

**BOROUGH OF POMPTON LAKES  
SCHOOL DISTRICT  
COUNTY OF PASSAIC, NEW JERSEY  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2017**

**SCHOOL DISTRICT  
OF THE  
BOROUGH OF POMPTON LAKES**

**Pompton Lakes Board of Education  
Pompton Lakes, New Jersey**

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

**COMPREHENSIVE ANNUAL**

**FINANCIAL REPORT**

**of the**

**Borough of Pompton Lakes School District**

**Pompton Lakes, New Jersey**

**For The Fiscal Year Ended June 30, 2017**

**Prepared by**

**Borough of Pompton Lakes School District  
Finance Department**

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## **INTRODUCTORY SECTION**



# POMPTON LAKES PUBLIC SCHOOLS

237 VAN AVENUE  
POMPTON LAKES, NJ 07442  
(973) 835-7100  
Fax (973) 835-1748

September 26, 2017

To the Citizens and  
the Honorable President and Members of  
the Board of Education Pompton Lakes  
Borough School District  
County of Passaic, New Jersey

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

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

1) REPORTING ENTITY AND ITS SERVICES: The Borough of Pompton Lakes School District is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Borough of Pompton Lakes School District and all its schools constitute the District's reporting entity.

*Committed To Serve Our Youth*

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular, vocational, as well as special education for handicapped youngsters, remedial support for non-classified students in need, an autistic program, and enrichment activities for our gifted students. Pompton Lakes High School was designated a choice school beginning September 1, 2013.

The District completed the 2016-2017 fiscal year with an average daily enrollment of 1682 students, which is an increase of .01% students from the previous year's enrollment. The District's average daily enrolments for the past five years are presented below:

	<b>Average Daily Enrollment</b>	
<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2016-2017	1,659	-2.55%
2015-2016	1,682	-1.18%
2014-2015	1,702	-3.14%
2013-2014	1,688	-.83%
2012-2013	1,702	2.47%
2011-2012	1,661	0.54%
2010-2011	1,652	-5.17%
2009-2010	1,742	-0.80%

2) ECONOMIC CONDITION AND OUTLOOK: Recessionary times dictated no significant increases to the District's budget and no significant capital outlays. Continued fiscal problems at the State level could affect future state aid revenue.

3) MAJOR INITIATIVES: During 2016-2017, the District accomplished the:

- Implementation of a 1:1 computer initiative for grades 3-5 and for grades 8 and 9.
- Launch of new course, AP Economics
- Creation of a summer academic enrichment program for at-risk students in grades 6-8 and in grades 3-5
- Implementation of a new phone system for the district

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP).

The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as assigned fund balance at June 30, 2017.

6) ACCOUNTING SYSTEM REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 2.

7) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which required it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. A schedule of insurance coverage is found on Exhibit J-20 of the CAFR.

The Board is a member of the Pooled Insurance program of New Jersey (PIP). PIP is a risk-sharing public entity risk pool that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage to their members. Additional information on the PIP is included in Note 12 to the Basic Financial Statements.

9) DEBT ADMINISTRATION: At June 30, 2017, the District had \$2,736,000.00 in outstanding bonds.

10) OTHER INFORMATION Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ferraioli, Wielkotz, Cerullo & Cuva, P.A. was selected by the Board of Education at its last organization meeting. In addition to meeting the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the New Jersey OMB Circular NJOMB 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor’s report on the basic financial statements and specific required supplementary information is included in the single audit section of this report.

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

Respectfully submitted,

*Paul Amoroso*

*Renee Taveniere*

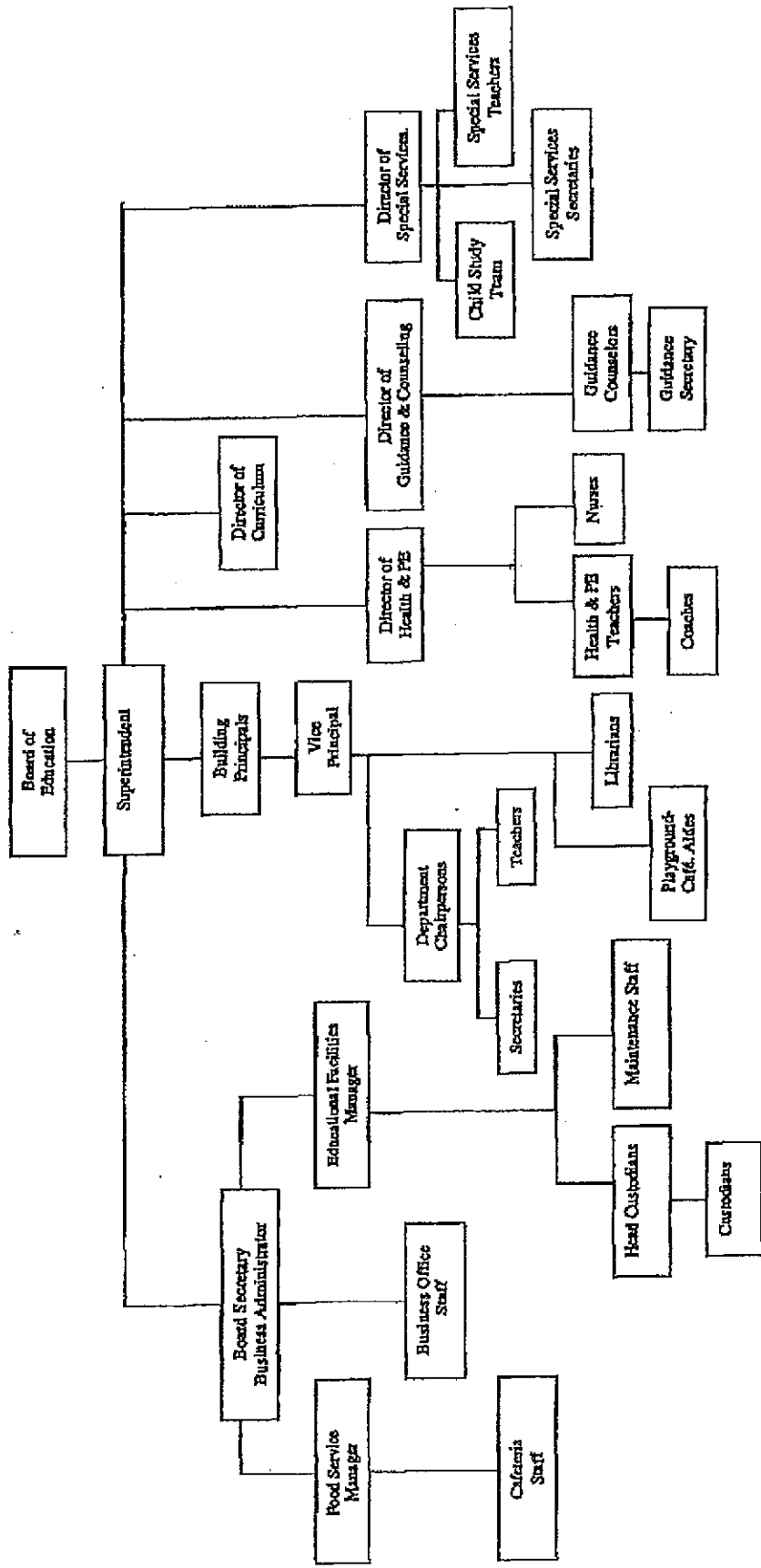
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Paul Amoroso, Ed.D.  
Superintendent of Schools

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Renee Taveniere, CPA  
School Business Administrator/Board Secretary

# POMPTON LAKES SCHOOL DISTRICT ORGANIZATIONAL CHART



gh/olise/organizational chart

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**

**ROSTER OF OFFICIALS**

**JUNE 30, 2017**

**MEMBERS OF THE BOARD OF EDUCATION**

**TERM EXPIRES**

Thomas Salus, President	2018
Stephanie Shaw, Vice President	2019
Karl Roman	2019
Traci Cioppa	2018
Robert Cruz	2018
Eileen Horn	2019
Carl Padula	2017
Nancy Schwartz	2017
Tim Troast	2017
Kelly Norris (Riverdale Representative)	2018

**Other Officials**

Paul Amoroso, Ed.D., Superintendent of Schools

Renee Taveniere, CPA, Business Administrator/Board Secretary

Herb Diamond, CPA, Treasurer of School Monies

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**

**CONSULTANTS AND ADVISORS**

**Audit Firm**

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**FINANCIAL SECTION**



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

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## INDEPENDENT AUDITOR'S REPORT

Honorable President and  
Members of the Board of Education  
Borough of Pompton Lakes School District  
County of Passaic, New Jersey

### **Report on the Financial Statements**

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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



Honorable President and  
Members of the Board of Education  
Page 2.

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

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

### **Opinion**

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

### ***Other Matters***

#### *Required Supplementary Information*

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



Honorable President and  
Members of the Board of Education  
Page 3.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Pompton Lakes Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 and the introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical data section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2017 on our consideration of the Borough of Pompton Lakes 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



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

describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Pompton Lakes Board of Education's internal control over financial reporting and compliance.

*James Cerullo*

James Cerullo, C.P.A.  
Licensed Public School Accountant  
No. 881

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

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants  
Pompton Lakes, New Jersey

September 26, 2017



**REQUIRED SUPPLEMENTARY  
INFORMATION - PART I**

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT  
POMPTON LAKES, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

As management of the Borough of Pompton Lakes Board of Education (the “School District”), we offer readers of the School District’s financial statements this narrative overview and analysis of the financial activities of Borough of Pompton Lakes Board of Education for the fiscal year ended June 30, 2017.

The management’s discussion and analysis is provided at the beginning of the audit to provide an overall review of the past and current position of the School District’s financial condition. This summary should not be taken as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the School District’s revenues and expenditures by program for the General Fund, Special Revenue Fund, Debt Service Find and Enterprise Fund.

**FINANCIAL HIGHLIGHTS**

- In total, net position decreased \$827,275.30, which represents an 785% decrease from 2016. Net position of governmental activities decreased \$827,413.85 while net position of business-type activity increased by \$138.55. These variances are primarily the result of excess miscellaneous revenues and unexpended budget appropriations, increase in net pension liability, and changes in compensated absences in 2016-17 and increased operating grants, service charges of the business-type activities.
- General revenues accounted for \$40,452,656.18 in revenue or 96.72 percent of all district revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,373,145.03 or 3.28 percent of total revenues of \$41,825,801.21.
- The School District had \$42,221,189.24 in expenses related to governmental activities; only \$941,461.47 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants, entitlements and property taxes) of \$40,452,313.92 were adequate to provide for these programs.

**USING THIS ANNUAL REPORT**

This discussion and analysis are intended to serve as an introduction to the Borough of Pompton Lakes Board of Education’s basic financial statements. The Borough of Pompton Lakes Board of Education’s basic financial statements are comprised of three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**BOROUGH OF POMPTON LAKES BOARD OF EDUCATION  
POMPTON LAKES, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)**

**USING THIS ANNUAL REPORT, (continued)**

**District-Wide Financial Statements**

The *district-wide financial statements* are designed to provide readers with a broad overview of the Borough of Pompton Lakes 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 Borough of Pompton Lakes Board of Education's position and liabilities using the accrual basis of accounting, with the difference between the two 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 Borough of Pompton Lakes Board of Education is improving or deteriorating.

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*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the district-wide financial statements distinguish functions of the Borough of Pompton Lakes Board of Education that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Borough of Pompton Lakes Board of Education include instruction, support services and special schools. The business-type activities of the Borough of Pompton Lakes Board of Education include the food service program.

**Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Borough of Pompton Lakes Board of Education, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of these funds of the Borough of Pompton Lakes Board of Education can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**BOROUGH OF POMPTON LAKES BOARD OF EDUCATION  
POMPTON LAKES, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)**

**USING THIS ANNUAL REPORT, (continued)**

**Governmental Funds**

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflow of spendable resources*, as well as on balances of *spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Borough of Pompton Lakes Board of Education maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, special revenue fund, capital projects and debt service fund which are all considered to be major funds.

The Borough of Pompton Lakes Board of Education adopts annual appropriated budgets for its governmental funds except for the capital projects fund. A budgetary comparison statement has been provided for the general fund, special revenue fund and debt service fund to demonstrate compliance with their budgets.

**Proprietary Funds**

The Borough of Pompton Lakes Board of Education maintains one proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the district-wide financial statements. The Borough of Pompton Lakes Board of Education uses enterprise funds to account for its food service program.

Proprietary funds provide the same type of information as the district-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the local district services operations.



**BOROUGH OF POMPTON LAKES BOARD OF EDUCATION  
POMPTON LAKES, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)**

**USING THIS ANNUAL REPORT, (continued)**

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are *not* reflected in the district-wide financial statements because the resources of those funds are *not* available to support the Borough of Pompton Lakes Board of Education'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.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning budgetary information for the District's major funds.

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the Required Supplemental Information and the Supplemental Information identified above. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

**DISTRICT-WIDE FINANCIAL ANALYSIS**

The Statement of Net Position provides the perspective of the District as a whole. Net position may, over time, serve as a useful indicator of a government's financial position.

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.

**BOROUGH OF POMPTON LAKES BOARD OF EDUCATION  
POMPTON LAKES, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)**

**DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)**

The School District's net positions were \$(932,550.25) at June 30, 2017 and \$(105,274.95) at June 30, 2016. Restricted items of net position are reported separately to show legal constraints that limit the School District's ability to use those items of net position for day-to-day operations. Our analysis below focuses on the net position for 2017 compared to 2016 (Table 1) and change in net position (Table 2) of the School District.

**Table 1**

**Net Position  
June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	Restated <u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	Restated <u>2016</u>
Current and Other Assets	\$4,130,324.36	\$4,084,940.42	\$145,550.90	\$180,841.75	\$4,275,875.26	\$4,265,782.17
Capital Assets	<u>9,588,220.80</u>	<u>10,043,141.71</u>	<u>116,094.63</u>	<u>101,695.43</u>	<u>9,704,315.43</u>	<u>10,144,837.14</u>
Total Assets	<u>13,718,545.16</u>	<u>14,128,082.13</u>	<u>261,645.53</u>	<u>282,537.18</u>	<u>13,980,190.69</u>	<u>14,410,619.31</u>
Deferred Outflows	<u>4,177,200.00</u>	<u>2,173,573.00</u>	_____	_____	<u>4,177,200.00</u>	<u>2,173,573.00</u>
Other Liabilities	1,030,351.48	928,679.65	2,332.00	_____	1,032,683.48	928,679.65
Long Term Liabilities	<u>17,543,988.46</u>	<u>15,243,180.41</u>	_____	_____	<u>17,543,988.46</u>	<u>15,243,180.41</u>
Total Liabilities	<u>18,574,339.94</u>	<u>16,171,860.06</u>	<u>2,332.00</u>	_____	<u>18,576,671.94</u>	<u>16,171,860.06</u>
Deferred Inflows	<u>513,269.00</u>	<u>494,245.00</u>	_____	_____	<u>513,269.00</u>	<u>494,245.00</u>
Net Position						
Invested in Capital Assets	5,509,356.34	5,670,311.51	116,094.63	101,695.43	5,625,450.97	5,772,006.94
Restricted	3,317,140.44	3,233,362.68	_____	_____	3,317,140.44	3,233,362.68
Unrestricted	<u>(10,018,360.56)</u>	<u>(9,268,124.12)</u>	<u>143,218.96</u>	<u>157,479.55</u>	<u>(9,875,141.60)</u>	<u>(9,110,644.57)</u>
Total Net Position	<u>(\$1,191,863.78)</u>	<u>(\$364,449.93)</u>	<u>\$259,313.59</u>	<u>\$259,174.98</u>	<u>(\$932,550.19)</u>	<u>(\$105,274.95)</u>

**BOROUGH OF POMPTON LAKES BOARD OF EDUCATION  
POMPTON LAKES, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)**

**DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)**

Table 2 below shows the changes in net position for fiscal year 2017 compared to 2016.

**Table 2  
Changes in Net Position  
Year Ended June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Revenues</b>						
Program Revenues:						
Charges for Services and Sales	\$	\$	\$255,396.19	\$247,703.78	\$255,396.19	\$247,703.78
Operating Grants and Contributions	941,461.47	986,434.31	176,287.37	165,215.13	1,117,748.84	1,151,649.44
General Revenues:						
Taxes:						
Property taxes	23,742,959.00	23,556,059.00			23,742,959.00	23,556,059.00
Federal and State Aid not Restricted	13,861,673.49	11,913,223.88			13,861,673.49	11,913,223.88
State Aid - Facilities Grant	4,035.84	300,595.17			4,035.84	300,595.17
Other Income	<u>2,843,645.59</u>	<u>2,946,805.39</u>	<u>342.26</u>	<u>56.78</u>	<u>2,843,987.85</u>	<u>2,946,862.17</u>
Total Revenues and Transfers	<u>41,393,775.39</u>	<u>39,703,117.75</u>	<u>432,025.82</u>	<u>412,975.69</u>	<u>41,825,801.21</u>	<u>40,116,093.44</u>

**BOROUGH OF POMPTON LAKES BOARD OF EDUCATION  
POMPTON LAKES, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)**

**DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Functions/Program Expenses</b>						
Instruction:						
Regular	\$12,958,296.59	\$12,325,393.34			\$12,958,296.59	\$12,325,393.34
Special	4,830,087.21	4,529,837.51			4,830,087.21	4,529,837.51
Other Special Instruction	720,609.79	763,986.65			720,609.79	763,986.65
Other Instruction	769,639.77	733,361.60			769,639.77	733,361.60
Support Services:						
Tuition	1,449,344.20	1,103,464.80			1,449,344.20	1,103,464.80
Student & Instruction Related Services	3,656,586.15	3,702,995.94			3,656,586.15	3,702,995.94
School Administrative Services	2,323,962.72	2,201,373.24			2,323,962.72	2,201,373.24
General Administrative Services	553,758.62	524,759.47			553,758.62	524,759.47
Central Services and Admin. Info. Tech.	870,309.82	730,231.24			870,309.82	730,231.24
Plant Operations and Maintenance	3,202,032.38	3,458,355.93			3,202,032.38	3,458,355.93
Pupil Transportation	823,550.99	638,002.25			823,550.99	638,002.25
Unallocated Benefits	9,464,827.49	7,685,505.92			9,464,827.49	7,685,505.92
Unallocated depreciation	494,293.00	427,488.77			494,293.00	427,488.77
Interest on Long-Term Debt	103,446.00	112,039.83			103,446.00	112,039.83
Capital Outlay	444.51	445.49			444.51	445.49
Food Service	<u>                    </u>	<u>                    </u>	<u>\$431,887.27</u>	<u>\$433,625.51</u>	<u>431,887.27</u>	<u>433,625.51</u>
Total Expenses and Transfers	<u>42,221,189.24</u>	<u>38,937,241.98</u>	<u>431,887.27</u>	<u>433,625.51</u>	<u>42,653,076.51</u>	<u>39,370,867.49</u>
Increase or (Decrease) in Net Position	<u><u>(\$827,413.85)</u></u>	<u><u>\$765,875.77</u></u>	<u><u>\$138.55</u></u>	<u><u>(\$20,649.82)</u></u>	<u><u>(\$827,275.30)</u></u>	<u><u>\$745,225.95</u></u>

**BOROUGH OF POMPTON LAKES BOARD OF EDUCATION  
POMPTON LAKES, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)**

**DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)**

As reported in the Statement of Activities the cost of all of our governmental and business-type activities this year was \$42,221,189.24. However, the amount that our taxpayers ultimately financed for these activities through School District taxes was only \$23,742,959.00 because some of the cost was paid by those who benefited from the programs \$255,396.19, by other governments and organizations who subsidized certain programs with grants and contributions \$1,117,748.84, and by miscellaneous sources \$16,709,697.18.

Revenues for the District's business-type activities (food service program) were comprised of charges for services and federal and state subsidy reimbursements. Significant financial results include the following:

- ✓ Food service revenues exceeded expenses by \$138.55.
- ✓ Charges for services provided totaled \$255,396.19. This represents amounts paid by consumers for daily food services.
- ✓ Federal and state reimbursement for meals served, including payments for free and reduced priced lunches, and donated commodities was \$176,287.37.

**MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS**

The School District's budgets are prepared according to New Jersey law, and are based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted funds are the general fund and the special revenue fund.

During the fiscal year ended June 30, 2017, the School District amended the budgets of these major governmental funds several times. Revisions in the budget were made to recognize revenues that were not anticipated and/or to prevent over-expenditures in specific line item accounts. Several of these revisions bear notation:

- TPAF, which is the state's contribution to the pension fund, is neither a revenue item nor an expenditures item to the district but is required to be reflected in the financial statements.
- The special revenue fund was increased by \$45,973.60 for increase in federal and local grant awards.

**BOROUGH OF POMPTON LAKES BOARD OF EDUCATION  
POMPTON LAKES, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)**

**MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS, (continued)**

General Fund

The general fund actual revenue was \$34,665,715.08. That amount is \$4,428,067.08 above the final amended budget of \$30,237,648.00. The variance between the actual revenues and final budget was the result of non-budgeted on-behalf payments of \$4,031,245.49 for TPAF pension and social security reimbursements and \$396,821.59 for excesses in other anticipated revenues.

