

SCHOOL DISTRICT
OF THE
BOROUGH OF HAWORTH

Borough of Haworth
Board of Education
Haworth, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018

Comprehensive Annual
Financial Report

of the

Borough of Haworth
Board of Education

Haworth, New Jersey

For the Fiscal Year Ended June 30, 2018

Prepared by

Borough of Haworth
Board of Education

HAWORTH BOARD OF EDUCATION
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INTRODUCTORY SECTION



Haworth Public School

Dr. Peter J. Hughes
Superintendent

Mr. Paul Wolford
Business Administrator/
Director of Elementary Education

January 18, 2019

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

Dear Honorable President and Board Members:

The Comprehensive Annual Financial Report of the Haworth Board of Education (the "District") for the fiscal year ended June 30, 2018 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Haworth Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular, as well as special education, for handicapped youngsters. The District completed the 2017-2018 fiscal year with an average daily enrollment of 422 students, which is 2 students less than the prior year's enrollment.

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

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

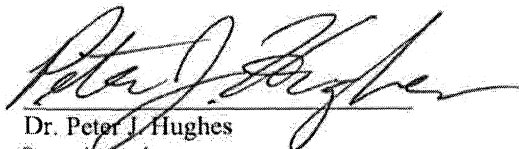
As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws, regulations,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


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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2018.

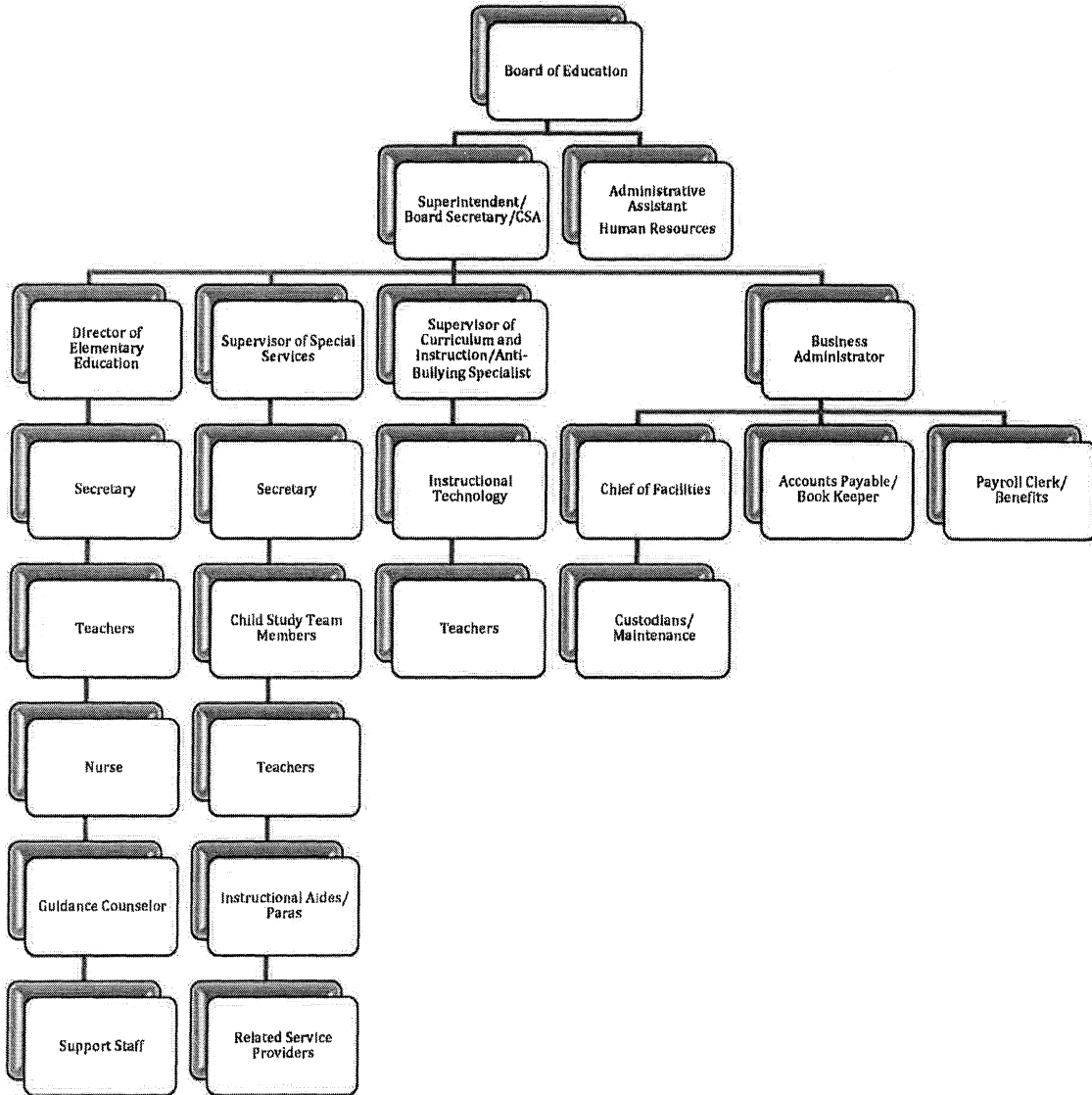
6. ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to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

Respectfully submitted,


Dr. Peter J. Hughes
Superintendent


Paul Wolford
Business Administrator/
Director of Elementary Education

HAWORTH BOARD OF EDUCATION
ORGANIZATIONAL CHART
JUNE 30, 2018



HAWORTH BOARD OF EDUCATION
ROSTER OF OFFICIALS
JUNE 30, 2018

Members of the Board of Education

Term Expires

Nicole Brennan, President	2021
Jeff Ashkenase, Vice President	2019
MaryAnn Doran	2020
Judy Eig	2019
Karen Leddy	2019
Michael Rodino	2020
Stacey Wunsch	2021

Other Officials

Title

Dr. Peter J. Hughes	Chief School Administrator/Board Secretary
Paul Wolford	Business Administrator/Director of Elementary Education
Rebecca Overgaard	Treasurer of School Monies
Stephen Fogarty, Esq.	Attorney

HAWORTH BOARD OF EDUCATION

Consultants and Advisors
Year Ended June 30, 2018

Audit Firm

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

Attorney

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

Official Depository

Valley National Bank
243 Main Street
New Milford, NJ 07646

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Haworth Borough School District (the "District") in the County of Bergen, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Haworth Borough School District, in the County of Bergen, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 16 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, during the fiscal year ended June 30, 2018. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, which follows this report, the pension and post retirement schedules in Exhibits L-1 through L-5 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures

The Honorable President and Members
of the Board of Education
Haworth Board of Education
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applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

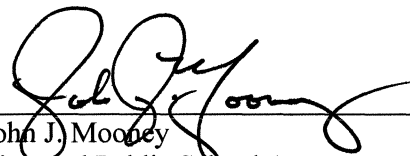
The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

January 18, 2019
Mount Arlington, New Jersey

NISIVOCCIA LLP
NISIVOCCIA LLP



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

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

**Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2018
(Unaudited)**

This section of Haworth Borough School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2018. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

Key financial highlights for the 2017-18 school year are as follows:

- The District's Governmental Activities net position increased \$18,134 during the year.
- In 2017-18, the Governmental Activities had \$12,758,829 in revenue. The majority of Governmental Activities revenue was raised through local property taxes and state aid. The total Governmental Activities expenses for 2017-18 were \$12,740,695.
- The District's total bonded debt decreased by \$520,000 during the current fiscal year.
- The District's net pension liability decreased by \$500,136 during the current year.

Overview of the Financial Statements

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

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

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

Figure A-1

Organization of Borough of Haworth School District's Financial Report

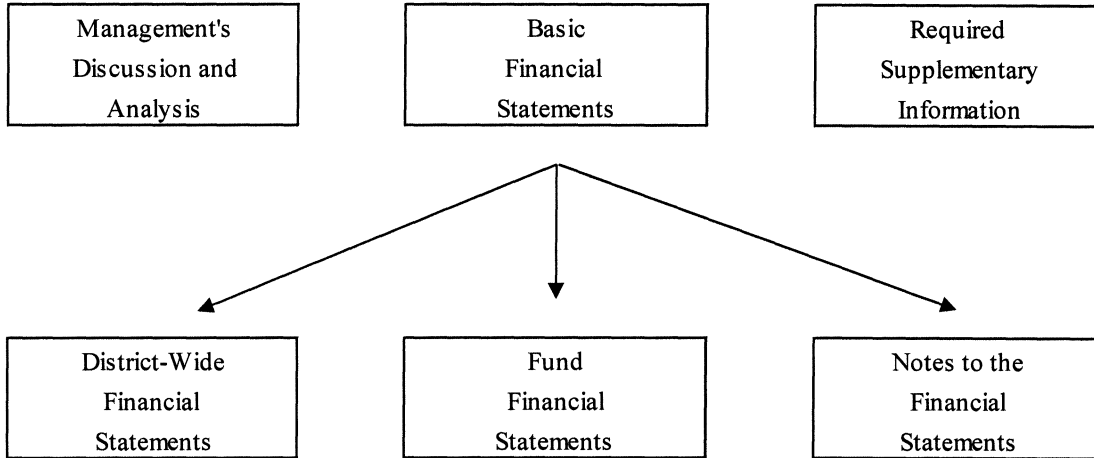


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

District-Wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

Notes to the Basic Financial Statements

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

Financial Analysis of the District as a Whole

Net Position. The District's net position is shown in Figure A-3. It is important to note here that depreciation of the District's capital assets is computed into the total. The depreciation factored into the District's net position for 2017-18 is \$226,162. This same amount is also factored in as an expense.

Figure A-3

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
Current and Other Assets	\$ 2,008,505	\$ 2,239,271	\$ 100,203	\$ 79,630	\$ 2,108,708	\$ 2,318,901	-9.06%
Capital Assets, Net	9,514,950	9,741,112			9,514,950	9,741,112	-2.32%
Total Assets	11,523,455	11,980,383	100,203	79,630	11,623,658	12,060,013	-3.62%
Deferred Outflows of Resources	1,446,093	1,671,477			1,446,093	1,671,477	-13.48%
Other Liabilities	125,752	350,448			125,752	350,448	-64.12%
Long-Term Liabilities	3,651,994	4,676,870			3,651,994	4,676,870	-21.91%
Total Liabilities	3,777,746	5,027,318			3,777,746	5,027,318	-24.86%
Deferred Inflows of Resources	611,380	62,254			611,380	62,254	882.07%
Net Position:							
Net Investment in Capital							
Assets	8,742,950	8,449,112			8,742,950	8,449,112	3.48%
Restricted	1,714,042	1,753,425			1,714,042	1,753,425	-2.25%
Unrestricted/(Deficit)	(1,876,570)	(1,640,249)	100,203	79,630	(1,776,367)	(1,560,619)	-13.82%
Total Net Position	\$ 8,580,422	\$ 8,562,288	\$ 100,203	\$ 79,630	\$ 8,680,625	\$ 8,641,918	0.45%

Changes in net position. The District's *combined* net position was \$8,680,625 on June 30, 2018, \$38,707 or .45% more than it was the year before. (See Figure A-3). The reduction of District long-term liabilities associated with capital assets and the conservative spending of the District were the primary reasons for the increase in the year end governmental net position. The net position of the business-type activities increased \$20,573 (see Figure A-4).

Figure A-4

Changes in Net Position from Operating Results

	Governmental		Business-Type		Total		Total
	Activities		Activities		School		Percentage
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	Change
Revenue:							
Program Revenue:							
Charges for Services			\$ 87,635	\$ 67,836	\$ 87,635	\$ 67,836	29.19%
Operating Grants and Contributions	\$ 3,583,493	\$ 3,296,181			3,583,493	3,296,181	8.72%
General Revenue:							
Property Taxes	9,046,432	8,898,072			9,046,432	8,898,072	1.67%
Unrestricted Federal and State Aid	73,528	76,883			73,528	76,883	-4.36%
Other	55,376	8,056	1,324	258	56,700	8,314	581.98%
Total Revenue	12,758,829	12,279,192	88,959	68,094	12,847,788	12,347,286	4.05%
Expenses:							
Instruction	8,081,330	7,752,225			8,081,330	7,752,225	4.25%
Pupil & Instruction Services	2,348,883	2,180,586			2,348,883	2,180,586	7.72%
Administrative and Business	1,096,198	985,669			1,096,198	985,669	11.21%
Maintenance & Operations	1,043,945	902,058			1,043,945	902,058	15.73%
Transportation	102,601	89,042			102,601	89,042	15.23%
Other	67,738	70,623	68,386	43,668	136,124	114,291	19.10%
Total Expenses	12,740,695	11,980,203	68,386	43,668	12,809,081	12,023,871	6.53%
Change in Net Position	\$ 18,134	\$ 298,989	\$ 20,573	\$ 24,426	\$ 38,707	\$ 323,415	-88.03%

Revenue Sources. The District's total revenue for the 2017-18 school year was \$12,847,788. (See Figure A-4). Property taxes accounted for most of the District's revenue, with local taxes accounting for \$9,046,432 of the total, or 70.41 percent. (See Figure A-5). Another 27.89 percent came from state formula aid and other state and federal aid and grants, and the remainder came from miscellaneous sources. Haworth Borough School District basically conducts its operations from the revenues it receives from its local taxpayers and state funding.

Figure A-5
Sources of Revenue for Fiscal Year 2018

Sources of Income	Amount	Percentage
Operating Grants and Contributions	\$ 3,583,493	27.89%
Property Taxes	9,046,432	70.41%
Unrestricted Federal and State Aid	73,528	0.57%
Charges for Services	87,635	0.68%
Other	56,700	0.45%
	\$ 12,847,788	100.00%

The total cost of all programs and services was \$12,809,081. The District's expenses are predominantly related to instructing, and caring for (pupil services) (82.23 percent). (See Figure A-6). The District's administrative, business activities accounted for 8.56 percent of total costs.

