

WALDWICK BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Waldwick, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Waldwick Board of Education

Waldwick, New Jersey

For The Fiscal Year Ended June 30, 2016

Prepared by

Business Office

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INTRODUCTORY SECTION

WALDWICK BOARD OF EDUCATION



JOHN GRIFFIN
SCHOOL BUSINESS ADMINISTRATOR/
BOARD SECRETARY

155 SUMMIT AVENUE
WALDWICK, NJ 07463
201-445-3340 EXT. 4109

October 28, 2016

Honorable President and
Members of the Board of Education
Waldwick School District
County of Bergen, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Waldwick School District for the fiscal year ended June 30, 2016, 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 Waldwick Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the financial statements and required supplementary information as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the state Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, is included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: Waldwick School District is an independent reporting entity within the criteria adopted by the Governmental Accounts Standards Board (GASB) as established by NCGA. All funds of the District are included in this report. The Waldwick Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular, vocational and special education. The District completed the 2015-2016 fiscal year with an average daily enrollment of 1,584 students, which is an increase from the previous year's enrollment. The following details the changes in the average daily student enrollment of the District over the last nine years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2015-16	1,584	.4%
2014-15	1,577	-1.2%
2013-14	1,596	-1.4%
2012-13	1,618	1.6%
2011-12	1,593	0%
2010-11	1,593	.6%
2009-10	1,583	.1%
2008-09	1,582	0%
2007-08	1,582	.2%

2) ECONOMIC CONDITION AND OUTLOOK: The Waldwick area is experiencing limited development and expansion which is expected to continue. The number of businesses relocating to the area is limited due to the amount of available space in Waldwick. This results in a flat tax base.

3) MAJOR INITIATIVES: The school district continued its maintenance and construction program throughout the district. The last regular classroom building, # 4, at the Traphagen campus was completely rehabilitated. This leaves only the larger Building #11 and the Media Center building still in need of rehabilitation or replacement. All four schools continued the technology initiative with various devices purchased and installed. Additionally, the district spent a significant amount on the student 1:1 Chromebook implementation at the high school in the 2015-2016 school year. Painting of selected classrooms and hallways throughout the district continued. The Middle School and the Crescent School each had LED lights installed in one of the hallways with plans to continue LED light replacement in future years until all hallway lights are replaced. Partial hallway ceiling replacement and LED lighting upgrade was completed in the high school. Traphagen School had LED lights installed in two classroom buildings, its multi-purpose room and in some outside fixtures. The district has started an ongoing project of replacing and installing LED lights and fixtures throughout the district as funds become available. The district also contracted for a major rehabilitation of the handicap lift at the High School. Additionally, a medium term project was started that will install a computerized control system to connect all Aerdale heating/air conditioning units in the district. This will save energy, reduce running time and therefore reduce repair costs.

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

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

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

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipalities. 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 the end of the fiscal year are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as assigned of fund balance at June 30.

6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect accounting principles generally accepted in the United States of America, 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 Financial Statements", Note 1.

7) DEBT ADMINISTRATION: At June 30, 2016, the District's long-term debt issue is for \$4,165,000 of general obligation bonds to provide funding for the school referendum.

8) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 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.

9) RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to, general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

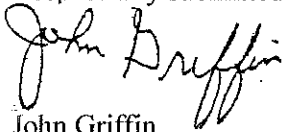
10) OTHER INFORMATION:

A. Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins, LLP, was selected by the Board's Finance Committee and approved by the full Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the state Treasury Circular Letter 15-08 OMB. The auditor's report on the basic financial statements is included in the financial section of this report.

11) ACKNOWLEDGMENTS:

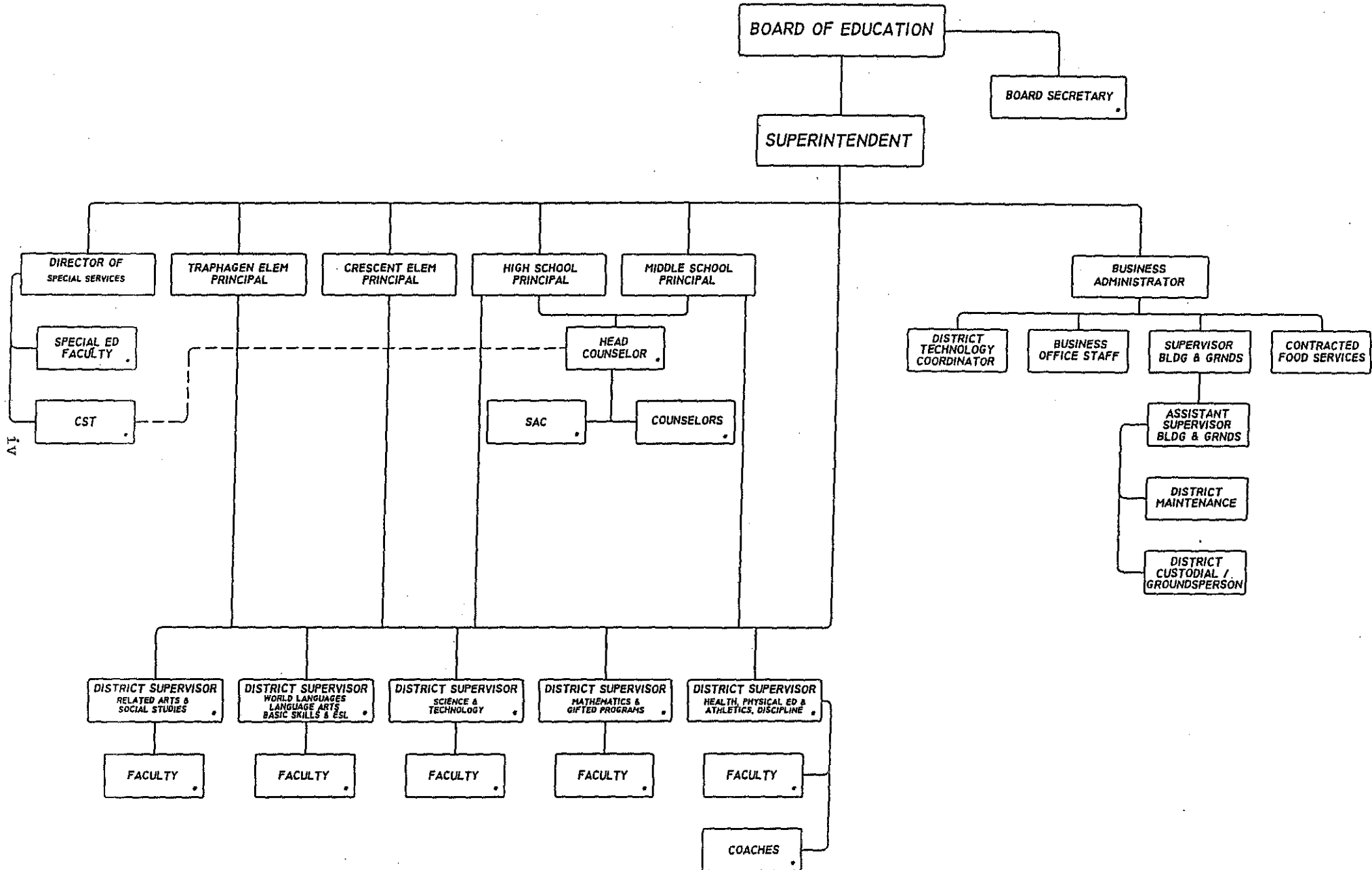
We would like to express our appreciation to the members of the Waldwick Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.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

Respectfully submitted,



John Griffin
School Business Administrator/Board Secretary

WALDWICK PUBLIC SCHOOL DISTRICT ORGANIZATIONAL CHART



**WALDWICK BOARD OF EDUCATION
WALDWICK, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2016**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Dawn Monaco, President	2017
Claire McLafferty, Vice President	2018
Andrew Fowler	2019
Andrew Frey	2018
Daniel Marro	2017
Dominic J. Novelli, Ph.D.	2017
Joseph Orlak	2019

Other Officials

Paul D. Casarico, Ed. D., Superintendent of Schools

John Griffin, School Business Administrator/Board Secretary

**WALDWICK BOARD OF EDUCATION
WALDWICK, NEW JERSEY**

CONSULTANTS AND ADVISORS

Audit Firm

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

Attorney

Andrew Brown, Esquire
Schwartz Simon Edelstein Celso & Zitomer
44 Whippany Road
Morristown, NJ 07962

Official Depository

Capital One
464 Route 17 North
Paramus, NJ 07652

Architect

Dicara/Rubino
30 Galesi Drive, West Wing
Wayne, NJ 07470

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Waldwick Board of Education
Waldwick, 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 Waldwick Board of Education, as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Waldwick Board of Education as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

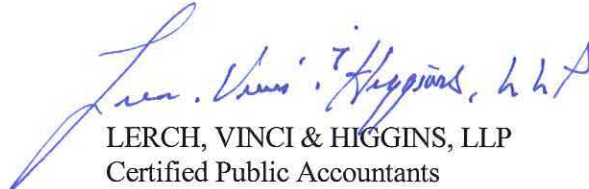
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Waldwick Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures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

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

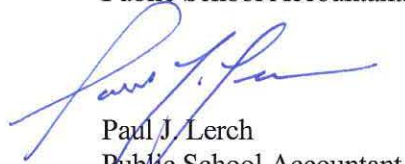
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated October 28, 2016 on our consideration of the Waldwick Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Waldwick Board of Education's internal control over financial reporting and compliance.



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



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
October 28, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

**WALDWICK BOARD OF EDUCATION
WALDWICK, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016**

This discussion and analysis of the Waldwick School District's financial performance provides an overview of its financial activities for the fiscal year ended June 30, 2016. The intent of this is to look at the District's financial performance as a whole; readers should also review the basic financial statements including the notes to the financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2016 are as follows:

- District-Wide - Overall revenues were \$37,151,832. General revenues accounted for \$28,184,695 or 76 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$8,967,137 or 24 percent of total revenues of \$37,151,832.
- District-Wide - The School District had \$35,790,857 in expenses; only \$8,967,137 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$28,184,695 were adequate to provide for these programs.
- Fund Financials - As of the close of the current fiscal year, the Waldwick Board of Education's governmental funds reported combined ending fund balances of \$4,268,591 an increase of \$1,236,650 in comparison with the prior year.
- Fund Financials - At the end of June 30, 2016, the unassigned fund balance, on a GAAP basis, for the General Fund was \$254,394, a decrease of \$27,698 in comparison with the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

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

District-wide Statements

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

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

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

District-wide Statements (Continued)

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

Fund Financial Statements (Continued)

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

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

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

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

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

Table A-2 provides a summary of the school district's net position for fiscal years 2016 and 2015. For 2016 and 2015 net position were \$9,664,107 and \$8,303,132, respectively.

