

**SCHOOL DISTRICT OF THE
BOROUGH OF HO-HO-KUS
COUNTY OF BERGEN, NEW JERSEY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

**SCHOOL DISTRICT
OF THE
BOROUGH OF HO-HO-KUS**

**Ho-Ho-Kus Board of Education
Ho-Ho-Kus, New Jersey**

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

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Borough of Ho-Ho-Kus School District

Ho-Ho-Kus, New Jersey

For The Fiscal Year Ended June 30, 2018

Prepared by

**Borough of Ho-Ho-Kus School District
Finance Department**

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INTRODUCTORY SECTION



Ho-Ho-Kus Board of Education

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

January 22, 2019

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

Dear Board Members:

The comprehensive annual financial report of the Ho-Ho-Kus School District (District) for the fiscal year ended June 30, 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 Ho-Ho-Kus School District. 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, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2018, and the respective changes in financial positions and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The introductory section includes this transmittal letter (designed to compliment management's discussion and analysis and should be read in conjunction with it), the district's organizational chart, roster of officials, and consultants and advisors. The financial section includes the independent auditor's report, management's discussion and analysis, basic financial statements, required supplementary information, and other supplementary information. The statistical section includes selected financial trends, revenue and debt capacity, demographic, and economic information, generally presented on a multi-year basis. The District is required to undergo an annual Single Audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB's Circular 15-08 OMB, "*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.*" Information related to this Single Audit, including the independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts, and grants, along with findings and questioned costs, if any, are included in the Single Audit section of this report.

REPORTING ENTITY AND ITS SERVICES

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

The District provides a full range of educational services appropriate to grade levels Pre-K through Eight. These include regular education and special education for special needs students. In addition, there were 250 Ho-Ho-Kus students who attended Northern Highlands Regional High School in Allendale which represented an increase of 7 students. The student enrollment data, listed in the table below, does not include the high school students. The District's enrollment for the 2017-2018 fiscal year was 597 students or a decrease of 14 students from the prior year. The following table details the changes in the Pre-K through 8th grade student enrollment of the District over the last ten years.

Student Enrollment

Fiscal Year	Student Enrollment	Percent Change
2017-18	597	-2.29%
2016-17	611	-0.97%
2015-16	617	-3.59%
2014-15	640	-3.03%
2013-14	660	0.61%
2012-13	656	1.39%
2011-12	647	0.94%
2010-11	641	-4.75%
2009-10	673	1.66%
2008-09	662	-1.05%

ECONOMIC CONDITION AND OUTLOOK

The Ho-Ho-Kus School District's tax base is expected to remain stable due to its above-average wealth levels and continued development. The tax levy has incrementally increased in recent years due to flat state aid funding in prior years along with unfunded state mandates. The District is required to meet federal and state student learning standards and special education requirements. The District anticipates maintaining its stable financial position given ongoing expenditure management, moderate but consistent increases, and forward-looking financial planning.

MAJOR INITIATIVES

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

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

District initiatives include the following:

- Optimize the achievement of all students by examining the programs offered and their ability to meet student needs, while focusing upon the intellectual, social, emotional, and physical well-being of all.
- Continue to develop and expand community partnerships locally and beyond to maximize opportunities for educational and financial benefit.
- Develop long-term plans for facility use and maintenance based upon educational needs and professional recommendations.

- Develop district STEAM education curricula, utilization of resources, relationships with prospective industry and community partners, and classroom culture to align with our STEM vision statement.

School-wide initiatives include the following:

- Refine the English/Language Arts units of study (K-8) to enhance coherence and provide professional development targeting balanced literacy.
- Develop district STEAM education curricula, utilization of resources, relationships with prospective industry and community partners, and classroom culture to align with our STEM vision statement.
- Expand wellness education initiatives that provide students, teachers, and community members with resources that promote healthy mind/body practices, social-emotional learning, positive online behavior, and resilience.

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

INTERNAL ACCOUNTING CONTROLS

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

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

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

BUDGETARY CONTROLS

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of this municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriation of fund balance in the subsequent year.

ACCOUNTING SYSTEM AND REPORTS

The district's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The District's accounting system is organized on the basis of funds. The funds are explained in "Notes to the Financial Statements," Note 1.

FINANCIAL POLICIES

The intent of the School Board is to ensure that the School District manages its budget and finance in a fiscally prudent and responsible way by establishing financial policies for the Budget, Fund Balance and the maintenance of adequate reserves. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues except for certain grant revenues, are recognized when susceptible to accrual that is when they become measurable when available. Property taxes, interest and certain General Fund revenues are the significant revenue sources considered susceptible to accrual.

OTHER INFORMATION

INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants. The accounting firm of Ferraioli, Wielkotz, Cerullo & Cuva, P.A. was appointed by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and combining statements and related major fund supporting statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the Single Audit section of this report.

ACKNOWLEDGMENTS

We would like to express our appreciation to the members of the 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 business office staff.

Respectfully submitted,

Dr. Diane G. Mardy

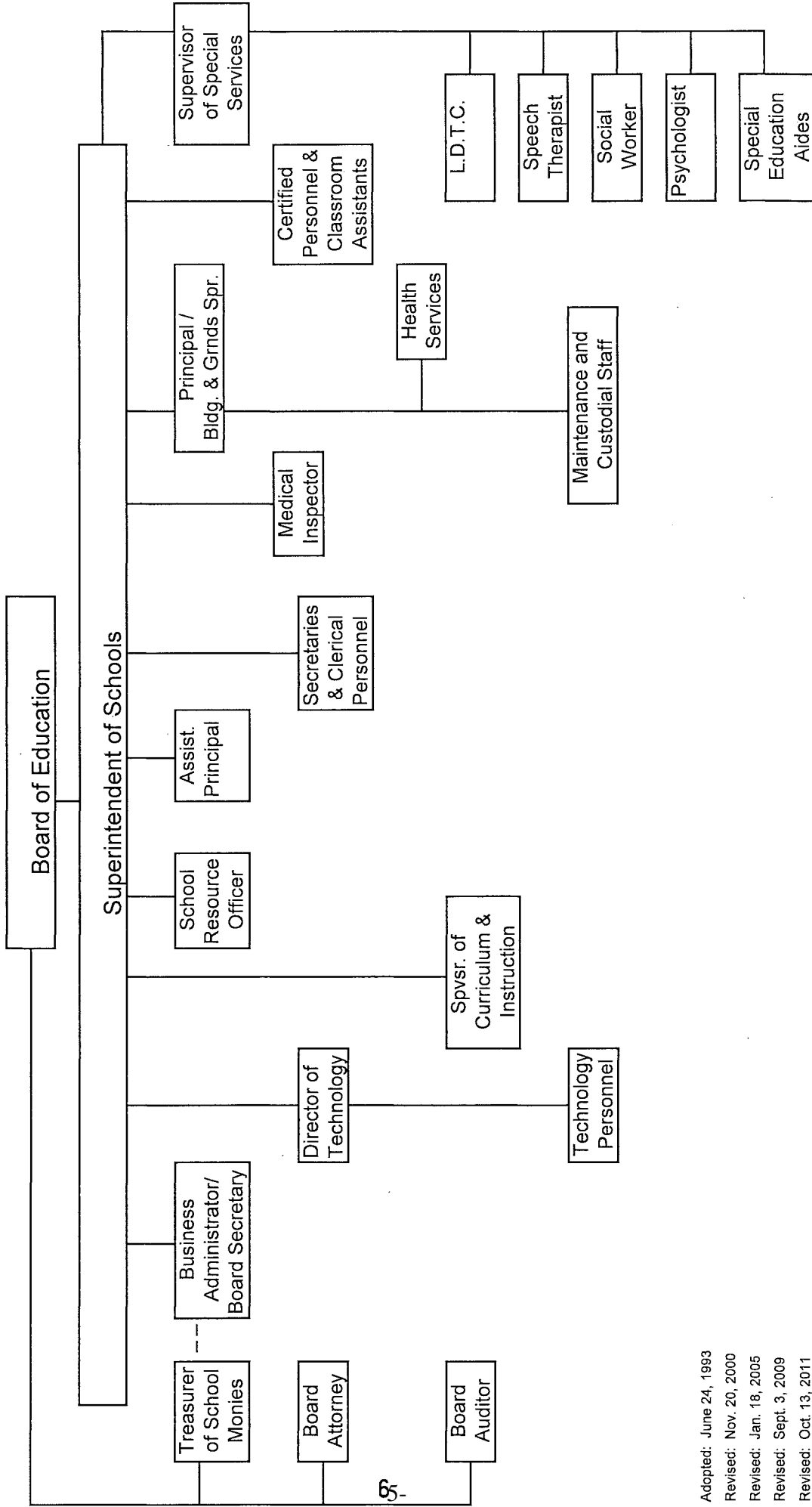
Dr. Diane G. Mardy
Superintendent of Schools

Mr. Thomas Duane

Mr. Thomas Duane
Business Administrator /Board Secretary

HO-HO-KUS BOARD OF EDUCATION

Organizational Chart



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

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

ROSTER OF OFFICIALS
JUNE 30, 2018

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Mary Ellen Nye, President	2018
Ellen Marie Walsh, Vice President	2020
Cinzia D'Iorio, Member	2018
John Batt, Member	2020
Amy Langevin, Member	2019

Other Officials

Dr. Diane G. Mardy, Superintendent

Dr. Joseph Amatuzzi, Business Administrator/Board Secretary

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

CONSULTANTS AND ADVISORS

Audit Firm

Ferraioli, Wielkocz, Cerullo & Cuva, P.A.
401 Wanaque Avenue
Pompton Lakes, NJ 07442

Board Attorney

Fogarty & Hara
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Fair Lawn, NJ 07410

Risk Manager

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445 Godwin Avenue
Midland Park, NJ 07432

Official Depository

Capital One Bank
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Ridgewood, NJ 07450

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

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INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
Ho-Ho-Kus School District
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 Borough of Ho-Ho-Kus School District, in the County of Bergen, State of New Jersey, as of and for the year ended June 30, 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

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



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

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

Opinion

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

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the basic financial statements, in 2018, the Board adopted Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions (an Amendment of GASB Statement No. 45). 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, Budgetary Comparison Information, and Schedules Related to Accounting and Reporting for Pensions identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it



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

to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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



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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2019 on our consideration of the Borough of Ho-Ho-Kus Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Ho-Ho-Kus Board of Education's internal control over financial reporting and compliance.

James Cerullo

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

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

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

January 22, 2019



**REQUIRED SUPPLEMENTARY
INFORMATION - PART I**

**HO-HO-KUS BOARD OF EDUCATION
HO-HO-KUS, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

As management of the Ho-Ho-Kus Board of Education (the “School District”), we offer readers of the School District’s financial statements this narrative overview and analysis of the financial activities of Ho-Ho-Kus Board of Education for the fiscal year ended June 30, 2018.

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

FINANCIAL HIGHLIGHTS

- In total, net position increased \$146,624.25, which represents a 3.46% increase from 2017. Net position of governmental activities increased \$153,665.95 while net position of business-type activity decreased by \$7,041.70. These variances are primarily the result of an increase in miscellaneous revenues and a decrease in employee benefits and other budget expenditures in 2017-18 and increased operating expenses of the business-type activities.
- General revenues accounted for \$18,659,332.17 in revenue or 97.65 percent of all district revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$449,252.62 or 2.35 percent of total revenues of \$19,108,584.79.
- The School District had \$18,944,455.74 in expenses related to governmental activities; only \$438,789.52 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants, entitlements and property taxes) of \$18,659,332.17 were adequate to provide for these programs.

USING THIS ANNUAL REPORT

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

**HO-HO-KUS BOARD OF EDUCATION
HO-HO-KUS, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)**

USING THIS ANNUAL REPORT, (continued)

District-Wide Financial Statements

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

The *statement of net position* presents information on all of the Ho-Ho-Kus Board of Education's assets and liabilities using the accrual basis of accounting, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Ho-Ho-Kus Board of Education is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

Fund Financial Statements

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

Governmental Funds

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

**HO-HO-KUS BOARD OF EDUCATION
HO-HO-KUS, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)**

USING THIS ANNUAL REPORT, (continued)

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

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

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

Proprietary Funds

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

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

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are *not* reflected in the district-wide financial statements because the resources of those funds are *not* available to support the Ho-Ho-Kus Board of Education's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**HO-HO-KUS BOARD OF EDUCATION
HO-HO-KUS, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)**

USING THIS ANNUAL REPORT, (continued)

Notes to the Financial Statements

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

Other Information

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

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

DISTRICT-WIDE FINANCIAL ANALYSIS

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

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

**HO-HO-KUS BOARD OF EDUCATION
HO-HO-KUS, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

The School District's net positions were \$4,379,950.28 at June 30, 2018 and \$4,238,715.40 at June 30, 2017. Restricted items of net positions are reported separately to show legal constraints that limit the School District's ability to use those items of net position for day-to-day operations. Our analysis below focuses on the net position for 2018 compared to 2017 (Table 1) and change in net position (Table 2) of the School District.

Table 1

**Net Position
June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current and Other Assets	\$2,145,230.42	\$1,892,692.74	\$1,440.88	\$7,280.55	\$2,146,671.30	\$1,899,973.29
Capital Assets	<u>12,530,395.00</u>	<u>12,910,605.00</u>	<u>3,948.49</u>	<u>5,150.52</u>	<u>12,534,343.49</u>	<u>12,915,755.52</u>
Total Assets	<u>14,675,625.42</u>	<u>14,803,297.74</u>	<u>5,389.37</u>	<u>12,431.07</u>	<u>14,681,014.79</u>	<u>14,815,728.81</u>
Deferred Outflows	<u>1,395,876.26</u>	<u>1,572,222.83</u>	_____	_____	<u>1,395,876.26</u>	<u>1,572,222.83</u>
Other Liabilities	473,919.47	380,761.49	_____	_____	473,919.47	380,761.49
Long Term Liabilities	<u>10,562,564.93</u>	<u>11,767,002.75</u>	_____	_____	<u>10,562,564.93</u>	<u>11,767,002.75</u>
Total Liabilities	<u>11,036,484.40</u>	<u>12,147,764.24</u>	<u>0.00</u>	<u>0.00</u>	<u>11,036,484.40</u>	<u>12,147,764.24</u>
Deferred Inflows	<u>655,067.00</u>	<u>1,472.00</u>	_____	_____	<u>655,067.00</u>	<u>1,472.00</u>
Net Position						
Invested in Capital Assets	5,404,339.53	5,402,393.12	3,948.49	5,150.52	5,408,288.02	5,407,543.64
Restricted	1,256,470.57	1,350,584.18	_____	_____	1,256,470.57	1,350,584.18
Unrestricted	<u>(2,280,859.82)</u>	<u>(2,526,692.97)</u>	<u>1,440.88</u>	<u>7,280.55</u>	<u>(2,279,418.94)</u>	<u>(2,519,412.42)</u>
Total Net Position	<u>\$4,379,950.28</u>	<u>\$4,226,284.33</u>	<u>\$5,389.37</u>	<u>\$12,431.07</u>	<u>\$4,385,339.65</u>	<u>\$4,238,715.40</u>

**HO-HO-KUS BOARD OF EDUCATION
HO-HO-KUS, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Table 2 below shows the changes in net positions for fiscal year 2018 compared to 2017.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues						
Program Revenues:						
Charges for Services and						
Sales			\$6,825.00	\$7,810.00	\$6,825.00	\$7,810.00
Operating Grants and						
Contributions	\$438,789.52	\$5,935,503.35	3,638.10	4,307.28	442,427.62	5,939,810.63
General Revenues:						
Taxes:						
Property taxes	14,133,718.00	13,772,072.00			14,133,718.00	13,772,072.00
Federal and State Aid not						
Restricted	4,432,113.14	4,158,689.37			4,432,113.14	4,158,689.37
Miscellaneous Income	<u>93,501.03</u>	<u>101,301.22</u>	<u> </u>	<u>9.60</u>	<u>93,501.03</u>	<u>101,310.82</u>
Total Revenues and Transfers	<u>19,098,121.69</u>	<u>23,967,565.94</u>	<u>10,463.10</u>	<u>12,126.88</u>	<u>19,108,584.79</u>	<u>23,979,692.82</u>

**HO-HO-KUS BOARD OF EDUCATION
HO-HO-KUS, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Functions/Program Expenses						
Instruction:						
Regular	\$4,661,407.21	\$9,610,529.11			\$4,661,407.21	\$9,610,529.11
Special	955,875.41	1,707,499.83			955,875.41	1,707,499.83
Other Special Instruction	217,597.58	699,639.09			217,597.58	699,639.09
Support Services:						
Tuition	4,740,149.00	4,450,292.40			4,740,149.00	4,450,292.40
Student & Instruction						
Related Services	1,829,431.30	3,579,583.11			1,829,431.30	3,579,583.11
School Administrative						
Services	388,386.06	989,581.52			388,386.06	989,581.52
General Administrative						
Services	396,382.70	1,096,147.49			396,382.70	1,096,147.49
Central Services and						
Info. Tech.	418,721.30				418,721.30	0.00
Plant Operations and						
Maintenance	720,436.28	1,457,669.26			720,436.28	1,457,669.26
Pupil Transportation	315,321.23	343,550.89			315,321.23	343,550.89
Unallocated Benefits	3,725,811.04				3,725,811.04	0.00
Unallocated depreciation	356,807.00				356,807.00	0.00
Capital Outlay - Non						
Depreciable	29,837.00	29,837.00			29,837.00	29,837.00
Other Debt Service	815.14	815.14			815.14	815.14
Interest on Long-Term Debt	187,477.49	190,350.75			187,477.49	190,350.75
Food Service			<u>\$17,504.80</u>	<u>15,417.03</u>	<u>17,504.80</u>	<u>15,417.03</u>
Total Expenses and Transfers	<u>18,944,455.74</u>	<u>24,155,495.59</u>	<u>17,504.80</u>	<u>15,417.03</u>	<u>18,961,960.54</u>	<u>24,170,912.62</u>
Increase or (Decrease) in						
Net Position	<u>\$153,665.95</u>	<u>(\$187,929.65)</u>	<u>(\$7,041.70)</u>	<u>(\$3,290.15)</u>	<u>\$146,624.25</u>	<u>(\$191,219.80)</u>

As reported in the Statement of Activities the cost of all of our governmental and business-type activities this year was \$18,961,960.54. However, the amount that our taxpayers ultimately financed for these activities through School District taxes was only \$14,133,718.00 because some of the cost was paid by those who benefitted from the programs \$6,825.00, by other governments and organizations who subsidized certain programs with grants and contributions \$442,427.62, and by miscellaneous sources \$4,525,614.17.

