

SCHOOL DISTRICT  
OF THE  
BOROUGH OF HAWORTH

Borough of Haworth  
Board of Education  
Haworth, New Jersey

Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2015

Comprehensive Annual  
Financial Report

of the

Borough of Haworth  
Board of Education

Haworth, New Jersey

For the Fiscal Year Ended June 30, 2015

Prepared by

Borough of Haworth  
Board of Education

HAWORTH BOARD OF EDUCATION  
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INTRODUCTORY SECTION




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**Haworth Public School**


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Ms. Jennifer L. Montesano  
Chief School Administrator

Mr. Paul Wolford  
Director of Education

November 14, 2015

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

Dear Honorable President and Board Members:

The Comprehensive Annual Financial Report of the Haworth Board of Education (the “District”) for the fiscal year ended June 30, 2015 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Haworth Board of Education (the “Board”). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' report on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

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

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular, as well as special education, for handicapped youngsters. The District completed the 2014-2015 fiscal year with an average daily enrollment of 408 students, which is 26 students less than the prior year's enrollment.

The Honorable President and Members of  
the Board of Education  
Haworth Board of Education  
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November 14, 2015

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

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

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

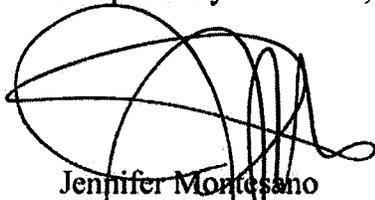
5. BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2015.

The Honorable President and Members of  
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Haworth Board of Education  
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November 14, 2015

6. ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.
7. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
8. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property, contents, and fidelity bonds. The Board oversees Risk Management for the District. A schedule of insurance coverage is found in J-20.
9. OTHER INFORMATION: **Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.
10. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Haworth School Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

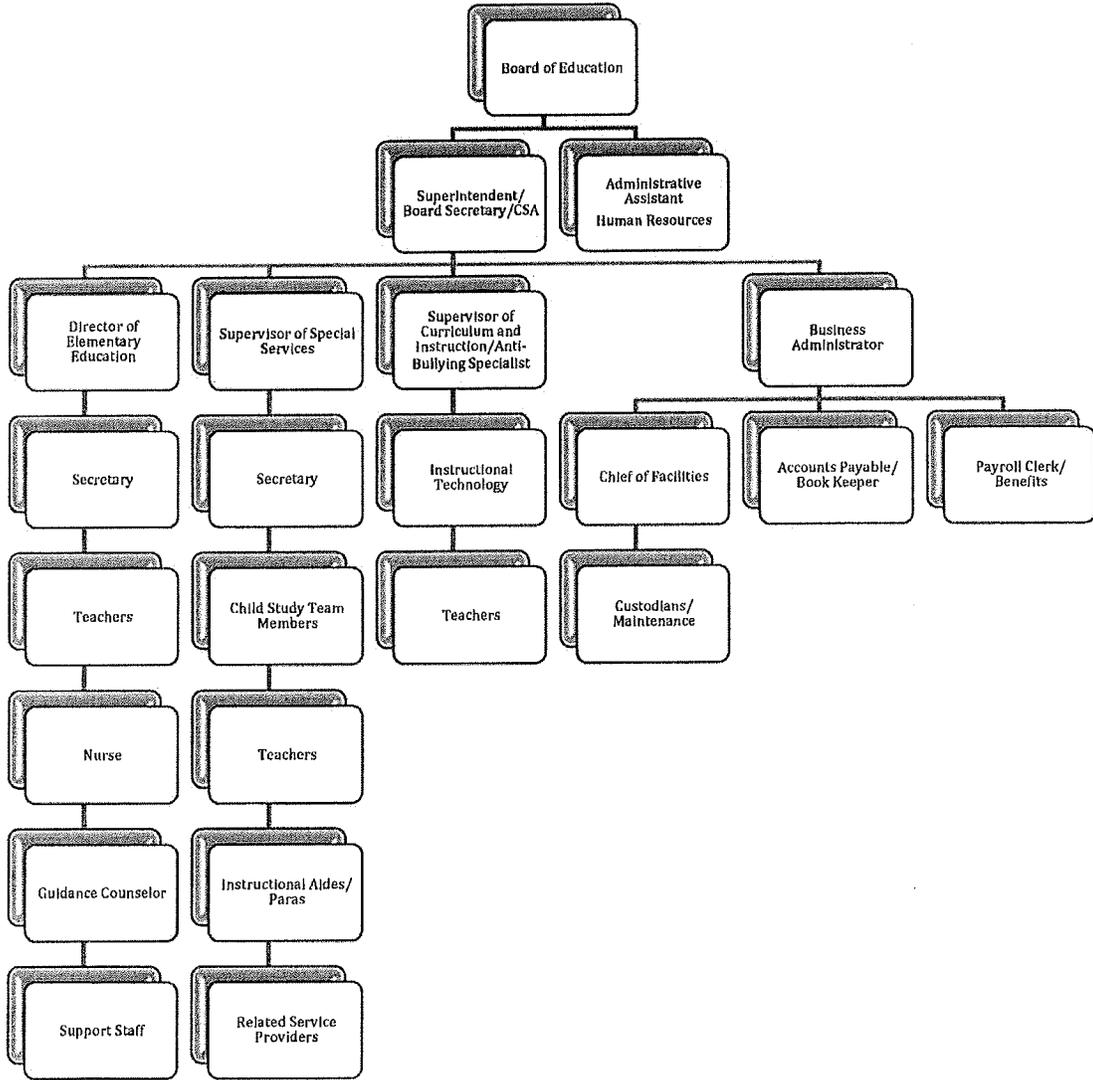
Respectfully submitted,



Jennifer Montezano

Superintendent/Board Secretary

BOROUGH OF HAWORTH BOARD OF EDUCATION  
ORGANIZATIONAL CHART  
JUNE 30, 2015



HAWORTH SCHOOL DISTRICT  
ROSTER OF OFFICIALS  
JUNE 30, 2015

Members of the Board of EducationTerm Expires

Warren Sutnick, President	2017
Nicole Brennan, Vice President	2015
Jeff Ashkenase	2016
Michele DiIorgi	2015
MaryAnn Doran	2017
Matthew Gilbert	2016
Anna Reduce	2016

Other OfficialsTitle

Jennifer Montesano	Chief School Administrator/Board Secretary
Patricia DeRiso	Business Administrator
Paul Wolford	Director of Elementary Education
Rebecca Overgaard	Treasurer of School Monies
Stephen Fogarty, Esq.	Attorney

**HAWORTH SCHOOL DISTRICT**

Consultants and Advisors  
Year Ended June 30, 2015

**Audit Firm**

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

**Attorney**

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

**Official Depository**

Valley National Bank  
243 Main Street  
New Milford, NJ 07646

FINANCIAL SECTION



Mount Arlington Corporate Center  
 200 Valley Road, Suite 300  
 Mt. Arlington, NJ 07856  
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center  
 11 Lawrence Road  
 Newton, NJ 07860  
 973-383-6699 | 973-383-6555

## Independent Auditors' Report

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Haworth Borough School District (the "District") in the County of Bergen, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

#### ***Auditors' Responsibility***

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

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

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

The Honorable President and Members  
of the Board of Education  
Haworth Board of Education  
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### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Haworth Borough School District, in the County of Bergen, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 19 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* during the fiscal year ended June 30, 2015. Our opinions are not modified with respect to this matter. The implementation resulted in the restatement of certain balances on the Statement of Net Position and the ending balance for Net Position for the Governmental Activities as of June 30, 2014 as detailed in Note 19 to the basic financial statements.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal and state awards, as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey’s OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

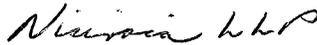
The Honorable President and Members  
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Haworth Board of Education  
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The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

October 13, 2015  
Mount Arlington, New Jersey

  
NISIVOCCIA LLP



Francis J. Jones  
Licensed Public School Accountant #1154  
Certified Public Accountant

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

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2015  
(Unaudited)**

This section of Haworth Borough School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2015. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

**Financial Highlights**

Key financial highlights for the 2014-2015 school year are as follows:

- The District's net position increased \$1,231,394 during the year.
- In 2014-2015, the Governmental Activities had \$10,922,821 in revenue. The majority of Governmental Activities revenue was raised through local property taxes and state aid. The total Governmental Activities expenses for 2014-2015 were \$9,702,569.
- The District's total bonded debt decreased by \$515,000 during the current fiscal year.

**Overview of the Financial Statements**

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

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

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

Figure A-1

**Organization of Borough of Haworth School District's Financial Report**

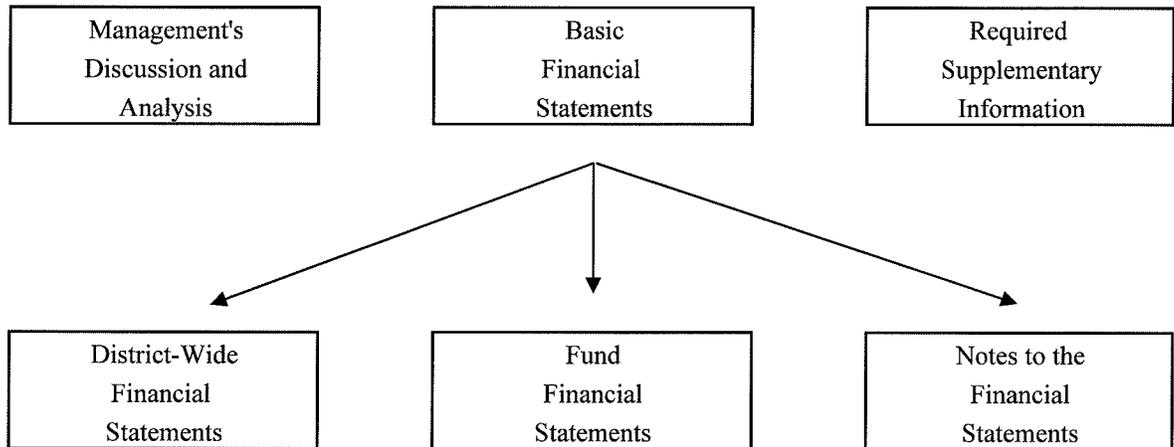


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

Figure A-2

## Major Features of the District-Wide and Fund Financial Statements

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

## District-Wide Statements

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

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

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

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

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

## Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

### Notes to Financial Statements

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

### Financial Analysis of the District as a Whole

Net Position. The District's net position is shown in Figure A-3. It is important to note here that depreciation of the District's capital assets is computed into the total. The depreciation factored into the District's net position for 2014-2015 is \$217,661. This same amount is also factored in as an expense in this audit.

Figure A-3

#### Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2014/15	2013/14*	2014/15	2013/14	2014/15	2013/14*	2014/15
Current and Other Assets	\$ 2,034,976	\$ 1,766,526	\$ 33,675	\$ 22,533	\$ 2,068,651	\$ 1,789,059	15.63%
Capital Assets, Net	9,280,345	8,820,195			9,280,345	8,820,195	5.22%
Total Assets	11,315,321	10,586,721	33,675	22,533	11,348,996	10,609,254	6.97%
Deferred Outflows of Resources	177,118				177,118		100.00%
Long-Term Debt Outstanding	3,563,654	4,214,932			3,563,654	4,214,932	-15.45%
Other Liabilities	33,168	3,622			33,168	3,622	815.74%
Total Liabilities	3,596,822	4,218,554			3,596,822	4,218,554	-14.74%
Deferred Inflows of Resources	346,706				346,706		100.00%
Net Position:							
Net Investment in Capital							
Assets	6,943,345	5,968,195			6,943,345	5,968,195	16.34%
Restricted	660,167	1,041,364			660,167	1,041,364	-36.61%
Unrestricted	(15,093)	(641,392)	33,675	22,533	18,582	(618,859)	-103.00%
Total Net Position	\$ 7,588,419	\$ 6,368,167	\$ 33,675	\$ 22,533	\$ 7,622,094	\$ 6,390,700	19.27%

\* Restated

*Changes in net position.* The District's combined net position was \$7,622,094 on June 30, 2015, \$1,231,394 or 19.27% more than it was the year before. (See Figure A-3). The reduction of District long-term debt associated with capital assets and the conservative spending of the District were the primary reasons for the increase in the year end governmental net position. The net position of the business-type activities increased \$11,142 (see Figure A-4).

**Figure A-4**  
**Changes in Net Position from Operating Results**

	Governmental		Business-Type		Total		Total
	Activities		Activities		School		Percentage
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	Change
Revenue:							
Program Revenue:							
Charges for Services			\$ 39,215	\$ 30,840	\$ 39,215	\$ 30,840	27.16%
Operating Grants and Contributions	\$ 2,045,127	\$ 1,010,506			2,045,127	1,010,506	102.39%
General Revenue:							
Property Taxes	8,589,407	8,449,658			8,589,407	8,449,658	1.65%
Unrestricted Federal and State Aid	240,742	221,028			240,742	221,028	8.92%
Other	47,545	13,756	64	60	47,609	13,816	244.59%
Total Revenue	10,922,821	9,694,948	39,279	30,900	10,962,100	9,725,848	12.71%
Expenses:							
Instruction	6,160,806	4,901,684			6,160,806	4,901,684	25.69%
Pupil & Instruction Services	1,624,210	1,726,958			1,624,210	1,726,958	-5.95%
Administrative and Business	836,172	797,677			836,172	797,677	4.83%
Maintenance & Operations	844,668	834,823			844,668	834,823	1.18%
Transportation	54,697	78,796			54,697	78,796	-30.58%
Other	182,016	159,674	28,137	43,256	210,153	202,930	3.56%
Total Expenses	9,702,569	8,499,612	28,137	43,256	9,730,706	8,542,868	13.90%
Change in Net Position	\$ 1,220,252	\$ 1,195,336	\$ 11,142	\$ (12,356)	\$ 1,231,394	\$ 1,182,980	4.09%

*Revenue Sources.* The District's total revenue for the 2014-2015 school year was \$10,962,100. (See Figure A-4). Property taxes accounted for most of the District's revenue, with local taxes accounting for \$8,589,407 of the total, or 78.36 percent. (See Figure A-5). Another 20.86 percent came from state formula aid and other state and federal aid and grants, and the remainder came from miscellaneous sources. Haworth Borough School District basically conducts its operations from the revenues it receives from its local taxpayers and state funding.

**Figure A-5**  
**Sources of Revenue for Fiscal Year 2015**

Sources of Income	Amount	Percentage
Operating Grants and Contributions	\$ 2,045,127	18.66%
Property Taxes	8,589,407	78.36%
Unrestricted Federal and State Aid	240,742	2.20%
Charges for Services	39,215	0.35%
Other	47,609	0.43%
	<u>\$ 10,962,100</u>	<u>100.00%</u>

The total cost of all programs and services was \$10,962,100. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (80.57 percent). (See Figure A-6). The District's administrative and business activities accounted for 8.59 percent of total costs.

**Figure A-6**  
**Expenses for Fiscal Year 2015**

Expense Category	Amount	Percentage
Instruction	\$ 6,160,806	63.32%
Pupil & Instruction Services	1,624,210	16.69%
Administrative and Business	836,172	8.59%
Maintenance & Operations	844,668	8.68%
Transportation	54,697	0.56%
Other	210,153	2.16%
	<u>\$ 9,730,706</u>	<u>100.00%</u>

### Governmental Activities

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

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

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

**Figure A-7****Net Cost of Governmental Activities**

	Total		Net	
	Cost of Services		Cost of Services	
	2014/15	2013/14	2014/15	2013/14
Instruction	\$ 6,160,806	\$ 4,901,684	\$ 4,314,540	\$ 4,194,149
Pupil & Instruction Services	1,624,210	1,726,958	1,454,490	1,538,254
Administrative and Business	836,172	797,677	836,172	741,414
Maintenance & Operations	844,668	834,823	835,527	789,176
Transportation	54,697	78,796	54,697	68,558
Other	182,016	159,674	162,016	157,555
<b>Total</b>	<b>\$ 9,702,569</b>	<b>\$ 8,499,612</b>	<b>\$ 7,657,442</b>	<b>\$ 7,489,106</b>

- The cost of all governmental activities this year was \$9.70 million.
- The federal and state governments subsidized certain programs with grants and contributions (\$2,285,869).
- Most of the District's costs (\$8.59 million), however, were financed by District taxpayers.
- The remainder of the funding came from charges for services, miscellaneous revenue and investment earnings.