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

DISTRICT-WIDE FINANCIAL ANALYSIS OF THE WALDWICK BOARD OF EDUCATION AS A WHOLE (Continued)

**Table A-2
Statement of Net Position
As of June 30, 2016 and 2015**

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Assets						
Current and Other Assets	\$ 4,417,639	\$ 3,232,238	\$ 73,589	\$ 64,626	\$ 4,491,228	\$ 3,296,864
Capital Assets	<u>17,728,118</u>	<u>17,974,984</u>	<u>19,924</u>	<u>13,873</u>	<u>17,748,042</u>	<u>17,988,857</u>
Total Assets	<u>22,145,757</u>	<u>21,207,222</u>	<u>93,513</u>	<u>78,499</u>	<u>22,239,270</u>	<u>21,285,721</u>
Deferred Outflows of Resources						
Deferred Amount on Net Pension Liability	1,674,337	1,002,317			1,674,337	1,002,317
Deferred Amounts on Debt Refunding	<u>204,385</u>	<u>255,279</u>	<u>-</u>	<u>-</u>	<u>204,385</u>	<u>255,279</u>
Total Deferred Outflows of Resources	<u>1,878,722</u>	<u>1,257,596</u>	<u>-</u>	<u>-</u>	<u>1,878,722</u>	<u>255,279</u>
Total Assets and Deferred Outflows of Resources	<u>24,024,479</u>	<u>22,464,818</u>	<u>93,513</u>	<u>78,499</u>	<u>24,117,992</u>	<u>21,541,000</u>
Liabilities						
Current Liabilities	197,640	254,897	1,362	2,594	199,002	257,491
Non-Current Liabilities	<u>13,025,114</u>	<u>13,502,936</u>	<u>-</u>	<u>-</u>	<u>13,025,114</u>	<u>13,502,936</u>
Total Liabilities	<u>13,222,754</u>	<u>13,757,833</u>	<u>1,362</u>	<u>2,594</u>	<u>13,224,116</u>	<u>13,760,427</u>
Deferred Inflows of Resources						
Deferred Amounts on Net Pension Liability	<u>1,229,769</u>	<u>479,758</u>	<u>-</u>	<u>-</u>	<u>1,229,769</u>	<u>479,758</u>
Total Liabilities and Deferred Inflows of Resources	<u>14,452,523</u>	<u>14,237,591</u>	<u>1,362</u>	<u>2,594</u>	<u>14,453,885</u>	<u>14,240,185</u>
Net Position						
Net Investment in Capital Assets	13,514,313	13,234,026	19,924	13,873	13,534,237	13,247,899
Restricted	2,100,160	1,140,160	-	-	2,100,160	1,140,160
Unrestricted	<u>(6,042,517)</u>	<u>(6,146,959)</u>	<u>72,227</u>	<u>62,032</u>	<u>(5,970,290)</u>	<u>(6,084,927)</u>
Total Net Position	<u>\$ 9,571,956</u>	<u>\$ 8,227,227</u>	<u>\$ 92,151</u>	<u>\$ 75,905</u>	<u>\$ 9,664,107</u>	<u>\$ 8,303,132</u>

DISTRICT-WIDE FINANCIAL ANALYSIS OF THE WALDWICK BOARD OF EDUCATION AS A WHOLE (Continued)

Governmental activities. Governmental activities for 2016 increased the District's net position by \$1,344,729.

Business-Type Activities. The cost of Business-Type Activities for the fiscal year ended June 30, 2016 was \$234,496. These costs were funded by charges for services (Detailed on Table A-3). The operations resulted in an increase in net position of \$16,246.

Key elements of these increases are as follows:

**Table A-3
Changes in Net Position
For the Fiscal Years Ended June 30, 2016 and 2015**

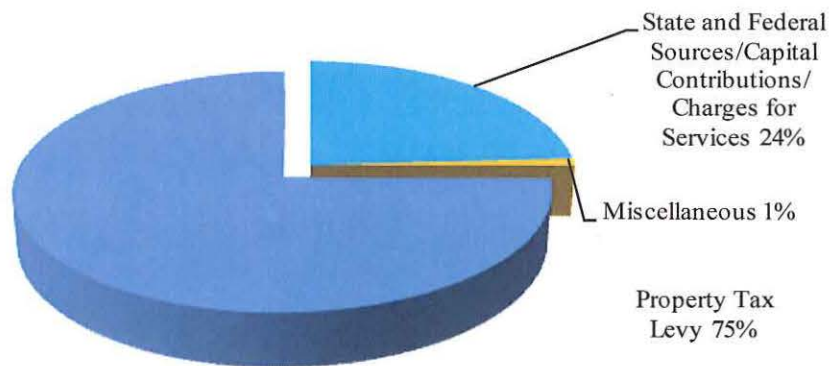
	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
Program Revenues						
Charges for Services	\$ 35,814	\$ 64,323	\$ 250,898	\$ 242,463	\$ 286,712	\$ 306,786
Operating Grants and Contributions	8,680,425	7,244,511			8,680,425	7,244,511
Capital Grants and Contributions	-	49,817			-	49,817
General Revenues						
Property Taxes	27,999,095	27,458,760			27,999,095	27,458,760
Other	185,306	200,839	294	270	185,600	201,109
Total Revenues	36,900,640	35,018,250	251,192	242,733	37,151,832	35,260,983
Expenses						
Instruction						
Regular	14,895,765	14,109,146			14,895,765	14,109,146
Special Education	7,120,068	7,175,056			7,120,068	7,175,056
Other Instruction	1,327,565	1,317,451			1,327,565	1,317,451
School Sponsored Activities and Ath.	961,012	897,075			961,012	897,075
Support Services						
Student and Instruction Related Serv.	3,844,404	3,313,052			3,844,404	3,313,052
Health Services	477,590	465,745			477,590	465,745
Educational Media/School Library	291,442	272,378			291,442	272,378
General Administrative Services	724,919	632,699			724,919	632,699
School Administrative Services	2,089,066	1,971,077			2,089,066	1,971,077
Plant Operations and Maintenance	2,153,455	2,198,405			2,153,455	2,198,405
Pupil Transportation	507,806	600,407			507,806	600,407
Central Services	974,052	883,974			974,052	883,974
Food Service			234,946	232,419	234,946	232,419
Interest on Long-Term Debt	188,767	208,039	-	-	188,767	208,039
Total Expenses	35,555,911	34,044,504	234,946	232,419	35,790,857	34,276,923
Change in Net Position	1,344,729	973,746	16,246	10,314	1,360,975	984,060
Net Position, Beginning of Year	8,227,227	7,253,481	75,905	65,591	8,303,132	7,319,072
Net Position, End of Year	\$ 9,571,956	\$ 8,227,227	\$ 92,151	\$ 75,905	\$ 9,664,107	\$ 8,303,132

DISTRICT-WIDE FINANCIAL ANALYSIS OF THE WALDWICK BOARD OF EDUCATION AS A WHOLE (Continued)

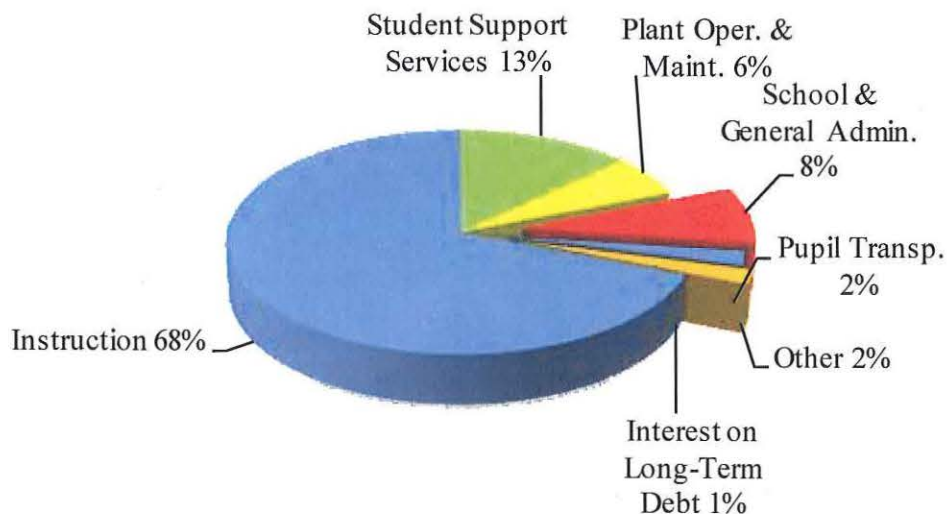
Governmental activities. The District's total governmental revenues were \$36,900,640. The general revenues that included property taxes, interest, unrestricted state aid and miscellaneous revenue, amounted to \$28,184,401 or 76% of total revenues. Funding from state and federal sources and charges for services amounted to \$8,716,239 or 24%.

The District's governmental expenses are predominantly related to instruction and support services. Instruction totaled \$24,304,410 (68%), student support services totaled \$11,062,734 (31%) and interest on long-term debt total \$188,767 of total expenditures. (See Table A-3.)

Revenues by Source- Governmental Activities
For Fiscal Year 2016



Expenditures by Type- Governmental Activities
For Fiscal Year 2016



DISTRICT-WIDE FINANCIAL ANALYSIS OF THE WALDWICK BOARD OF EDUCATION AS A WHOLE (Continued)

**Table A-4
Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2016 and 2015**

<u>Functions/Programs</u>	<u>Total Cost of Services</u>		<u>Total Net Cost Services</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Governmental Activities				
Instruction				
Regular	\$ 14,895,765	\$ 14,109,146	\$ 11,394,271	\$ 11,191,205
Special Education	7,120,068	7,175,056	4,402,904	4,682,371
Other Instruction	1,327,565	1,317,451	918,294	896,079
School Sponsored Activities and Athletics	961,012	897,075	750,515	732,008
Support Services				
Student and Instruction Related Svcs.	3,844,404	3,313,052	2,837,454	2,661,021
Health Services	477,590	465,745	364,985	374,647
Educational Media/School Library	291,442	272,378	227,644	221,620
General Administrative Services	724,919	632,699	604,274	538,555
School Administrative Services	2,089,066	1,971,077	1,584,277	1,566,383
Plant Operations and Maintenance	2,153,455	2,198,405	2,130,112	2,174,823
Pupil Transportation	507,806	600,407	462,123	555,128
Central Services	974,052	883,974	974,052	883,974
Interest on Long-Term Debt	188,767	208,039	188,767	208,039
Total Governmental Activities	<u>\$ 35,555,911</u>	<u>\$ 34,044,504</u>	<u>\$ 26,839,672</u>	<u>\$ 26,685,853</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

As the District completed the year, its governmental funds reported a combined fund balance of \$4,268,591. In 2014-2015 the fund balance was \$3,031,941 and increase of \$1,236,650.

The District's Funds

All governmental funds (i.e., general fund, special revenue fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$33,119,402 and expenditures were \$31,882,752.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a summary of the governmental fund revenues for the fiscal year ended June 30, 2016 and 2015.

	Year Ended <u>June 30, 2016</u>	Year Ended <u>June 30, 2015</u>	Amount of Increase (Decrease)	Percent Change
Local Sources	\$ 28,182,971	\$ 27,686,983	\$ 495,988	1.79%
State Sources	4,449,799	4,032,040	417,759	10.36%
Federal Sources	<u>486,632</u>	<u>437,384</u>	<u>49,248</u>	11.26%
Total Revenues	<u>\$ 33,119,402</u>	<u>\$ 32,156,407</u>	<u>\$ 962,995</u>	2.99%

The District's Funds (Continued)

The following schedule represents a summary of general fund, special revenue fund, capital projects fund, and debt service fund expenditures for the fiscal year ended June 30, 2016 and 2015.

	<u>Year Ended</u> <u>June 30, 2016</u>	<u>Year Ended</u> <u>June 30, 2015</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Change</u>
Instruction	\$ 20,663,048	\$ 20,499,859	\$ 163,189	0.80%
Undistributed	9,774,916	9,309,779	465,137	5.00%
Capital Outlay	722,860	1,108,705	(385,845)	-34.80%
Debt Service				
Principal	515,000	490,000	25,000	5.10%
Interest	<u>206,928</u>	<u>227,028</u>	<u>(20,100)</u>	-8.85%
Total Expenditures	<u>\$ 31,882,752</u>	<u>\$ 31,635,371</u>	<u>\$ 247,381</u>	0.78%

General Fund Budgetary Highlights

The District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The most significant budgetary fund is the General Fund.