Figure A-6
Expenses for Fiscal Year 2018

Expense Category	Amount	Percentage
Instruction	\$ 8,081,330	63.09%
Pupil & Instruction Services	2,348,883	18.34%
Administrative and Business	1,096,198	8.56%
Maintenance & Operations	1,043,945	8.15%
Transportation	102,601	0.80%
Other	136,124	1.06%
	\$ 12,809,081	100.00%

Governmental Activities

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

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

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

Figure A-7

Net Cost of Governmental Activities

	Total		Net	
	Cost of Services		Cost of Services	
	2017/18	2016/17	2017/18	2016/17
Instruction	\$ 8,081,330	\$ 7,752,225	\$ 4,893,204	\$ 4,646,763
Pupil & Instruction Services	2,348,883	2,180,586	2,076,242	1,999,081
Administrative and Business	1,096,198	985,669	1,026,523	985,669
Maintenance & Operations	1,043,945	902,058	1,001,587	902,058
Transportation	102,601	89,042	91,908	79,828
Other	67,738	70,623	67,738	70,623
Total	<u>\$ 12,740,695</u>	<u>\$ 11,980,203</u>	<u>\$ 9,157,202</u>	<u>\$ 8,684,022</u>

- The cost of all governmental activities this year was \$12.74 million.
- The federal and state governments subsidized certain programs with grants and contributions (\$3,583,493).
- Most of the District's costs (\$9.046 million), however, were financed by District taxpayers.
- The remainder of the funding came from miscellaneous revenue and investment earnings.

Business-Type Activities

Net position from the District's business-type activity increased by \$20,573 primarily due to an increase in program participation from prior year (refer to Figure A-4).

Financial Analysis of the District's Funds

The District's financial position is relatively sound. Accordingly, the Haworth District has taken measures to reduce expenditures and not be dependent on excess fund balance going forward which has been a challenge during 2017-18 and will continue to be a larger challenge going forward.

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

General Fund Budgetary Highlights

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

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

Capital Asset and Long-Term Liabilities Administration

Figure A-8

Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
	Land	\$ 1,324,500	\$ 1,324,500			\$ 1,324,500	\$ 1,324,500
Construction in Progress		840,770				840,770	-100.00%
Site Improvements	289,866	328,203			289,866	328,203	-11.68%
Buildings & Building Improvements	7,752,251	7,062,795			7,752,251	7,062,795	9.76%
Machinery and Equipment	148,333	184,844			148,333	184,844	-19.75%
Total	\$ 9,514,950	\$ 9,741,112	\$ -0-	\$ -0-	\$ 9,514,950	\$ 9,741,112	-2.32%

Long-Term Liabilities

At year-end, the District had \$772,000 in general obligation bonds, \$2,825,844 of net pension liability and \$54,150 in other long-term liabilities outstanding – an decrease of \$4,740 from last year – as shown in Figure A-9. (More detailed information about the District’s long-term liabilities is presented in Note 6 to the financial statements.)

Figure A-9

Outstanding Long-Term Liabilities

	Total School District		Total Percentage Change
	2017/18	2016/17	2017/18
	General Obligation Bonds and Notes (Financed with Property Taxes)	\$ 772,000	\$ 1,292,000
Other Long Term Liabilities	54,150	58,890	-8.05%
Net Pension Liability - PERS	2,825,844	3,325,980	-15.04%
Total	\$ 3,651,994	\$ 4,676,870	-21.91%

- The District continued to pay down its debt, retiring \$520,000 of general obligation bonds.
- The District experienced a net decrease of \$500,136 in net pension liability.

Factors Bearing on the District’s Future

The District closed the 2017-18 fiscal year with an Unassigned General Fund balance of \$278,716, which equals the maximum of 2.00% currently permitted by state law. The Capital Reserve represents funds set aside for capital building improvements and repairs in future years. Also, the calculation of the District’s excess surplus performed during the annual audit revealed no excess surplus at year end.

Contacting the District’s Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

HAWORTH BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
ASSETS:			
Cash and Cash Equivalents	\$ 455,062	\$ 102,758	\$ 557,820
Receivables:			
Federal	87,127		87,127
State	55,943		55,943
Internal Balances	2,555	(2,555)	
Interfund Receivable	5,350		
Restricted Assets:			
Cash and Cash Equivalents	1,402,468		1,402,468
Capital Assets Net:			
Sites (Land)	1,324,500		1,324,500
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	<u>8,190,450</u>		<u>8,190,450</u>
Total Assets	<u>11,523,455</u>	<u>100,203</u>	<u>11,618,308</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows - Pensions	<u>1,446,093</u>		<u>1,446,093</u>
Total Deferred Outflows of Resources	<u>1,446,093</u>		<u>1,446,093</u>
LIABILITIES:			
Accounts Payable	115,000		115,000
Accrued Interest Payable	10,752		10,752
Noncurrent Liabilities:			
Due Within One Year	525,000		525,000
Due Beyond One Year	<u>3,126,994</u>		<u>3,126,994</u>
Total Liabilities	<u>3,777,746</u>		<u>3,777,746</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows - Pensions	<u>611,380</u>		<u>611,380</u>
Total Deferred Inflows of Resources	<u>611,380</u>		<u>611,380</u>
NET POSITION:			
Net Investment in Capital Assets	8,742,950		8,742,950
Restricted for:			
Capital Projects	1,402,468		1,402,468
Debt Service	1,137		1,137
Excess Surplus	310,437		310,437
Excess Surplus - Designated			
Unrestricted (Deficit)	<u>(1,876,570)</u>	<u>100,203</u>	<u>(1,776,367)</u>
Total Net Position	<u>\$ 8,580,422</u>	<u>\$ 100,203</u>	<u>\$ 8,680,625</u>

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

HA WORTH BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 6,465,551		\$ 2,394,076	\$ (4,071,475)		\$ (4,071,475)
Special Education	1,405,268		780,299	(624,969)		(624,969)
Other Special	210,511		13,751	(196,760)		(196,760)
Support Services:						
Tuition	544,940		85,597	(459,343)		(459,343)
Student & Instruction Related Services	1,803,943		187,044	(1,616,899)		(1,616,899)
General Administrative Services	470,174		24,772	(445,402)		(445,402)
School Administrative Services	226,257		15,920	(210,337)		(210,337)
Central Services	305,185		22,582	(282,603)		(282,603)
Administrative Technology Services	94,582		6,401	(88,181)		(88,181)
Plant Operations and Maintenance	1,043,945		42,358	(1,001,587)		(1,001,587)
Pupil Transportation	102,601		10,693	(91,908)		(91,908)
Interest on Long-Term Debt	43,495			(43,495)		(43,495)
Capital Outlay	24,243			(24,243)		(24,243)
Total Governmental Activities	12,740,695		3,583,493	(9,157,202)		(9,157,202)

HAWORTH BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

Functions/Programs	Program Revenue		Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:						
Afterschool Latchkey Program	\$ 68,386	\$ 87,635			\$ 19,249	\$ 19,249
Total Business-Type Activities	68,386	87,635		19,249	19,249	19,249
Total Primary Government	\$ 12,809,081	\$ 87,635	\$ 3,583,493	\$ (9,157,202)	19,249	(9,137,953)
General Revenue:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				8,549,392		8,549,392
Taxes Levied for Debt Service				497,040		497,040
Federal and State Aid not Restricted				73,528		73,528
Investment Earnings on Capital Reserve				11,376		11,376
Miscellaneous Income				44,000	1,324	45,324
Total General Revenue				9,175,336	1,324	9,176,660
Change in Net Position				18,134	20,573	38,707
Net Position - Beginning				8,562,288	79,630	8,641,918
Net Position - Ending				\$ 8,580,422	\$ 100,203	\$ 8,680,625

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

FUND FINANCIAL STATEMENTS

HAWORTH BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS:					
Cash and Cash Equivalents	\$ 453,925		\$ 772	\$ 365	\$ 455,062
Interfund Receivable	95,032			772	95,804
Receivables From State Government	55,943				55,943
Receivables From Federal Government		\$ 87,127			87,127
Restricted Cash and Cash Equivalents	<u>1,402,468</u>				<u>1,402,468</u>
Total Assets	<u>\$ 2,007,368</u>	<u>\$ 87,127</u>	<u>\$ 772</u>	<u>\$ 1,137</u>	<u>\$ 2,096,404</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Interfunds Payable		<u>\$ 87,127</u>	<u>\$ 772</u>		<u>\$ 87,899</u>
Total Liabilities		<u>87,127</u>	<u>772</u>		<u>87,899</u>
Fund Balances:					
Restricted:					
Capital Reserve Account	\$ 1,402,468				1,402,468
Excess Surplus	210,437				210,437
Excess Surplus - Designated for Subsequent Years' Expenditures	100,000				100,000
Debt Service Fund				\$ 1,137	1,137
Assigned:					
Year-end Encumbrances	32,644				32,644
For Subsequent Year's Expenditures	15,590				15,590
Unassigned	<u>246,229</u>				<u>246,229</u>
Total Fund Balances	<u>2,007,368</u>			<u>1,137</u>	<u>2,008,505</u>
Total Liabilities and Fund Balances	<u>\$ 2,007,368</u>	<u>\$ 87,127</u>	<u>\$ 772</u>	<u>\$ 1,137</u>	

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

Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$14,649,831 and the accumulated depreciation is \$5,134,881.	9,514,950
Accrued liability for interest on long-term liability is not due and payable in the current period and is not reported as a liability in the funds.	(10,752)
Long-term liabilities, including bonds payable and other long-term liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(826,150)
The net pension liability for PERS is not due and payable in the current period and is not reported in the Governmental Funds.	(2,825,844)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Changes in Assumptions - Pensions	2,087
Difference between Expected and Actual Experience - Pensions	66,538
Changes in Proportions - Pensions	631,846
Net Difference between Projected and Actual Earnings on Pension Plan Investments - Pensions	<u>19,242</u>
Net Position of Governmental Activities	<u>\$ 8,580,422</u>

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

HAWORTH BOARD OF EDUCATION
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 8,549,392			\$ 497,040	\$ 9,046,432
Interest on Capital Reserve	11,376				11,376
Interest on Investments			\$ 772		772
Miscellaneous	43,228				43,228
Total - Local Sources	8,603,996		772	497,040	9,101,808
State Sources	1,488,225			73,528	1,561,753
Federal Sources		\$ 87,127			87,127
Total Revenues	10,092,221	87,127	772	570,568	10,750,688
EXPENDITURES:					
Current:					
Regular Instruction	3,209,086				3,209,086
Special Education Instruction	675,253				675,253
Other Special Instruction	119,481				119,481
Support Services and Undistributed Costs:					
Tuition		87,127			87,127
Student & Instruction Related Services	459,343				459,343
General Administrative Services	1,228,489				1,228,489
School Administrative Services	349,796				349,796
Central Services	147,521				147,521
Administrative Information Technology	199,243				199,243
Plant Operations and Maintenance	64,552				64,552
Pupil Transportation	840,363				840,363
Unallocated Benefits	102,601				102,601
Debt Service:	2,673,165				2,673,165
Principal				520,000	520,000
Interest and Other Charges				51,328	51,328

HAWORTH BOARD OF EDUCATION
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Capital Outlay	\$ 24,243				\$ 24,243
Total Expenditures	10,093,136	\$ 87,127		\$ 571,328	10,751,591
Excess/(Deficiency) of Revenue over/(under) Expenditures	(915)		\$ 772	(760)	(903)
OTHER FINANCING SOURCES/(USES):					
Transfers In	11,505			772	12,277
Transfers Out			(12,277)		(12,277)
Total Other Financing Sources/(Uses)	11,505		(12,277)	772	
Net Change in Fund Balances	10,590		(11,505)	12	(903)
Fund Balance - July 1	1,996,778		11,505	1,125	2,009,408
Fund Balance - June 30	\$ 2,007,368	\$ -0-	\$ -0-	\$ 1,137	\$ 2,008,505

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

HAWORTH BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ (903)

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

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

Depreciation Expense (226,162)

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

7,833

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 (+).