**HO-HO-KUS BOARD OF EDUCATION
HO-HO-KUS, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)**

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS

The School District's budgets are prepared according to New Jersey law. The most significant budgeted funds are the general fund and the special revenue fund. The capital projects fund is funded by the bond proceeds and state aid. Therefore no budget is presented.

During the fiscal year ended June 30, 2018, the School District amended the budgets of these major governmental funds several times. The general fund was increased \$122,000.00 for teacher salaries and private school tuition, and the special revenue fund was increased by \$309,446.98 for increases in federal grants.

General Fund

The general fund actual revenues were \$15,796,962.17. That amount is \$1,732,607.17 above the final amended budget of \$14,064,355.00. The variance between the actual revenues and final budget was the result of non-budgeted on-behalf payments of \$1,484,659.14 for TPAF pension and social security reimbursements and \$247,948.03 for excesses in other anticipated revenues.

The actual expenditures of the general fund were \$15,632,505.98 including transfers which is \$949,666.98 above the final amended budget of \$14,682,839.00. The variance between the actual expenditures and final budget was due to non-budget on-behalf payments of \$1,484,659.14 for TPAF pension and social security reimbursements and \$534,992.16 of unexpended budgeted funds.

General fund had total revenues of \$15,796,962.17, and total expenditures, including transfers out of \$15,632,505.98 with an ending fund balance of \$1,919,057.18 on the budgetary basis of accounting.

Special Revenue Fund

The special revenue fund actual revenue was \$384,178.53. That amount is \$66,008.45 less than the final amended budget of \$450,186.98.

The actual expenditures of the special revenue fund were \$384,178.53, which is \$66,008.45 less than the final amended budget of \$450,186.98.

**HO-HO-KUS BOARD OF EDUCATION
HO-HO-KUS, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2018 the School District had \$19,377,827.24 invested in sites, buildings and equipment. Of this amount \$6,843,483.75 in depreciation has been taken over the years. We currently have a net book value of \$12,534,343.49. There were no additions or deletions during the year. Table 3 shows fiscal year 2018 balances compared to 2017.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$39,002.00	\$39,002.00			39,002.00	39,002.00
Buildings and Improvements	12,444,599.00	12,801,406.00			12,444,599.00	12,801,406.00
Furniture, Equipment and Vehicles	46,794.00	70,197.00	\$3,948.49	\$5,150.52	50,742.49	75,347.52
	<u>\$12,530,395.00</u>	<u>\$12,910,605.00</u>	<u>\$3,948.49</u>	<u>\$5,150.52</u>	<u>\$12,534,343.49</u>	<u>\$12,915,755.52</u>

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

Long Term Debt Administration

At June 30, 2018, the District had \$10,562,564.93 of long term debt. Of this amount, \$178,238.46 is for compensated absences; \$55,631.23 is for capital leases; \$7,070,424.24 of serial bonds for school construction and unamortized bond premium; and \$3,258,271.00 is for net pension liability.

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

	<u>2018</u>	<u>2017</u>
2012 General Obligation	\$4,830,000.00	\$5,190,000.00
2016 Refunding Bonds	<u>2,030,000.00</u>	<u>2,195,000.00</u>
Total	<u>\$6,860,000.00</u>	<u>\$7,385,000.00</u>

**HO-HO-KUS BOARD OF EDUCATION
HO-HO-KUS, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)**

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT
Statement of Net Position
June 30, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	1,102,106.97	8,994.44	1,111,101.41
Receivables, net	257,930.07	156.04	258,086.11
Internal Balances	7,709.60	(7,709.60)	-
Restricted Assets:			
Cash and Cash Equivalents	777,483.78		777,483.78
Capital Assets :			
Land and Construction in Progress	39,002.00		39,002.00
Other Capital Assets, net	12,491,393.00	3,948.49	12,495,341.49
Total Assets	<u>14,675,625.42</u>	<u>5,389.37</u>	<u>14,681,014.79</u>
DEFERRED OUTFLOWS			
Deferred Charges on Refunding of Debt	196,718.26		196,718.26
Deferred Outflows of Resources Related to PERS - Pension	1,199,158.00		1,199,158.00
Total Deferred Outflows of Resources	<u>1,395,876.26</u>	<u>-</u>	<u>1,395,876.26</u>
LIABILITIES			
Accounts Payable and Accrued Liabilities	237,455.26	-	237,455.26
Unearned Revenue	236,464.21	-	236,464.21
Noncurrent Liabilities:			
Due within one year	626,673.66		626,673.66
Due beyond one year	9,935,891.27		9,935,891.27
Total Liabilities	<u>11,036,484.40</u>	<u>-</u>	<u>11,036,484.40</u>
DEFERRED INFLOWS			
Deferred Inflows of Resources Related to PERS - Pension	655,067.00		655,067.00
NET POSITION			
Invested in Capital Assets	5,404,339.53	3,948.49	5,408,288.02
Restricted for:			
Debt Service	3,752.27		3,752.27
Capital Projects	462,168.94		462,168.94
Other Purposes	790,549.36		790,549.36
Unrestricted (Deficit)	(2,280,859.82)	1,440.88	(2,279,418.94)
Total Net Position	<u>4,379,950.28</u>	<u>5,389.37</u>	<u>4,385,339.65</u>

See Accompanying Notes to Financial Statements.

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2018

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	3,610,302.83	1,051,104.37		298,445.59	(4,362,961.61)		(4,362,961.61)
Special Education	720,129.36	235,746.05			(955,875.41)		(955,875.41)
Other Special Instruction	163,958.95	53,638.63			(217,597.58)		(217,597.58)
Support services:							
Tuition	4,740,149.00	-			(4,740,149.00)		(4,740,149.00)
Student & Instruction Related Services	1,469,682.87	359,748.42		79,402.93	(1,750,028.36)		(1,750,028.36)
School Administrative Services	294,968.83	93,417.23			(388,386.06)		(388,386.06)
General Administrative Services	324,291.74	72,090.96			(396,382.70)		(396,382.70)
Central Services & Admin. Info. Technology	381,831.23	36,890.07			(418,721.30)		(418,721.30)
Plant Operations and Maintenance	684,544.15	35,892.13			(720,436.28)		(720,436.28)
Pupil Transportation	313,913.56	1,407.67			(315,321.23)		(315,321.23)
Unallocated Benefits	3,725,811.04	-			(3,725,811.04)		(3,725,811.04)
Capital Outlay - Non-depreciable	29,837.00	-			(29,837.00)		(29,837.00)
Debt Service - Other Charges	187,477.49	815.14			(126,536.49)		(126,536.49)
Interest on Long-term Debt	356,807.00	-		60,941.00	(356,807.00)		(356,807.00)
Unallocated Depreciation	17,003,705.05	1,940,750.69		438,789.52	(18,505,666.22)		(18,505,666.22)
Total Governmental Activities							
Business-type Activities:							
Food Service	17,504.80		6,825.00	3,638.10		(7,041.70)	(7,041.70)
Total Business-type Activities	17,504.80		6,825.00	3,638.10		(7,041.70)	(7,041.70)
Total Primary Government	17,021,209.85		6,825.00	442,427.62	(18,505,666.22)	(7,041.70)	(18,512,707.92)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					13,476,048.00		13,476,048.00
Taxes Levied for Debt Service					657,670.00		657,670.00
Federal and State Aid not Restricted					4,432,113.14		4,432,113.14
Tuition					45,250.00		45,250.00
Miscellaneous Income					48,251.03		48,251.03
Total General Revenues, Special Items, Extraordinary Items and Transfers					18,659,332.17		18,659,332.17
Change in Net Position					153,665.95	(7,041.70)	146,624.25
Net Position—Beginning (Restated)					4,226,284.33	12,431.07	4,238,715.40
Net Position—Ending					4,379,950.28	5,389.37	4,385,339.65

See Accompanying Notes to Financial Statements.

FUND FINANCIAL STATEMENTS

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2018

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	876,445.16	221,909.54	3,752.27	1,102,106.97
Interfund Receivables	7,783.14			7,783.14
Receivables from Other Governments	242,950.24	14,906.29		257,856.53
Restricted Cash and Cash Equivalents	777,483.78			777,483.78
Total Assets	<u>1,904,662.32</u>	<u>236,815.83</u>	<u>3,752.27</u>	<u>2,145,230.42</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	26,684.14	351.62		27,035.76
Unearned Revenue		236,464.21		236,464.21
Total Liabilities	<u>26,684.14</u>	<u>236,815.83</u>		<u>263,499.97</u>
Fund Balances:				
Restricted for:				
Excess Surplus-Current Year	300,234.52			300,234.52
Excess Surplus Designated for Subsequent Year's Expenditures	175,000.00			175,000.00
Capital Reserve	462,168.94			462,168.94
Emergency Reserve	35,000.00			35,000.00
Maintenance Reserve	280,314.84			280,314.84
Assigned to:				
Other Purposes	1,563.94			1,563.94
Assigned to:				
Designated by Board of Education for Subsequent Year's Expenditures	205,138.00		3,752.27	208,890.27
Unassigned:				
General Fund	418,557.94			418,557.94
Total Fund Balances	<u>1,877,978.18</u>		<u>3,752.27</u>	1,881,730.45
Total Liabilities and Fund Balances	<u>1,904,662.32</u>	<u>236,815.83</u>	<u>3,752.27</u>	

Amounts reported for *governmental activities* in the statement of net assets (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 \$ 19,352,494.00 and the accumulated depreciation is \$ 6,822,099.00.	12,530,395.00
Accrued liability for interest on long-term debt is not due and payable in the current period and is not reported as a liability in the funds.	(78,159.50)
Accounts Payable for subsequent Pension payment is not a payable in the funds	(132,260.00)
Deferred Outflows and Inflows of resources are applicable to future periods and therefore are not reported in the funds. Deferred Outflows of Resources Related to PERS Pension Liability	1,199,158.00
Deferred Inflows of Resources Related to PERS Pension Liability	(655,067.00)
Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt. The unamortized portion of the Deferred Charges on Refunding of Debt is \$196,718.26.	196,718.26
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(10,562,564.93)</u>
Net position of governmental activities	<u>4,379,950.28</u>

See Accompanying Notes to Financial Statements.

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local Sources:				
Local Tax Levy	13,476,048.00		657,670.00	14,133,718.00
Tuition	45,250.00			45,250.00
Miscellaneous	48,251.03	194,794.23		243,045.26
Total - Local Sources	<u>13,569,549.03</u>	<u>194,794.23</u>	<u>657,670.00</u>	<u>14,422,013.26</u>
State Sources	2,215,842.14		60,941.00	2,276,783.14
Federal Sources		183,054.29		183,054.29
Total Revenues	<u>15,785,391.17</u>	<u>377,848.52</u>	<u>718,611.00</u>	<u>16,881,850.69</u>
EXPENDITURES				
Current:				
Regular Instruction	3,311,857.24	298,445.59		3,610,302.83
Special Education Instruction	720,129.36			720,129.36
Other Instruction	163,958.95			163,958.95
Support Services and Undistributed Costs:				
Tuition	4,740,149.00			4,740,149.00
Student & Instruction Related Services	1,390,279.94	79,402.93		1,469,682.87
School Administrative Services	294,968.83			294,968.83
General Administrative Services	324,291.74			324,291.74
Central Services & Admin. Info. Technology	381,831.23			381,831.23
Plant Operations and Maintenance	684,544.15			684,544.15
Pupil Transportation	313,913.56			313,913.56
Unallocated Benefits	3,276,744.98			3,276,744.98
Capital Outlay	29,837.00			29,837.00
Debt Service:				
Principal			525,000.00	525,000.00
Interest and Other Charges			193,611.00	193,611.00
Total Expenditures	<u>15,632,505.98</u>	<u>377,848.52</u>	<u>718,611.00</u>	<u>16,728,965.50</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>152,885.19</u>			<u>152,885.19</u>
Net Change in Fund Balances	152,885.19			152,885.19
Fund Balance—July 1	<u>1,725,092.99</u>		<u>3,752.27</u>	<u>1,728,845.26</u>
Fund Balance—June 30	<u>1,877,978.18</u>		<u>3,752.27</u>	<u>1,881,730.45</u>

See Accompanying Notes to Financial Statements.

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2018

Total net change in fund balances - governmental funds (from B-2)	152,885.19
Amounts reported for governmental activities in the statement of activities (A-2) are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.	
Depreciation Expense	(380,210.00)
Depreciable Capital Outlays	-
	(380,210.00)
Repayment of long-term debt is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. In the current year, these amounts consist of:	
Bond Principal	525,000.00
Principal Capital Leases	54,689.81
Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.	
Proceeds of long-term debt	
Capital Lease Proceeds	
<i>[For further illustration purposes only; use if applicable:]</i>	
In the statement of activities, only the gain on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net assets will differ from the change in fund balance by the cost of the asset removed. (-)	
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest change is an adjustment in the reconciliation.	
	6,133.51
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).	
Increase/(Decrease) in Compensated Absences Payable	(10,149.42)
District pension contributions are reported as expenditures in the governmental funds when made. However, per GASB No. 68 they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.	
District Pension Contributions	129,667.00
Less: Pension Expense	(323,535.00)
(Increase)/Decrease in Pension Expense	(193,868.00)
Per GASB No. 68 Non-employer contributing entities are required to record an increases in revenue and expense for On-behalf TPAF pension payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements	
Increase in On-behalf State Aid TPAF Pension	1,486,892.00
Increase in On-behalf TPAF Pension Expense	(1,486,892.00)
Per GASB No. 75 Non-employer contributing entities are required to record an increases in revenue and expense for On-behalf TPAF post retirement medical payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements	
Increase in On-behalf State Aid TPAF Post Retirement Medical	729,379.00
Increase in On-behalf TPAF Post Retirement Medical	(729,379.00)
The governmental funds report the effect of bond premiums, issuance costs discounts and similar items when debt is first issued. Whereas these amounts are deferred and amortized in the Statement of Activities.	
Amortization of Deferred Charges on Refunding	(16,682.72)
Amortization of Bond Issuance Costs	(5,174.85)
Amortization of Bond Premium	21,042.43
	(815.14)
Change in net position of governmental activities	153,665.95

See Accompanying Notes to Financial Statements.

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2018

	Business-Type Activities Enterprise Fund Food Service Program
ASSETS	
Current Assets:	
Cash and Cash Equivalents	8,994.44
Accounts Receivable:	
Federal	156.04
Total Current Assets	9,150.48
Noncurrent Assets:	
Capital Assets:	
Equipment	25,333.24
Less Accumulated Depreciation	(21,384.75)
Total Capital Assets (Net of Accumulated Depreciation)	3,948.49
Total Assets	13,098.97
LIABILITIES	
Current Liabilities:	
Interfunds Payable	7,709.60
Total Current Liabilities	7,709.60
Total Liabilities	7,709.60
NET POSITION	
Invested in Capital Assets Net of Related Debt	3,948.49
Unrestricted	1,440.88
Total Net Position	5,389.37

See Accompanying Notes to Financial Statements.