Over the course of the year, the District revised the annual operating budget several times. These budget amendments were related to:

- An increase in Extraordinary Aid of \$59,828 due to extraordinary Special Education costs and an adjusted formula for reimbursement from the State.
- A decrease in out-of-district tuition costs.
- A decrease in energy costs partially due to a warm winter and the installation of new boilers at the High School/Middle School.
- The deposit of \$860,000 into the district's Capital Reserve account.
- A deposit of \$100,000 into the District's Maintenance Reserve account.
- A decrease in legal expenditures.

General Fund Budgetary Highlights (Continued)

- A decrease in health benefits expenditures due to the State rates being less than anticipated in the SEHBP plan.
- An increase in capital outlay transportation expenditures for the purchase of a new bus.
- A decrease in transportation expenditures for students.
- A decrease in the PERS retirement contribution by the State.

Capital Assets. The Waldwick Board of Education's investment in capital assets for its governmental and business type activities as of June 30, 2016 amounts to \$17,748,042 (net of accumulated depreciation). This investment in capital assets includes land improvements, buildings and building improvements, construction in progress and machinery and equipment.

Table A-5
Capital Assets
(net of accumulated depreciation) at June 30, 2016 and 2015

	Governmental Activities		Business-Type Activities		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land Improvements	\$ 1,469,252	\$ 1,469,252			\$ 1,469,252	\$ 1,469,252
Buildings and Building Improvements	25,289,244	24,670,456			25,289,244	24,670,456
Machinery and Equipment	<u>3,252,580</u>	<u>3,245,244</u>	\$ 62,270	\$ 62,407	<u>3,314,850</u>	<u>3,307,651</u>
Total	30,011,076	29,384,952	62,270	62,407	30,073,346	29,447,359
Less: Accumulated Depreciation	<u>12,282,958</u>	<u>11,409,968</u>	<u>42,346</u>	<u>48,534</u>	<u>12,325,304</u>	<u>11,458,502</u>
Total	<u>\$ 17,728,118</u>	<u>\$ 17,974,984</u>	<u>\$ 19,924</u>	<u>\$ 13,873</u>	<u>\$ 17,748,042</u>	<u>\$ 17,988,857</u>

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

Debt Administration. As of June 30, 2016 the school district had long-term debt and outstanding long-term liabilities in the amount of \$13,025,114 as stated in Table A-6.

Long-Term Liabilities

**Table A-6
Long-Term Debt
Outstanding Long-Term Liabilities**

	Balance <u>June 30, 2016</u>	Balance <u>June 30, 2015</u>
Serial Bonds (Including Original Issue Premium)	\$ 4,418,190	\$ 4,996,237
Compensated Absences Payable	508,685	456,327
Net Pension Liability	<u>8,098,239</u>	<u>8,050,372</u>
 Total	 <u>\$ 13,025,114</u>	 <u>\$ 13,502,936</u>

Additional information on Waldwick Board of Education’s long-term debt can be found in Note 3 of this report.

Moody’s Investors Service has assigned an Aa2 enhanced rating to the Waldwick Board of Education’s \$8,701,000 million General Obligation School Bonds. These bonds are secured by New Jersey’s Chapter 72 program. The Aa2 rating on this issue reflects: Chapter 72’s highly liquid reserve that by statute is perpetually sized at 1.5% of New Jersey school district related indebtedness; significant ability to regenerate the fund in the case of a draw; and, Moody’s anticipation that program mechanics will govern timely bond repayment in the case of a defaulting issuer. Additional information on this program follows:

CHAPTER 72 IS A CONSTITUTIONALLY CREATED FUND LOCATED IN THE STATE’S FUND FOR SUPPORT OF FREE PUBLIC SCHOOLS

The Chapter 72 reserves, authorized in 1980 (NJ 18A:56-19), to make scheduled debt service payments for a defaulting issuer are carved from the State of New Jersey’s larger constitutionally created Fund for Support of Free Public Schools. Chapter 72 assets currently valued at \$62 million are recalculated annually, to comply with the statutory requirement that the reserve equal exactly 1.5% of the \$4.1 billion of outstanding school related debt. Currently, Chapter 72 assets comprise 41% of the Fund.

FOR THE FUTURE

Currently, the District is in good financial condition. Everyone associated with the Waldwick School District is grateful for the community support of the schools. A major concern is the financial support required to maintain appropriate class sizes and services. This, in an environment of declining flat state aid support, means an ever-increasing reliance on local property taxes.

In conclusion, the Waldwick School District has committed itself to financial and educational excellence. Its system for financial planning, budgeting, and internal financial controls is audited annually and it plans to continue to manage its finances in order to meet the many challenges ahead.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report or need additional information, contact the School Business Administrator at the Waldwick Board of Education, 155 Summit Avenue, Waldwick, NJ 07643.

BASIC FINANCIAL STATEMENTS

WALDWICK BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 4,280,655	\$ 71,250	\$ 4,351,905
Receivables, net	136,984		136,984
Inventory		2,339	2,339
Capital Assets, net Being Depreciated	17,728,118	19,924	17,748,042
Total Assets	22,145,757	93,513	22,239,270
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	1,674,337		1,674,337
Deferred Amounts on Refunding of Debt	204,385	-	204,385
Total Deferred Outflows of Resources	1,878,722	-	1,878,722
Total Assets and Deferred Outflows of Resources	24,024,479	93,513	24,117,992
LIABILITIES			
Accounts Payable and Other Current Liabilities	82,710	1,362	84,072
Payable to Other Governments	45,439		45,439
Unearned Revenue	20,899		20,899
Accrued Interest Payable	48,592		48,592
Noncurrent Liabilities			
Due Within One Year	590,000		590,000
Due Beyond One Year	12,435,114	-	12,435,114
Total Liabilities	13,222,754	1,362	13,224,116
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	1,229,769	-	1,229,769
Total Liabilities and Deferred Inflows of Resources	14,452,523	1,362	14,453,885
NET POSITION			
Net Investment in Capital Assets	13,514,313	19,924	13,534,237
Restricted for			
Capital Projects	2,000,160		2,000,160
Other Purposes	100,000		100,000
Unrestricted	(6,042,517)	72,227	(5,970,290)
Total Net Position	\$ 9,571,956	\$ 92,151	\$ 9,664,107

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

**WALDWICK BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 14,895,765	\$ 35,814	\$ 3,465,680	\$ (11,394,271)		\$ (11,394,271)	
Special Education	7,120,068		2,717,164	(4,402,904)		(4,402,904)	
Other Instruction	1,327,565		409,271	(918,294)		(918,294)	
School Sponsored Activities and Athletics	961,012		210,497	(750,515)		(750,515)	
Support Services							
Student and Instruction Related Services	3,844,404		1,006,950	(2,837,454)		(2,837,454)	
Health Services	477,590		112,605	(364,985)		(364,985)	
Educational Media/School Library	291,442		63,798	(227,644)		(227,644)	
General Administrative Services	724,919		120,645	(604,274)		(604,274)	
School Administrative Services	2,089,066		504,789	(1,584,277)		(1,584,277)	
Plant Operations and Maintenance	2,153,455		23,343	(2,130,112)		(2,130,112)	
Pupil Transportation	507,806		45,683	(462,123)		(462,123)	
Central Services	974,052			(974,052)		(974,052)	
Interest on Long-Term Debt	188,767			(188,767)		(188,767)	
Total Governmental Activities	35,555,911	35,814	8,680,425	(26,839,672)	-	(26,839,672)	
Business-Type Activities							
Food Service	234,946	250,898	-	-	\$ 15,952	15,952	
Total Business-Type Activities	234,946	250,898	-	-	15,952	15,952	
Total Primary Government	\$ 35,790,857	\$ 286,712	\$ 8,680,425	\$ -	(26,839,672)	15,952	(26,823,720)
General Revenues							
Taxes:							
Property Taxes, Levied for General Purposes, Net				27,307,195		27,307,195	
Taxes Levied for Debt Service				691,900		691,900	
Unrestricted State Aid				37,244		37,244	
Miscellaneous Income				148,062	294	148,356	
Total General Revenues and Special Items				28,184,401	294	28,184,695	
Change in Net Position				1,344,729	16,246	1,360,975	
Net Position, Beginning of Year				8,227,227	75,905	8,303,132	
Net Position, End of Year				\$ 9,571,956	\$ 92,151	\$ 9,664,107	

FUND FINANCIAL STATEMENTS

WALDWICK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 4,280,655			\$ 4,280,655
Due from Other Funds	10,697			10,697
Receivables from Other Governments	<u>55,099</u>	<u>\$ 81,301</u>	<u>-</u>	<u>136,400</u>
Total Assets	<u>\$ 4,346,451</u>	<u>\$ 81,301</u>	<u>\$ -</u>	<u>\$ 4,427,752</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 64,781	\$ 4,850		\$ 69,631
Deposits Payable	13,079			13,079
Due to Other Funds		10,113		10,113
Payable to State Government		39,473		39,473
Payable to Federal Government		5,966		5,966
Unearned Revenue	<u>-</u>	<u>20,899</u>	<u>-</u>	<u>20,899</u>
Total Liabilities	<u>77,860</u>	<u>81,301</u>	<u>-</u>	<u>159,161</u>
Fund Balances				
Restricted Fund Balance				
Excess Surplus - Designated for Subsequent Year's Expenditures	750,393			750,393
Excess Surplus	967,214			967,214
Capital Reserve	2,000,160			2,000,160
Maintenane Reserve	100,000			100,000
Assigned Fund Balance				
Year-End Encumbrances	77,057			77,057
Designated for Subsequent Year's Expenditures	119,373			119,373
Unassigned Fund Balance				
General Fund	<u>254,394</u>	<u>-</u>	<u>-</u>	<u>254,394</u>
Total Fund Balances	<u>4,268,591</u>	<u>-</u>	<u>-</u>	<u>4,268,591</u>
Total Liabilities and Fund Balances	<u>\$ 4,346,451</u>	<u>\$ 81,301</u>	<u>\$ -</u>	

WALDWICK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2016

Total Governmental Fund Balances (Exhibit B-1) \$ 4,268,591

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 net assets is \$30,011,076 and the accumulated depreciation is \$12,282,958.

17,728,118

The District has financial capital assets through the issuance of serial bonds. The interest accrual at year end is:

(48,592)

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

Deferred Outflows of Resources	\$	1,674,337
Deferred Inflows of Resources		<u>(1,229,769)</u>

444,568

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Bonds Payable, Including Premium	\$	(4,418,190)
Deferred Outflows of Resources- Deferred Amounts on Refunding of Debt		204,385
Compensated Absences		(508,685)
Net Pension Liability		<u>(8,098,239)</u>

(12,820,729)

Net Position (Exhibit A-1) \$ 9,571,956

**WALDWICK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local Sources				
Property Tax Levy	\$ 27,307,195		\$ 691,900	\$ 27,999,095
Miscellaneous	183,876	-	-	183,876
Total - Local Sources	27,491,071	-	691,900	28,182,971
State Sources	4,310,329	\$ 139,470		4,449,799
Federal Sources	-	486,632	-	486,632
Total Revenues	<u>31,801,400</u>	<u>626,102</u>	<u>691,900</u>	<u>33,119,402</u>
EXPENDITURES				
Current				
Regular Instruction	12,458,442	17,004		12,475,446
Special Education Instruction	5,895,665	361,346		6,257,011
Other Instruction	1,007,630	109,677		1,117,307
School-Sponsored Activities and Athletics	813,284			813,284
Support Services				
Student and Instruction Related Services	3,096,544	138,075		3,234,619
Health Services	398,562			398,562
Educational Media/School Library	246,668			246,668
School Administrative Services	1,734,799			1,734,799
General Administrative Services	640,250			640,250
Plant Operations and Maintenance	2,087,945			2,087,945
Pupil Transportation	499,940			499,940
Central Services	932,133			932,133
Debt Service				
Principal			515,000	515,000
Interest and Other Charges	30,028		176,900	206,928
Capital Outlay	722,860	-	-	722,860
Total Expenditures	<u>30,564,750</u>	<u>626,102</u>	<u>691,900</u>	<u>31,882,752</u>
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	<u>1,236,650</u>	<u>-</u>	<u>-</u>	<u>1,236,650</u>
OTHER FINANCING SOURCES (USES)				
Transfers In				-
Transfers Out	-	-	-	-
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	1,236,650	-	-	1,236,650
Fund Balance, Beginning of Year	3,031,941	-	-	3,031,941
Fund Balance, End of Year	<u>\$ 4,268,591</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,268,591</u>

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

**WALDWICK BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ 1,236,650

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

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

Capital Outlay	\$ 722,860	
Depreciation Expense	<u>(969,726)</u>	(246,866)

In the statement of activities, "the issuance of long-term debt (e.g. bonds, loans and leases) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums and other such items related to the refunding bond when they are first issued, whereas these amounts are deferred and amortized in the statement of activities.