**Business-Type Activities**

Net position from the District's business-type activity increased by \$11,142 which is due to an increase in revenues and a decrease in expenses from the prior year in the District's business-type activities (refer to Figure A-4).

**Financial Analysis of the District's Funds**

The District's financial position is relatively sound during a difficult economic environment. The significant reduction in State aid has had a direct impact upon the District's revenues and will directly increase pressure on the local tax burden. The District had the luxury in past years of using excess fund balance to reduce the taxes for the ensuing school year; however, legislation enacted has limited the amount of fund balance to 2% going forward. Accordingly, the Haworth District has taken measures to reduce expenditures and not be dependent on excess fund balance going forward which has been a challenge during 2014-2015 and will continue to be a larger challenge going forward.

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

**General Fund Budgetary Highlights**

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

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

## Capital Asset and Debt Administration

**Figure A-8**

### Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15
	Land	\$ 1,324,500	\$ 1,324,500			\$ 1,324,500	\$ 1,324,500
Construction in Progress		698,513				698,513	-100.00%
Site Improvements	404,877	335,970			404,877	335,970	20.51%
Buildings & Building Improvements	7,253,768	6,058,223			7,253,768	6,058,223	19.73%
Machinery and Equipment	297,200	402,989			297,200	402,989	-26.25%
<b>Total</b>	<b>\$ 9,280,345</b>	<b>\$ 8,820,195</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ 9,280,345</b>	<b>\$ 8,820,195</b>	<b>5.22%</b>

### Long-Term Debt

At year-end, the District had \$2,337,000 in general obligation bonds and \$102,930 in other long-term debt outstanding – a reduction of \$511,370 from last year – as shown in Figure A-9. (More detailed information about the District’s long-term liabilities is presented in Note 6 to the financial statements.)

**Figure A-9**

### Outstanding Long-Term Debt

	Total School District		Total Percentage Change
	2014/15	2013/14	2014/15
	General Obligation Bonds and Notes (Financed with Property Taxes)	\$ 2,337,000	\$ 2,852,000
Other Long Term Liabilities	102,930	99,300	3.66%
Net Pension Liability - PERS	1,123,724	1,263,632	-11.07%
<b>Total</b>	<b>\$ 3,563,654</b>	<b>\$ 4,214,932</b>	<b>-15.45%</b>

- The District continued to pay down its debt, retiring \$515,000 of general obligation bonds.
- The District experienced a net decrease of \$139,908 in net pension liability

### Factors Bearing on the District’s Future

The District closed the 2014-2015 fiscal year with an Unassigned General Fund balance of \$269,442, which equals the maximum of 2.00% currently permitted by state law. In addition, the District authorized the transfer of \$250,000, of which actual transfers were \$227,903, at year end from the General Fund to the Capital Reserve. The Capital Reserve represents funds set aside for capital building improvements and repairs in future years. Also, the calculation of the District’s excess surplus performed during the annual audit revealed no excess surplus at year end.

### Contacting the District’s Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

BOROUGH OF HAWORTH BOARD OF EDUCATION  
STATEMENT OF NET POSITION  
JUNE 30, 2015

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 1,526,533	\$ 33,675	\$ 1,560,208
Receivables:			
Other Governments	48,642		48,642
Restricted Assets:			
Cash and Cash Equivalents	459,801		459,801
Capital Assets Net:			
Sites (Land)	1,324,500		1,324,500
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	7,955,845		7,955,845
Total Assets	<u>11,315,321</u>	<u>33,675</u>	<u>11,348,996</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Changes in Assumptions - Pensions	35,336		35,336
Total Deferred Outflow of Resources	<u>35,336</u>		<u>35,336</u>
<b>LIABILITIES:</b>			
Accrued Interest	33,168		33,168
Noncurrent Liabilities:			
Due Within One Year	534,000		534,000
Due Beyond One Year	3,029,654		3,029,654
Total Liabilities	<u>3,596,822</u>		<u>3,596,822</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Investment Gains - Pensions	66,968		66,968
Changes in Proportion - Pensions	98,448		98,448
Total Deferred Inflow of Resources	<u>165,416</u>		<u>165,416</u>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	6,943,345		6,943,345
Restricted for:			
Capital Projects	658,570		658,570
Debt Service	1,597		1,597
Unrestricted (Deficit)	(15,093)	33,675	18,582
Total Net Position	<u>\$ 7,588,419</u>	<u>\$ 33,675</u>	<u>\$ 7,622,094</u>

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

BOROUGH OF HAWORTH BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Governmental Activities:</b>						
<b>Instruction:</b>						
Regular	\$ 4,980,945		\$ 1,317,400	\$ (3,663,545)		\$ (3,663,545)
Special Education	923,705		528,866	(394,839)		(394,839)
Other Special	256,156			(256,156)		(256,156)
<b>Support Services:</b>						
Tuition	257,840		89,745	(168,095)		(168,095)
Student & Instruction Related Services	1,366,370		79,975	(1,286,395)		(1,286,395)
General Administrative Services	350,864			(350,864)		(350,864)
School Administrative Services	265,121			(265,121)		(265,121)
Central Services	177,031			(177,031)		(177,031)
Administrative Technology Services	43,156			(43,156)		(43,156)
Plant Operations and Maintenance	844,668		9,141	(835,527)		(835,527)
Pupil Transportation	54,697			(54,697)		(54,697)
Interest on Long-Term Debt	148,173			(148,173)		(148,173)
Capital Outlay	33,843		20,000	(13,843)		(13,843)
Total Governmental Activities	9,702,569		2,045,127	(7,657,442)		(7,657,442)

BOROUGH OF HAWORTH BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:						
Afterschool Latchkey Program	\$ 28,137	\$ 39,215			\$ 11,078	\$ 11,078
Total Business-Type Activities	28,137	39,215			11,078	11,078
Total Primary Government	<u>9,730,706</u>	<u>39,215</u>	<u>\$ 2,045,127</u>	<u>\$ (7,657,442)</u>	<u>11,078</u>	<u>(7,646,364)</u>
General Revenue:						
Taxes:						
Property Taxes, Levied for General Purposes				8,059,443		8,059,443
Taxes Levied for Debt Service				529,964		529,964
Federal and State Aid not Restricted				240,742		240,742
Miscellaneous Income				47,545	64	47,609
Total General Revenue				<u>8,877,694</u>	<u>64</u>	<u>8,877,758</u>
Change in Net Position				1,220,252	11,142	1,231,394
Net Position - Beginning (Restated)				<u>6,368,167</u>	<u>22,533</u>	<u>6,390,700</u>
Net Position - Ending				<u>\$ 7,588,419</u>	<u>\$ 33,675</u>	<u>\$ 7,622,094</u>

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

FUND FINANCIAL STATEMENTS

BOROUGH OF HAWORTH BOARD OF EDUCATION  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

	General Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 779,288	\$ 747,245		\$ 1,526,533
Interfund Receivable	659		\$ 2,256	2,915
Receivables From State Government	48,642			48,642
Restricted Cash and Cash Equivalents	459,801			459,801
<b>Total Assets</b>	<b>\$ 1,288,390</b>	<b>\$ 747,245</b>	<b>\$ 2,256</b>	<b>\$ 2,037,891</b>
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>Liabilities:</b>				
Interfunds Payable		\$ 2,256	\$ 659	\$ 2,915
<b>Total Liabilities</b>		<b>2,256</b>	<b>659</b>	<b>2,915</b>
<b>Fund Balances:</b>				
<b>Restricted:</b>				
Capital Reserve Account	\$ 459,801			459,801
Capital Projects Fund		198,769		198,769
Debt Service Fund			1,597	1,597
<b>Assigned:</b>				
Year-end Encumbrances	172,695	546,220		718,915
For Subsequent Year's Expenditures	386,452			386,452
Unassigned Fund Balance	269,442			269,442
<b>Total Fund Balances</b>	<b>1,288,390</b>	<b>744,989</b>	<b>1,597</b>	<b>2,034,976</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,288,390</b>	<b>\$ 747,245</b>	<b>\$ 2,256</b>	

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

Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$13,762,740 and the accumulated depreciation is \$4,482,395.	9,280,345
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.	(33,168)
Long-term liabilities, including bonds payable and other long-term liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(2,439,930)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(1,123,724)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Changes in Assumptions - Pensions	35,336
Investment Gains - Pensions	(66,968)
Changes in Proportions - Pensions	(98,448)
<b>Net Position of Governmental Activities</b>	<b>\$ 7,588,419</b>

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

BOROUGH OF HAWORTH BOARD OF EDUCATION  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Local Sources:					
Local Tax Levy	\$ 8,059,443			\$ 529,964	\$ 8,589,407
Interest on Capital Reserve	500				500
Interest on Investments	2,258		\$ 932		3,190
Miscellaneous	23,855	\$ 20,000			43,855
Total - Local Sources	8,086,056	20,000	932	529,964	8,636,952
State Sources	1,053,986		177,150	83,592	1,314,728
Federal Sources		91,197			91,197
Total Revenues	9,140,042	111,197	178,082	613,556	10,042,877
<b>EXPENDITURES:</b>					
Current:					
Regular Instruction	2,901,190				2,901,190
Special Education Instruction	540,589	1,452			542,041
Other Special Instruction	168,237				168,237
Support Services and Undistributed Costs:					
Tuition	168,095	89,745			257,840
Student & Instruction Related Services	1,092,208				1,092,208
General Administrative Services	298,418				298,418
School Administrative Services	211,154				211,154
Central Services	157,710				157,710
Administrative Information Technology	37,809				37,809
Plant Operations and Maintenance	771,955				771,955
Pupil Transportation	54,697				54,697
Unallocated Benefits	1,960,340				1,960,340
Debt Service:					
Principal				515,000	515,000
Interest and Other Charges				115,005	115,005

BOROUGH OF HAWORTH BOARD OF EDUCATION  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Capital Outlay	\$ 34,788	\$ 20,000	\$ 632,413		\$ 687,201
Total Expenditures	8,397,190	111,197	632,413	\$ 630,005	9,770,805
Excess/(Deficiency) of Revenue over Expenditures	742,852		(454,331)	(16,449)	272,072
OTHER FINANCING SOURCES/(USES):					
Transfers In	165,473		1,175,098	932	1,341,503
Transfers Out	(1,175,098)		(166,405)		(1,341,503)
Total Other Financing Sources/(Uses)	(1,009,625)		1,008,693	932	
Net Change in Fund Balances	(266,773)		554,362	(15,517)	272,072
Fund Balance - July 1	1,555,163		190,627	17,114	1,762,904
Fund Balance - June 30	<u>\$ 1,288,390</u>	<u>\$ -0-</u>	<u>\$ 744,989</u>	<u>\$ 1,597</u>	<u>\$ 2,034,976</u>

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

BOROUGH OF HAWORTH BOARD OF EDUCATION  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ 272,072

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

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

Depreciation Expense	\$	(217,661)
Fixed Asset Deletions		(5,147)
Capital Asset Additions		<u>682,958</u>

460,150

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when accrued, regardless of when due. In the governmental funds, interest is reported when due. When the accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+). (33,168)

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 (+). (3,630)

Repayment of serial bonds is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities. 515,000

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

Change in Net Pension Liability		139,908
Deferred Outflows:		
Changes in Assumptions		35,336
Deferred Inflows:		
Changes in Proportion		(98,448)
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		<u>(66,968)</u>

Change in Net Position of Governmental Activities (Exhibit A-2) \$ 1,220,252

BOROUGH OF HAWORTH BOARD OF EDUCATION  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2015

	<u>Business-Type Activities Enterprise Fund</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 33,675
Total Current Assets	<u>33,675</u>
Total Assets	<u>33,675</u>
<u>NET ASSETS:</u>	
Unrestricted	<u>33,675</u>
Total Net Position	<u><u>\$ 33,675</u></u>

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

BOROUGH OF HAWORTH BOARD OF EDUCATION  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Business-Type Activities - After School Latchkey Program</u>
Operating Revenue:	
Charges for Services:	
Program Fees	\$ 39,215
Total Operating Revenue	39,215
Operating Expenses:	
General Supplies	28,137
Total Operating Expenses	28,137
Operating Income	11,078
Non-Operating Revenue:	
Local Sources:	
Interest Revenue	64
Total Non-Operating Revenue	64
Change in Net Position	11,142
Net Position - Beginning of Year	22,533
Net Position - End of Year	\$ 33,675

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

BOROUGH OF HAWORTH BOARD OF EDUCATION  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Business-Type Activities - After School Latchkey Program</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 39,215
Payments to Suppliers	<u>(28,137)</u>
Net Cash Provided by Operating Activities	<u>11,078</u>
Cash Flows by Noncapital Financing Activities:	
Interest Revenue	<u>64</u>
Net Cash Provided by Noncapital Financing Activities	<u>64</u>
Net Increase in Cash and Cash Equivalents	11,142
Cash and Cash Equivalents, July 1	<u>22,533</u>
Cash and Cash Equivalents, June 30	<u>\$ 33,675</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	<u>\$ 11,078</u>
Net Cash Provided by Operating Activities	<u>\$ 11,078</u>

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

BOROUGH OF HAWORTH BOARD OF EDUCATION  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
JUNE 30, 2015

	<u>Agency Funds</u>	<u>Flexible Spending Trust</u>
<u>ASSETS:</u>		
Cash and Cash Equivalents	\$ 35,725	\$ 9,912
Total Assets	<u>35,725</u>	<u>9,912</u>
<u>LIABILITIES:</u>		
Payroll Deductions and Withholdings Due to Student Groups	1,173 <u>34,552</u>	<u>                    </u>
Total Liabilities	<u>35,725</u>	<u>                    </u>
<u>NET POSITION:</u>		
Held in Trust for Flexible Spending Claims	<u>                    </u>	9,912
Total Net Position	<u>\$ -0-</u>	<u>\$ 9,912</u>

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

BOROUGH OF HAWORTH BOARD OF EDUCATION  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Flexible Spending Trust</u>
<b>ADDITIONS:</b>	
Contributions:	
Plan Member	\$ 22,231
Total Contributions	<u>22,231</u>
Investment Earnings:	
Interest	20
Net Investment Earnings	<u>20</u>
Total Additions	<u>22,251</u>
<b>DEDUCTIONS:</b>	
Flexible Spending Claims	<u>20,761</u>
Total Deductions	<u>20,761</u>
Change in Net Assets	1,490
Net Position - Beginning of the Year	<u>8,422</u>
Net Position - End of the Year	<u><u>\$ 9,912</u></u>

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

HAWORTH BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

HAWORTH BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
 (Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

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

The District reports the following governmental funds:

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

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

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

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

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

HAWORTH BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

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

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary fund:

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

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting:

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

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

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

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

HAWORTH BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2015 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget Amendments/Transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

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

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

The Capital Projects Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of SDA grants receivable. SDA grants are recognized on the budgetary basis in full when they are awarded but are recognized on the GAAP basis as they are expended and requested for reimbursement.