The actual expenditures of the general fund were \$34,603,677.51 including transfers which is \$3,585,398.48 above the final amended budget of \$31,018,279.03. The variance between the actual expenditures and final budget was due to non-budget on-behalf payments of \$4,031,245.49 for TPAF pension and social security reimbursements, \$455,469.51 of unexpended budgeted funds and non-budgeted capital leases of \$9,622.50.

General fund had total revenues and other financing sources of \$34,781,175.61 and total expenditures of \$34,603,677.51 with an ending fund balance of \$3,928,396.63 on the budgetary basis of accounting.

Special Revenue Fund

The special revenue fund actual revenue was \$829,756.89. That amount is \$37,372.61 less than the final amended budget \$867,129.50.

The actual expenditures of the special revenue fund were \$829,756.89, which is \$37,372.61 less than the final amended budget of \$867,129.50.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital Assets

At the end of fiscal year 2017 the School District had \$31,068,044.11 invested in sites, buildings and equipment. Of this amount, \$21,363,728.68 in depreciation has been taken over the years. We currently have a net book value of \$9,704,315.43. Total additions for the year were \$198,045.29, the majority of which was for construction in progress, facility improvements and various equipment. Table 3 shows fiscal year 2017 balances compared to 2016.

**BOROUGH OF POMPTON LAKES BOARD OF EDUCATION  
POMPTON LAKES, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)**

**CAPITAL ASSETS AND DEBT ADMINISTRATION, (continued)**

**Table 3  
Capital Assets at June 30,  
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$1,594,700.00	\$1,594,700.00			\$1,594,700.00	\$1,594,700.00
Construction in Progress		2,549,217.56			0.00	2,549,217.56
Buildings and Improvements	7,519,131.80	5,232,276.70			7,519,131.80	5,232,276.70
Furniture, Equipment and Vehicles	<u>474,389.00</u>	<u>1,282,490.00</u>	<u>\$116,094.63</u>	<u>\$126,478.43</u>	<u>590,483.63</u>	<u>1,408,968.43</u>
	<u>\$9,588,220.80</u>	<u>\$10,658,684.26</u>	<u>\$116,094.63</u>	<u>\$126,478.43</u>	<u>\$9,704,315.43</u>	<u>\$10,785,162.69</u>

For more detailed information, please refer to the Notes to Basic Financial Statements.

**Outstanding Long-Term Liabilities**

At June 30, 2017, the District had \$17,543,988.46 of long-term liabilities. Of this amount, \$501,920.00 is for compensated absences; \$2,376,000.00 is for serial bonds for school construction, \$1,342,864.46 is for capital leases and \$12,963,204.00 is for net pension liability.

**Table 4  
Outstanding Serial Bonds at June 30,**

	<u>2017</u>	<u>2016</u>
2009 School Bonds	<u>\$2,736,000.00</u>	<u>\$3,011,000.00</u>
Total	<u>\$2,736,000.00</u>	<u>\$3,011,000.00</u>

**BOROUGH OF POMPTON LAKES BOARD OF EDUCATION  
POMPTON LAKES, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)**

**CAPITAL ASSETS AND DEBT ADMINISTRATION, (continued)**

**Factors Bearing on the District's Future Revenue/Expense Changes**

At the time these financial statements were prepared and audited, the District was aware of two existing circumstances that could significantly affect its financial health in the future:

- Significant increases for most District insurance policies.
- Continued fiscal problems at the state level which could affect future state aid revenue.

**CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact Renee Taveniere, School Business Administrator/Board Secretary at Borough of Pompton Lakes Board of Education, 237 Van Avenue, Pompton Lakes, NJ, 07442.



# **BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS**

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2017**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	-	128,142.98	128,142.98
Receivables, net	1,172,823.62	10,172.77	1,182,996.39
Inventory		7,235.15	7,235.15
Restricted Assets:			
Cash and Cash Equivalents	2,957,500.74		2,957,500.74
Capital Assets:			
Land and Construction in Progress	1,594,700.00		1,594,700.00
Other Capital Assets, net	7,993,520.80	116,094.63	8,109,615.43
Total Assets	<u>13,718,545.16</u>	<u>261,645.53</u>	<u>13,980,190.69</u>
<b>DEFERRED OUTFLOWS</b>			
Deferred Outflows of Resources Related to PERS - Pension	<u>4,177,200.00</u>		<u>4,177,200.00</u>
<b>LIABILITIES</b>			
Cash Deficit	(327,140.94)		(327,140.94)
Accounts Payable and Accrued Liabilities	651,349.93	-	651,349.93
Payable to State Government	26,106.00		26,106.00
Unearned Revenue	25,754.61	2,332.00	28,086.61
Noncurrent Liabilities:			
Due within one year	463,117.54		463,117.54
Due beyond one year	17,080,870.92		17,080,870.92
Total Liabilities	<u>17,920,058.06</u>	<u>2,332.00</u>	<u>17,922,390.06</u>
<b>DEFERRED INFLOWS</b>			
Deferred Inflows of Resources Related to PERS - Pension	<u>513,269.00</u>		<u>513,269.00</u>
<b>NET POSITION</b>			
Invested in Capital Assets	5,509,356.34	116,094.63	5,625,450.97
Restricted for:			
Capital Projects	2,175,328.66		2,175,328.66
Other Purposes	1,141,811.78		1,141,811.78
Unrestricted (Deficit)	<u>(10,018,360.56)</u>	<u>143,218.90</u>	<u>(9,875,141.66)</u>
Total Net Position	<u><u>(1,191,863.78)</u></u>	<u><u>259,313.53</u></u>	<u><u>(932,550.25)</u></u>

See Accompanying Notes to Financial Statements.

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Statement of Activities**  
**For the Year Ended June 30, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	10,457,401.82	2,500,894.76		689,743.47	(12,268,553.12)		(12,268,553.12)
Special Education	3,820,807.18	1,009,280.03			(4,830,087.21)		(4,830,087.21)
Other Special Instruction	566,204.44	154,405.35			(720,609.79)		(720,609.79)
Other Instruction	644,788.80	124,850.97			(769,639.77)		(769,639.77)
Support services:							
Tuition	1,449,344.20	-			(1,449,344.20)		(1,449,344.20)
Student & Instruction Related Services	2,955,605.66	700,980.49		134,867.00	(3,521,719.15)		(3,521,719.15)
School Administrative Services	1,788,754.57	535,208.16			(2,323,962.72)		(2,323,962.72)
General Administrative Services	477,624.08	76,134.54			(553,758.62)		(553,758.62)
Central Services & Admin. Info. Technology	690,971.17	179,338.65			(870,309.82)		(870,309.82)
Plant Operations and Maintenance	2,790,796.39	411,235.99			(3,202,032.38)		(3,202,032.38)
Pupil Transportation	823,550.99	-			(823,550.99)		(823,550.99)
Unallocated Benefits	9,464,827.49	-			(9,464,827.49)		(9,464,827.49)
Capital Outlay - Non-depreciable	444.51	-			(444.51)		(444.51)
Interest on Long-term Debt	103,446.00	-		116,851.00	13,405.00		13,405.00
Unallocated Depreciation	494,293.00	-			(494,293.00)		(494,293.00)
Total Governmental Activities	<u>36,528,860.30</u>	<u>5,692,328.94</u>	<u>-</u>	<u>941,461.47</u>	<u>(41,279,727.77)</u>	<u>-</u>	<u>(41,279,727.77)</u>
Business-type Activities:							
Food Service	431,887.27		255,396.19	176,287.37		(203.71)	(203.71)
Total Business-type Activities	<u>431,887.27</u>		<u>255,396.19</u>	<u>176,287.37</u>		<u>(203.71)</u>	<u>(203.71)</u>
Total Primary Government	<u>36,960,747.57</u>		<u>255,396.19</u>	<u>1,117,748.84</u>	<u>(41,279,727.77)</u>	<u>(203.71)</u>	<u>(41,279,931.48)</u>
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					23,478,614.00		23,478,614.00
Taxes Levied for Debt Service					264,345.00		264,345.00
Federal and State Aid not Restricted					13,861,673.49		13,861,673.49
Tuition					2,676,767.31		2,676,767.31
Rental Income					26,515.00		26,515.00
Investment Earnings					8,337.16	342.26	8,679.42
Miscellaneous Income					105,926.12		105,926.12
Cancellation of Accounts Receivable/Payable					26,100.00		26,100.00
State Aid - Capital Outlay Facilities Grant					535.84		535.84
Federal and State Aid - Capital Outlay					3,500.00		3,500.00
Total General Revenues, Special Items, Extraordinary Items and Transfers					<u>40,452,313.92</u>	<u>342.26</u>	<u>40,452,656.18</u>
Change in Net Position					<u>(827,413.85)</u>	<u>138.55</u>	<u>(827,275.30)</u>
Net Position—Beginning (Restated)					<u>(364,449.93)</u>	<u>259,174.98</u>	<u>(105,274.95)</u>
Net Position—Ending					<u>(1,191,863.78)</u>	<u>259,313.53</u>	<u>(932,550.25)</u>

See Accompanying Notes to Financial Statements.

**FUND FINANCIAL STATEMENTS**

## BOROUGH OF POMPTON LAKES SCHOOL DISTRICT

**Balance Sheet**  
**Governmental Funds**  
**June 30, 2017**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Capital Projects Fund</b>	<b>Debt Service Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and Cash Equivalents					
Interfund Receivables	371,043.11				371,043.11
Receivables from Other Governments	477,862.82	64,228.00	365,221.39		907,312.21
Tuitions/Transportation Fees Receivable	239,068.92				239,068.92
Other Receivables	22,407.24	1,998.40			24,405.64
Restricted Cash and Cash Equivalents	2,957,500.74				2,957,500.74
Total Assets	<u>4,067,882.83</u>	<u>66,226.40</u>	<u>365,221.39</u>		<u>4,499,330.62</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Cash Deficit	327,140.94				
Accounts Payable	197,038.26	12,005.92			209,044.18
Interfund Payables		3,784.87	365,221.39		369,006.26
Payable to State Government		26,106.00			26,106.00
Unearned Revenue	1,425.00	24,329.61			25,754.61
Total Liabilities	<u>525,604.20</u>	<u>66,226.40</u>	<u>365,221.39</u>		<u>629,911.05</u>
Fund Balances:					
Restricted for:					
Excess Surplus -- Designated for					
Subsequent Year's Expenditures	295,761.83				295,761.83
Capital Reserve Account	2,175,328.66				2,175,328.66
Maintenance Reserve Account	782,172.08				782,172.08
Assigned to:					
Other Purposes	63,877.87				63,877.87
Unassigned:					
General Fund	225,138.19				225,138.19
Total Fund Balances	<u>3,542,278.63</u>				<u>3,542,278.63</u>
Total Liabilities and Fund Balances	<u>4,067,882.83</u>	<u>66,226.40</u>	<u>365,221.39</u>		

Amounts reported for governmental activities in the statement of Net Position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$30,748,969.80 and the accumulated depreciation is \$21,160,749.00.	9,588,220.80
Accrued liability for interest on long-term debt is not due and payable in the current period and is not reported as a liability in the funds.	(34,023.75)
Accounts Payable for subsequent Pension payment is not a payable in the funds	(408,282.00)
Deferred Outflows and Inflows of resources are applicable to future periods and therefore are not reported in the funds.	
Deferred Outflows of Resources Related to PERS	
Pension Liability	4,177,200.00
Deferred Inflows of Resources Related to PERS	
Pension Liability	(513,269.00)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(17,543,988.46)
Net Position of governmental activities	<u>(1,191,863.78)</u>

See Accompanying Notes to Financial Statements.

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2017**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local Sources:					
Local Tax Levy	23,478,614.00			264,345.00	23,742,959.00
Tuition Charges - Individuals	16,440.00				16,440.00
Tuition Charges - Other LEAs	2,660,327.31				2,660,327.31
Rental Income	26,515.00				26,515.00
Interest Earned on Investments	8,337.16				8,337.16
Miscellaneous	105,926.12	39,173.47			145,099.59
Total - Local Sources	<u>26,296,159.59</u>	<u>39,173.47</u>		264,345.00	<u>26,599,678.06</u>
State Sources	8,356,527.49	122,891.00	535.84	116,851.00	8,596,805.33
Federal Sources	5,684.00	666,046.00			671,730.00
Total Revenues	<u>34,658,371.08</u>	<u>828,110.47</u>	<u>535.84</u>	<u>381,196.00</u>	<u>35,868,213.39</u>
<b>EXPENDITURES</b>					
Current:					
Regular Instruction	9,801,365.55	689,743.47			10,491,109.02
Special Education Instruction	3,820,807.18				3,820,807.18
Other Special Instruction	566,204.44				566,204.44
Other Instruction	644,788.80				644,788.80
Support Services and Undistributed Costs:					
Tuition	1,449,344.20				1,449,344.20
Student & Instruction Related Services	2,825,848.72	134,867.00			2,960,715.72
School Administrative Services	1,805,938.04				1,805,938.04
General Administrative Services	477,624.08				477,624.08
Central Services & Admin. Info. Technology	694,947.66				694,947.66
Plant Operations and Maintenance	2,759,407.41				2,759,407.41
Pupil Transportation	823,550.99				823,550.99
Unallocated Benefits	8,775,577.43				8,775,577.43
Capital Outlay	158,273.01	3,500.00	1,339.59		163,112.60
Debt Service:					
Principal				275,000.00	275,000.00
Interest and Other Charges				106,196.00	106,196.00
Total Expenditures	<u>34,603,677.51</u>	<u>828,110.47</u>	<u>1,339.59</u>	<u>381,196.00</u>	<u>35,814,323.57</u>
Excess (Deficiency) of Revenues					
Over Expenditures	<u>54,693.57</u>		<u>(803.75)</u>		<u>53,889.82</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Canceled Intergovernmental Accounts Receivable			(17,400.00)		(17,400.00)
Capital Leases	9,622.50				9,622.50
Canceled Contracts Payable			43,500.00		43,500.00
Transfers in	105,838.03				105,838.03
Transfers out			(105,838.03)		(105,838.03)
Total other financing sources and (uses)	<u>115,460.53</u>		<u>(79,738.03)</u>		<u>35,722.50</u>
Net Change in Fund Balances	170,154.10		(80,541.78)		89,612.32
Fund Balance—July 1	3,372,124.53		80,541.78		3,452,666.31
Fund Balance (Deficit)—June 30	<u>3,542,278.63</u>				<u>3,542,278.63</u>

See Accompanying Notes to Financial Statements.

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended June 30, 2017**

**Total net change in fund balances - governmental funds (from B-2)** 89,612.32

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

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

	Depreciation Expense	(617,589.00)	
	Depreciable Capital Outlays	<u>162,668.09</u>	(454,920.91)

Repayment of long-term debt is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of Net Position and is not reported in the statement of activities. In the current year, these amounts consist of:

Bond Principal		275,000.00	
Capital Leases Principal		148,173.95	

Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of NET POSITION. Prior Year Capital Lease Proceeds Realized in Current Year

(129,208.21)

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest net adjustment in the reconciliation.

2,750.00

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

(Increase)/Decrease in Compensated Absences Payable		65,880.00	
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District pension contributions are reported as expenditures in the governmental funds when made. However, per GASB No. 68 they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

District Pension Contributions		388,840.00	
Less: Pension Expense		<u>(1,213,541.00)</u>	
(Increase)/Decrease in Pension Expense			(824,701.00)

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

Increase in On-behalf State Aid TPAF Pension		5,499,462.00	
Increase in On-behalf TPAF Pension Expense		(5,499,462.00)	

<b>Change in Net Position of governmental activities</b>			<u><u>(827,413.85)</u></u>
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See Accompanying Notes to Financial Statements.



**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2017**

	<b>Business-Type Activities - Enterprise Fund</b>
	<b>Food Service Program</b>
 <b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	128,142.98
Accounts Receivable:	
State	275.87
Federal	9,896.90
Inventories	7,235.15
Total Current Assets	145,550.90
Noncurrent Assets:	
Capital Assets:	
Equipment	319,074.31
Less Accumulated Depreciation	(202,979.68)
Total Capital Assets (Net of Accumulated Depreciation)	116,094.63
Total Assets	261,645.53
 <b>LIABILITIES</b>	
Current Liabilities:	
Deferred Revenue	2,332.00
Total Current Liabilities	2,332.00
Total Liabilities	2,332.00
 <b>NET POSITION</b>	
Invested in Capital Assets Net of Related Debt	116,094.63
Unrestricted	143,218.90
Total Net Position	259,313.53

See Accompanying Notes to Financial Statements.

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2017**

	<u><b>Business-Type Activities - Enterprise Fund Food Service Program</b></u>
Operating Revenues:	
Charges for Services:	
Daily Sales - Reimbursable Programs	159,372.96
Daily Sales - Non-Reimbursable Programs	93,176.85
Miscellaneous Program Fees	2,846.38
Total Operating Revenues	<u>255,396.19</u>
Operating Expenses:	
Cost of sales-reimbursable programs	158,867.40
Cost of sales-non-reimbursable programs	43,920.44
Salaries, Benefits and Payroll Taxes	186,289.79
Supplies and Materials	1,747.93
Purchased Professional Services	9,928.00
Cleaning Repair & Maintenance	3,103.85
Purchased Services	7,051.86
Depreciation	20,978.00
Total Operating Expenses	<u>431,887.27</u>
Operating Income (Loss)	<u>(176,491.08)</u>
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	4,043.07
Federal Sources:	
National School Lunch Program	133,303.56
National School Breakfast Program	5,769.12
HHFKA	5,197.62
Food Distribution Program	27,974.00
Interest and Investment Revenue	342.26
Total Nonoperating Revenues (Expenses)	<u>176,629.63</u>
Income (Loss) Before Contributions & Transfers	138.55
Transfers In (Out)	
Change in Net Position	<u>138.55</u>
Total Net Position—Beginning	<u>259,174.98</u>
Total Net Position—Ending	<u><u>259,313.53</u></u>

**See Accompanying Notes to Financial Statements.**

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2017**

	<u><b>Business-Type Activities - Enterprise Fund Food Service Program</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from Customers	258,113.03
Payments to Suppliers	(1,747.93)
Payments for Miscellaneous Expenses	(3,103.85)
Payments to Food Service Management Company	(403,016.14)
Net Cash Provided by (Used for) Operating Activities	<u>(149,754.89)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
State Sources	4,066.56
Federal Sources	144,875.51
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>148,942.07</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchases of Capital Assets	(35,377.20)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(35,377.20)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest and dividends	342.26
Net Cash Provided by (Used for) Investing Activities	<u>342.26</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(35,847.76)
Balances—Beginning of Year	163,990.74
Balances—End of Year	<u><u>128,142.98</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>	
Operating Income (Loss)	(176,491.08)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Depreciation and Net Amortization	20,978.00
Food Distribution Program Donated Commodities	27,974.00
(Increase) Decrease in Accounts Receivable, Net	384.84
(Increase) Decrease in Inventories	(1,570.45)
Increase (Decrease) in Accounts Payable	(23,362.20)
Increase (Decrease) in Other Current Liabilities	2,332.00
Total Adjustments	<u>26,736.19</u>
Net Cash Provided by (Used for) Operating Activities	<u><u>(149,754.89)</u></u>

**See Accompanying Notes to Financial Statements.**

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2017**

	<u>Unemployment Compensation Trust Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	316,248.39	683,421.61
Total Assets	<u>328,791.57</u>	<u>683,421.61</u>
<b>LIABILITIES</b>		
Payable to Student Groups		219,779.18
Interfund Payable		14,580.03
Payroll Deductions and Withholdings	6,062.03	449,062.40
Total Liabilities	<u>6,062.03</u>	<u>683,421.61</u>
<b>NET POSITION</b>		
Held in Trust for Unemployment Claims and Other Purposes	<u>322,729.54</u>	

**See Accompanying Notes to Financial Statements.**

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2017**

	<b>Unemployment Compensation Trust Fund</b>
<b>ADDITIONS</b>	
Contributions:	
Plan Member	52,069.83
Total Contributions	52,069.83
Investment Earnings:	
Interest	556.13
Net Investment Earnings	556.13
Total Additions	52,625.96
<b>DEDUCTIONS</b>	
Quarterly Contribution Reports	22,103.64
Unemployment Claims	419.62
Total Deductions	22,523.26
Change in Net Position	30,102.70
Net Position—Beginning of the Year	292,626.84
Net Position—End of the Year	322,729.54

See Accompanying Notes to Financial Statements.

**NOTES TO THE FINANCIAL STATEMENTS**

**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY:**

The Board of Education (“Board”) of the Borough of Pompton Lakes School District (“District”) is an instrumentality of the State of New Jersey, established to function as an educational institution. The Borough of Pompton Lakes School District is a Type II district located in the County of Passaic, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms, plus one member from Riverdale, representing their sending relationship to Pompton Lakes High School. The purpose of the District is to educate students in grades K-12. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board’s duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

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

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, “Defining the Financial Reporting Entity” establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include elementary schools, a middle school and a high school, located in the Borough of Pompton Lakes. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

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

**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**A. Basis of Presentation:**

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

**District-wide Financial Statements:**

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

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

**Fund Financial Statements:**

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



**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**A. Basis of Presentation: (continued)**

**GOVERNMENTAL FUNDS**

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

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

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

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

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

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

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

**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**A. Basis of Presentation:**

**PROPRIETARY FUNDS**

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

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

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

**FIDUCIARY FUNDS**

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

**B. Measurement Focus:**

**District-wide Financial Statements**

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

**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**B. Measurement Focus: (continued)**

**Fund Financial Statements**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the District-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

**C. Basis of Accounting:**

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

**Revenues - Exchange and Non-exchange Transactions**

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

**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**C. Basis of Accounting: (continued)**

**Revenues - Exchange and Non-exchange Transactions, (continued)**

Nonexchange transactions, in which the Board receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Board must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Board on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under GAAP, in accordance with GASB No. 33, Accounting and Financial Reporting for Nonexchange Transactions, the last state aid payment is not considered revenue to the school district if the state has not recorded the corresponding expenditure, even though state law dictates recording the revenue.