Amortization of Bond Premium	63,047	
Amortization of Deferred Amounts on Refunding	(50,894)	
Principal Repayments		
Bond Principal	<u>515,000</u>	527,153

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

Increase in Net Pension Liability	(125,858)	
Increase Compensated Absences	<u>(52,358)</u>	(178,216)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

Decrease in Accrued Interest		<u>6,008</u>
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Change in net position of governmental activities (Exhibit A-2) **\$ 1,344,729**

**WALDWICK BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2016**

	Business-Type Activities Enterprise Fund <u>Food Service</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 71,250
Inventories	<u>2,339</u>
Total Current Assets	<u>73,589</u>
Capital Assets	
Equipment	62,270
Less: Accumulated Depreciation	<u>(42,346)</u>
Total Capital Assets, Net	<u>19,924</u>
Total Assets	<u>93,513</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	<u>1,362</u>
Total Current Liabilities	<u>1,362</u>
Total Liabilities	<u>1,362</u>
NET POSITION	
Investment in Capital Assets	19,924
Unrestricted	<u>72,227</u>
Total Net Position	<u>\$ 92,151</u>

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

**WALDWICK BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Business-Type Activities Enterprise Fund <u>Food Service</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales	\$ 249,528
Special Functions	1,370
	250,898
Total Operating Revenues	250,898
OPERATING EXPENSES	
Cost of Sales	97,667
Salaries and Employee Benefits	98,631
Purchase Professional Services	26,283
Supplies and Materials	9,963
Depreciation	2,402
	234,946
Total Operating Expenses	234,946
Operating Income	15,952
NONOPERATING REVENUES	
Interest on Deposits	294
	294
Total Nonoperating Revenues	294
Change in Net Position	16,246
Total Net Position, Beginning of Year	75,905
Total Net Position, End of Year	\$ 92,151

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

**WALDWICK BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Business-Type Activities Enterprise Fund <u>Food Service</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 250,898
Cash Payments for Employees' Salaries and Benefits	(98,631)
Cash Payments to Suppliers for Goods and Services	<u>(135,464)</u>
Net Cash Provided by (Used for) by Operating Activities	<u>16,803</u>
Cash Flows used in Financing Activities	
Acquisition of Capital Assets	<u>(8,453)</u>
Net Cash Used by Financing Activities	<u>(8,453)</u>
Cash Flows from Investing Activities	
Interest on Deposits	<u>294</u>
Net Cash Provided by Investing Activities	<u>294</u>
Net Increase in Cash and Cash Equivalents	8,644
Cash and Cash Equivalents, Beginning of Year	<u>62,606</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 71,250</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	<u>\$ 15,952</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	2,402
Change in Assets and Liabilities	
Increase/(Decrease) in Accounts Payable	(1,232)
(Increase)/Decrease in Inventory	<u>(319)</u>
Total Adjustments	<u>851</u>
Net Cash Provided by Operating Activities	<u><u>\$ 16,803</u></u>

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

**WALDWICK BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2016**

	Unemployment Compensation <u>Trust Fund</u>	Private Purpose <u>Trust Funds</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 369,772	\$ 11,999	\$ 67,060
Total Assets	<u>\$ 369,772</u>	<u>\$ 11,999</u>	<u>\$ 67,060</u>
LIABILITIES			
Due to Other Funds			\$ 584
Due to State of New Jersey	7,377		
Payroll Deductions and Withholdings			19,582
Flex Spending Benefits			3,158
Due to Student Groups	-	-	43,736
Total Liabilities	<u>7,377</u>	<u>-</u>	<u>\$ 67,060</u>
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 362,395</u>	<u>\$ 11,999</u>	

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

**WALDWICK BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Unemployment Compensation <u>Trust Fund</u>	Private Purpose <u>Trust Funds</u>
ADDITIONS		
Contributions		
Board Contributions	\$ 60,000	
Employees	43,844	
Donations		\$ 3,000
Investment Earnings		
Interest	1,217	56
	<hr/>	<hr/>
Total Additions	105,061	3,056
	<hr/>	<hr/>
DEDUCTIONS		
Scholarships Awarded		13,000
Unemployment Claims and Contributions	33,000	-
	<hr/>	<hr/>
Total Deductions	33,000	13,000
	<hr/>	<hr/>
Change in Net Position	72,061	(9,944)
Net Position, Beginning of Year	290,334	21,943
	<hr/>	<hr/>
Net Position, End of Year	\$ 362,395	\$ 11,999
	<hr/>	<hr/>

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

**NOTES TO THE FINANCIAL STATEMENTS
WALDWICK BOARD OF EDUCATION**

**WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. New Accounting Standards

During fiscal year 2016, the District adopted the following GASB statements:

- GASB No. 72, *Fair Value Measurement and Application*, June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement applies to donated capital assets, donated works of art, donated historical treasures, and also to similar assets and capital assets received in a service concession arrangement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, will be effective beginning with the fiscal year ending June 30, 2016. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

**WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

- GASB No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.
- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB No. 77, *Tax Abatement Disclosures*, will be effective beginning with the fiscal year ending June 30, 2017. The requirements of this Statement will improve financial reporting by providing disclosure of information about the nature and magnitude of tax abatements that will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.
- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No.67, No.68, and No.73*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pension*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

C. Basis of Presentation - Financial Statements

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

**WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

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

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

**WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

Additionally, the government reports the following fund types:

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

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

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

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

**WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

3. Inventories

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

4. Capital Assets

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

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

**WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. Capital Assets (Continued)

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

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings and Building Improvements	20-50
Machinery and Equipment	5-20

5. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board has one type which arises only under the accrual basis of accounting that qualifies for reporting in this category. The item that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

6. Compensated Absences

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

**WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. Pensions

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

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

8. Long-Term Obligations

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

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

9. Net Position/Fund Balance

District-Wide Statements

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

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

**WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental Fund Statements

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

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

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2015 audited excess surplus that was appropriated in the 2016/2017 original budget certified for taxes.

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2016 audited excess surplus that is required to be appropriated in the 2017/2018 original budget certified for taxes.

Capital Reserve – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 3.)

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

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

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2016/2017 District budget certified for taxes.

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

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

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

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

**WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

2. *Property Taxes*

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

3. *Tuition Revenues and Expenditures*

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

Tuition Expenditures - Tuition charges for the fiscal years 2014-2015 and 2015-2016 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

**WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On January 23, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2015/2016. Also, during 2015/2016 the Board increased the original budget by \$93,763. The increase was funded by additional grant awards and the reappropriation of prior year general fund encumbrances.

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

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

B. Capital Reserve

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

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

**WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Capital Reserve (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2016 is as follows:

Balance, July 1, 2015	\$ 1,140,160
Increased by:	
Deposits Approved by Board Resolution	<u>860,000</u>
Balance, June 30, 2016	<u>\$ 2,000,160</u>

C. Maintenance Reserve

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

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

The activity of the maintenance reserve for the fiscal year ended June 30, 2016 is as follows:

Increased by:	
Deposits Approved by Board Resolution	<u>\$ 100,000</u>
Balance, June 30, 2016	<u>\$ 100,000</u>

The June 30, 2016 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$1,419,425.

D. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2016 is \$1,717,607. Of this amount, \$750,393 was designated and appropriated in the 2016/2017 original budget certified for taxes and the remaining amount of \$967,214 will be appropriated in the 2017/2018 original budget certified for taxes.

**WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2016, the book value of the Board's deposits were \$4,871,986 and bank and brokerage firm balances of the Board's deposits amounted to \$5,039,963. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ <u>5,039,963</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2016 the Board's bank balance was not exposed to custodial credit risk.

Investments

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

As of June 30, 2016, the Board had no outstanding investments.

B. Receivables

Receivables as of June 30, 2016 for the district's individual major funds, in the aggregate are as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Receivables:			
Intergovernmental	\$ <u>55,099</u>	\$ <u>81,301</u>	\$ <u>136,400</u>
Net Total Receivables	\$ <u>55,099</u>	\$ <u>81,301</u>	\$ <u>136,400</u>

**WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

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

	<u>Total</u>
Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ <u>20,899</u>
 Total Unearned Revenue for Governmental Funds	 \$ <u>20,899</u>

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2016 was as follows:

	<u>Balance, July 1, 2015</u>	<u>Increases</u>	<u>Deletions</u>	<u>Balance, June 30, 2016</u>
Governmental activities:				
Capital Assets, Being Depreciated:				
Land Improvements	\$ 1,469,252			\$ 1,469,252
Buildings and Building Improvements	24,670,456	\$ 618,788		25,289,244
Machinery and Equipment	<u>3,245,244</u>	<u>104,072</u>	\$ (96,736)	<u>3,252,580</u>
 Total Capital Assets Being Depreciated	 <u>29,384,952</u>	 <u>722,860</u>	 <u>(96,736)</u>	 <u>30,011,076</u>
Less Accumulated Depreciation for:				
Land Improvements	(1,124,229)	(36,436)		(1,160,665)
Buildings and Building Improvements	(8,718,344)	(642,736)		(9,361,080)
Machinery and Equipment	<u>(1,567,395)</u>	<u>(290,554)</u>	<u>96,736</u>	<u>(1,761,213)</u>
 Total Accumulated Depreciation	 <u>(11,409,968)</u>	 <u>(969,726)</u>	 <u>96,736</u>	 <u>(12,282,958)</u>
 Total Capital Assets, Being Depreciated, Net	 <u>17,974,984</u>	 <u>(246,866)</u>	 <u>-</u>	 <u>17,728,118</u>
 Governmental Activities Capital Assets, Net	 <u>\$ 17,974,984</u>	 <u>\$ (246,866)</u>	 <u>\$ -</u>	 <u>\$ 17,728,118</u>

**WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, <u>July 1, 2015</u>	Increases	<u>Decreases</u>	Balance, <u>June 30, 2016</u>
Business-Type activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 62,407	\$ 8,453	(8,590)	\$ 62,270
Total Capital Assets Being Depreciated	<u>62,407</u>	<u>8,453</u>	<u>(8,590)</u>	<u>62,270</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(48,534)	(2,402)	8,590	(42,346)
Total Accumulated Depreciation	<u>(48,534)</u>	<u>(2,402)</u>	<u>8,590</u>	<u>(42,346)</u>
Total Capital Assets, Being Depreciated, Net	<u>13,873</u>	<u>6,051</u>	<u>-</u>	<u>19,924</u>
Business-Type Activities Capital Assets, Net	<u>\$ 13,873</u>	<u>\$ 6,051</u>	<u>\$ -</u>	<u>\$ 19,924</u>

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

Governmental Activities:

Instruction	
Regular	\$ 438,589
Special	156,396
Other Special Instruction	38,101
School-Sponsored/Other Instructional	<u>26,770</u>
Total Instruction	<u>659,856</u>
Support Services	
Student Services - Students	110,500
Health Services	14,321
Educational Media	8,114
School Administration	64,197
General Administration	15,343
Plant Operations and Maintenance	55,340
Pupil Transportation	6,645
Central Services	<u>35,410</u>
Total Support Services	<u>309,870</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 969,726</u>
Business-Type Activities:	
Food Service Fund	<u>\$ 2,402</u>

**WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2016, is as follows:

Due to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Agency Fund	\$ 584
General Fund	Special Revenue	<u>10,113</u>
		<u>\$ 10,697</u>

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund, expenditures paid by one fund on behalf of another fund and to cover cash balances which were in an overdraft position.