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 9,118,255	\$ 111,197
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements not Recognized for Budgetary Purposes	36,893	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(15,106)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 9,140,042	\$ 111,197

HAWORTH BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

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

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

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 8,397,190	\$ 111,197
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 8,397,190	\$ 111,197
		Capital Projects Fund
		Fund Balance
Summary Schedule of Revenue, Expenditures and Changes in Fund Balance (Budgetary Basis) (per Exhibit F-1)		\$ 198,769
Reconciliation to Governmental Funds Statement (GAAP):		
Encumbrances for Supplies and Equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes:		
Current Year		546,220
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds (GAAP Basis) (per Exhibit B-2)		\$ 744,989

E. Cash and Cash Equivalents, and Investments:

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

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

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

HAWORTH BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

HAWORTH BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

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

K. Capital Assets:

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

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

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

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

L. Long Term Liabilities:

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

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2015.

N. Compensated Absences:

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

HAWORTH BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

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

N. Compensated Absences: (Cont'd)

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

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

O. Unearned Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$1,288,390 General Fund fund balance at June 30, 2015, \$172,695 is assigned for encumbrances; \$459,801 is restricted in the capital reserve account; \$386,452 is designated for subsequent year's expenditures; and \$269,442 is unassigned which is \$15,106 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final state aid payments, which are not recognized until the fiscal year ended June 30, 2016.

Capital Projects Fund: The Capital Projects Fund has \$198,769 committed fund balance and \$546,220 assigned fund balance for encumbrances at June 30, 2015.

Debt Service Fund: The Debt Service Fund has \$1,597 restricted fund balance at June 30, 2015.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2003, c.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996(CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had no excess surplus at June 30, 2015.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$15,106 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event state school aid payments are not made until the following school budget year, districts must record the state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last state aid payments.

HAWORTH BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
 (Continued)

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

Q. Deficit in Net Position:

The District had a deficit in the governmental activities unrestricted net position at June 30, 2015 of \$15,093. This deficit primarily resulted from investment gains in pensions of \$ 66,968, changes in proportion in pensions of \$ 98,448, and net pension liability of \$1,123,724; net of \$35,336 for changes in pension assumptions. This deficit does not indicate that the District is facing financial difficulties and is a permitted practice under generally accepted accounting principals.

R. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred inflows at June 30, 2015 for the changes in proportion in pension and the net difference between projected and actual investment earning on pension plan investments and deferred outflows of resources for changes in assumptions in pensions.

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

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

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

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

S. Fund Balance Restrictions, Commitments and Assignments:

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

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

HAWORTH BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

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

S. Fund Balance Restrictions, Commitments and Assignments: (Cont'd)

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has committed resources in the capital projects fund at June 30, 2015.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for subsequent year's expenditures and for year-end encumbrances in the General Fund at June 30, 2015.

T. Revenue - Exchange and Nonexchange Transactions:

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

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

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

U. Operating Revenue and Expenses:

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

V. Management Estimates:

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

HAWORTH BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

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

W. Pensions

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40 *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents, and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

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

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

Deposits:

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

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

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

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

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

HAWORTH BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in statute; and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2015, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Total
Checking and Savings Accounts	\$ 1,605,845	\$ 459,801	\$ 2,065,646
	\$ 1,605,845	\$ 459,801	\$ 2,065,646

The carrying amount of the Board's cash and cash equivalents at June 30, 2015, was \$2,065,646 and the bank balance was \$2,373,246. The District did not hold any investments during the fiscal year ended June 30, 2015.

HAWORTH BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT

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

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

The activity of the capital reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Balance at June 30, 2014	\$ 833,623
Increased by:	
Interest Earned	348
Transfer from Capital Outlay	80,216
Transfer from Capital Projects	165,473
Board Resolution - June 30, 2015	227,904
Decreased by:	
Budgeted Withdrawal	<u>(847,763)</u>
Balance at June 30, 2015	<u><u>\$ 459,801</u></u>

The June 30, 2015 LRFP balance of local support costs of uncompleted capital projects exceeds the balance in the capital reserve account at June 30, 2015. There was a budgeted withdrawal from the capital reserve account for the use in a DOE approved facilities project, consistent with the District's Long Range Facility Program.

HAWORTH BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2015 were as follows:

	Beginning Balance	Additions	Adjustments/ Deletions	Ending Balance
Governmental Activities:				
Capital Assets not being Depreciated:				
Sites (Land)	\$ 1,324,500			\$ 1,324,500
Construction in Progress	698,513		\$ (698,513)	-0-
Total Capital Assets not Being Depreciated	<u>2,023,013</u>		<u>(698,513)</u>	<u>1,324,500</u>
Capital Assets Being Depreciated				
Site Improvements	666,400	\$ 107,244		773,644
Buildings and Building Improvements	9,795,053	548,483	698,513	9,645,023
Machinery and Equipment	624,916	27,231	(29,600)	622,547
Total Capital Assets Being Depreciated	<u>11,086,369</u>	<u>682,958</u>	<u>668,913</u>	<u>11,041,214</u>
Governmental Activities Capital Assets	<u>13,109,382</u>	<u>682,958</u>	<u>(29,600)</u>	<u>12,365,714</u>
Less Accumulated Depreciation for:				
Site Improvements	(330,430)	(38,337)		(368,767)
Buildings and Building Improvements	(3,736,830)	(51,451)		(3,788,281)
Machinery and Equipment	(221,927)	(127,873)	24,453	(325,347)
Total Accumulated Depreciation	<u>(4,289,187)</u>	<u>(217,661)</u>	<u>24,453</u>	<u>(4,482,395)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 8,820,195</u>	<u>\$ 465,297</u>	<u>\$ (5,147)</u>	<u>\$ 7,883,319</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 167,512
Special Education Instruction	9,751
Other Special Instruction	15,258
Student and Instruction Related Services	3,896
School Administrative Services	3,896
General Administrative Services	12,668
Plant Operations and Maintenance	4,680
	<u>\$ 217,661</u>

HAWORTH BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 6. GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2015, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2014	Issued/ Accrued	Retired	Balance 6/30/2015	Amounts Due in a Year
Serial Bonds Payable	\$2,852,000		\$ 515,000	\$2,337,000	\$ 525,000
Compensated Absences Payable	99,300	\$ 15,630	12,000	102,930	9,000
Net Pension Liability - PERS	1,263,632		139,908	1,123,724	
	<u>\$4,214,932</u>	<u>\$ 15,630</u>	<u>\$ 666,908</u>	<u>\$3,563,654</u>	<u>\$ 534,000</u>

A. Bonds Payable:

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

The District had bonds outstanding as of June 30, 2015 as follows:

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
8/15/2019	3.800%-4.000%	\$ 1,247,000
2/15/2019	4.000%-5.000%	1,090,000
		<u>\$ 2,337,000</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2016	\$ 525,000	\$ 94,755	\$ 619,755
2017	520,000	74,130	594,130
2018	520,000	50,755	570,755
2019	525,000	27,255	552,255
2020	247,000	4,940	251,940
	<u>\$ 2,337,000</u>	<u>\$ 251,835</u>	<u>\$ 2,588,835</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2015, the Board has no bonds authorized but not issued.

HAWORTH BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 6. GENERAL LONG-TERM DEBT (Cont'd)

C. Capital Leases Payable:

The District had no capital leases in effect during the fiscal year ended June 30, 2015.

D. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded as a long-term liability. The current portion of the compensated absences balance of the governmental funds in the current year is \$9,000. The long-term liability balance of compensated absences is \$93,930. The General Fund will be used to liquidate compensated absences payable.

The liability for vested compensated balances of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2015, no liability existed for compensated absences in the proprietary fund.

E. Net Pension Liability

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2015 is \$-0- and the long-term portion is \$1,123,724. See Note 8 for further information on the PERS.

NOTE 7. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

<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

HAWORTH BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$40,164 for fiscal year 2015.

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2015, the District reported a liability of \$1,123,724 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2014, the District's proportion was 0.006%, which was a decrease of 0.001% from its proportion measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the District recognized pension expense of \$90,112. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

HAWORTH BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 35,336	
Changes in Proportion		\$ 98,448
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		66,968
	\$ 35,336	\$ 165,416

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

Fiscal Year Ending June 30,	Total
2015	\$ (10,246)
2016	(10,246)
2017	(10,246)
2018	(10,247)
2019	6,495
Thereafter	2,858
	\$ (31,632)

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15 – 4.40% based on age
Thereafter	3.15 – 5.40% based on age
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

HAWORTH BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Actuarial Assumptions (Cont'd)

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments 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. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad U.S. Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

Discount Rate

The discount rate used to measure the total pension liability was 5.39% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 4.29% as of June 30, 2014 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

HAWORTH BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2014 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2014		
	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
District's proportionate share of the Net Pension Liability	\$ 1,413,684	\$ 1,123,724	\$ 880,233

Pension plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

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

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

HAWORTH BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014, the State's pension contribution was less than the actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2015, the State of New Jersey contributed \$196,381 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$1,076,325.

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2015, the State's proportionate share of the net pension liability associated with the District was \$20,002,551. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2014, the District's proportion was 0.037%, which was a decrease of 0.002% from its proportion measured as of June 30, 2013.

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		20,002,551
Total	\$	20,002,551

For the fiscal year ended June 30, 2014, the State recognized pension expense on behalf of the District in the amount of \$1,288,038 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2015 financial statements.

HAWORTH BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

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

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 2,306,623,861	
Difference Between Expected and Actual Experience		\$ 21,969,019
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		1,741,236,574
	\$ 2,306,623,861	\$ 1,763,205,593

The \$2,306,623,861 reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$21,969,019 reported as reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$1,741,236,574 reported as a deferred inflow of resources resulting from the difference between projected and actual investment earnings on pension plan investments will be amortized over 5 years.

Fiscal Year Ending June 30,	Total
2016	\$ (130,688,498)
2017	(130,688,498)
2018	(130,688,498)
2019	(130,688,496)
2020	304,620,646
Thereafter	761,551,612
	\$ 543,418,268

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%

HAWORTH BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Actuarial Assumptions (Cont'd)

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments 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. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 is summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-U.S. Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad U.S. Equities	25.90%	5.88%
Large CAP U.S. Equities	0.00%	5.62%
Mid CAP U.S. Equities	0.00%	6.39%
Small CAP U.S. Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

HAWORTH BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.68% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 4.29% as of June 30, 2014 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the net pension liability of the State as of June 30, 2014 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2014		
	1% Decrease (3.68%)	Current Discount Rate (4.68%)	1% Increase (5.68%)
Total Net Pension Liability	\$ 64,722,984,539	\$53,813,067,539	\$44,738,870,539

Pension Plan Fiduciary Net Position - TPAF

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

NOTE 8. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and 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. Chapter 103 of Public Law amended the law to eliminate the funding of post-retirement medical benefits through TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees receiving post-retirement medical benefits, and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

HAWORTH BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 8. POST-RETIREMENT BENEFITS (Cont'd)

The State's on behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$311,754, \$259,591 and \$284,269 for 2015, 2014 and 2013 respectively.

NOTE 9. DEFERRED COMPENSATION

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

The plan administrators are as follows:

TD Bank/Legend	Equitable
Metropolitan Life Insurance Company	Valic

NOTE 10. RISK MANAGEMENT

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

Property and Liability

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

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

HAWORTH BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 10. RISK MANAGEMENT(Cont'd)

The June 30, 2015 financial information was not available as of the date of the audit. Selected summarized financial information for the Group as of June 30, 2014 is as follows:

Total Assets	\$ 25,219,616
Net Position	\$ 16,531,754
Total Revenue	\$ 12,384,255
Total Expenses	\$ 9,783,929
Change in Net Position	\$ 2,600,326
Members Dividends	\$ 1,300,000

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

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

New Jersey Unemployment Compensation Insurance

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

NOTE 11. ECONOMIC DEPENDENCY

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

NOTE 12. TAX CALENDAR

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

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

HAWORTH BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 13. COMMITMENTS AND CONTINGENCIES

Grant Programs

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

Encumbrances

At June 30, 2015, there were encumbrances as detailed below in the governmental funds.

General Fund	Capital Projects Fund	Total Governmental Funds
\$ 172,695	\$ 546,220	\$ 718,915

Litigation

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

NOTE 14. INTERFUND RECEIVABLES AND PAYABLES

The District had the following interfunds payables or receivables on their various balance sheets as of June 30, 2015:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 659	
Capital Projects Fund		\$ 2,256
Debt Service Fund	2,256	659
	\$ 2,915	\$ 2,915

The general fund is owed \$659 from the debt service fund for funds forwarded to pay expenses and will be returned to general fund when available. The \$2,256 due to the debt service fund is for interest earned in the capital projects fund.

HAWORTH BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 19. PRIOR PERIOD ADJUSTMENTS

The District made a prior year adjustment in the District Wide Financial Statements to record the net pension liability as of June 30, 2014 as a result of implementing Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

	Balance 6/30/14 as Previously Reported	Retroactive Adjustments	Balance 6/30/14 as Restated
<u>Statement of Net Assets:</u>			
<u>Governmental Activities:</u>			
Statement of Net Position:			
Liabilities:			
Non-Current Liabilities	\$ 2,951,300	\$ 1,263,632	\$ 4,214,932
Total Liabilities	2,954,922	1,263,632	4,218,554
Net Position:			
Unrestricted/(Deficit)	622,240	(1,263,632)	(641,392)
Total Net Position	7,631,799	(1,263,632)	6,368,167

SCHEDULES OF REQUIRED  
SUPPLEMENTARY INFORMATION

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

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
District's proportion of the net pension liability	0.0066117253%	0.0060019245%
District's proportionate share of the net pension liability	\$ 1,263,632	\$ 1,123,724
District's covered employee payroll	\$ 570,232	\$ 717,223
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	221.60%	156.68%
Plan fiduciary net position as a percentage of the total pension liability	48.72%	52.08%

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

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

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$ 61,393	\$ 49,479
Contributions in relation to the contractually required contribution	<u>(61,393)</u>	<u>(49,479)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 570,232	\$ 717,223
Contributions as a percentage of covered employee payroll	10.77%	6.90%

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

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

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
State's proportion of the net pension liability attributable to the District	0.0389071768%	0.0374251988%
State's proportionate share of the net pension liability attributable to the District	\$ 19,663,381	\$ 20,002,551
District's covered employee payroll	\$ 3,766,281	\$ 3,779,559
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	522.09%	529.23%
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%

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

HAWORTH BOARD OF EDUCATION  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.55% as of June 30, 2013 to 5.39% as of June 30, 2014 in accordance with Paragraph 44 of GASB Statement No. 67.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.95% as of June 30, 2013 to 4.68% as of June 30, 2014 in accordance with Paragraph 44 of GASB Statement No. 67.