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2018

	Business-Type Activities <u>Enterprise Fund</u> Food Service <u>Program</u>
Operating Revenues:	
Charges for Services:	
Daily Sales - Reimbursable Programs	6,825.00
Total Operating Revenues	6,825.00
Operating Expenses:	
Cost of sales-reimbursable programs	5,140.80
Salaries	7,709.60
Supplies and Materials	3,452.37
Depreciation	1,202.03
Total Operating Expenses	17,504.80
Operating Income (Loss)	(10,679.80)
Nonoperating Revenues (Expenses):	
Federal Sources:	
Special Milk Program	3,638.10
Total Nonoperating Revenues (Expenses)	3,638.10
Income (Loss) Before Contributions & Transfers	(7,041.70)
Transfers In (Out)	
Change in Net Position	(7,041.70)
Total Net Position—Beginning	12,431.07
Total Net Position—Ending	5,389.37

See Accompanying Notes to Financial Statements.

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2018

	<u>Business-Type Activities Enterprise Fund Food Service Program</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	6,825.00
Payments to Suppliers	(5,140.80)
Payments for Miscellaneous Expenses	(3,452.37)
Net Cash Provided by (Used for) Operating Activities	<u>(1,768.17)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Federal Sources	3,652.31
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>3,652.31</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,884.14
Balances—Beginning of Year	7,110.30
Balances—End of Year	<u><u>8,994.44</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	(10,679.80)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used for) Operating Activities:	
Depreciation and Net Amortization	1,202.03
Increase (Decrease) in Other Current Liabilities	7,709.60
Total Adjustments	<u>8,911.63</u>
Net Cash Provided by (Used for) Operating Activities	<u><u>(1,768.17)</u></u>

See Accompanying Notes to Financial Statements.

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	<u>Unemployment Compensation Trust Fund</u>	<u>Private Purpose Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	5,358.48	24,280.27	39,781.19
Total Assets	<u>5,358.48</u>	<u>24,280.27</u>	<u>39,781.19</u>
LIABILITIES			
Interfund Payable			73.54
Payable to Student Groups			39,364.15
Payroll Deductions and Withholdings			343.50
Total Liabilities			<u>39,781.19</u>
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	<u>5,358.48</u>		
Reserved for Other Purposes		<u>24,280.27</u>	

See Accompanying Notes to Financial Statements.

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2018

	Unemployment Compensation Trust Fund	Private Purpose Scholarship Fund
ADDITIONS		
Contributions:		
Plan Member	8,912.54	
Board - Budget	600.00	1,300.00
Other		1,300.00
Total Contributions	9,512.54	2,600.00
 DEDUCTIONS		
Quarterly Contribution Reports	17,602.00	
Scholarships Awarded		1,000.00
Total Deductions	17,602.00	1,000.00
Change in Net Position	(8,089.46)	1,600.00
Net Position—Beginning of the Year	13,447.94	24,280.27
Net Position—End of the Year	5,358.48	25,880.27

See Accompanying Notes to Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

A. Description of the School District and Reporting Entity:

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

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

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

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

B. Basis of Presentation:

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

District-wide Financial Statements:

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

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

Fund Financial Statements:

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

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

B. Basis of Presentation: (continued)

GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

B. Basis of Presentation: (continued)

PROPRIETARY FUNDS

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

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

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

FIDUCIARY FUNDS

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

C. Measurement Focus:

District-wide Financial Statements

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

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

C. Measurement Focus: (continued)

Fund Financial Statements

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

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

D. Basis of Accounting:

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

Revenues - Exchange and Non-exchange Transactions

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

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

D. Basis of Accounting: (continued)

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

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

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

Expenses/Expenditures

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

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

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

E. Budgets/Budgetary Control:

Annual appropriated budgets are adopted in the spring of the preceding year for the general, and special revenue funds. The budgets are submitted to the county superintendents office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2(g)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. The Board of Education did make material supplemental budgetary appropriations during the fiscal year. Surplus funds of \$122,000.00 were appropriated for teacher's salaries and private school tuition.

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

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

F. Encumbrances:

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

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

F. Encumbrances: (continued)

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

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

G. Cash, Cash Equivalents and Investments:

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

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

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

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

H. Tuition Payable:

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

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

I. Tuition Revenues/Receivable:

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

J. Prepaid Items:

Payments made to vendors for services that will benefit periods beyond June 30, 2018, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

K. Short-Term Interfund Receivables/Payables:

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

L. Capital Assets:

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

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

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

L. Capital Assets: (continued)

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

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

M. Compensated Absences:

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

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

N. Unearned Revenue:

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

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

O. Accrued Liabilities and Long-term Obligations:

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

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

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

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

P. Accounting and Financial Reporting for Pensions

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

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

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

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

P. Accounting and Financial Reporting for Pensions, (continued)

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

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

Q. Deferred Outflows/Inflows of Resources

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

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

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

R. Fund Balances:

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

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

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

S. Net Position:

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

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

T. Operating Revenues and Expenses:

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

U. Extraordinary and Special Items:

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year.

V. Allocation of Indirect Expenses:

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

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

W. Use of Estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect reporting amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

X. Recent Accounting Pronouncements:

The Government Accounting Standards Board issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for fiscal years beginning after June 15, 2017 and was implemented by the District for the year ended June 30, 2018.

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

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

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

In March 2017, the Government Accounting Standards Board issued GASB Statement No. 85, *Omnibus 2017*, which addresses practice issues that have been identified during the implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues relating to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The District implemented this Statement for the year ended June 30, 2018.

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

X. Recent Accounting Pronouncements: (continued)

In May 2017, the Governmental Accounting Standards Board issued GASB Statement No. 86, *Certain Debt Extinguishment Issues*, which improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The District had no transactions of this type for the year ended June 30, 2018.

In June 2017, the Government Accounting Standards Board issued GASB Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the fundamental principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The District is currently reviewing what effect, if any, this Statement may have on future financial statements.

In March 2018, Government Accounting Standards Board issued GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placement*. The objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. This Statement is effective for reporting periods beginning after June 15, 2018. The District believes this may impact the disclosures relating to debt in the notes to the financial statements.

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS:

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2018, \$-0- of the District's bank balance of \$2,129,832.39 was exposed to custodial credit risk.

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS: (continued)

Investments

Investment Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

NOTE 3. RECEIVABLES:

Receivables at June 30, 2018, consisted of accounts and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of receivables follows:

	Governmental Fund Financial <u>Statements</u>	Enterprise Fund <u>Fund</u>	District Wide Financial <u>Statements</u>
State Aid	\$242,950.21		\$242,950.21
Federal Aid	14,906.29	156.04	15,062.33
Interfunds	<u>7,783.14</u>	<u>0.00</u>	<u>73.54</u>
Gross Receivables	265,639.64	156.04	258,086.08
Less: Allowance for Uncollectibles			
Total Receivables, Net	<u>\$265,639.64</u>	<u>\$156.04</u>	<u>\$258,086.08</u>

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 4. INTERFUND BALANCES AND ACTIVITY:

Interfunds outstanding at June 30, 2018 consisted of \$7,709.60 due to the General Fund from the Enterprise fund for Enterprise fund expenditures paid by the General Fund and \$7.54 due to the General Fund from the Fiduciary Fund for excess Deposits.

It is expected that the Interfund will be eliminated in the next year.

NOTE 5. CAPITAL ASSETS:

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

	Restated Balance 6/30/17	<u>Additions</u>	<u>Deductions</u>	Balance 6/30/18
Governmental Activities				
Capital Assets Not Being Depreciated -				
Land	\$39,002.00	\$	\$	\$39,002.00
Construction-in-Progress	0.00	_____	_____	0.00
Total Capital Assets Not Being Depreciated	<u>39,002.00</u>	_____	_____	<u>39,002.00</u>
Capital Assets Being Depreciated				
Land Improvements	238,360.00			238,360.00
Buildings and Improvements	18,529,659.00			18,529,659.00
Machinery and Equipment	<u>545,473.00</u>	_____	_____	<u>545,473.00</u>
Total Capital Assets, Being Depreciated	<u>19,313,492.00</u>	<u>0.00</u>	_____	<u>19,313,492.00</u>
Less Accumulated Depreciation:				
Land Improvements	(238,360.00)			(238,360.00)
Buildings and Improvements	(5,728,253.00)	(356,807.00)		(6,085,060.00)
Machinery and Equipment	<u>(475,276.00)</u>	<u>(23,403.00)</u>	_____	<u>(498,679.00)</u>
Total Accumulated Depreciation	<u>(6,441,889.00)</u>	<u>(380,210.00)</u>	_____	<u>(6,822,099.00)</u>
Total Capital Assets, Being Depreciated, Net	<u>12,871,603.00</u>	<u>(380,210.00)</u>	_____	<u>12,491,393.00</u>
Governmental Activities Capital Assets, Net	<u>\$12,910,605.00</u>	<u>(\$380,210.00)</u>	<u>\$</u>	<u>\$12,530,395.00</u>
	Balance 6/30/17	<u>Additions</u>	<u>Deductions</u>	Balance 6/30/18
Business-Type Activity				
Equipment	\$25,333.24	\$	\$	\$25,333.24
Less Accumulated Depreciation:				
Equipment	<u>(20,182.72)</u>	<u>(1,202.03)</u>	_____	<u>(21,384.75)</u>
Business-Type Activity Capital Assets, Net	<u>\$5,150.52</u>	<u>(\$1,202.03)</u>	<u>\$</u>	<u>\$3,948.49</u>

Depreciation expense was charged governmental functions as follows:

Regular Instruction	\$4,524.00
School Administrative Services	9,192.00
Plant Operations and Maintenance	9,687.00
Unallocated Depreciation	<u>356,807.00</u>
	<u>\$380,210.00</u>

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 6. LONG-TERM OBLIGATION ACTIVITY:

Changes in long-term obligations for the year ended June 30, 2018 were as follows:

	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2018</u>	<u>Amounts Due Within One year</u>
Governmental Activities					
Long-Term Debt:					
Serial Bonds	\$7,385,000.00	\$	\$525,000.00	\$6,860,000.00	\$550,000.00
Unamortized Premium	<u>231,466.67</u>	_____	<u>21,042.43</u>	<u>210,424.24</u>	<u>21,042.43</u>
Total Debt Payable	<u>7,616,466.67</u>	_____	<u>546,042.43</u>	<u>7,070,424.24</u>	<u>571,042.43</u>
Other Liabilities:					
Compensated Absences Payable	168,089.04	13,809.42	3,660.00	178,238.46	0.00
Capital Leases	110,321.04		54,689.81	55,631.23	55,631.23
Net Pension Liability	<u>3,872,126.00</u>	_____	<u>613,855.00</u>	<u>3,258,271.00</u>	<u>0.00</u>
Total Other Liabilities	<u>4,150,536.08</u>	<u>13,809.42</u>	<u>672,204.81</u>	<u>3,492,140.69</u>	<u>55,631.23</u>
Total Governmental Activities	<u>\$11,767,002.75</u>	<u>\$13,809.42</u>	<u>\$1,218,247.24</u>	<u>\$10,562,564.93</u>	<u>\$626,673.66</u>

Compensated absences have been liquidated in the general fund.

A. Bonds Payable:

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

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

Outstanding bonds payable at June 30, 2018 consisted of the following:

<u>Issue</u>	<u>Original Amount Issued</u>	<u>Issue Date</u>	<u>Interest Rates</u>	<u>Date of Maturity</u>	<u>Principal Balance June 30, 2018</u>
School Refunding Bonds, Series 2012	\$6,585,000.00	3/22/2012	2.125%-4.000%	2/1/2029	\$4,830,000.00
School Refunding Bonds, Series 2016	2,225,000.00	10/13/2016	1.980%	1/1/2029	<u>2,030,000.00</u>
					<u>\$6,860,000.00</u>

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 6. LONG-TERM OBLIGATION ACTIVITY: (continued)

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$550,000.00	\$179,544.00	\$729,544.00
2020	560,000.00	164,778.00	724,778.00
2021	580,000.00	145,812.00	725,812.00
2022	600,000.00	126,147.00	726,147.00
2023	620,000.00	105,682.00	725,682.00
2024-2028	3,280,000.00	318,138.00	3,598,138.00
2029	<u>670,000.00</u>	<u>16,846.50</u>	<u>686,846.50</u>
	<u>\$6,860,000.00</u>	<u>\$1,056,947.50</u>	<u>\$7,916,947.50</u>

B. Unamortized Bond Issuance Premium:

At June 30, 2018, the District had unamortized premiums on the 2012 Refunding Bond issue totaling \$210,424.24. Amortization expense for the fiscal year ended June 30, 2018 amounted to \$21,042.43.

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

<u>Fiscal Year Ending June 30,</u>	<u>Amortization Expense</u>
2019	\$21,042.43
2020	21,042.43
2021	21,042.43
2022	21,042.43
2023	21,042.43
2024-2028	105,212.09

C. Bonds Authorized But Not Issued:

As of June 30, 2018, the Board had \$0.00 of authorized but not issued bonds.

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 6. LONG-TERM OBLIGATION ACTIVITY: (continued)

D. Capital Leases:

The District entered into a lease for KED Lighting Retrofit totaling \$285,687.59 under a capital lease.

The following is a schedule of the future minimum lease payments under this capital lease and the present value of the net minimum lease payments at June 30, 2018:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	<u>\$56,375.02</u>
Total Minimum Lease Payments	56,375.02
Less: Amount Representing Interest	<u>(743.79)</u>
Present Value of Net Minimum Lease	<u><u>\$55,631.23</u></u>

Maturities of capital leases payable are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	<u><u>\$55,631.23</u></u>

NOTE 7. PENSION PLANS

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

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

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 7. PENSION PLANS: (continued)

Benefits Provided

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

The following represents the membership tiers for TPAF:

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

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

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

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 7. PENSION PLANS: (continued)

Benefits Provided

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

The following represents the membership tiers for PERS:

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

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

Defined Contribution Retirement Program

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

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

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 7. PENSION PLANS: (continued)

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

Contributions Requirements Fund Based Statements

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

Year <u>Ending</u>	<u>PERS</u>	<u>DCRP</u>
6/30/18	\$129,667.00	\$2,190.00
6/30/17	116,147.00	343.35
6/30/16	110,986.00	1,112.94

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

Year <u>Ending</u>	Pension <u>Contributions</u>	Post-Retirement Medical <u>Contributions</u>	NCGI <u>Premium</u>	LTD <u>Liability</u>
6/30/18	\$678,987.00	\$449,185.00	\$16,477.00	\$562.00
6/30/17	507,174.00	437,903.00	18,376.00	677.00
6/30/16	349,594.00	437,005.00	17,415.00	

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$339,448.14 during the year ended June 30, 2018 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13.

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 7. PENSION PLANS: (continued)

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

Public Employees Retirement System (PERS)

At June 30, 2018, the District had a liability of \$3,258,271.00 for its proportionate share of the PERS 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 that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2017, the District's proportion was .0139969723 percent, which was an increase of .0009230341 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$323,535.00. At June 30, 2018, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$76,721.00	\$
Changes of assumptions	656,429.00	654,023.00
Net difference between projected and actual earnings on pension plan investments	22,187.00	
Changes in proportion and differences between the District's contributions and proportionate share of contributions	311,561.00	1,044.00
District contributions subsequent to the measurement date	<u>132,260.00</u>	<u> </u>
Total	<u>\$1,199,158.00</u>	<u>\$655,067.00</u>

The \$132,260.00 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2018, the plan measurement date is June 30, 2017) will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$76,703.00
2019	115,746.00
2020	70,136.00
2021	(93,281.00)
2022	(67,990.00)

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 7. PENSION PLANS: (continued)

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

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.48, 5.57, 5.72 and 6.44 years for 2017, 2016, 2015 and 2014 amounts, respectively.

Additional Information

Local Group Collective balances at June 30, 2017 and June 30, 2016 are as follows:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Collective deferred outflows of resources	\$6,424,455,842	\$8,685,338,380
Collective deferred inflows of resources	5,700,625,981	870,133,595
Collective net pension liability	23,278,401,588	29,617,131,759
District's Proportion	.0139969723%	0.01307393820%

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 rolled forward to June 30, 2017. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	2.25 Percent
Salary Increases:	
Through 2026	1.65-4.15 Percent (based on age)
Thereafter	2.65-5.15 Percent (based on age)
Investment Rate of Return	7.00 Percent

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 7. PENSION PLANS: (continued)

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

Actuarial Assumptions, (continued)

The actuarial assumptions used in the June 30, 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.

Mortality Rates

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plans actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on 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's target asset allocation as of June 30, 2017 are summarized in the following table:

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 7. PENSION PLANS: (continued)

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

<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 markets 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 on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 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.