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

F. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2016 are comprised of the following issues:

\$5,170,000, Refunding School Bonds, due in annual installments of \$540,000 to \$625,000 through September 15, 2022, interest at 4.00%	<u>\$ 4,165,000</u>
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**WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

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

Governmental Activities:

Year Ending June 30,	Serial Bonds		Total
	Principal	Interest	
2017	\$ 540,000	\$ 155,800	\$ 695,800
2018	560,000	133,800	693,800
2019	585,000	110,900	695,900
2020	610,000	87,000	697,000
2021	620,000	62,400	682,400
2022-2023	<u>1,250,000</u>	<u>50,000</u>	<u>1,300,000</u>
	<u>\$ 4,165,000</u>	<u>\$ 599,900</u>	<u>\$ 4,764,900</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2016 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 60,785,634
Less: Net Debt	<u>4,165,000</u>
Remaining Borrowing Power	<u>\$ 56,620,634</u>

**WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Other Long-Term Liabilities (Continued)

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2016, was as follows:

	<u>Balance, July 1, 2015</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, June 30, 2016</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds Payable	\$ 4,680,000		\$515,000	\$ 4,165,000	\$540,000
Add: Original Issue Premium	<u>316,237</u>	<u>-</u>	<u>63,047</u>	<u>253,190</u>	<u>-</u>
Total Bonds Payable	4,996,237	-	578,047	4,418,190	540,000
Net Pension Liability	8,050,372	\$358,020	310,153	8,098,239	
Compensated Absences	<u>456,327</u>	<u>89,295</u>	<u>36,937</u>	<u>508,685</u>	<u>50,000</u>
Governmental Activity Long-Term Liabilities	<u>\$ 13,502,936</u>	<u>\$ 447,315</u>	<u>\$ 925,137</u>	<u>\$ 13,025,114</u>	<u>\$ 590,000</u>

Compensated absences and net pension liability are generally liquidated by the general fund.

NOTE 4 OTHER INFORMATION

A. Risk Management

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

The District is a member of the Northeast Bergen County School Board Insurance Group (NESBIG). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

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

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

**WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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

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

<u>Fiscal Year Ended</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016	\$ 60,000	\$ 43,844	\$ 33,000	\$ 362,395
2015	70,000	45,146	26,429	290,334
2014	83,000	43,674	38,009	200,766

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2016, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2016, the District had no estimated arbitrage earnings due to the IRS.

**WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

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

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

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

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

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

Other Pension Funds

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

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

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

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

**WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Basis of Accounting

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

Investment Valuation

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

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

Funding Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 35 percent with an unfunded actuarial accrued liability of \$86 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 28.71 percent and \$63.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 47.93 percent and \$22.4 billion, respectively.

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

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

Actuarial Methods and Assumptions

In the July 1, 2014 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.90 percent and (b) projected salary increases of 2.60-9.48 percent based on age for the PERS and varying percentages based on experience for TPAF.

**WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.92% for PERS, 6.92% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

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

During the fiscal years ended June 30, 2016, 2015 and 2014 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2016	\$ 310,153	\$ 975,823	\$ 30,645
2015	354,468	666,420	11,992
2014	297,337	511,668	13,214

For fiscal years 2015/2016 and 2014/2015, the state contributed \$975,823 and \$666,420, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$511,668 for normal cost pension and NCGI premium.

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$940,240 during the fiscal year ended June 30, 2016 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

**WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS)

At June 30, 2016, the District reported in the statement of net position (accrual basis) a liability of \$8,098,239 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the District's proportionate share was .03608 percent, which was a decrease of .00592 percent from its proportionate share measured as of June 30, 2014 of .04200 percent.

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$436,011 for PERS. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>2015</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 193,196	
Changes of Assumptions	869,686	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 130,204
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>611,455</u>	<u>1,099,565</u>
Total	<u>\$ 1,674,337</u>	<u>\$ 1,229,769</u>

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

Fiscal Year Ending <u>June 30,</u>	
2017	\$ 70,168
2018	70,168
2019	70,168
2020	190,107
2021	<u>43,957</u>
	<u>\$ 444,568</u>

**WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

	<u>PERS</u>
Inflation Rate	3.04%
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 Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2008 -
Study Upon Which Actuarial	June 30, 2011
Assumptions were Based	

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

**WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

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

<u>Plan</u>	<u>Discount Rate</u>
PERS	4.90%

**WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

Period of Projected Benefit

Payments for which the Following
 Rates were Applied:

Long-Term Expected Rate of Return Through June 30, 2033

Municipal Bond Rate * From July 1, 2033
 and Thereafter

* The municipal bond return rate used is 3.80%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 4.90%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

	1% Decrease <u>(3.90%)</u>	Current Discount Rate <u>(4.90%)</u>	1% Increase <u>(5.90%)</u>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 10,065,120</u>	<u>\$ 8,098,239</u>	<u>\$ 6,449,220</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2015. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

**WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

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

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$4,757,061 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2016 the State's proportionate share of the net pension liability attributable to the District is \$77,909,246. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2015. At June 30, 2015, the state's share of the net pension liability attributable to the District was .12327 percent, which was an increase of .00232 percent from its proportionate share measured as of June 30, 2014 of .12095 percent.

Actuarial Assumptions

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

TPAF

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2009 -
Study Upon Which Actuarial	June 30, 2012
Assumptions were Based	

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

**WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

**WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

<u>Plan</u>	<u>Discount Rate</u>
TPAF	4.13%

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

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2027
Municipal Bond Rate *	From July 1, 2027 and Thereafter

* The municipal bond return rate used is 3.80%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.13%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13 percent) or 1-percentage-point higher (5.13 percent) than the current rate:

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 92,592,227</u>	<u>\$ 77,909,246</u>	<u>\$ 65,258,979</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2015. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2015 was not provided by the pension system.

**WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

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

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 590 state and local participating employers and contributing entities for Fiscal Year 2015.

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

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

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

**WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Basis of Accounting

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

Significant Legislation

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

Investment Valuation

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

Funded Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the State had a \$65.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$24.4 billion for state active and retired members and \$40.6 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

Actuarial Methods and Assumptions

In the July 1, 2014, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2015, there were 107,314, retirees receiving post-retirement medical benefits and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

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

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2016, 2015 and 2014 were \$1,161,936, \$1,057,942 and \$881,960, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**WALDWICK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 27,307,195		\$ 27,307,195	\$ 27,307,195	
Tuition	16,500		16,500	35,814	\$ 19,314
Miscellaneous	77,482	-	77,482	148,062	70,580
Total Revenues- Local Sources	<u>27,401,177</u>	<u>-</u>	<u>27,401,177</u>	<u>27,491,071</u>	<u>89,894</u>
State Sources					
Categorical Transportation Aid	37,973		37,973	37,973	
Categorical Special Education Aid	752,149		752,149	752,149	
Equalization Aid	6,011		6,011	6,011	
Categorical Security Aid	24,067		24,067	24,067	
PARCC Readiness	16,220		16,220	16,220	
Per Pupil Growth Aid	16,220		16,220	16,220	
Additional Adjustment Aid	1		1	1	
Extraordinary Aid	251,938		251,938	311,766	59,828
Nonpublic Transportation Aid				8,675	8,675
On-behalf TPAF Pension System Contr. (Non-Budgeted)					
Normal Costs				929,520	929,520
NCGI Premium				46,303	46,303
Post-Retirement Medical Contribution				1,161,936	1,161,936
On-behalf TPAF Soc. Sec. (Non-Budgeted)	-	-	-	940,240	940,240
Total State Sources	<u>1,104,579</u>	<u>-</u>	<u>1,104,579</u>	<u>4,251,081</u>	<u>3,146,502</u>
Total Revenues	<u>28,505,756</u>	<u>-</u>	<u>28,505,756</u>	<u>31,742,152</u>	<u>3,236,396</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	450,770	\$ 3,250	454,020	447,549	6,471
Grades 1-5	2,755,964	(11,955)	2,744,009	2,686,594	57,415
Grades 6-8	1,941,221	(7,222)	1,933,999	1,836,587	97,412
Grades 9-12	2,794,599	(2,528)	2,792,071	2,756,817	35,254
Regular Programs - Home Instruction					
Salaries of Teachers		9,330	9,330	5,717	3,613
Regular Programs - Undistributed Instruction					
Purchased Professional-Educational Services	41,600	(124)	41,476	11,599	29,877
Purchased Technical Services	10,000	(203)	9,797	6,316	3,481
Other Purchased Services	58,920	(4,419)	54,501	51,105	3,396
General Supplies	606,787	5,024	611,811	609,529	2,282
Textbooks	58,500	2,263	60,763	58,710	2,053
Other Objects	16,549	(4,604)	11,945	8,697	3,248
Total Regular Programs	<u>8,734,910</u>	<u>(11,188)</u>	<u>8,723,722</u>	<u>8,479,220</u>	<u>244,502</u>
Special Education - Instruction					
Learning and/or Language Disabilities					
Salaries of Teachers	311,770	-	311,770	308,856	2,914
Other Salaries for Instruction	891,138	(1,660)	889,478	814,773	74,705
General Supplies	4,500	(594)	3,906	1,425	2,481
Textbooks	1,000	-	1,000	75	925
Other Objects	25,000	(1,972)	23,028	20,379	2,649
Total Learning and/or Language Disabilities	<u>1,233,408</u>	<u>(4,226)</u>	<u>1,229,182</u>	<u>1,145,508</u>	<u>83,674</u>