BUDGETARY COMPARISON SCHEDULES

BOROUGH OF HAWORTH BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 8,059,443		\$ 8,059,443	\$ 8,059,443	
Interest Earned on Capital Reserve	500		500	500	
Tuition - Other				2,258	\$ 2,258
Miscellaneous	13,500		13,500	23,855	10,355
Total - Local Sources	<u>8,073,443</u>		<u>8,073,443</u>	<u>8,086,056</u>	<u>12,613</u>
State Sources:					
Special Education Aid	186,749		186,749	186,749	
Transportation Aid	6,531		6,531	6,531	
Security Aid	6,257		6,257	6,257	
Adjustment Aid	2,010		2,010	2,010	
PARCC Readiness Aid	4,310		4,310	4,310	
Per Pupil Growth Aid	4,310		4,310	4,310	
Extraordinary Aid	5,727		5,727	37,666	31,939
Non Public Transportation Aid				2,610	2,610
On-Behalf TPAF Pension Plans (Non-Budgeted)				196,381	196,381
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				311,754	311,754
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				273,621	273,621
Total State Sources	<u>215,894</u>		<u>215,894</u>	<u>1,032,199</u>	<u>816,305</u>
TOTAL REVENUES	<u>8,289,337</u>		<u>8,289,337</u>	<u>9,118,255</u>	<u>828,918</u>

BOROUGH OF HAWORTH BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)  
(Continued)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten	\$ 166,548	\$ 1,010	\$ 167,558	\$ 167,468	\$ 90
Grades 1-5	958,806	13,000	971,806	971,308	498
Grades 6-8	1,380,621	(118,580)	1,262,041	1,231,213	30,828
Regular Programs - Home Instruction:					
Salaries of Teachers	2,000	1,000	3,000	2,300	700
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	331,485	(13,286)	318,199	316,939	1,260
Purchased Professional - Educational Services	10,000	98,350	108,350	85,473	22,877
Purchased Technical Services	41,838	1,206	43,044	43,044	
Other Purchased Services	2,106	(1,350)	756		756
General Supplies	95,811	(21,951)	73,860	68,978	4,882
Textbooks	26,450	(15,485)	10,965	9,943	1,022
Other Objects	1,250	3,436	4,686	4,524	162
Total Regular Programs	<u>3,016,915</u>	<u>(52,650)</u>	<u>2,964,265</u>	<u>2,901,190</u>	<u>63,075</u>
Special Education:					
Resource Room/Resource Center:					
Salaries of Teachers	523,641	16,000	539,641	539,569	72
General Supplies	2,500		2,500	1,020	1,480
Other Objects	300		300		300
Total Resource Room/Resource Center/Total Special Education	<u>526,441</u>	<u>16,000</u>	<u>542,441</u>	<u>540,589</u>	<u>1,852</u>

BOROUGH OF HAWORTH BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)  
(Continued)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
School-Sponsored Co/Extra-Curr. Activities-Instruction					
Salaries	\$ 25,000	\$ 2,250	\$ 27,250	\$ 27,250	
Purchased Services	5,282	(5,000)	282		\$ 282
Supplies and Materials	3,920	(2,750)	1,170	1,137	33
Other Objects	5,000		5,000	3,719	1,281
	<u>39,202</u>	<u>(5,500)</u>	<u>33,702</u>	<u>32,106</u>	<u>1,596</u>
Bilingual Education:					
Salaries of Teachers	114,647		114,647	114,647	
General Supplies	475		475	127	348
	<u>115,122</u>		<u>115,122</u>	<u>114,774</u>	<u>348</u>
Other Instructional Programs - Instruction:					
Summer School Program: Salaries of Teachers	12,000	10,000	22,000	21,357	643
	<u>12,000</u>	<u>10,000</u>	<u>22,000</u>	<u>21,357</u>	<u>643</u>
Total Other Instructional Programs - Instruction:					
	<u>12,000</u>	<u>10,000</u>	<u>22,000</u>	<u>21,357</u>	<u>643</u>
Total Instruction	<u>3,709,680</u>	<u>(32,150)</u>	<u>3,677,530</u>	<u>3,610,016</u>	<u>67,514</u>

BOROUGH OF HAWORTH BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)  
(Continued)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Instruction:					
Tuition to CSSD & Reg. Day School	\$ 94,893		\$ 94,893	\$ 54,900	\$ 39,993
Tuition to Other LEAS Within the State - Special	201,815	\$ (25,800)	176,015	113,195	62,820
Tuition to Private Schools for the Disabled - Within State	75,114	(7,500)	67,614	67,614	67,614
Total Instruction	<u>371,822</u>	<u>(33,300)</u>	<u>338,522</u>	<u>168,095</u>	<u>170,427</u>
Attendance and Social Work:					
Salaries	47,475	(2,000)	45,475	44,703	772
Purchased Professional & Tech. Services	1,500	(550)	950	475	475
Supplies and Materials	124		124	44	80
Total Attendance and Social Work	<u>49,099</u>	<u>(2,550)</u>	<u>46,549</u>	<u>45,222</u>	<u>1,327</u>
Health Services:					
Salaries	94,417	(39,910)	54,507	52,878	1,629
Purchased Professional and Technical Services	4,240	27,510	31,750	31,367	383
Other Purchased Services	500		500	144	356
Supplies and Materials	2,454	(250)	2,204	2,146	58
Total Health Services	<u>101,611</u>	<u>(12,650)</u>	<u>88,961</u>	<u>86,535</u>	<u>2,426</u>
Other Support Services - Speech, OT, PT and Related Services:					
Salaries	118,291	(1,500)	116,791	114,424	2,367
Purchased Professional - Educational Services	67,926	(12,542)	55,384	51,527	3,857
Supplies and Materials	800		800	796	4
Total Other Support Services - Speech, OT, PT and Related Services	<u>187,017</u>	<u>(14,042)</u>	<u>172,975</u>	<u>166,747</u>	<u>6,228</u>
Other Support Services - Extra Services					
Supplies and Materials	500		500		500
Total Other Support Services - Extra Services	<u>500</u>		<u>500</u>		<u>500</u>

BOROUGH OF HAWORTH BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)  
(Continued)

EXPENDITURES:	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Current Expense:					
Undistributed Expenditures:					
Other Support Services - Guidance:					
Salaries of Other Professional Staff	\$ 57,720	\$ 19,928	\$ 77,648	\$ 57,720	\$ 19,928
Salaries of Secretarial and Clerical Assistants	60,343	10,190	70,533	70,157	376
Purchased Professional - Educational Services	2,275	(1,000)	1,275	1,144	131
Supplies and Materials	3,250		3,250	2,124	1,126
Total Other Support Services - Guidance	<u>123,588</u>	<u>29,118</u>	<u>152,706</u>	<u>131,145</u>	<u>21,561</u>
Other Support Services - Child Study Team:					
Salaries of Other Professional Staff	319,046	3,238	322,284	321,118	1,166
Salaries of Secretarial and Other Clerical Assistants	42,600	(380)	42,220	41,359	861
Purchased Professional - Educational Services	20,335	8,440	28,775	28,680	95
Other Purchased Services	500	(500)			
Supplies and Materials	7,925	(25)	7,900	7,569	331
Other Objects	900		900	820	80
Total Other Support Services - Child Study Team	<u>391,306</u>	<u>10,773</u>	<u>402,079</u>	<u>399,546</u>	<u>2,533</u>
Improvement of Instructional Services:					
Purchased Professional and Educational Services	12,700	(3,870)	8,830	8,827	3
Salary of Supervisor of Instruction	52,639	25,088	77,727	77,657	70
Supplies and Materials	2,940	(2,700)	240	223	17
Other Objects	500		500	129	371
Other Purchased Professional and Technical Services	50,000	(18,718)	31,282	30,800	482
Total Improvement of Instructional Services	<u>118,779</u>	<u>(200)</u>	<u>118,579</u>	<u>117,636</u>	<u>943</u>
Educational Media Services/School Library:					
Salaries	90,868	1,500	92,368	92,368	
Supplies and Materials	7,180	1,300	8,480	8,142	338
Total Educational Media Services/School Library	<u>98,048</u>	<u>2,800</u>	<u>100,848</u>	<u>100,510</u>	<u>338</u>

BOROUGH OF HAWORTH BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)  
(Continued)

EXPENDITURES:	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Current Expense:					
Undistributed Expenditures:					
Instructional Staff Training Services:					
Other Purchased Services (400-500 series)	\$ 3,000	\$ 1,200	\$ 4,200	\$ 3,989	\$ 211
Purchased Professional and Educational Services	35,162	9,500	44,662	40,878	3,784
Total Instructional Staff Training Services	<u>38,162</u>	<u>10,700</u>	<u>48,862</u>	<u>44,867</u>	<u>3,995</u>
Support Services - General Administration:					
Salaries	146,179	18,000	164,179	163,212	967
Legal Services	20,853	6,062	26,915	26,659	256
Other Purchased Professional Services	1,250	(268)	982	982	
Audit Fees	15,500	(500)	15,000	15,000	
Architectural / Engineering Services	6,000	(5,062)	938		938
Purchased Technical Services	2,500	7,500	10,000	9,265	735
Communications/Telephone	36,310	(13,332)	22,978	21,996	982
BOE Other Purchased Services	1,500	1,250	2,750	2,466	284
BOE Membership Dues and Fees	5,085	(589)	4,496	4,496	
Miscellaneous Purchased Services (400-500 series)	26,485	10,840	37,325	35,858	1,467
General Supplies	7,000	4,600	11,600	11,286	314
Miscellaneous Expenditures	2,199	4,999	7,198	7,198	
Total Support Services - General Administration	<u>270,861</u>	<u>33,500</u>	<u>304,361</u>	<u>298,418</u>	<u>5,943</u>
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	174,896	(4,500)	170,396	149,360	21,036
Salaries of Secretarial and Clerical Assistants	24,660	26,119	50,779	50,720	59
Purchased Professional and Technical Services	1,616	3,000	4,616	3,687	929
Other Purchased Services	1,000		1,000	457	543
Supplies and Materials	10,550	(5,119)	5,431	5,405	26
Other Objects	1,080	500	1,580	1,525	55
Total Support Services - School Administration	<u>213,802</u>	<u>20,000</u>	<u>233,802</u>	<u>211,154</u>	<u>22,648</u>

BOROUGH OF HAWORTH BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)  
(Continued)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current Expense:					
Undistributed Expenditures:					
Central Services:					
Salaries	\$ 80,640	\$ 1,000	\$ 81,640	\$ 76,540	\$ 5,100
Purchased Professional Services	45,000	15,000	60,000	60,000	
Purchased Technical Services	15,000	(493)	14,507	14,397	110
Other Purchased Services	400	993	1,393	1,228	165
Supplies & Materials	9,563	(3,350)	6,213	5,320	893
Miscellaneous Expenditures	980		980	225	755
Total Central Services	<u>151,583</u>	<u>13,150</u>	<u>164,733</u>	<u>157,710</u>	<u>7,023</u>
Administrative Information Technology Services:					
Salaries		21,350	21,350	21,182	168
Supplies & Materials	1,960	650	2,610	2,456	154
Purchased Technical Services	32,426	(18,150)	14,276	14,171	105
Total Administrative Information Technology Services	<u>34,386</u>	<u>3,850</u>	<u>38,236</u>	<u>37,809</u>	<u>427</u>
Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	87,313	17,441	104,754	98,039	6,715
General Supplies	20,700	(4,841)	15,859	15,859	
Total Required Maintenance for School Facilities	<u>108,013</u>	<u>12,600</u>	<u>120,613</u>	<u>113,898</u>	<u>6,715</u>
Custodial Services:					
Salaries	241,812	18,500	260,312	234,140	26,172
Salaries of Non-Instructional Aides	108,245	(67,272)	40,973	37,445	3,528
Cleaning, Repair, and Maintenance	16,069	11,700	27,769	22,623	5,146
Other Purchased Property Services	31,384	9,663	41,047	40,140	907
Insurance	79,678	5,308	84,986	84,986	
General Supplies	27,828	12,000	39,828	38,648	1,180
Other Objects	8,916		8,916	8,916	
Energy (Natural Gas)	47,876	3,501	51,377	44,439	6,938
Energy (Electricity)	122,384	6,000	128,384	126,596	1,788
Total Custodial Services	<u>684,192</u>	<u>(600)</u>	<u>683,592</u>	<u>637,933</u>	<u>45,659</u>

BOROUGH OF HAWORTH BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)  
(Continued)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
Undistributed Expenditures:					
Care and Upkeep of Grounds					
Cleaning, Repair, and Maintenance Services	\$ 35,700	\$ (17,900)	\$ 17,800	\$ 14,279	\$ 3,521
Other Objects	490		490	425	65
General Supplies	1,572	3,900	5,472	5,420	52
Total Care and Upkeep of Grounds	<u>37,762</u>	<u>(14,000)</u>	<u>23,762</u>	<u>20,124</u>	<u>3,638</u>
Student Transportation Services:					
Contracted Services - (Other than Between Home and School) - Vendors	6,000		6,000	5,465	535
Misc. Purchased Services - Transportation	7,683	1,500	9,183	8,697	486
Contracted Services - (Special Ed Students) - Vendors	102,132	(13,500)	88,632	23,681	64,951
Contracted Services - Aid in Lieu Payments- Non-public Schools	20,000		20,000	16,854	3,146
Total Student Transportation Services	<u>135,815</u>	<u>(12,000)</u>	<u>123,815</u>	<u>54,697</u>	<u>69,118</u>
Unallocated Benefits:					
Unemployment Compensation	14,186	12,000	26,186	16,429	9,757
Workmen's Compensation	67,523	(26,333)	41,190	37,548	3,642
Health Benefits	1,275,305	(20,000)	1,255,305	969,448	285,857
Tuition Reimbursement	15,000	(3,214)	11,786	9,418	2,368
Social Security Contributions	94,587	22,548	117,135	92,055	25,080
Other Retirement Contributions - PERS	65,280		65,280	53,686	11,594
Total Unallocated Benefits	<u>1,531,881</u>	<u>(14,999)</u>	<u>1,516,882</u>	<u>1,178,584</u>	<u>338,298</u>

BOROUGH OF HAWORTH BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)  
(Continued)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
On-Behalf Contributions:					
On-Behalf TPAF Pension (Non-Budgeted)				\$ 196,381	\$ (196,381)
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				311,754	(311,754)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				273,621	(273,621)
Total On-Behalf Contributions				<u>781,756</u>	<u>(781,756)</u>
Total Undistributed Expenditures	\$ 4,648,227	\$ 32,150	\$ 4,680,377	4,752,386	(72,009)
Total Expenditures - Current Expense	<u>8,357,907</u>		<u>8,357,907</u>	<u>8,362,402</u>	<u>(4,495)</u>
Capital Outlay:					
Interest Deposit to Capital Reserve	500	(500)			
Equipment:					
Undistributed Expenditures:					
General Administration	30,000	(5,092)	24,908	2,408	22,500
Required Maintenance for School Facilities	43,668	5,092	48,760	26,230	22,530
Total Equipment	<u>73,668</u>		<u>73,668</u>	<u>28,638</u>	<u>45,030</u>
Facilities Acquisition and Construction Services:					
Construction Services	325,000	(323,093)	1,907	1,907	
Assessment for Debt Service- SDA Funding	4,243		4,243	4,243	
Total Facilities Acquisition and Construction Services	<u>329,243</u>	<u>(323,093)</u>	<u>6,150</u>	<u>6,150</u>	
Total Capital Outlay	<u>403,411</u>	<u>(323,593)</u>	<u>79,818</u>	<u>34,788</u>	<u>45,030</u>

BOROUGH OF HAWORTH BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)  
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Total Expenditures	\$ 8,761,318	\$ (323,593)	\$ 8,437,725	\$ 8,397,190	\$ 206,008
Other Financing Sources /(Uses):					
Operating Transfers In/(Out):					
Transfer From Capital Projects Fund - Completed Projects				165,473	165,473
Transfer to Capital Projects Fund - Capital Outlay		(327,336)	(327,336)	(327,336)	
Transfer to Capital Projects Fund - Capital Reserve		(847,762)	(847,762)	(847,762)	
Total Other Financing Sources/(Uses)		(1,175,098)	(1,175,098)	(1,009,625)	165,473
Excess (Deficiency) of Revenues Over (Under) Expenditures and other Financing Sources/(Uses)	(471,981)	851,505	(1,323,486)	(288,560)	1,034,926
Fund Balance, July 1	1,592,056		1,592,056	1,592,056	
Fund Balance, June 30	\$ 1,120,075	\$ 851,505	\$ 268,570	\$ 1,303,496	\$ 1,034,926
<u>Recapitulation:</u>					
Restricted Fund Balance:					
Capital Reserve				\$ 459,801	
Assigned Fund Balance:					
For Subsequent Year's Expenditures				386,452	
Year End Encumbrances				172,695	
Unassigned Fund Balance				284,548	
				1,303,496	
Reconciliation to Governmental Funds Statements (GAAP):					
Last Two State Aid Payments not recognized on GAAP Basis				(15,106)	
Fund Balance per Governmental Funds (GAAP)				\$ 1,288,390	