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

**Expenses/Expenditures**

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

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

**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**D. Budgets/Budgetary Control:**

Annual appropriated budgets are adopted in the spring of the preceding year for the general, and special revenue funds. The budgets are submitted to the county superintendents office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2(g)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. The Board of Education appropriated \$241,200.00 from their capital reserve during the year for construction services. In addition, \$103,276.88 was appropriated from the maintenance reserve for lease payments for the District's energy services improvement program.

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

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

**E. Encumbrances:**

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

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

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

**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**F. Cash, Cash Equivalents and Investments:**

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

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

Additionally, the Board has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

**G. Tuition Revenues/Receivable**

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

**H. Tuition Payable:**

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

**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**I. Inventories:**

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

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

**J. Prepaid Items:**

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

**K. Short-Term Interfund Receivables/Payables:**

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

**L. Capital Assets:**

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

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

**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**L. Capital Assets: (continued)**

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

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

**M. Compensated Absences:**

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

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

**N. Unearned Revenue:**

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

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

**O. Accrued Liabilities and Long-term Obligations:**

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



**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**O. Accrued Liabilities and Long-term Obligations: (continued)**

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

**P. Accounting and Financial Reporting for Pensions:**

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

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

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

**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**P. Accounting and Financial Reporting for Pensions: (continued)**

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

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

**Q. Deferred Outflows/Inflows of Resources**

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

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

**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**R. Fund Balances:**

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

- **Nonspendable** fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).
- **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of resource providers.
- **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Board's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.
- **Assigned** fund balance comprises amounts *intended* to be used by the Board for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- **Unassigned** fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

**S. Net Position:**

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

**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**S. Net Position: (continued)**

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

**T. Operating Revenues and Expenses:**

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

**U. Extraordinary and Special Items:**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board and that are either unusual in nature or infrequent in occurrence.

**V. Allocation of Indirect Expenses:**

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

**W. Use of Estimates:**

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

**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**X. Recent Accounting Pronouncements:**

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

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

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

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

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

**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**X. Recent Accounting Pronouncements: (continued)**

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

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

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

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

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

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 82, *Pension Issues - an Amendment of GASB Statements No. 67, No. 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statement No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68*,

**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**X. Recent Accounting Pronouncements: (continued)**

*and Amendments to Certain Provisions of GASB Statements 67 and 68.* This Statement is effective for reporting periods beginning after June 15, 2016. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice.

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

In January 2017, the Government Accounting Standards Board issued GASB Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities. The District is currently evaluating the effects, if any, this Statement may have on future financial statements.

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

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

**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS:**

**Cash**

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2017, \$-0- of the District's bank balance of \$4,328,116.91 was exposed to custodial credit risk.

**Investments**

**Investment Rate Risk**

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

**Credit Risk**

New Jersey Statutes 18A:20-37 limits school district investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the school districts or bonds or other obligations of the local unit or units within which the school district is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

**Concentration of Credit Risk**

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



**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 4. RECEIVABLES:**

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

	Governmental Fund Financial <u>Statements</u>	Enterprise Fund	District Wide Financial <u>Statements</u>
State Aid	\$830,176.40	\$275.87	\$830,452.27
Federal Aid	52,023.58	9,896.90	61,920.48
Tuition/Transportation Fees	239,068.92		239,068.92
Interfunds	371,043.11		2,036.85
Other	<u>49,517.87</u>		<u>49,517.87</u>
Gross Receivables	1,541,829.88	<u>10,172.77</u>	1,182,996.39
Less: Allowance for Uncollectibles			
Total Receivables, Net	<u>\$1,541,829.88</u>	<u>\$10,172.77</u>	<u>\$1,182,996.39</u>

**NOTE 5. INTERFUND BALANCES AND ACTIVITY:**

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

Due to the General Fund from the Payroll Agency Fund for excess deposits	\$1,088.52
Due to the General Fund from Net Payroll Fund for excess deposits.	948.33
Due to the General Fund from the Special Revenue Fund for short term loans	3,784.87
Due to the General Fund from the Capital Projects Fund for short term loans	<u>365,221.39</u>
	<u>\$371,043.11</u>

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

During the year ended June 30, 2017, there was a transfer of \$105,838.03 from the Capital Projects Fund to the General Fund Capital Reserve for unexpended capital projects.

**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 6. CAPITAL ASSETS:**

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

	<u>Balance 6/30/16</u>	<u>Restate &amp; Prior Year Adj.</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/17</u>
<b>Governmental Activities</b>					
Capital Assets Not Being Depreciated:					
Land	\$1,594,700.00	\$	\$	\$	\$1,594,700.00
Construction in Progress	<u>2,549,217.56</u>	<u>(43,500.00)</u>	<u>10,962.09</u>	<u>(2,516,679.65)</u>	<u>0.00</u>
Total Capital Assets, Not Being Depreciated	<u>4,143,917.56</u>	<u>(43,500.00)</u>	<u>10,962.09</u>	<u>(2,516,679.65)</u>	<u>1,594,700.00</u>
Capital Assets Being Depreciated					
Buildings and Building Improvements	24,409,106.15	89,763.00	113,380.00	2,516,679.65	27,128,928.80
Machinery and Equipment	<u>2,213,263.00</u>	<u>(226,248.00)</u>	<u>38,326.00</u>	<u>                    </u>	<u>2,025,341.00</u>
Totals at Historical Cost	<u>26,622,369.15</u>	<u>(136,485.00)</u>	<u>151,706.00</u>	<u>2,516,679.65</u>	<u>29,154,269.80</u>
Less Accumulated Depreciation:					
Buildings and Improvements	(19,176,829.45)	(21,317.55)	(411,650.00)	<u>                    </u>	(19,609,797.00)
Equipment	<u>(930,773.00)</u>	<u>(414,240.00)</u>	<u>(205,939.00)</u>	<u>                    </u>	<u>(1,550,952.00)</u>
Total Accumulated Depreciation	<u>(20,107,602.45)</u>	<u>(435,557.55)</u>	<u>(617,589.00)</u>	<u>0.00</u>	<u>(21,160,749.00)</u>
Total Capital Assets, Being Depreciated, Net	<u>6,514,766.70</u>	<u>(572,042.55)</u>	<u>(465,883.00)</u>	<u>2,516,679.65</u>	<u>7,993,520.80</u>
Governmental Activities Capital Assets, Net	<u>\$10,658,684.26</u>	<u>(\$615,542.55)</u>	<u>(\$454,920.91)</u>	<u>\$0.00</u>	<u>\$9,588,220.80</u>
<b>Business-Type Activities</b>					
Equipment	\$283,697.11	\$	\$35,377.20	\$	\$319,074.31
Less Accumulated Depreciation:					
Equipment	<u>(182,001.68)</u>	<u>                    </u>	<u>(20,978.00)</u>	<u>                    </u>	<u>(202,979.68)</u>
Business-Type Activities Capital Assets, Net	<u>\$101,695.43</u>	<u>\$0.00</u>	<u>\$14,399.20</u>	<u>\$0.00</u>	<u>\$116,094.63</u>

Depreciation expense was charged governmental functions as follows:

Instruction - Regular	\$52,729.00
Student & Instruction Related Services	52,272.00
General Administrative Services	5,524.00
School Administrative Services	10,583.00
Plant Operations and Maintenance	51,552.00
Unallocated Depreciation	<u>444,929.00</u>
Total Depreciation Expense	<u>\$617,589.00</u>

**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 7. LONG-TERM OBLIGATION ACTIVITY:**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>	<u>Long-term Portion</u>
<b>Governmental Activities:</b>						
<b>Bonds Payable:</b>						
General Obligation Debt	<u>\$3,011,000.00</u>	<u>\$ _____</u>	<u>\$275,000.00</u>	<u>\$2,736,000.00</u>	<u>\$285,000.00</u>	<u>\$2,451,000.00</u>
Total Bonds Payable	<u>3,011,000.00</u>	<u>_____</u>	<u>275,000.00</u>	<u>2,736,000.00</u>	<u>285,000.00</u>	<u>2,451,000.00</u>
<b>Other Liabilities:</b>						
Compensated Absences Payable	567,800.00		65,880.00	501,920.00	35,000.00	466,920.00
Capital Lease Payable	1,491,038.41		148,173.95	1,342,864.46	143,117.54	1,199,746.92
Net Pension Liability	<u>10,173,342.00</u>	<u>2,789,862.00</u>	<u>_____</u>	<u>12,963,204.00</u>	<u>_____</u>	<u>12,963,204.00</u>
Total Other Liabilities	<u>12,232,180.41</u>	<u>2,789,862.00</u>	<u>214,053.95</u>	<u>14,807,988.46</u>	<u>178,117.54</u>	<u>14,629,870.92</u>
<b>Total Governmental Activities</b>	<u><u>\$15,243,180.41</u></u>	<u><u>\$2,789,862.00</u></u>	<u><u>\$489,053.95</u></u>	<u><u>\$17,543,988.46</u></u>	<u><u>\$463,117.54</u></u>	<u><u>\$17,080,870.92</u></u>

**A. Bonds Payable**

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

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

Outstanding bonds payable at June 30, 2017 consisted of the following:

<u>Issue</u>	<u>Issue Date</u>	<u>Interest Rates</u>	<u>Date of Maturity</u>	<u>Principal Balance June 30, 2017</u>
\$4,256,000.00 School Bonds, Series 2009	4/30/2009	3.00%-4.00%	9/1/2024	<u>\$2,736,000.00</u>

**Borough of Pompton Lakes School District**  
**Notes to the Basic Financial Statements**  
**for the fiscal year ended June 30, 2017**

**NOTE 7. LONG-TERM OBLIGATION ACTIVITY: (continued)**

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

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$285,000.00	\$97,618.13	\$382,618.13
2019	300,000.00	88,102.50	388,102.50
2020	335,000.00	77,177.50	412,177.50
2021	350,000.00	64,752.50	414,752.50
2022	360,000.00	51,215.00	411,215.00
2023-2025	<u>1,106,000.00</u>	<u>66,200.00</u>	<u>1,172,200.00</u>
	<u>\$2,736,000.00</u>	<u>\$445,065.63</u>	<u>\$3,181,065.63</u>

**B. Bonds Authorized But Not Issued**

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

**C. Capital Leases**

The District is leasing copiers and school energy improvements under capital leases. The school energy improvement program was completed in August of 2016. The balance of funds leftover from the project (\$119,846.72) was used to make the lease payments for September through June for the current period and July and part of August of the 2017/2018 school year. The following is a schedule of the future minimum lease payments under these capital leases and the net minimum lease payments at June 30, 2017:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$143,117.54	\$34,406.38	\$177,523.92
2019	97,905.35	30,898.57	128,803.92
2020	95,571.76	28,360.16	123,931.92
2021	98,164.70	25,767.22	123,931.92
2022	100,827.95	23,103.97	123,931.92
2023-2027	546,687.68	72,971.92	619,659.60
2028-2030	260,589.48	7,929.68	268,519.16
	<u>\$1,342,864.46</u>	<u>\$223,437.90</u>	<u>\$1,566,302.36</u>

All capital leases outstanding are presented on Schedule I-2 in this report.

**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 8. PENSION PLANS:**

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

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

**Benefits Provided**

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

The following represents the membership tiers for TPAF:

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

**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 8. PENSION PLANS: (continued)**

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

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

**Benefits Provided**

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

The following represents the membership tiers for PERS:

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

**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 8. PENSION PLANS: (continued)**

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

Defined Contribution Retirement Program

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

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

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

Contributions Requirements Fund Based Statements

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

Year	<u>PERS</u>	<u>DCRP</u>
<u>Ending</u> 6/30/17	\$388,840.00	\$22,762.54
6/30/16	389,627.00	18,403.81
6/30/15	390,770.00	13,168.52

**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 8. PENSION PLANS: (continued)**

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

<u>Year</u> <u>Ending</u>	<u>Pension</u> <u>Contributions</u>	<u>Post-Retirement</u> <u>Medical</u> <u>Contributions</u>	<u>NCGI</u> <u>Premium</u>	<u>LTD</u> <u>Liability</u>
6/30/17	\$1,554,988.00	\$1,342,604.00	\$56,341.00	\$2,886.00
6/30/16	1,091,104.00	1,363,921.00	54,352.00	
6/30/15	686,176.00	1,167,676.00	49,367.00	

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$1,074,426.49 during the year ended June 30, 2017 for the employer’s share of social security contributions for TPAF members as calculated on their base salaries. This amount has been included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13.

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

**Public Employees Retirement System (PERS)**

At June 30, 2017, the District had a liability of \$12,963,204.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2016, the District's proportion was 0.0437692764 percent, which was a decrease of (0.0015503219) percent from its proportion measured as of June 30, 2015.



**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 8. PENSION PLANS: (continued)**

For the year ended June 30, 2017, the District recognized pension expense of \$1,213,541.00. At June 30, 2017, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$2,685,284.00	\$
Difference in actual and expected experience	241,076.00	
Net difference between projected and actual earnings on pension plan investments	494,299.00	
Changes in proportion and differences between District contributions and proportionate share of contributions	348,259.00	513,269.00
District contributions subsequent to the measurement date	<u>408,282.00</u>	<u>                    </u>
Total	<u>\$4,177,200.00</u>	<u>\$513,269.00</u>

The \$408,282.00 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2017, the plan measurement date is June 30, 2016) will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$770,130.00
2018	770,130.00
2019	892,222.00
2020	749,597.00
2021	238,580.00

**Changes in Proportion**

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

**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 8. PENSION PLANS: (continued)**

**Additional Information**

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

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Collective deferred outflows of resources	\$8,685,338,380	\$3,578,755,666
Collective deferred inflows of resources	870,133,595	993,410,455
Collective net pension liability	29,617,131,759	22,447,996,119
District s Proportion	0.0437692764%	0.0453195983%

**Actuarial Assumptions**

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

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

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

**Mortality Rates**

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a

**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 8. PENSION PLANS: (continued)**

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

**Long-Term Rate of Return**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Markets	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Returns	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 8. PENSION PLANS: (continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 3.98% and 4.90% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

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

	June 30, 2016		
	1% Decrease	At Current Discount Rate	1% Increase
	<u>2.98%</u>	<u>3.98%</u>	<u>4.98%</u>
District's proportionate share of the pension liability	\$15,884,894	\$12,963,204	\$10,551,096

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS).

**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 8. PENSION PLANS: (continued)**

**Teachers Pensions and Annuity Fund (TPAF)**

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

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

Net Pension Liability:	
District's proportionate share	\$ -0-
State's proportionate share associated with the District	112,546,199.00
	<u>\$112,546,199.00</u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2016, the proportion of the TPAF net pension liability associated with the District was 0.1430677467%.

For the year ended June 30, 2017, the District recognized on-behalf pension expense and revenue of \$8,456,281.00 for contributions provided by the State in the District-Wide Financial Statements.

**Actuarial Assumptions**

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 8. PENSION PLANS: (continued)**

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

**Mortality Rates**

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

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

**Long-Term Expected Rate of Return**

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

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

**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 8. PENSION PLANS: (continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Emerging Markets Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	<u>3.75%</u>	3.49%
	<u>100.00%</u>	

**Discount Rate**

The discount rate used to measure the total pension liability was 3.22% and 4.13% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuary determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

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

**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 9. POST-RETIREMENT BENEFITS:**

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 Chapter 62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

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

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

**NOTE 10. DEFERRED COMPENSATION:**

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

- Met Life
- AXA Equitable
- Lincoln Investments
- Vanguard
- Edward Jones
- Financial Resources and Retirement Advisory



**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 11. RISK MANAGEMENT:**

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

**Property and Liability Insurance**

The School District is a member of the Pooled Insurance Program of New Jersey (the “PIP”). The PIP is a risk-sharing public entity risk pool that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage for their members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective district for the purpose of creating a governing body from which officers for the PIP are elected.

As a member of the PIP, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the PIP were to be exhausted, members would become responsible for their respective shares of the PIP’s liabilities.

The PIP can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Government Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

Financial statements are available at the Administrators’ Office, as follows:

PIP

Burton Agency  
44 Bergen Street  
PO Box 270  
Westwood, NJ 07675  
201-664-0310

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

**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 11. RISK MANAGEMENT: (continued)**

<u>Fiscal Year</u>	<u>Interest Earnings/ District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	\$556.13	\$52,069.83	\$22,523.26	\$322,729.54
2015-2016	308.90	47,518.25	30,194.07	292,626.84
2014-2015	220.95	46,485.96	45,307.91	274,993.76

**NOTE 12. CAPITAL RESERVE ACCOUNT:**

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

Funds placed in the capital reserve account are restricted to capital projects in the district’s approved Long Range Facilities Plan (LRFP). 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. 6A:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Beginning balance, July 1, 2016	\$1,652,055.96
Excess Capital Projects Fund	\$105,838.03
Deposit - Board Resolution June 13, 2017	<u>476,234.67</u>
	<u>582,072.70</u>
	2,234,128.66
Budgeted Withdrawal	<u>58,800.00</u>
Ending balance, June 30, 2017	<u>\$2,175,328.66</u>

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

**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 13. MAINTENANCE RESERVE ACCOUNT**

A maintenance reserve account was established by Board of Education resolution adopted June 30, 2012. The account is maintained in the general fund. The maintenance reserve account is used to accumulate funds for the required maintenance of a facility in accordance with the EFCRA (N.J.S.A. 18A:7G-9). EFCFA requires that upon district completion of a school facilities project, the district must submit a plan for the maintenance of that facility. All such plans must include a provision for a maintenance reserve fund. The activity of the maintenance reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning balance, July 1, 2016	\$502,827.40
Deposit - Board Resolution June 13, 2017	<u>300,000.00</u>
	802,827.40
Budgeted Withdrawal	<u>20,655.32</u>
Ending balance, June 30, 2017	<u>\$782,172.08</u>

**NOTE 14. FUND BALANCE APPROPRIATED:**

**General Fund [Exhibit B-1]** - Of the \$3,542,278.63 General Fund fund balance at June 30, 2017, \$63,877.87 is reserved for encumbrances; \$295,761.38 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$295,761.38 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ended June 30, 2018); \$2,175,328.66 has been reserved in the Capital Reserve Account; \$782,172.08 has been reserved in the Maintenance Reserve Account; \$0.00 has been appropriated and included as anticipated revenue for the year ended June 30, 2018; and \$225,138.19 is unreserved and undesignated.

**NOTE 15. CALCULATION OF EXCESS SURPLUS:**

In accordance with N.J.S.A. 18A:7F-7 as amended, the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2017 is \$295,761.38. Of this amount, \$0.00 is the result of the current year's operations and \$295,761.38 is the result of prior year operations.

**Borough of Pompton Lakes School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 16. INVENTORY:**

Inventory in the Food Service Fund at June 30, 2017 consisted of the following:

Food	\$5,008.78
Supplies	<u>2,226.37</u>
	<u>\$7,235.15</u>

The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by USDA. It is valued at estimated market prices by USDA. The amount of unused commodities at year end is reported on Schedule A as deferred revenue.

**NOTE 17. RETROACTIVE RESTATEMENT DUE TO UPDATED CAPITAL ASSET INVENTORY**

During fiscal year 2017, the District authorized it's capital asset appraisal firm to research and conduct a physical inventory of it's fixed assets. This resulted in changes resulting in the following restatement of net position as of June 30, 2016:

	Governmental <u>Activities</u>
Net Position, June 30, 2016	\$251,092.62
Restatement of Capital Assets	<u>(615,542.55)</u>
Net Position, June 30, 2016 - Restated	<u>(\$364,449.93)</u>

**NOTE 18. CONTINGENT LIABILITIES:**

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

**Litigation** - The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. The District estimates that any potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

**NOTE 19. SUBSEQUENT EVENTS**

The Board has evaluated subsequent events through September 26, 2017, the date which the financial statements were available to be issued and no other items were noted for disclosure.