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 7. PENSION PLANS: (continued)

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

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

The following presents the collective net pension liability of the participating employers as of June 30, 2017, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	<u>June 30, 2017</u>		
	<u>1% Decrease 4.00%</u>	<u>At Current Discount Rate 5.00%</u>	<u>1% Increase 6.00%</u>
District's proportionate share of the pension liability	\$4,042,107	\$3,258,271	\$2,605,239

Pension Plan Fiduciary Net Position

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

Teachers Pensions and Annuity Fund (TPAF)

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

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 7. PENSION PLANS: (continued)

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

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2018 was as follows:

Net Pension Liability:	
District's proportionate share	\$ -0-
State's proportionate share associated with the District	<u>31,502,822</u>
	<u>\$31,502,822</u>

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 June 30, 2016 rolled forward to June 30, 2017. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2017, the proportion of the TPAF net pension liability associated with the District was .0467237281%.

For the year ended June 30, 2018, the District recognized on-behalf pension expense and revenue of \$2,182,356.00 for contributions provided by the State in the District-Wide Financial Statements.

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%

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 7. PENSION PLANS: (continued)

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

Mortality Rates

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

The actuarial assumptions used in the July 1, 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 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 TPAF's target asset allocation as of June 30, 2017 are summarized in the following table:

<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 markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 7. PENSION PLANS: (continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 4.25% and 3.22% as of June 30, 2017 and 2016, respectively. 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% and 2.85% as of June 30, 2017 and 2016, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 40% of the actuary determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036. Therefore, the long-term expected rate of return on 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.

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

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

NOTE 8. POST-RETIREMENT BENEFITS:

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 8. POST-RETIREMENT BENEFITS: (continued)

The State is also responsible for the cost attributable to P.L. 1992 Chapter 126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB No. 75.

Employees covered by benefits terms. At June 30, 2017, the following employees were covered by the benefit terms:

TPAF participant retirees:

As of June 30, 2017, there were 112,966 retirees receiving post-retirement medical benefits, and the State Contributed \$1.39 billion on their behalf.

PERS participant retirees:

The State paid \$238.9 million toward Chapter 126 benefits for 209,913 eligible retired members in Fiscal Year 2017.

Total OPEB Liability

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASB No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level for the State Health Benefit Local Education Retired Employee's Plan and is not specific to the board of education/board of trustees, and could be found at <https://www.state.nj.us/treasury/pensions/GASBnotices> OPEB.

The portion of the OPEB Liability that was associated with the District recognized at June 30, 2018 was as follows:

OPEB Liability:	
District's proportionate share	\$ -0-
State's proportionate share associated with the District	<u>18,503,577</u>
	<u>\$18,503,577</u>

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 8. POST-RETIREMENT BENEFITS: (continued)

Actual Assumptions and Other Imputes

The total OPEB liability in the June 30, 2017 actuarial valuation reported by the State in the State's Report of Total Nonemployer OPEB Liability for the State Health Benefit Local Education Retired Employee's Plan was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

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. 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%	
	<u>TPAF/ABP</u>	<u>PERS</u>
Salary increases: Through 2026	1.55 - 4.55% based on years of service	2.15 - 4.15% based on age
Thereafter	2.00 - 5.45% based on years of service	3.15 - 5.15% based on age

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Health Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the 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 and PFRS, respectively.

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 8. POST-RETIREMENT BENEFITS: (continued)

(a) *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 trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend 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.

(b) *Discount Rate*

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

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

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

Sensitivity of the Total Nonemployer OPEB Liability to Changes in the Healthcare Cost Trend Rates:

Because the District's proportionate share of the OPEB liability is zero, consideration of potential changes in the healthcare cost trend rates is not applicable to the District.

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

For the year ended June 30, 2018, the board of education/board of trustees recognized on-behalf OPEB expense of \$1,178,564 in the district-wide financial statements as determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75 and in which there is a special funding situation.

In accordance with GASB No. 75, the Borough of Ho-Ho-Kus School District proportionate share of school retirees OPEB is zero; therefore, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources.

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 9. DEFERRED COMPENSATION:

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

NOTE 10. RISK MANAGEMENT:

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

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

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

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

<u>Fiscal Year</u>	<u>Interest Earnings/ District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017-2018	\$600.00	\$8,912.54	\$17,602.00	\$5,358.49
2016-2017	0.00	8,452.55	10,335.14	13,447.94
2015-2016	1,455.61	10,575.02	4,633.11	15,335.48

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 11. CAPITAL RESERVE ACCOUNT:

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

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

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

Beginning balance, July 1, 2017	\$442,005.94
Deposits	<u>50,000.00</u>
	492,005.94
Withdrawals	<u>29,837.00</u>
	\$462,168.94
Ending balance, June 30, 2018	<u>\$462,168.94</u>

The balance in the capital reserve account at June 30, 2018 does not exceed the balance of local support costs of uncompleted capital projects in its LRFP. The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the District’s Long Range Facilities Plan.

NOTE 12. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by Board of Education resolution adopted June 23, 2009 in the amount of \$25,000.00. The account is maintained in the general fund. The maintenance reserve account is used to accumulated funds for the required maintenance of a facility in accordance with the EFCRA (*N.J.S.A. 18A:7G-9*). EFCFA requires that upon district completion of a school facilities project, the district must submit a plan for the maintenance of that facility. All such plans must include a provision for a maintenance reserve fund. The activity of the maintenance reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning balance, July 1, 2017	\$359,748.97
2017-2018 Unspent Budgeted Withdrawal	<u>50,565.87</u>
	410,314.84
Budgeted Withdrawal	<u>130,000.00</u>
	\$280,314.84
Ending balance, June 30, 2018	<u>\$280,314.84</u>

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 13. EMERGENCY RESERVE ACCOUNT

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

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

Beginning balance, July 1, 2017	\$65,000.00
Budgeted Withdrawal	<u>30,000.00</u>
Ending balance, June 30, 2018	<u>\$35,000.00</u>

NOTE 14. FUND BALANCE APPROPRIATED:

General Fund [Exhibit B-1] - Of the \$1,877,978.18 General Fund fund balance at June 30, 2018, \$1,563.94 is reserved for encumbrances; \$475,234.52 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$175,000.00 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2019); \$462,168.94 has been reserved in the Capital Reserve Account; \$280,314.84 has been reserved in the Maintenance Reserve Account; \$35,000.00 has been reserved in the Emergency Reserve Account; \$205,138.00 has been appropriated and included as anticipated revenue for the year ended June 30, 2019; and \$418,557.94 is unreserved and undesignated.

Debt Service Fund - Of the \$3,752.27 Debt Service Fund fund balance at June 30, 2018, \$3,752.27 has been appropriated and included as anticipated revenue for the year ending June 30, 2019.

NOTE 15. CALCULATION OF EXCESS SURPLUS:

In accordance with N.J.S.A. 18A:7F-7 as amended, the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2018 is \$475,234.52. Of this amount, \$300,234.52 is the result of the current year's operations and \$175,000.00 is the result of prior year operations.

**Borough of Ho-Ho-Kus School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 16. RETROACTIVE RESTATEMENT DUE TO UPDATED CAPITAL ASSET INVENTORY:

During fiscal year 2018, the District’s capital assets adjusted to agree to the physical inventory of it’s fixed assets. This resulted in the following restatement of net position as of June 30, 2017:

	Governmental <u>Activities</u>
Net Position, June 30, 2017	\$5,076,461.95
Restatement of Capital Assets	<u>(850,177.62)</u>
Net Position, June 30, 2017 - Restated	<u>\$4,226,284.33</u>

NOTE 17. CONTINGENT LIABILITIES:

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

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

NOTE 18. SUBSEQUENT EVENTS:

The District has evaluated subsequent events through January 22, 2019, the date which the financial statements were available to be issued and no other items were noted for disclosure.

**REQUIRED SUPPLEMENTARY
INFORMATION - PART II**

BUDGETARY COMPARISON SCHEDULES

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	13,476,048.00		13,476,048.00	13,476,048.00	
Tuition from Individuals	21,000.00		21,000.00	45,250.00	24,250.00
Interest Earned on Capital Reserve Funds	20.00		20.00		(20.00)
Miscellaneous	40,000.00		40,000.00	48,251.03	8,251.03
Total - Local Sources	<u>13,537,068.00</u>		<u>13,537,068.00</u>	<u>13,569,549.03</u>	<u>32,481.03</u>
State Sources:					
Categorical Special Education Aid	367,673.00		367,673.00	406,460.00	38,787.00
Categorical Security Aid	14,624.00		14,624.00	14,624.00	
Categorical Transportation Aid	54,483.00		54,483.00	54,483.00	
Adjustment Aid	14,257.00		14,257.00	14,257.00	
Per Pupil Growth Aid	8,800.00		8,800.00	8,800.00	
PARCC Readiness	8,800.00		8,800.00	8,800.00	
Professional Learning Community Aid	8,650.00		8,650.00	8,650.00	
Extraordinary Aid	50,000.00		50,000.00	215,925.00	165,925.00
Other State Aid - Reimburse Nonpublic School Transportation				10,755.00	10,755.00
On-behalf Teachers Pension and Annuity Fund (non-budgeted)				678,987.00	678,987.00
On-behalf TPAF NCGI Premium (non-budgeted)				16,477.00	16,477.00
On-behalf TPAF Post Retirement Medical (non-budgeted)				449,185.00	449,185.00
On-behalf TPAF - LTDI				562.00	562.00
TPAF Social Security (Reimbursed - Non-Budgeted)				339,448.14	339,448.14
Total - State Sources	<u>527,287.00</u>		<u>527,287.00</u>	<u>2,227,413.14</u>	<u>1,700,126.14</u>
TOTAL REVENUES	<u>14,064,355.00</u>		<u>14,064,355.00</u>	<u>15,796,962.17</u>	<u>1,732,607.17</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Preschool - Salaries of Teachers	57,169.00	(7,441.60)	49,727.40	49,727.40	
Kindergarten - Salaries of Teachers	183,784.00	(1,493.00)	182,291.00	181,931.00	360.00
Grades 1-5 - Salaries of Teachers	1,685,555.00	53,982.60	1,739,537.60	1,732,643.45	6,894.15
Grades 6-8 - Salaries of Teachers	1,301,823.00	(83,680.25)	1,218,142.75	1,200,238.59	17,904.16
Regular Programs - Home Instruction:					
Salaries of Teachers	1,600.00	2,588.00	4,188.00	2,472.90	1,715.10
Purchased Professional-Educational Services	1,000.00	7,500.00	8,500.00	6,676.00	1,824.00
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	27,845.00	16,500.00	44,345.00	29,957.50	14,387.50
Purchased Technical Services	11,227.00		11,227.00	6,817.00	4,410.00
Other Purchased Services (400-500 series)	32,500.00	1,296.00	33,796.00	33,196.38	599.62
General Supplies	114,688.00	(7,500.00)	107,188.00	67,765.42	39,422.58
Textbooks	1,000.00		1,000.00		1,000.00
Other Objects	810.00		810.00	431.60	378.40
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>3,419,001.00</u>	<u>(18,248.25)</u>	<u>3,400,752.75</u>	<u>3,311,857.24</u>	<u>88,895.51</u>
SPECIAL EDUCATION - INSTRUCTION					
Resource Room/Resource Center:					
Salaries of Teachers	515,132.00	58,007.99	573,139.99	550,236.35	22,903.64
Other Salaries for Instruction	162,051.00	7,842.01	169,893.01	169,893.01	
General Supplies	500.00		500.00		500.00
Total Resource Room/Resource Center	<u>677,683.00</u>	<u>65,850.00</u>	<u>743,533.00</u>	<u>720,129.36</u>	<u>23,403.64</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>677,683.00</u>	<u>65,850.00</u>	<u>743,533.00</u>	<u>720,129.36</u>	<u>23,403.64</u>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	163,849.00		163,849.00	163,849.00	
General Supplies	120.00		120.00	109.95	10.05
Total Basic Skills/Remedial - Instruction	<u>163,969.00</u>		<u>163,969.00</u>	<u>163,958.95</u>	<u>10.05</u>
TOTAL INSTRUCTION	<u>4,260,653.00</u>	<u>47,601.75</u>	<u>4,308,254.75</u>	<u>4,195,945.55</u>	<u>112,309.20</u>
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Regular	3,652,289.00		3,652,289.00	3,652,289.00	
Tuition to Other LEAs Within the State - Special	290,044.00	47,214.42	337,258.42	305,350.59	31,907.83
Tuition to County Voc. School Dist. - Regular	60,966.00	(6,210.00)	54,756.00	54,756.00	
Tuition to CSSD & Regional Day Schools	248,560.00	(88,891.25)	159,668.75	159,668.75	
Tuition to Private Schools for the Disabled - Within State	470,562.00	(99,493.38)	371,068.62	364,823.42	6,245.20
Tuition to Private Schools for the Disabled - Out of State		203,261.24	203,261.24	203,261.24	
Total Undistributed Expenditures - Instruction:	<u>4,722,421.00</u>	<u>55,881.03</u>	<u>4,778,302.03</u>	<u>4,740,149.00</u>	<u>38,153.03</u>
Undistributed Expend. - Attend. & Social Work					
Salaries	5,250.00		5,250.00	5,249.90	0.10
Total Undistributed Expend. - Attend. & Social Work	<u>5,250.00</u>		<u>5,250.00</u>	<u>5,249.90</u>	<u>0.10</u>
Undist. Expend. - Health Services					
Salaries	118,442.00		118,442.00	117,894.46	547.54
Purchased Professional and Technical Services	3,000.00		3,000.00	3,000.00	
Other Purchased Services (400-500 series)	1,300.00	(67.18)	1,232.82	1,127.00	105.82
Supplies and Materials	3,500.00	546.18	4,046.18	4,046.18	
Total Undistributed Expenditures - Health Services	<u>126,242.00</u>	<u>479.00</u>	<u>126,721.00</u>	<u>126,067.64</u>	<u>653.36</u>