BOROUGH OF HAWORTH BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal Sources	\$ 91,655	\$ (458)	\$ 91,197	\$ 91,197	
Local Sources	20,000		20,000	20,000	
Total Revenues	<u>111,655</u>	<u>(458)</u>	<u>111,197</u>	<u>111,197</u>	
EXPENDITURES:					
Instruction					
Tuition	<u>91,655</u>	<u>(458)</u>	<u>91,197</u>	<u>91,197</u>	
Total Instruction	<u>91,655</u>	<u>(458)</u>	<u>91,197</u>	<u>91,197</u>	
Facilities Acquisition and Construction Services:					
Instructional Equipment	<u>20,000</u>		<u>20,000</u>	<u>20,000</u>	
Total Facilities Acquisition and Construction Services	<u>20,000</u>		<u>20,000</u>	<u>20,000</u>	
Total Expenditures	<u>111,655</u>	<u>(458)</u>	<u>111,197</u>	<u>111,197</u>	
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

BOROUGH OF HAWORTH BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

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	\$ 9,118,255	\$ 111,197
Difference - Budget to GAAP:		
Prior year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	36,893	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(15,106)</u>	
 Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	 <u>\$ 9,140,042</u>	 <u>\$ 111,197</u>
 Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	<u>\$ 8,397,190</u>	<u>\$ 111,197</u>
 Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	 <u>\$ 8,397,190</u>	 <u>\$ 111,197</u>

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ending June 30, 2015, was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

SPECIAL REVENUE FUND

BOROUGH OF HAWORTH BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	IDEA Part B, Basic	IDEA Part B, Preschool	Local Grants	Totals
<b>REVENUE:</b>				
Federal Sources	\$ 89,745	\$ 1,452		\$ 91,197
Local Sources			\$ 20,000	20,000
<b>Total Revenue</b>	<b>89,745</b>	<b>1,452</b>	<b>20,000</b>	<b>111,197</b>
<b>EXPENDITURES:</b>				
Instruction:				
Salaries of Teachers				
Purchased Professional and Technical Services		1,452		1,452
Tuition	89,745			89,745
<b>Total Instruction</b>	<b>89,745</b>	<b>1,452</b>		<b>91,197</b>
Facilities Acquisition:				
Instructional Equipment			20,000	20,000
<b>Total Facilities Acquisition</b>			<b>20,000</b>	<b>20,000</b>
<b>Total Expenditures</b>	<b>\$ 89,745</b>	<b>\$ 1,452</b>	<b>\$ 20,000</b>	<b>\$ 111,197</b>

CAPITAL PROJECTS FUND

Exhibit F-1

BOROUGH OF HAWORTH BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Revenue and Other Financing Sources:	
State Sources - SDA Grant	\$ 177,150
Transfer from General Fund - Capital Reserve	847,762
Transfer from General Fund - Capital Outlay	327,336
Investment Income	<u>932</u>
 Total Revenues	 <u>1,353,180</u>
Expenditures:	
Other Purchased Professional Technical Services	95,382
Construction Services	<u>1,083,251</u>
 Total Expenditures	 <u>1,178,633</u>
 Excess of Revenue Over Expenditures	 <u>174,547</u>
Other Financing Uses:	
Operating Transfers Out:	
Transfer to Debt Service Fund	932
Transfer to Capital Reserve	<u>165,473</u>
 Total Other Financing Uses	 <u>166,405</u>
 Excess of Revenues Over Expenditures and Other Financing Sources	  8,142
 Fund Balance - Beginning Balance	 <u>190,627</u>
 Fund Balance - Ending Balance	 <u><u>\$ 198,769</u></u>
 Summary Schedule of Revenue, Expenditures and Changes in Fund Balance (Budgetary Basis) (per Exhibit F-1)	  \$ 198,769
Reconciliation to Governmental Funds Statement (GAAP):	
Encumbrances for Supplies and Equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes:	
Current Year	<u>546,220</u>
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds (GAAP Basis) (per Exhibit B-2)	 <u><u>\$ 744,989</u></u>
Recapitulation:	
Committed	\$ 546,220
Restricted	<u>198,769</u>
 Fund Balance per Governmental Funds (GAAP)/Budgetary	 <u><u>\$ 744,989</u></u>

Exhibit F-1a

BOROUGH OF HAWORTH BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS  
BUDGETARY BASIS  
HVAC UPGRADES  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 246,552		\$ 246,552	\$ 246,552
Transfer from Capital Outlay	369,829		369,829	369,829
 Total Revenue and Other Financing Sources	 616,381		 616,381	 616,381
Expenditures and Other Financing Uses:				
Other Purchased Professional Technical Services	27,478		27,478	27,478
Construction Services	318,852	\$ 19,061	337,913	517,179
Other Objects				71,724
 Total Expenditures	 346,330	 19,061	 365,391	 616,381
Return Unused Funds to Capital Reserve		139,140	139,140	
Cancellation of SDA Grant Receivable	111,850		111,850	
Excess/(Deficit) of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses	 \$ 158,201	 \$ (158,201)	 \$ -0-	 \$ -0-
Additional Project Information:				
Project Number	SP2090-050-10-1001			
HVAC Upgrades				
Grant Date	8/30/2010			
Original Authorized Cost	\$ 616,381			
Percentage Completion	100.00%			
Target Completion Date	12/31/2012			
Revised Target Completion Date	12/31/2012			

Exhibit F-1b

BOROUGH OF HAWORTH BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS  
BUDGETARY BASIS  
ELEMENTARY SCHOOL ROOF REPLACEMENT PROJECT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 750,000		\$ 750,000	\$ 750,000
Total Revenue and Other Financing Sources	750,000		750,000	750,000
Expenditures:				
Other Purchased Professional Technical Services		\$ 11,762	11,762	30,000
Construction Services	688,940		688,940	720,000
Total Expenditures	688,940	11,762	700,702	750,000
Return Unused Funds to Capital Reserve		26,333	26,333	
Excess/(Deficit) of Revenue and other financing Sources Over Expenditures	\$ 61,060	\$ (38,095)	\$ 22,965	\$ -0-
Additional Project Information:				
Project Number		N/A		
Original Authorized Cost	\$ 750,000			
Revised Authorized Cost		750,000		
Percentage Completion		96.94%		
Target Completion Date		8/31/2014		

Exhibit F-1c

BOROUGH OF HAWORTH BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS  
BUDGETARY BASIS  
HAWK HALL HVAC UPGRADE/BOILER INSTALLATION  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Current Year	Total	Authorized Cost
Revenue and Other Financing Sources:			
Transfer from Capital Outlay	\$ 325,000	\$ 325,000	\$ 325,000
Transfer from Capital Reserve	304,700	304,700	304,700
Total Revenue and Other Financing Sources	<u>629,700</u>	<u>629,700</u>	<u>629,700</u>
Expenditures:			
Other Purchased Professional Technical Services	47,975	47,975	50,000
Construction Services	579,700	579,700	579,700
Total Expenditures	<u>627,675</u>	<u>627,675</u>	<u>629,700</u>
Excess/(Deficit) of Revenue and other financing Sources Over Expenditures			
	<u>\$ 2,025</u>	<u>\$ 2,025</u>	<u>\$ -0-</u>
Additional Project Information:			
Project Number	N/A		
Original Authorized Cost	\$ 629,700		
Revised Authorized Cost	629,700		
Percentage Decrease over Original			
Authorized Cost	0.00%		
Percentage Completion	99.68%		
Target Completion Date	8/31/2015		

Exhibit F-1d

BOROUGH OF HAWORTH BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS  
BUDGETARY BASIS  
ELEMENTARY SCHOOL ROOF REPLACEMENT PROJECT PHASE 2  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant		\$ 177,150	\$ 177,150	\$ 177,150
Transfer from Capital Reserve		442,846	442,846	442,846
		619,996	619,996	619,996
Total Revenue and Other Financing Sources				
Expenditures:				
Other Purchased Professional Technical Services	\$ 9,573	13,393	22,966	22,966
Construction Services		423,251	423,251	508,515
Other Objects				88,515
	9,573	436,644	446,217	619,996
Total Expenditures				
Excess/(Deficit) of Revenue and other financing Sources Over Expenditures	\$ (9,573)	\$ 183,352	\$ 173,779	\$ -0-
Additional Project Information:				
Project Number		2090-050-14-G1EL		
Original Authorized Cost	\$ 807,255			
Revised Authorized Cost	619,996			
Percentage Decrease from Original Authorized Cost		23.20%		
Percentage Completion		71.97%		
Target Completion Date		8/31/2015		

Exhibit F-1e

BOROUGH OF HAWORTH BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS  
BUDGETARY BASIS  
WINDOW PROJECT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Total	Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 36,527		\$ 36,527	\$ 36,527
Transfer from Capital Outlay		\$ 2,336	2,336	2,336
Transfer from Capital Reserve		43,689	43,689	43,689
	<u>36,527</u>	<u>46,025</u>	<u>82,552</u>	<u>82,552</u>
Total Revenue and Other Financing Sources				
Expenditures:				
Other Purchased Professional Technical Services		2,252	2,252	2,252
Construction Services		80,300	80,300	80,300
		<u>82,552</u>	<u>82,552</u>	<u>82,552</u>
Total Expenditures				
Excess/(Deficit) of Revenue and other financing Sources Over Expenditures	<u>\$ 36,527</u>	<u>\$ (36,527)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Additional Project Information:				
Project Number	2090-050-14-1003			
Grant Date	N/A			
Original Authorized Cost	\$ 82,552			
Percentage Completion	100.00%			
Target Completion Date	8/31/2015			

Exhibit F-1f

BOROUGH OF HAWORTH BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS  
BUDGETARY BASIS  
MAIN ENTRANCE/LOBBY UPGRADE  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Current Year</u>	<u>Total</u>	<u>Authorized Cost</u>
Revenue and Other Financing Sources:			
Transfer from Capital Reserve	\$ 20,000	\$ 20,000	\$ 20,000
	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>
Total Revenue and Other Financing Sources			
Expenditures:			
Other Purchased Professional Technical Services	20,000	20,000	20,000
	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>
Total Expenditures			
Excess/(Deficit) of Revenue and other financing Sources Over Expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Additional Project Information:			
Project Number	N/A		
Grant Date	N/A		
Original Authorized Cost	\$ 20,000		
Revised Authorized Cost	20,000		
Percentage Decrease over Original Authorized Cost	0.00%		
Target Completion Date	8/31/2016		

PROPRIETARY FUNDS

BOROUGH OF HAWORTH BOARD OF EDUCATION  
AFTER SCHOOL LATCHKEY PROGRAM ENTERPRISE FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2015

## ASSETS:

## Current Assets:

Cash and Cash Equivalents

\$ 33,675

Total Current Assets

33,675

Total Assets

33,675

## NET POSITION:

Unrestricted

33,675

Total Net Position

\$ 33,675

## Exhibit G-2

BOROUGH OF HAWORTH BOARD OF EDUCATION  
AFTER SCHOOL LATCHKEY PROGRAM ENTERPRISE FUND  
STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Operating Revenue:	
Charges for Services:	
Program Fees	\$ 39,216
	<u>39,216</u>
Total Operating Revenue	<u>39,216</u>
Operating Expenses:	
General Supplies	<u>28,138</u>
Total Operating Expenses	<u>28,138</u>
Operating Income	<u>11,078</u>
Non-Operating Revenue:	
Local Sources:	
Interest Revenue	<u>64</u>
Total Non-Operating Revenue	<u>64</u>
Change in Net Position	11,142
Net Position - Beginning of Year	<u>22,533</u>
Net Position - End of Year	<u><u>\$ 33,675</u></u>

Exhibit G-3

BOROUGH OF HAWORTH BOARD OF EDUCATION  
AFTER SCHOOL LATCHKEY PROGRAM ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 39,216
Payments to Suppliers	<u>(28,138)</u>
Net Cash Provided by Operating Activities	<u>11,078</u>
Cash Flows from Investing Activities:	
Interest Revenue	<u>64</u>
Net Cash Provided by Investing Activities	<u>64</u>
Net Increase in Cash and Cash Equivalents	11,142
Cash and Cash Equivalents, July 1	<u>22,533</u>
Cash and Cash Equivalents, June 31	<u><u>\$ 33,675</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	<u>\$ 11,078</u>
Net Cash Provided by Operating Activities	<u><u>\$ 11,078</u></u>

FIDUCIARY FUNDS

HAWORTH BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2015

	<u>Payroll</u>	<u>Agency Student Activities</u>	<u>Total Agency</u>	<u>Flexible Spending Trust</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 1,173	\$ 34,552	\$ 35,725	\$ 9,912
Total Assets	<u>1,173</u>	<u>34,552</u>	<u>35,725</u>	<u>9,912</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings Due to Student Groups	1,173	34,552	1,173 34,552	
Total Liabilities	<u>1,173</u>	<u>34,552</u>	<u>35,725</u>	
<u>NET POSITION:</u>				
Held in Trust for Flex Spending Claims				<u>9,912</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 9,912</u>

## Exhibit H-2

HAWORTH BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGE IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Flexible Spending Trust</u>
Additions:	
Contributions:	
Plan Contributions	\$ 22,231
Total Contributions	<u>22,231</u>
Investment Earnings:	
Interest	<u>20</u>
Net Investment Earnings	<u>20</u>
Total Additions	<u>22,251</u>
Deductions:	
Flex Spending Claims	<u>20,761</u>
Total Deductions	<u>20,761</u>
Change in Net Position	1,490
Net Position - Beginning of the Year	<u>8,422</u>
Net Position - End of the Year	<u><u>\$ 9,912</u></u>

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

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 25,116	\$ 63,442	\$ 54,006	\$ 34,552
Total Assets	<u>\$ 25,116</u>	<u>\$ 63,442</u>	<u>\$ 54,006</u>	<u>\$ 34,552</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 25,116	\$ 63,442	\$ 54,006	\$ 34,552
Total Liabilities	<u>\$ 25,116</u>	<u>\$ 63,442</u>	<u>\$ 54,006</u>	<u>\$ 34,552</u>

## Exhibit H-4

HAWORTH BOARD OF EDUCATION  
STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF ACTIVITY

<u>Schools</u>	<u>Balance June 30, 2014</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2015</u>
Haworth Elementary School	\$ 25,116	\$ 63,442	\$ 54,006	\$ 34,552
	<u>\$ 25,116</u>	<u>\$ 63,442</u>	<u>\$ 54,006</u>	<u>\$ 34,552</u>

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

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	<u>\$ 67,979</u>	<u>\$ 5,588,678</u>	<u>\$ 5,655,484</u>	<u>\$ 1,173</u>
Total Assets	<u><u>\$ 67,979</u></u>	<u><u>\$ 5,588,678</u></u>	<u><u>\$ 5,655,484</u></u>	<u><u>\$ 1,173</u></u>
 <u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	<u>\$ 67,979</u>	<u>\$ 5,588,678</u>	<u>\$ 5,655,484</u>	<u>\$ 1,173</u>
Total Liabilities	<u><u>\$ 67,979</u></u>	<u><u>\$ 5,588,678</u></u>	<u><u>\$ 5,655,484</u></u>	<u><u>\$ 1,173</u></u>

LONG-TERM DEBT

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2015		Interest Rate	Balance June 30, 2014	Matured	Balance June 30, 2015
			Date	Amount				
School Improvements	8/15/2004	\$ 2,682,000	8/15/2015	\$ 250,000	3.800%	\$ 1,487,000	\$ 240,000	\$ 1,247,000
			8/15/2016	250,000	3.900%			
			8/15/2017	250,000	4.000%			
			8/15/2018	250,000	4.000%			
			8/15/2019	247,000	4.000%			
School Refunding	6/30/2009	2,560,000	2/15/2016	275,000	4.000%	1,365,000	275,000	1,090,000
			2/15/2017	270,000	5.000%			
			2/15/2018	270,000	5.000%			
			2/15/2019	275,000	4.500%			
						\$ 2,852,000	\$ 515,000	\$ 2,337,000

