

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

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

	2008	2009	2010	2011	2012	2013	2014 (1)	2015 (Restated)	2016	2017
Governmental Activities										
Invested In Capital Assets, Net Of Related Debt	\$ 6,426,750	\$ 7,059,255	\$ 7,024,823	\$ 7,085,305	\$ 7,153,804	\$ 7,113,412	\$ 6,992,009	\$ 1,806,033	\$ 1,490,238	\$ 1,515,144
Restricted	875,431	600,270	229,270	98,270	103	125,103	125,103	86,708	225,362	127,029
Unrestricted	(138,175)	34,031	469,683	193,003	346,165	347,474	(1,479,309)	(2,354,521)	(2,168,664)	(1,780,508)
Total Governmental Activities Net Position	<u>\$ 7,164,006</u>	<u>\$ 7,693,556</u>	<u>\$ 7,723,776</u>	<u>\$ 7,376,578</u>	<u>\$ 7,500,072</u>	<u>\$ 7,585,989</u>	<u>\$ 5,637,803</u>	<u>\$ (461,780)</u>	<u>\$ (453,064)</u>	<u>\$ (138,335)</u>
Business-Type Activities										
Invested In Capital Assets, Net Of Related Debt	\$ 32,889	\$ 57,154	\$ 51,322	\$ 65,976	\$ 56,901	\$ 45,775	\$ 34,650	\$ 23,610	\$ 19,192	\$ 24,339
Restricted										
Unrestricted	127,829	124,442	158,140	73,719	41,039	12,120	(12,429)	(15,746)	9,733	22,504
Total Business-Type Activities Net Position	<u>\$ 160,718</u>	<u>\$ 181,596</u>	<u>\$ 209,462</u>	<u>\$ 139,695</u>	<u>\$ 97,940</u>	<u>\$ 57,895</u>	<u>\$ 22,221</u>	<u>\$ 7,864</u>	<u>\$ 28,925</u>	<u>\$ 46,843</u>
District-Wide										
Invested In Capital Assets, Net Of Related Debt	\$ 6,459,639	\$ 7,116,409	\$ 7,076,145	\$ 7,151,281	\$ 7,210,705	\$ 7,159,187	\$ 7,026,659	\$ 1,829,643	\$ 1,509,430	\$ 1,539,483
Restricted	875,431	600,270	229,270	98,270	103	125,103	125,103	86,708	225,362	127,029
Unrestricted	(10,346)	158,473	627,823	266,722	387,204	359,594	(1,491,738)	(2,370,267)	(2,158,931)	(1,758,004)
Total District Net Position	<u>\$ 7,324,724</u>	<u>\$ 7,875,152</u>	<u>\$ 7,953,238</u>	<u>\$ 7,516,273</u>	<u>\$ 7,598,012</u>	<u>\$ 7,643,884</u>	<u>\$ 5,660,024</u>	<u>\$ (453,916)</u>	<u>\$ (424,139)</u>	<u>\$ (91,492)</u>

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

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 3,498,492	\$ 4,493,765	\$ 4,536,548	\$ 4,535,027	\$ 4,733,315	\$ 5,124,145	\$ 5,103,149	\$ 5,947,818	\$ 6,251,472	\$ 6,890,530
Special Education	1,966,009	1,752,199	1,887,519	2,016,580	1,710,074	1,801,800	1,979,775	2,762,282	2,379,668	2,448,145
Other Instruction	238,398	167,480	168,557	193,059	232,737	162,896	384,414	357,066	147,609	72,109
School Sponsored Activities and Athletics	28,033	29,019	50,895	29,543	57,387	29,372	65,465	86,140	109,721	28,537
Support Services:										
Student & Instruction Related Services	857,646	835,291	879,123	1,128,038	1,199,127	1,274,596	1,210,025	1,480,738	1,754,568	1,775,496
School Administrative Services	132,956	238,083	253,493	267,744	377,641	463,582	570,717	489,071	467,651	602,423
General Administration	390,900	366,254	337,125	434,950	424,950	368,848	447,396	671,055	498,885	511,588
Administration Information Technology	-	-	-	-	-	-	-	-	-	75,954
Plant Operations And Maintenance	610,094	742,729	737,769	765,954	720,879	718,069	797,401	775,744	771,483	850,927
Pupil Transportation	529,472	450,771	406,767	369,401	324,312	347,326	323,829	430,908	337,598	274,565
Other Support Services	229,766	249,665	285,569	207,851	239,716	259,826	244,249	297,211	220,779	326,279
Interest On Long-Term Debt	997,326	973,977	949,486	923,799	896,972	868,789	680,565	724,825	606,967	574,656
Arbitrage Rebate	300,907	-	-	-	-	-	-	-	-	-
Total Governmental Activities Expenses	9,779,999	10,299,233	10,492,851	10,871,946	10,917,110	11,419,249	11,806,985	14,022,858	13,546,401	14,431,209
Business-Type Activities:										
Food Service	127,424	163,463	175,031	267,264	247,253	257,753	248,451	227,924	190,734	197,039
Total Business-Type Activities Expense	127,424	163,463	175,031	267,264	247,253	257,753	248,451	227,924	190,734	197,039
Total District Expenses	\$ 9,907,423	\$ 10,462,696	\$ 10,667,882	\$ 11,139,210	\$ 11,164,363	\$ 11,677,002	\$ 12,055,436	\$ 14,250,782	\$ 13,737,135	\$ 14,628,248
Program Revenues										
Governmental Activities:										
Charges For Services:										
Special Education	\$ 2,151									
Transportation				\$ 16,273	\$ 12,110	\$ 10,490	\$ 5,440	\$ 7,930		
Operating Grants And Contributions	1,513,382	\$ 1,306,000	\$ 1,542,717	1,140,296	1,414,664	1,594,056	1,402,879	2,736,150	\$ 3,109,053	\$ 4,232,723
Capital Grants And Contributions	4,555,092	976,091		148,304	144,524					
Total Governmental Activities Program Revenues	6,070,625	2,282,091	1,542,717	1,304,873	1,571,298	1,604,546	1,408,319	2,744,080	3,109,053	4,232,723
Business-Type Activities:										
Charges For Services										
Food Service	123,053	146,562	150,962	143,974	148,394	149,285	139,236	134,076	134,111	147,689
Operating Grants And Contributions	30,910	37,779	51,482	53,035	56,932	68,325	73,106	79,430	77,666	67,200
Total Business Type Activities Program Revenues	153,963	184,341	202,444	197,009	205,326	217,610	212,342	213,506	211,777	214,889
Total District Program Revenues	\$ 6,224,588	\$ 2,466,432	\$ 1,745,161	\$ 1,501,882	\$ 1,776,624	\$ 1,822,156	\$ 1,620,661	\$ 2,957,586	\$ 3,320,830	\$ 4,447,612
Net (Expense)/Revenue										
Governmental Activities	\$ (3,709,374)	\$ (8,017,142)	\$ (8,950,134)	\$ (9,567,073)	\$ (9,345,812)	\$ (9,814,703)	\$ (10,398,666)	\$ (11,278,778)	\$ (10,437,348)	\$ (10,198,486)
Business-Type Activities	26,559	20,878	27,413	(70,255)	(41,927)	(40,143)	(36,109)	(14,418)	21,043	17,850
Total District-Wide Net Expense	\$ (3,682,835)	\$ (7,996,264)	\$ (8,922,721)	\$ (9,637,328)	\$ (9,387,739)	\$ (9,854,846)	\$ (10,434,775)	\$ (11,293,196)	\$ (10,416,305)	\$ (10,180,636)