**REQUIRED SUPPLEMENTARY  
INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2017**

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	23,478,614.00		23,478,614.00	23,478,614.00	
Tuition Charges - Individuals	11,000.00		11,000.00	16,440.00	5,440.00
Tuition Charges - Other LEAs	2,363,857.00		2,363,857.00	2,660,327.31	296,470.31
Rental Income	15,000.00		15,000.00	26,515.00	11,515.00
Interest Earned on Capital Reserve Funds	1,000.00		1,000.00		(1,000.00)
Interest on Investments				8,337.16	8,337.16
Miscellaneous	40,028.00		40,028.00	105,926.12	65,898.12
<b>Total - Local Sources</b>	<b>25,909,499.00</b>		<b>25,909,499.00</b>	<b>26,296,159.59</b>	<b>386,660.59</b>
State Sources:					
Categorical Special Education Aid	953,729.00		953,729.00	953,729.00	
Equalization Aid	2,754,303.00		2,754,303.00	2,754,303.00	
Categorical Security Aid	40,863.00		40,863.00	40,863.00	
School Choice Aid	95,512.00		95,512.00	95,512.00	
Categorical Transportation Aid	32,018.00		32,018.00	32,018.00	
PARCC Readiness Aid	15,320.00		15,320.00	15,320.00	
Per Pupil Growth Aid	15,320.00		15,320.00	15,320.00	
Professional Learning Community Aid	15,400.00		15,400.00	15,400.00	
Extraordinary Aid	400,000.00		400,000.00	410,161.00	10,161.00
On-behalf TPAF Pension (non-budgeted)				1,554,988.00	1,554,988.00
On-behalf TPAF NCGI Premium (non-budgeted)				56,341.00	56,341.00
On-behalf TPAF Post Retirement Medical (non-budgeted)				1,342,604.00	1,342,604.00
On-behalf TPAF - LTDI				2,886.00	2,886.00
TPAF Social Security (Reimbursed - Non-Budgeted)				1,074,426.49	1,074,426.49
<b>Total - State Sources</b>	<b>4,322,465.00</b>		<b>4,322,465.00</b>	<b>8,363,871.49</b>	<b>4,041,406.49</b>
Federal Sources:					
Medicaid Reimbursement	5,684.00		5,684.00	5,684.00	
<b>Total - Federal Sources</b>	<b>5,684.00</b>		<b>5,684.00</b>	<b>5,684.00</b>	
<b>TOTAL REVENUES</b>	<b>30,237,648.00</b>		<b>30,237,648.00</b>	<b>34,665,715.08</b>	<b>4,428,067.08</b>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction</b>					
Preschool/Kindergarten - Salaries of Teachers	397,960.00	(114,080.16)	283,879.84	283,879.84	
Grades 1-5 - Salaries of Teachers	3,077,901.00	(64,756.16)	3,013,144.84	3,013,144.84	
Grades 6-8 - Salaries of Teachers	1,933,446.00	129,588.87	2,063,034.87	2,061,616.54	1,418.33
Grades 9-12 - Salaries of Teachers	3,705,221.00	12,792.89	3,718,013.89	3,718,013.89	
<b>Regular Programs - Home Instruction:</b>					
Salaries of Teachers	6,000.00	(806.71)	5,193.29	5,193.29	
Purchased Professional-Educational Services	14,000.00	9,966.02	23,966.02	23,966.02	
<b>Regular Programs - Undistributed Instruction</b>					
Other Purchased Services (400-500 series)	60,808.00	(15,213.93)	45,594.07	40,556.19	5,037.88
General Supplies	652,068.85	(23,203.86)	628,864.99	617,722.76	11,142.23
Textbooks	48,103.00	(9,443.03)	38,659.97	37,272.18	1,387.79
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<b>9,895,507.85</b>	<b>(75,156.07)</b>	<b>9,820,351.78</b>	<b>9,801,365.55</b>	<b>18,986.23</b>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
<b>Learning and/or Language Disabilities:</b>					
Salaries of Teachers	95,987.00	52,619.10	148,606.10	148,606.10	
Other Salaries for Instruction	122,066.00	(227.48)	121,838.52	121,838.52	
General Supplies	1,713.00	(202.50)	1,510.50	1,111.77	398.73
Textbooks					
<b>Total Learning and/or Language Disabilities</b>	<b>219,766.00</b>	<b>52,189.12</b>	<b>271,955.12</b>	<b>271,556.39</b>	<b>398.73</b>
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	1,558,613.00	(26,339.66)	1,532,273.34	1,532,247.78	25.56
Other Salaries for Instruction	470,728.00	174,284.49	645,012.49	645,012.49	
General Supplies	4,366.00		4,366.00	3,629.43	736.57
Textbooks	1,562.00	(1,000.00)	562.00		562.00
<b>Total Resource Room/Resource Center</b>	<b>2,035,269.00</b>	<b>146,944.83</b>	<b>2,182,213.83</b>	<b>2,180,889.70</b>	<b>1,324.13</b>
<b>Autism:</b>					
Salaries of Teachers	440,014.00	(78,553.56)	361,460.44	361,460.36	0.08
Other Salaries for Instruction	830,940.00	(31,202.73)	799,737.27	799,691.50	45.77
Purchased Professional-Educational Services	144,760.00	(2,388.96)	142,371.04	111,150.62	31,220.42
Other Purchased Services (400-500 series)	1,000.00	(78.53)	921.47	312.98	608.49
General Supplies	8,925.00	1,205.15	10,130.15	10,130.15	
<b>Total Autism</b>	<b>1,425,639.00</b>	<b>(111,018.63)</b>	<b>1,314,620.37</b>	<b>1,282,745.61</b>	<b>31,874.76</b>

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2017**

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
<b>Preschool Disabilities - Part-Time:</b>					
Salaries of Teachers	78,927.00	4,104.04	83,031.04	83,029.34	1.70
Other Salaries for Instruction	59,550.00	(57,715.00)	1,835.00	1,834.86	0.14
General Supplies	750.00	1.28	751.28	751.28	
<b>Total Preschool Disabilities - Part-Time</b>	<u>139,227.00</u>	<u>(53,609.68)</u>	<u>85,617.32</u>	<u>85,615.48</u>	<u>1.84</u>
<b>Home Instruction:</b>					
Salaries of Teachers	10,000.00	(7,715.34)	2,284.66		2,284.66
Purchased Professional-Educational Services	5,000.00	(5,000.00)			
<b>Total Home Instruction</b>	<u>15,000.00</u>	<u>(12,715.34)</u>	<u>2,284.66</u>		<u>2,284.66</u>
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<u>3,834,901.00</u>	<u>21,790.30</u>	<u>3,856,691.30</u>	<u>3,820,807.18</u>	<u>35,884.12</u>
<b>Basic Skills/Remedial - Instruction</b>					
Salaries of Teachers	336,598.00	35,343.26	371,941.26	371,941.26	
<b>Total Basic Skills/Remedial - Instruction</b>	<u>336,598.00</u>	<u>35,343.26</u>	<u>371,941.26</u>	<u>371,941.26</u>	
<b>Bilingual Education - Instruction</b>					
Salaries of Teachers	198,829.00	(5,683.00)	193,146.00	193,144.99	1.01
Other Salaries for Instruction	34,898.00	(34,898.00)			
General Supplies	1,717.00		1,717.00	1,118.19	598.81
<b>Total Bilingual Education - Instruction</b>	<u>235,444.00</u>	<u>(40,581.00)</u>	<u>194,863.00</u>	<u>194,263.18</u>	<u>599.82</u>
<b>School-Sponsored Cocurricular Activities - Instruction</b>					
Salaries	132,937.00	15,112.40	148,049.40	148,049.40	
Supplies and Materials	52,567.00	(980.00)	51,587.00	49,770.90	1,816.10
<b>Total School-Sponsored Cocurricular Activities - Instruction</b>	<u>185,504.00</u>	<u>14,132.40</u>	<u>199,636.40</u>	<u>197,820.30</u>	<u>1,816.10</u>
<b>School-Sponsored Athletics - Instruction</b>					
Salaries	311,433.00	(546.00)	310,887.00	308,874.96	2,012.04
Purchased Services (300-500 series)	71,392.00	2,000.00	73,392.00	71,777.00	1,615.00
Supplies and Materials	52,301.00	(750.00)	51,551.00	50,892.04	658.96
Other Objects	31,626.00	(14,757.67)	16,868.33	15,424.50	1,443.83
<b>Total School-Sponsored Athletics - Instruction</b>	<u>466,752.00</u>	<u>(14,053.67)</u>	<u>452,698.33</u>	<u>446,968.50</u>	<u>5,729.83</u>
<b>TOTAL INSTRUCTION</b>	<u>14,954,706.85</u>	<u>(58,524.78)</u>	<u>14,896,182.07</u>	<u>14,833,165.97</u>	<u>63,016.10</u>
<b>Undistributed Expenditures - Instruction:</b>					
Tuition to Other LEAs Within the State - Regular		15,190.11	15,190.11	9,191.70	5,998.41
Tuition to Other LEAs Within the State - Special	196,870.00	(37,850.27)	159,019.73	159,019.73	
Tuition to County Vocational School District - Regular	1,746.00	122,803.00	124,549.00	124,549.00	
Tuition to County Vocational School District - Special	127,108.00	(103,139.50)	23,968.50	23,968.50	
Tuition to CSSD & Regional Day Schools	71,157.00	8,644.59	79,801.59	77,000.00	2,801.59
Tuition to Private Schools for the Disabled - Within State	624,058.00	406,757.42	1,030,815.42	1,023,309.27	7,506.15
Tuition - State Facilities	32,306.00		32,306.00	32,306.00	
<b>Total Undistributed Expenditures - Instruction:</b>	<u>1,053,245.00</u>	<u>412,405.35</u>	<u>1,465,650.35</u>	<u>1,449,344.20</u>	<u>16,306.15</u>
<b>Undistributed Expend. - Attend. &amp; Social Work</b>					
Other Purchased Services (400-500 series)	100.00		100.00		100.00
<b>Total Undistributed Expend. - Attend. &amp; Social Work</b>	<u>100.00</u>		<u>100.00</u>		<u>100.00</u>
<b>Undist. Expend. - Health Services</b>					
Salaries	439,349.00	(9,505.00)	429,844.00	429,844.00	
Purchased Professional and Technical Services	42,850.00	(6,879.65)	35,970.35	26,075.83	9,894.52
Supplies and Materials	15,813.45	(9,292.29)	6,521.16	6,521.16	
<b>Total Undistributed Expenditures - Health Services</b>	<u>498,012.45</u>	<u>(25,676.94)</u>	<u>472,335.51</u>	<u>462,440.99</u>	<u>9,894.52</u>
<b>Undist. Expend. - Speech, OT, PT, &amp; Related Services</b>					
Salaries	273,664.00	8,942.24	282,606.24	282,606.24	
Purchased Professional - Educational Services	74,081.00	(16,938.50)	57,142.50	53,834.00	3,308.50
Supplies and Materials	1,326.00		1,326.00	1,123.74	202.26
<b>Total Undist. Expend. - Speech, OT, PT, &amp; Related Services</b>	<u>349,071.00</u>	<u>(7,996.26)</u>	<u>341,074.74</u>	<u>337,563.98</u>	<u>3,510.76</u>
<b>Undist. Expend. - Other Supp. Serv. Students - Extra. Serv.</b>					
Purchased Professional - Educational Services	89,232.00	(2,000.00)	87,232.00	56,391.25	30,840.75
<b>Total Undist. Expend. - Other Supp. Serv. Students - Extra Serv.</b>	<u>89,232.00</u>	<u>(2,000.00)</u>	<u>87,232.00</u>	<u>56,391.25</u>	<u>30,840.75</u>
<b>Undist. Expend. - Guidance</b>					
Salaries of Other Professional Staff	477,515.00	(38,610.57)	438,904.43	438,903.42	1.01
Salaries of Secretarial and Clerical Assistants	40,000.00		40,000.00	40,000.00	
Purchased Professional - Educational Services	5,333.00	28,371.82	33,704.82	33,704.82	
Other Purchased Services (400-500 series)	7,177.00	(7,176.26)	0.74		0.74
Supplies and Materials	255.00	888.94	1,143.94	1,111.95	31.99
<b>Total Undist. Expend. - Guidance</b>	<u>530,280.00</u>	<u>(16,526.07)</u>	<u>513,753.93</u>	<u>513,720.19</u>	<u>33.74</u>
<b>Undist. Expend. - Child Study Teams</b>					
Salaries of Other Professional Staff	538,716.00	(2,292.73)	536,423.27	536,423.27	
Salaries of Secretarial and Clerical Assistants	100,046.00	(6,082.12)	93,963.88	93,963.88	
Other Purchased Tech. Services	8,000.00	(1,500.00)	6,500.00	5,395.00	1,105.00
Miscellaneous Purchased Services (400-500 series)	1,800.00	23.09	1,823.09	1,739.56	83.53
Supplies and Materials	19,090.00	(4,576.11)	14,513.89	13,300.24	1,213.65
<b>Total Undist. Expend. - Child Study Teams</b>	<u>667,652.00</u>	<u>(14,427.87)</u>	<u>653,224.13</u>	<u>650,821.95</u>	<u>2,402.18</u>



**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2017**

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
<b>Undist. Expend. - Improvement of Instructional Services</b>					
Salaries of Supervisor of Instruction	397,246.00	(41,121.66)	356,124.34	356,124.34	
Salaries of Secretarial and Clerical Assistants	41,738.00		41,738.00	41,738.00	
Other Purch Services (400-500)	500.00	(250.00)	250.00	71.97	178.03
Other Objects	23,500.00	(1,000.00)	22,500.00	22,092.95	407.05
<b>Total Undist. Expend. - Improvement of Inst. Services</b>	<b>462,984.00</b>	<b>(42,371.66)</b>	<b>420,612.34</b>	<b>420,027.26</b>	<b>585.08</b>
<b>Undist. Expend. - Educational Media Serv./Sch. Library</b>					
Salaries	340,527.00	(59,407.42)	281,119.58	281,118.78	0.80
Other Purchased Services (400-500 series)	29,300.00	14,879.27	44,179.27	44,179.27	
Supplies and Materials	41,990.00	(589.69)	41,400.31	39,925.12	1,475.19
<b>Total Undist. Expend. - Educational Media Serv./Sch. Library</b>	<b>411,817.00</b>	<b>(45,117.84)</b>	<b>366,699.16</b>	<b>365,223.17</b>	<b>1,475.99</b>
<b>Undist. Expend. - Instructional Staff Training Serv.</b>					
Purchased Professional - Educational Serv.	39,350.00	(17,368.82)	21,981.18	19,659.93	2,321.25
<b>Total Undist. Expend. - Instructional Staff Training Serv.</b>	<b>39,350.00</b>	<b>(17,368.82)</b>	<b>21,981.18</b>	<b>19,659.93</b>	<b>2,321.25</b>
<b>Undist. Expend. - Supp. Serv. - General Administration</b>					
Salaries	279,640.75	(108.66)	279,532.09	274,271.59	5,260.50
Legal Services	20,000.00	(3,644.00)	16,356.00	11,911.22	4,444.78
Audit Fees	26,500.00	550.00	27,050.00	27,050.00	
Architectural/Engineering Services	10,000.00	18,880.54	28,880.54	23,880.54	5,000.00
Other Purchased Professional Services	9,000.00	4,696.11	13,696.11	13,461.25	234.86
Communications/Telephone	70,000.00	18,533.57	88,533.57	75,111.34	13,422.23
BOE Other Purchased Services	7,000.00	(1,601.00)	5,399.00	5,385.55	13.45
Miscellaneous Purchased Services (400-500 series)	1,600.00	645.00	2,245.00	1,537.00	708.00
General Supplies	18,500.00	(4,109.00)	14,391.00	14,366.69	24.31
Miscellaneous Expenditures	13,000.00	3,680.10	16,680.10	16,680.10	
BOE Membership Dues and Fees	14,000.00	(31.00)	13,969.00	13,968.80	0.20
<b>Total Undist. Expend. - Supp. Serv. - General Administration</b>	<b>469,240.75</b>	<b>37,491.66</b>	<b>506,732.41</b>	<b>477,624.08</b>	<b>29,108.33</b>
<b>Undist. Expend. - Support Serv. - School Administration</b>					
Salaries of Principals/Assistant Principals/Program Directors	1,248,116.00	55,865.34	1,303,981.34	1,303,981.34	
Salaries of Secretarial and Clerical Assistants	431,752.00	42,101.07	473,853.07	473,852.95	0.12
Other Purchased Services (400-500 series)	25,000.00	(6,852.00)	18,148.00	18,148.00	
Supplies and Materials	18,614.94	(7,163.00)	11,451.94	9,955.75	1,496.19
<b>Total Undist. Expend. - Support Serv. - School Administration</b>	<b>1,723,482.94</b>	<b>83,951.41</b>	<b>1,807,434.35</b>	<b>1,805,938.04</b>	<b>1,496.31</b>
<b>Undist. Expend. - Central Services</b>					
Salaries	431,385.00	(5,882.55)	425,502.45	425,502.45	
Purchased Technical Services	11,000.00	(3,066.00)	7,934.00	7,698.00	236.00
Miscellaneous Purchased Services (400-500 series)	29,355.00	(5,383.66)	23,971.34	12,912.22	11,059.12
Supplies and Materials	19,348.90	(5,854.59)	13,494.31	10,816.68	2,677.63
Miscellaneous Expenditures	2,000.00		2,000.00	1,650.70	349.30
<b>Total Undist. Expend. - Central Services</b>	<b>493,088.90</b>	<b>(20,186.80)</b>	<b>472,902.10</b>	<b>458,580.05</b>	<b>14,322.05</b>
<b>Undist. Expend. - Admin. Information Technology</b>					
Salaries	114,014.00	116,819.66	230,833.66	230,833.66	
Purchased Technical Services		5,535.00	5,535.00	5,533.95	1.05
Other Purchased Services (400-500 series)	500.00		500.00		500.00
<b>Total Undist. Expend. - Admin. Information Technology</b>	<b>114,514.00</b>	<b>122,354.66</b>	<b>236,868.66</b>	<b>236,367.61</b>	<b>501.05</b>
<b>Undist. Expend. - Required Maint. for School Facilities</b>					
Salaries	475,855.89	(133,872.52)	341,983.37	340,494.41	1,488.96
Cleaning, Repair and Maintenance Services	641,973.54	(83,009.64)	558,963.90	514,104.14	44,859.76
General Supplies	150,140.79	(10,000.00)	140,140.79	117,790.86	22,349.93
<b>Total Undist. Expend. - Required Maint. for School Facilities</b>	<b>1,267,970.22</b>	<b>(226,882.16)</b>	<b>1,041,088.06</b>	<b>972,389.41</b>	<b>68,698.65</b>
<b>Undist. Expend. - Custodial Services</b>					
Salaries	971,880.93	47,275.28	1,019,156.21	1,010,110.07	9,046.14
Lease Purchase Pymts. Energy Savings Program	123,932.00	(103,276.68)	20,655.32	20,655.32	
Other Purchased Property Services	44,000.00		44,000.00	30,513.48	13,486.52
Insurance	293,000.00	5,006.00	298,006.00	298,006.00	
General Supplies	153,619.67	(1,041.00)	152,578.67	103,375.07	49,203.60
Energy (Electricity)	350,000.00	16,000.60	366,000.60	324,358.06	41,642.54
Other Objects	3,000.00	(3,000.00)			
<b>Total Undist. Expend. - Custodial Services</b>	<b>1,939,432.60</b>	<b>(39,035.80)</b>	<b>1,900,396.80</b>	<b>1,787,018.00</b>	<b>113,378.80</b>
<b>Undist. Expend. - Student Transportation Services</b>					
Contracted Services (Between Home and School)-Vendors		597.24	597.24	442.00	155.24
Contracted Services (Other than Bet. Home and School)-Vendors	144,400.00	17,697.51	162,097.51	157,415.00	4,682.51
Contracted Services (Between Home and School)-Joint Agreements	60,000.00	(9,901.28)	50,098.72	35,310.69	14,788.03
Contracted Services (Special Ed. Students)-Joint Agreements	450,000.00	180,383.30	630,383.30	630,383.30	
<b>Total Undist. Expend. - Student Transportation Services</b>	<b>654,400.00</b>	<b>188,776.77</b>	<b>843,176.77</b>	<b>823,550.99</b>	<b>19,625.78</b>