4,740

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

520,000

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

Change in Net Pension Liability

500,136

Deferred Outflows:

Changes in Assumptions

(119,655)

Difference between Expected and Actual Experience - Pensions

4,685

Changes in Proportion

(15,833)

Net Difference Between Projected and Actual Investment Earnings on Pension

Plan Investments

(107,581)

Deferred Inflows:

Changes in Proportion

18,097

Changes in Assumptions

(567,223)

Change in Net Position of Governmental Activities (Exhibit A-2)

\$ 18,134

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

HAWORTH BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	<u>Business-Type Activities - Aftercare Program</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 102,758
Total Current Assets	<u>102,758</u>
Total Assets	<u>102,758</u>
<u>LIABILITIES:</u>	
Current Liabilities:	
Interfund Payable	<u>2,555</u>
Total Current Liabilities	<u>2,555</u>
<u>NET POSITION:</u>	
Unrestricted	<u>100,203</u>
Total Net Position	<u><u>\$ 100,203</u></u>

HAWORTH BOARD OF EDUCATION
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Business-Type Activities - Aftercare Program</u>
Operating Revenue:	
Charges for Services:	
Program Fees	\$ 87,635
Total Operating Revenue	<u>87,635</u>
Operating Expenses:	
Salaries and Payroll Taxes	57,630
General Supplies	<u>10,756</u>
Total Operating Expenses	<u>68,386</u>
Operating Income	<u>19,249</u>
Non-Operating Revenue:	
Local Sources:	
Interest Revenue	<u>1,324</u>
Total Non-Operating Revenue	<u>1,324</u>
Change in Net Position	20,573
Net Position - Beginning of Year	<u>79,630</u>
Net Position - End of Year	<u><u>\$ 100,203</u></u>

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

HAWORTH BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Business-Type Activities - Aftercare Program</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 87,635
Payments to Employees	(57,630)
Payments to Suppliers	<u>(10,756)</u>
Net Cash Provided by Operating Activities	<u>19,249</u>
Cash Flows by Noncapital Financing Activities:	
Interest Revenue	<u>1,324</u>
Net Cash Provided by Noncapital Financing Activities	<u>1,324</u>
Net Increase in Cash and Cash Equivalents	20,573
Cash and Cash Equivalents, July 1	<u>82,185</u>
Cash and Cash Equivalents, June 30	<u>\$ 102,758</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	<u>\$ 19,249</u>
Net Cash Provided by Operating Activities	<u>\$ 19,249</u>

HAWORTH BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2018

	<u>Agency Funds</u>	<u>Flexible Spending Trust</u>
<u>ASSETS:</u>		
Cash and Cash Equivalents	\$ 84,194	\$ 13,785
Total Assets	<u>84,194</u>	<u>13,785</u>
<u>LIABILITIES:</u>		
Payroll Deductions and Withholdings	67,624	
Interfund Payable - General Fund	5,350	
Due to Student Groups	<u>11,220</u>	
Total Liabilities	<u>84,194</u>	
<u>NET POSITION:</u>		
Held in Trust for Flexible Spending Claims		<u>13,785</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ 13,785</u>

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

HAWORTH BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Flexible Spending Trust</u>
ADDITIONS:	
Contributions:	
Plan Member	\$ 19,972
Total Contributions	<u>19,972</u>
DEDUCTIONS:	
Flexible Spending Claims	<u>14,324</u>
Total Deductions	<u>14,324</u>
Change in Net Position	5,648
Net Position - Beginning of the Year	<u>8,137</u>
Net Position - End of the Year	<u><u>\$ 13,785</u></u>

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

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

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

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

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

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

B. Basis of Presentation: (Cont'd)

Capital Projects Fund: (Cont'd)

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

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

The District reports the following proprietary fund:

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

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting:

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

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

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

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

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2018 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget Amendments/Transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

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

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

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 10,103,596	\$ 87,127
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements not Recognized for Budgetary Purposes	21,112	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(32,487)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 10,092,221</u>	<u>\$ 87,127</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	<u>\$ 10,093,136</u>	<u>\$ 87,127</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 10,093,136</u>	<u>\$ 87,127</u>

E. Cash and Cash Equivalents, and Investments:

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

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

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

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

E. Cash and Cash Equivalents, and Investments: (Cont'd)

secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Government Units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2018.

K. Capital Assets:

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

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

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

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

L. Long Term Liabilities:

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

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2018.

N. Compensated Absences:

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

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

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

O. Unearned Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$2,007,368 General Fund fund balance at June 30, 2018, \$32,644 is reserved for encumbrances, \$15,590 is reserved for subsequent year's expenditures, \$1,402,468 is restricted in the capital reserve account; \$210,437 is restricted as current year excess surplus and will be appropriated and included as anticipated revenue for the fiscal year ended June 30, 2020; \$100,000 is prior year excess surplus designated for subsequent year's expenditures in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2019; and \$246,229 is unassigned which is \$32,487 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final state aid payments, which are not recognized until the fiscal year ended June 30, 2019.

Capital Projects Fund: The Capital Projects Fund does not have a committed fund balance at June 30, 2018.

Debt Service Fund: The Debt Service Fund has \$1,137 in restricted fund balance at June 30, 2018.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2003, c.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996(CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had excess surplus at June 30, 2018 as noted above.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

P. Fund Balance Appropriated: (Cont'd)

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$32,487 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event state school aid payments are not made until the following school budget year, districts must record the state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

Q. Deficit in Net Position:

The District had a deficit in the governmental activities unrestricted net position at June 30, 2018 of \$1,876,570, which is primarily due to the net pension liability of \$2,825,844, and the changes in assumptions of \$686,878 and net difference between projected and actual earnings on pension plan investments of \$107,581. This deficit does not indicate that the District is facing financial difficulties and is a permitted practice under generally accepted accounting principles.

R. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred inflows at June 30, 2018 for the changes in proportion and assumptions in pensions. The District had deferred outflows at June 30, 2018 for the changes in proportions in pension, for changes in assumptions in pensions, and net difference between projected and actual earnings on pension plan investments on pension, the net difference between projected and actual experience in pensions and the District contribution subsequent to the measurement date related to pensions.

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

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

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

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

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

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

S. Fund Balance Restrictions, Commitments and Assignments:

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

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2018.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for encumbrances in the General Fund at June 30, 2018.

T. Revenue - Exchange and Nonexchange Transactions:

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

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

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

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

U. Operating Revenue and Expenses:

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

V. Management Estimates:

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

W. Pensions:

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

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

Deposits:

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

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

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

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the “Local Authorities Fiscal Control Law”, P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

Investments: (Cont'd)

- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.) ;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
 - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
 - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

Investments: (Cont'd)

As of June 30, 2018, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents Capital Reserve	Total
Checking and Savings Accounts	\$ 655,799	\$ 1,402,468	\$ 2,058,267
	<u>\$ 655,799</u>	<u>\$ 1,402,468</u>	<u>\$ 2,058,267</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2018, was \$2,058,267 and the bank balance was \$2,182,082. The District did not hold any investments during the fiscal year ended June 30, 2018.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

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

The activity of the capital reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Balance at June 30, 2017	\$ 1,054,087
Increased by:	
Interest Earned	11,376
Budgeted Increase to Capital Reserve	325,500
Transfer from Capital Projects Fund - Unexpended Project Balances	11,505
Balance at June 30, 2018	<u>\$ 1,402,468</u>

The June 30, 2018 LRFP balance of local support costs of uncompleted capital projects exceeds the balance in the capital reserve account at June 30, 2018.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2018 were as follows:

	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Governmental Activities:				
Capital Assets not being Depreciated:				
Sites (Land)	\$ 1,324,500			\$ 1,324,500
Construction in Progress	840,770		\$ (840,770)	
Total Capital Assets not Being Depreciated	2,165,270		(840,770)	1,324,500
Capital Assets Being Depreciated				
Site Improvements	773,644			773,644
Buildings and Building Improvements	11,054,683		840,770	11,895,453
Machinery and Equipment	656,234			656,234
Total Capital Assets Being Depreciated	12,484,561		840,770	13,325,331
Governmental Activities Capital Assets	14,649,831			14,649,831
Less Accumulated Depreciation for:				
Site Improvements	(445,441)	\$ (38,337)		(483,778)
Buildings and Building Improvements	(3,991,888)	(151,314)		(4,143,202)
Machinery and Equipment	(471,390)	(36,511)		(507,901)
Total Accumulated Depreciation	(4,908,719)	(226,162)		(5,134,881)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 9,741,112	\$ (226,162)	\$ -0-	\$ 9,514,950

Depreciation expense was charged to governmental functions as follows:

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

The District completed the construction projects in progress during the 2017-18 year. As of June 30, 2018, the District does not have any active construction projects that were started during or prior to the 2017-18 year.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 6. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2018, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2017	Issued/ Accrued	Retired/ Matured	Balance 6/30/2018	Amounts Due in a Year
Serial Bonds Payable	\$1,292,000		\$ 520,000	\$ 772,000	\$ 525,000
Compensated Absences Payable	58,890	\$ 4,260	9,000	54,150	
Net Pension Liability - PERS	3,325,980		500,136	2,825,844	
	\$4,676,870	\$ 4,260	\$1,029,136	\$3,651,994	\$ 525,000

A. Bonds Payable:

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

The District had bonds outstanding as of June 30, 2018 as follows:

Purpose	Maturity Date	Interest Rate	Amount
School Improvements	8/15/2019	4.00%	\$ 497,000
School Refunding	2/15/2019	4.50%	275,000
			\$ 772,000

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

Fiscal Year Ending June 30,	Serial Bonds		Total
	Principal	Interest	
2019	\$ 525,000	\$ 27,255	\$ 552,255
2020	247,000	4,940	251,940
	\$ 772,000	\$ 32,195	\$ 804,195

B. Bonds Authorized But Not Issued:

As of June 30, 2018, the Board has no bonds authorized but not issued.

C. Capital Leases Payable:

The District had no capital leases in effect during the fiscal year ended June 30, 2018.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
 (Continued)

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

D. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded as a long-term liability. The current portion of the compensated absences balance of the governmental funds in the current year is \$0. The long-term liability balance of compensated absences is \$54,150. The General Fund will be used to liquidate compensated absences payable.

The liability for vested compensated balances of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2018, no liability existed for compensated absences in the proprietary fund.

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2018 is \$-0- and the long-term portion is \$2,825,844. See Note 7 for further information on the PERS.

NOTE 7. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$121,545 for fiscal year 2018.

The employee contribution rate was 7.34% effective July 1, 2017. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2018, the District reported a liability of \$2,825,844 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2017, the District's proportion was 0.0121%, which was an increase of 0.0009% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the District recognized pension expense of \$399,830. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	6.44	\$ 32,056	
	2015	5.72	135,029	
	2016	5.57	402,225	
	2017	5.48		\$ 567,223
				<u>569,310</u>
Changes in Proportion	2014	6.44		44,157
	2015	5.72	388,076	
	2016	5.57	125,837	
	2017	5.48	162,090	
				<u>676,003</u>
Net Difference Between Projected and Actual				
Investment Earnings on Pension Plan Investments	2014	5.00	(33,862)	
	2015	5.00	28,886	
	2016	5.00	121,116	
	2017	5.00	(96,898)	
				<u>19,242</u>
Difference Between Expected and Actual Experience	2015	5.72	37,463	
	2016	5.57	12,206	
	2017	5.48	16,869	
				<u>66,538</u>
District Contribution Subsequent to the Measurement Date	2017	1.00	115,000	
			<u>\$ 1,446,093</u>	<u>\$ 611,380</u>

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

Fiscal Year Ending June 30,	Total
2018	\$ 66,524
2019	100,385
2020	60,828
2021	(80,902)
2022	(58,968)
	<u>\$ 87,867</u>

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment Rate of Return	7.00%

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2017 are summarized in the following table:

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2017 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

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

	June 30, 2017		
	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00)
District's proportionate share of the Net Pension Liability	\$ 3,505,651	\$ 2,825,844	\$ 2,259,480

Pension plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

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

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

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2018, the State's pension contribution was less than the actuarial determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2018, the State of New Jersey contributed \$551,418 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$1,870,960.

The employee contribution rate was 7.34% effective July 1, 2017. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2018, the State's proportionate share of the net pension liability associated with the District was \$27,007,747. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2017, the District's proportion was 0.040%, which was a decrease of 0.001% from its proportion measured as of June 30, 2016.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

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

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	27,007,747
Total	<u>\$ 27,007,747</u>

For the fiscal year ended June 30, 2018, the State recognized pension expense on behalf of the District in the amount of \$1,870,960 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2018 financial statements.

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

	Period in Years	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.5	\$ 1,383,974,317	
	2015	8.3	3,776,126,119	
	2016	8.3	8,218,154,928	
	2017	8.3		\$ 11,684,858,458
				<u>13,378,255,364</u>
Difference Between Expected and Actual Experience	2014	8.5		\$ 13,181,413
	2015	8.3	233,218,057	
	2016	8.3		102,199,790
	2017	8.3	207,898,332	
				<u>441,116,389</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5	(435,309,142)	
	2015	5	385,284,122	
	2016	5	1,295,565,574	
	2017	5	(904,033,050)	
				<u>341,507,504</u>
			<u>\$ 14,160,879,257</u>	<u>\$ 11,800,239,661</u>

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

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

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

Fiscal Year Ending June 30,	Total
2018	\$ 740,341,056
2019	1,175,650,200
2020	983,008,137
2021	551,152,948
2022	624,850,883
Thereafter	(1,714,363,628)
	\$ 2,360,639,596

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.25%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2017 are summarized in the following table:

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2036, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2017 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	At 1% Decrease (3.25%)	At Current Discount Rate (4.25%)	At 1% Increase (5.25%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 32,086,050	\$ 27,007,747	\$ 22,824,218

Pension Plan Fiduciary Net Position - TPAF

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

NOTE 8. DEFERRED COMPENSATION

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

The plan administrators are as follows:

TD Bank/Legend	Equitable
Metropolitan Life Insurance Company	Valic

NOTE 9. RISK MANAGEMENT

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

Property and Liability

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

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. RISK MANAGEMENT (Cont'd)

Property and Liability (Cont'd)

member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Group are elected.

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

The June 30, 2018 financial information was not available as of the date of the audit. Selected summarized financial information for the Group as of June 30, 2017 is as follows:

Total Assets	\$ 29,578,940
Net Position	\$ 18,287,344
Total Revenue	\$ 13,336,520
Total Expenses	\$ 11,608,268
Change in Net Position	\$ 1,728,252
Members Dividends	\$ 1,400,000

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

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

New Jersey Unemployment Compensation Insurance

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

NOTE 10. ECONOMIC DEPENDENCY

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

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 11. TAX CALENDAR

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

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

NOTE 12. COMMITMENTS AND CONTINGENCIES

Grant Programs

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

Encumbrances

At June 30, 2018, there were encumbrances as detailed below in the governmental funds.

General Fund	Total Governmental Funds
<u>\$ 32,644</u>	<u>\$ 32,644</u>

Litigation

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

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

The District had the following interfunds payables or receivables on the various balance sheets as of June 30, 2018:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 95,032	
Special Revenue Fund		\$ 87,127
Capital Projects Fund		772
Debt Service Fund	772	
After School Latchkey Program Enterprise Fund		2,555
Payroll Agency Fund		5,350
	<u>\$ 95,804</u>	<u>\$ 95,804</u>

The general fund is owed \$2,255 from the enterprise fund for funds forwarded to pay expenses and will be returned to the general fund when available. The \$772 due to the debt service fund is for interest earned in the capital projects fund. The special revenue fund owes the general fund \$87,127 for federal grant money that has not yet been received. The payroll agency fund owes the general fund \$5,350 for expenses paid on its behalf and interest earned and not yet turned over.