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues And Other Changes In Net Position										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 8,184,427	\$ 8,512,052	\$ 8,892,469	\$ 9,190,961	\$ 9,453,714	\$ 8,154,441	\$ 8,480,231	\$ 8,658,921	\$ 8,832,095	\$ 9,058,058
Taxes Levied For Debt Service						1,564,706	1,565,594	1,570,206	1,471,487	1,377,527
Unrestricted Grants And Contributions	75,709	4,547	48,778	11,259		11,309	43,906	60,643	38,865	43,791
Investment Earnings	241,097	24,025	6,370	5,070	2,799	3,073	2,590	1,500	1,321	3,061
Miscellaneous Income	483	6,068	32,737	12,585	12,793	157,091	38,011	39,828	102,296	30,778
Transfers	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities	8,501,716	8,546,692	8,980,354	9,219,875	9,469,306	9,890,620	10,130,332	10,331,098	10,446,064	10,513,215
Business-Type Activities:										
Investment Earnings			453	488	172	98	435	61	18	68
Transfers	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities	-	-	453	488	172	98	435	61	18	68
Total District-Wide	\$ 8,501,716	\$ 8,546,692	\$ 8,980,807	\$ 9,220,363	\$ 9,469,478	\$ 9,890,718	\$ 10,130,767	\$ 10,331,159	\$ 10,446,082	\$ 10,513,283
Change In Net Position										
Governmental Activities	\$ 4,792,342	\$ 529,550	\$ 30,220	\$ (347,198)	\$ 123,494	\$ 75,917	\$ (268,334)	\$ (947,680)	\$ 8,716	\$ 314,729
Business-Type Activities	26,539	20,878	27,866	(69,767)	(41,755)	(40,045)	(35,674)	(14,357)	21,061	17,918
Total District	\$ 4,818,881	\$ 550,428	\$ 58,086	\$ (416,965)	\$ 81,739	\$ 35,872	\$ (304,008)	\$ (962,037)	\$ 29,777	\$ 332,647

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Restricted				\$ 262,326	\$ 230,384	\$ 452,375	\$ 440,519	\$ 131,196	\$ 56,708	\$ 250,297
Committed					42,870	-	-			
Assigned				94,227	246,085	195,679	186,297	9,748	33,562	271,843
Unassigned				270,519	241,466	233,038	238,874		151,063	227,728
Reserved	\$ 85,028	\$ 228,852	\$ 241,535							
Unreserved	272,568	307,410	702,655					(197,208)		
Total General Fund	<u>\$ 357,596</u>	<u>\$ 536,262</u>	<u>\$ 944,190</u>	<u>\$ 627,072</u>	<u>\$ 760,805</u>	<u>\$ 881,092</u>	<u>\$ 865,690</u>	<u>\$ (56,264)</u>	<u>\$ 241,333</u>	<u>\$ 749,868</u>
All Other Governmental Funds										
Restricted				\$ 55,797	\$ 100,321	\$ 100,321	\$ 100,321	\$ 168,744	\$ 168,654	\$ 100,321
Committed					100,000					
Assigned				98,167						
Unassigned										
Reserved	\$ 1,678,903	\$ 609,958	\$ 179,618							
Unreserved	463,300	487,052	73,520							
Total All Other Governmental Funds	<u>\$ 2,142,203</u>	<u>\$ 1,097,010</u>	<u>\$ 253,138</u>	<u>\$ 153,964</u>	<u>\$ 200,321</u>	<u>\$ 100,321</u>	<u>\$ 100,321</u>	<u>\$ 168,744</u>	<u>\$ 168,654</u>	<u>\$ 100,321</u>