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2017**

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
<b>UNALLOCATED BENEFITS</b>					
Social Security Contributions	408,742.00	24,657.00	433,399.00	421,870.89	11,528.11
Other Retirement Contributions - PERS	481,733.00	(92,508.58)	389,224.42	389,224.00	0.42
Other Retirement Contributions - DCRP	20,000.00	5,500.01	25,500.01	22,762.54	2,737.47
Unemployment Compensation	10,000.00	(9,380.50)	619.50	619.50	
Workmen's Compensation	167,633.00	(6,153.00)	161,480.00	161,479.94	0.06
Health Benefits	4,030,815.00	(526,287.68)	3,504,527.32	3,491,298.15	13,229.17
Health Benefits Waiver		157,030.00	157,030.00	149,075.00	7,955.00
Tuition Reimbursement	75,862.00	(22,415.69)	53,446.31	51,196.67	2,249.64
Other Employee Benefits - Unused Sick Payment to Term./Retired Staff	41,867.00	16,823.06	58,690.06	56,805.25	1,884.81
<b>TOTAL UNALLOCATED BENEFITS</b>	<u>5,236,652.00</u>	<u>(452,735.38)</u>	<u>4,783,916.62</u>	<u>4,744,331.94</u>	<u>39,584.68</u>
On-behalf TPAF Pension (non-budgeted)				1,554,988.00	(1,554,988.00)
On-behalf TPAF NCGI Premium (non-budgeted)				56,341.00	(56,341.00)
On-behalf TPAF Post Retirement Medical (non-budgeted)				1,342,604.00	(1,342,604.00)
On-behalf TPAF - LTDI				2,886.00	(2,886.00)
Reimbursed TPAF Social Security Contributions (non-budgeted)				1,074,426.49	(1,074,426.49)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>				<u>4,031,245.49</u>	<u>(4,031,245.49)</u>
<b>TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS</b>	<u>5,236,652.00</u>	<u>(452,735.38)</u>	<u>4,783,916.62</u>	<u>8,775,577.43</u>	<u>(3,991,660.81)</u>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<u>16,000,524.86</u>	<u>(65,345.75)</u>	<u>15,935,179.11</u>	<u>19,612,238.53</u>	<u>(3,677,059.42)</u>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<u>30,955,231.71</u>	<u>(123,870.53)</u>	<u>30,831,361.18</u>	<u>34,445,404.50</u>	<u>(3,614,043.32)</u>
<b>CAPITAL OUTLAY</b>					
<b>Equipment</b>					
<b>Support Services:</b>					
Undistributed Expenditures - Instruction	2,499.00	10,908.85	13,407.85	13,407.85	
Undistributed Expenditures - Required Maint for School Fac.		9,685.00	9,685.00	6,185.00	3,500.00
Undistributed Expenditures - Security	50,000.00		50,000.00	15,232.66	34,767.34
<b>Total Equipment</b>	<u>52,499.00</u>	<u>20,593.85</u>	<u>73,092.85</u>	<u>34,825.51</u>	<u>38,267.34</u>
<b>Facilities Acquisition and Construction Services</b>					
Construction Services	348,000.00	(241,200.00)	106,800.00	106,800.00	
Infrastructure	6,580.00		6,580.00	6,580.00	
Assessment for Debt Service on SDA Funding	445.00		445.00	445.00	
<b>Total Facilities Acquisition and Construction Services</b>	<u>355,025.00</u>	<u>(241,200.00)</u>	<u>113,825.00</u>	<u>113,825.00</u>	
<b>Assets Acquired Under Capital Leases (non-budgeted)</b>					
<b>Facilities Acquisition and Construction Services</b>					
Construction Services				9,622.50	(9,622.50)
<b>Total Assets Acquired Under Capital Leases (non-budgeted)</b>				<u>9,622.50</u>	<u>(9,622.50)</u>
<b>TOTAL CAPITAL OUTLAY</b>	<u>407,524.00</u>	<u>(220,606.15)</u>	<u>186,917.85</u>	<u>158,273.01</u>	<u>28,644.84</u>
<b>TOTAL EXPENDITURES</b>	<u>31,362,755.71</u>	<u>(344,476.68)</u>	<u>31,018,279.03</u>	<u>34,603,677.51</u>	<u>(3,585,398.48)</u>
<b>Excess (Deficiency) of Revenues</b>					
<b>Over (Under) Expenditures</b>	<u>(1,125,107.71)</u>	<u>344,476.68</u>	<u>(780,631.03)</u>	<u>62,037.57</u>	<u>842,668.60</u>
<b>Other Financing Sources/(Uses):</b>					
<b>Operating Transfer In:</b>					
Excess Capital Projects Funds to Capital Reserve				105,838.03	105,838.03
<b>Operating Transfer Out:</b>					
Capital Leases (non-budgeted)				9,622.50	9,622.50
<b>Total Other Financing Sources/(Uses):</b>				<u>115,460.53</u>	<u>115,460.53</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources</b>					
<b>Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<u>(1,125,107.71)</u>	<u>344,476.68</u>	<u>(780,631.03)</u>	<u>177,498.10</u>	<u>958,129.13</u>
<b>Fund Balance, July 1</b>	3,750,898.53		3,750,898.53	3,750,898.53	
<b>Fund Balance, June 30</b>	<u>2,625,790.82</u>	<u>344,476.68</u>	<u>2,970,267.50</u>	<u>3,928,396.63</u>	<u>958,129.13</u>

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2017**

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>Recapitulation of excess (deficiency) of revenues under expenditures</b>					
Adjustment for Prior Year Encumbrances	(325,959.71)		(325,959.71)	(325,959.71)	
Increase in Capital Reserve:					
Principal				476,234.67	476,234.67
Interest	1,000.00		1,000.00		(1,000.00)
Increase in Maintenance Reserve				300,000.00	300,000.00
Withdrawal from Capital Reserve	(300,000.00)	241,200.00	(58,800.00)	(58,800.00)	
Withdrawal from Maintenance Reserve	(123,932.00)	103,276.68	(20,655.32)	(20,655.32)	0.00
Budgeted Fund Balance	<u>(376,216.00)</u>		<u>(376,216.00)</u>	<u>(193,321.54)</u>	<u>182,894.46</u>
	<u>(1,125,107.71)</u>	<u>344,476.68</u>	<u>(780,631.03)</u>	<u>177,498.10</u>	<u>958,129.13</u>
<b>Recapitulation:</b>					
<b>Restricted Fund Balance:</b>					
Capital Reserve				2,175,328.66	
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures				295,761.83	
Maintenance Reserve				782,172.08	
<b>Assigned Fund Balance:</b>					
Year-End Encumbrances				63,877.87	
<b>Unassigned Fund Balance</b>				<u>611,256.19</u>	
				3,928,396.63	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not recognized on GAAP basis				<u>(386,118.00)</u>	
Fund Balance per Governmental Funds (GAAP)				<u><u>3,542,278.63</u></u>	

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**For the Year Ended June 30, 2017**

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources		50,303.50	50,303.50	40,819.89	(9,483.61)
State Sources	124,842.00	24,155.00	148,997.00	122,891.00	(26,106.00)
Federal Sources	696,314.00	(28,485.00)	667,829.00	666,046.00	(1,783.00)
<b>Total Revenues</b>	<b>821,156.00</b>	<b>45,973.50</b>	<b>867,129.50</b>	<b>829,756.89</b>	<b>(37,372.61)</b>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers	212,591.00	(68,209.00)	144,382.00	144,022.00	360.00
Purchased Professional - Educational Services	101,817.00	19,517.00	121,334.00	95,623.00	25,711.00
Other Purchased Services (400-500 series)	443,532.00	(58,220.00)	385,312.00	385,312.00	
General Supplies	18,184.00	39,040.02	57,224.02	52,509.89	4,714.13
Textbooks	12,162.00	(231.00)	11,931.00	11,892.00	39.00
<b>Total Instruction</b>	<b>788,286.00</b>	<b>(68,102.98)</b>	<b>720,183.02</b>	<b>689,358.89</b>	<b>30,824.13</b>
<b>Support Services:</b>					
Personal Services - Employee Benefits		10,408.00	10,408.00	10,359.00	49.00
Purchased Professional & Technical Services	27,545.00	49,936.00	77,481.00	76,981.00	500.00
Other Purchased Services (400-500 series)		37,177.00	37,177.00	37,177.00	
Supplies & Materials	5,325.00	5,025.00	10,350.00	10,350.00	
<b>Total Support Services</b>	<b>32,870.00</b>	<b>102,546.00</b>	<b>135,416.00</b>	<b>134,867.00</b>	<b>549.00</b>
<b>Facilities Acquisition and Const. Serv.:</b>					
Noninstructional Equipment		11,530.48	11,530.48	5,531.00	5,999.48
<b>Total Facilities Acquisition and Const. Serv.</b>		<b>11,530.48</b>	<b>11,530.48</b>	<b>5,531.00</b>	<b>5,999.48</b>
Total Expenditures	821,156.00	45,973.50	867,129.50	829,756.89	37,372.61
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>					

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Note to Required Supplementary Information - Part II**  
**For the Year Ended June 30, 2017**

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

		General Fund	Special Revenue Fund
<b>Sources/inflows of resources</b>			
Actual amounts (budgetary basis) "revenue"			
from the budgetary comparison schedule	[C-1]&[C-2]	34,665,715.08	829,756.89
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
Add Prior Year Encumbrances			483.58
Less Current Year Encumbrances			(2,130.00)
The last State aid payment is recognized as revenue for budgetary purposes in the General Fund, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33).			
		(386,118.00)	
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.			
		378,774.00	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.			
	[B-2]	34,658,371.08	828,110.47
<b>Uses/outflows of resources</b>			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]&[C-2]	34,603,677.51	829,756.89
Differences - budget to GAAP			
The district budgets for claims and compensated absences only to the extent expected to be paid, rather than on the modified accrual basis. <i>[Not applicable in this example]</i>			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.			
		N/A	
Add Prior Year Encumbrances			483.58
Less Current Year Encumbrances			(2,130.00)
Pension expense recognized for GAAP but not for budgetary purposes.			
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.			
Net transfers (outflows) to general fund			
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds			
	[B-2]	34,603,677.51	828,110.47

**REQUIRED SUPPLEMENTARY  
INFORMATION - PART III**

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Schedules of Required Supplementary Information**  
**Schedule of District's Proportionate Share of Net Pension Liability - PERS**  
**Last 10 Fiscal Years\***

<u>Fiscal Year Ending June30,</u>	<u>District's Proportion Share of the Net Pension Liability (Asset)</u>	<u>District's Proportion Share of the Net Pension Liability (Asset)</u>	<u>District's Covered Payroll -PERS Employee's</u>	<u>District's Proportion Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a percentage of the total Pension Liability</u>
2015	0.0474013630%	\$ 8,874,832	\$ 3,083,126	287.85%	52.08%
2016	0.0453195983%	10,173,342	2,914,666	349.04%	47.93%
2017	0.0437692764%	12,963,204	2,967,296	436.87%	59.86%

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

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Schedules of Required Supplementary Information**  
**Schedule of District's Contributions - PERS**  
*Last 10 Fiscal Years\**

<u>Fiscal Year Ending June30,</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>District's PERS Covered- Employee Payroll</u>	<u>Contributions as a Percentage of PERS Covered- Employee Payroll</u>
2015	\$ 390,770	\$ 390,770	\$ -	\$3,083,126	12.67%
2016	389,627	389,627	-	2,914,666	13.37%
2017	388,840	388,840	-	2,967,296	13.10%

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



**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Schedules of Required Supplementary Information**  
**Schedule of District's Proportionate Share of Net Pension Liability - TPAF**  
*Last 10 Fiscal Years\**

<u>Fiscal Year Ending June30,</u>	<u>District's Proportion Share of the Net Pension Liability (Asset)</u>	<u>District's Proportion Share of the Net Pension Liability (Asset)</u>	<u>State's Proportionate Share of the Net Pension Liability Associated with the District (Asset)</u>	<u>District's Covered Payroll -TPAF Employee's</u>	<u>District's Proportion Share of the Net Pension Liability (Asset) as a perecntage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a percentage of the total Pension Liability</u>
2015	0.1358058855%	\$ -	\$ 72,583,826	\$ 14,731,063	0.00%	33.64%
2016	0.1360512771%	\$ -	85,990,217	14,639,950	0.00%	28.71%
2017	0.1430677467%	\$ -	112,546,199	14,966,072	0.00%	22.33%

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

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Note to Required Schedules of Supplementary Information - Part III**  
**For the fiscal year ended June 30, 2017**

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

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

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms

Change in assumptions

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

## **Supplementary Schedules**

**SPECIAL REVENUE FUND**

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
Special Revenue Fund

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

	Total Brought Forward (Ex. E-1a)	Title I		Title II		Title III		I.D.E.A. Part B		Totals 2017
		Part - A Improving Basic Programs	Part - A Teacher/Principal Training & Recruiting	Part - A English Language Acquisition and Enhancement	Part - A English Language Acquisition and Enhancement	Basic	Preschool			
<b>REVENUES</b>										
Local Sources	40,819.89									40,819.89
State Sources	122,891.00	197,095.00	24,456.00	12,804.00	418,970.00	12,721.00				122,891.00
Federal Sources										666,046.00
<b>Total Revenues</b>	<b>163,710.89</b>	<b>197,095.00</b>	<b>24,456.00</b>	<b>12,804.00</b>	<b>418,970.00</b>	<b>12,721.00</b>				<b>829,756.89</b>
<b>EXPENDITURES:</b>										
<b>Instruction:</b>										
Salaries of Teachers	8,300.00	124,010.00		11,712.00						144,022.00
Purchased Professional - Educational Services	95,623.00				384,989.00					95,623.00
Other Purchased Services (400-500 series)	323.00									385,312.00
General Supplies	31,691.89	20,602.00		216.00						52,509.89
Textbooks	11,892.00									11,892.00
<b>Total Instruction</b>	<b>147,829.89</b>	<b>144,612.00</b>		<b>11,928.00</b>	<b>384,989.00</b>					<b>689,358.89</b>
<b>Support Services:</b>										
Personal Services - Employee Benefits		9,483.00		876.00						10,359.00
Purchased Professional & Technical Services		43,000.00			33,981.00					76,981.00
Other Purchased Services (400-500 series)			24,456.00			12,721.00				37,177.00
Supplies & Materials	10,350.00									10,350.00
<b>Total Support Services</b>	<b>10,350.00</b>	<b>52,483.00</b>	<b>24,456.00</b>	<b>876.00</b>	<b>33,981.00</b>	<b>12,721.00</b>				<b>134,867.00</b>
<b>Facilities Acquisition and Const. Serv.:</b>										
Noninstructional Equipment	5,531.00									5,531.00
<b>Total Facilities Acquisition and Const. Serv.</b>	<b>5,531.00</b>									<b>5,531.00</b>
<b>Total Expenditures</b>	<b>163,710.89</b>	<b>197,095.00</b>	<b>24,456.00</b>	<b>12,804.00</b>	<b>418,970.00</b>	<b>12,721.00</b>				<b>829,756.89</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>										

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**For the Year Ended June 30, 2017**

	Total Brought Forward (Ex. E-1b)	Ch. 192				Total Carried Forward
		Nonpublic Textbook Aid	Nonpublic Nursing Aid	Nonpublic Technology Aid	Nonpublic Security Aid	
<b>REVENUES</b>						
Local Sources	40,819.89					40,819.89
State Sources	44,117.00	11,892.00	18,630.00	5,026.00	10,350.00	122,891.00
Federal Sources						
<b>Total Revenues</b>	<b>84,936.89</b>	<b>11,892.00</b>	<b>18,630.00</b>	<b>5,026.00</b>	<b>10,350.00</b>	<b>163,710.89</b>
<b>EXPENDITURES:</b>						
<b>Instruction:</b>						
Salaries of Teachers	8,300.00					8,300.00
Purchased Professional - Educational Services	44,117.00		18,630.00			95,623.00
Other Purchased Services (400-500 series)	323.00					323.00
General Supplies	26,665.89			5,026.00		31,691.89
Textbooks		11,892.00				11,892.00
<b>Total Instruction</b>	<b>79,405.89</b>	<b>11,892.00</b>	<b>18,630.00</b>	<b>5,026.00</b>		<b>147,829.89</b>
<b>Support services:</b>						
Personal Services - Employee Benefits						
Purchased Professional & Technical Services					10,350.00	10,350.00
Other Purchased Services (400-500 series)						
Supplies & Materials						
<b>Total Support Services</b>					<b>10,350.00</b>	<b>10,350.00</b>
<b>Facilities Acquisition and Const. Serv.:</b>						
Noninstructional Equipment	5,531.00					5,531.00
<b>Total Facilities Acquisition and Const. Serv.</b>	<b>5,531.00</b>					<b>5,531.00</b>
<b>Total Expenditures</b>	<b>84,936.89</b>	<b>11,892.00</b>	<b>18,630.00</b>	<b>5,026.00</b>	<b>10,350.00</b>	<b>163,710.89</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>						

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**For the Year Ended June 30, 2017**

	Total Brought Forward (Ex. E-1d)	Ch. 193 - Handicapped Services			Pompton Lakes Education Foundation	PLMAC	Total Carried Forward
		Nonpublic Exam & Classification	Nonpublic Corrective Speech	Nonpublic Supplemental Instruction			
<b>REVENUES</b>							
Local Sources	19,966.60	16,032.00	15,373.00	12,712.00	12,553.29	8,300.00	40,819.89
State Sources							44,117.00
Federal Sources							
<b>Total Revenues</b>	19,966.60	16,032.00	15,373.00	12,712.00	12,553.29	8,300.00	84,936.89
<b>EXPENDITURES:</b>							
<b>Instruction:</b>							
Salaries of Teachers						8,300.00	8,300.00
Purchased Professional - Educational Services		16,032.00	15,373.00	12,712.00	323.00		44,117.00
Other Purchased Services (400-500 series)					12,230.29		323.00
General Supplies	14,435.60						26,665.89
Textbooks							
<b>Total Instruction</b>	14,435.60	16,032.00	15,373.00	12,712.00	12,553.29	8,300.00	79,405.89
<b>Support Services:</b>							
Personal Services - Employee Benefits							
Purchased Professional & Technical Services							
Other Purchased Services (400-500 series)							
Supplies & Materials							
<b>Total Support Services</b>							
<b>Facilities Acquisition and Const. Serv.:</b>							
Noninstructional Equipment	5,531.00						5,531.00
<b>Total Facilities Acquisition and Const. Serv.</b>	5,531.00						5,531.00
<b>Total Expenditures</b>	19,966.60	16,032.00	15,373.00	12,712.00	12,553.29	8,300.00	84,936.89
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>							

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**For the Year Ended June 30, 2017**

	<b>Lincoln PTA</b>	<b>PLHS Alumni Assoc.</b>	<b>Toshiba</b>	<b>Campbell Soup</b>	<b>Total Carried Forward</b>
<b>REVENUES</b>					
Local Sources	5,531.00	2,690.00	2,302.60	9,443.00	19,966.60
State Sources					
Federal Sources					
<b>Total Revenues</b>	<b>5,531.00</b>	<b>2,690.00</b>	<b>2,302.60</b>	<b>9,443.00</b>	<b>19,966.60</b>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers					
Purchased Professional - Educational Services					
Other Purchased Services (400-500 series)		2,690.00	2,302.60	9,443.00	14,435.60
General Supplies					
Textbooks					
<b>Total instruction</b>		<b>2,690.00</b>	<b>2,302.60</b>	<b>9,443.00</b>	<b>14,435.60</b>
<b>Support services:</b>					
Personal Services - Employee Benefits					
Purchased Professional & Technical Services					
Other Purchased Services (400-500 series)					
Supplies & Materials					
<b>Total support services</b>					
<b>Facilities acquisition and const. serv.:</b>					
Noninstructional Equipment	5,531.00				5,531.00
<b>Total facilities acquisition and const. serv.</b>	<b>5,531.00</b>				<b>5,531.00</b>
<b>Total Expenditures</b>	<b>5,531.00</b>	<b>2,690.00</b>	<b>2,302.60</b>	<b>9,443.00</b>	<b>19,966.60</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>					



**CAPITAL PROJECTS FUND**

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis**  
**For the Year Ended June 30, 2017**

Revenues and Other Financing Sources	
State Sources - EFCFA Grant	
Transfer from Capital Reserve	
Capital Outlay Transfer to Capital Projects Fund	
Capital Reserve Transfer to Capital Projects Fund	
Interest Earned on Investments	
Total Revenues	
Expenditures and Other Financing Uses	
Purchased Professional and Technical Services	1,339.59
Land and Improvements	
Construction Services	
Equipment Purchases	
Other Objects	
Total Expenditures	1,339.59
Excess (deficiency) or Revenues over (under) Expenditures	(1,339.59)
<b>Other Financing Sources/(Uses):</b>	
Canceled Intergovernmental Accounts Receivable	(56,970.96)
Canceled Contracts Payable	43,500.00
<b>Operating Transfer Out:</b>	
Transferred to Capital Reserve	(105,838.03)
<b>Total Other Financing Sources/(Uses):</b>	(119,308.99)
<b>Excess (Deficiency) of Revenues and Other Financing Sources</b>	
<b>Over (Under) Expenditures and Other Financing Sources (Uses)</b>	(120,648.58)
Fund Balance - Beginning	120,648.58
Fund Balance - Ending	
<u>Recapitulation:</u>	
Restricted Fund Balance	
Reconciliation to Governmental Funds Statements (GAAP):	
EFCFA Grant Receivable not Recognized on GAAP Basis	
Fund Balance per Governmental Funds (GAAP)	

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis**  
**Pompton Lakes High School Chair Lift for Gymnasium**  
**For the Year Ended June 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - EFCFA Grant	52,011.35		52,011.35	52,011.35
Transfer from Capital Reserve	109,593.00	(20,382.09)	89,210.91	89,210.91
Total Revenues	<u>161,604.35</u>	<u>(20,382.09)</u>	<u>141,222.26</u>	<u>141,222.26</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	13,610.90		13,610.90	13,610.90
Construction Services	127,611.36		127,611.36	127,611.36
Total Expenditures	<u>141,222.26</u>		<u>141,222.26</u>	<u>141,222.26</u>
Excess (deficiency) or Revenues over (under) Expenditures	<u>20,382.09</u>	<u>(20,382.09)</u>		
Additional Project Information:				
Project Number	4230-050-14-1001			
Grant Date	1/6/2014			
Original Authorized Cost	182,655.00			
Additional Authorized Cost				
Revised Authorized Cost	161,604.35			
Percentage Increase over Original Authorized Cost				
Percentage Completion	100.0%			

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis**  
**Lakeside Middle School Roof**  
**For the Year Ended June 30, 2017**

	<b>Prior Periods</b>	<b>Current Year</b>	<b>Totals</b>	<b>Revised Authorized Cost</b>
Revenues and Other Financing Sources				
State Sources - EFCFA Grant	370,181.00	(56,970.76)	313,210.24	313,210.24
Transfer from Capital Reserve	555,271.00	(85,456.14)	469,814.86	469,814.86
Total Revenues	925,452.00	(142,426.90)	783,025.10	783,025.10
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	53,485.51	1,339.59	54,825.10	54,825.10
Construction Services	771,700.00	(43,500.00)	728,200.00	728,200.00
Total Expenditures	825,185.51	(42,160.41)	783,025.10	783,025.10
Excess (deficiency) or Revenues over (under) Expenditures	100,266.49	(100,266.49)		
Additional Project Information:				
Project Number	4230-055-14-1003			
Grant Date	1/6/2014			
Original Authorized Cost	925,452.00			
Percentage Completion	100.0%			