NOTE 14. ACCOUNTS PAYABLE

At year end June 30, 2018, the Board has the following accounts payable in the governmental funds:

	<u>District Contribution Subsequent to the Measurement Date</u>	<u>Total Governmental Activites</u>
State of New Jersey	<u>\$ 115,000</u>	<u>\$ 115,000</u>
	<u>\$ 115,000</u>	<u>\$ 115,000</u>

NOTE 15. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2018, the District did not make transfers to Capital outlay accounts.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Statement No. 75, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers’ Pension and Annuity Fund (TPAF), the Public Employees’ Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits, if any, is the responsibility of the individual education employers.

Employees Covered by Benefit Terms

At June 30, 2016, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	142,331
Active Plan Members	223,747
Total	366,078

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%		
	TPAF/ABP	PERS	PFRS
Salary Increases:			
Through 2026	1.55 - 4.55%	2.15 - 4.15%	2.10 - 8.98%
	based on years of service	based on age	based on age
Thereafter	2.00 - 5.45%	3.15 - 5.15%	3.10 - 9.98%
	based on years of service	based on age	based on age

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2010 – June 30, 2013, and July 1, 2011 – June 30, 2014 for TPAF, PFRS and PERS, respectively.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long term trend rate after nine years. For self-insured post 65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long term rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% and decreases to a 5.0% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Discount Rate

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Changes in the State's Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2016	\$ 57,831,784,184
Changes for Year:	
Service Cost	2,391,878,884
Interest on the Total OPEB Liability	1,699,441,736
Changes of Assumptions	(7,086,599,129)
Gross Benefit Payments by the State	(1,242,412,566)
Contributions from Members	45,748,749
Net Changes	(4,191,942,326)
Balance at June 30, 2017	\$ 53,639,841,858

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2017 and 2016, respectively, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	At 1% Decrease (2.58%)	At Discount Rate (3.58%)	At 1% Increase (4.58%)
Total OPEB Liability Attributable to the District	\$ 19,133,019	\$ 16,117,823	\$ 13,726,141
	June 30, 2016		
	At 1% Decrease (1.85%)	At Discount Rate (2.85%)	At 1% Increase (3.85%)
Total OPEB Liability Attributable to the District	\$ 20,741,234	\$ 17,312,910	\$ 14,614,380

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2017 and 2016, respectively, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 13,255,351	\$ 16,117,823	\$ 19,919,152
	June 30, 2016		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 14,205,725	\$ 17,312,910	\$ 21,466,921

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2018 the District recognized OPEB expense of \$1,066,774 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Statement 75, in which there is a special funding situation.

In accordance with GASB Statement 75, as the District's proportionate share of the OPEB liability is \$-0, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2017 the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Assumption Changes		\$ (6,343,769,032)
Contributions Made in Fiscal Year Ending 2018 After June 30, 2017 Measurement Date	\$ 1,190,373,242	
	\$ 1,190,373,242	\$ (6,343,769,032)

HAWORTH BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
(Cont'd)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Total
2018	\$ (742,830,097)
2019	(742,830,097)
2020	(742,830,097)
2021	(742,830,097)
2022	(742,830,097)
Thereafter	(2,629,618,547)
	\$ (6,343,769,032)

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
District's proportion of the net pension liability	0.0060019245%	0.0102414497%	0.0112299194%	0.0121393379%
District's proportionate share of the net pension liability	\$ 1,123,724	\$ 2,299,000	\$ 3,325,980	\$ 2,825,844
District's covered employee payroll	\$ 570,232	\$ 717,223	\$ 728,358	\$ 717,284
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	197.06%	320.54%	456.64%	393.96%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%

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

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

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
Contractually required contribution	\$ 49,479	\$ 88,049	\$ 99,765	\$ 112,458
Contributions in relation to the contractually required contribution	(49,479)	(88,049)	(99,765)	(112,458)
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 717,223	\$ 728,358	\$ 717,284	\$ 699,997
Contributions as a percentage of covered employee payroll	6.90%	12.09%	13.91%	16.07%

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

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

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
State's proportion of the net pension liability attributable to the District	0.0374251988%	0.0363240299%	0.0390541479%	0.0400568115%
State's proportionate share of the net pension liability attributable to the District	\$ 20,002,551	\$ 22,958,338	\$ 30,722,479	\$ 27,007,747
District's covered employee payroll	\$ 3,766,281	\$ 3,779,559	\$ 3,951,013	\$ 3,636,435
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	531.10%	607.43%	777.58%	742.70%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%

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

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

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
Contractually required contribution	\$ 727,021	\$ 3,302,561	\$ 2,308,367	\$ 1,870,960
Contributions in relation to the contractually required contribution	(196,381)	(312,683)	(434,806)	(551,418)
Contribution deficiency/(excess)	<u>\$ 530,640</u>	<u>\$ 2,989,878</u>	<u>\$ 1,873,561</u>	<u>\$ 1,319,542</u>
District's covered employee payroll	3,779,559	\$ 3,951,013	\$ 3,636,435	\$ 3,711,490
Contributions as a percentage of covered employee payroll	5.20%	7.91%	11.96%	14.86%

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

HAWORTH BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHANGES IN THE STATE'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TWO FISCAL YEARS
UNAUDITED

	Fiscal Years Ending	
	June 30, 2016	June 30, 2017
Total OPEB Liability		
Service Cost	\$ 1,723,999,319	\$ 2,391,878,884
Interest Cost	1,823,643,792	1,699,441,736
Changes in Assumptions	8,611,513,521	(7,086,599,129)
Member Contributions	46,273,747	45,748,749
Gross Benefit Payments	<u>(1,223,298,019)</u>	<u>(1,242,412,566)</u>
Net Change in Total OPEB Liability	10,982,132,360	(4,191,942,326)
Total OPEB Liability - Beginning	<u>46,849,651,824</u>	<u>57,831,784,184</u>
Total OPEB Liability - Ending	<u>\$ 57,831,784,184</u>	<u>\$ 53,639,841,858</u>
State's Covered Employee Payroll *	\$ 13,493,400,208	\$ 13,493,400,208
Total OPEB Liability as a Percentage of Covered Employee Payroll	429%	398%

* - Covered payroll for the fiscal years ending June 30, 2016 and June 30, 2017 is based on the payroll on the June 30, 2016 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

HAWORTH BOARD OF EDUCATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.98% as of June 30, 2016 to 5.00% as of June 30, 2017. The municipal bond rate changed from 2.85% to 3.58%. The long-term expected rate of return on pension plan investments changed from 7.65% to 7.00%.

The inflation rate changed from 3.08% as of June 30, 2016 to 2.25% as of June 30, 2017.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.22% as of June 30, 2016 to 4.25% as of June 30, 2017. The municipal bond rate changed from 2.85% to 3.58%. The long-term expected rate of return on pension plan investments changed from 7.65% to 7.00%.

The inflation rate changed from 2.50% as of June 30, 2016 to 2.25% as of June 30, 2017.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

BUDGETARY COMPARISON SCHEDULES

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

FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 8,549,392		\$ 8,549,392	\$ 8,549,392	
Interest Earned on Capital Reserve	500		500	11,376	\$ 10,876
Miscellaneous	24,500	\$ 100,000	124,500	43,228	(81,272)
Total - Local Sources	8,574,392	100,000	8,674,392	8,603,996	(70,396)
State Sources:					
Special Education Aid	197,015		197,015	197,015	
Transportation Aid	6,952		6,952	6,952	
Security Aid	7,165		7,165	7,165	
Adjustment Aid	2,010		2,010	2,010	
PARCC Readiness Aid	4,310		4,310	4,310	
Per Pupil Growth Aid	4,310		4,310	4,310	
Professional Learning Community Aid	4,160		4,160	4,160	
Extraordinary Aid		13,328	13,328	37,984	24,656
Non Public Transportation Aid				4,060	4,060
TPAF Pension Contributions (non-budgeted)				551,418	551,418
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				364,792	364,792
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				13,382	13,382
TPAF Long Term Disability Insurance (On-Behalf - Non-Budgeted)				381	381
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				301,661	301,661
Total State Sources	225,922	13,328	239,250	1,499,600	1,260,350
TOTAL REVENUES	8,800,314		8,913,642	10,103,596	1,189,954

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2018

(UNAUDITED)

(Continued)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten	\$ 181,791	\$ 1,628	\$ 183,419	\$ 180,550	\$ 2,869
Grades 1-5	1,094,500	16,558	1,111,058	1,130,322	(19,264)
Grades 6-8	1,249,462	20,305	1,269,767	1,290,832	(21,065)
Regular Programs - Home Instruction:	2,100		2,100	1,200	900
Salaries of Teachers					
Regular Programs - Undistributed Instruction:	297,000	(4,528)	292,472	282,000	10,472
Other Salaries for Instruction	38,000	67,619	105,619	99,899	5,720
Purchased Professional - Educational Services	50,000	39,680	89,680	87,323	2,357
Purchased Technical Services	76,000	(66,100)	9,900	9,349	551
Other Purchased Services	75,000	42,246	117,246	116,492	754
General Supplies	5,000	4,100	9,100	9,057	43
Textbooks	2,000	85	2,085	2,062	23
Other Objects					
Total Regular Programs	3,070,853	121,593	3,192,446	3,209,086	(16,640)
Special Education:					
Resource Room/Resource Center:					
Salaries of Teachers	696,818	(13,980)	682,838	673,256	9,582
Other Salaries for Instruction	2,000	(2,000)	2,000	1,997	3
General Supplies		2,000	2,000		
Total Resource Room/Resource Center/Total Special Education	698,818	(13,980)	684,838	675,253	9,585

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)
 (Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
School-Sponsored Co/Extra-Curricular Activities-Instruction:					
Salaries	\$ 20,000	\$ 11,623	\$ 31,623	\$ 28,553	\$ 3,070
Purchased Services	450		450	402	48
Supplies and Materials	3,920	3,500	7,420	4,920	2,500
Other Objects	4,000	5,000	9,000	8,351	649
Total School-Sponsored Co/Extra-Curricular Activities-Instruction	28,370	20,123	48,493	42,226	6,267
Bilingual Education:					
Salaries of Teachers	122,594	(61,300)	61,294	56,378	4,916
General Supplies	475		475		475
Total Bilingual Education	123,069	(61,300)	61,769	56,378	5,391
Other Instructional Programs - Instruction:					
Summer School Program: Salaries of Teachers	25,000	(4,123)	20,877	20,877	
Total Other Instructional Programs - Instruction	25,000	(4,123)	20,877	20,877	
Total Instruction	3,946,110	62,313	4,008,423	4,003,820	4,603

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)
 (Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Instruction:					
Tuition to CSSD & Reg. Day School	\$ 184,908	\$ (184,908)			
Tuition to Other LEAS Within the State - Special	305,324	(9,151)	\$ 296,173	\$ 295,205	\$ 968
Tuition to Private Schools for the Disabled - Within State		164,138	164,138	164,138	
Total Instruction	490,232	(29,921)	460,311	459,343	968
Attendance and Social Work:					
Salaries	34,192	(34,000)	192		192
Purchased Professional & Tech. Services	1,500		1,500	1,406	94
Supplies and Materials	125		125		125
Total Attendance and Social Work	35,817	(34,000)	1,817	1,406	411
Health Services:					
Salaries	34,192	34,700	68,892	64,494	4,398
Purchased Professional and Technical Services	15,000	(275)	14,725	14,706	19
Other Purchased Services	500	(50)	450	450	
Supplies and Materials	2,350		2,350	2,335	15
Total Health Services	52,042	34,375	86,417	81,985	4,432
Other Support Services - Speech, OT, PT and Related Services:					
Salaries	123,490	(7,500)	115,990	115,057	933
Purchased Professional - Educational Services	65,000	12,500	77,500	77,160	340
Supplies and Materials	1,000		1,000	704	296
Total Other Support Services - Speech, OT, PT and Related Services	189,490	5,000	194,490	192,921	1,569
Other Support Services - Extraordinary Services:					
Supplies and Materials	500	(375)	125	124	1
Total Other Support Services - Extraordinary Services	500	(375)	125	124	1

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Other Support Services - Guidance:					
Salaries of Other Professional Staff	\$ 54,441	\$ (200)	\$ 54,241	\$ 54,144	\$ 97
Salaries of Secretarial and Clerical Assistants	44,000	200	44,200	55,947	(11,747)
Purchased Professional - Educational Services	2,350		2,350	2,168	182
Supplies and Materials	3,500		3,500	3,430	70
Total Other Support Services - Guidance	104,291		104,291	115,689	(11,398)
Other Support Services - Child Study Team:					
Salaries of Other Professional Staff	353,223	(625)	352,598	349,700	2,898
Salaries of Secretarial and Other Clerical Assistants	43,452		43,452	43,400	52
Purchased Professional - Educational Services	38,000		38,000	38,000	
Other Purchased Services	500	69	569	569	
Supplies and Materials	7,925	(69)	7,856	7,649	207
Other Objects	1,000	625	1,625	1,563	62
Total Other Support Services - Child Study Team	444,100		444,100	440,881	3,219
Improvement of Instructional Services:					
Purchased Professional and Educational Services	9,000		9,000	8,938	62
Salary of Supervisor of Instruction	91,800	2,180	93,980	92,795	1,185
Salary of Secretary and Clerical Assistant	45,400	15,060	60,460	60,458	2
Supplies and Materials	500		500	442	58
Other Objects	500		500	417	83
Other Purchased Professional and Technical Services	65,000		65,000	64,963	37
Total Improvement of Instructional Services	212,200	17,240	229,440	228,013	1,427
Educational Media Services/School Library:					
Salaries	98,338	2,000	100,338	99,754	584
Purchased Professional - Technical Services		530	530	530	
Supplies and Materials	7,180	(530)	6,650	6,531	119
Total Educational Media Services/School Library	105,518	2,000	107,518	106,815	703