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2018

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Speech, OT, PT, & Related Services					
Salaries	254,033.00	(29,290.00)	224,743.00	221,163.98	3,579.02
Purchased Professional - Educational Services	40,690.00	2,195.94	42,885.94	36,466.00	6,419.94
Supplies and Materials	500.00	101.06	601.06	601.06	
Total Undist. Expend. - Speech, OT, PT, & Related Services	<u>295,223.00</u>	<u>(26,993.00)</u>	<u>268,230.00</u>	<u>258,231.04</u>	<u>9,998.96</u>
Undist. Expend. - Other Supp. Serv. Students-Extra Services					
Salaries	67,495.00	2,000.00	69,495.00	67,495.00	2,000.00
Purchased Professional - Educational Services	73,900.00	(2,297.00)	71,603.00	56,127.65	15,475.35
Total Undist. Expend. - Other Supp. Serv. Students-Extra Serv.	<u>141,395.00</u>	<u>(297.00)</u>	<u>141,098.00</u>	<u>123,622.65</u>	<u>17,475.35</u>
Undist. Expenditures - Guidance					
Salaries of Other Professional Staff	70,619.00	17,655.00	88,274.00	88,273.63	0.37
Supplies and Materials	500.00		500.00		500.00
Total Undist. Expenditures - Guidance	<u>71,119.00</u>	<u>17,655.00</u>	<u>88,774.00</u>	<u>88,273.63</u>	<u>500.37</u>
Undist. Expend. - Child Study Team					
Salaries of Other Professional Staff	346,512.00	(13,235.54)	333,276.46	317,584.04	15,692.42
Salaries of Secretarial and Clerical Assistants	45,000.00		45,000.00	45,000.00	
Purchased Professional - Educational Services	3,000.00	137.00	3,137.00	3,137.00	
Other Purchased Prof. and Tech. Services	24,380.00	(1,695.71)	22,684.29	8,771.15	13,913.14
Other Purchased Services (400-500 series)	125.00	(89.00)	36.00		36.00
Residential Costs	118,800.00	(881.03)	117,918.97	117,918.97	
Misc Pur Serv (400-500 series O/than Resid Costs)	1,334.00	(47.00)	1,287.00	525.00	762.00
Supplies and Materials	1,600.00	1,117.50	2,717.50	2,524.11	193.39
Total Undist. Expend. - Child Study Team	<u>540,751.00</u>	<u>(14,693.78)</u>	<u>526,057.22</u>	<u>495,460.27</u>	<u>30,596.95</u>
Undist. Expend. - Improvement of Instructional Services					
Salaries of Other Professional Staff	63,350.00	6,840.00	70,190.00	67,029.92	3,160.08
Purchased Prof- Educational Services	86,195.00	(1,517.00)	84,678.00	82,906.97	1,771.03
Total Undist. Expend. - Improvement of Inst. Services	<u>149,545.00</u>	<u>5,323.00</u>	<u>154,868.00</u>	<u>149,936.89</u>	<u>4,931.11</u>
Undist. Expend. - Educational Media Serv./Sch. Library					
Salaries	80,396.00	562.00	80,958.00	80,957.70	0.30
Other Purchased Services (400-500 series)	100.00		100.00		100.00
Other Objects	525.00		525.00		525.00
Total Undist. Expend. - Educational Media Serv./Sch. Library	<u>81,021.00</u>	<u>562.00</u>	<u>81,583.00</u>	<u>80,957.70</u>	<u>625.30</u>
Undist. Expend. - Instructional Staff Training Serv.					
Salaries of Other Professional Staff	63,350.00		63,350.00	60,189.96	3,160.04
Purchased Professional - Educational Services	1,300.00		1,300.00		1,300.00
Other Purchased Services (400-500 series)	6,000.00		6,000.00	1,000.00	5,000.00
Supplies and Materials	1,350.00		1,350.00	1,290.26	59.74
Other Objects	1,390.00		1,390.00		1,390.00
Total Undist. Expend. - Instructional Staff Training Serv.	<u>73,390.00</u>		<u>73,390.00</u>	<u>62,480.22</u>	<u>10,909.78</u>
Undist. Expend. - Supp. Serv. - General Administration					
Salaries	214,840.00	5,375.00	220,215.00	220,215.00	
Legal Services	15,000.00	23,996.00	38,996.00	31,931.68	7,064.32
Audit Fees	17,500.00	(700.00)	16,800.00	16,800.00	
Architectural/Engineering Services	3,000.00	(3,000.00)			
Purchased Technical Services	4,555.00	326.42	4,881.42	4,881.42	
Communications/Telephone	18,580.00	9,291.00	27,871.00	27,640.17	230.83
BOE Other Purchased Services	3,500.00	(150.00)	3,350.00	3,349.44	0.56
Other Purchased Services (400-500 series)	12,500.00	(524.00)	11,976.00	9,225.71	2,750.29
General Supplies	2,100.00	(1,000.00)	1,100.00	295.56	804.44
Miscellaneous Expenditures	6,500.00	(3,002.42)	3,497.58	3,444.40	53.18
BOE Membership Dues and Fees	6,800.00	(291.00)	6,509.00	6,508.36	0.64
Total Undist. Expend. - Supp. Serv. - General Administration	<u>304,875.00</u>	<u>30,321.00</u>	<u>335,196.00</u>	<u>324,291.74</u>	<u>10,904.26</u>
Undist. Expend. - Support Serv. - School Administration					
Salaries of Principals/Assistant Principals	238,900.00		238,900.00	238,110.00	790.00
Salaries of Secretarial and Clerical Assistants	47,250.00		47,250.00	47,250.00	
Other Purchased Services (400-500 series)	2,300.00		2,300.00	1,140.00	1,160.00
Supplies and Materials	10,000.00	(874.00)	9,126.00	5,094.86	4,031.14
Other Objects	2,500.00	874.00	3,374.00	3,373.97	0.03
Total Undist. Expend. - Support Serv. - School Administration	<u>300,950.00</u>		<u>300,950.00</u>	<u>294,968.83</u>	<u>5,981.17</u>
Undist. Expend. - Central Services					
Salaries	170,137.00	(57,417.67)	112,719.33	112,687.46	31.87
Purchased Professional Services	29,100.00	49,666.67	78,766.67	77,267.39	1,499.28
Purchased Technical Services	1,000.00		1,000.00	850.00	150.00
Misc. Purchased Services (400-500 series)	1,000.00	(1,000.00)			
Supplies and Materials	1,600.00		1,600.00	1,200.20	399.80
Miscellaneous Expenditures	500.00	(380.00)	120.00	95.00	25.00
Total Undist. Expend. - Central Services	<u>203,337.00</u>	<u>(9,131.00)</u>	<u>194,206.00</u>	<u>192,100.05</u>	<u>2,105.95</u>
Undist. Expend. - Admin. Info. Tech					
Purchased Professional Services	2,000.00		2,000.00	500.00	1,500.00
Purchased Technical Services	178,885.00	12,771.53	191,656.53	185,385.20	6,271.33
Supplies and Materials	21,872.00	(0.53)	21,871.47	3,845.98	18,025.49
Total Undist. Expend. - Admin. Info. Tech	<u>202,757.00</u>	<u>12,771.00</u>	<u>215,528.00</u>	<u>189,731.18</u>	<u>25,796.82</u>

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2018

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Required Maint. for School Facilities					
Salaries	30,675.00	(14,100.00)	16,575.00	7,880.00	8,695.00
Cleaning, Repair and Maintenance Services	82,400.00	(1,470.00)	80,930.00	64,307.68	16,622.32
General Supplies	20,000.00	(2,400.00)	17,600.00	7,226.45	10,373.55
Other Objects	1,400.00		1,400.00	20.00	1,380.00
Undist. Expend. - Required Maint. for School Facilities	134,475.00	(17,970.00)	116,505.00	79,434.13	37,070.87
Undist. Expend. - Custodial Services					
Salaries	214,706.00	8,650.00	223,356.00	216,320.59	7,035.41
Salaries of Non-Instructional Aides	33,000.00		33,000.00	22,907.77	10,092.23
Purchased Professional and Technical Services	3,000.00		3,000.00	2,265.00	735.00
Cleaning, Repair and Maintenance Services	13,200.00	740.00	13,940.00	12,782.97	1,157.03
Other Purchased Property Services	26,000.00	(740.00)	25,260.00	8,749.32	16,510.68
Insurance	70,000.00	(1,262.70)	68,737.30	68,737.30	
Miscellaneous Purchased Services	200.00	(74.00)	126.00		126.00
General Supplies	25,344.00	108.00	25,452.00	24,459.71	992.29
Energy (Energy and Electricity)	117,117.00	(243.00)	116,874.00	83,655.20	33,218.80
Energy (Gasoline)	1,800.00		1,800.00	877.71	922.29
Other Objects	1,200.00	924.00	2,124.00	2,123.96	0.04
Energy (Natural Gas)	44,000.00		44,000.00	39,671.47	4,328.53
Interest - Energy Savings Impr Prog Bonds	1,721.00		1,721.00	1,720.94	0.06
Principal - Energy Savings Impr Prog Bonds	54,655.00		54,655.00	54,654.08	0.92
Total Undist. Expend. - Custodial Services	605,943.00	8,102.30	614,045.30	538,926.02	75,119.28
Undist. Expend. - Care and Upkeep of Grounds					
Cleaning, Repair and Maintenance Services	14,000.00	6,055.00	20,055.00	20,055.00	
General Supplies	1,000.00	150.00	1,150.00	1,129.00	21.00
Total Undist. Expend. - Care and Upkeep of Grounds	15,000.00	6,205.00	21,205.00	21,184.00	21.00
Undist. Expend. - Security					
Salaries	45,000.00		45,000.00	45,000.00	
Total Undist. Expend. - Security	45,000.00		45,000.00	45,000.00	
Total Undist. Expend. - Oper & Maint. Of Plant	800,418.00	(3,662.70)	796,755.30	684,544.15	112,211.15
Undist. Expend. - Student Transportation Services					
Salaries for Pupil Trans (Other than Bet. Home and School)-Regular	2,600.00	3,000.00	5,600.00	4,300.00	1,300.00
Management Fee - ESC & CTSA Trans. Program	11,088.00		11,088.00	11,087.08	0.92
Cleaning, Repair and Maintenance Services	2,100.00		2,100.00	972.20	1,127.80
Contracted Services (Between Home and School)-Vendors		1,293.90	1,293.90	1,293.90	
Contracted Services (Other than Bet Home and School)-Vendors	7,000.00		7,000.00	3,109.00	3,891.00
Contracted Services (Regular Students)-ESCs & CTSAs	170,671.00	(6,400.00)	164,271.00	160,378.66	3,892.34
Contracted Services (Special Ed. Students)-ESCs & CTSAs	125,000.00		125,000.00	106,412.72	18,587.28
Contracted Services - Aid in Lieu Payments	22,600.00	6,400.00	29,000.00	26,105.00	2,895.00
General Supplies	350.00		350.00		350.00
Miscellaneous Expenditures	750.00	(31.20)	718.80	255.00	463.80
Total Undist. Expend. - Student Transportation Services	342,159.00	4,262.70	346,421.70	313,913.56	32,508.14
UNALLOCATED BENEFITS					
Social Security Contributions	118,109.00		118,109.00	102,757.19	15,351.81
Other Retirement Contributions - PERS	119,254.00	13,367.49	132,621.49	132,621.49	
Other Retirement Contributions - Regular	1,500.00	750.00	2,250.00	2,190.00	60.00
Unemployment Compensation	5,000.00		5,000.00	600.00	4,400.00
Workmen's Compensation	39,205.00	(1,229.00)	37,976.00	35,550.00	2,426.00
Health Benefits	1,604,903.00	(13,367.49)	1,591,535.51	1,501,632.76	89,902.75
Tuition Reimbursement	11,525.00		11,525.00	4,400.00	7,125.00
Other Employee Benefits	10,000.00	2,400.00	12,400.00	12,334.40	65.60
TOTAL UNALLOCATED BENEFITS	1,909,496.00	1,921.00	1,911,417.00	1,792,085.84	119,331.16
On-behalf Teachers Pension and Annuity Fund (non-budgeted)				678,987.00	(678,987.00)
On-behalf TPAF NCGI Premium (non-budgeted)				16,477.00	(16,477.00)
On-behalf TPAF Post Retirement Medical (non-budgeted)				449,185.00	(449,185.00)
On-behalf TPAF - LTDI				562.00	(562.00)
Reimbursed TPAF Social Security Contributions (non-budgeted)				339,448.14	(339,448.14)
TOTAL ON-BEHALF CONTRIBUTIONS				1,484,659.14	(1,484,659.14)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	1,909,496.00	1,921.00	1,911,417.00	3,276,744.98	(1,365,327.98)
TOTAL UNDISTRIBUTED EXPENDITURES	10,270,349.00	74,398.25	10,344,747.25	11,406,723.43	(1,061,976.18)
TOTAL GENERAL CURRENT EXPENSE	14,531,002.00	122,000.00	14,653,002.00	15,602,668.98	(949,666.98)
CAPITAL OUTLAY					
Facilities Acquisition and Construction Services					
Assessment for Debt Service on SDA Funding	29,837.00		29,837.00	29,837.00	
Total Facilities Acquisition and Construction Services	29,837.00		29,837.00	29,837.00	
TOTAL CAPITAL OUTLAY	29,837.00		29,837.00	29,837.00	

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
TOTAL EXPENDITURES	14,560,839.00	122,000.00	14,682,839.00	15,632,505.98	(949,666.98)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(496,484.00)	(122,000.00)	(618,484.00)	164,456.19	782,940.19
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(496,484.00)	(122,000.00)	(618,484.00)	164,456.19	782,940.19
Fund Balance, July 1	1,754,600.99		1,754,600.99	1,754,600.99	
Fund Balance, June 30	<u>1,258,116.99</u>	<u>(122,000.00)</u>	<u>1,136,116.99</u>	<u>1,919,057.18</u>	<u>782,940.19</u>
Recapitulation of excess (deficiency) of revenues under expenditures:					
Adjustment for Prior Year Encumbrances	(1,590.00)		(1,590.00)	(1,590.00)	
Increase in Capital Reserve					
Principal				50,000.00	50,000.00
Interest	20.00		20.00		(20.00)
Withdrawal From Capital Reserve	(29,837.00)		(29,837.00)	(29,837.00)	
Withdrawal from Emergency Reserve	(30,000.00)		(30,000.00)	(30,000.00)	
Withdrawal From Maintenance Reserve	(130,000.00)		(130,000.00)	(79,434.13)	50,565.87
Budgeted Fund Balance	<u>(305,077.00)</u>	<u>(122,000.00)</u>	<u>(427,077.00)</u>	<u>255,317.32</u>	<u>682,394.32</u>
Total	<u>(496,484.00)</u>	<u>(122,000.00)</u>	<u>(618,484.00)</u>	<u>164,456.19</u>	<u>782,940.19</u>
Recapitulation:					
Restricted Fund Balance					
Reserve for Excess Surplus - Current Year				300,234.52	
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures				175,000.00	
Capital Reserve				462,168.94	
Maintenance Reserve				280,314.84	
Emergency Reserve				35,000.00	
Assigned Fund Balance:					
Year-end Encumbrances				1,563.94	
Designated for Subsequent Year's Expenditures				205,138.00	
Unassigned Fund Balance:					
Unrestricted Fund Balance - Undesignated				<u>459,636.94</u>	
				1,919,057.18	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not recognized on GAAP basis				<u>(41,079.00)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>1,877,978.18</u>	

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Year Ended June 30, 2018

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	140,740.00	257,754.98	257,754.98	201,124.24	(56,630.74)
Federal Sources		51,692.00	192,432.00	183,054.29	(9,377.71)
Total Revenues	140,740.00	309,446.98	450,186.98	384,178.53	(66,008.45)
EXPENDITURES:					
Instruction:					
Salaries of Teachers		113,873.98	113,873.98	100,069.00	13,804.98
Purchased Professional and Technical Services		10,000.00	10,000.00	1,300.00	8,700.00
Other Purchased Services (400-500 series)	135,000.00	17,056.00	152,056.00	148,051.75	4,004.25
General Supplies		41,957.41	41,957.41	36,607.85	5,349.56
Other Objects		14,135.00	14,135.00	12,416.99	1,718.01
Total Instruction	135,000.00	197,022.39	332,022.39	298,445.59	33,576.80
Support Services:					
Purchased Professional & Technical Services	5,740.00	7,746.00	13,486.00	13,008.99	477.01
Supplies & Materials		104,678.59	104,678.59	72,723.95	31,954.64
Total Support Services	5,740.00	112,424.59	118,164.59	85,732.94	32,431.65
Total Expenditures	140,740.00	309,446.98	450,186.98	384,178.53	66,008.45
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)					

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Note to Required Supplementary Information - Part II
For the Year Ended June 30, 2018

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

		General Fund	Special Revenue Fund
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue"			
from the budgetary comparison schedule	[C-1]&[C-2]	15,796,962.17	384,178.53
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
Add Prior Year Encumbrances			
Less Current Year Encumbrances			(6,330.01)
The last State aid payment is recognized as revenue for budgetary purposes in the General Fund, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33).			
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		(41,079.00)	
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		29,508.00	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	15,785,391.17	377,848.52
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]&[C-2]	15,632,505.98	384,178.53
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.			
Add Prior Year Encumbrances			
Less Current Year Encumbrances			(6,330.01)
Pension expense recognized for GAAP but not for budgetary purposes.		N/A	
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	15,632,505.98	377,848.52

**REQUIRED SUPPLEMENTARY
INFORMATION - PART III**

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

<u>Fiscal Year Ending June30,</u>	<u>District's Proportion Share of the Net Pension Liability (Asset)</u>	<u>District's Proportion Share of the Net Pension Liability (Asset)</u>	<u>District's Covered Payrol -PERS Employee's</u>	<u>District's Proportion Share of the Net Pension Liability (Asset) as a perecentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a percentage of the total Pension Liability</u>
2015	0.0115318620%	\$ 2,159,080	\$ 892,101	242.02%	52.08%
2016	0.0129093750%	2,897,896	920,640	314.77%	47.93%
2017	0.0130739380%	3,872,126	923,490	419.29%	59.86%
2018	0.0139969723%	3,258,271	772,505	421.78%	48.10%

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

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

<u>Fiscal Year Ending June30,</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>District's PERS Covered- Employee Payroll</u>	<u>Contributions as a Percentage of PERS Covered- Employee Payroll</u>
2015	\$ 95,067	\$ 95,067	\$ -	\$892,101	10.66%
2016	110,986	110,986	-	920,640	12.06%
2017	116,147	116,147	-	923,490	12.58%
2018	129,667	129,667	-	772,505	16.79%

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

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

<u>Fiscal Year Ending June30,</u>	<u>District's Proportion Share of the Net Pension Liability (Asset)</u>	<u>District's Proportion Share of the Net Pension Liability (Asset)</u>	<u>State's Proportionate Share of the Net Pension Liability Associated with the District (Asset)</u>	<u>District's Covered Payroll -TPAF Employee's</u>	<u>District's Proportion Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a percentage of the total Pension Liability</u>
2015	0.0466507276%	\$ -	\$ 24,933,296	\$ 4,764,687	0.00%	33.64%
2016	0.0447529819%	\$ -	28,285,796	4,702,769	0.00%	28.71%
2017	0.0458394846%	\$ -	36,060,257	4,998,964	0.00%	22.33%
2018	0.0467237281%	\$ -	31,502,822	4,878,639	0.00%	25.41%

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

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT
Note to Required Schedules of Supplementary Information - Part III
For the fiscal year ended June 30, 2018

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (2.85%) to the current measurement date (3.58%), resulting in a change in the discount rate from 3.98% to 5.00%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (2.85%) to the current measurement date (3.58%), resulting in a change in the discount rate from 3.22 to 4.25%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

Supplementary Schedules

SPECIAL REVENUE FUND

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT
 Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2018