**WALDWICK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Adjustments	Final Budget	Actual	Variance with Final Budget
EXPENDITURES					
CURRENT EXPENDITURES					
Resource Room					
Salaries of Teachers	\$ 1,455,029	\$ 1,315	\$ 1,456,344	\$ 1,425,533	\$ 30,811
Purchased Professional-Educational Services	5,000	15,000	20,000	15,456	4,544
General Supplies	3,000	3,419	6,419	5,816	603
Other Objects	8,000	(4,341)	3,659	1,172	2,487
Total Resource Room	<u>1,471,029</u>	<u>15,393</u>	<u>1,486,422</u>	<u>1,447,977</u>	<u>38,445</u>
Autism					
Other Salaries for Instruction	100,000	-	100,000	35,221	64,779
Total Autism	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>35,221</u>	<u>64,779</u>
Preschool Disabilities - Part - Time					
Salaries of Teachers	63,615	-	63,615	63,615	-
Other Salaries for Instruction	19,199	-	19,199	-	19,199
General Supplies	2,000	-	2,000	1,157	843
Total Preschool Disabilities - Part - Time	<u>84,814</u>	<u>-</u>	<u>84,814</u>	<u>64,772</u>	<u>20,042</u>
Preschool Disabilities - Full - Time					
Salaries of Teachers	68,153	85	68,238	68,237	1
Other Salaries for Instruction	79,925	-	79,925	76,576	3,349
Total Preschool Disabilities - Full - Time	<u>148,078</u>	<u>85</u>	<u>148,163</u>	<u>144,813</u>	<u>3,350</u>
Total Special Education - Instruction	<u>3,037,329</u>	<u>11,252</u>	<u>3,048,581</u>	<u>2,838,291</u>	<u>210,290</u>
Basic Skills/Remedial					
Salaries of Teachers	497,530	2,887	500,417	496,373	4,044
Total Basic Skills/Remedial	<u>497,530</u>	<u>2,887</u>	<u>500,417</u>	<u>496,373</u>	<u>4,044</u>
Bilingual Education					
Salaries of Teachers	139,745	680	140,425	140,425	-
Other Salaries for Instruction	35,007	-	35,007	35,007	-
Total Bilingual Education	<u>174,752</u>	<u>680</u>	<u>175,432</u>	<u>175,432</u>	<u>-</u>
School Sponsored Co-Curricular Activities					
Salaries	135,409	(8,207)	127,202	125,122	2,080
Purchased Services	-	2,825	2,825	2,725	100
Supplies and Materials	3,000	(2,013)	987	621	366
Total School Sponsored Co-Curricular Activities	<u>138,409</u>	<u>(7,395)</u>	<u>131,014</u>	<u>128,468</u>	<u>2,546</u>
School Sponsored Athletics - Instruction					
Salaries	337,489	9,404	346,893	346,892	1
Purchased Services	67,025	(1,237)	65,788	65,253	535
Supplies and Materials	40,000	(8,801)	31,199	30,854	345
Other Objects	-	7,163	7,163	7,078	85
Total School Sponsored Athletics - Instruction	<u>444,514</u>	<u>6,529</u>	<u>451,043</u>	<u>450,077</u>	<u>966</u>
Total - Instruction	<u>13,027,444</u>	<u>2,765</u>	<u>13,030,209</u>	<u>12,567,861</u>	<u>462,348</u>

**WALDWICK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Adjustments	Final Budget	Actual	Variance with Final Budget
EXPENDITURES					
CURRENT (Continued)					
Undistributed Expenditures					
Instruction					
Tuition to Other LEA's Within the State - Special	\$ 502,892	-	\$ 502,892	\$ 411,065	\$ 91,827
Tuition to County Vocational School District-Reg.	130,410	-	130,410	113,490	16,920
Tuition to County Vocational School District-Special	26,622	-	26,622	26,400	222
Tuition to CSSD & Regional Day Schools	666,200	-	666,200	312,040	354,160
Tuition to Private Schools - Disabled - State	1,020,978	-	1,020,978	909,386	111,592
Tuition - Other	45,595	-	45,595	20,008	25,587
Total Undistributed Expenditures - Instruction	2,392,697	-	2,392,697	1,792,389	600,308
Attendance and Social Work					
Salaries	57,594	-	57,594	56,002	1,592
Total Attendance and Social Work	57,594	-	57,594	56,002	1,592
Health Services					
Salaries	254,929	\$ 474	255,403	252,504	2,899
Purchased Professional and Technical Services	17,645	-	17,645	14,890	2,755
Other Purchased Services	44,826	(42,524)	2,302	-	2,302
Supplies and Materials	3,100	1,864	4,964	4,613	351
Other Objects	2,000	-	2,000	982	1,018
Total Health Services	322,500	(40,186)	282,314	272,989	9,325
Speech, OT, PT & Related Svcs					
Salaries	377,845	-	377,845	351,704	26,141
Purchased Professional -Educational Services	155,000	(15,000)	140,000	95,892	44,108
Supplies and Materials	2,000	-	2,000	268	1,732
Total Speech, OT, PT & Related Svcs	534,845	(15,000)	519,845	447,864	71,981
Guidance					
Salaries of Other Professional Staff	370,588	1,750	372,338	370,603	1,735
Salaries of Secretarial and Clerical Assistants	102,890	1,700	104,590	104,590	-
Other Purchased Professional -Technical Services	30,755	(1,700)	29,055	25,930	3,125
Supplies and Materials	11,100	(1,961)	9,139	3,195	5,944
Other Objects	-	25	25	25	-
Total Guidance	515,333	(186)	515,147	504,343	10,804
Child Study Teams					
Salaries of Other Professional Staff	508,761	-	508,761	508,670	91
Salaries of Secretarial and Clerical Assistants	82,024	-	82,024	81,618	406
Purchased Professional-Educational Services	18,000	-	18,000	17,088	912
Miscellaneous Purchased Services	5,100	-	5,100	3,193	1,907
Supplies and Materials	15,000	3,066	18,066	17,983	83
Other Objects	500	-	500	200	300
Total Child Study Teams	629,385	3,066	632,451	628,752	3,699

**WALDWICK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Adjustments	Final Budget	Actual	Variance with Final Budget
EXPENDITURES					
CURRENT (Continued)					
Undistributed Expenditures (Continued)					
Improvement of Instruction Services/					
Salaries of Supervisor of Instruction	\$ 473,644	\$ 2,090	\$ 475,734	\$ 475,167	\$ 567
Other Purchased Services	5,000	(2,090)	2,910	1,186	1,724
Other Objects	5,500	-	5,500	4,280	1,220
	<u>484,144</u>	<u>-</u>	<u>484,144</u>	<u>480,633</u>	<u>3,511</u>
Total Improvement of Instruction Services/ Other Support Services-Instructional Staff					
Educational Media Services/School Library					
Salaries	142,890	170	143,060	143,060	-
Purchased Professional and Technical Services	2,000	100	2,100	2,100	-
Supplies and Materials	28,566	2,027	30,593	30,361	232
	<u>173,456</u>	<u>2,297</u>	<u>175,753</u>	<u>175,521</u>	<u>232</u>
Total Educational Media Services/School Library					
Instructional Staff Training Services					
Other Purchased Services	24,500	(129)	24,371	4,870	19,501
Other Objects	-	129	129	129	-
	<u>24,500</u>	<u>-</u>	<u>24,500</u>	<u>4,999</u>	<u>19,501</u>
Total Instructional Staff Training Services					
Support Services General Administration					
Salaries	267,277	3,254	270,531	270,531	-
Legal Services	90,000	(21,866)	68,134	39,654	28,480
Audit Fees	31,000	29,830	60,830	33,052	27,778
Architectural/Engineering Services	2,375	17,125	19,500	17,884	1,616
Other Purchased Professional Services	22,356	(8,420)	13,936	11,945	1,991
Purchased Technical Services	-	8,420	8,420	8,420	-
Communications/Telephone	54,544	-	54,544	51,397	3,147
BOE Other Purchased Prof. Svc.	500	-	500	500	-
Miscellaneous Purchased Services	8,245	47,555	55,800	53,327	2,473
General Supplies	13,500	(2,539)	10,961	2,716	8,245
Miscellaneous Expenditures	5,000	(726)	4,274	4,274	-
BOE Membership Dues and Fees	12,250	(23)	12,227	12,011	216
	<u>507,047</u>	<u>72,610</u>	<u>579,657</u>	<u>505,711</u>	<u>73,946</u>
Total Support Services General Administration					
Support Services School Administration					
Salaries of Principals/Asst. Principals	857,322	(4,055)	853,267	853,267	-
Salaries of Secretarial and Clerical Assistants	279,541	513	280,054	278,667	1,387
Unused Vacation Payment to Terminated/Retired Staff	-	2,858	2,858	2,858	-
Purchased Professional and Technical Services	4,000	(1,151)	2,849	754	2,095
Other Purchased Services	7,692	147	7,839	5,566	2,273
Supplies and Materials	19,900	5,607	25,507	24,783	724
Other Objects	3,000	69	3,069	3,069	-
	<u>1,171,455</u>	<u>3,988</u>	<u>1,175,443</u>	<u>1,168,964</u>	<u>6,479</u>
Total Support Services School Administration					
Central Services					
Salaries	429,662	890	430,552	430,551	1
Unused Vacation Payment to Terminated/Retired Staff	-	3,807	3,807	3,807	-
Purchased Professional Services	1,600	2,900	4,500	2,150	2,350
Purchased Technical Services	36,354	(2,783)	33,571	30,925	2,646
Misc. Purchased Services	1,354	4,666	6,020	5,337	683
Supplies and Materials	13,033	(3,314)	9,719	8,848	871
Other Objects	6,803	(4,666)	2,137	1,240	897
	<u>488,806</u>	<u>1,500</u>	<u>490,306</u>	<u>482,858</u>	<u>7,448</u>
Total Central Services					

**WALDWICK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Admin. Info. Tech					
Salaries	\$ 257,652	\$ (4,580)	\$ 253,072	\$ 193,794	\$ 59,278
Purchased Professional Services	30,800	(30,800)			-
Other Purchased Services	42,050	43,208	85,258	69,662	15,596
Supplies and Materials	9,482	(3,691)	5,791	791	5,000
Other Objects	-	2,000	2,000	719	1,281
	<u>339,984</u>	<u>6,137</u>	<u>346,121</u>	<u>264,966</u>	<u>81,155</u>
Required Maintenance for School Facilities					
Salaries	190,383	(365)	190,018	190,017	1
Cleaning, Repair and Maintenance	37,700	99,138	136,838	124,023	12,815
General Supplies	11,450	5,731	17,181	16,557	624
	<u>239,533</u>	<u>104,504</u>	<u>344,037</u>	<u>330,597</u>	<u>13,440</u>
Custodial Services					
Salaries	819,890	(30,580)	789,310	785,745	3,565
Purchased Professional & Technical Svcs.	26,392	(2,803)	23,589	22,309	1,280
Cleaning, Repair and Maint. Svc.		1,250	1,250	996	254
Other Purchased Property Services	20,000	7,900	27,900	25,850	2,050
Insurance	164,850	(1,617)	163,233	163,233	-
Miscellaneous Purchased Services		500	500	343	157
General Supplies	80,400	(24,875)	55,525	55,475	50
Energy (Natural Gas)	183,000	(81,946)	101,054	77,034	24,020
Energy (Electricity)	284,000	(15,119)	268,881	266,503	2,378
Energy (Gasoline)	4,500	2,000	6,500	6,286	214
Other Objects	1,200	1,328	2,528	2,527	1
	<u>1,584,232</u>	<u>(143,962)</u>	<u>1,440,270</u>	<u>1,406,301</u>	<u>33,969</u>
Care and Upkeep of Grounds					
Salaries	56,250	(56,250)			-
Purchased Professional & Technical Svcs.	20,000	24,276	44,276	44,276	-
Cleaning, Repair & Maintenance	2,000	(2,000)			-
General Supplies	14,000	4,960	18,960	18,722	238
	<u>92,250</u>	<u>(29,014)</u>	<u>63,236</u>	<u>62,998</u>	<u>238</u>
Total Oper & Maint of Plant Services	<u>1,916,015</u>	<u>(68,472)</u>	<u>1,847,543</u>	<u>1,799,896</u>	<u>47,647</u>