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)
(Continued)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current Expense:					
Undistributed Expenditures:					
Instructional Staff Training Services:					
Other Purchased Services (400-500 series)	\$ 4,000	\$ (1,000)	\$ 3,000	\$ 2,941	\$ 59
Purchased Professional and Educational Services	51,000	6,997	57,997	57,714	283
Total Instructional Staff Training Services	55,000	5,997	60,997	60,655	342
Support Services - General Administration:					
Salaries	236,300	(45,499)	190,801	190,600	201
Legal Services	33,000	4,683	37,683	36,991	692
Other Purchased Professional Services	15,000	3,150	18,150	17,748	402
Audit Fees	16,000	(400)	15,600	15,600	
Architectural / Engineering Services	4,000	(1,000)	3,000	3,000	
Purchased Technical Services	20,000	(2,000)	18,000	17,942	58
Communications/Telephone	26,000	(5,986)	20,014	19,968	46
BOE Other Purchased Services	4,000	(4,000)			
BOE Membership Dues and Fees	5,100	(650)	4,450	4,411	39
Miscellaneous Purchased Services (400-500 series)	20,000	8,123	28,123	28,099	24
General Supplies	7,000	6,579	13,579	13,569	10
Miscellaneous Expenditures	2,000		2,000	1,868	132
Total Support Services - General Administration	388,400	(37,000)	351,400	349,796	1,604
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	5,000	86,300	91,300	122,495	(31,195)
Purchased Professional and Technical Services	15,000		15,000	15,000	
Supplies and Materials	13,000	(3,000)	10,000	8,391	1,609
Other Objects	1,650		1,650	1,635	15
Total Support Services - School Administration	34,650	83,300	117,950	147,521	(29,571)

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

FISCAL YEAR ENDED JUNE 30, 2018

(UNAUDITED)
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Central Services:					
Salaries	\$ 221,740	\$ (36,893)	\$ 184,847	\$ 173,754	\$ 11,093
Purchased Technical Services	14,500	800	15,300	15,297	3
Other Purchased Services	500	1,214	1,714	1,713	1
Supplies & Materials	7,500	(2,939)	4,561	4,561	
Miscellaneous Expenditures	2,000	2,000	4,000	3,918	82
Total Central Services	246,240	(35,818)	210,422	199,243	11,179
Administrative Information Technology Services:					
Salaries	50,000		50,000	49,254	746
Supplies & Materials	4,500	6,000	10,500	10,413	87
Purchased Technical Services	5,000		5,000	4,885	115
Total Administrative Information Technology Services	59,500	6,000	65,500	64,552	948
Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	126,050		126,050	115,166	10,884
General Supplies	22,000		22,000	17,188	4,812
Total Required Maintenance for School Facilities	148,050		148,050	132,354	15,696
Custodial Services:					
Salaries	274,000	2,500	276,500	273,967	2,533
Salaries of Non-Instructional Aides	61,000		61,000	51,948	9,052
Cleaning, Repair, and Maintenance	40,000	(9,000)	31,000	30,985	15
Other Purchased Property Services	42,000	4,874	46,874	43,520	3,354
Insurance	91,600	200	91,800	91,721	79
Miscellaneous Purchased Services		200	200	186	14
General Supplies	35,000		35,000	28,697	6,303
Other Objects	9,000	(3,485)	5,515	5,515	
Energy (Natural Gas)	65,000	(2,000)	63,000	62,989	11
Energy (Electricity)	121,000	(4,789)	116,211	115,867	344
Total Custodial Services	738,600	(11,500)	727,100	705,395	21,705

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2018

(UNAUDITED)

(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Care and Upkeep of Grounds:					
Cleaning, Repair, and Maintenance Services	\$ 25,000	\$ 5,000	\$ 30,000	\$ 2,614	\$ 27,386
Other Objects	500	9,500	10,000		10,000
General Supplies	5,000	(5,000)			
Total Care and Upkeep of Grounds	30,500	9,500	40,000	2,614	37,386
Student Transportation Services:					
Contracted Services - (Other than Between Home and School) - Vendors	6,000	4,910	10,910	10,775	135
Misc. Purchased Services - Transportation	8,500	1,000	9,500	8,678	822
Contracted Services - (Special Ed Students) - Vendors	52,000	20,000	72,000	66,919	5,081
Contracted Services - Aid in Lieu Payments- Non-public Schools	20,500	(4,000)	16,500	16,229	271
Total Student Transportation Services	87,000	21,910	108,910	102,601	6,309
Unallocated Benefits:					
Unemployment Compensation	17,500	115	17,615	17,548	67
Workmen's Compensation	70,000	(32,672)	37,328	37,328	
Health Benefits	1,353,107	(82,175)	1,270,932	1,130,429	140,503
Tuition Reimbursement	13,500	(3,000)	10,500	10,353	147
Other Employee Benefits	12,500	(12,500)			
Social Security Contributions	102,500	17,172	119,672	116,828	2,844
Other Retirement Contributions - PERS	102,000	19,560	121,560	121,545	15
Unused Sick Payments to Terminated/Retired Staff		7,807	7,807	7,500	307
Total Unallocated Benefits	1,671,107	(85,693)	1,585,414	1,441,531	143,883

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
On-Behalf Contributions:					
TPAF Pension Contributions (Non-Budgeted)			\$ 551,418	\$ 551,418	\$ (551,418)
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)			364,792	364,792	(364,792)
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)			13,382	13,382	(13,382)
TPAF Long Term Disability Insurance (On-Behalf - Non-Budgeted)			381	381	(381)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)			301,661	301,661	(301,661)
Total On-Behalf Contributions			1,231,634	1,231,634	(1,231,634)
Total Undistributed Expenditures	\$ 5,093,237	\$ (48,985)	\$ 5,044,252	6,065,073	(1,020,821)
Total Expenditures - Current Expense	9,039,347	13,328	9,052,675	10,068,893	(1,016,218)
Capital Outlay:					
Equipment:					
Undistributed Expenditures:	20,000		20,000	20,000	
Administration Information Technology					
Total Equipment	20,000		20,000	20,000	
Facilities Acquisition and Construction Services:					
Other Facilities Acquisition and Construction Services		100,000	100,000		100,000
Assessment for Debt Service- SDA Funding	4,243		4,243	4,243	
Total Facilities Acquisition and Construction Services	4,243	100,000	104,243	4,243	
Total Capital Outlay	24,243	100,000	124,243	24,243	

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

FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Total Expenditures	\$ 9,063,590	\$ 113,328	\$ 9,176,918	\$ 10,093,136	\$ (1,016,218)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(263,276)		(263,276)	10,460	173,736
Other Financing Sources /(Uses):					
Transfers In/(Out):					
Transfer From Capital Projects Fund - Capital Reserve				11,505	11,505
Total Other Financing Sources/(Uses)				11,505	11,505
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(263,276)		(263,276)	21,965	185,241
Fund Balance, July 1	2,017,890		2,017,890	2,017,890	
Fund Balance, June 30	\$ 1,754,614	\$ -0-	\$ 1,754,614	\$ 2,039,855	\$ 185,241
Recapitulation:					
Restricted Fund Balance:				\$ 1,402,468	
Capital Reserve				210,437	
Excess Surplus				100,000	
Excess Surplus - Designated for Subsequent Year's Expenditures				15,590	
Assigned Fund Balance:				32,644	
For Subsequent Year's Expenditures				278,716	
Year End Encumbrances				2,039,855	
Unassigned Fund Balance					
Reconciliation to Governmental Funds Statements (GAAP):					
Last Two State Aid Payments not recognized on GAAP Basis				(32,487)	
Fund Balance per Governmental Funds (GAAP)				\$ 2,007,368	

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ 62,000	\$ 25,127	\$ 87,127	\$ 87,127	
Total Revenues	62,000	25,127	87,127	87,127	
EXPENDITURES:					
Instruction	62,000	25,127	87,127	87,127	
Tuition	62,000	25,127	87,127	87,127	
Total Instruction	62,000	25,127	87,127	87,127	
Total Expenditures	62,000	25,127	87,127	87,127	
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

HAWORTH BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 10,103,596	\$ 87,127
Difference - Budget to GAAP:		
Prior year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	21,112	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(32,487)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 10,092,221</u>	<u>\$ 87,127</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	<u>\$ 10,093,136</u>	<u>\$ 87,127</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 10,093,136</u>	<u>\$ 87,127</u>

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ending June 30, 2018, was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

SPECIAL REVENUE FUND

HAWORTH BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	IDEA Part B, Basic	IDEA Part B, Preschool	Totals
REVENUE:			
Federal Sources	\$ 85,597	\$ 1,530	\$ 87,127
Total Revenue	85,597	1,530	87,127
EXPENDITURES:			
Instruction:			
Tuition	85,597	1,530	87,127
Total Instruction	85,597	1,530	87,127
Total Expenditures	\$ 85,597	\$ 1,530	\$ 87,127

CAPITAL PROJECTS FUND

HAWORTH BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Revenue and Other Financing Sources:	
Investment Income	\$ 772
	<hr/>
Total Revenues and Other Financing Sources	772
	<hr/>
Excess of Expenditures Over Revenue and Other Financing Sources	772
	<hr/>
Other Financing Uses:	
Transfers Out:	
Transfer to Debt Service Fund	772
Transfer to General Fund - Capital Reserve	11,505
	<hr/>
Total Other Financing Uses	12,277
	<hr/>
Deficit of Revenues and Other Financing Sources	
Under Expenditures and Other Financing Uses	(11,505)
	<hr/>
Fund Balance - Beginning Balance	11,505
	<hr/>
Fund Balance - Ending Balance	<u>\$ -0-</u>

HAWORTH BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS
BUDGETARY BASIS
HAWK HALL HVAC UPGRADE/BOILER INSTALLATION
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Prior Periods	Current Year	Total	Authorized Cost
Revenue and Other Financing Sources:				
Transfer from Capital Outlay	\$ 325,000		\$ 325,000	\$ 325,000
Transfer from Capital Reserve	304,700	\$ (2,025)	302,675	302,675
Total Revenue and Other Financing Sources	629,700	(2,025)	627,675	627,675
Expenditures:				
Other Purchased Professional Technical Services	47,975		47,975	47,975
Construction Services	579,700		579,700	579,700
Total Expenditures	627,675		627,675	627,675
Excess of Revenue and Other Financing Sources Over Expenditures				
	\$ 2,025	\$ (2,025)	\$ -0-	\$ -0-
Additional Project Information:				
Project Number	N/A			
Original Authorized Cost	\$ 629,700			
Cancelled to Capital Reserve	\$ (2,025)			
Revised Authorized Cost	\$ 627,675			
Percentage Decrease over Original Authorized Cost				
	0.00%			
Percentage Completion				
	100.00%			
Target Completion Date				
	8/31/2015			

HAWORTH BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS
BUDGETARY BASIS
MAIN ENTRANCE/LOBBY UPGRADE
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Prior Periods	Current Year	Total	Authorized Cost
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 349,050	\$ (9,480)	\$ 339,570	\$ 339,570
Total Revenue and Other Financing Sources	349,050	(9,480)	339,570	339,570
Expenditures:				
Other Purchased Professional Technical Services	20,000		20,000	20,000
Construction Services	319,570		319,570	319,570
Total Expenditures	339,570		339,570	339,570
Excess/(Deficit) of Revenue and Other Financing Sources Over Expenditures	\$ 9,480	\$ (9,480)	\$ -0-	\$ -0-
Additional Project Information:				
Project Number	N/A			
Grant Date	N/A			
Original Authorized Cost	\$ 349,050			
Cancelled to Capital Reserve	\$ (9,480)			
Revised Authorized Cost	\$ 339,570			
Percentage Decrease over Original Authorized Cost	2.72%			
Percentage Completion	100.00%			
Target Completion Date	8/31/2017			

PROPRIETARY FUNDS

HAWORTH BOARD OF EDUCATION
AFTERCARE PROGRAM ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2018

ASSETS:

Current Assets:

Cash and Cash Equivalents

\$ 102,758

Total Current Assets

102,758

Total Assets

102,758

LIABILITIES:

Current Liabilities:

Interfund Payable

2,555

Total Liabilities

2,555

NET POSITION:

Unrestricted

100,203

Total Net Position

\$ 100,203

HAWORTH BOARD OF EDUCATION
AFTERCARE PROGRAM ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Operating Revenue:	
Charges for Services:	
Program Fees	\$ 87,635
	<hr/>
Total Operating Revenue	87,635
	<hr/>
Operating Expenses:	
Salaries and Payroll Taxes	57,630
General Supplies	10,756
	<hr/>
Total Operating Expenses	68,386
	<hr/>
Operating Income	19,249
	<hr/>
Non-Operating Revenue:	
Local Sources:	
Interest Revenue	1,324
	<hr/>
Total Non-Operating Revenue	1,324
	<hr/>
Change in Net Position	20,573
	<hr/>
Net Position - Beginning of Year	79,630
	<hr/>
Net Position - End of Year	\$ 100,203
	<hr/> <hr/>

HAWORTH BOARD OF EDUCATION
AFTERCARE PROGRAM ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 87,635
Payments to Employees	(57,630)
Payments to Suppliers	<u>(10,756)</u>
Net Cash Provided by Operating Activities	<u>19,249</u>
Cash Flows from Investing Activities:	
Interest Revenue	<u>1,324</u>
Net Cash Provided by Investing Activities	<u>1,324</u>
Net Increase in Cash and Cash Equivalents	20,573
Cash and Cash Equivalents, July 1	<u>82,185</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 102,758</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	<u>\$ 19,249</u>
Net Cash Provided by Operating Activities	<u><u>\$ 19,249</u></u>