	Total Brought Forward (Ex. E-1a)	Title I Part - A Improving Basic Programs	Title II Part - A Teacher/Principal Training & Recruiting	Title IV Student Support and Academic Enrichment	Totals 2018
REVENUES					
Local Sources	201,124.24				201,124.24
Federal Sources	135,155.00	37,590.30	9,008.99	1,300.00	183,054.29
Total Revenues	336,279.24	37,590.30	9,008.99	1,300.00	384,178.53
EXPENDITURES:					
Instruction:					
Salaries of Teachers	65,119.00	34,950.00			100,069.00
Purchased Professional and Technical Services				1,300.00	1,300.00
Other Purchased Services (400-500 series)	148,051.75				148,051.75
General Supplies	33,967.55	2,640.30			36,607.85
Other Objects	12,416.99				12,416.99
Total Instruction	259,555.29	37,590.30		1,300.00	298,445.59
Support Services:					
Purchased Professional & Technical Services	4,000.00		9,008.99		13,008.99
Supplies & Materials	72,723.95				72,723.95
Total Support Services	76,723.95		9,008.99		85,732.94
Total Expenditures	336,279.24	37,590.30	9,008.99	1,300.00	384,178.53
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)					

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2018

	I.D.E.A. Part B			Total Carried Forward
	Basic	Preschool	Local Aid	
REVENUES				
Local Sources			201,124.24	201,124.24
Federal Sources	131,180.00	3,975.00		135,155.00
Total Revenues	131,180.00	3,975.00	201,124.24	336,279.24
EXPENDITURES:				
Instruction:				
Salaries of Teachers			65,119.00	65,119.00
Other Purchased Services (400-500 series)			12,896.75	148,051.75
General Supplies	131,180.00	3,975.00	33,967.55	33,967.55
Other Objects			12,416.99	12,416.99
Total Instruction	131,180.00	3,975.00	124,400.29	259,555.29
Support services:				
Purchased Professional & Technical Services			4,000.00	4,000.00
Supplies & Materials			72,723.95	72,723.95
Total Support Services			76,723.95	76,723.95
Total Expenditures	131,180.00	3,975.00	201,124.24	336,279.24
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)				

PROPRIETARY FUNDS

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT
Combining Statement of Net Position
Enterprise Funds
June 30, 2018

	<u>Food Service Program</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	8,994.44
Accounts Receivable:	
Federal	156.04
Total Current Assets	<u>9,150.48</u>
Noncurrent Assets:	
Capital Assets:	
Equipment	25,333.24
Less Accumulated Depreciation	<u>(21,384.75)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>3,948.49</u>
Total Assets	<u><u>13,098.97</u></u>
LIABILITIES	
Current Liabilities:	
Interfunds Payable	<u>7,709.60</u>
Total Current Liabilities	<u>7,709.60</u>
Total Liabilities	<u><u>7,709.60</u></u>
NET POSITION	
Invested in Capital Assets Net of Related Debt	3,948.49
Unrestricted	<u>1,440.88</u>
Total Net Position	<u><u>5,389.37</u></u>

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Funds
For the Year Ended June 30, 2018

	Food Service Program
Operating Revenues:	
Charges for Services:	
Daily Sales - Reimbursable Programs	6,825.00
Total Operating Revenues	6,825.00
Operating Expenses:	
Cost of sales-reimbursable programs	5,140.80
Salaries	7,709.60
Supplies and Materials	3,452.37
Depreciation	1,202.03
Total Operating Expenses	17,504.80
Operating Income (Loss)	(10,679.80)
Nonoperating Revenues (Expenses):	
Federal Sources:	
Special Milk Program	3,638.10
Total Nonoperating Revenues (Expenses)	3,638.10
Income (Loss) Before Contributions & Transfers	(7,041.70)
Transfers In (Out)	
Change in Net Position	(7,041.70)
Total Net Position—Beginning	12,431.07
Total Net Position—Ending	5,389.37

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT
Combining Statement of Cash Flows
Enterprise Funds
For the Year Ended June 30, 2018

	Food Service Program
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	6,825.00
Payments to Suppliers	(5,140.80)
Payments for Miscellaneous Expenses	(3,452.37)
Net Cash Provided by (Used for) Operating Activities	(1,768.17)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Federal Sources	3,652.31
Net Cash Provided by (Used for) Non-Capital Financing Activities	3,652.31
Net Increase (Decrease) in Cash and Cash Equivalents	1,884.14
Balances—Beginning of Year	7,110.30
Balances—End of Year	8,994.44
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	(10,679.80)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used for) Operating Activities	
Depreciation and Net Amortization	1,202.03
Increase (Decrease) in Other Current Liabilities	7,709.60
Total Adjustments	8,911.63
Net Cash Provided by (Used for) Operating Activities	(1,768.17)

FIDUCIARY FUND

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Unemployment Compensation Trust Fund	Private Purpose Scholarship Fund	Agency Fund
ASSETS			
Cash and Cash Equivalents	5,358.48	24,280.27	39,781.19
Total Assets	5,358.48	24,280.27	39,781.19
LIABILITIES			
Interfund Payable			73.54
Payable to Student Groups			39,364.15
Payroll Deductions and Withholdings			343.50
Total Liabilities			39,781.19
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	5,358.48		
Reserved for Other Purposes		24,280.27	

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2018

	<u>Unemployment Compensation Trust Fund</u>	<u>Private Purpose Scholarship Fund</u>
ADDITIONS		
Contributions:		
Plan Member	8,912.54	
Board - Budget	600.00	
Other		1,300.00
Total Contributions	<u>9,512.54</u>	<u>1,300.00</u>
 DEDUCTIONS		
Unemployment Claims	17,602.00	
Scholarships Awarded		1,000.00
Total Deductions	<u>17,602.00</u>	<u>1,000.00</u>
Change in Net Position	(8,089.46)	300.00
Net Position—Beginning of the Year	<u>13,447.94</u>	<u>23,980.27</u>
Net Position—End of the Year	<u><u>5,358.48</u></u>	<u><u>24,280.27</u></u>

Exhibit H-3

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Year Ended June 30, 2018

	Balance July 1, 2017	Revenues	Expenditures	Balance June 30, 2018
ELEMENTARY SCHOOLS:				
Ho-Ho-Kus Elementary	17,485.75	50,921.40	42,336.87	26,070.28
Athletic Account	2.49	4,556.00	4,458.00	100.49
Sunshine Account	1,045.94	1,095.00	898.20	1,242.74
Bergen Brain Busters	1,033.91	3,000.00	922.70	3,111.21
Library	15,638.83	315.95	7,115.35	8,839.43
	<u>35,206.92</u>	<u>59,888.35</u>	<u>55,731.12</u>	<u>39,364.15</u>

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Year Ended June 30, 2018**

	<u>Balance July 1, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2018</u>
Net Payroll	73.54	3,626,694.94	3,626,768.48	
Payroll Deductions and Withholdings	343.50	3,177,018.68	3,177,018.68	343.50
Interfunds Payable	6,399.53	73.54	6,399.53	73.54
	<u>6,816.57</u>	<u>6,803,787.16</u>	<u>6,810,186.69</u>	<u>417.04</u>

LONG-TERM DEBT

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT
General Long Term Debt Account Group
Statement of Serial Bonds
June 30, 2018

ISSUE	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2017	Retired	Balance June 30, 2018
			Date	Amount				
Additions and Renovations to Elementary School	3/22/2012	6,585,000.00	2/1/2019	380,000.00	3.000%			
			2/1/2020	390,000.00	4.000%			
			2/1/2021	405,000.00	4.000%			
			2/1/2022	425,000.00	4.000%			
			2/1/2023	440,000.00	2.125%			
			2/1/2024	450,000.00	2.250%			
			2/1/2025	460,000.00	2.375%			
			2/1/2026	475,000.00	2.500%			
			2/1/2027	470,000.00	2.500%			
			2/1/2028	470,000.00	2.625%			
		2/1/2029	465,000.00	2.750%	5,190,000.00	360,000.00	4,830,000.00	
Additions and Renovations to Elementary School (Refunding Bonds)	10/13/2016	2,225,000.00	1/1/2019-20	170,000.00	1.980%			
			1/1/2021-22	175,000.00	1.980%			
			1/1/2023	180,000.00	1.980%			
			1/1/2024-25	185,000.00	1.980%			
			1/1/2026-27	190,000.00	1.980%			
			1/1/2028-29	205,000.00	1.980%	2,195,000.00	165,000.00	2,030,000.00
						<u>7,385,000.00</u>	<u>525,000.00</u>	<u>6,860,000.00</u>

Exhibit I-2

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT
General Long Term Debt Account Group
Statement of Obligations under Capital Leases
June 30, 2018

Purpose	Date of Lease	Term of Lease	Amount of Original Lease		Interest Rate	Balance	
			Principal	Interest		July 1, 2017	June 30, 2018
LED Lighting Retrofit	8/5/2013	5 years	272,329.50	13,358.09	1.78%	110,321.04	55,631.23
						<u>110,321.04</u>	<u>55,631.23</u>

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	657,670.00		657,670.00	657,670.00	
State Sources:					
Debt Service Aid Type II	60,941.00		60,941.00	60,941.00	
Total - State Sources	60,941.00		60,941.00	60,941.00	
Total Revenues	718,611.00		718,611.00	718,611.00	
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	193,611.00		193,611.00	193,611.00	
Redemption of Principal	525,000.00		525,000.00	525,000.00	
Total Regular Debt Service	718,611.00		718,611.00	718,611.00	
Total expenditures	718,611.00		718,611.00	718,611.00	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures					
Fund Balance, July 1	3,752.27		3,752.27	3,752.27	
Fund Balance, June 30	<u>3,752.27</u>		<u>3,752.27</u>	<u>3,752.27</u>	

STATISTICAL SECTION

STATISTICAL SECTION (UNAUDITED)

Introduction to the Statistical Section

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Invested in Capital Assets	5,374,590.77	5,345,758.12	5,309,460.12	5,675,494.27	5,641,731.64	5,761,008.57	5,939,954.42	6,128,349.14	5,402,393.12	5,404,339.53
Restricted	298,683.35	396,077.58	877,136.46	1,539,574.03	1,798,244.53	1,861,994.51	1,493,158.00	1,381,646.18	1,350,584.18	1,256,470.57
Unrestricted	211,558.39	132,090.50	53,817.05	40,212.71	31,701.31	(2,110,512.88)	(2,013,480.60)	(2,245,603.72)	(2,526,692.97)	(2,280,859.82)
Total Governmental Activities Net Position	5,884,832.51	5,873,926.20	6,240,413.63	7,255,281.01	7,471,677.48	5,512,490.20	5,419,631.82	5,264,391.60	4,226,284.33	4,379,950.28
Business-type Activities										
Invested in Capital Assets, Net of Related Debt	14,925.47	12,926.49	11,143.22	9,517.04	7,890.90	8,859.11	7,554.59	6,352.55	5,150.52	3,948.49
Unrestricted	2,522.06	7,476.39	9,774.01	10,089.48	12,617.98	13,501.04	22,197.27	9,368.67	7,280.55	1,440.88
Total Business-type Activities Net Position	17,447.53	20,402.88	20,917.23	19,606.52	20,508.88	22,360.15	29,751.86	15,721.22	12,431.07	5,389.37
District-wide										
Invested in Capital Assets, Net of Related Debt	5,389,516.24	5,358,684.61	5,320,603.34	5,685,011.31	5,649,622.54	5,769,867.68	5,947,509.01	6,134,701.69	5,407,543.64	5,408,288.02
Restricted	298,683.35	396,077.58	877,136.46	1,539,574.03	1,798,244.53	1,861,994.51	1,493,158.00	1,381,646.18	1,350,584.18	1,256,470.57
Unrestricted	214,080.45	139,566.89	63,591.06	50,302.19	44,319.29	(2,097,011.84)	(1,991,283.33)	(2,236,235.05)	(2,519,412.42)	(2,279,418.94)
Total District Net Position	5,902,280.04	5,894,329.08	6,261,330.86	7,274,887.53	7,492,186.36	5,534,850.35	5,449,383.68	5,280,112.82	4,238,715.40	4,385,339.65

Source: CAFR Schedule A-1

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities:										
Instruction:										
Regular	4,268,097.44	4,558,253.05	4,574,260.43	4,573,681.73	4,755,365.25	4,783,608.15	5,696,017.04	6,840,838.57	9,610,529.11	4,661,407.21
Special Education	1,265,672.79	1,340,177.40	1,306,080.16	1,171,923.93	928,147.64	885,713.71	1,180,308.56	1,364,789.52	1,707,499.83	955,875.41
School-Sponsored/Other Special Instructional Support Services:	472,931.00	556,419.25	366,008.38	473,154.74	441,313.72	394,078.46	267,608.56	515,884.02	699,639.09	217,597.58
Tuition	2,927,584.90	2,887,319.00	3,091,447.86	3,114,066.52	3,312,341.19	3,728,923.15	3,887,397.52	4,143,338.20	4,450,292.40	4,740,149.00
Student & Instruction Related Services	1,293,466.83	1,339,530.18	1,364,867.81	1,556,839.53	1,674,072.77	1,779,232.86	2,132,674.58	2,858,784.73	3,579,583.11	1,829,431.30
School Administrative Services	621,266.99	544,276.12	578,928.66	558,183.19	597,385.02	595,321.95	685,248.98	822,452.90	989,581.52	388,386.06
General Administrative Services	431,244.75	488,174.89	563,586.71	507,113.65	591,410.81	615,564.16	640,520.74	893,974.11	1,096,147.49	396,382.70
Central Services & Admin. Info. Technology										418,721.30
Plant Operations and Maintenance	1,053,905.67	1,008,974.41	949,358.61	985,780.59	1,026,501.45	1,015,290.21	1,096,851.25	1,221,072.32	1,457,669.26	720,436.28
Pupil Transportation	424,286.04	389,490.25	270,548.92	217,420.19	248,580.02	276,706.17	250,026.01	290,549.76	343,550.89	315,321.23
Unallocated Benefits										3,725,811.04
Interest on Long-term Debt	453,756.68	438,837.52	423,528.35	343,768.96	301,711.41	286,443.76	274,743.76	261,406.26	190,350.75	187,477.49
Capital Outlay - Non-depreciable					29,837.00	29,837.00	29,837.00	29,837.00	29,837.00	29,837.00
Debt Service Other Charges					815.14	815.14	815.14	815.14	815.14	815.14
Unallocated Depreciation										356,807.00
Total Governmental Activities Expenses	13,212,213.09	13,551,452.07	13,488,615.89	13,501,933.03	13,907,481.42	14,391,534.72	16,142,049.14	19,243,742.53	24,155,495.59	18,944,455.74
Business-type Activities:										
Food Service	10,744.44	11,493.87	15,302.98	18,388.86	13,658.91	12,881.03	10,739.40	28,024.31	15,417.03	17,504.80
Total Business-type Activities Expenses	10,744.44	11,493.87	15,302.98	18,388.86	13,658.91	12,881.03	10,739.40	28,024.31	15,417.03	17,504.80
Total District Expenses	13,222,957.53	13,562,945.94	13,503,918.87	13,520,321.89	13,921,140.33	14,404,415.75	16,152,788.54	19,271,766.84	24,170,912.62	18,961,960.54
Program Revenues										
Governmental Activities:										
Charges for Services:										
Pupil Transportation						66.16				
Operating Grants and Contributions	2,046,016.24	1,941,300.28	1,697,748.85	1,720,430.94	2,076,356.64	1,893,512.02	3,208,197.34	5,659,922.66	10,198,271.09	438,789.52
Total Governmental Activities Program Revenues	2,046,016.24	1,941,300.28	1,697,748.85	1,720,430.94	2,076,356.64	1,893,578.18	3,208,197.34	5,659,922.66	10,198,271.09	438,789.52
Business-type Activities:										
Charges for Services:										
Food Service	8,473.00	8,400.00	8,820.00	8,850.00	7,960.00	7,840.00	11,070.00	8,730.00	7,810.00	6,825.00
Operating Grants and Contributions	6,692.09	6,029.12	6,924.82	8,194.48	6,536.93	6,824.05	6,985.79	5,181.80	4,307.28	3,638.10
Total Business-type Activities Program Revenues	15,165.09	14,429.12	15,744.82	17,044.48	14,496.93	14,664.05	18,055.79	13,911.80	12,117.28	10,463.10
Total District Program Revenues	2,061,181.33	1,955,729.40	1,713,493.67	1,737,475.42	2,090,853.57	1,908,242.23	3,226,253.13	5,673,834.46	10,210,388.37	449,252.62