BOROUGH OF HAWORTH BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOT APPLICABLE

BOROUGH OF HAWORTH BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 529,964		\$ 529,964	\$ 529,964	
State Sources:					
Debt Service State Aid Support	83,592		83,592	83,592	
Total Revenue	<u>613,556</u>		<u>613,556</u>	<u>613,556</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest - Bonds	115,005		115,005	115,005	
Redemption of Principal - Bonds	515,000		515,000	515,000	
Total Regular Debt Service	<u>630,005</u>		<u>630,005</u>	<u>630,005</u>	
Total Expenditures	<u>630,005</u>		<u>630,005</u>	<u>630,005</u>	
Other Financing Sources:					
Operating Transfer In:					
Interest Earned in Capital Projects Fund				932	\$ 932
Total Other Financing Sources				<u>932</u>	<u>932</u>
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures	<u>(16,449)</u>		<u>(16,449)</u>	<u>(15,517)</u>	<u>932</u>
Fund Balance, July 1	<u>17,114</u>		<u>17,114</u>	<u>17,114</u>	
Fund Balance, June 30	<u>\$ 665</u>	<u>\$ -0-</u>	<u>\$ 665</u>	<u>\$ 1,597</u>	<u>\$ 932</u>
<u>Recapitulation of Fund Balance at June 30, 2015</u>					
Restricted				<u>\$ 1,597</u>	

STATISTICAL SECTION

**STATISTICAL SECTION**  
**(UNAUDITED)**

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

**Contents**

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

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

	June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013*	2014*	2015
Governmental Activities										
Net Investment in Capital Assets	\$ 863,170	\$ 1,255,961	\$ 1,637,099	\$ 2,057,023	\$ 2,405,191	\$ 2,780,153	\$ 3,364,587	\$ 4,710,078	\$ 5,968,195	\$ 6,943,345
Restricted	640,107	464,299	351,387	71,890	262,319	555,824	1,357,228	1,607,876	1,041,364	660,167
Unrestricted	133,447	196,376	61,349	72,826	100,378	139,056	140,548	118,509	(641,392)	(15,093)
Total Governmental Activities Net Position	<u>\$ 1,636,724</u>	<u>\$ 1,916,636</u>	<u>\$ 2,049,835</u>	<u>\$ 2,201,739</u>	<u>\$ 2,767,889</u>	<u>\$ 3,475,033</u>	<u>\$ 4,862,362</u>	<u>\$ 6,436,463</u>	<u>\$ 6,368,167</u>	<u>\$ 7,588,419</u>
Business-Type Activities										
Net Investment in Capital Assets										
Unrestricted/(Deficit)	(1,465)	19,305	19,532	23,020	38,672	8,047	14,691	34,889	22,533	33,675
Total Business-Type Activities Net Position	<u>\$ (1,465)</u>	<u>\$ 19,305</u>	<u>\$ 19,532</u>	<u>\$ 23,020</u>	<u>\$ 38,672</u>	<u>\$ 8,047</u>	<u>\$ 14,691</u>	<u>\$ 34,889</u>	<u>\$ 22,533</u>	<u>\$ 33,675</u>
District-Wide										
Net Investment in Capital Assets	\$ 863,170	\$ 1,255,961	\$ 1,637,099	\$ 2,057,023	\$ 2,405,191	\$ 2,780,153	\$ 3,364,587	\$ 4,710,078	\$ 5,968,195	\$ 6,943,345
Restricted	640,107	464,299	351,387	71,890	262,319	555,824	1,357,228	1,607,876	1,041,364	660,167
Unrestricted	131,982	215,681	80,881	95,846	139,050	147,103	155,238	153,398	(618,859)	18,582
Total District-Wide Net Position	<u>\$ 1,635,259</u>	<u>\$ 1,935,941</u>	<u>\$ 2,069,367</u>	<u>\$ 2,224,759</u>	<u>\$ 2,806,561</u>	<u>\$ 3,483,080</u>	<u>\$ 4,877,053</u>	<u>\$ 6,471,352</u>	<u>\$ 6,390,700</u>	<u>\$ 7,622,094</u>

\* Restated

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
<b>Governmental activities</b>										
Instruction:										
Regular	\$ 3,148,539	\$ 3,331,453	\$ 3,985,896	\$ 3,939,755	\$ 3,774,480	\$ 3,814,522	\$ 3,879,062	\$ 3,906,058	\$ 3,923,628	\$ 4,980,945
Special Education	317,500	348,165	674,584	478,193	555,814	578,444	711,441	810,721	758,441	923,705
Other Instruction	353,611	369,084	172,290	168,654	164,454	172,128	191,061	231,894	219,615	256,156
Support Services:										
Tuition	255,690	307,651	350,228	436,892	254,460	246,636	322,790	359,741	440,516	257,840
Student & Instruction Related Services	719,895	823,222	951,850	1,022,280	1,129,889	1,177,881	1,128,282	1,234,213	1,286,442	1,366,370
General Administrative Services	289,907	272,092	435,317	403,777	377,024	328,274	511,427	565,759	351,255	350,864
School Administrative Services	259,339	252,868	241,608	275,260	354,068	229,362	286,258	268,198	234,090	265,121
Central Services									188,940	177,031
Administrative Technology Services									23,392	43,156
Plant Operations And Maintenance	695,691	761,957	854,799	827,598	824,886	964,573	812,855	799,938	834,823	844,668
Pupil Transportation	100,961	116,105	147,268	166,957	132,515	101,182	92,217	88,628	78,796	54,697
Business and Other Support Services	252,411	269,593	270,309	244,069	256,347	261,517				
Unallocated Benefits	454,543	651,230								
Special Schools									20,460	
Interest On Long-Term Debt	282,407	266,729	253,462	176,100	197,959	195,735	164,643	147,093	134,971	148,173
Capital Outlay	521,610	(8,173)					3,091	4,243	4,243	33,843
Unallocated Depreciation	75,158	74,016	105,571	114,416	111,525	61,718				
<b>Total Governmental Activities Expenses</b>	<u>\$ 7,727,262</u>	<u>\$ 7,835,992</u>	<u>\$ 8,443,182</u>	<u>\$ 8,253,949</u>	<u>\$ 8,133,421</u>	<u>\$ 8,131,971</u>	<u>\$ 8,103,126</u>	<u>\$ 8,416,486</u>	<u>\$ 8,499,612</u>	<u>\$ 9,702,569</u>
<b>Business-Type Activities:</b>										
After School Latchkey Program	55,927	71,921	141,847	120,957	94,721	72,184	35,606	25,529	43,256	28,137
<b>Total Business-Type Activities Expenses</b>	<u>55,927</u>	<u>71,921</u>	<u>141,847</u>	<u>120,957</u>	<u>94,721</u>	<u>72,184</u>	<u>35,606</u>	<u>25,529</u>	<u>43,256</u>	<u>28,137</u>
<b>Total District Expenses</b>	<u>\$ 7,783,190</u>	<u>\$ 7,907,914</u>	<u>\$ 8,585,030</u>	<u>\$ 8,374,906</u>	<u>\$ 8,228,142</u>	<u>\$ 8,204,155</u>	<u>\$ 8,138,732</u>	<u>\$ 8,442,015</u>	<u>\$ 8,542,868</u>	<u>\$ 9,730,706</u>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges For Services:										
Interest on Long-Term Debt							\$ 92,233	\$ 58,033		
Operating Grants and Contributions	\$ 111,194	\$ 100,682	\$ 814,855	\$ 575,529	\$ 662,119	\$ 704,533	1,016,390	1,247,284	\$ 1,010,506	\$ 2,045,127
<b>Total Governmental Activities Program Revenues</b>	<u>\$ 111,194</u>	<u>\$ 100,682</u>	<u>\$ 814,855</u>	<u>\$ 575,529</u>	<u>\$ 662,119</u>	<u>\$ 704,533</u>	<u>\$ 1,108,623</u>	<u>\$ 1,305,317</u>	<u>\$ 1,010,506</u>	<u>\$ 2,045,127</u>

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Business-Type Activities:										
Charges For Services							\$ 8,292	\$ 45,670	\$ 30,840	\$ 39,215
Operating Grants and Contributions							33,940			
<b>Total Business Type Activities Program Revenues</b>							<b>42,232</b>	<b>45,670</b>	<b>30,840</b>	<b>39,215</b>
<b>Total District Program Revenues</b>	<b>\$ 111,194</b>	<b>\$ 100,682</b>	<b>\$ 814,855</b>	<b>\$ 575,529</b>	<b>\$ 662,119</b>	<b>\$ 704,533</b>	<b>\$ 1,150,855</b>	<b>\$ 1,350,987</b>	<b>\$ 1,041,346</b>	<b>\$ 2,084,342</b>
Net (Expenses)/Revenue										
Governmental Activities	\$ (7,616,069)	\$ (7,735,310)	\$ (7,628,327)	\$ (7,678,420)	\$ (7,471,302)	\$ (7,427,439)	\$ (6,994,503)	\$ (7,111,169)	\$ (7,489,106)	\$ (7,657,442)
Business-Type Activities	(55,927)	(71,921)	(141,847)	(120,957)	(94,721)	(72,184)	6,626	20,141	(12,416)	11,078
<b>Total District-Wide Net Expense</b>	<b>\$ (7,671,996)</b>	<b>\$ (7,807,232)</b>	<b>\$ (7,770,174)</b>	<b>\$ (7,799,377)</b>	<b>\$ (7,566,023)</b>	<b>\$ (7,499,622)</b>	<b>\$ (6,987,877)</b>	<b>\$ (7,091,027)</b>	<b>\$ (7,501,522)</b>	<b>\$ (7,646,364)</b>
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 6,244,463	\$ 6,249,910	\$ 6,499,906	\$ 6,759,902	\$ 7,030,298	\$ 7,448,601	\$ 7,597,573	\$ 7,749,524	\$ 7,902,965	\$ 8,059,443
Taxes Levied for Debt Service	426,833	489,050	565,713	529,185	544,101	559,968	450,621	467,286	546,693	529,964
Federal and State Aid not Restricted	785,704	1,119,314	485,730	457,289	453,576	111,315	40,804	6,150	221,028	240,742
Tuition	177,484	115,637	82,075	45,277						
Investment Earnings							2,197	3,804		
Miscellaneous Income	66,103	70,855	128,102	38,671	9,476	14,698	61,347	68,235	13,756	47,545
Adjustment to Capital Assets								584,273		
N.J. Economic Development Authority Grants							246,552			
<b>Total Governmental Activities</b>	<b>7,700,588</b>	<b>8,044,767</b>	<b>7,761,526</b>	<b>7,830,324</b>	<b>8,037,451</b>	<b>8,134,582</b>	<b>8,399,094</b>	<b>8,879,272</b>	<b>8,684,442</b>	<b>8,877,694</b>
Business-Type Activities:										
Investment Earnings							17	57	60	64
Miscellaneous	48,421	92,691	142,075	124,445	110,373	41,558				
<b>Total Business-Type Activities</b>	<b>48,421</b>	<b>92,691</b>	<b>142,075</b>	<b>124,445</b>	<b>110,373</b>	<b>41,558</b>	<b>17</b>	<b>57</b>	<b>60</b>	<b>64</b>
<b>Total District-Wide</b>	<b>\$ 7,749,008</b>	<b>\$ 8,137,458</b>	<b>\$ 7,903,601</b>	<b>\$ 7,954,769</b>	<b>\$ 8,147,825</b>	<b>\$ 8,176,140</b>	<b>\$ 8,399,111</b>	<b>\$ 8,879,329</b>	<b>\$ 8,684,502</b>	<b>\$ 8,877,758</b>
Change in Net Position:										
Governmental Activities	\$ 84,519	\$ 309,456	\$ 133,199	\$ 151,904	\$ 566,150	\$ 707,144	\$ 1,404,591	\$ 1,768,103	\$ 1,195,336	\$ 1,220,252
Business-Type Activities	(7,507)	20,770	228	3,488	15,652	(30,626)	6,644	20,198	(12,356)	11,142
<b>Total District</b>	<b>\$ 77,012</b>	<b>\$ 330,226</b>	<b>\$ 133,426</b>	<b>\$ 155,392</b>	<b>\$ 581,802</b>	<b>\$ 676,518</b>	<b>\$ 1,411,235</b>	<b>\$ 1,788,302</b>	<b>\$ 1,182,980</b>	<b>\$ 1,231,394</b>

Source: School District Financial Reports

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

	June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013*	2014	2015
General Fund										
Reserved	\$ 635,852	\$ 464,295	\$ 351,387	\$ 71,890	\$ 262,319	\$ 555,824				
Unreserved	135,664	250,285	143,361	177,421	217,185	250,000				
Restricted							\$ 779,865	\$ 1,453,729	\$ 833,623	\$ 459,801
Assigned							50,000	117,651	471,981	559,147
Unassigned							244,035	250,000	249,559	269,442
<b>Total General Fund</b>	<b>\$ 771,516</b>	<b>\$ 714,581</b>	<b>\$ 494,748</b>	<b>\$ 249,312</b>	<b>\$ 479,504</b>	<b>\$ 805,824</b>	<b>\$ 1,073,900</b>	<b>\$ 1,821,380</b>	<b>\$ 1,555,163</b>	<b>\$ 1,288,390</b>
All Other Governmental Funds										
Reserved	\$ 58,080	\$ 4	\$ 26,041	\$ 12,661	\$ 270					
Unreserved, Reported In:										
Capital Projects Fund/(Deficit)	709,594	423,549	23,844							
Debt Service Fund	4	26,041	12,660	270	35,598	\$ 37,318				
Restricted, Reported In:										
Capital Projects Fund							\$ 286,894	\$ 23,499	\$ 190,627	\$ 198,769
Debt Service Fund							37,648	16,779	17,114	1,597
Assigned, Reported In:										
Capital Projects Fund								312,837		546,220
<b>Total All Other Governmental Funds</b>	<b>\$ 767,678</b>	<b>\$ 449,593</b>	<b>\$ 62,546</b>	<b>\$ 12,931</b>	<b>\$ 35,868</b>	<b>\$ 37,318</b>	<b>\$ 637,379</b>	<b>\$ 40,278</b>	<b>\$ 207,741</b>	<b>\$ 746,586</b>
Total Governmental Funds:										
Reserved	\$ 693,932	\$ 464,299	\$ 377,428	\$ 84,551	\$ 262,589	\$ 555,824				
Unreserved/(Deficit)	845,261	699,874	179,866	177,691	252,783	287,318				
Restricted							\$ 1,104,407	\$ 1,494,007	\$ 1,041,364	\$ 660,167
Assigned							362,837	117,651	471,981	1,105,367
Unassigned							244,035	250,000	249,559	269,442
<b>Total Governmental Funds:</b>	<b>\$ 1,539,194</b>	<b>\$ 1,164,174</b>	<b>\$ 557,294</b>	<b>\$ 262,243</b>	<b>\$ 515,373</b>	<b>\$ 843,142</b>	<b>\$ 1,711,279</b>	<b>\$ 1,861,658</b>	<b>\$ 1,762,904</b>	<b>\$ 2,034,976</b>