FIDUCIARY FUNDS

HAWORTH BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Payroll</u>	<u>Agency Student Activities</u>	<u>Total Agency</u>	<u>Flexible Spending Trust</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 72,974	\$ 11,220	\$ 84,194	\$ 13,785
Total Assets	<u>72,974</u>	<u>11,220</u>	<u>84,194</u>	<u>13,785</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	67,624		67,624	
Interfund Payable - General Fund	5,350		5,350	
Due to Student Groups		11,220	11,220	
Total Liabilities	<u>72,974</u>	<u>11,220</u>	<u>84,194</u>	
<u>NET POSITION:</u>				
Held in Trust for Flexible Spending Claims				<u>13,785</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 13,785</u>

HAWORTH BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGE IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Flexible Spending Trust</u>
Additions:	
Contributions:	
Plan Contributions	\$ 19,972
Total Additions	<u>19,972</u>
Deductions:	
Flexible Spending Claims	<u>14,324</u>
Total Deductions	<u>14,324</u>
Change in Net Position	5,648
Net Position - Beginning of the Year	<u>8,137</u>
Net Position - End of the Year	<u><u>\$ 13,785</u></u>

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

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 14,831	\$ 45,482	\$ 49,093	\$ 11,220
Total Assets	<u>\$ 14,831</u>	<u>\$ 45,482</u>	<u>\$ 49,093</u>	<u>\$ 11,220</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 14,831	\$ 45,482	\$ 49,093	\$ 11,220
Total Liabilities	<u>\$ 14,831</u>	<u>\$ 45,482</u>	<u>\$ 49,093</u>	<u>\$ 11,220</u>

HAWORTH BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY

<u>Schools</u>	<u>Balance June 30, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2018</u>
Haworth Elementary School	<u>\$ 14,831</u>	<u>\$ 45,482</u>	<u>\$ 49,093</u>	<u>\$ 11,220</u>
	<u><u>\$ 14,831</u></u>	<u><u>\$ 45,482</u></u>	<u><u>\$ 49,093</u></u>	<u><u>\$ 11,220</u></u>

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

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 48,966	\$ 6,354,177	\$ 6,330,169	\$ 72,974
Total Assets	<u>\$ 48,966</u>	<u>\$ 6,354,177</u>	<u>\$ 6,330,169</u>	<u>\$ 72,974</u>
 <u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 43,616	\$ 6,354,177	\$ 6,330,169	\$ 67,624
Interfund Payable - General Fund	5,350			5,350
Total Liabilities	<u>\$ 48,966</u>	<u>\$ 6,354,177</u>	<u>\$ 6,330,169</u>	<u>\$ 72,974</u>

LONG-TERM DEBT

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance June 30, 2017	Matured	Balance June 30, 2018
			Date	Amount				
School Improvements	8/15/2004	\$ 2,682,000	8/15/2018	\$ 250,000	4.000%	\$ 747,000	\$ 250,000	\$ 497,000
			8/15/2019	247,000	4.000%			
School Refunding	6/30/2009	2,560,000	2/15/2019	275,000	4.500%	545,000	270,000	275,000
						<u>\$ 1,292,000</u>	<u>\$ 520,000</u>	<u>\$ 772,000</u>

HAWORTH BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOT APPLICABLE

HAWORTH BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Original</u>	<u>Budget</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
	<u>Budget</u>	<u>Transfers</u>	<u>Budget</u>	<u>Actual</u>	<u>Final to Actual</u>
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 497,040		\$ 497,040	\$ 497,040	
State Sources:					
Debt Service State Aid Support	73,528		73,528	73,528	
Total Revenue	570,568		570,568	570,568	
EXPENDITURES:					
Regular Debt Service:					
Interest - Bonds	51,465		51,465	51,328	\$ 137
Redemption of Principal - Bonds	520,000		520,000	520,000	
Total Regular Debt Service	571,465		571,465	571,328	137
Total Expenditures	571,465		571,465	571,328	137
Other Financing Sources:					
Transfer In:					
Interest Earned in Capital Projects Fund				772	772
Total Other Financing Sources				772	772
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures	(897)		(897)	12	635
Fund Balance, July 1	1,125		1,125	1,125	
Fund Balance, June 30	\$ 228	\$ -0-	\$ 228	\$ 1,137	\$ 635
<u>Recapitulation of Fund Balance at June 30, 2018</u>				<u>\$ 1,137</u>	
Restricted				<u>\$ 1,137</u>	

STATISTICAL SECTION
(UNAUDITED)

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

Contents

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

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

	June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Net Investment in Capital Assets	\$ 2,057,023	\$ 2,405,191	\$ 2,780,153	\$ 3,364,587	\$ 4,710,078	\$ 5,968,195	\$ 6,943,345	\$ 8,138,466	\$ 8,449,112	\$ 8,742,950
Restricted	71,890	262,319	555,824	1,357,228	1,607,876	1,041,364	660,167	1,331,391	1,753,425	1,729,632
Unrestricted/(Deficit)	72,826	100,378	139,056	140,548	118,509	(641,392)	(15,093)	(1,206,558)	(1,640,249)	(1,892,160)
Total Governmental Activities Net Position	\$ 2,201,739	\$ 2,767,889	\$ 3,475,033	\$ 4,862,362	\$ 6,436,463	\$ 6,368,167	\$ 7,588,419	\$ 8,263,299	\$ 8,562,288	\$ 8,580,422
Business-Type Activities										
Unrestricted	\$ 23,020	\$ 38,672	\$ 8,047	\$ 14,691	\$ 34,889	\$ 22,533	\$ 33,675	\$ 55,204	\$ 79,630	\$ 100,203
Total Business-Type Activities Net Position	\$ 23,020	\$ 38,672	\$ 8,047	\$ 14,691	\$ 34,889	\$ 22,533	\$ 33,675	\$ 55,204	\$ 79,630	\$ 100,203
District-Wide										
Net Investment in Capital Assets	\$ 2,057,023	\$ 2,405,191	\$ 2,780,153	\$ 3,364,587	\$ 4,710,078	\$ 5,968,195	\$ 6,943,345	\$ 8,138,466	\$ 8,449,112	\$ 8,742,950
Restricted	71,890	262,319	555,824	1,357,228	1,607,876	1,041,364	660,167	1,331,391	1,753,425	1,729,632
Unrestricted/(Deficit)	95,846	139,050	147,103	155,238	153,398	(618,859)	18,582	(1,151,354)	(1,560,619)	(1,791,957)
Total District-Wide Net Position	\$ 2,224,759	\$ 2,806,561	\$ 3,483,080	\$ 4,877,053	\$ 6,471,352	\$ 6,390,700	\$ 7,622,094	\$ 8,318,503	\$ 8,641,918	\$ 8,680,625

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities										
Instruction:										
Regular	\$ 3,939,755	\$ 3,774,480	\$ 3,814,522	\$ 3,879,062	\$ 3,906,058	\$ 3,923,628	\$ 4,980,945	\$ 5,430,627	\$ 6,407,853	\$ 6,465,551
Special Education	478,193	555,814	578,444	711,441	810,721	758,441	923,705	972,945	1,146,732	1,405,268
Other Instruction	168,654	164,454	172,128	191,061	231,894	219,615	256,156	277,702	197,640	210,511
Support Services:										
Tuition	436,892	254,460	246,636	322,790	359,741	440,516	257,840	259,668	388,094	544,940
Student & Instruction Related Services	1,022,280	1,129,889	1,177,881	1,128,282	1,234,213	1,286,442	1,366,370	1,560,594	1,792,492	1,803,943
General Administrative Services	403,777	377,024	328,274	511,427	565,759	351,255	350,864	365,582	376,497	470,174
School Administrative Services	275,260	354,068	229,362	286,258	268,198	234,090	265,121	332,214	237,453	226,257
Central Services						188,940	177,031	233,025	334,518	305,185
Administrative Technology Services						23,392	43,156	44,107	37,201	94,582
Plant Operations And Maintenance	827,598	824,886	964,573	812,855	799,938	834,823	844,668	876,764	902,058	1,043,945
Pupil Transportation	166,957	132,515	101,182	92,217	88,628	78,796	54,697	57,030	89,042	102,601
Business and Other Support Services	244,069	256,347	261,517							
Special Schools						20,460			66,380	43,495
Interest On Long-Term Debt	176,100	197,959	195,735	164,643	147,093	134,971	148,173	87,922	4,243	24,243
Capital Outlay				3,091	4,243	4,243	33,843	113,594		
Unallocated Depreciation	114,416	111,525	61,718							
Total Governmental Activities Expenses	\$ 8,253,949	\$ 8,133,421	\$ 8,131,971	\$ 8,103,126	\$ 8,416,486	\$ 8,499,612	\$ 9,702,569	\$ 10,611,774	\$ 11,980,203	\$ 12,740,695
Business-Type Activities:										
After School Latchkey Program	\$ 120,957	\$ 94,721	\$ 72,184	\$ 35,606	\$ 25,529	\$ 43,256	\$ 28,137	\$ 32,896	\$ 43,668	\$ 68,386
Total Business-Type Activities Expenses	\$ 120,957	\$ 94,721	\$ 72,184	\$ 35,606	\$ 25,529	\$ 43,256	\$ 28,137	\$ 32,896	\$ 43,668	\$ 68,386
Total District Expenses	\$ 8,374,906	\$ 8,228,142	\$ 8,204,155	\$ 8,138,732	\$ 8,442,015	\$ 8,542,868	\$ 9,730,706	\$ 10,644,670	\$ 12,023,871	\$ 12,809,081
Program Revenues										
Governmental Activities:										
Charges For Services:										
Interest on Long-Term Debt	\$ 575,529	\$ 662,119	\$ 704,533	\$ 92,233	\$ 58,033	\$ 1,010,506	\$ 2,045,127	\$ 2,439,317	\$ 3,296,181	\$ 3,583,493
Operating Grants and Contributions	\$ 575,529	\$ 662,119	\$ 704,533	\$ 1,108,623	\$ 1,305,317	\$ 1,010,506	\$ 2,045,127	\$ 2,439,317	\$ 3,296,181	\$ 3,583,493
Total Governmental Activities Program Revenues	\$ 1,151,058	\$ 1,324,238	\$ 1,409,066	\$ 2,021,156	\$ 1,363,350	\$ 2,021,012	\$ 4,090,254	\$ 4,878,634	\$ 6,592,362	\$ 7,166,986

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Business-Type Activities:										
Charges For Services				\$ 8,292	\$ 45,670	\$ 30,840	\$ 39,215	\$ 54,325	\$ 67,836	\$ 87,655
Operating Grants and Contributions				33,940						
Total Business Type Activities Program Revenues				<u>42,232</u>	<u>45,670</u>	<u>30,840</u>	<u>39,215</u>	<u>54,325</u>	<u>67,836</u>	<u>87,655</u>
Total District Program Revenues	\$ 575,529	\$ 662,119	\$ 704,533	\$ 1,150,855	\$ 1,350,987	\$ 1,041,346	\$ 2,084,342	\$ 2,493,642	\$ 3,364,017	\$ 3,671,128
Net (Expenses)/Revenue										
Governmental Activities	\$ (7,678,420)	\$ (7,471,302)	\$ (7,427,439)	\$ (6,994,503)	\$ (7,111,169)	\$ (7,489,106)	\$ (7,657,442)	\$ (8,172,457)	\$ (8,684,022)	\$ (9,157,202)
Business-Type Activities	(120,957)	(94,721)	(72,184)	6,626	20,141	(12,416)	11,078	21,429	24,168	19,249
Total District-Wide Net Expense	<u>\$ (7,799,377)</u>	<u>\$ (7,566,023)</u>	<u>\$ (7,499,623)</u>	<u>\$ (6,987,877)</u>	<u>\$ (7,091,027)</u>	<u>\$ (7,501,522)</u>	<u>\$ (7,646,364)</u>	<u>\$ (8,151,028)</u>	<u>\$ (8,659,854)</u>	<u>\$ (9,137,953)</u>
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 6,759,902	\$ 7,030,298	\$ 7,448,601	\$ 7,597,573	\$ 7,749,524	\$ 7,902,965	\$ 8,059,443	\$ 8,219,020	\$ 8,381,757	\$ 8,549,392
Taxes Levied for Debt Service	529,185	544,101	559,968	450,621	467,286	546,693	529,964	538,231	516,315	497,040
Federal and State Aid not Restricted	457,289	453,576	1,111,315	40,804	6,150	221,028	240,742	80,859	76,883	73,528
Tuition	45,277									
Investment Earnings				2,197	3,804					11,376
Miscellaneous Income	38,671	9,476	14,698	61,347	68,235	13,756	47,545	9,227	8,056	44,000
Adjustment to Capital Assets					584,273					
N.J. Economic Development Authority Grants				246,552						
Total Governmental Activities	<u>7,830,324</u>	<u>8,037,451</u>	<u>8,134,582</u>	<u>8,399,094</u>	<u>8,879,272</u>	<u>8,684,442</u>	<u>8,877,694</u>	<u>8,847,337</u>	<u>8,983,011</u>	<u>9,175,336</u>
Business-Type Activities:										
Investment Earnings				17	57	60	64	100	258	1,324
Miscellaneous	124,445	110,373	41,558							
Total Business-Type Activities	<u>124,445</u>	<u>110,373</u>	<u>41,558</u>	<u>17</u>	<u>57</u>	<u>60</u>	<u>64</u>	<u>100</u>	<u>258</u>	<u>1,324</u>
Total District-Wide	<u>\$ 7,954,769</u>	<u>\$ 8,147,825</u>	<u>\$ 8,176,140</u>	<u>\$ 8,399,111</u>	<u>\$ 8,879,329</u>	<u>\$ 8,684,502</u>	<u>\$ 8,877,758</u>	<u>\$ 8,847,437</u>	<u>\$ 8,983,269</u>	<u>\$ 9,176,660</u>
Change in Net Position:										
Governmental Activities	\$ 151,904	\$ 566,150	\$ 707,144	\$ 1,404,591	\$ 1,768,103	\$ 1,195,336	\$ 1,220,252	\$ 674,880	\$ 298,989	\$ 18,134
Business-Type Activities	3,488	15,652	(30,626)	6,644	20,198	(12,356)	11,142	21,529	24,426	20,573
Total District	<u>\$ 155,392</u>	<u>\$ 581,802</u>	<u>\$ 676,518</u>	<u>\$ 1,411,235</u>	<u>\$ 1,788,302</u>	<u>\$ 1,182,980</u>	<u>\$ 1,231,394</u>	<u>\$ 696,409</u>	<u>\$ 323,415</u>	<u>\$ 38,707</u>