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net (Expense)/Revenue										
Governmental Activities	(11,166,196.85)	(11,610,151.79)	(11,790,867.04)	(11,781,502.09)	(11,831,124.78)	(12,497,956.54)	(12,933,851.80)	(13,583,819.87)	(13,957,224.50)	(18,505,666.22)
Business-type Activities	4,420.65	2,935.25	441.84	(1,344.38)	838.02	1,783.02	7,316.39	(14,112.51)	(3,299.75)	(7,041.70)
Total District-wide Net Expense	(11,161,776.20)	(11,607,216.54)	(11,790,425.20)	(11,782,846.47)	(11,830,286.76)	(12,496,173.52)	(12,926,535.41)	(13,597,932.38)	(13,960,524.25)	(18,512,707.92)
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Property Taxes Levied for General Purposes	10,230,310.00	10,639,521.98	11,165,103.00	11,432,932.00	11,661,591.00	11,968,169.00	12,207,532.00	12,573,757.00	13,098,351.00	13,476,048.00
Taxes Levied for Debt Service	376,129.31	384,036.48	406,791.65	481,132.04	450,988.59	460,249.24	465,349.24	474,367.74	552,493.25	657,670.00
Unrestricted Federal and State Aid	15,983.90	62,685.68		984.00		16,273.89	29,988.80	32,422.90	97,149.38	4,432,113.14
Tuition Received	439,903.59	410,246.58	429,226.10	449,339.00	166,892.80	158,342.80	95,700.00	93,100.00	70,400.00	45,250.00
Investment Earnings		2,681.20	1,713.43	1,079.46						
Miscellaneous Income	3,898.40	100,073.56	154,520.29	122,902.96	60,924.19	68,423.54	42,423.38	37,185.01	30,101.22	48,251.03
Accounts Payable Canceled					126.15	17,477.27		1,032.00		
Unrestricted FEMA Reimbursement					15,813.66	4,579.51				
Prior Year Accounts Receivable Canceled									800.00	
Debt Refinanced, Net									(80,000.00)	
Proceeds from Refunding Bonds				308,000.00						
Total Governmental Activities	11,125,177.83	11,599,245.48	12,157,354.47	12,796,369.46	12,356,336.39	12,696,035.25	12,840,993.42	13,211,864.65	13,769,294.85	18,659,332.17
Business-type Activities:										
Investment Earnings	86.63	20.10	72.51	33.67	64.34	68.25	75.32	81.87	9.60	0.00
Total Business-type Activities	86.63	20.10	72.51	33.67	64.34	68.25	75.32	81.87	9.60	0.00
Total District-wide	11,125,264.46	11,599,265.58	12,157,426.98	12,796,403.13	12,356,400.73	12,696,103.50	12,841,068.74	13,211,946.52	13,769,304.45	18,659,332.17
Change in Net Position										
Governmental Activities	(41,019.02)	(10,906.31)	366,487.43	1,014,867.37	525,211.61	198,078.71	(92,858.38)	(371,955.22)	(187,929.65)	153,665.95
Business-type Activities	4,507.28	2,955.35	514.35	(1,310.71)	902.36	1,851.27	7,391.71	(14,030.64)	(3,290.15)	(7,041.70)
Total District	(36,511.74)	(7,950.96)	367,001.78	1,013,556.66	526,113.97	199,929.98	(85,466.67)	(385,985.86)	(191,219.80)	146,624.25

Source: CAFR Schedule A-2

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT
Fund Balances Governmental Funds
 Last Ten Fiscal Years
(modified accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	220,880.73	436,279.97	701,535.57	1,381,598.34						
Unreserved	555,562.48	362,173.10	478,861.28	231,582.80						
Restricted					1,711,473.41	1,732,713.21	1,344,198.38	1,238,996.23	1,214,944.05	1,252,718.30
Assigned					40,330.69	80,321.63	188,048.68	103,082.80	133,477.86	206,701.94
Unassigned					279,413.20	311,335.01	327,255.32	372,004.67	376,671.08	418,557.94
Total General fund	776,443.21	798,453.07	1,180,396.85	1,613,181.14	2,031,217.30	2,124,369.85	1,859,502.38	1,714,083.70	1,725,092.99	1,877,978.18
All Other Governmental Funds										
Reserved										
Restricted, Reported in:										
Capital Projects Fund					46,438.75	46,438.75	46,438.75	46,438.75		
Debt Service					1.68	2,520.92	2,520.16	0.40	3,752.27	3,752.27
Unreserved, Reported in:										
Special Revenue Fund				157,974.40						
Capital Projects Fund	17,676.35	0.33	0.31	1.29						
Debt Service										
Total All Other Governmental Funds	17,676.35	0.33	0.31	157,975.69	46,440.43	48,959.67	48,958.91	46,439.15	3,752.27	3,752.27

Source: CAFR Schedule B-1

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

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT
Changes in Fund Balances Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tax Levy	10,982,256.00	11,379,743.98	11,926,479.00	12,188,710.00	12,345,049.00	12,645,561.00	12,878,324.00	13,240,289.00	13,772,072.00	14,133,718.00
Tuition	439,903.59	410,246.58	429,226.10	449,339.00	166,892.80	158,342.80	95,700.00	93,100.00	70,400.00	45,250.00
Transportation Fees						66.16				
Interest Earnings	3,898.40	2,681.20	1,713.43							
Miscellaneous	95,188.77	127,312.22	218,570.77	188,263.73	167,846.04	124,386.36	145,190.23	193,291.89	185,570.27	243,045.26
State Sources	1,482,177.31	1,356,225.90	1,003,308.32	1,222,121.73	1,562,325.38	1,470,386.34	1,599,640.54	1,820,297.42	2,100,666.67	2,276,783.14
Federal Sources	167,770.00	264,335.88	252,180.70	182,106.95	174,640.00	166,294.00	149,741.00	171,227.00	143,596.00	183,054.29
Total Revenues	13,171,194.07	13,540,545.76	13,831,478.32	14,230,541.41	14,416,753.22	14,565,036.66	14,868,595.77	15,518,255.31	16,272,304.94	16,881,850.69
Expenditures										
Instruction:										
Regular	3,173,864.96	3,319,343.98	3,186,419.81	3,214,014.17	3,342,689.64	3,404,351.00	3,529,975.94	3,324,429.11	3,521,909.45	3,610,302.83
Special	1,019,606.59	1,075,586.13	1,036,755.23	899,343.95	698,756.99	673,835.73	736,909.38	729,299.60	704,477.85	720,129.36
School-Sponsored/Other Instructional	363,926.78	417,765.68	273,524.62	342,243.53	317,754.30	299,834.32	249,630.89	304,646.44	330,542.82	163,958.95
Support Services:										
Instruction - Tuition	2,927,584.90	2,887,319.00	3,091,447.86	3,114,066.52	3,312,341.19	3,728,923.15	3,887,397.52	4,143,338.20	4,450,292.40	4,740,149.00
Student & Instruction Related Services	1,000,558.89	1,006,731.51	1,014,478.80	1,058,187.97	1,063,584.93	1,174,768.42	1,299,726.69	1,514,079.53	1,491,402.03	1,469,682.87
School Administrative Services	437,764.70	445,182.56	463,894.26	418,670.82	404,919.05	417,381.18	465,268.33	500,215.02	482,767.33	294,968.83
General & Business Administrative Services	349,397.31	377,682.18	424,389.83	406,820.18	476,854.82	487,081.83	524,781.76	545,526.92	477,950.21	324,291.74
Central Services & Admin. Info. Technology										
Operations and Maintenance	802,397.01	745,115.25	702,066.45	778,538.05	778,108.95	782,693.86	765,751.30	738,535.61	706,151.27	684,544.15
Student Transportation	340,544.96	293,337.15	267,818.84	217,370.81	248,535.32	276,621.15	248,764.35	287,355.68	331,774.29	313,913.56
Unallocated Benefits	1,860,116.81	2,077,430.11	2,118,053.84	2,257,319.57	2,513,412.68	2,423,834.18	2,610,354.73	2,759,062.88	3,032,662.47	3,276,744.98
Capital Outlay	30,795.00	50,168.35	2,980.00	86,565.15	186,697.65	320,386.07	44,972.35	52,606.00	5,923.28	
Debt Service:										
Principal	380,000.00	395,000.00	400,000.00	410,000.00	470,000.00	455,000.00	460,000.00	470,000.00	520,000.00	525,000.00
Interest and Other Charges	460,190.02	445,550.02	430,320.02	414,900.02	282,699.61	291,693.76	280,093.76	268,293.76	219,092.13	193,611.00
Total Governmental Fund Expenditures	13,146,747.93	13,536,211.92	13,449,534.56	13,639,781.74	14,126,192.13	14,766,241.65	15,133,464.00	15,667,225.75	16,304,782.53	16,728,965.50
Excess (Deficiency) of Revenues Over (Under) Expenditures	24,446.14	4,333.84	381,943.76	590,759.67	290,561.09	(201,204.99)	(264,868.23)	(148,970.44)	(32,477.59)	152,885.19
Other Financing Sources (Uses)										
Operating Transfers In										
Operating Transfers Out									103,170.05	
Refunded Bonds Issued									(103,170.05)	
Payment to Refunded Bond Escrow Agent									2,225,000.00	
Unrestricted FEMA Reimbursement									(2,188,296.88)	
Cancellation of Accounts Payable										
Cost of Issuance								1,032.00		
Cancellation of Accounts Receivable									(86,703.12)	
Prior Year State Audit Recovery									800.00	
Capital Leases (non-budgeted)										
Total Other Financing Sources (Uses)										
Net Changes in Fund Balance	24,446.14	4,333.84	381,943.76	590,759.67	306,500.90	296,876.78	(264,868.23)	1,032.00	800.00	152,885.19
Debt Service as a percentage of noncapital expenditures	6.41%	6.23%	6.17%	6.09%	5.40%	5.17%	4.91%	4.73%	4.53%	4.30%

Source: CAFR Schedule B-2

Note: Noncapital expenditures are total expenditures less capital outlay.

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT

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

<u>Fiscal Year Ended June 30,</u>	<u>Rentals</u>	<u>Prior Year Refunds</u>	<u>Various Misc.</u>	<u>Total</u>
2009	48,077.07	1,848.15	452,829.40	502,754.62
2010	51,925.02	4,454.48	456,621.84	513,001.34
2011	54,380.49	4,206.77	526,872.56	585,459.82
2012	44,804.23	5,073.08	523,444.11	573,321.42
2013	35,450.00		192,366.99	227,816.99
2014	47,195.11	18,059.27	161,578.12	226,832.50
2015	32,154.19		10,269.19	42,423.38
2016	17,660.24	187.22	19,337.55	37,185.01
2017	21,704.21	1,591.23	6,805.78	30,101.22
2018	24,512.43	3,970.56	19,768.04	48,251.03

Source: District records.

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
Unaudited

Year Ended Dec. 31,	Vacant Land	Residential	Commercial	Industrial	Total Assessed Value	Public Utilities	Net Assessed Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
						a			b
2008	15,088,500	1,287,431,000	41,253,400	18,142,200	1,361,915,100	798,679	1,362,713,779	1,362,713,779	0.791
2009	12,546,200	1,298,026,500	41,253,400	18,142,200	1,369,968,300	924,266	1,370,892,566	1,386,280,277	0.815
2010	12,546,200	1,300,365,800	40,688,700	18,142,200	1,371,742,900	867,045	1,372,609,945	1,372,609,945	0.850
2011	8,676,800	1,078,974,500	40,649,400	15,300,000	1,143,600,700	722,133	1,144,322,833	1,241,057,068	1.053
2012	8,676,800	1,081,984,000	41,521,400	15,300,000	1,147,482,200	656,997	1,148,139,197	1,263,868,792	1.066
2013	9,266,800	1,083,001,200	42,219,900	15,300,000	1,149,787,900	100,000	1,149,887,900	1,247,993,130	1.087
2014	8,505,900	1,081,610,600	42,498,100	15,300,000	1,147,914,600	100	1,147,914,700	1,230,479,901	1.112
2015	10,894,500	1,081,033,500	42,097,100	15,300,000	1,149,325,100	100	1,149,325,200	1,255,818,618	1.136
2016	9,361,900	1,084,513,900	41,979,300	15,300,000	1,151,155,200	100	1,151,155,200	1,302,506,449	1.174
2017	8,748,700	1,093,818,800	41,979,300	15,300,000	1,159,846,800	100	1,159,846,900	1,325,114,227	1.2030

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

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

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

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

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

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT

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

Assessment Year	Basic Rate^a	General Obligation Debt Service^b	Local School District	<u>Overlapping Rates</u>		Total Direct and overlapping Tax Rate
				Municipality	County	
2008	0.7910	0.0003	0.7910	0.4120	0.1880	1.3910
2009	0.8150	0.0003	0.8150	0.4310	0.1950	1.4410
2010	0.8500	0.0003	0.8500	0.4590	0.2010	1.5100
2011	1.0530	0.0003	1.0530	0.5690	0.2260	1.8480
2012	1.0660	0.0003	1.0660	0.5740	0.2420	1.8820
2013	1.0870	0.0003	1.0870	0.5770	0.2500	1.9140
2014	1.1120	0.0003	1.1120	0.5910	0.2510	1.9540
2015	1.1360	0.0003	1.1360	0.5900	0.2630	1.9890
2016	1.1166	0.0574	1.1740	0.6060	0.2790	2.0590
2017	1.1470	0.0560	1.2030	0.6020	0.2870	2.0920

* Revaluation Year

Source: District Records and Municipal Tax Collector.

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT

Schedule of Principal Taxpayers

Current and Nine Years Ago

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank Optional	% of District's Net Assessed Valuation	Taxable Assessed Value	Rank Optional	% of District's Net Assessed Valuation
Extra Space Properties	15,300,000	1	1.32%			
Dalebrook Park LTD	5,673,200	2	0.49%			
Taxpayer #1	5,483,000	3	0.47%			
East Franklin Tpke LLC	3,727,700	4	0.32%			
Taxpayer #2	3,444,000	5	0.30%			
Taxpayer #3	3,300,000	6	0.28%			
Taxpayer #4	2,965,900	7	0.26%			
Taxpayer #5	2,900,000	8	0.25%			
Taxpayer #6	2,851,700	9	0.25%			
Taxpayer #7	2,773,200	10	0.24%			
Taxpayer #1				18,142,200	1	1.33%
Taxpayer #2				7,951,900	2	0.58%
Taxpayer #3				5,673,200	3	0.42%
Taxpayer #4				4,740,060	4	0.35%
Taxpayer #5				4,045,700	5	0.30%
Taxpayer #6				3,730,700	6	0.27%
Taxpayer #7				3,558,500	7	0.26%
Taxpayer #8				3,489,800	8	0.26%
Taxpayer #9				3,437,600	9	0.25%
Taxpayer #10				3,330,900	10	0.24%
	<u>48,418,700</u>		<u>4.17%</u>	<u>58,100,560</u>		<u>4.26%</u>

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT

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

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	10,982,256	10,982,256	100.00%	
2010	11,379,744	11,379,744	100.00%	
2011	11,926,479	11,926,479	100.00%	
2012	12,188,710	12,188,710	100.00%	
2013	12,345,049	12,345,049	100.00%	
2014	12,645,561	12,645,561	100.00%	
2015	12,878,324	12,878,324	100.00%	
2016	13,240,289	13,240,289	100.00%	
2017	13,772,072	13,772,072	100.00%	
2018	14,133,718	14,133,718	100.00%	

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

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

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2009	10,893,000.00					10,893,000.00	4.03%	2,731
2010	10,498,000.00					10,498,000.00	3.85%	2,621
2011	10,098,000.00					10,098,000.00	3.80%	2,474
2012	9,680,000.00					9,680,000.00	3.56%	2,351
2013	9,210,000.00					9,210,000.00	3.23%	2,229
2014	8,755,000.00				272,300.00	9,027,300.00	3.03%	2,183
2015	8,295,000.00				212,103.00	8,507,103.00	2.86%	2,046
2016	7,825,000.00				164,033.00	7,989,033.00	2.62%	1,919
2017	7,385,000.00				110,321.00	7,495,321.00	2.36%	1,803
2018	6,860,000.00				55,631.23	6,915,631.23	2.14%	1,653

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

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

Exhibit J-11

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2009	10,893,000.00	-	10,893,000.00	0.80%	2,731
2010	10,498,000.00	-	10,498,000.00	0.77%	2,621
2011	10,098,000.00	-	10,098,000.00	0.74%	2,474
2012	9,680,000.00	-	9,680,000.00	0.85%	2,351
2013	9,210,000.00	-	9,210,000.00	0.80%	2,229
2014	8,755,000.00	-	8,755,000.00	0.76%	2,117
2015	8,295,000.00	-	8,295,000.00	0.72%	1,995
2016	7,825,000.00	-	7,825,000.00	0.68%	1,880
2017	7,385,000.00	-	7,385,000.00	0.64%	1,777
2018	6,860,000.00	-	6,860,000.00	0.59%	1,640
					3,989
					4,005
					4,082
					4,117
					4,131
					4,136
					4,157
					4,163
					4,156
					4,183

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

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

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

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

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of June 30, 2018

<u>Governmental Unit</u>	<u>Debt Outstanding (1)</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of HO-HO-KUS	\$ 8,124,900	100.000%	\$ 8,124,900
Other debt			
Bergen County General Obligation Debt	1,047,260,320	0.7703%	8,066,807
Northwest Bergen County Utility Authority	18,580,025	4.6900%	871,403
Subtotal, overlapping debt			17,063,110
HO-HO-KUS School District Direct Debt			<u>6,860,000</u>
Total direct and overlapping debt			<u>\$ 23,923,110</u>

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

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

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

(1) Debt Information as of December 31, 2017.