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Summary Statement of Project Expenditures**  
**For the Year Ended June 30, 2017**

Project Title/Issue	Original Date or Project Number	Appropriations	Expenditures to Date		Unexpended Balance June 30, 2017
			Prior Years	Current Year	
Lakeside Middle School Roof	1/6/2014 SP#4230-055-14-1003	783,025.10	825,185.51	(42,160.41)	
Pompton Lakes HS Chair Lift for Gym.	1/6/2014 SP#4230-055-14-1001	141,222.26	141,222.26		
		<u>924,247.36</u>	<u>966,407.77</u>	<u>(42,160.41)</u>	

**PROPRIETARY FUNDS**

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Combining Statement of Net Position**  
**Enterprise Funds**  
**June 30, 2017**

	<u><b>Food Service Program</b></u>
 <b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	128,142.98
Accounts Receivable:	
State	275.87
Federal	9,896.90
Inventories	7,235.15
Total Current Assets	<u>145,550.90</u>
Noncurrent Assets:	
Capital Assets:	
Equipment	319,074.31
Less Accumulated Depreciation	<u>(202,979.68)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>116,094.63</u>
Total Assets	<u><u>261,645.53</u></u>
 <b>LIABILITIES</b>	
Current Liabilities:	
Deferred Revenue	<u>2,332.00</u>
Total Current Liabilities	<u>2,332.00</u>
Total Liabilities	<u>2,332.00</u>
 <b>NET POSITION</b>	
Invested in Capital Assets Net of Related Debt	116,094.63
Unrestricted	<u>143,218.90</u>
Total Net Position	<u><u>259,313.53</u></u>

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Enterprise Funds**  
**For the Year Ended June 30, 2017**

	<b>Food Service Program</b>
Operating Revenues:	
Charges for Services:	
Daily Sales - Reimbursable Programs	159,372.96
Daily Sales - Non-Reimbursable Programs	93,176.85
Other Income	2,846.38
Total Operating Revenues	255,396.19
Operating Expenses:	
Cost of sales-reimbursable programs	158,867.40
Cost of sales-non-reimbursable programs	43,920.44
Salaries, Benefits and Payroll Taxes	186,289.79
Supplies and Materials	1,747.93
Purchased Professional Services	9,928.00
Cleaning Repair & Maintenance	3,103.85
Purchased Services	7,051.86
Depreciation	20,978.00
Total Operating Expenses	431,887.27
Operating Income (Loss)	(176,491.08)
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	4,043.07
Federal Sources:	
National School Lunch Program	133,303.56
National School Breakfast Program	5,769.12
HHFKA	5,197.62
Food Distribution Program	27,974.00
Interest and Investment Revenue	342.26
Total Nonoperating Revenues (Expenses)	176,629.63
Income (Loss) Before Contributions & Transfers	138.55
Transfers In (Out)	
Change in Net Position	138.55
Total Net Position—Beginning	259,174.98
Total Net Position—Ending	259,313.53



**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Combining Statement of Cash Flows**  
**Enterprise Funds**  
**For the Year Ended June 30, 2017**

	<u><b>Food Service Program</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from Customers	258,113.03
Payments to Suppliers	(1,747.93)
Payments for Miscellaneous Expenses	(3,103.85)
Payments to Food Service Management Company	(403,016.14)
Net Cash Provided by (Used for) Operating Activities	<u>(149,754.89)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
State Sources	4,066.56
Federal Sources	144,875.51
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>148,942.07</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchases of Capital Assets	(35,377.20)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(35,377.20)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest and dividends	342.26
Net Cash Provided by (Used for) Investing Activities	<u>342.26</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(35,847.76)
Balances—Beginning of Year	163,990.74
Balances—End of Year	<u><u>128,142.98</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>	
Operating Income (Loss)	(176,491.08)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Depreciation and Net Amortization	20,978.00
Food Distribution Program Donated Commodities	27,974.00
(Increase) Decrease in Accounts Receivable, Net	384.84
(Increase) Decrease in Inventories	(1,570.45)
Increase (Decrease) in Accounts Payable	(23,362.20)
Increase (Decrease) in Other Current Liabilities	2,332.00
Total Adjustments	<u>26,736.19</u>
Net Cash Provided by (Used for) Operating Activities	<u><u>(149,754.89)</u></u>

**FIDUCIARY FUND**

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Combining Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2017**

	<b>Unemployment Compensation Trust Fund</b>	<b>Agency Fund</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	316,248.39	683,421.61
Interfund Receivable	12,543.18	
Total Assets	328,791.57	683,421.61
<b>LIABILITIES</b>		
Payable to Student Groups		219,779.18
Interfund Payable		14,580.03
Payroll Deductions and Withholdings	6,062.03	449,062.40
Total Liabilities	6,062.03	683,421.61
<b>NET POSITION</b>		
Held in Trust for Unemployment Claims and Other Purposes	322,729.54	

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2017**

	<u><b>Unemployment Compensation Trust Fund</b></u>
<b>ADDITIONS</b>	
Contributions:	
Plan Member	52,069.83
Total Contributions	<u>52,069.83</u>
Investment Earnings:	
Interest	556.13
Net Investment Earnings	<u>556.13</u>
Total Additions	<u>52,625.96</u>
<b>DEDUCTIONS</b>	
Quarterly Contribution Reports	22,103.64
Unemployment Claims	419.62
Total Deductions	<u>22,523.26</u>
Change in Net Position	30,102.70
Net Position—Beginning of the Year	<u>292,626.84</u>
Net Position—End of the Year	<u><u>322,729.54</u></u>

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT  
 Student Activity Agency Fund  
 Schedule of Receipts and Disbursements  
 For the Year Ended June 30, 2017**

	<u>Balance July 1, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2017</u>
<b>ELEMENTARY SCHOOLS:</b>				
Lincoln	25,632.62	10,629.25	11,781.92	24,479.95
Lenox	18,559.11	25,117.51	24,650.33	19,026.29
<b>MIDDLE SCHOOL:</b>				
Lakeside	36,043.38	76,141.22	67,866.48	44,318.12
<b>HIGH SCHOOL:</b>				
Pompton Lakes High School	161,445.32	385,543.47	415,033.97	131,954.82
	<u>241,680.43</u>	<u>497,431.45</u>	<u>519,332.70</u>	<u>219,779.18</u>

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT  
Payroll Agency Fund  
Schedule of Receipts and Disbursements  
For the Year Ended June 30, 2017**

	<u>Balance July 1, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2017</u>
Net Payroll		12,117,920.05	12,117,920.05	
Payroll Deductions and Withholdings	261,978.85	10,960,307.56	10,773,224.01	449,062.40
Interfund Payable	<u>221.56</u>	<u>22,268.29</u>	<u>7,909.82</u>	<u>14,580.03</u>
	<u><u>262,200.41</u></u>	<u><u>23,100,495.90</u></u>	<u><u>22,899,053.88</u></u>	<u><u>463,642.43</u></u>

**LONG-TERM DEBT**

BOROUGH OF POMPTON LAKES SCHOOL DISTRICT  
 General Long Term Debt Account Group  
 Statement of Serial Bonds  
 June 30, 2017

ISSUE	Date of Issue	Amount of Issue	Annual Maturities Date	Annual Maturities Amount	Interest Rate	Balance July 1, 2016	Retired	Balance June 30, 2017
Improvements to Pompton Lakes High School	4/30/2009	4,256,000.00	09/01/2017	285,000.00	3.125%			
			09/01/2018	300,000.00	3.375%			
			09/01/2019	335,000.00	3.500%			
			09/01/2020	350,000.00	3.750%			
			09/01/2021	360,000.00	3.875%			
			09/01/2022	370,000.00	4.000%			
			09/01/2023	370,000.00	4.000%			
			09/01/2024	366,000.00	4.000%	3,011,000.00	275,000.00	2,736,000.00
						<u>3,011,000.00</u>	<u>275,000.00</u>	<u>2,736,000.00</u>



**Exhibit I-2**

BOROUGH OF POMPTON LAKES SCHOOL DISTRICT  
 General Long Term Debt Account Group  
 Statement of Obligations under Capital Leases  
 June 30, 2017

Purpose	Date of Lease	Term of Lease	Amount of Original Lease		Interest Rate	Balance		Retired	Balance June 30, 2017
			Principal	Interest		July 1, 2016	Issued		
Copier	5/15/2015	3 Years	166,393.78	8,998.22	3.45%	117,363.22		59,977.22	57,386.00
ESIP	8/22/2014	15 Years	1,529,363.00	329,615.80	2.68%	1,373,675.19		88,196.73	1,285,478.46
						1,491,038.41		148,173.95	1,342,864.46

BOROUGH OF POMPTON LAKES SCHOOL DISTRICT  
 Budgetary Comparison Schedule  
 Debt Service Fund  
 For the Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	264,345.00		264,345.00	264,345.00	
Miscellaneous Revenue					
Total Local Sources	264,345.00		264,345.00	264,345.00	
State Sources:					
Debt Service Aid Type II	116,851.00		116,851.00	116,851.00	
Total - State Sources	116,851.00		116,851.00	116,851.00	
<b>Total Revenues</b>	381,196.00		381,196.00	381,196.00	
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	106,196.00		106,196.00	106,196.00	
Redemption of Principal	275,000.00		275,000.00	275,000.00	
Total Regular Debt Service	381,196.00		381,196.00	381,196.00	
<b>Total expenditures</b>	381,196.00		381,196.00	381,196.00	
Excess (Deficiency) of Revenues Over (Under) Expenditures					
Fund Balance, July 1					
Fund Balance, June 30					

**STATISTICAL SECTION**

## STATISTICAL SECTION (UNAUDITED)

### **Introduction to the Statistical Section**

#### **Financial Trends**

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

#### **Revenue Capacity**

- J-6 Assessed Value and Estimated Actual Value of Taxable Property
- J-7 Direct and Overlapping Property Tax Rates
- J-8 Principal Property Taxpayers
- J-9 Property Tax Levies and Collections

#### **Debt Capacity**

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

#### **Demographic and Economic Information**

- J-14 Demographic and Economic Statistics
- J-15 Principal Employers

#### **Operating Information**

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

## STATISTICAL SECTION (UNAUDITED) - INTRODUCTION

### J SERIES

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the district's financial performance and well-being have changes over time.	<b>J-1 to J-5</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the district's most significant local revenue sources, the property tax.	<b>J-6 to J-9</b>
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	<b>J-10 to J-13</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	<b>J-14 to J-15</b>
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	<b>J-16 to J-20</b>
<b>Sources:</b> Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2004; schedules presenting district-wide information include information beginning in that year.	

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental Activities</b>										
Invested in Capital Assets	2,783,945.00	(1,337,284.00)	1,989,161.00	2,883,502.00	3,593,486.96	4,188,511.81	4,768,512.04	5,228,409.92	5,670,311.51	5,509,356.34
Restricted	1,096,104.00	5,422,599.00	2,163,436.00	2,139,384.00	1,561,782.37	2,366,700.77	2,938,656.35	3,118,787.43	3,233,362.88	3,317,140.44
Unrestricted	(1,336,425.00)	(1,421,701.00)	(1,924,451.00)	(1,993,463.00)	33,608.86	(223,741.51)	(214,185.07)	(8,861,980.50)	(9,268,124.12)	(10,016,360.56)
<b>Total Governmental Activities Net Position</b>	<b>2,543,624.00</b>	<b>2,663,614.00</b>	<b>2,228,146.00</b>	<b>3,029,423.00</b>	<b>5,188,878.19</b>	<b>6,331,471.07</b>	<b>7,492,983.32</b>	<b>(514,783.15)</b>	<b>(364,449.93)</b>	<b>(1,191,863.78)</b>
<b>Business-type Activities</b>										
Invested in Capital Assets, Net of Related Debt	117,285.00	139,027.00	151,390.00	137,115.00	138,211.37	135,122.94	145,705.43	126,478.43	101,695.43	116,094.63
Unrestricted	110,328.00	111,397.00	98,985.00	112,243.00	116,845.50	132,677.00	122,155.12	153,346.37	157,479.55	143,218.90
<b>Total Business-type Activities Net Position</b>	<b>227,613.00</b>	<b>250,424.00</b>	<b>250,375.00</b>	<b>249,358.00</b>	<b>255,056.87</b>	<b>267,799.94</b>	<b>267,860.55</b>	<b>279,824.80</b>	<b>259,174.98</b>	<b>259,313.53</b>
<b>District-wide</b>										
Invested in Capital Assets, Net of Related Debt	2,901,230.00	(1,198,257.00)	2,140,551.00	3,020,617.00	3,731,698.33	4,323,634.75	4,914,217.47	5,354,888.35	5,772,006.94	5,625,450.97
Restricted	1,096,104.00	5,422,599.00	2,163,436.00	2,139,384.00	1,561,782.37	2,366,700.77	2,938,656.35	3,118,787.43	3,233,362.88	3,317,140.44
Unrestricted	(1,226,097.00)	(1,310,304.00)	(1,825,466.00)	(1,881,220.00)	150,454.36	(91,064.51)	(92,029.95)	(8,708,634.13)	(9,110,844.57)	(9,875,141.66)
<b>Total District Net Position</b>	<b>2,771,237.00</b>	<b>2,914,038.00</b>	<b>2,478,521.00</b>	<b>3,278,781.00</b>	<b>5,443,935.06</b>	<b>6,599,271.01</b>	<b>7,760,843.87</b>	<b>(234,958.35)</b>	<b>(105,274.95)</b>	<b>(932,550.25)</b>

Source: CAFR Schedule A-1

GASB No. 63 became effective for the Fiscal Year Ended June 30, 2013 which required a change in language from net assets to net position. This required presentation did not impact any of the balances from the prior years.

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
Governmental Activities:										
Instruction:										
Regular	13,515,282.00	12,729,552.00	13,607,789.00	13,307,300.00	11,557,454.88	11,278,660.32	11,541,320.31	11,963,259.26	12,325,393.34	12,958,296.59
Special Education	3,006,391.00	3,182,959.00	3,422,800.00	3,567,861.00	3,709,943.42	3,846,203.69	4,138,463.70	4,246,790.39	4,529,837.51	4,830,087.21
Other Special Instruction	528,998.00	590,384.00	672,278.00	623,803.00	783,197.92	745,739.89	758,137.69	795,337.70	763,986.65	720,609.79
Other Instruction	557,497.00	564,801.00	580,262.00	507,229.00	690,653.50	715,273.52	677,561.46	703,484.46	733,361.60	769,639.77
Support Services:										
Tuition	1,604,429.00	1,528,153.00	1,563,883.00	1,225,655.00	1,365,619.27	1,134,947.19	992,049.03	1,353,908.22	1,103,464.80	1,449,344.20
Student & Instruction Related Services	3,734,263.00	3,796,965.00	3,917,180.00	3,655,904.00	3,745,979.30	3,710,669.19	3,458,747.60	3,603,121.91	3,702,995.94	3,656,586.15
General Administrative Services	596,724.00	607,958.00	625,837.00	711,555.00	582,842.27	545,003.76	567,093.14	536,497.68	524,759.47	553,758.62
School Administrative Services	1,283,682.00	1,569,100.00	1,928,409.00	1,569,303.00	1,884,741.96	1,847,013.88	2,072,353.61	2,151,119.22	2,201,373.24	2,323,962.72
Central Services & Admin. Info. Technology	667,030.00	523,345.00	571,707.00	579,974.00	614,637.54	603,367.23	600,636.79	675,938.19	730,231.24	870,309.82
Plant Operations and Maintenance	3,135,730.00	3,184,484.00	3,239,984.00	3,316,860.00	3,318,026.69	3,205,243.39	3,445,392.43	3,282,746.98	3,458,355.93	3,202,032.38
Pupil Transportation	803,942.00	808,315.00	694,479.00	585,210.00	608,869.97	539,478.82	506,689.54	534,634.78	638,002.25	823,550.99
Unallocated Benefits	6,811.00	15,135.00	16,506.00	176,646.00	153,222.89	181,638.64	138,200.06	125,055.60	112,039.83	103,446.00
Food Service	51,676.00	45,632.00	187,534.00	207.28	288.11	288.11	445.16	12,164.21	445.49	444.51
Charter Schools	16,297.00	187,791.00	188,348.00	205,290.00	226,096.00	253,919.83	353,063.97	415,594.26	427,488.77	494,293.00
Interest on Long-term Debt	164,303.00	29,334,574.00	31,216,996.00	30,032,590.00	29,748,403.06	31,450,088.40	31,861,092.00	36,594,147.06	38,937,241.98	42,221,189.24
Capital Outlay - Non-depreciable	29,673,055.00	359,002.00	389,953.00	391,534.00	394,865.92	401,341.94	410,317.83	405,812.60	433,625.51	431,887.27
Unallocated Depreciation	391,489.00	359,002.00	389,953.00	391,534.00	394,865.92	401,341.94	410,317.83	405,812.60	433,625.51	431,887.27
Total Governmental Activities Expenses	30,064,544.00	29,693,576.00	31,606,949.00	30,424,124.00	30,143,268.98	31,851,430.34	32,271,409.83	36,999,959.66	39,370,867.49	42,653,076.51
Business-type Activities:										
Food Service	1,691,670.00	1,746,583.00	1,760,349.00	1,705,558.00	833,866.40	885,165.58	854,250.58	871,848.20	986,434.31	941,461.47
Charges for Services:	4,502,289.00	3,413,585.00	3,658,773.00	3,734,391.00	3,833,866.40	885,165.58	854,250.58	871,848.20	986,434.31	941,461.47
Operating Grants and Contributions	6,193,959.00	5,160,168.00	5,419,122.00	5,439,949.00	833,866.40	885,165.58	854,250.58	871,848.20	986,434.31	941,461.47
Total Governmental Activities Program Revenues	12,387,918.00	10,320,336.00	10,848,250.00	10,880,398.00	12,513,599.20	12,621,506.66	12,258,751.74	12,565,536.40	13,959,302.93	13,834,384.41
Business-type Activities:										
Charges for Services:										
Tuition	306,255.00	292,737.00	283,655.00	274,895.00	255,543.39	258,917.13	247,120.87	252,551.11	247,703.78	255,396.19
Food Service	83,093.00	88,837.00	106,192.00	115,580.00	144,992.29	155,138.19	163,231.98	165,196.85	165,215.13	176,287.37
Operating Grants and Contributions	389,348.00	381,574.00	389,847.00	390,475.00	400,535.68	414,055.32	410,352.85	417,477.96	412,918.91	431,683.56
Total Business-type Activities Program Revenues	6,583,307.00	5,541,742.00	5,808,969.00	5,830,424.00	1,234,402.08	1,299,220.90	1,254,603.43	1,289,596.16	1,395,353.22	1,373,145.03
<b>Net (Expense)/Revenue</b>										
Governmental Activities	(23,479,096.00)	(24,174,406.00)	(25,797,874.00)	(24,592,641.00)	(28,914,536.66)	(30,564,922.82)	(31,006,841.42)	(35,722,298.86)	(37,950,807.67)	(41,279,727.77)
Business-type Activities	(2,141.00)	22,572.00	(106.00)	(1,059.00)	5,669.76	12,713.38	35.02	11,935.36	(20,706.60)	(203.71)
Total District-wide Net Expense	(23,481,237.00)	(24,151,834.00)	(25,797,980.00)	(24,593,700.00)	(28,908,866.90)	(30,552,209.44)	(31,006,806.40)	(35,710,363.50)	(37,971,514.27)	(41,279,931.48)

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes	19,908,050.00	20,375,740.00	21,518,703.00	22,063,451.00	22,415,898.92	22,341,918.00	22,688,756.00	22,768,756.00	23,224,131.00	23,478,614.00
Taxes Levied for Debt Service	132,733.00	136,949.00	302,602.00	331,427.00	317,389.00	358,296.00	352,480.00	332,413.00	331,928.00	264,345.00
Unrestricted Federal and State Aid	3,431,775.00	3,714,593.00	3,482,076.00	2,855,772.00	6,299,329.17	6,979,007.59	6,813,371.19	10,399,255.57	11,898,527.19	13,861,673.49
Federal and State Aid - Capital Outlay					27,518.90	1,921,017.96	84,937.17	69,615.21	315,291.86	4,035.84
Tuition Received					1,772,703.67	22,632.05	2,099,366.43	2,450,894.60	2,790,838.42	2,676,767.31
Extraordinary Flood Reimbursement Proceeds					141,406.00	3,763.82	3,916.64	3,930.78	5,224.40	8,337.16
Investment Earnings	83,222.00	20,980.00	14,717.00	7,345.00	3,413.58	17,725.00	23,342.50	22,270.00	26,237.50	26,515.00
Rental Income					18,070.00	63,155.48	102,183.74	74,769.23	124,505.07	132,026.12
Miscellaneous Income	29,076.00	46,134.00	44,308.00	135,923.00	78,262.31					
Transfers										
<b>Total Governmental Activities</b>	<b>23,584,856.00</b>	<b>24,294,396.00</b>	<b>25,362,406.00</b>	<b>25,393,918.00</b>	<b>31,073,991.55</b>	<b>31,707,515.70</b>	<b>32,168,353.67</b>	<b>36,121,904.39</b>	<b>38,716,683.44</b>	<b>40,452,313.92</b>
Business-type Activities:										
Investment Earnings	999.00	239.00	57.00	42.00	28.82	29.89	25.59	28.89	56.78	342.26
<b>Total Business-type Activities</b>	<b>999.00</b>	<b>239.00</b>	<b>57.00</b>	<b>42.00</b>	<b>28.82</b>	<b>29.89</b>	<b>25.59</b>	<b>28.89</b>	<b>56.78</b>	<b>342.26</b>
<b>Total District-wide</b>	<b>23,585,855.00</b>	<b>24,294,635.00</b>	<b>25,362,463.00</b>	<b>25,393,960.00</b>	<b>31,074,020.37</b>	<b>31,707,545.39</b>	<b>32,168,379.26</b>	<b>36,121,933.28</b>	<b>38,716,740.22</b>	<b>40,452,656.18</b>
<b>Change in Net Position</b>										
Governmental Activities	105,760.00	119,990.00	(435,468.00)	801,277.00	2,159,454.89	1,142,592.88	1,161,512.25	399,605.53	765,875.77	(827,413.85)
Business-type Activities	(1,142.00)	22,811.00	(49.00)	(1,017.00)	5,698.58	12,743.07	60.61	11,964.25	(20,649.82)	138.55
<b>Total District</b>	<b>104,618.00</b>	<b>142,801.00</b>	<b>(435,517.00)</b>	<b>800,260.00</b>	<b>2,165,153.47</b>	<b>1,155,335.95</b>	<b>1,161,572.86</b>	<b>411,569.78</b>	<b>745,225.95</b>	<b>(827,275.30)</b>

Source: CAFR Schedule A-2

GASB No. 63 became effective for the Fiscal Year Ended June 30, 2013 which required a change in language from net assets to net position. This required presentation did not impact any of the balances from the prior years.