Source: School District Financial Reports

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

June 30,

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 71,890	\$ 262,319	\$ 555,824							
Unreserved	177,421	217,185	250,000							
Restricted				\$ 779,865	\$ 1,453,729	\$ 833,623	\$ 459,801	\$ 1,329,562	\$ 1,752,300	\$ 1,728,495
Assigned				50,000	117,651	471,981	559,147	1,050		32,644
Unassigned				244,035	250,000	249,559	269,442	308,635	244,478	246,229
Total General Fund	\$ 249,312	\$ 479,504	\$ 805,824	\$ 1,073,900	\$ 1,821,380	\$ 1,555,163	\$ 1,288,390	\$ 1,639,247	\$ 1,996,778	\$ 2,007,368
All Other Governmental Funds										
Reserved	\$ 12,661	\$ 270								
Unreserved, Reported In:										
Debt Service Fund	270	35,598	37,318							
Restricted, Reported In:										
Capital Projects Fund				\$ 286,894	\$ 23,499	\$ 190,627	\$ 198,769			
Debt Service Fund				37,648	16,779	17,114	1,597	\$ 1,829	\$ 1,125	\$ 1,137
Committed, Reported In:										
Capital Projects Fund				312,837			546,220	28,313	11,505	
Total All Other Governmental Funds	\$ 12,931	\$ 35,868	\$ 37,318	\$ 637,379	\$ 40,278	\$ 207,741	\$ 746,586	\$ 30,142	\$ 12,630	\$ 1,137
Total Governmental Funds:										
Reserved	\$ 84,551	\$ 262,589	\$ 555,824							
Unreserved/(Deficit)	177,691	252,783	287,318							
Restricted				\$ 1,104,407	\$ 1,494,007	\$ 1,041,364	\$ 660,167	\$ 1,331,391	\$ 1,753,425	\$ 1,729,632
Assigned				362,837	117,651	471,981	1,105,367	29,363	11,505	32,644
Unassigned				244,035	250,000	249,559	269,442	308,635	244,478	246,229
Total Governmental Funds:	\$ 262,243	\$ 515,373	\$ 843,142	\$ 1,711,279	\$ 1,861,658	\$ 1,762,904	\$ 2,034,976	\$ 1,669,389	\$ 2,009,408	\$ 2,008,505

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tax Levy	\$ 7,289,087	\$ 7,574,399	\$ 8,008,569	\$ 8,140,427	\$ 8,274,843	\$ 8,449,658	\$ 8,589,407	\$ 8,757,251	\$ 8,898,072	\$ 9,046,432
Tuition Charges	45,277			2,197	3,804	1,077	500	216	1,802	12,148
Interest Earnings-Capital Reserve		9,476	14,698	156,846	83,775	32,679	47,045	9,011	6,254	43,228
Miscellaneous	38,671	765	25,000							
County Sources				848,731	1,143,703	1,119,961	1,314,728	1,338,297	1,426,194	1,561,753
State Sources	945,184	965,403	637,504	112,964	94,191	91,573	91,197	92,748	89,063	87,127
Federal Sources	103,532	149,527	153,344							
Total Revenue	8,421,751	8,699,570	8,839,115	9,261,165	9,600,316	9,694,948	10,042,877	10,197,523	10,421,385	10,750,688
Expenditures										
Instruction										
Regular Instruction	3,108,741	2,925,746	2,952,905	2,807,664	2,710,669	2,836,129	2,901,190	3,004,135	3,123,175	3,209,086
Special Education Instruction	373,595	424,858	437,080	518,057	599,328	558,069	542,041	531,503	541,511	675,253
Other Instruction	135,582	126,205	131,002	141,706	157,655	155,027	168,237	180,103	118,731	119,481
Support Services:										
Tuition	436,892	254,460	246,636	322,790	359,741	440,516	257,840	259,668	389,655	546,470
Student & Instruction Related Services	848,078	894,419	933,887	848,861	915,970	982,490	1,092,208	1,161,229	1,208,511	1,228,489
General Administrative Services	355,258	310,301	274,012	430,440	454,553	318,864	298,418	293,274	287,356	349,796
School Administrative Services	197,855	276,465	178,649	213,882	193,340	174,416	211,154	244,320	150,361	147,521
Central Services						161,308	157,710	185,482	231,123	199,243
Administrative Information Technology						23,392	37,809	35,301	28,759	64,552
Plant Operations And Maintenance	711,459	696,123	813,933	747,854	739,207	727,687	771,955	752,590	739,845	840,363
Pupil Transportation	143,527	111,830	85,380	92,217	88,628	78,796	54,697	57,030	89,042	102,601
Other Support Services	205,003	213,473	213,609							
Unallocated Benefits	1,454,606	1,590,447	1,608,285	1,676,739	1,913,698	1,774,072	1,960,340	2,254,843	2,558,116	2,673,165
Special Schools						15,029				
Capital Outlay	71,490		12,315	221,015	433,020	914,558	687,201	983,877	21,051	24,243
Debt service:										
Principal	658,816	622,114	623,652	443,768	481,017	498,378	515,000	525,000	520,000	520,000
Interest And Other Charges				171,496	154,560	134,971	115,005	94,755	74,130	51,328
Total Expenditures	8,700,902	8,446,441	8,511,345	8,636,489	9,203,385	9,793,702	9,770,805	10,563,110	10,081,366	10,751,591
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(279,151)	253,129	327,770	624,675	396,931	(98,754)	272,072	(365,587)	340,019	(903)

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Other Financing Sources (Uses)										
N.J. Economic Development Authority Grants				\$ 246,552						
Debt Service Assessment				(3,091)						
Transfers In				370,159	\$ 329	\$ 750,665	\$ 1,341,503	\$ 551,691	\$ 228	\$ 12,277
Transfers Out				(370,159)	(329)	(750,665)	(1,341,503)	(551,691)	(228)	(12,277)
Total Other Financing Sources (Uses)				243,461						
Net Change In Fund Balances	\$ (279,151)	\$ 253,129	\$ 327,770	\$ 868,136	\$ 396,931	\$ (98,754)	\$ 272,072	\$ (365,587)	\$ 340,019	\$ (903)
Debt Service As A Percentage Of Nonecapital Expenditures	7.63%	7.37%	7.34%	7.31%	7.25%	6.47%	6.94%	6.43%	5.87%	5.55%

Source: School District Financial Reports

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

Fiscal Year Ended June 30,	Interest on Investments	Tuition	Rentals	Other	Total
2009	\$ 1,530	\$ 45,277		\$ 36,872	\$ 83,679
2010	6,544		\$ 1,125	1,489	9,158
2011	7,327		1,108	6,263	14,698
2012	1,751			33,311	35,062
2013	3,475			68,235	71,710
2014	1,077			12,014	13,091
2015	2,758			23,855	26,613
2016	216			8,114	8,330
2017	1,802			6,026	7,828
2018	24,896			29,708	54,604

Source: Haworth Board of Education records

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

Year Ended December 31,	Vacant Land		Residential		Commercial		Total Assessed Value	Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2008	\$ 16,021,200		\$ 669,141,100		\$ 78,365,500		\$ 763,527,800	\$	261,858	\$ 763,789,658	\$ 0.53	\$ 985,266,258
2009	14,785,400		681,880,900		98,935,300		795,601,600		810,227	796,411,827	0.50	1,054,551,126
2010	14,816,600		677,484,000		78,483,600		770,784,200		323,307	771,107,507	0.52	998,534,689
2011	14,497,100		683,091,200		98,935,300		796,523,600		534,748	797,058,348	0.57	1,047,745,035
2012	14,802,000		683,084,200		97,551,200		795,437,400		507,416	795,944,816	0.62	1,036,587,284
2013	15,354,600		681,765,000		97,638,300		794,757,900		577,488	795,335,388	0.66	988,226,052
2014	15,027,000		683,331,400		94,794,900		793,153,300		571,705	793,725,005	0.68	927,314,313
2015	13,886,600		684,502,500		92,027,800		790,416,900	\$ 73,545,200	572,378	790,989,278	0.69	947,007,450
2016	12,288,800		688,316,600		91,150,400		791,755,800	75,473,000	581,033	792,336,833	0.76	938,535,971
2017	12,100,500		691,773,000		91,150,400		795,023,900	76,290,500	613,996	795,637,896	0.77	918,832,229

Source: Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

HAWORTH BOARD OF EDUCATION
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(rate per \$100 of assessed value)

Year Ended December 31,	Haworth Board of Education Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Borough of Haworth	Regional High School	Bergen County	
2008	\$ 0.51	\$ 0.02	\$ 0.53	\$ 0.68	0.94	\$ 0.24	\$ 2.39
2009	0.48	0.03	0.50	0.68	0.96	0.25	2.39
2010	0.50	0.02	0.52	0.69	0.98	0.26	2.45
2011	0.55	0.03	0.57	0.69	1.01	0.27	2.55
2012	0.59	0.03	0.62	0.70	1.03	0.29	2.64
2013	0.58	0.08	0.66	0.70	1.05	0.29	2.70
2014	0.64	0.04	0.68	0.71	1.07	0.27	2.74
2015	0.65	0.04	0.69	0.73	1.09	0.28	2.79
2016	0.72	0.04	0.76	0.76	1.11	0.28	2.91
2017	0.73	0.04	0.77	0.77	1.05	0.29	2.88

Source: Municipal Tax Collector and School Business Administrator

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

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

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

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

	2017		2008		% of Total District Net Assessed Value
	Taxpayer	Taxable Assessed Value	Taxpayer	Taxable Assessed Value	
United Water NJ	\$ 51,789,000	6.51%	N/A	N/A	N/A
Haworth Country Club LLC	10,501,900	2.12%	N/A	N/A	N/A
White Beeches Golf & Country Club	10,479,100	1.32%	N/A	N/A	N/A
Haworth Country Club LLC	7,498,100	1.26%	N/A	N/A	N/A
White Beeches Realty Corp.	5,462,100	0.69%	N/A	N/A	N/A
Ashley lane Properties	2,217,900	0.32%	N/A	N/A	N/A
Individual Taxpayer #1	1,638,500	0.23%	N/A	N/A	N/A
Individual Taxpayer #2	1,553,800	0.21%	N/A	N/A	N/A
Individual Taxpayer #3	1,534,600	0.20%	N/A	N/A	N/A
Individual Taxpayer #4	1,507,500	0.20%	N/A	N/A	N/A
Total	\$ 94,182,500	13.06%			

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

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	\$ 7,289,087	\$ 7,289,087	100.00%	-0-
2010	7,574,399	7,574,399	100.00%	-0-
2011	8,008,569	8,008,569	100.00%	-0-
2012	8,140,427	8,140,427	100.00%	-0-
2013	8,274,843	8,274,843	100.00%	-0-
2014	8,449,658	8,449,658	100.00%	-0-
2015	8,589,407	8,589,407	100.00%	-0-
2016	8,757,251	8,757,251	100.00%	-0-
2017	8,898,072	8,898,072	100.00%	-0-
2018	9,046,432	9,046,432	100.00%	-0-

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

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

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

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	School Facilities Loans			
2009	\$ 4,852,000	\$ 319,537	\$ 5,171,537	2.56%	\$ 1,511
2010	4,452,000	259,843	4,711,843	2.13%	1,391
2011	4,077,000	198,164	4,275,164	2.08%	1,250
2012	3,697,000	134,395	3,831,395	1.57%	1,119
2013	3,282,000	68,378	3,350,378	1.67%	972
2014	2,852,000		2,852,000	1.12%	825
2015	2,337,000		2,337,000	0.89%	673
2016	1,812,000		1,812,000	0.68%	523
2017	1,292,000		1,292,000	0.48%	369
2018	772,000		772,000	0.29%	221

Source: School District Financial Reports

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

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Percentage of Actual Taxable Net Valuation ^a Taxable	Per Capita ^b
	General Obligation Bonds	Net General Bonded Debt Outstanding		
2009	\$ 4,852,000	\$ 4,852,000	0.61%	\$ 1,418
2010	4,452,000	4,452,000	0.58%	1,314
2011	4,077,000	4,077,000	0.51%	1,192
2012	3,697,000	3,697,000	0.46%	1,080
2013	3,282,000	3,282,000	0.41%	952
2014	2,852,000	2,852,000	0.36%	825
2015	2,337,000	2,337,000	0.29%	673
2016	1,812,000	1,812,000	0.23%	523
2017	1,292,000	1,292,000	0.16%	369
2018	772,000	772,000	0.10%	221

Source: School District Financial Reports

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

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

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

HAWORTH BOARD OF EDUCATION
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
UNAUDITED
AS OF DECEMBER 31, 2017

<u>Governmental Unit</u>	<u>Debt</u> <u>Outstanding</u>	<u>Estimated</u> <u>Percentage</u> <u>Applicable ^a</u>	<u>Estimated</u> <u>Share of</u> <u>Overlapping</u> <u>Debt</u>
Debt Repaid With Property Taxes:			
Borough of Haworth	\$ 6,231,865	100.00%	\$ 6,231,865
Bergen County General Obligation Debt (Borough Share)	1,205,030,344	0.51%	6,115,254
Northern Valley Regional High School District	2,356,086	100.00%	2,356,086
Other Debt			
Bergen County Utilities Authority (Water Pollution)	95,035,000	0.57%	<u>543,315</u>
Subtotal, Overlapping Debt			15,246,520
Haworth School District Direct Debt			<u>772,000</u>
Total Direct And Overlapping Debt			<u>\$ 16,018,520</u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2018