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT
 Legal Debt Margin Information,
 Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2017

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 29,037,934	\$ 30,616,273	\$ 41,046,502	\$ 39,844,285	\$ 38,281,235	\$ 37,329,040	\$ 37,302,010	\$ 37,871,580	\$ 38,680,674	\$ 39,297,043
Total net debt applicable to limit	11,273,000	10,893,000	10,098,000	9,380,000	9,680,000	8,755,000	8,295,000	7,825,000	7,385,000	6,860,000
Legal debt margin	\$ 17,764,934	\$ 19,723,273	\$ 30,948,502	\$ 30,464,285	\$ 28,601,235	\$ 28,574,040	\$ 29,007,010	\$ 30,046,580	\$ 31,295,674	\$ 32,437,043
Total net debt applicable to the limit as a percentage of debt limit	38.82%	35.58%	24.60%	23.54%	25.29%	23.45%	22.24%	20.66%	19.09%	17.46%

Equalized valuation basis	
2017	\$ 1,315,914,227
2016	1,313,354,364
2015	1,300,435,732
[A]	\$ 3,929,704,323

Average equalized valuation of taxable property	[A/3]	\$ 1,309,901,441
Debt limit (3 % of average equalization value)	[B]	39,297,043
Total Net Debt Applicable to Limit	[C]	6,860,000
Legal debt margin	[B-C]	\$ 32,437,043

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

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT

**Demographic and Economic Statistics
Last Ten Years**

<u>Year Ended June 30,</u>	<u>School District Population (1)</u>	<u>Personal Income in Thousands \$ (2)</u>	<u>Per Capita Income (3)</u>	<u>Unemployment Rate (4)</u>
2009	3,989	270,143,058	67,722	1.20%
2010	4,005	272,836,620	68,124	1.20%
2011	4,082	265,725,954	65,097	1.20%
2012	4,117	272,051,360	66,080	1.20%
2013	4,131	285,220,764	69,044	6.00%
2014	4,136	297,597,608	71,953	3.70%
2015	4,157	297,013,493	71,449	3.50%
2016	4,163	305,118,759	73,293	2.70%
2017	4,156	317,468,528	76,388	2.70%
2018	4,183	322,873,221	77,187	2.90%

- Source:
- (1) U.S. Bureau of the Census, Population Division,
(Estimates April 1, 2010 to July 1, 2017)
 - (2) Personal income of the District is based on County Information.
 - (3) U.S. Department of Commerce, County Information 2007-2016.
 - (4) N.J. Department of Labor.

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT

Schedule of Principal Employers

Current and Nine Years Ago

2016

2007

INFORMATION IS NOT AVAILABLE

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Instruction										
Regular	45.3	49.5	45.3	45.9	45.9	49.0	49.0	49.0	50.8	46.2
Special education	15.7	17.1	13.0	13.0	13.0	15.0	15.0	15.0	15.5	15.2
Other special education										
Other instruction										
Support Services:										
Student & instruction related services	15.0	16.7	17.7	17.3	17.3	13.6	13.6	13.6	10.2	13.7
General administration	3.8	3.8	4.0	4.5	4.5	4.4	4.4	4.4	4.9	3.5
School administrative services	3.5	3.5	3.5	3.5	3.5	2.5	2.5	2.5	2.6	2.5
Central services										
Administrative Information Technology										
Plant operations and maintenance	8.0	8.0	6.0	6.0	6.0	6.5	6.5	6.5	5.5	6.1
Pupil transportation										
Other support services										
Food Service										
Child Care										
Total	91.3	98.6	89.5	90.2	90.2	91.0	91.0	91.0	89.5	87.2

Source: District Personnel Records

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT
Operating Statistics,
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Pupil/Teacher Ratio</u>									
	<u>a</u>					<u>b</u>				
	<u>Enrollment</u>	<u>Expenditures</u>	<u>Cost Per Pupil</u>	<u>% Change</u>	<u>Teaching Staff</u>	<u>Elementary</u>	<u>Average Daily Enrollment</u>	<u>c</u>	<u>Average Daily Attendance</u>	<u>% Change in Average Daily Enrollment</u>
2008-2009	662	8,749,216.00	13,216.34	3.54%	51	13.0	662.0	636.0	-1.05%	96.07%
2009-2010	673	9,198,234.00	13,667.51	3.41%	54	12.5	673.0	645.8	1.66%	95.96%
2010-2011	660	9,866,489.00	14,949.23	9.38%	51	12.9	659.0	633.0	-2.08%	96.05%
2011-2012	647	8,979,684.00	13,878.96	-7.16%	51	12.7	649.4	626.5	-1.46%	96.47%
2012-2013	656	9,030,648.00	13,766.23	-0.81%	51	12.9	648.1	622.2	-0.20%	96.00%
2013-2014	663	9,435,356.00	14,231.31	3.38%	49	13.5	657.5	634.3	1.45%	96.47%
2014-2015	641	10,256,074.00	16,000.12	12.43%	49	13.1	638.2	615.3	-2.94%	96.41%
2015-2016	638	14,846,489.00	23,270.36	45.44%	50	12.8	618.4	595.8	-3.10%	96.35%
2016-2017	611	15,529,930.00	25,417.23	9.23%	50	12.2	607.9	583.5	-1.70%	95.99%
2017-2018	599	15,980,517.50	26,678.66	4.96%	48	12.5	602.0	576.6	-0.97%	95.78%

Sources: District 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.

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>District Buildings</u>										
<u>Elementary</u>										
HO-HO-KUS School	104,503	104,503	104,503	104,503	104,503	104,503	104,503	104,503	104,503	104,503
Square Feet	800	800	800	800	800	800	800	800	800	800
Capacity(students)	662	673	660	647	656	663	641	638	611	599
Enrollment										

Number of Schools at June 30, 2018
Elementary=1

Source: District Facilities Office

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT
General Fund
Schedule of Required Maintenance for School Facilities
For the Fiscal Year Ended June 30,

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

* School Facilities	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
HO-HO-KUS School	79,434.13	88,249.00	162,390.00	160,667.00	175,131.00	197,923.00	198,743.00	140,639.00	97,969.00	86,861.00
Total School Facilities	<u>79,434.13</u>	<u>88,249.00</u>	<u>162,390.00</u>	<u>160,667.00</u>	<u>175,131.00</u>	<u>197,923.00</u>	<u>198,743.00</u>	<u>140,639.00</u>	<u>97,969.00</u>	<u>86,861.00</u>

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

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT

**Insurance Schedule
June 30 2018**

	<u>Coverage</u>	<u>Deductible</u>
Great American - Property	\$ 27,339,785	\$ 5,000
Package Policy:		
Blanket Real and Personal Property	Scheduled	
Flood & Earthquake	5,000,000	50,000
Flood-Within Special Flood "A"	2,000,000	500,000
Cyber Liability	6,000,000	Group Aggregate
Boiler and Machinery	27,339,785	
Crime Coverage:		
Public Employee Dishonesty-Per Employee	100,000	
Public Employee Dishonesty-Per Loss (Excess)	500,000	
Forgery or Alteration	100,000	
General Liability - Per Occurance	1,000,000	
General Liability - Aggregate	2,000,000	
Automobile	1,000,000	
 XL Catlin		
Educators Legal Liability / Employment Practices	1,000,000	5,000
 Chubb Insurance Co:	2,000,000	20,000
Environmental Impairment	4,000,000	15,000
Group Aggregate	20,000,000	
 Safety National:		
Workers Compensation Coverage	1,000,000	
 Fireman's Fund Insurance Company:		
Commercial Umbrella	50,000,000	

SINGLE AUDIT SECTION

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

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the Borough of Ho-Ho-Kus School District, in the County of Bergen, New Jersey, as of and for the year ended June 30, 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 22, 2019.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a



material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

We noted certain matters that were required to be reported to the Board of Education of the Ho-Ho-Kus Borough School District in the separate Auditors' Management Report on Administrative Findings- Financial, Compliance and Performance dated January 22, 2019.

Purpose of this Report

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

James Cerullo

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

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

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

January 22, 2019

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

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

Report on Compliance for Each Major State Program

We have audited the Board of Education of the Borough of Ho-Ho-Kus School District in the County of Bergen, New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplements* and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Borough of Ho-Ho-Kus Board of Education's major state programs for the year ended June 30, 2018. The Borough of Ho-Ho-Kus Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Borough of Ho-Ho-Kus Board of Education's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)



and N.J. OMB Circular 15-08. Those standards, the Uniform Guidance and N.J. OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Ho-Ho-Kus Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, the Borough of Ho-Ho-Kus Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

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

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

James Cerullo

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

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

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

January 22, 2019

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT
 Schedule of Expenditures of Federal Awards
 for the Fiscal Year Ended June 30, 2018

Federal Grant/Pass-Through Grantor Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2017	Cash Received	Budgetary Expenditures	Balance at June 30, 2018		MEMO Cumulative Total Expenditures
									Accounts Receivable	Deferred Revenue	
U.S. Department of Education Passed-Through State Department of Education:											
Special Revenue Fund:											
Title I - Improving Basic Programs	84-010	S010A170030	ESSA2200-18	07/01/17-06/30/18	37,791.00		31,693.00	(37,590.30)	(5,897.30)	*	37,590.30
							31,693.00	(37,590.30)	(5,897.30)	*	37,590.30
Title II-A- Teacher & Principal Training/Recruiting	84-367	S367B170027	ESSA2200-18	07/01/17-06/30/18	9,486.00			(9,008.99)	(9,008.99)	*	
								(9,008.99)	(9,008.99)	*	
Title IV - Student Support and Academic Enrichment	84-424	S424A170031	ESSA2200-18	07/01/17-06/30/18	10,000.00		1,300.00	(1,300.00)		*	
							1,300.00	(1,300.00)		*	
IDEA, Part B - Basic Regular	84-027	H027A170100	IDEA2200-18	07/01/17-06/30/18	131,180.00		131,180.00	(131,180.00)		*	131,180.00
IDEA, Part B - Preschool	84-173	H173A170114	IDEA2200-18	07/01/17-06/30/18	3,975.00		3,975.00	(3,975.00)		*	3,975.00
							135,155.00	(135,155.00)		*	135,155.00
Total Special Revenue Fund							168,148.00	(183,054.29)	(14,906.29)	*	172,745.30
U.S. Department of Agriculture Passed-Through State Department of Education:											
Enterprise Fund:											
Cash Assistance											
Special Milk Program	10-556	18INJ304N1099		07/01/17-06/30/18	3,638.10		3,482.06	(3,638.10)	(156.04)	*	3,638.10
Special Milk Program	10-556	17INJ304N1099		07/01/16-06/30/17	4,307.28	(170.25)	170.25			*	
						(170.25)	3,652.31	(3,638.10)	(156.04)	*	3,638.10
Total Enterprise Fund						(170.25)	3,652.31	(3,638.10)	(156.04)	*	3,638.10
TOTAL FEDERAL FINANCIAL AWARDS						(170.25)	171,800.31	(186,692.39)	(15,062.33)	*	176,383.40

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

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT
 Schedule of Expenditures of State Financial Assistance
 for the Fiscal Year Ended June 30, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2017		Balance at June 30, 2018			MEMO											
				Deferred Revenue/ (Accts. Receivable)	Cash Received	Budgetary Expenditures	Accounts Receivable	Deferred Revenue	Budgetary Receivable	Cumulative Total Expenditures										
State Department of Education:																				
General Fund:																				
Special Education Categorical Aid	18-495-034-5120-089	07/01/17-06/30/18	406,460.00		374,106.00	(406,460.00)														
Security Aid	18-495-034-5120-084	07/01/17-06/30/18	14,624.00		13,460.00	(14,624.00)														
Per Pupil Growth Aid	18-495-034-5120-097	07/01/17-06/30/18	8,800.00		8,100.00	(8,800.00)														
PARCC Readiness	18-495-034-5120-098	07/01/17-06/30/18	8,800.00		8,100.00	(8,800.00)														
Professional Learning Community Aid	18-495-034-5120-101	07/01/17-06/30/18	8,650.00		7,961.00	(8,650.00)														
Adjustment Aid	18-495-034-5120-085	07/01/17-06/30/18	14,257.00		13,122.00	(14,257.00)														
					424,849.00	(461,591.00)														
Extraordinary Aid	18-100-034-5120-044	07/01/17-06/30/18	215,925.00			(215,925.00)														
Extraordinary Aid	17-100-034-5120-044	07/01/16-06/30/17	172,614.00	(172,614.00)	172,614.00															
				(172,614.00)	172,614.00															
Transportation Aid	18-495-034-5120-014	07/01/17-06/30/18	54,483.00		50,146.00	(54,483.00)														
Reimbursement of Nonpublic Transportation	18-495-034-5120-014	07/01/17-06/30/18	10,755.00		4,524.00	(10,755.00)														
Reimbursement of Nonpublic Transportation	17-495-034-5120-014	07/01/16-06/30/17	4,524.00	(4,524.00)	4,524.00															
				(4,524.00)	4,524.00															
Reimbursed TPAF - Social Security	18-495-034-5094-003	07/01/17-06/30/18	339,448.14		323,177.90	(339,448.14)														
Reimbursed TPAF - Social Security	17-495-034-5094-003	07/01/16-06/30/17	350,441.37	(17,169.37)	17,169.37															
				(17,169.37)	340,347.27	(339,448.14)														
On-Behalf TPAF - Post Retirement Medical	18-495-034-5094-001	07/01/17-06/30/18	449,185.00		449,185.00	(449,185.00)														
On-Behalf Teachers' Pension and Annuity	18-495-034-5094-002	07/01/17-06/30/18	678,987.00		678,987.00	(678,987.00)														
On-Behalf TPAF - LTDI	18-495-034-5094-004	07/01/17-06/30/18	562.00		562.00	(562.00)														
On-Behalf TPAF - Non-contributory Insurance	18-495-034-5094-004	07/01/17-06/30/18	16,477.00		16,477.00	(16,477.00)														
					1,145,211.00	(1,145,211.00)														
Total General Fund				(194,307.37)	2,137,691.27	(2,227,413.14)														
Debt Service Fund:																				
Debt Service Aid Type II	18-495-034-5120-075	07/01/17-06/30/18	60,941.00		60,941.00	(60,941.00)														
TOTAL STATE FINANCIAL ASSISTANCE				(194,307.37)	2,198,632.27	(2,288,354.14)														
Less On-Behalf TPAF Pension and Annuity Aid																				
On-Behalf TPAF - Post Retirement Medical	18-495-034-5094-001	07/01/17-06/30/18	449,185.00		449,185.00	(449,185.00)														
On-Behalf Teachers' Pension and Annuity	18-495-034-5094-002	07/01/17-06/30/18	678,987.00		678,987.00	(678,987.00)														
On-Behalf TPAF - LTDI	18-495-034-5094-004	07/01/17-06/30/18	562.00		562.00	(562.00)														
On-Behalf TPAF - Non-contributory Insurance	18-495-034-5094-004	07/01/17-06/30/18	16,477.00		16,477.00	(16,477.00)														
					1,145,211.00	(1,145,211.00)														
TOTAL FOR STATE FINANCIAL ASSISTANCE MAJOR PROGRAM DETERMINATION				(194,307.37)	1,053,421.27	(1,143,143.14)														

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

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(D) and 1(E) to the Board's basic financial statements. The information in these schedules is presented in accordance with the requirements of *2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ in amounts presented in or used in the preparation of the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(11,571.00) for the general fund and \$(6,330.00) for the special revenue fund. See Notes to Required Supplemental Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board’s financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$2,215,842.14	\$2,215,842.14
Special Revenue Fund	183,054.29		183,054.29
Debt Service Fund		60,941.00	60,941.00
Food Service Fund	<u>3,638.10</u>		<u>3,638.10</u>
Total Awards and Financial Assistance	<u>\$186,692.39</u>	<u>\$2,276,783.14</u>	<u>\$2,463,475.53</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2018. The amount reported as TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2018.

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

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

NOTE 7. INDIRECT COST RATE

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

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

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

Noncompliance material to basic financial
statements noted? yes X no

Federal Awards

Not Applicable

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT
SCHEDULE OF FINANCIAL, FEDERAL AND STATE FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Section II - Financial Statement Findings

None

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

No matters were reported.

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Status of Prior Year Findings

There were no prior year audit findings.