\* Restated

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Tax Levy	\$ 6,671,296	\$ 6,738,960	\$ 7,065,619	\$ 7,289,087	\$ 7,574,399	\$ 8,008,569	\$ 8,140,427	\$ 8,274,843	\$ 8,449,658	\$ 8,589,407
Tuition Charges	177,484	115,637	82,075	45,277						
Interest Earnings-Capital Reserve							2,197	3,804	1,077	500
Miscellaneous	66,540	70,855	128,102	38,671	9,476	14,698	156,846	83,775	32,679	47,045
County Sources					765	25,000				
State Sources	900,898	1,120,336	1,200,400	945,184	965,403	637,504	848,731	1,143,703	1,119,961	1,314,728
Federal Sources	107,194	99,661	100,185	103,532	149,527	153,344	112,964	94,191	91,573	91,197
<b>Total Revenue</b>	<b>7,923,412</b>	<b>8,145,449</b>	<b>8,576,381</b>	<b>8,421,751</b>	<b>8,699,570</b>	<b>8,839,115</b>	<b>9,261,165</b>	<b>9,600,316</b>	<b>9,694,948</b>	<b>10,042,877</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	2,718,116	2,747,412	2,955,595	3,108,741	2,925,746	2,952,905	2,807,664	2,710,669	2,836,129	2,901,190
Special Education Instruction	430,214	452,603	492,218	373,595	424,858	437,080	518,057	599,328	558,069	542,041
Other Instruction	111,942	128,407	131,494	135,582	126,205	131,002	141,706	157,655	155,027	168,237
<b>Support Services:</b>										
Tuition	255,690	307,651	350,228	436,892	254,460	246,636	322,790	359,741	440,516	257,840
Student & Instruction Related Services	958,955	683,124	754,884	848,078	894,419	933,887	848,861	915,970	982,490	1,092,208
General Administrative Services	262,064	242,610	340,926	355,258	310,301	274,012	430,440	454,553	318,864	298,418
School Administrative Services	208,458	211,407	185,576	197,855	276,465	178,649	213,882	193,340	174,416	211,154
Central Services									161,308	157,710
Administrative Information Technology									23,392	37,809
Plant Operations And Maintenance	637,787	693,541	719,565	711,459	696,123	813,933	747,854	739,207	727,687	771,955
Pupil Transportation	100,961	116,105	123,970	143,527	111,830	85,380	92,217	88,628	78,796	54,697
Other Support Services	206,852	220,784	220,386	205,003	213,473	213,609				
Unallocated Benefits	1,434,109	1,705,417	1,782,187	1,454,606	1,590,447	1,608,285	1,676,739	1,913,698	1,774,072	1,960,340
Special Schools									15,029	
Capital Outlay	1,374,744	362,406	466,624	71,490		12,315	221,015	435,020	914,558	687,201
<b>Debt service:</b>										
Principal	535,829	649,003	659,608	658,816	622,114	623,652	443,768	481,017	498,378	515,000
Interest And Other Charges							171,496	154,560	134,971	115,005
<b>Total Expenditures</b>	<b>9,235,721</b>	<b>8,520,470</b>	<b>9,183,261</b>	<b>8,700,902</b>	<b>8,446,441</b>	<b>8,511,345</b>	<b>8,636,489</b>	<b>9,203,385</b>	<b>9,793,702</b>	<b>9,770,805</b>
<b>Excess (Deficiency) Of Revenues</b>										
Over (Under) Expenditures	(1,312,309)	(375,021)	(606,880)	(279,151)	253,129	327,770	624,675	396,931	(98,754)	272,072

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Other Financing Sources (Uses)										
Proceeds from Borrowing										
N.J. Economic Development Authority Grants							\$ 246,552			
Debt Service Assessment							(3,091)			
Transfers In	\$ 37,085	\$ 26,039					370,159	\$ 329	\$ 750,665	\$ 1,341,503
Transfers Out	(37,085)	(26,039)					(370,159)	(329)	(750,665)	(1,341,503)
Total Other Financing Sources (Uses)							243,461			
Net Change In Fund Balances	<u>\$ (1,312,309)</u>	<u>\$ (375,021)</u>	<u>\$ (606,880)</u>	<u>\$ (279,151)</u>	<u>\$ 253,129</u>	<u>\$ 327,770</u>	<u>\$ 868,136</u>	<u>\$ 396,931</u>	<u>\$ (98,754)</u>	<u>\$ 272,072</u>
Debt Service As A Percentage Of Noncapital Expenditures	6.82%	7.96%	7.57%	7.63%	7.37%	7.34%	7.31%	7.25%	6.47%	6.48%

Source: School District Financial Reports

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

Fiscal Year Ended June 30,	Interest on Investments	Tuition	Rentals	Other	Total
2006	\$ 21,057	\$ 177,484	\$ 40	\$ 7,921	\$ 206,502
2007	34,418	115,637		8,012	158,067
2008	31,339	82,075	30,000	66,763	210,177
2009	1,530	45,277		36,872	83,679
2010	6,544		1,125	1,489	9,158
2011	7,327		1,108	6,263	14,698
2012	1,751			33,311	35,062
2013	3,475			68,235	71,710
2014	1,077			12,014	13,091
2015	2,758			23,855	26,613

Source: Haworth Board of Education records

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

<u>Year Ended</u> <u>December 31,</u>	<u>Vacant</u> <u>Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Total</u> <u>Assessed</u> <u>Value</u>	<u>Public</u> <u>Utilities</u> <sup>a</sup>	<u>Net Valuation</u> <u>Taxable</u>	<u>Total Direct</u> <u>School Tax</u> <u>Rate</u> <sup>b</sup>	<u>Estimated Actual</u> <u>(County</u> <u>Equalized Value)</u>
2006	\$ 16,967,500	\$ 646,633,500	\$ 78,821,500	\$ 742,422,500	\$ 278,855	\$ 742,701,355	\$ 0.46	\$ 841,932,183
2007	17,828,700	654,232,100	78,365,500	750,426,300	260,247	750,686,547	0.51	927,759,601
2008	16,021,200	669,141,100	78,365,500	763,527,800	261,858	763,789,658	0.53	985,266,258
2009	14,785,400	681,880,900	98,935,300	795,601,600	810,227	796,411,827	0.50	1,054,551,126
2010	14,816,600	677,484,000	78,483,600	770,784,200	323,307	771,107,507	0.52	998,534,689
2011	14,497,100	683,091,200	98,935,300	796,523,600	534,748	797,058,348	0.57	1,047,745,035
2012	14,802,000	683,084,200	97,551,200	795,437,400	507,416	795,944,816	0.62	1,036,587,284
2013	15,354,600	681,765,000	97,638,300	794,757,900	577,488	795,335,388	0.66	988,226,052
2014	15,027,000	683,331,400	94,794,900	793,153,300	571,705	793,725,005	0.68	927,314,313

Source: Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

BOROUGH OF HAWORTH BOARD OF EDUCATION  
DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN YEARS

UNAUDITED

*(rate per \$100 of assessed value)*

Year Ended December 31,	Haworth Board of Education Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Borough of Haworth	Local School	Bergen County	
2005	\$ 0.43	\$ 0.02	\$ 0.46	\$ 0.56	\$ 0.88	\$ 0.20	\$ 2.10
2006	0.43	0.02	0.46	0.60	0.90	0.21	2.17
2007	0.48	0.02	0.51	0.64	0.92	0.22	2.29
2008	0.51	0.02	0.53	0.68	0.94	0.24	2.39
2009	0.48	0.03	0.50	0.68	0.96	0.25	2.39
2010	0.50	0.02	0.52	0.69	0.98	0.26	2.45
2011	0.55	0.03	0.57	0.69	1.01	0.27	2.55
2012	0.59	0.03	0.62	0.70	1.03	0.29	2.64
2013	0.58	0.08	0.66	0.70	1.05	0.29	2.70
2014	0.64	0.04	0.68	0.71	1.07	0.27	2.74

Source: Municipal Tax Collector and School Business Administrator

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

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

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

BOROUGH OF HAWORTH BOARD OF EDUCATION  
PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

2015			2006		
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
United Water NJ	\$ 51,789,000	6.51%	N/A	N/A	N/A
Haworth County Club LLC	11,502,100	2.12%	N/A	N/A	N/A
White Beeches Golf & Country Club	10,479,100	1.32%	N/A	N/A	N/A
Haworth County Club LLC	8,497,900	1.26%	N/A	N/A	N/A
White Beeches Realty Corp.	5,462,100	0.69%	N/A	N/A	N/A
Individual Taxpayer #1	1,651,200	0.25%	N/A	N/A	N/A
Individual Taxpayer #2	1,638,500	0.23%	N/A	N/A	N/A
Individual Taxpayer #3	1,553,800	0.21%	N/A	N/A	N/A
Individual Taxpayer #4	1,534,600	0.20%	N/A	N/A	N/A
Individual Taxpayer #5	1,507,500	0.20%	N/A	N/A	N/A
Total	<u>\$ 95,615,800</u>	<u>12.99%</u>			

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

## Exhibit J-9

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2006	\$ 6,671,296	\$ 6,671,296	100.00%	-0-
2007	6,738,960	6,738,960	100.00%	-0-
2008	7,065,619	7,065,619	100.00%	-0-
2009	7,289,087	7,289,087	100.00%	-0-
2010	7,574,399	7,574,399	100.00%	-0-
2011	8,008,569	8,008,569	100.00%	-0-
2012	8,140,427	8,140,427	100.00%	-0-
2013	8,274,843	8,274,843	100.00%	-0-
2014	8,449,658	8,449,658	100.00%	-0-
2015	8,589,407	8,589,407	100.00%	-0-

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

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

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

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	School Facilities Loans			
2006	\$ 5,932,000	\$ 487,736	\$ 6,419,736	3.52%	\$ 1,909
2007	5,607,000	433,418	6,040,418	3.21%	1,789
2008	5,257,000	377,386	5,634,386	2.89%	1,657
2009	4,852,000	319,537	5,171,537	2.56%	1,511
2010	4,452,000	259,843	4,711,843	2.18%	1,392
2011	4,077,000	198,164	4,275,164	2.08%	1,256
2012	3,697,000	134,395	3,831,395	1.61%	1,126
2013	3,282,000	68,378	3,350,378	1.67%	977
2014	2,852,000		2,852,000	1.19%	827
2015	2,337,000		2,337,000	0.98%	678

Source: School District Financial Reports

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

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

Exhibit J-11

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Percentage of Actual Taxable Net Valuation <sup>a</sup> Taxable	Per Capita <sup>b</sup>
	General Obligation Bonds	Net General Bonded Debt Outstanding		
2006	\$ 5,932,000	\$ 5,932,000	0.80%	\$ 1,764
2007	5,607,000	5,607,000	0.75%	1,660
2008	5,257,000	5,257,000	0.69%	1,546
2009	4,852,000	4,852,000	0.61%	1,418
2010	4,452,000	4,452,000	0.58%	1,315
2011	4,077,000	4,077,000	0.51%	1,198
2012	3,697,000	3,697,000	0.46%	1,086
2013	3,282,000	3,282,000	0.41%	957
2014	2,852,000	2,852,000	0.36%	827
2015	2,337,000	2,337,000	0.29%	678

Source: School District Financial Reports

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

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

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

BOROUGH OF HAWORTH BOARD OF EDUCATION  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
UNAUDITED  
AS OF DECEMBER 31, 2015

<u>Governmental Unit</u>	<u>Debt</u> <u>Outstanding</u>	<u>Estimated</u> <u>Percentage</u> <u>Applicable <sup>a</sup></u>	<u>Estimated</u> <u>Share of</u> <u>Overlapping</u> <u>Debt</u>
Debt Repaid With Property Taxes:			
Borough of Haworth	\$ 6,461,662	100.00%	\$ 6,461,662
Bergen County General Obligation Debt (Borough Share)	933,422,641	0.57%	5,333,149
Regional School	1,474,066	100.00%	1,474,066
Other Debt			
Bergen County Utilities Authority (Water Pollution)	388,726	0.57%	<u>2,222</u>
Subtotal, Overlapping Debt			13,271,100
Haworth School District Direct Debt			<u>2,337,000</u>
Total Direct And Overlapping Debt			<u>\$ 15,608,100</u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2015

		Equalized valuation basis
	2014	\$ 948,861,467
	2013	927,696,860
	2012	987,507,635
		<u>\$ 2,864,065,962</u>
Average Equalized Valuation of Taxable Property		\$ 954,688,654
Debt Limit (3% of average equalization value)		28,640,660 <sup>a</sup>
Net Bonded School Debt		<u>2,337,000</u>
Legal Debt Margin		<u>\$ 26,303,660</u>

	<u>Fiscal Year</u>				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Debt Limit	\$ 22,017,568	\$ 24,770,922	\$ 27,133,506	\$ 28,713,614	\$ 29,746,160
Total Net Debt Applicable to Limit	<u>6,419,736</u>	<u>6,040,418</u>	<u>5,634,386</u>	<u>5,171,537</u>	<u>4,711,843</u>
Legal Debt Margin	<u>\$ 15,597,832</u>	<u>\$ 18,730,504</u>	<u>\$ 21,499,120</u>	<u>\$ 23,542,077</u>	<u>\$ 25,034,317</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	29.16%	24.39%	20.77%	18.01%	15.84%

	<u>Fiscal Year</u>				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt Limit	\$ 30,524,912	\$ 31,012,103	\$ 30,688,923	\$ 29,516,698	\$ 28,640,660
Total Net Debt Applicable to Limit	<u>4,275,164</u>	<u>3,831,395</u>	<u>3,350,378</u>	<u>2,852,000</u>	<u>2,337,000</u>
Legal Debt Margin	<u>\$ 26,249,748</u>	<u>\$ 27,180,708</u>	<u>\$ 27,338,545</u>	<u>\$ 26,664,698</u>	<u>\$ 26,303,660</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	14.01%	12.35%	10.92%	9.66%	8.16%

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

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

Exhibit J-14

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

Year	Population <sup>a</sup>	Personal Income (thousands of dollars) <sup>b</sup>	Bergen County Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2006	3,363	\$ 182,284,040	\$ 63,166	3.80%
2007	3,377	188,351,123	67,606	3.40%
2008	3,400	195,133,325	67,375	4.40%
2009	3,422	202,091,435	63,862	7.90%
2010	3,386	216,534,700	63,950	4.80%
2011	3,403	205,371,003	67,240	4.80%
2012	3,403	237,934,357	69,919	8.00%
2013	3,431	200,653,335	69,495	11.30%
2014	3,448	239,618,760	69,495 *	4.00%
2015	3,448 **	239,618,760 **	69,495 *	N/A

\* - Latest Bergen County per capita personal income available (2013) was used for calculation purposes.

\*\* - Latest population data available (2014) was used for calculation purposes.