**WALDWICK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Adjustments	Final Budget	Actual	Variance with Final Budget
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Student Transportation Services					
Salaries for Pupil Transportation					
(Between Home and School) - Regular	\$ 16,010	-	\$ 16,010	\$ 16,009	\$ 1
Salaries for Pupil Transportation					
(Between Home and School) - Spec. Ed.	41,132	\$ 15,000	56,132	40,324	15,808
Salaries for Pupil Transportation					
(Other than Between Home and School)	71,547	(5,188)	66,359	60,828	5,531
Cleaning, Repair and Maintenance Services	9,186	4,677	13,863	13,042	821
Contracted Services (Other Than Between Home and School) - Vendors	25,925	(855)	25,070	5,819	19,251
Contracted Services (Spl. Ed. Students)- Vendors		884	884	884	-
Contracted Services (Regular Students)- ESCs & CTSAs	79,088	(1,202)	77,886	47,982	29,904
Contracted Services (Spl. Ed. Students)- ESCs & CTSAs	368,616	(77,281)	291,335	242,291	49,044
Contracted Services-Aid in Lieu of Payments-Nonpublic	28,854	2,351	31,205	29,658	1,547
Contracted Services-Aid in Lieu of Pymts -					
Choice Sch. Students	902	-	902	884	18
Transportation Supplies	8,400	(1,106)	7,294	5,994	1,300
Other Objects	-	1,641	1,641	1,639	2
Total Student Transportation Services	649,660	(61,079)	588,581	465,354	123,227
Unallocated Benefits					
Social Security Contributions	352,317	-	352,317	314,996	37,321
Other Retirement Contributions - PERS	388,854	(20,536)	368,318	310,153	58,165
Other Retirement Contributions - DCRP	15,000	17,176	32,176	30,645	1,531
Unemployment Compensation	60,000	-	60,000	60,000	-
Workers Comp	106,295	299	106,594	106,594	-
Health Benefits	4,435,713	(24,351)	4,411,362	4,188,364	222,998
Tuition Reimbursement	40,000	6,371	46,371	36,626	9,745
Other Employee Benefits	34,641	23,102	57,743	57,743	-
Unused Sick Payment to Terminated/Retired Staff	-	9,640	9,640	9,640	-
Total Unallocated Benefits	5,432,820	11,701	5,444,521	5,114,761	329,760
On-behalf TPAF Pension System Contr. (Non-Budgeted)					
Normal Costs				929,520	(929,520)
NCGI Premium				46,303	(46,303)
Post Retirement Medical Contributions				1,161,936	(1,161,936)
On-behalf TPAF Soc. Sec. Contr. (Non-Budgeted)	-	-	-	940,240	(940,240)
Total On-Behalf TPAF	-	-	-	3,077,999	(3,077,999)
Total Undistributed Expenditures	15,640,241	(83,624)	15,556,617	17,244,001	(1,687,384)
Total Expenditures - Current Expense	28,667,685	(80,859)	28,586,826	29,811,862	(1,225,036)

**WALDWICK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
CAPITAL OUTLAY					
Instruction					
Equipment					
Grades 9-12		\$ 4,810	\$ 4,810	\$ 4,810	
Undistributed					
Required Maintenance for School Facilities		21,590	21,590	13,690	\$ 7,900
Admin. Info Tech.	-	2,191	2,191	2,191	
School Buses - Regular	-	77,223	77,223	77,223	-
	-	105,814	105,814	97,914	7,900
Total Equipment	-	105,814	105,814	97,914	7,900
Facilities Acquisition and Construction Services					
Legal Services	\$ 3,000	(3,000)			
Architectural/Engineering Services	20,000	(11,373)	8,627	8,588	\$ 39
Construction Services	597,083	23,209	620,292	603,505	16,787
Supplies and Materials	10,000	3,465	13,465	12,853	612
Assessment for Debt Service on SDA Funding	30,028	-	30,028	30,028	-
	660,111	12,301	672,412	654,974	17,438
Total Capital Outlay	660,111	118,115	778,226	752,888	25,338
Total Expenditures	29,327,796	37,256	29,365,052	30,564,750	(1,199,698)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(822,040)	(37,256)	(859,296)	1,177,402	2,036,698
Fund Balances, Beginning of Year	3,455,033	-	3,455,033	3,455,033	-
Fund Balances, End of Year	\$ 2,632,993	\$ (37,256)	\$ 2,595,737	\$ 4,632,435	\$ 2,036,698
Recapitulation					
Restricted Fund Balance:					
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 750,393	
Reserve for Excess Surplus				967,214	
Capital Reserve				2,000,160	
Maintenance Reserve				100,000	
Assigned Fund Balance:					
Year-End Encumbrances				77,057	
Designated for Subsequent Year's Expenditures				119,373	
Unassigned Fund Balance				618,238	
Budgetary Fund Balance				4,632,435	
Reconciliation to Governmental Funds Statements (GAAP)					
2015/2016 State Aid Payment Not Recognized on a GAAP Basis				52,078	
2015/2016 Extraordinary Aid Payments Not Recognized on a GAAP Basis				311,766	
Fund Balances per Governmental Funds (GAAP)				\$ 4,268,591	

**WALDWICK BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>			<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Adjustments</u>	<u>Final</u>		
REVENUES					
Intergovernmental					
Local		\$ 747	\$ 747		\$ (747)
State	\$ 192,135	(13,192)	178,943	\$ 139,470	(39,473)
Federal	429,741	68,952	498,693	486,632	(12,061)
Total Revenues	621,876	56,507	678,383	626,102	(52,281)
EXPENDITURES					
Instruction					
Purchased Prof. & Technical Services	156,354	(23,785)	132,569	94,438	38,131
Tuition	335,139	26,452	361,591	361,346	245
General Supplies	15,897	7,438	23,335	20,614	2,721
Textbooks	10,672	1,833	12,505	11,629	876
Total Instruction	518,062	11,938	530,000	488,027	41,973
Support Services					
Salaries	10,169	43,649	53,818	51,683	2,135
Purchased Professional/Educational Services	30,845	(21,499)	9,346	9,250	96
Purchased Professional/Technical Services	19,378	2,672	22,050	21,908	142
Other Purchased Professional Services	28,844	(2,029)	26,815	26,815	-
Travel	14,027	15,266	29,293	22,110	7,183
General Supplies	551	6,510	7,061	6,309	752
Total Support Services	103,814	44,569	148,383	138,075	10,308
Total Expenditures	621,876	56,507	678,383	626,102	52,281
Excess Revenues Over Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**WALDWICK BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (Exhibit C-2)	(C-1) \$ 31,742,152	(C-2) \$ 626,102
State Aid payments and Extraordinary Aid (2014/2015) recognized for GAAP purposes, not recognized for budgetary statements.	423,092	
State Aid payments and Extraordinary Aid (2015/2016) not recognized for GAAP purposes, recognized for budgetary statements.	<u>(363,844)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2) \$ <u>31,801,400</u>	(B-2) \$ <u>626,102</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ <u>30,564,750</u>	(C-2) \$ <u>626,102</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>30,564,750</u>	(B-2) \$ <u>626,102</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

Public Employees Retirement System

Last Three Fiscal Years*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.03608 %	0.04300 %	0.03836 %
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 8,098,239	\$ 8,050,372	\$ 7,330,857
District's Covered-Employee Payroll	\$ 2,446,301	\$ 2,588,920	\$ 2,844,778
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	331 %	310 %	258 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

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

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

**WALDWICK BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS**

Public Employees Retirement System

Last Three Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 310,153	\$ 354,468	\$ 297,337
Contributions in Relation to the Contractually Required Contribution	<u>310,153</u>	<u>354,468</u>	<u>297,337</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 2,446,301	\$ 2,588,920	\$ 2,844,778
Contributions as a Percentage of Covered-Employee Payroll	0.12678 %	0.13692 %	0.10452 %

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

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

Teachers Pension and Annuity Fund

Last Three Fiscal Years*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0 %	0 %	0 %
District's Proportionate Share of the Net Pension Liability (Asset)	0 %	0 %	0 %
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 77,909,246</u>	<u>\$ 64,643,853</u>	<u>\$ 61,006,204</u>
Total	<u>\$ 77,909,246</u>	<u>\$ 64,643,853</u>	<u>\$ 61,006,204</u>
District's Covered-Employee Payroll	<u>\$ 12,992,364</u>	<u>\$ 12,145,441</u>	<u>\$ 12,331,615</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	33.64%	33.76%

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

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

**WALDWICK BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Change of Benefit Terms: None.

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

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

WALDWICK BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Chapter 192 <u>Handicapped</u>			Chapter 193 <u>Auxiliary</u>		Total	Total	Total
	Nonpublic	Nonpublic	Nonpublic	Nonpublic	Nonpublic	Exhibit	Exhibit	2016
	<u>Compensatory</u>	<u>ESL</u>	<u>Suppl. Inst.</u>	<u>Exam. and</u>	<u>Speech Corr.</u>	<u>E-2A</u>	<u>E-2B</u>	
	<u>Education</u>			<u>Class.</u>				
REVENUES								
Intergovernmental								
State	\$ 37,902	\$ 10,612	\$ 10,545	\$ 18,574	\$ 16,805	\$ 45,032		\$ 139,470
Federal	-	-	-	-	-	83,372	\$ 403,260	486,632
Total Revenues	<u>\$ 37,902</u>	<u>\$ 10,612</u>	<u>\$ 10,545</u>	<u>\$ 18,574</u>	<u>\$ 16,805</u>	<u>\$ 128,404</u>	<u>\$ 403,260</u>	<u>\$ 626,102</u>
EXPENDITURES								
Instruction								
Purchased Professional & Technical Svcs.	\$ 37,902	\$ 10,612	\$ 10,545	\$ 18,574	\$ 16,805			\$ 94,438
Tuition							\$ 361,346	361,346
Textbooks						\$ 11,629	-	11,629
General Supplies	-	-	-	-	-	6,332	14,282	20,614
Total Instruction	<u>37,902</u>	<u>10,612</u>	<u>10,545</u>	<u>18,574</u>	<u>16,805</u>	<u>17,961</u>	<u>375,628</u>	<u>488,027</u>
Support Services								
Salaries						51,683		51,683
Purchased Professional Educational Svcs.						9,250	-	9,250
Purchase Professional & Technical Svcs						21,908	-	21,908
Purchased Other Professional Svcs.						-	26,815	26,815
Travel						21,293	817	22,110
General Supplies	-	-	-	-	-	6,309	-	6,309
Total Support Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,443</u>	<u>27,632</u>	<u>138,075</u>
Total Expenditures	<u>\$ 37,902</u>	<u>\$ 10,612</u>	<u>\$ 10,545</u>	<u>\$ 18,574</u>	<u>\$ 16,805</u>	<u>\$ 128,404</u>	<u>\$ 403,260</u>	<u>\$ 626,102</u>

WALDWICK BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Non-Public Nursing Services</u>	<u>Non-Public Textbooks</u>	<u>Non-Public Technology</u>	<u>Non-Public Security</u>	<u>NCLB Title I</u>	<u>NCLB Title II</u>	<u>NCLB Title II Carryover</u>	<u>Total Exhibit E-2A</u>
REVENUES								
Intergovernmental								
State	\$ 21,908	\$ 11,629	\$ 5,375	\$ 6,120				\$ 45,032
Federal	-	-	-	-	\$ 52,340	\$ 30,982	\$ 50	83,372
Total Revenues	<u>\$ 21,908</u>	<u>\$ 11,629</u>	<u>\$ 5,375</u>	<u>\$ 6,120</u>	<u>\$ 52,340</u>	<u>\$ 30,982</u>	<u>\$ 50</u>	<u>\$ 128,404</u>
EXPENDITURES								
Instruction								
Purchased Professional & Educational Svc.								
Tuition		\$ 11,629						11,629
Textbooks		-						
General Supplies	-	-	\$ 5,375	-	\$ 957	-	-	6,332
Total Instruction	<u>-</u>	<u>11,629</u>	<u>5,375</u>	<u>-</u>	<u>957</u>	<u>-</u>	<u>-</u>	<u>17,961</u>
Support Services								
Salaries					51,383	\$ 300		51,683
Purchased Professional Educational Svcs.						9,250		9,250
Purchased Professional & Technical Svcs.	\$ 21,908							21,908
Purchased Other Professional Services								-
Travel						21,293		21,293
General Supplies	-	-	-	\$ 6,120	-	139	\$ 50	6,309
Total Support Services	<u>21,908</u>	<u>-</u>	<u>-</u>	<u>6,120</u>	<u>51,383</u>	<u>30,982</u>	<u>50</u>	<u>110,443</u>
Total Expenditures	<u>\$ 21,908</u>	<u>\$ 11,629</u>	<u>\$ 5,375</u>	<u>\$ 6,120</u>	<u>\$ 52,340</u>	<u>\$ 30,982</u>	<u>\$ 50</u>	<u>\$ 128,404</u>