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

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax Levy	\$ 8,184,427	\$ 8,512,052	\$ 8,892,469	\$ 9,190,961	\$ 9,453,714	\$ 9,719,147	\$ 10,045,825	\$ 10,229,127	\$ 10,303,582	\$ 10,435,585
Tuition Charges	2,151									
Transportation Charges				16,273	12,110	10,490	5,440	7,930		
Interest Earnings	241,097	24,025	6,371	5,070	2,799	3,073	2,590	1,500	1,321	3,061
Miscellaneous	483	6,068	32,737	12,585	49,998	157,091	38,011	39,828	141,154	71,015
State Sources	5,961,092	2,108,390	1,272,139	1,063,277	1,276,861	1,403,634	1,273,040	1,476,155	1,589,505	1,939,485
Federal Sources	183,091	178,248	319,356	236,582	245,122	201,731	173,745	303,698	277,215	295,132
Total Revenue	14,572,341	10,828,783	10,523,072	10,524,748	11,040,604	11,495,166	11,538,651	12,058,238	12,312,777	12,744,278
Expenditures										
Instruction										
Regular Instruction	3,497,653	3,643,226	3,895,504	3,883,305	4,060,662	4,456,183	4,441,761	4,536,697	4,591,598	4,764,148
Special Education Instruction	1,963,907	1,745,097	1,893,782	2,018,014	1,715,338	1,800,465	1,983,170	2,513,597	2,153,484	2,089,511
Other Special Instruction	238,398	167,480	168,557	193,059	232,737	162,896	384,414	309,791	124,016	56,112
School-Sponsored Activities and Athletics	28,033	29,019	31,830	29,543	57,387	29,372	65,465	74,722	82,758	15,187
Support Services:										
Student & Inst. Related Services	857,201	819,360	886,950	1,111,794	1,176,230	1,251,699	1,187,628	1,383,590	1,550,113	1,453,318
General Administration	389,888	356,812	322,066	426,866	389,644	455,498	451,622	545,027	481,431	467,106
School Administrative Services	131,870	224,808	244,100	259,982	365,589	356,796	418,161	477,019	449,408	468,894
Administration Information Technology	-	-	-	-	-	-	-	-	-	75,954
Plant Operations And Maintenance	608,997	717,977	741,421	738,377	699,858	693,549	751,609	751,224	753,982	817,465
Pupil Transportation	529,472	447,334	384,592	365,964	320,875	343,889	320,392	427,471	335,589	268,323
Other Support Services	228,738	249,566	279,110	223,998	239,716	259,826	240,237	297,211	217,222	293,073
Capital Outlay	13,060,290	1,746,649	557,135	136,458	45,147	100,000	-	39,545	-	29,943
Debt Service:										
Principal	540,000	565,000	595,000	620,000	650,000	685,000	765,000	914,330	835,248	838,615
Interest And Other Charges	1,306,839	982,982	958,969	933,681	907,331	879,706	850,594	641,545	690,421	666,427
Bond Issuance Cost							111,011	114,092		
Total Expenditures	23,381,286	11,695,310	10,959,016	10,941,041	10,860,514	11,474,879	11,971,064	13,025,861	12,265,270	12,304,076
Excess (Deficiency) Of Revenues										
Over (Under) Expenditures	(8,808,945)	(866,527)	(435,944)	(416,293)	180,090	20,287	(432,413)	(967,623)	47,507	440,202
Other Financing Sources (Uses)										
Bond Proceeds										
Approved Budget Transfer In		160,180								
Approved Budget Transfer Out		(160,180)								
Transfers In	214,519	16,019	242,971	774	56	-	-	-	-	90
Transfers Out	(214,519)	(16,019)	(242,971)	(774)	(56)	-	-	-	-	(90)
Payments to Refunding Escrow Agent							(10,664,017)	(7,881,087)		
Refunding Bonds Proceeds							9,595,000	7,240,000		
Premium on Issuance of Refunding Bond							1,180,028	755,179		
Sale and Lease-back Contract Proceeds									250,000	
Capital Leases (Non-Budgeted)							306,000			
Total Other Financing Sources (Uses)	-	-	-	-	-	-	417,011	114,092	250,000	-
Net Change In Fund Balances	\$ (8,808,945)	\$ (866,527)	\$ (435,944)	\$ (416,293)	\$ 180,090	\$ 20,287	\$ (15,402)	\$ (853,531)	\$ 297,507	\$ 440,202
Debt Service As A Percentage Of										
Noncapital Expenditures	21.78%	21.78%	17.56%	16.79%	16.82%	15.95%	15.60%	13.61%	14.21%	13.98%

* Noncapital expenditures are total expenditures less capital outlay.

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

Fiscal Year Ended <u>June 30,</u>	<u>Tuition</u>	<u>Transportation</u>	<u>Interest on Invest.</u>	<u>Refunds/ Settlements</u>	<u>Misc.</u>	<u>Total</u>
2008	\$ 2,151		\$ 26,578		\$ 483	\$ 29,212
2009			8,006		6,068	14,074
2010			3,400		32,737	36,137
2011		\$ 16,273	4,296		12,585	33,154
2012		12,110	2,743	\$ 353	12,440	27,646
2013		10,490	3,073	125,087	32,004	170,654
2014		5,440	2,590		38,011	46,041
2015		7,930	1,500		39,828	49,258
2016			1,321	38,154	64,142	103,617
2017			3,061	9,650	21,128	33,839

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Ofarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2008	\$ 3,379,000	\$ 422,150,200	\$ 224,800	\$ 9,300	\$ 17,270,300	\$ 2,147,700	N/A	\$ 445,181,300	\$ 393,097	\$ 445,574,397	\$ 1,574,584,398	\$ 1.91
2009	3,204,600	424,852,600	224,800	9,300	18,123,600	2,147,700	N/A	448,562,600	412,748	448,975,348	1,590,496,406	1.98
2010	2,618,100	418,423,900	224,800	9,300	17,729,600	2,147,700	N/A	441,153,400	432,330	441,585,730	1,492,140,716	2.08
2011	2,553,400	419,383,900	224,800	9,300	17,734,900	2,147,700	N/A	442,054,000	371,880	442,425,880	1,417,911,637	2.14
2012	8,720,600	1,106,681,100	571,100	11,100	59,508,400	6,346,700	N/A	1,181,859,000	371,880	1,182,210,880	1,282,934,216	0.82
2013	8,667,100	1,106,157,600	571,100	11,100	58,854,400	6,189,100	N/A	1,180,450,400	889	1,180,451,289	1,282,934,216	0.85
2014	8,934,100	1,106,531,400	571,100	11,100	58,585,000	6,049,600	N/A	1,180,682,300	915	1,180,683,215	1,335,237,800	0.87
2015	8,902,400	1,108,014,700	571,100	11,100	58,167,300	5,268,600	N/A	1,180,935,200	908	1,180,936,108	1,302,643,635	0.87
2016	8,732,800	1,108,926,300	571,100	11,100	58,167,300	5,268,600	N/A	1,181,677,200	913	1,181,678,113	1,296,451,026	0.88
2017	9,719,200	1,109,088,800	571,100	11,100	56,562,300	4,584,600	N/A	1,180,537,100	899	1,180,537,999	1,315,477,970	0.91