N/A Not Available

Source: School District Reports

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

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

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

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

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

2014			2005		
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
Hackensack University Medical Center	8,000	N/A	N/A	N/A	N/A
Valley Health Systems, Inc	4,660	N/A	N/A	N/A	N/A
Bio-Reference Laboratories, Inc.	2,900	N/A	N/A	N/A	N/A
Express Scripts	2,800	N/A	N/A	N/A	N/A
County of Bergen	2,390	N/A	N/A	N/A	N/A
Quest Diagnostics, Inc.	2,200	N/A	N/A	N/A	N/A
KPMG LLP	2,100	N/A	N/A	N/A	N/A
Englewood Hospital and Medical Center	2,002	N/A	N/A	N/A	N/A
Englewood Home Health Care Services	1,985	N/A	N/A	N/A	N/A
Unilever Best Foods	1,900	N/A	N/A	N/A	N/A
	<u>30,937</u>	<u>N/A</u>		<u>N/A</u>	<u>N/A</u>

N/A - Information not available

Source: Bergen County Economic Development Corporation

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

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction:										
Regular	42.0	42.0	43.5	43.5	45.0	48.0	47.0	47.0	47.0	47.0
Special Education	8.0	12.0	12.0	12.0	12.0	10.0	10.0	10.0	10.0	10.0
Support Services:										
Health Services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
General Administrative Services	5.0	6.0	6.8	6.8		3.0	3.0	3.0	3.0	3.0
Guidance-Professional/Support	1.0	1.0	1.0	1.0	0.5	1.0	1.0	1.0	1.0	1.0
Child Study Team/Support	3.0	6.0	4.9	4.9	6.0	4.0	4.0	4.0	4.0	4.0
Plant Operations and Maintenance	4.0	6.0	5.6	5.6	1.0	1.0	1.0	1.0	1.0	1.0
Media Services Technology	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Principal/School Administration	1.0	3.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0
Total	<u>67.0</u>	<u>79.0</u>	<u>78.8</u>	<u>78.8</u>	<u>69.5</u>	<u>72.0</u>	<u>72.0</u>	<u>72.0</u>	<u>72.0</u>	<u>72.0</u>

Source: District Personnel Records

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

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures<sup>a</sup></u>	<u>Cost Per Pupil<sup>d</sup></u>	<u>Percentage Change</u>	<u>Teaching Staff<sup>b</sup></u>	<u>Pupil/Teacher Ratio Elementary</u>	<u>Average Daily Enrollment (ADE)<sup>c</sup></u>	<u>Average Daily Attendance (ADA)<sup>c</sup></u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2006	545	\$ 7,033,806	\$ 12,906	1.88%	57	9:6.1	558	546	6.90%	97.87%
2007	530	7,484,739	14,122	9.42%	58	9:1.1	525	505	-5.91%	96.14%
2008	495	7,973,764	16,109	14.07%	56	8:8.1	518	489	-1.45%	94.38%
2009	506	7,914,712	15,642	-2.90%	56	8:8.1	506	481	-2.32%	95.08%
2010	485	7,674,035	15,823	1.16%	45	10:8.1	487	466	-3.70%	95.69%
2011	486	7,709,349	15,863	0.25%	48	10:1.1	486	466	-0.21%	95.88%
2012	438	7,800,211	17,809	12.27%	46	9:5.1	439	416	-9.65%	94.72%
2013	436	8,132,788	18,653	4.74%	47	9:3.1	430	417	-2.07%	97.05%
2014	432	8,245,795	19,087	2.33%	47	9:2.1	434	417	0.93%	96.08%
2015	404	8,453,599	20,925	9.63%	47	9:1.1	408	394	-5.99%	96.57%

Source: Haworth Board of Education records

Note: Enrollment based on annual October district count.

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

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

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

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

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>District Building</u>										
Elementary										
Haworth School:										
Square Feet	59,688	59,688	75,230	75,230	75,230	75,230	75,230	75,230	75,230	75,230
Capacity (students)	541	541	544	544	544	544	544	544	544	544
Enrollment	545	528	495	506	485	478	438	436	432	408

Number of Schools at June 30, 2015

Elementary = 1

Source: Haworth Board of Education Facilities Office

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

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

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

<u>School Facilities *</u>	<u>Projects #</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Haworth School	N/A	\$ 117,885	\$ 135,580	\$ 129,509	\$ 71,204	\$ 64,998	\$ 100,396	\$ 92,264	\$ 118,938	\$ 58,080	\$ 113,898
		<u>\$ 117,885</u>	<u>\$ 135,580</u>	<u>\$ 129,509</u>	<u>\$ 71,204</u>	<u>\$ 64,998</u>	<u>\$ 100,396</u>	<u>\$ 92,264</u>	<u>\$ 118,938</u>	<u>\$ 58,080</u>	<u>\$ 113,898</u>

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

Source: Haworth Board of Education records

BOROUGH OF HAWORTH BOARD OF EDUCATION  
INSURANCE SCHEDULE  
JUNE 30, 2015  
UNAUDITED

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
Selective Insurance Company	Property	\$ 15,415,703	\$ 5,000
	Flood and Earthquake	5,000,000	50,000
	Flood - within Special Flood Hazard Area	1,000,000	500,000
	Zone B		
	Zones A and V		
	Automobile Coverage	1,000,000	1,000
	Comprehensive General Liability	1,000,000	
	Crime (Non-Statutory Bonds)		
	Per Employee	100,000	5,000
	Excess	400,000	
	Boiler and Machinery	15,415,703	5,000
	Environmental-ACE	2,000,000	15,000
		20,000,000	Group Aggregate
	Educator's Legal Liability/ Employment Practices - Darwin	1,000,000	25,000 50,000
	Cyber Liability	1,000,000 Each Claim	15,000/25,000
	XL Group Insurance	4,000,000 Group Aggregate	
	Commercial Umbrella - Selective Ins. Co.	9,000,000	10,000
	Excess Umbrella - Fireman's Fund	50,000,000 Group Aggregate	
	Worker's Compensation	Self Insured - NESBIG	1,000,000
	Excess Worker's Compensation - Star Ins. Co.	Statutory	
	Employers Liability Each Accident	1,000,000	
	Employers Liability Each Employee	1,000,000	
	Employers Liability Policy Limit	1,000,000	
	Surety Bonds		
	Treasurer of School Monies	200,000	
	Board Secretary	200,000	
	Compulsory Student Accident	1,000,000	
Volunteer Accident Policy	250,000		
Voluntary Student Accident (excluding football)	500,000		
Voluntary Dental Accident	5,000		

Source: Haworth Board of Education records

SINGLE AUDIT SECTION



Mount Arlington Corporate Center  
 200 Valley Road, Suite 300  
 Mt. Arlington, NJ 07856  
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center  
 11 Lawrence Road  
 Newton, NJ 07860  
 973-383-6699 | 973-383-6555

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Haworth Borough School District, in the County of Bergen (the "District") as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 14, 2015.

**Internal Control Over Financial Reporting**

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

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

November 14, 2015  
Mount Arlington, New Jersey

  
NISIVOCCIA LLP

  
Francis J. Jones  
Licensed Public School Accountant #1154  
Certified Public Accountant



Mount Arlington Corporate Center  
 200 Valley Road, Suite 300  
 Mt. Arlington, NJ 07856  
 973-328-1825 | 973-328-0507 Fax  
 Lawrence Business Center  
 11 Lawrence Road  
 Newton, NJ 07860  
 973-383-6699 | 973-383-6555

Report on Compliance For Each Major State Program;  
 Report on Internal Control Over Compliance Required by OMB Circular A-133  
 and New Jersey's OMB Circulars 04-04 and 15-08

Independent Auditors' Report

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

**Report on Compliance for Each Major State Program**

We have audited the Board of Education of the Haworth Borough School District's (the "District's") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on the District's major state program for the fiscal year ended June 30, 2015. The District's major state program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for the District's major state program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

***Opinion on Each Major State Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the fiscal year ended June 30, 2015.

**Report on Internal Control Over Compliance**

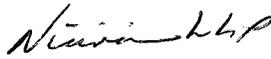
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on the major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results that the testing based on the requirements of OMB Circular A-133 or New Jersey's OMB Circulars 04-04 and 15-08. Accordingly, this report is not suitable for any other purpose.

November 14, 2015  
Mount Arlington, New Jersey

  
NISIVOCCIA LLP

  
Francis J. Jones  
Licensed Public School Accountant #1154  
Certified Public Accountant

BOROUGH OF HAWORTH BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass Through Grantor Program Title\Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance	Cash Received	Budgetary Expenditures	Balance 6/30/15		Due to Grantor 6/30/15
					Unearned Revenue (Accounts Receivable) 6/30/14			Accounts Receivable	Unearned Revenue	
U.S. Department of Education										
Passed-through State Department of Education:										
No Child Left Behind Consolidated Grant:										
Title III	84.365	NCLB-2090-14	7/1/13-6/30/14	\$ 4,041	\$ (27)	\$ 27				
Special Education Cluster:										
I.D.E.A. Part B, Preschool	84.173	FT-2090-14	7/1/13-6/30/14	1,456	(1,456)	1,456				
I.D.E.A. Part B, Preschool	84.173	FT-2090-15	7/1/14-6/30/15	1,452		1,452	\$ (1,452)			
I.D.E.A. Part B, Basic	84.027	FT-2090-14	7/1/13-6/30/14	86,076	(86,076)	86,076				
I.D.E.A. Part B, Basic	84.027	FT-2090-15	7/1/14-6/30/15	89,745		89,745	(89,745)			
Total Special Education Cluster					<u>(87,559)</u>	<u>178,756</u>	<u>(91,197)</u>			
Total Special Revenue/U.S. Department of Education					<u>(87,559)</u>	<u>178,756</u>	<u>(91,197)</u>			
Total Federal Financial Awards					<u>\$ (87,559)</u>	<u>\$ 178,756</u>	<u>\$ (91,197)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

BOROUGH OF HAWORTH BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance	Cash Received	Budgetary Expenditures	Balance 6/30/15			MEMO	
				(Accounts Receivable) 06/30/14			GAAP (Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
NJ Department of Education:											
Extraordinary Aid	15-100-034-5210-473	7/1/14-6/30/15	\$ 32,149			\$ (32,149)	\$ (32,149)			\$ (32,149)	\$ 32,149
Non-Public Transportation Aid	15-100-034-5210-014	7/1/14-6/30/15	2,610			(2,610)	(2,610)			(2,610)	2,610
Reimbursed TPAF Social Security Contributions	15-495-034-5095-002	7/1/14-6/30/15	273,621		\$ 259,738	(273,621)	(13,883)			(13,883)	273,621
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	186,749		173,326	(186,749)				(13,423)	186,749
Categorical Security Aid	15-495-034-5120-084	7/1/14-6/30/15	6,257		5,807	(6,257)				(450)	6,257
Categorical Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	6,531		6,062	(6,531)				(469)	6,531
Adjustment Aid	15-495-034-5120-089	7/1/14-6/30/15	2,010		1,866	(2,010)				(144)	2,010
PARCC Readiness Aid	15-495-034-5120-089	7/1/14-6/30/15	4,310		4,000	(4,310)				(310)	4,310
Per Pupil Growth Aid	15-495-034-5120-089	7/1/14-6/30/15	4,310		4,000	(4,310)				(310)	4,310
Special Education Aid	14-495-034-5120-089	7/1/13 - 6/30/14	186,749	\$ (34,184)	34,184						186,749
Categorical Security Aid	14-495-034-5120-084	7/1/13 - 6/30/14	6,257	(1,145)	1,145						6,257
Categorical Transportation Aid	14-495-034-5120-014	7/1/13 - 6/30/14	6,531	(1,196)	1,196						6,531
Adjustment Aid	14-495-034-5120-089	7/1/13 - 6/30/14	2,010	(368)	368						2,010
Extraordinary Aid	14-100-034-5210-473	7/1/13 - 6/30/14	37,666	(37,277)	37,277						37,666
Non-Public Transportation Aid	14-100-034-5210-014	7/1/13 - 6/30/14	4,902	(4,902)	4,902						4,902
Reimbursed TPAF Social Security Contributions	14-495-034-5095-002	7/1/13 - 6/30/14	274,186	(13,382)	13,382						274,186
<b>Total General Fund State Aid</b>				<b>(92,454)</b>	<b>547,253</b>	<b>(518,547)</b>	<b>(48,642)</b>			<b>(63,748)</b>	<b>1,036,848</b>
Debt Service Fund											
Debt Service State Aid Support	15-495-034-5120-017	7/1/14-6/30/15	83,592		83,592	(83,592)					83,592
<b>Total Debt Service Fund</b>					<b>83,592</b>	<b>(83,592)</b>					<b>83,592</b>
NJ Schools Development Authority:											
Capital Projects Fund:											
Educational Facilities Construction											
Roof Replacement Phase II	2090-050-14-G1EL	7/1/14-6/30/15	177,150		177,150	(177,150)					177,150
Window Project	2090-050-14-1003	7/1/14-6/30/15	36,527	(36,527)	36,527						-
				<b>(36,527)</b>	<b>213,677</b>	<b>(177,150)</b>					<b>177,150</b>
<b>Total State Awards</b>				<b>\$ (128,981)</b>	<b>\$ 844,522</b>	<b>\$ (779,289)</b>	<b>\$ (48,642)</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ (63,748)</b>	<b>\$ 1,297,590</b>

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

HAWORTH BOARD OF EDUCATION  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Haworth Borough School District under programs of the federal and state governments for the fiscal year ended June 30, 2015. The information in these schedules is presented in accordance with the Federal Office of Management and Budget (OMB), *Audits of States, Local Governments and Non-Profit Organizations* and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting 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 Note 1 to the Board's basic financial statements. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Such expenditures are recognized following the cost principles contained in Federal OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governmental Units*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payments for the prior year and for the current budget year, which is mandated pursuant to P.L. 2003, C.97. For GAAP purposes, the current year payments are not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payments in the subsequent year and the final payments for the prior year are recognized in the current year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Grant revenue in the capital projects fund is recognized on the budgetary basis in the year of the award while on a GAAP basis revenue is recognized based on grant expenditures and when reimbursement requests are submitted.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$15,106) for the general fund. See Exhibit C-3 and Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, special revenue and capital projects funds. Additionally, the schedule of expenditures of state awards does not include the on-behalf Pension Contributions and Post Retirement Medical Benefits revenue of \$196,381 and \$311,754, respectively.

HAWORTH BOARD OF EDUCATION  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,011,576	\$ 1,011,576
Special Revenue Fund	\$ 91,197		91,197
Capital Projects Fund		213,677	213,677
Debt Service Fund		83,592	83,592
Total Financial Awards	<u>\$ 91,197</u>	<u>\$ 1,308,845</u>	<u>\$ 1,400,042</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. SCHOOLS DEVELOPMENT AUTHORITY (SDA) GRANTS

In prior years the District was awarded grants in the amounts of \$246,552 and \$36,527 from the Schools Development Authority (SDA) under the Educational Facilities Construction and Financing Act for HVAC Upgrades and a Window Project, respectively. As of June 30, 2015, \$246,552 and \$36,527 have been expended and submitted for reimbursement, and the receivables both on a budgetary and GAAP basis have been received.

During fiscal year end June 30, 2014, the District was awarded \$177,150 from the Schools Development Authority (SDA) under the Educational Facilities Construction and Financing Act for the second phase of the elementary school roofing project. As of June 30, 2015, \$177,150 has been expended and submitted for reimbursement, and the receivable both on a budgetary and GAAP basis has been received.

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the year ended June 30, 2015. Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

HAWORTH BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over the major state program disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance Required by OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08*.
- The auditors' report on compliance for the major state program for the District expresses an unmodified opinion on the major state program.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circulars 04-04 and 15-08 or Section 510(a) of Federal OMB Circular A-133.
- The District was not subject to the single audit provisions of Federal OMB Circular A-133 for fiscal year end June 30, 2015 as federal grant expenditures were less than the single audit threshold of \$500,000 identified in the Circular.
- The District's program tested as a major state program for the current fiscal year consisted of the following award:

<u>General Fund State Aid:</u>	<u>State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
State Awards:				
Extraordinary Aid	15-100-034-5210-473	7/1/14-6/30/15	\$ 32,149	\$ 32,149
Non-Public Transportation Aid	15-100-034-5210-014	7/1/14-6/30/15	2,610	2,610
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	186,749	186,749
Categorical Security Aid	15-495-034-5120-084	7/1/14-6/30/15	6,257	6,257
Categorical Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	6,531	6,531
NJ SDA Roof Replacement Project Phase II	2090-050-14-G1EL	7/1/14-6/30/15	177,150	177,150
NJ SDA Window Project	2090-050-14-1003	7/1/14-6/30/15	36,527	

- The threshold used for distinguishing between Type A and Type B programs was \$500,000. A risk based approach was used to determine state major programs.
- The District was determined to be a "low-risk" auditee for state programs under the provisions of section 530 of the federal Circular.

HAWORTH BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

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

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

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in section 510(a) of the federal Circulars or NJ OMB 04-04 and 15-08.

HAWORTH BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015

Status of Prior Year Findings:

There were no prior year findings.