		Equalized valuation basis
	2017	\$ 926,709,290
	2016	913,634,664
	2015	935,515,327
		<u>\$ 2,775,859,281</u>
Average Equalized Valuation of Taxable Property		\$ 925,286,427
Debt Limit (3% of average equalization value)		27,758,593 ^a
Net Bonded School Debt		772,000
Legal Debt Margin		<u>\$ 26,986,593</u>

	Fiscal Year				
	2009	2010	2011	2012	2013
Debt Limit	\$ 28,713,614	\$ 29,746,160	\$ 30,524,912	\$ 31,012,103	\$ 30,688,923
Total Net Debt Applicable to Limit	<u>5,171,537</u>	<u>4,711,843</u>	<u>4,275,164</u>	<u>3,831,395</u>	<u>3,350,378</u>
Legal Debt Margin	<u>\$ 23,542,077</u>	<u>\$ 25,034,317</u>	<u>\$ 26,249,748</u>	<u>\$ 27,180,708</u>	<u>\$ 27,338,545</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	18.01%	15.84%	14.01%	12.35%	10.92%

	Fiscal Year				
	2014	2015	2016	2017	2018
Debt Limit	\$ 29,516,698	\$ 28,640,660	\$ 28,120,737	\$ 27,980,115	\$ 27,758,593
Total Net Debt Applicable to Limit	<u>2,852,000</u>	<u>2,337,000</u>	<u>1,812,000</u>	<u>1,292,000</u>	<u>772,000</u>
Legal Debt Margin	<u>\$ 26,664,698</u>	<u>\$ 26,303,660</u>	<u>\$ 26,308,737</u>	<u>\$ 26,688,115</u>	<u>\$ 26,986,593</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	9.66%	8.16%	6.44%	4.62%	2.78%

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

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

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

Year	Population ^a	Personal Income (thousands of dollars) ^b	Bergen County Per Capita Personal Income ^c	Unemployment Rate ^d
2009	3,422	\$ 202,091,435	\$ 64,571	7.90%
2010	3,388	221,151,700	65,275	4.80%
2011	3,419	205,371,003	68,244	4.80%
2012	3,423	244,333,740	71,380	8.00%
2013	3,448	200,653,335	70,498	11.30%
2014	3,458	254,287,488	73,536	4.00%
2015	3,470	263,196,030	75,849	3.30%
2016	3,464	267,375,768	77,187	3.10%
2017	3,497	269,922,939	77,187 *	2.70%
2018	3,497 **	269,922,939 **	77,187 *	N/A

* - Latest Bergen County per capita personal income available (2016) was used for calculation purposes.

** - Latest population data available (2017) was used for calculation purposes.

N/A Not Available

Source: School District Reports

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

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

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

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

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

Employer	2017		2008		Percentage of Total Employment
	Employer	Employees	Employer	Employees	
Hackensack University Medical Center		9,000	N/A	N/A	N/A
Valley Health Systems, Inc		4,660	N/A	N/A	N/A
Bio-Reference Laboratories, Inc.		2,900	N/A	N/A	N/A
Express Scripts		2,676	N/A	N/A	N/A
County of Bergen		2,390	N/A	N/A	N/A
Quest Diagnostics, Inc.		2,700	N/A	N/A	N/A
KPMG LLP		2,100	N/A	N/A	N/A
Englewood Hospital and Medical Center		2,002	N/A	N/A	N/A
Englewood Home Health Care Services		1,985	N/A	N/A	N/A
Unilever Best Foods		1,900	N/A	N/A	N/A
		<u>32,313</u>		<u>N/A</u>	<u>N/A</u>

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

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

<u>Function/Program</u>	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Instruction:										
Regular	43.5	45.0	48.0	47.0	47.0	47.0	47.0	48.0	48.0	50.0
Special Education	12.0	12.0	10.0	10.0	10.0	10.0	10.0	11.0	11.0	12.0
Support Services:										
Health Services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
General Administrative Services	6.8	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0	4.0
Guidance-Professional/Support	1.0	0.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Child Study Team/Support	4.9	6.0	4.0	4.0	4.0	4.0	4.0	5.0	4.5	4.5
Plant Operations and Maintenance	5.6	1.0	1.0	1.0	1.0	1.0	1.0	5.0	5.0	5.0
Media Services Technology	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0	1.0
Principal/School Administration	2.0	2.0	2.0	3.0	3.0	3.0	3.0	2.0	3.0	3.0
Total	78.8	69.5	72.0	72.0	72.0	72.0	72.0	78.0	78.5	81.5

Source: District Personnel Records

HAWORTH BOARD OF EDUCATION
OPERATING STATISTICS.
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio Elementary	Average Daily		% Change in Average Daily Enrollment	Student Attendance Percentage
							Enrollment (ADE) ^c	Attendance (ADA) ^c		
2009	506	\$ 7,914,712	\$ 15,642	-2.90%	56	8:8.1	506	481	-2.32%	95.08%
2010	485	7,674,035	15,823	1.16%	45	10:8.1	487	466	-3.70%	95.69%
2011	486	7,709,349	15,863	0.25%	48	10:1.1	486	466	-0.21%	95.88%
2012	438	7,800,211	17,809	12.27%	46	9:5.1	439	416	-9.65%	94.72%
2013	436	8,132,788	18,653	4.74%	45	9:3.1	430	417	-2.07%	97.05%
2014	432	8,245,795	19,087	2.33%	45	9:2.1	434	417	0.93%	96.08%
2015	404	8,453,599	20,925	9.63%	45	9:1.1	408	394	-5.99%	96.57%
2016	424	8,959,478	21,131	0.98%	45	9:1.0	424	408	3.92%	96.23%
2017	422	9,466,185	21,384	1.20%	45	9:1.1	422	412	-0.47%	97.63%
2018	404	10,051,002	24,878	16.34%	50	9:1.1	418	411	-0.95%	98.33%

Source: Haworth Board of Education records

Note: Enrollment based on annual October district count.

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

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

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

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>District Building</u>										
Elementary										
Haworth School:										
Square Feet	75,230	75,230	75,230	75,230	75,230	75,230	75,230	75,230	75,230	75,230
Capacity (students)	544	544	544	544	544	544	544	544	544	544
Enrollment	506	485	486	438	436	432	404	424	422	404

Number of Schools at June 30, 2017
 Elementary = 1

Source: Haworth Board of Education Facilities Office

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

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

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

School Facilities *	Projects #	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Haworth School	N/A	\$ 71,204	\$ 64,998	\$ 100,396	\$ 92,264	\$ 118,938	\$ 58,080	\$ 113,898	\$ 99,340	\$ 122,262	\$ 132,354
		\$ 71,204	\$ 64,998	\$ 100,396	\$ 92,264	\$ 118,938	\$ 58,080	\$ 113,898	\$ 99,340	\$ 122,262	\$ 132,354

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

Source: Haworth Board of Education records

HAWORTH BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2018
UNAUDITED

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

Source: Haworth Board of Education records

SINGLE AUDIT SECTION

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Haworth Borough School District, in the County of Bergen (the "District") as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 18, 2019.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

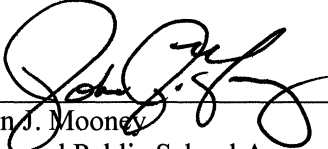
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Purpose of this Report

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

January 18, 2019
Mount Arlington, New Jersey

NISIVOCIA LLP
NISIVOCIA LLP



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

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

Independent Auditors' Report

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

Report on Compliance for Each Major State Program

We have audited the Board of Education of the Haworth Borough School District (the "District's") compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on the District's major state program for the fiscal year ended June 30, 2018. The District's major state program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

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

Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the fiscal year ended June 30, 2018.

Report on Internal Control Over Compliance

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

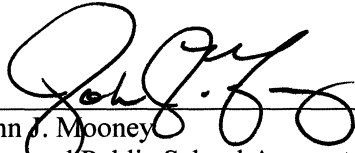
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

January 18, 2019
Mount Arlington, New Jersey

NISIVOCIA LLP
NISIVOCIA LLP



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

HAWORTH BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass Through Grantor Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance			Due to Grantor 6/30/17	Amounts Paid to Subrecipients
					Unearned Revenue (Accounts Receivable) 6/30/2017	Cash Received	Budgetary Expenditures		
U.S. Department of Education									
Passed-through State Department of Education:									
Special Education Cluster:									
I.D.E.A. Part B, Preschool	84.173	FT-2090-18	7/1/17-6/30/18	\$ 1,530		\$ (1,530)			
I.D.E.A. Part B, Basic	84.027	FT-2090-18	7/1/17-6/30/18	85,597		(85,597)			
Total Special Education Cluster						(87,127)			
Total Special Revenue/U.S. Department of Education						(87,127)			
Total Federal Financial Awards					\$ -0-	\$ (87,127)	\$ -0-	\$ -0-	

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

HAWORTH BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance (Accounts Receivable) 06/30/17	Cash Received	Budgetary Expenditures	MEMO	
							Balance 6/30/18 (Accounts Receivable)	Budgetary Receivable
NJ Department of Education:								
Extraordinary Aid	18-495-034-5120-044	7/1/17-6/30/18	\$ 37,984			\$ (37,984)	\$ (37,984)	\$ 37,984
Non-Public Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	4,060			(4,060)	(4,060)	4,060
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	7/1/17-6/30/18	301,661		\$ 287,762	(301,661)	(13,899)	301,661
TPAF Pension Contributions (non-budgeted)	18-495-034-5094-002	7/1/17-6/30/18	551,418		551,418	(551,418)		551,418
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)	18-495-034-5094-001	7/1/17-6/30/18	364,792		364,792	(364,792)		364,792
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)	18-495-034-5094-004	7/1/17-6/30/18	13,382		13,382	(13,382)		13,382
TPAF Long Term Disability Insurance (On-Behalf - Non-Budgeted)	18-495-034-5094-004	7/1/17-6/30/18	381		381	(381)		381
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	197,015		168,685	(197,015)	(28,330)	197,015
Categorical Security Aid	18-495-034-5120-084	7/1/17-6/30/18	7,165		6,135	(7,165)	(1,030)	7,165
Categorical Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	6,952		5,952	(6,952)	(1,000)	6,952
Adjustment Aid	18-495-034-5120-085	7/1/17-6/30/18	2,010		1,721	(2,010)	(289)	2,010
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	4,310		3,690	(4,310)	(620)	4,310
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	4,310		3,690	(4,310)	(620)	4,310
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	4,160		3,562	(4,160)	(598)	4,160
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	186,528	\$ (18,279)	18,279			186,528
Categorical Security Aid	17-495-034-5120-084	7/1/16-6/30/17	7,165	(702)	702			7,165
Categorical Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	6,952	(681)	681			6,952
Adjustment Aid	17-495-034-5120-085	7/1/16-6/30/17	2,010	(197)	197			2,010
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	4,310	(422)	422			4,310
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	4,310	(422)	422			4,310
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	4,160	(409)	409			4,160
Extraordinary Aid	17-495-034-5120-044	7/1/16-6/30/17	38,328	(38,328)	38,328			38,328
Non-Public Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	2,262	(2,262)	2,262			2,262
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	7/1/16-6/30/17	272,839	(13,451)	13,451			272,839
Total General Fund State Aid				(75,153)	1,486,323	(1,499,600)	(88,430)	2,028,464
Debt Service Fund								
Debt Service State Aid Support	18-495-034-5120-017	7/1/17-6/30/18	73,528		73,528	(73,528)		73,528
Total Debt Service Fund					73,528	(73,528)		73,528
Total State Awards				(75,153)	1,559,851	(1,573,128)	(88,430)	2,101,992

HAWORTH BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance (Accounts Receivable) 06/30/17	Cash Received	Budgetary Expenditures	MEMO	
							Balance 6/30/18 GAAP (Accounts Receivable)	Budgetary Receivable
Less: On-Behalf TPAF Pension System Contributions:								
TPAF Pension Contributions (non-budgeted)	18-495-034-5094-002	7/1/17-6/30/18	\$ (551,418)			\$ 551,418		
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)	18-495-034-5094-001	7/1/17-6/30/18	(364,792)			364,792		
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)	18-495-034-5094-003	7/1/17-6/30/18	(13,382)			13,382		
TPAF Long Term Disability Insurance (On-Behalf - Non-Budgeted)	18-495-034-5094-001	7/1/17-6/30/18	(381)			381		
Subtotal - On-Behalf TPAF Pension System Contributions						929,973		
Total State Awards (Net of On-Behalf TPAF Pension System Contributions)						\$ (643,155)		

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

HAWORTH BOARD OF EDUCATION
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the “Schedules”) include the federal and state grant activity of the Haworth Board of Education under programs of the federal and state governments for the fiscal year ended June 30, 2018. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$11,375) for the general fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

HAWORTH BOARD OF EDUCATION
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,488,225	\$ 1,488,225
Special Revenue Fund	\$ 87,127		87,127
Debt Service Fund		<u>73,528</u>	<u>73,528</u>
Total Financial Awards	<u>\$ 87,127</u>	<u>\$ 1,561,753</u>	<u>\$ 1,648,880</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2018.

HAWORTH BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over the major state program disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state program for the District expresses an unmodified opinion on the major state program.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2018 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's program tested as a major state program for the current fiscal year consisted of the following state aid:

	<u>State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
State Awards:				
Reimbursed TPAF Social Security Contributions	18-495-034-5095-002	7/1/17-6/30/18	\$ 301,661	\$ 301,661

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

HAWORTH BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

HAWORTH BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

Status of Prior Year Findings:

There were no prior year findings.