Source: County Abstract of Ratables

^a Tax rates are per \$100

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

<u>Calendar Year</u>	<u>North Haledon School District</u>	<u>Manchester School District</u>	<u>North Haledon Borough</u>	<u>Passaic County</u>	<u>Total</u>
2008	\$ 1.91	\$ 0.64	\$ 1.73	\$ 1.79	\$ 6.07
2009	1.98	0.64	1.80	1.79	6.21
2010	2.08	0.66	1.99	1.80	6.53
2011	2.14	0.66	2.01	1.85	6.66
2012	0.82	0.26	0.80	0.69	2.57
2013	0.85	0.31	0.81	0.76	2.73
2014	0.87	0.26	0.82	0.77	2.72
2015	0.87	0.22	0.85	0.84	2.78
2016	0.88	0.20	0.92	0.82	2.82
2017	0.91	0.22	0.90	0.82	2.85

Source: Tax Duplicate

* The Borough undertook a revaluation.

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

<u>Taxpayer</u>	2017	
	Taxable Assessed Value	% of Total District Net Assessed Value
High Mt. Rty, LLC c/o Kennedy Constr.	\$ 7,840,000	0.66%
535 Associates, LLC	4,225,000	0.36%
1243 Belmont Ave Corp.	4,013,100	0.34%
Sicomac Rlty LLC & Rosehall Rlty, LLC	3,800,000	0.32%
High Mountain Realty Group, LLC	3,400,000	0.29%
920 Belmont Acquisition, LLC	3,005,400	0.25%
Hofer Heights, LLC	2,839,100	0.24%
NJTT Realty, LLC	2,575,400	0.22%
Rudd O'Connor	2,068,800	0.18%
Overlook Properties, LLC	1,900,000	0.16%
	<u>\$ 35,666,800</u>	<u>3.02%</u>

<u>Taxpayer</u>	2008	
	Taxable Assessed Value	% of Total District Net Assessed Value
High Mountain Realty/Kennedy	\$ 1,646,200	.37%
Danza Group VII	1,622,200	.37%
Sicomac Realty LLC & Rosehall Rlty LLC	1,450,900	.337%
1243 Belmont Ave. Corp.	1,360,100	.31%
Hoffer Heights	1,201,600	.27%
High Mountain Realty Group, LLC	1,076,700	.24%
Tannis, William Sr.	1,017,700	.23%
Rainmaker Capital of No. Haledon, LLC	903,200	.20%
NJTT Realty LLC	722,200	.16%
Overlook Properties LLC	615,300	.14%
	<u>\$ 11,616,100</u>	<u>2.62%</u>

Source - Municipal Tax Assessor

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

Fiscal Year Ended June 30,	School Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	\$ 8,184,427	\$ 8,184,427	100.00%	
2009	8,512,052	8,512,052	100.00%	
2010	8,892,469	8,892,469	100.00%	
2011	9,190,961	9,190,961	100.00%	
2012	9,453,714	9,453,714	100.00%	
2013	9,719,147	9,719,147	100.00%	
2014	10,045,825	9,339,139	92.96%	\$ 706,686
2015	10,229,127	10,229,127	100.00%	
2016	10,303,582	10,303,582	100.00%	
2017	10,435,585	10,435,585	100.00%	

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

Fiscal Year Ended June 30,	Governmental Activities					Business-Type Activities		Total District	Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Sale and Lease-back Contracts	Bond Anticipation Notes (BANs)	Capital Leases				
2008	\$ 22,780,000	N/A	N/A	N/A	N/A	N/A	\$ 22,780,000	8,851	\$ 2,574	
2009	22,215,000	N/A	N/A	N/A	N/A	N/A	22,215,000	8,897	2,497	
2010	21,620,000	N/A	N/A	N/A	N/A	N/A	21,620,000	8,428	2,565	
2011	21,000,000	N/A	N/A	N/A	N/A	N/A	21,000,000	8,479	2,477	
2012	20,350,000	N/A	N/A	N/A	N/A	N/A	20,350,000	8,484	2,399	
2013	19,665,000	N/A	N/A	N/A	N/A	N/A	19,665,000	8,509	2,311	
2014	18,695,000	N/A	\$ 256,000	N/A	N/A	N/A	18,951,000	8,535	2,220	
2015	17,505,000	N/A	206,670	N/A	N/A	N/A	17,711,670	8,548	2,072	
2016	16,720,000	N/A	156,422	250,000	N/A	N/A	17,126,422	8,491	2,017	
2017	15,935,000	N/A	105,239	247,568	N/A	N/A	16,287,807	8,491 *	1,918	

Source: District records

* Estimate

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

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2008	\$ 22,780,000		\$ 22,780,000	5.07%	2,574
2009	22,215,000		22,215,000	5.03%	2,497
2010	21,620,000		21,620,000	4.89%	2,565
2011	21,000,000		21,000,000	1.78%	2,477
2012	20,350,000		20,350,000	1.72%	2,399
2013	19,665,000		19,665,000	1.67%	2,311
2014	18,695,000		18,695,000	1.58%	2,220
2015	17,505,000		17,505,000	1.34%	2,072
2016	16,720,000		16,720,000	1.41%	2,017
2017	15,935,000		15,935,000	1.35%	1,918