**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Fund Balances Governmental Funds**  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Fund</b>										
Reserved	1,096,102.00	1,304,125.00	1,417,752.00							
Unreserved	648,450.00	427,790.00	521,450.00							
Restricted				1,407,943.00	1,326,666.75	1,960,922.07	1,856,620.42	2,565,072.87	2,826,861.19	3,253,262.57
Committed										
Assigned				270,652.00	482,161.37	400,312.50	429,517.56	105,619.27	325,959.71	63,877.87
Unassigned				279,701.00	231,861.67	247,759.49	307,259.51	288,716.42	219,303.63	225,138.19
<b>Total General Fund</b>	<b>1,744,552.00</b>	<b>1,731,915.00</b>	<b>1,939,202.00</b>	<b>1,958,296.00</b>	<b>2,040,689.79</b>	<b>2,608,994.06</b>	<b>2,593,397.49</b>	<b>2,959,408.56</b>	<b>3,372,124.53</b>	<b>3,542,278.63</b>
<b>All Other Governmental Funds</b>										
Restricted for:										
Capital Projects Fund		328,045.00	124,831.00	348,259.00	5,466.68	5,466.68	647,051.24	542,628.42	80,541.78	
Debt Service				46,530.00	(0.43)	(0.23)	5,467.13	5,466.87		
Committed for:										
Capital Projects Fund				66,000.00	30,000.00					
Unreserved, Reported in:										
Capital Projects Fund	2.00	3,790,328.00	574,224.00							
Debt Service		101.00	46,629.00							
<b>Total All Other Governmental Funds</b>	<b>2.00</b>	<b>4,118,474.00</b>	<b>745,684.00</b>	<b>460,789.00</b>	<b>35,466.25</b>	<b>5,466.45</b>	<b>652,518.37</b>	<b>548,095.29</b>	<b>80,541.78</b>	<b>0.00</b>

Source: CAFR Schedule B-1

GASB No. 54 was implemented in the 2011 fiscal year, which required the presentation of fund balances to be reported in different classifications from those presented in prior years. Prior years have not been restated above, nor or they required to be.

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Changes in Fund Balances Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Tax Levy	20,040,783.00	20,512,689.00	21,821,305.00	22,394,878.00	22,733,287.92	22,700,214.00	23,041,236.00	23,101,169.00	23,556,059.00	23,742,959.00
Tuition Charges	1,691,670.00	1,746,583.00	1,760,349.00	1,705,588.00	1,772,703.67	1,921,017.96	2,099,366.43	2,450,894.60	2,790,838.42	2,676,767.31
Rental Income					18,070.00	17,725.00	23,342.50	22,270.00	26,237.50	26,515.00
Interest Earnings	83,222.00	20,980.00	14,717.00	7,345.00	3,413.58	3,725.00	3,916.64	3,930.78	5,224.40	8,337.16
Miscellaneous	36,699.00	60,751.00	64,426.00	154,636.00	90,508.17	128,210.53	144,371.72	94,275.25	184,251.07	145,099.59
Slate Sources	7,376,816.00	6,540,190.00	5,840,665.00	5,754,894.00	6,363,021.41	7,187,142.94	7,101,363.64	7,532,003.59	8,321,318.09	8,596,805.33
Federal Sources	549,625.00	573,371.00	1,280,066.00	816,566.00	785,447.20	634,607.23	609,007.32	619,061.37	714,168.27	671,730.00
<b>Total Revenues</b>	<b>29,778,815.00</b>	<b>29,454,564.00</b>	<b>30,781,528.00</b>	<b>30,833,867.00</b>	<b>31,766,451.95</b>	<b>32,592,681.28</b>	<b>33,022,604.25</b>	<b>33,823,604.59</b>	<b>35,598,096.75</b>	<b>35,868,213.39</b>
<b>Expenditures</b>										
<b>Instruction:</b>										
Regular	7,911,923.00	7,889,958.00	8,319,487.00	8,456,681.00	9,185,364.93	9,246,670.13	9,608,767.82	9,953,132.56	10,117,694.74	10,489,078.02
Special	3,005,141.00	3,180,234.00	3,419,130.00	3,564,101.00	2,875,512.93	3,078,509.67	3,356,361.08	3,451,056.48	3,624,079.71	3,820,807.18
Other Special Instruction	528,998.00	590,384.00	672,278.00	623,803.00	604,325.45	594,408.01	612,184.45	642,363.21	607,866.02	566,204.44
Other Instruction	557,497.00	564,801.00	580,262.00	507,229.00	564,483.71	600,747.92	575,899.93	601,801.11	619,070.50	644,788.80
<b>Support Services:</b>										
Instruction - Tuition	1,604,429.00	1,528,153.00	1,563,883.00	1,225,655.00	1,365,619.27	1,134,947.19	992,049.03	1,353,908.22	1,103,464.80	1,449,344.20
Student & Instruction Related Services	3,155,154.00	3,173,906.00	3,301,107.00	3,015,478.00	2,969,890.96	3,031,354.08	2,861,420.40	3,000,239.74	3,035,262.43	2,960,715.72
School Administration	1,205,056.00	1,228,351.00	1,329,247.00	1,299,858.00	1,434,538.78	1,457,693.21	1,675,138.44	1,734,150.39	1,741,250.05	1,805,938.04
General Administration	430,056.00	491,188.00	508,664.00	491,731.00	490,088.74	464,780.86	502,980.61	467,031.61	454,320.98	477,624.08
Central Services & Admin. Info. Technology	445,276.00	388,552.00	428,850.00	447,291.00	481,286.36	497,477.97	503,071.15	565,749.35	597,152.94	694,947.66
Operations and Maintenance	2,737,310.00	2,692,829.00	2,690,438.00	2,728,594.00	2,924,185.66	2,836,689.08	3,087,471.67	2,967,523.53	3,119,624.42	2,759,407.41
Student Transportation	803,942.00	808,315.00	694,479.00	585,210.00	608,869.97	539,478.82	506,689.54	534,634.78	638,002.25	823,550.99
Food Service	6,811.00									
Employee Benefits	7,209,097.00	6,475,556.00	6,616,995.00	6,808,888.00	7,562,665.13	7,515,933.96	7,052,486.37	7,435,367.12	8,351,759.93	8,775,577.43
Transfer to Charter Schools		15,135.00	16,506.00							
Capital Outlay	37,584.00	411,272.00	3,521,411.00	850,031.00	553,926.43	893,845.49	581,768.09	1,592,759.47	1,563,626.86	165,143.60
Debt Service:										
Principal	106,612.00	117,441.00	118,282.00	314,188.00	320,140.92	326,166.60	332,243.59	325,000.00	347,000.00	275,000.00
Interest and Other Charges	54,367.00	48,654.00	166,012.00	180,960.00	168,482.08	155,702.20	142,616.73	129,722.26	116,884.00	106,196.00
<b>Total Governmental Fund Expenditures</b>	<b>29,799,253.00</b>	<b>29,604,729.00</b>	<b>33,947,031.00</b>	<b>31,099,668.00</b>	<b>32,109,381.32</b>	<b>32,374,405.19</b>	<b>32,391,148.90</b>	<b>34,754,439.83</b>	<b>36,027,059.63</b>	<b>35,814,323.57</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(20,438.00)</b>	<b>(150,165.00)</b>	<b>(3,165,503.00)</b>	<b>(265,801.00)</b>	<b>(342,929.37)</b>	<b>218,276.09</b>	<b>631,455.35</b>	<b>(930,835.24)</b>	<b>(428,962.88)</b>	<b>53,889.82</b>
<b>Other Financing Sources (Uses)</b>										
Operating Transfers In										
Operating Transfers Out										
Cancellation of Accounts Receivable										
Capital Leases (non-budgeted)										
<b>Total Other Financing Sources (Uses)</b>										
<b>Net Changes in Fund Balance</b>	<b>(20,438.00)</b>	<b>(150,165.00)</b>	<b>(3,165,503.00)</b>	<b>(265,801.00)</b>	<b>(342,929.37)</b>	<b>538,304.47</b>	<b>631,455.35</b>	<b>161,587.99</b>	<b>45,162.46</b>	<b>89,612.32</b>
<b>Debt Service as a percentage of noncapital expenditures</b>	<b>0.54%</b>	<b>0.57%</b>	<b>0.93%</b>	<b>1.64%</b>	<b>1.55%</b>	<b>1.53%</b>	<b>1.49%</b>	<b>1.37%</b>	<b>1.35%</b>	<b>1.07%</b>

Source: CAFR Schedule B-2

Note: Noncapital expenditures are total expenditures less capital outlay.

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**

**General Fund Other Local Revenue by Source  
Last Ten Fiscal Years**

<u>Fiscal Year Ended June 30,</u>	<u>Tuition</u>	<u>Interest on Investments</u>	<u>Other Misc.</u>	<u>Rental</u>	<u>Total</u>
2008	1,691,670.00	83,222.00	29,076.00		1,803,968.00
2009	1,746,583.00	15,660.00	46,034.00		1,808,277.00
2010	1,760,349.00	8,695.00	44,308.00		1,813,352.00
2011	1,705,558.00	6,018.00	135,923.00		1,847,499.00
2012	1,772,703.67	3,413.58	78,262.31	18,070.00	1,872,449.56
2013	1,921,017.96	3,763.62	85,787.53	17,725.00	2,028,294.11
2014	2,099,366.43	3,916.64	102,183.74	23,342.50	2,228,809.31
2015	2,450,894.60	3,930.78	74,769.23	22,270.00	2,551,864.61
2016	2,790,838.42	5,224.40	124,504.94	26,237.50	2,946,805.26
2017	2,676,767.31	8,337.16	105,926.12	26,515.00	2,817,545.59

Source: District Records.

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Assessed and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
**Unaudited**

Year Ended Dec. 31,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Assessed Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
							a			b
2007	3,264,900	548,511,400	57,858,000	17,498,600	14,538,200	641,671,100	443,036	642,114,136	1,450,568,567	3.0200
2008	3,080,300	550,794,900	56,518,100	18,436,500	11,893,400	640,723,200	430,034	641,153,234	1,530,770,516	3.1630
2009	3,137,600	552,469,700	55,798,600	17,976,500	11,893,400	641,275,800	437,101	641,712,901	1,574,701,361	3.2990
2010	3,137,600	542,138,200	55,605,000	18,568,500	11,893,400	631,342,700		631,342,700	1,458,249,154	3.5020
2011	2,952,100	541,827,500	55,192,500	18,568,500	10,543,400	629,084,000		629,084,000	1,389,906,868	3.5870
2012	3,064,500	538,850,400	54,582,500	18,568,500	10,543,400	625,609,300		625,609,300	1,263,332,893	3.6320
2013	3,045,500	535,507,000	53,881,800	18,568,500	10,243,400	621,246,200		621,246,200	1,173,080,283	3.6820
2014	2,855,000	533,280,700	53,433,400	18,568,500	10,243,400	618,381,000		618,381,000	1,123,307,902	3.7310
2015	2,855,000	531,432,200	52,952,600	18,568,500	10,243,400	616,051,700		616,051,700	1,118,061,162	3.7870
2016	2,845,700	529,368,100	52,720,700	18,568,500	10,243,400	613,746,400		613,746,400	1,111,388,901	3.8530

Source: Passaic County, Abstract of Ratables and Municipal Tax Assessor

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

Reassessment occurs when County Board of Taxation requests Treasury to order a reassessment.

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

b Tax rates are per \$100 of assessed value.

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**

**Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years  
Per \$100 of Assessed Valuation**

<b>Assessment Year</b>	<b>Basic Rate<sup>a</sup></b>	<b>General Obligation Debt Service<sup>b</sup></b>	<b>Local School District</b>	<b>Overlapping Rates</b>		<b>Total Direct and overlapping Tax Rate</b>
				<b>Municipality<sup>c</sup></b>	<b>County</b>	
2007	3.0000	0.0210	3.0210	1.1790	1.1200	5.3200
2008	3.1420	0.0210	3.1630	1.2540	1.2050	5.6220
2009	3.2530	0.0460	3.2990	1.3030	1.2340	5.8360
2010	3.4500	0.0520	3.5020	1.3900	1.2400	6.1320
2011	3.5354	0.0516	3.5870	1.4362	1.2708	6.2940
2012	3.5780	0.0540	3.6320	1.502	1.2800	6.4140
2013	3.6257	0.0563	3.6820	1.569	1.2720	6.5230
2014	3.6773	0.0537	3.7310	1.615	1.2880	6.6340
2015	3.7332	0.0538	3.7870	1.658	1.3870	6.8320
2016	3.8102	0.0428	3.8530	1.667	1.3580	6.8780

Source: District Records and Municipal Tax Collector.

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other compo of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculate follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending gr adjustments.

- a** The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the net valuation taxable.
- b** Rates for debt service are based on each year's requirements.
- c** Includes Library tax rate and Municipal Open Space tax rate .

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**

**Schedule of Principal Taxpayers**

**Current and Nine Years Ago**

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank Optional	% of District's Net Assessed Valuation	Taxable Assessed Value	Rank Optional	% of District's Net Assessed Valuation
E.I. Dupont, Denemours & Co.	15,063,900	1	2.45%	15,063,900	1	2.35%
UB Pompton Lake I, LLC	9,645,400	2	1.57%			
Aldrich 9 Apt. LLC & Park36 Apt. LLC	4,000,000	3	0.65%			
Ocean Lake Realty, LLC	2,450,000	4	0.40%			
K & A Associates, LLC	2,100,000	5	0.34%			
Tresenfeld	1,500,000	6	0.24%			
Walsh Industrial Condominium	1,423,100	7	0.23%			
Valbruna Stainless Inc.	1,400,000	8	0.23%	1,860,000	8	0.29%
Landolina Investment Co. LLP	1,342,800	9	0.22%			
Cape Realty, LLC	1,300,000	10	0.21%			
Pompton Center Associates				9,371,000	2	1.46%
Larson Financial				4,300,000	3	0.67%
F & B Construction Co				2,950,000	4	0.46%
Higgins & Peragallo				2,871,600	5	0.45%
Alrose Pompton, LLC				2,703,200	6	0.42%
Tresenfeld & Singer				2,000,000	7	0.31%
Imaging Realty, LLC				1,352,900	9	0.21%
Sterakian, Vasken & Sossy				1,142,000	10	0.18%
	<u>40,225,200</u>		<u>6.55%</u>	<u>43,614,600</u>		<u>6.79%</u>

Source: Municipal Tax Assessor's Office.

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**

**School Tax Levies and Collections  
Last Ten Years**

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy<sup>a</sup></u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2008	20,040,783.00	20,040,783.00	100.00%	
2009	20,512,689.00	20,512,689.00	100.00%	
2010	21,821,305.00	21,821,305.00	100.00%	
2011	22,394,878.00	22,394,878.00	100.00%	
2012	22,733,287.92	22,733,287.92	100.00%	
2013	22,700,214.00	22,700,214.00	100.00%	
2014	23,041,236.00	23,041,236.00	100.00%	
2015	23,101,169.00	23,101,169.00	100.00%	
2016	23,556,059.00	23,556,059.00	100.00%	
2017	23,742,959.00	23,742,959.00	100.00%	

Source: District records including the Certificate and Report of School Taxes (A4F form)

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

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Economic Development Authority Loans	Bond Anticipation Notes (BANs)	Capital Leases	Capital Leases			
2008	777,000.00	178,462.00				955,462.00	0.22%	87
2009	4,943,000.00	151,021.00				5,094,021.00	1.16%	465
2010	4,853,000.00	122,739.00				4,975,739.00	1.16%	451
2011	4,568,000.00	94,181.00				4,662,181.00	1.05%	420
2012	4,278,000.00	63,410.00				4,341,410.00	0.94%	388
2013	3,983,000.00	32,244.00		261,385.30		4,276,629.30	0.92%	383
2014	3,683,000.00			156,920.62		3,839,920.62	0.82%	343
2015	3,358,000.00			1,506,817.51		4,864,817.51	0.99%	434
2016	3,011,000.00			1,491,038.41		4,502,038.41	0.85%	402
2017	2,736,000.00			1,342,864.46		4,078,864.46	Not Available	367

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

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



**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Ratios of Net General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds and EDA Loans	Deductions	Net General Bonded Debt Outstanding		
2008	955,462.00	-	955,462.00	0.15%	87
2009	5,094,021.00	-	5,094,021.00	0.79%	465
2010	4,975,739.00	-	4,975,739.00	0.78%	451
2011	4,662,181.00	-	4,662,181.00	0.74%	420
2012	4,341,410.00	-	4,341,410.00	0.69%	388
2013	4,276,629.30	-	4,276,629.30	0.68%	383
2014	3,683,000.00	-	3,683,000.00	0.59%	329
2015	3,358,000.00	-	3,358,000.00	0.54%	300
2016	3,011,000.00	-	3,011,000.00	0.49%	269
2017	2,736,000.00	-	2,736,000.00	0.45%	246

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

**a** See Exhibit NJ J-6 for property tax data.

**b** Population data can be found in Exhibit NJ J-14.

Deductions are allowable for resources that are restricted to repaying the principal of debt outstanding.

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2016**

<u>Governmental Unit</u>	<u>Debt Outstanding (1)</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of Pompton Lkaes	\$ 7,892,887	100.000%	\$ 7,892,887
Other debt			
Passaic County General Obligation Debt	361,427,569	2.3851%	8,620,388
Passaic County Utility Authority	53,170,000	2.3851%	1,268,155
Pompton Lakes Municipal Utilities Authority	5,198,292	100.000%	5,198,292
Subtotal, overlapping debt			22,979,722
<b>Pompton Lakes School District Direct Debt</b>			<u>2,736,000</u>
<b>Total direct and overlapping debt</b>			<u>\$ 25,715,722</u>

**Sources:** Assessed value data used to estimate applicable percentages provided by the Passaic County Board of Taxation.  
 Debt outstanding data provided by each governmental unit.

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

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

(1) Debt Information as of December 31, 2016.

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
 Legal Debt Margin Information,  
 Last Ten Fiscal Years

**Legal Debt Margin Calculation for Fiscal Year 2017**

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 56,645,744	\$ 60,268,728	\$ 60,016,084	\$ 58,883,050	\$ 54,874,319	\$ 50,915,201	\$ 47,487,674	\$ 45,648,980	\$ 44,789,421	\$ 44,683,768
Total net debt applicable to limit	<u>955,462</u>	<u>5,094,021</u>	<u>4,975,739</u>	<u>4,661,551</u>	<u>4,342,040</u>	<u>4,015,244</u>	<u>3,683,000</u>	<u>3,358,000</u>	<u>3,011,000</u>	<u>2,736,000</u>
Legal debt margin	<u>\$ 55,690,282</u>	<u>\$ 55,174,707</u>	<u>\$ 55,040,345</u>	<u>\$ 54,221,499</u>	<u>\$ 50,532,279</u>	<u>\$ 46,899,957</u>	<u>\$ 43,814,674</u>	<u>\$ 42,290,960</u>	<u>\$ 41,778,421</u>	<u>\$ 41,947,768</u>
Total net debt applicable to the limit as a percentage of debt limit	1.69%	8.45%	8.29%	7.92%	7.91%	7.89%	7.75%	7.36%	6.72%	6.12%

Equalized valuation basis	2016	\$ 1,120,588,643
	2015	1,108,405,362
	2014	1,122,288,566
	[A]	<u>\$ 3,351,282,571</u>
Average equalized valuation of taxable property	[A/3]	\$ 1,117,094,190
Debt limit (4% of average equalization value)	[B]	44,683,768
Total Net Debt Applicable to Limit	[C]	2,736,000
Legal debt margin	[B-C]	<u>\$ 41,947,768</u>

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

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**

**Demographic and Economic Statistics  
Last Ten Years**

<u>Year Ended June 30,</u>	<u>School District Population (1)</u>	<u>Personal Income in Thousands \$ (2)</u>	<u>Per Capita Income (3)</u>	<u>Unemployment Rate (4)</u>
2008	10,973	426,816,781	38,897	3.60%
2009	10,966	437,620,162	39,907	4.70%
2010	11,040	429,809,280	38,932	9.20%
2011	11,110	442,255,770	39,807	9.40%
2012	11,175	462,320,925	41,371	9.20%
2013	11,174	467,341,376	41,824	9.10%
2014	11,183	468,086,831	41,857	9.90%
2015	11,205	489,512,835	43,687	5.80%
2016	11,202	528,611,178	47,189	4.80%
2017	11,127	Not Available	Not Available	4.30%

- Source:
- (1) U.S. Bureau of the Census, Population Division,  
(Estimates July 1, 2007-2016)
  - (2) County Personal income. Income of the District is not available.
  - (3) U.S. Department of Commerce, County Information 2006-2015.
  - (4) N.J. Department of Labor.