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**NORTH HALEDON BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt:			
Borough of North Haledon	\$ 12,718,000		\$ 12,718,000
North Haledon Board of Education	<u>16,720,000</u>	<u>\$ 16,720,000</u>	<u>-</u>
	<u>\$ 29,438,000</u>	<u>\$ 16,720,000</u>	<u>\$ 12,718,000</u>
Net Overlapping Debt of School District:			
County of Passaic		10,055,806	
PCUA		1,479,320	
PVSC		<u>975,916</u>	
			<u>12,511,042</u>
Total Direct and Overlapping Bonded Debt as of December 31, 2016			<u>\$ 25,229,042</u>

Source: 2015 Debt Statement, Borough of North Haledon

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

Legal Debt Margin Calculation for Fiscal Year 2017

Equalized Valuation Basis

	2016	\$	1,315,166,611
	2015		1,294,033,750
	2014		<u>1,300,740,663</u>
		\$	<u>3,909,941,024</u>
Average equalized valuation of taxable property		\$	1,303,313,675
Debt limit (3% of average equalization value)			39,099,410
Total Net Debt Applicable to Limit			<u>15,935,000</u>
Legal debt margin		\$	<u>23,164,410</u>

Fiscal Year

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 43,167,259	\$ 46,128,175	\$ 46,313,490	\$ 44,824,204	\$ 42,905,067	\$ 41,284,805	\$ 41,020,694	\$ 39,202,703	\$ 38,846,022	\$ 39,099,410
Total net debt applicable to limit	<u>22,780,283</u>	<u>22,215,283</u>	<u>21,620,283</u>	<u>21,000,283</u>	<u>20,350,283</u>	<u>19,665,283</u>	<u>18,695,000</u>	<u>17,505,283</u>	<u>16,720,000</u>	<u>15,935,000</u>
Legal debt margin	<u>\$ 20,386,976</u>	<u>\$ 23,912,892</u>	<u>\$ 24,693,207</u>	<u>\$ 23,823,921</u>	<u>\$ 22,554,784</u>	<u>\$ 21,619,522</u>	<u>\$ 22,325,694</u>	<u>\$ 21,697,420</u>	<u>\$ 22,126,022</u>	<u>\$ 23,164,410</u>
Total net debt applicable to the limit as a percentage of debt limit	52.8%	48.2%	46.7%	46.9%	47.4%	47.6%	45.6%	44.7%	43.0%	40.8%

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

<u>Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2008	8,851	\$ 39,907	3.1%
2009	8,897	38,932	6.1%
2010	8,428	39,807	6.2%
2011	8,479	41,371	6.1%
2012	8,484	41,824	6.0%
2013	8,509	41,857	9.5%
2014	8,535	43,687	5.7%
2015	8,548	47,189	4.6%
2016	8,491	N/A	4.2%
2017	8,491	* N/A	N/A

Source: New Jersey State Department of Education

* Estimate

N/A Information Not Available

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

PRIOR YEAR INFORMATION NOT AVAILABLE

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Instruction						
Regular	43	45.5	47.5	46.0	51.0	40.7
Special Education	14.5	15.3	15.8	13.2	16.0	15.2
Other Special Education	9.2	7.48	7.48	19.0	15.0	8.5
Vocational						
Other Instruction						
Non Public School Program						
Adult/Continuing Education						
Support Services						
Student & Instruction Related	4	4	4	8.2	7.0	8.9
General Administration	1	2.1	2	2.0	2.0	2.3
School Administrative Services	4	3.25	4	5.5	5.0	3.8
Other Administrative Services						
Central Services	2	2	2	2.0	2.0	2.0
Administrative Technology						
Plant & Operation Maintenance	6.1	6.1	6.1	6.0	6.7	5.7
Other Support Services	3	3	3	5.0	4.0	0.8
Transportation	1	1.4	1.4	1.4	0.3	1.3
Total	<u>87.90</u>	<u>90.13</u>	<u>93.28</u>	<u>108.30</u>	<u>109.00</u>	<u>89.03</u>

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

Fiscal Year	Enrollment a	Operating Expenditures b	Cost Per Pupil c	Percentage Change	Pupil/Teacher Ratio				Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Middle School	Senior High School				
2008	693.4	\$ 8,474,157	\$ 12,220	.52%	72.5	8	8	N/A	693.4	668.7	4.22%	96.44%
2009	693.5	8,400,679	12,113	-0.87%	70.0	8	8	N/A	693.5	670.7	0.01%	96.71%
2010	711.8	8,847,912	12,430	2.62%	74.0	8	8	N/A	711.8	683.8	2.64%	96.07%
2011	702.0	9,250,902	13,178	6.02%	74.4	8	8	N/A	702.0	676.9	-1.38%	96.42%
2012	714.0	9,258,036	12,966	-1.61%	65.0	11	11	N/A	702.2	677.8	0.03%	96.53%
2013	738.0	9,810,173	13,293	2.52%	64.0	11.5	11.5	N/A	635.1	608.5	-9.52%	95.81%
2014	720.0	10,244,459	14,228	7.04%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2015	706.0	11,316,349	16,029	12.65%	64.0	11.03	11.03	N/A	N/A	706.0	N/A	N/A
2016	702.0	10,739,601	15,299	-4.56%	67.0	10.5	10.5	N/A	678.0	650.0	N/A	95.87%
2017	654.0	10,769,091	16,467	7.63%	55.9	11.71	11.71	N/A	638.8	613.3	-5.78%	96.01%

Sources: District records

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

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>District Building</u>										
<u>High Mountain Middle School</u>										
Square Feet	61,025	61,025	61,025	61,025	61,025	61,025	61,025	61,025	61,025	61,025
Capacity (students)	369	369	369	369	369	369	369	369	369	369
Enrollment	286	286	299	324	324	393	393	292	291	268
<u>Memorial Elementary School</u>										
Square Feet	60,480	60,480	60,480	60,480	60,480	60,480	60,480	60,480	60,480	60,480
Capacity (students)	450	450	450	450	450	450	450	450	450	450
Enrollment	401	399	410	387	383	345	345	414	389	372

Number of Schools at June 30, 2017

Elementary = 2

Source: District Records

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

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

		<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>
School Facilities	Project #(s)										
High Mountain School	N/A	\$ 31,109	\$ 40,164	\$ 47,398	\$ 47,902	\$ 58,784	\$ 66,833	\$ 62,915	\$ 57,918	\$ 52,602	\$ 51,556
Memorial School	N/A	<u>33,430</u>	<u>36,733</u>	<u>44,434</u>	<u>46,010</u>	<u>49,670</u>	<u>64,368</u>	<u>62,364</u>	<u>57,401</u>	<u>52,132</u>	<u>61,304</u>
Total Facilities		<u>64,539</u>	<u>76,897</u>	<u>91,832</u>	<u>93,912</u>	<u>108,454</u>	<u>131,201</u>	<u>125,279</u>	<u>115,319</u>	<u>104,734</u>	<u>112,860</u>
Grand Total		<u>\$ 64,539</u>	<u>\$ 76,897</u>	<u>\$ 91,832</u>	<u>\$ 93,912</u>	<u>\$ 108,454</u>	<u>\$ 131,201</u>	<u>\$ 125,279</u>	<u>\$ 115,319</u>	<u>\$ 104,734</u>	<u>\$ 112,860</u>

Source: District Records

**NORTH HALEDON BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2017
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - New Jersey Schools Insurance Group		
Property - Blanket Building & Contents	\$400,000,000	\$5,000
Comprehensive General Liability	11,000,000	100
Comprehensive Automobile Liability	11,000,000	1,000
Boiler and Machinery	100,000,000	5,000
School Board Legal Liability - New Jersey Schools Insurance Group		
Limit of Liability	11,000,000	5,000
Environmental Impairment Liability - Zurich Stedfast Insurance Co.		
Each occurrence	1,000,000	25,000
Aggregate	11,000,000	
Additional Excess Liability Policy - Tourus/Markel		
Aggregate	29,000,000	
Student Accident Policy - Berkley Life & Health Insurance Co.		
Maximum Benefit	5,000,000	
Full Exceed 10 year benefit period		
Public Employees' Faithful Performance Blanket		
Position Bond - New Jersey Schools Insurance Group	500,000	
Surety Bond - Treasurer	200,000	
Surety Bond - Business Administrator/ Board Secretary	100,000	

Source School District's records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
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DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLOSI, CPA, PSA

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

INDEPENDENT AUDITOR’S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the North Haledon Board of Education as of and for the fiscal year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the North Haledon Board of Education’s basic financial statements and have issued our report thereon dated September 18, 2017.

Internal Control Over Financial Reporting

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

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

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

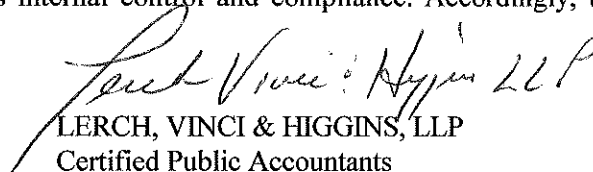
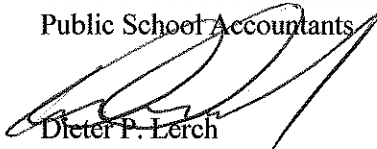
Compliance and Other Matters

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

However, we also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the North Haledon Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated September 18, 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 North Haledon Board of Education's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the North Haledon Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


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

 Dieter P. Lerch
 Public School Accountant
 PSA Number CS00756

Fair Lawn, New Jersey
 September 18, 2017



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
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SHERYL M. NICOLOSI, CPA, PSA

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

INDEPENDENT AUDITOR’S REPORT

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

Report on Compliance for Each Major State Program

We have audited the North Haledon Board of Education’s compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/ Grant Compliance Supplement that could have a direct and material effect on each of North Haledon Board of Education’s major state programs for the fiscal year ended June 30, 2017. The North Haledon Board of Education’s major state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditor’s Responsibility

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

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

Opinion on Each Major State Programs

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

Report on Internal Control Over Compliance

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

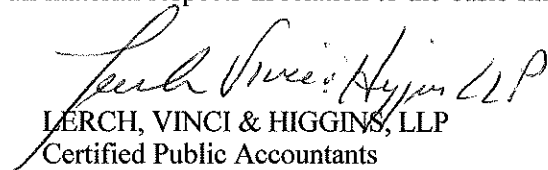
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the North Haledon Board of Education as of and for the fiscal year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated September 18, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
September 18, 2017