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**

**Schedule of Principal Employers**

**Current and Nine Years Ago**

**2016**

**2007**

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**INFORMATION IS NOT AVAILABLE**

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**Full-time Equivalent District Employees by Function/Program,**  
**Last Ten Fiscal Years**

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Instruction	110.0	115.0	121.0	119.0	110.0	115.0	117.0	130.0	123.0	125.0
Regular	24.0	30.0	27.0	29.0	32.0	39.0	40.0	36.0	31.0	32.0
Special education										
Other instruction										
Support Services:										
Tuition	26.0	28.0	27.0	26.0	65.0	58.0	61.0	61.0	61.0	62.0
Student & instruction related services	8.0	8.0	8.0	8.0	8.0	7.0	7.0	7.0	7.0	7.0
General administrative services	22.0	24.0	24.0	23.0	22.0	22.0	22.0	22.0	22.0	22.0
School administrative services	21.0	25.0	24.0	24.0	24.0	24.0	24.0	22.0	21.0	21.0
Plant operations and maintenance										
Pupil transportation										
<b>Total</b>	<b>211.0</b>	<b>230.0</b>	<b>231.0</b>	<b>229.0</b>	<b>261.0</b>	<b>265.0</b>	<b>271.0</b>	<b>278.0</b>	<b>265.0</b>	<b>269.0</b>

**Source:** NJDOE Annual School District Budget Statement Supporting Document (Budgeted Full-Time Equivalents)

BOROUGH OF POMPTON LAKES SCHOOL DISTRICT  
 Operating Statistics,  
 Last Ten Fiscal Years

Fiscal Year	Teacher/Pupil Ratio											
	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Elementary	Junior High School	High School	Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
2008	1,817	29,600,690	\$ 16,291	3.47%	160	1:11	1:11	1:12	1,817.0	1,738.0	0.94%	95.65%
2009	1,756	29,027,362	\$ 16,530	1.47%	156	1:11	1:11	1:12	1,756.0	1,680.0	-3.36%	95.67%
2010	1,742	30,141,326	\$ 17,303	4.67%	148	1:11	1:12	1:12	1,742.0	1,668.0	-0.80%	95.75%
2011	1,652	29,754,489	\$ 18,011	4.09%	148	1:11	1:12	1:12	1,652.0	1,575.0	-5.17%	95.34%
2012	1,661	31,066,832	\$ 18,704	3.84%	142	1:11	1:12	1:12	1,661.0	1,589.0	0.54%	95.67%
2013	1,702	31,292,241	\$ 18,386	-1.70%	154	1:11	1:12	1:12	1,702.0	1,629.0	2.47%	95.71%
2014	1,727	31,334,520	\$ 18,144	-1.31%	157	1:11	1:12	1:12	1,687.8	1,620.0	-0.83%	95.98%
2015	1,722	32,706,958	\$ 18,994	4.68%	166	1:11	1:11	1:11	1,702.3	1,635.2	0.86%	96.06%
2016	1,706	34,009,549	\$ 19,935	4.96%	170	1:11	1:11	1:11	1,682.0	1,615.0	-1.19%	96.02%
2017	1,665	35,267,984	\$ 21,182	6.25%	179	1:11	1:10	1:11	1,659.0	1,633.0	-1.37%	98.43%

Sources: District records and A SSA

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures J-4 less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

BOROUGH OF POMPTON LAKES SCHOOL DISTRICT  
 School Building Information  
 Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b><u>District Building</u></b>										
<b><u>Lincoln Elementary School</u></b>										
Square Feet	38,195	38,195	38,195	38,195	38,195	38,195	38,195	38,195	38,195	38,195
Capacity (students)	360	360	360	360	360	360	360	360	360	360
Enrollment	362	361	376	311	333	344	337	338	321	321
<b><u>Lenox Elementary School</u></b>										
Square Feet	46,681	46,681	46,681	46,681	46,681	46,681	46,681	46,681	46,681	46,681
Capacity (students)	419	419	419	419	419	419	419	419	419	419
Enrollment	366	355	350	326	343	349	337	342	339	361
<b><u>Lakeside Middle School</u></b>										
Square Feet	70,550	70,550	70,550	70,550	70,550	70,550	70,550	70,550	70,550	70,550
Capacity (students)	366	366	366	366	366	366	366	366	366	366
Enrollment	379	380	360	373	373	389	361	362	376	354
<b><u>Pompton Lakes High School</u></b>										
Square Feet	98,685	98,685	98,685	98,685	98,685	98,685	98,685	98,685	98,685	98,685
Capacity (students) unadjusted	886	886	886	886	886	886	886	886	886	886
Enrollment	706	663	656	642	612	620	658	670	646	629
<b><u>Administration Office Building</u></b>										
Square Feet	3072	3072	3072	3072	3072	3072	3072	3072	3072	3072
<b><u>District Administration Storage</u></b>										
Square Feet	2400	2400	2400	2400	2400	2400	2400	2400	2400	2400
<b><u>High School Storage Building</u></b>										
Square Feet	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500
<b><u>High School Storage Garage</u></b>										
Square Feet	950	950	950	950	950	950	950	950	950	950

Number of Schools at June 30, 2017  
 Elementary = 2  
 Middle School = 1  
 High School = 1

Source: District records, ASSA, LRFP



**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**  
**General Fund**  
**Schedule of Required Maintenance for School Facilities**  
**For the Fiscal Year Ended June 30,**  
**Last Ten Fiscal Years**

**UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES**  
**11-000-261-xxx**

* School Facilities	Project # (s)	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Pompton Lakes High School	N/A	359,784.00	454,179.00	358,323.00	469,337.00	405,202.00	464,649.00	404,857.00	392,596.00	375,440.00	534,015.00
Lakeside Middle School	N/A	252,821.00	319,153.00	256,563.00	247,602.00	293,241.00	306,403.00	289,433.00	280,667.00	268,402.00	175,783.00
Lenox Elem. School	N/A	175,030.00	220,952.00	160,143.00	266,913.00	247,882.00	264,263.00	191,510.00	185,710.00	177,595.00	187,052.00
Lincoln Elem School	N/A	145,858.00	184,127.00	158,043.00	233,625.00	227,139.00	197,173.00	156,696.00	151,950.00	145,310.00	152,460.00
Administration Offices	N/A	9,723.00	12,274.00	6,942.00	7,594.00	8,219.00	9,217.00	12,603.00	12,221.00	11,687.00	4,837.00
District Administration Storage	N/A	9,725.00	12,274.00	6,942.00	7,594.00	8,219.00	9,217.00	9,846.00	9,548.00	9,131.00	4,837.00
High School Storage Building	N/A	9,725.00	12,275.00	6,942.00	7,593.00	8,219.00	9,217.00	6,154.00	5,967.00	5,707.00	4,837.00
High School Storage Garage	N/A	9,723.00	12,278.00	6,941.00	7,593.00	8,219.00	9,217.00	3,897.00	3,779.00	3,614.00	4,837.00
<b>Total School Facilities</b>		<b>972,389.00</b>	<b>1,227,512.00</b>	<b>960,839.00</b>	<b>1,247,851.00</b>	<b>1,206,340.00</b>	<b>1,269,356.00</b>	<b>1,074,996.00</b>	<b>1,042,438.00</b>	<b>996,886.00</b>	<b>1,068,658.00</b>

\* School facilities as defined under EFCA. (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6:24-1.3)

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT**

**Insurance Schedule  
June 30, 2017**

	<u>Coverage</u>	<u>Deductible</u>
Comprehensive Package Policy - Zurich Insurance Company		
Property - Blanket Building and Contents	\$55,641,001	\$5,000
Comprehensive General Liability	1,000,000	
Comprehensive Automobile Liability	1,000,000	
Blanket Employee Dishonesty	500,000	5,000
Boiler and Machinery	100,000,000	1,000
Excess Liability - Fireman's Fund Ins. Co.:		
Per Occurrence	50,000,000	
Aggregate	50,000,000	
Excess Policy - American Alternative		
Per Occurrence	9,000,000	
Aggregate	9,000,000	
Environmental Impairment Liability - Chubb/ACE		
Per Occurrence	1,000,000	25,000
Aggregate	10,000,000	
School Board Legal Liability - XL Catlin		
Errors & Omissions	1,000,000	7,500
Employment Practices	1,000,000	15,000
Travel Accident Insurance - Gerber Life Insurance Co.:		
Limit	100,000	
Cyber Liability - XL Insurance		
Combined Policy Aggregate Limit of Liability	4,000,000	25,000
Surety Bonds - Western Surety:		
Treasurer of School Monies	236,000	
Board Secretary / Business Administrator	236,000	

Source: District records.

**SINGLE AUDIT SECTION**

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

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Steven D. Wielkotz, CPA, RMA  
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable President and  
Members of the Board of Education  
Borough of Pompton Lakes School District  
County of Passaic, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the Borough of Pompton Lakes School District, in the County of Passaic, New Jersey, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 26, 2017.

### ***Internal Control Over Financial Reporting***

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

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



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

***Compliance and Other Matters***

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

We noted certain matters that were required to be reported to the Board of Education of the Borough of Pompton Lakes School District in the separate Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance dated September 26, 2017.

***Purpose of this Report***

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

*James Cerullo*

James Cerullo, C.P.A.  
Licensed Public School Accountant  
No. 881

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

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants  
Pompton Lakes, New Jersey

September 26, 2017



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

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE  
AND N.J. OMB CIRCULAR 15-08**

Honorable President and  
Members of the Board of Education  
Borough of Pompton Lakes School District  
County of Passaic, New Jersey

## **Report on Compliance for Each Major Federal and State Program**

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

## **Management's Responsibility**

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

## ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Borough of Pompton Lakes Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and N.J. OMB Circular 15-08. Those standards, the Uniform Guidance and N.J. OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether



noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Pompton Lakes Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on Each Major Federal and State Program***

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

### **Report on Internal Control Over Compliance**

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

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

Honorable President and  
Members of the Board of Education

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

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

*James Cerullo*

James Cerullo, C.P.A.  
Licensed Public School Accountant  
No. 881

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

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants  
Pompton Lakes, New Jersey

September 26, 2017





BOROUGH OF POMPTON LAKES SCHOOL DISTRICT  
 Schedule of Expenditures of Federal Awards  
 for the Fiscal Year Ended June 30, 2017

Federal Grant/Pass-Through Grantor	Federal CFDA Number	Federal EAIN Number	Project Number	Grant Period	Award Amount	Balance at June 30, 2016	Carryover/Adjustments	Cash Received	Budgetary Expenditures	Balance at June 30, 2017	Deferred Revenue	MEMO Cumulative Total Expenditures
<b>U.S. Department of Education:</b>												
<b>General Fund:</b>												
Medical Assistance Program (SEMI)	93.778	1705NJSMAP	N/A	07/01/16-06/30/17	5,684.00	(1,035.86)		3,767.42	(5,684.00)	(1,916.58)		5,684.00
Medical Assistance Program (SEMI)	93.778	1605NJSMAP	N/A	07/01/15-06/30/16	7,230.20	(3,204.07)		1,035.86				7,230.20
Medical Assistance Program (SEMI)	93.778	1605NJSMAP	N/A	07/01/13-06/30/14	3,204.07	(4,239.93)		3,204.07	(5,684.00)	(1,916.58)		3,204.07
								8,007.35				16,118.27
Total General Fund						(4,239.93)		8,007.35	(5,684.00)	(1,916.58)		16,118.27
<b>U.S. Department of Education Passed-Through State Department of Education:</b>												
<b>Special Revenue Fund:</b>												
Title I - Improving Basic Programs	84.010A	S010A160030	NCLB4230-17	07/01/16-06/30/17	198,790.00	(49,788.00)		171,064.00	(197,095.00)	(26,031.00)		197,095.00
Title I - Improving Basic Programs	84.010A	S010A150030	NCLB4230-16	07/01/15-06/30/16	196,697.00	(49,788.00)		49,788.00	(197,095.00)	(26,031.00)		193,972.00
								220,852.00				391,067.00
Title II-A - Teacher & Principal Training/Recruiting	84.367A	S367A160029	NCLB4230-17	07/01/16-06/30/17	24,456.00	(7,126.00)		24,456.00	(24,456.00)			24,456.00
Title II-A - Teacher & Principal Training/Recruiting	84.367A	S367A150029	NCLB4230-16	07/01/15-06/30/16	27,545.00	(7,126.00)		7,126.00	(24,456.00)			27,545.00
								31,582.00				52,001.00
Title III - Part A English Language Enhancements	84.365A	S365A160030	NCLB4230-17	07/01/16-06/30/17	12,892.00	(2,287.00)		11,284.00	(12,804.00)	(1,520.00)		12,804.00
Title III - Part A English Language Enhancements	84.365A	S365A150030	NCLB4230-16	07/01/15-06/30/16	15,894.00	(2,287.00)		2,287.00	(12,804.00)	(1,520.00)		15,824.00
								13,571.00				28,628.00
ID.E.A. Part B - Basic Regular	84.027	H027A160100	IDEA4230-17	07/01/16-06/30/17	418,970.00	(40,853.00)		396,414.00	(418,970.00)	(22,556.00)		418,970.00
ID.E.A. Part B - Basic Regular	84.027	H027A150100	IDEA4230-16	07/01/15-06/30/16	454,197.00	(40,853.00)		40,853.00	(418,970.00)	(22,556.00)		453,747.00
ID.E.A. Part B - Preschool	84.173	H173A160114	IDEA4230-17	07/01/16-06/30/17	12,721.00	(2,504.00)		12,721.00	(12,721.00)			12,721.00
ID.E.A. Part B - Preschool	84.173	H173A150114	IDEA4230-16	07/01/15-06/30/16	12,646.00	(43,357.00)		2,504.00	(431,691.00)	(22,556.00)		12,646.00
								452,492.00				893,084.00
Total Special Revenue Fund						(102,558.00)		718,497.00	(666,046.00)	(50,107.00)		1,369,780.00
<b>U.S. Department of Agriculture Passed-Through State Department of Education:</b>												
<b>Enterprise Fund:</b>												
Non-Cash Assistance	10.555	171NJ304N1099	N/A	07/01/16-06/30/17	26,902.33	3,781.69	3,781.69	26,902.33	(27,974.00)		2,710.02	27,974.00
Food Distribution Program	10.555	1616NJ304N1099	N/A	07/01/15-06/30/16	30,246.35		(3,781.69)					26,464.66
Food Distribution Program												
Cash Assistance	10.553	171NJ304N1099	N/A	07/01/16-06/30/17	5,769.12	(545.07)		5,274.10	(5,769.12)	(495.02)		5,769.12
School Breakfast Program	10.553	1616NJ304N1099	N/A	07/01/15-06/30/16	5,203.53			545.07				5,203.53
School Breakfast Program	10.555	171NJ304N1099	N/A	07/01/16-06/30/17	138,501.18	(9,957.04)		129,099.30	(138,501.18)	(9,401.88)		138,501.18
National School Lunch Program	10.555	1616NJ304N1099	N/A	07/01/15-06/30/16	127,214.92			9,957.04				127,214.92
National School Lunch Program												
Total Enterprise Fund						(6,720.42)		171,777.84	(172,244.30)	(9,896.90)	2,710.02	331,127.41
TOTAL FEDERAL FINANCIAL AWARDS						(113,518.35)		898,282.19	(843,974.30)	(61,920.48)	2,710.02	1,717,025.68

See accompanying notes to schedules of expenditures of federal awards and state financial assistance.

BOROUGH OF POMPTON LAKES SCHOOL DISTRICT  
 Schedule of Expenditures of State Financial Assistance  
 for the Fiscal Year Ended June 30, 2017

State Department of Education: General Fund:	State Grantor Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2016		Due To Grantor	Cash Received	Budgetary Expenditures	Adjustment/ Repayment of Prior Years Balance	Balance at June 30, 2017		MEMO Cumulative Total Expenditures
					Deferred Revenue/ (Accts. Receivable)	Due To Grantor					Accounts Receivable	Due To Grantor at	
<b>State Department of Education:</b>													
<b>General Fund:</b>													
Equalization Aid													
Per Pupil Growth Aid													
PARCC Readiness													
Professional Learning Community Aid													
Special Education Categorical Aid													
School Choice Aid													
Security Categorical Aid													
<b>Total State Aid Public</b>													
Transportation Aid													
Extraordinary Special Education Aid													
Extraordinary Special Education Aid													
On-Behalf TPAF Post Retirement Medical													
On-Behalf TPAF - Pension Contributions													
On-Behalf TPAF - Non-contributory Insurance													
On-Behalf TPAF - LTDI													
Reimbursed TPAF - Social Security													
<b>Total General Fund</b>													
<b>Special Revenue Fund:</b>													
N.J. Nonpublic Aid:													
Auxiliary Services:													
Compensatory Services													
Compensatory Services													
Home Instruction													
<b>Total Nonpublic Auxiliary Services Aid</b>													
Handicapped Services:													
Exam. & Classification													
Exam. & Classification													
Corrective Speech													
Supplementary Instruction													
Supplementary Instruction													
<b>Total Nonpublic Handicapped Services Aid</b>													
Textbook Aid													
Security Aid													
Security Aid													
Nursing Services													
Technology Initiative													
Technology Initiative													
<b>Total Special Revenue Fund</b>													
<b>Capital Projects Fund:</b>													
State School Building Aid - EPCFA Grant													
State School Building Aid - EPCFA Grant													
State School Building Aid - EPCFA Grant													
<b>Total Capital Projects Fund</b>													
<b>Debt Service Fund:</b>													
Debt Service Aid Type II													
<b>State Department of Agriculture:</b>													
<b>Enterprise Fund:</b>													
National School Lunch Program (State Share)													
National School Lunch Program (State Share)													
<b>Total Enterprise Fund</b>													
<b>TOTAL</b>													
<b>Less On-Behalf TPAF Pension and Annuity Aid</b>													
On-Behalf TPAF Post Retirement Medical													
On-Behalf TPAF - Pension Contributions													
On-Behalf TPAF - Non-contributory Insurance													
On-Behalf TPAF - LTDI													
<b>TOTAL FOR STATE FINANCIAL ASSISTANCE DETERMINATION</b>													

See accompanying notes to schedules of expenditures of federal awards and state financial assistance.

**NOTE 1. GENERAL**

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

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 2(C) and 2(D) to the Board's basic financial statements. The information in these schedules is presented in accordance with the requirements of *2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ in amounts presented in or used in the preparation of the basic financial statements.

**NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

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

**NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS, (continued)**

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(7,344.00) for the general fund and \$(1,646.42) for the special revenue fund. See Notes to Required Supplemental 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 follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$5,684.00	\$8,356,527.49	\$8,362,211.49
Special Revenue Fund	666,046.00	122,891.00	788,937.00
Capital Projects Fund		535.84	535.84
Debt Service Fund		116,851.00	116,851.00
Food Service Fund	<u>172,244.30</u>	<u>4,043.07</u>	<u>176,287.37</u>
Total Awards and Financial	<u>\$843,974.30</u>	<u>\$8,600,848.40</u>	<u>\$9,444,822.70</u>

**NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5. OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions, respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2017. The amount reported as TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2017.

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

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

**NOTE 7. INDIRECT COST RATE**

The Borough of Pompton Lakes School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

*Section I - Summary of Auditor's Results*

**Financial Statements**

Type of auditor's report issued: unmodified

Internal control over financial reporting:

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

Noncompliance material to basic financial statements noted? \_\_\_\_\_ yes  X  no

**Federal Awards**

Internal Control over major programs:

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

Type of auditor's report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of the Uniform Guidance? \_\_\_\_\_ yes  X  no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027	H027A150100	<b>IDEA Cluster:</b> I.D.E.A. - Part B
84.173	H173A150114	I.D.E.A. - Part B-Preschool

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

Auditee qualified as low-risk auditee? \_\_\_\_\_  X  yes \_\_\_\_\_ no



**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT  
SCHEDULE OF FINANCIAL, FEDERAL AND STATE FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

*Section II - Financial Statement Findings*

None

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

No matters were reported.

**BOROUGH OF POMPTON LAKES SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Status of Prior Year Findings**

There were no prior year audit findings.