**NORTH HALEDON BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2017**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2016	Deferred Revenue Carryover Amount	(Accounts Receivable) Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Balance, June 30, 2017						
												(Accounts Receivable)	Deferred Revenue	Due to Grantor	GAAP Receivable			
U.S. Department of Agriculture																		
Passed-Through State Department of Education																		
<u>Enterprise Fund</u>																		
National School Lunch Program	10.555																	
Non-Cash Assistance (Food Distribution Program)		171NJ304N1099	N/A	7/1/16-6/30/17	\$ 14,831				\$ 14,831	\$ 12,147			\$ 2,684					
Non-Cash Assistance (Food Distribution Program)		16161NJ304N1099	N/A	7/1/15-6/30/16	16,338	\$ 1,695				1,695								
Cash Assistance		171NJ304N1099	N/A	7/1/16-6/30/17	51,233				47,696	51,233			\$ (3,537)				\$ (3,537)	
Cash Assistance		16161NJ304N1099	N/A	7/1/15-6/30/16	60,397	(4,656)			4,656									
Special Milk Program	10.556	171NJ304N1099	N/A	7/1/16-6/30/17	32				30	32			(2)				(2)	
Special Milk Program	10.556	16161NJ304N1099	N/A	7/1/15-6/30/16	15	-	-	-	-	-	-	-	-	-	-	-	-	
Total Child Nutrition Cluster/Enterprise Fund						(2,961)	-	-	67,213	65,107	-	(3,539)	2,684	-	-	(3,539)		
U.S. Department of Education																		
Passed-Through State Department of Education																		
<u>Special Revenue Fund</u>																		
I.D.E.A. Part B, Basic	84.027A	H027A160100	IDEA364017	7/1/16-6/30/17	141,623		\$ 8,985	\$ (8,985)	110,964	147,721			(39,644)	2,887			(36,757)	
I.D.E.A. Part B, Basic	84.027A	H027A150100	IDEA364016	7/1/15-6/30/16	181,882	(3,414)	(8,985)	8,985	3,414								-	
I.D.E.A. Part B, Preschool	84.173A	H173A160114	IDEA364017	7/1/16-6/30/17	8,003	-	-	-	2,344	8,003			(5,659)	-	-		(5,659)	
Total Special Education Cluster (IDEA)						(3,414)	-	-	116,722	155,724	-	(45,303)	2,887	-	-	(42,416)		
N.C.L.B Title I-A	84.010A	S010A160030	NCLB364017	7/1/16-6/30/17	101,733		2	(2)	49,204	101,733			(52,531)	2			(52,529)	
N.C.L.B Title I-A	84.010A	S010A150030	NCLB364016	7/1/15-6/30/16	70,648	(8,862)	(2)	2	8,862								-	
N.C.L.B Title II-A	84.281A	S367A160029	NCLB364017	7/1/16-6/30/17	16,287		17,419	(17,419)	5,948	27,282			(27,758)	6,424			(21,334)	
N.C.L.B Title II-A	84.281A	S367A150029	NCLB364016	7/1/15-6/30/16	17,419	(11,350)	(17,419)	17,419	11,350				-	-	-	-	-	
Total Special Revenue Fund						(23,626)	-	-	192,086	284,739	-	(125,592)	9,313	-	-	(116,279)		
Total Federal Awards						\$ (26,587)	\$ -	\$ -	\$ 259,299	\$ 349,846	\$ -	\$ (129,131)	\$ 11,997	\$ -	\$ -	\$ (119,818)		

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

FAIN numbers are only applicable to current year grant awards.

NORTH HALEDON BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grant/Program Title State Department of Education	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2016	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Revised of Prior Years' Balances	Balance, June 30, 2017		MEMO
									(Accounts Receivable)	Deferred Revenues/ Grants	
General Fund			\$ 327,422	\$ (13,443)	-	\$ 301,500	\$ 327,422	\$ (25,922)	-	\$ 327,422	Combinable Total Expenditures
Special Education Categorical Aid	17-495-034-5120-089	7/1/16-6/30/17	328,563	15,443	-	15,443	15,443	-	-	-	
Special Education Congregational Aid	17-495-034-5120-084	7/1/16-6/30/17	16,636	15,319	-	15,319	16,636	(1,317)	-	16,636	
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	14,539	(587)	-	587	14,539	-	-	-	
Security Aid	17-495-034-5120-086	7/1/16-6/30/17	31,620	29,117	-	29,117	31,620	(2,503)	-	31,620	
Under Adequacy Aid	16-495-034-5120-096	7/1/15-6/30/16	1,294	(1,294)	-	1,294	1,294	-	-	-	
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	7,000	6,446	-	6,446	7,000	(554)	-	7,000	
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	7,210	(295)	-	6,689	7,210	(711)	-	7,210	
PARCC Readiness	17-495-034-5120-098	7/1/16-6/30/17	7,210	(295)	-	6,689	7,210	(711)	-	7,210	
PARCC Readiness	16-495-034-5120-098	7/1/15-6/30/16	7,210	(295)	-	6,689	7,210	(711)	-	7,210	
Total State Aid - Public Charter			381,574	(13,914)	-	381,574	397,098	(31,438)	-	397,098	
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	19,291	17,764	-	17,764	19,291	(1,277)	-	19,291	
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	15,960	(654)	-	654	15,960	-	-	-	
Extracurricular Aid	17-100-034-5120-473	7/1/16-6/30/17	92,188	(220,725)	-	220,725	92,188	(92,188)	-	92,188	
Extracurricular Aid	16-100-034-5120-473	7/1/15-6/30/16	220,725	(220,725)	-	220,725	220,725	(10,693)	-	10,693	
Additional NonPublic Transportation Aid	N/A		13,182	(13,182)	-	13,182	10,693	-	-	10,693	
Additional NonPublic Transportation Aid	17-495-034-5094-002	7/1/15-6/30/16	18,868	18,868	-	18,868	18,868	-	-	18,868	
On-Behalf TPAF Normal Cost	17-495-034-5094-004	7/1/16-6/30/17	520,751	520,751	-	520,751	520,751	-	-	520,751	
On-Behalf TPAF Long Term Disability Insurance	17-495-034-5094-001	7/1/16-6/30/17	1,395	1,395	-	1,395	1,395	-	-	1,395	
On-Behalf TPAF Long Term Disability Insurance	17-495-034-5094-001	7/1/16-6/30/17	449,625	449,625	-	449,625	449,625	-	-	449,625	
Reimbursed TPAF Soc. Sec. Contributions	17-495-034-5094-013	7/1/16-6/30/17	317,456	303,146	-	303,146	317,456	(15,290)	-	317,456	
Reimbursed TPAF Soc. Sec. Contributions	16-495-034-5094-013	7/1/15-6/30/16	367,406	(16,212)	-	18,212	367,406	-	-	(15,290)	
Total General Fund			2,566,687	(256,687)	-	1,942,896	1,827,345	(151,156)	-	1,827,345	
Special Revenue Fund											
NJ Nonpublic Aid											
Auxiliary Services	17-100-034-5120-067	7/1/16-6/30/17	37,624	37,624	-	37,624	37,624	-	\$ 37,624	-	
Compensatory Education	16-100-034-5120-067	7/1/15-6/30/16	4,230	4,230	-	4,230	4,230	-	-	914	
ESL	17-100-034-5120-067	7/1/16-6/30/17	914	914	-	914	914	-	-	38,538	
Total Nonpublic Auxiliary Services Aid (Chapter 192) Cluster			42,768	42,768	-	42,768	42,768	-	-	42,768	
Handicapped Services											
Examination & Classification	17-100-034-5120-066	7/1/16-6/30/17	5,047	5,047	-	5,047	5,047	-	-	5,047	
Examination & Classification, C/O	16-100-034-5120-066	7/1/15-6/30/16	1,025	1,025	-	1,025	1,025	-	-	12,555	
Supplemental Instruction	17-100-034-5120-066	7/1/16-6/30/17	12,555	12,555	-	12,555	12,555	-	-	12,555	
Supplemental Instruction	16-100-034-5120-066	7/1/15-6/30/16	2,228	2,228	-	2,228	2,228	-	-	17,602	
Total Nonpublic Handicapped Aid (Chapter 193) Cluster			20,865	20,865	-	20,865	20,865	-	-	20,865	
Nursing Aid	17-100-034-5120-070	7/1/16-6/30/17	1,260	1,260	-	1,260	1,260	-	-	1,260	
Nursing Aid	16-100-034-5120-070	7/1/15-6/30/16	1,260	1,260	-	1,260	1,260	-	-	1,260	
Technology Aid	17-100-034-5120-373	7/1/16-6/30/17	364	364	-	364	364	-	-	364	
Technology Aid	16-100-034-5120-373	7/1/15-6/30/16	364	364	-	364	364	-	-	364	
Textbook Aid	17-100-034-5120-064	7/1/16-6/30/17	799	799	-	799	799	-	-	799	
Textbook Aid	16-100-034-5120-064	7/1/15-6/30/16	799	799	-	799	799	-	-	799	
Security Aid	17-100-034-5120-509	7/1/16-6/30/17	4,825	4,825	-	4,825	4,825	-	-	4,825	
Security Aid	16-100-034-5120-509	7/1/15-6/30/16	4,825	4,825	-	4,825	4,825	-	-	4,825	
Total Special Revenue Fund			14,731	14,731	-	14,731	14,731	-	-	56,140	
State Department of Agriculture											
State School Lunch Program	17-100-010-5360-067	7/1/16-6/30/17	2,093	1,939	-	1,939	2,093	(154)	-	2,093	
State School Lunch Program	16-100-010-5360-067	7/1/15-6/30/16	2,178	(170)	-	170	2,178	-	-	(154)	
Total Enterprise Fund			(170)	(170)	-	2,109	2,093	-	-	(154)	
Total State Financial Assistance Subject to Single Audit Determination			(252,126)	-	-	2,001,145	1,829,438	14,731	(151,290)	\$ 56,140	
State Financial Assistance Not Subject to Major Program Determination											
General Fund											
On-Behalf TPAF											
Total State Financial Assistance Subject to Major Program Determination											
General Fund											
On-Behalf TPAF											
Total State Financial Assistance Subject to Major Program Determination											

**NORTH HALEDON BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$112,140 for the general fund and an increase of \$10,393 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,939,485	\$ 1,939,485
Special Revenue Fund	\$ 295,132		295,132
Food Service Fund	<u>65,107</u>	<u>2,093</u>	<u>67,200</u>
Total Awards Financial Assistance	<u>\$ 360,239</u>	<u>\$ 1,941,578</u>	<u>\$ 2,301,817</u>

**NORTH HALEDON BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$317,486 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2017. The amount reported as TPAF Pension System Contributions in the amount of \$541,014, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$449,625, and TPAF Long Term Disability Insurance in the amount of \$1,395 represents the amount paid by the State on behalf of the District for the fiscal 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 DE MINIMIS INDIRECT COST RATE

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

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

Part I – Summary of Auditor’s Results

Financial Statement Section

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

Federal Awards Section

Not Applicable

**NORTH HALEDON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Part I – Summary of Auditor’s Results

State Awards Section

- J) Dollar threshold used to distinguish Type A and Type B programs: \$ 750,000
- K) Auditee qualified as low-risk auditee? yes X no
- L) Type of auditors' report on compliance for major programs: Unmodified
- M) Internal Control over compliance:
- 1) Material weakness(es) identified? yes X no
- 2) Were significant deficiencies identified that were not considered to be material weaknesses? yes X no
- N) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08, as amended? yes X no
- O) Identification of major programs:

GMIS Number(s)	Name of State Program
17-495-034-5120-089	Special Education Categorical Aid
17-495-034-5120-084	Security Aid
17-495-034-5120-096	Under Adequacy Aid
17-495-034-5120-097	Per Pupil Growth Aid
17-495-034-5120-098	PARCC Readiness
17-495-034-5120-101	Professional Learning Community Aid

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

Part 2 – Schedule of Financial Statement Findings

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

There are none.

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

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

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

CURRENT YEAR FEDERAL AWARDS

Not Applicable

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

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

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

CURRENT YEAR STATE AWARDS

There are none.

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

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

Finding 2016-001

Condition:

Purchases were made and contracts were entered into prior to the issuance of a purchase order.

Current Status

Corrective action has been taken.

Finding 2016-002

Condition:

Certain vendors' invoices were paid twice in error.

Current Status

Corrective action has been taken.

Finding 2016-003

Condition:

Board minutes were incomplete. The minutes did not always reflect action taken nor were they always signed by the Board Secretary.

Current Status

Corrective action has been taken.

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

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

Finding 2016-004

Condition:

Purchases were made and contracts were entered into prior to the issuance of a purchase order.

Current Status

Corrective action has been taken.

Finding 2016-005

Condition:

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

Current Status

Corrective action has been taken.

Finding 2016-006

Condition:

Student counts reported on the ASSA were not in agreement with the District workpapers.

Current Status

Corrective action has been taken.