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WALDWICK BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	IDEA Part B- Basic Reg. Prog.	IDEA Part B- Basic Reg. Prog. Carrvoer	IDEA Part B-Basic Preschool	NCLB Title III	NCLB Title III Immigrant	NCLB Title III Immigrant Carrvoer	Total Exhibit E-2B
REVENUES							
Intergovernmental							
State							
Federal	\$ 366,014	\$ 7,809	\$ 14,338	\$ 9,389	\$ 5,675	\$ 35	\$ 403,260
Total Revenues	\$ 366,014	\$ 7,809	\$ 14,338	\$ 9,389	\$ 5,675	\$ 35	\$ 403,260
EXPENDITURES							
Instruction							
Purchased Professional & Educational Svc.							
Tuition	\$ 361,346						\$ 361,346
Textbooks							
General Supplies	-	-	-	\$ 8,572	\$ 5,675	\$ 35	14,282
Total Instruction	361,346	-	-	8,572	5,675	35	375,628
Support Services							
Salaries							
Purchased Professional Educational Svcs.							
Purchased Professional & Technical Svcs.	4,668	\$ 7,809	\$ 14,338				26,815
Purchased Other Professional Services				817			817
Travel							
General Supplies	-	-	-	-	-	-	-
Total Support Services	4,668	7,809	14,338	817	-	-	27,632
Total Expenditures	\$ 366,014	\$ 7,809	\$ 14,338	\$ 9,389	\$ 5,675	\$ 35	\$ 403,260

**WALDWICK BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

CAPITAL PROJECTS FUND

NOT APPLICABLE

PROPRIETARY FUNDS

**WALDWICK BOARD OF EDUCATION
PROPRIETARY FUND
COMBINING SCHEDULE OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**COMBINING SCHEDULE OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

**WALDWICK BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING SCHEDULE OF AGENCY NET POSITION
AS OF JUNE 30, 2016**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds 2016</u>
ASSETS			
Cash and Cash Equivalents	\$ 43,736	\$ 23,324	\$ 67,060
Total Assets	<u>\$ 43,736</u>	<u>\$ 23,324</u>	<u>\$ 67,060</u>

LIABILITIES

Due to Other Funds		\$ 584	\$ 584
Payroll Deductions and Withholdings		19,582	19,582
Flex Spending Benefits		3,158	3,158
Due to Student Groups	\$ 43,736	-	43,736
Total Liabilities	<u>\$ 43,736</u>	<u>\$ 23,324</u>	<u>\$ 67,060</u>

**COMBINING SCHEDULE OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**WALDWICK BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Balance, July 1, <u>2015</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2016</u>
Middle School Activities	\$ 26,325	\$ 41,336	\$ 44,692	\$ 22,969
High School Activities	20,043	65,604	64,880	20,767
Athletic Account	-	59,339	59,339	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total All Schools	<u>\$ 46,368</u>	<u>\$ 166,279</u>	<u>\$ 168,911</u>	<u>\$ 43,736</u>

EXHIBIT H-4

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Balance, July 1, <u>2015</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2016</u>
Payroll Deductions and Withholdings	\$ 14,749	\$ 8,677,831	\$ 8,672,998	\$ 19,582
Accrued Salaries and Wages	-	10,231,472	10,231,472	-
Flex Spending Benefits	4,622	5,788	7,252	3,158
Due to Other Funds	580	588	584	584
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 19,951</u>	<u>\$ 18,915,679</u>	<u>\$ 18,912,306</u>	<u>\$ 23,324</u>

LONG-TERM DEBT

WALDWICK BOARD OF EDUCATION
 LONG-TERM DEBT
 SCHEDULE OF SERIAL BONDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2015</u>	<u>Matured</u>	<u>Balance, June 30, 2016</u>
Refunding School Bonds	12/6/2011	\$ 5,170,000	9/15/2016	\$ 540,000	4.00 %			
			9/15/2017	560,000	4.00			
			9/15/2018	585,000	4.00			
			9/15/2019	610,000	4.00			
			9/15/2020	620,000	4.00			
			9/15/2021	625,000	4.00			
			9/15/2022	625,000	4.00			
						<u>\$ 4,680,000</u>	<u>\$ 515,000</u>	<u>\$ 4,165,000</u>
						<u>\$ 4,680,000</u>	<u>\$ 515,000</u>	<u>\$ 4,165,000</u>
							Paid By Budget Appropriation	<u>\$ 515,000</u>

**WALDWICK BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

**DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 691,900	-	\$ 691,900	\$ 691,900	-
Total Revenues	<u>691,900</u>	<u>-</u>	<u>691,900</u>	<u>691,900</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	515,000		515,000	515,000	
Interest	176,900	-	176,900	176,900	-
Total Expenditures	<u>691,900</u>	<u>-</u>	<u>691,900</u>	<u>691,900</u>	<u>-</u>
Excess /(Deficit) of Revenue and Other Expenditures	-	-	-	-	
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

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

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011 (1)	2012	2013	2014 (2)	2015	2016
Governmental Activities										
Net Investment in Capital Assets	\$ 5,858,795	\$ 6,639,746	\$ 7,913,210	\$ 8,979,074	\$ 9,554,683	\$ 10,331,874	\$ 12,009,130	\$ 12,509,265	\$ 13,234,026	\$ 13,514,313
Restricted	1	1	296,460	451,172	820,776	1,146,499	511,219	615,160	1,140,160	2,100,160
Unrestricted	1,865,043	1,818,625	796,338	1,346,300	1,345,873	1,848,115	1,622,051	(5,870,944)	(6,146,959)	(6,042,517)
Total Governmental Activities Net Position	\$ 7,723,839	\$ 8,458,372	\$ 9,006,008	\$10,776,546	\$11,721,332	\$ 13,326,488	\$ 14,142,400	\$ 7,253,481	\$ 8,227,227	\$ 9,571,956
Business-Type Activities										
Investment in Capital Assets	\$ 6,268	\$ 4,677	\$ 4,086	\$ 3,495	\$ 2,904	\$ 11,957	\$ 10,562	\$ 9,167	\$ 13,873	\$ 19,924
Unrestricted	9,367	6,375	14,373	21,076	28,135	30,087	40,101	56,424	62,032	72,227
Total Business-Type Activities Net Position	\$ 15,635	\$ 11,052	\$ 18,459	\$ 24,571	\$ 31,039	\$ 42,044	\$ 50,663	\$ 65,591	\$ 75,905	\$ 92,151
District-Wide										
Investment in Capital Assets	\$ 5,865,063	\$ 6,644,423	\$ 7,917,296	\$ 8,982,569	\$ 9,557,587	\$ 10,343,831	\$ 12,019,692	\$ 12,518,432	\$ 13,247,899	\$ 13,534,237
Restricted	1	1	296,460	451,172	820,776	1,146,499	511,219	615,160	1,140,160	2,100,160
Unrestricted	1,874,410	1,825,000	810,711	1,367,376	1,374,008	1,878,202	1,662,152	(5,814,520)	(6,084,927)	(5,970,290)
Total District Net Position	\$ 7,739,474	\$ 8,469,424	\$ 9,024,467	\$10,801,117	\$11,752,371	\$ 13,368,532	\$ 14,193,063	\$ 7,319,072	\$ 8,303,132	\$ 9,664,107

Source: District's Financial Records

Note 1 - Net Position at June 30, 2011 is restated to reflect the implementation of GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities".

Note 2 - Net Position at June 30, 2014 is restated to reflect the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions".

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities										
Instruction										
Regular	\$ 10,241,930	\$ 10,649,665	\$ 10,649,665	\$ 10,462,871	\$ 10,956,348	\$ 11,187,989	\$ 11,801,806	\$ 12,138,523	\$ 14,109,146	\$ 14,895,765
Special education	4,728,946	5,311,435	5,311,435	5,359,297	5,164,887	5,422,297	6,138,484	6,420,299	7,175,056	7,120,068
Other instruction	864,129	911,291	911,291	833,081	870,210	931,835	1,218,791	1,089,432	1,317,451	1,327,565
School Sponsored Activities and Athletics	639,115	784,616	784,616	749,276	764,823	803,976	853,495	778,886	897,075	961,012
Support Services:										
Student & instruction related services	2,253,514	2,549,129	2,549,129	2,777,747	2,778,321	2,801,208	2,805,182	2,876,680	3,313,052	3,844,404
Health Services	311,730	321,422	321,422	329,014	340,639	354,429	384,669	391,801	465,745	477,590
Educational Media/School Library	250,368	277,539	277,539	286,308	201,284	223,583	231,339	238,956	272,378	291,442
General administration	676,777	689,743	689,743	1,007,466	715,377	655,836	749,144	756,375	632,699	724,919
School Administrative services	1,242,768	1,351,888	1,351,888	1,309,276	1,347,638	1,405,377	1,654,444	1,610,925	1,971,077	2,089,066
Central Services	666,680	711,020	711,020	825,522	757,003	798,542	775,651	777,340	883,974	2,153,455
Plant operations and maintenance	2,143,841	2,182,993	2,182,993	2,168,813	2,263,510	2,185,014	2,135,670	2,140,290	2,198,405	507,806
Pupil transportation	703,085	760,898	760,898	554,171	561,135	662,474	649,994	697,149	600,407	974,052
Other support services										
Interest on long-term debt	332,174	325,213	325,213	295,034	312,549	328,639	180,582	228,193	208,039	188,767
Total governmental activities expenses	<u>25,055,057</u>	<u>26,826,852</u>	<u>26,826,852</u>	<u>26,957,876</u>	<u>27,033,724</u>	<u>27,761,199</u>	<u>29,579,251</u>	<u>30,144,849</u>	<u>34,044,504</u>	<u>35,555,911</u>
Business-type activities:										
Food service										
	<u>328,545</u>	<u>304,198</u>	<u>304,198</u>	<u>253,883</u>	<u>235,271</u>	<u>214,037</u>	<u>211,302</u>	<u>232,605</u>	<u>232,419</u>	<u>234,946</u>
Total business-type activities expense	<u>328,545</u>	<u>304,198</u>	<u>304,198</u>	<u>253,883</u>	<u>235,271</u>	<u>214,037</u>	<u>211,302</u>	<u>232,605</u>	<u>232,419</u>	<u>234,946</u>
Total district expenses	<u>\$ 25,383,602</u>	<u>\$ 27,131,050</u>	<u>\$ 27,131,050</u>	<u>\$ 27,211,759</u>	<u>\$ 27,268,995</u>	<u>\$ 27,975,236</u>	<u>\$ 29,790,553</u>	<u>\$ 30,377,454</u>	<u>\$ 34,276,923</u>	<u>\$ 35,790,857</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 17,000	\$ 52,523	\$ 52,523	\$ 60,068	\$ 35,720		\$ 16,500	\$ 34,656	\$ 64,323	\$ 35,814
Operating grants and contributions	4,386,922	4,489,977	4,489,977	4,081,617	3,074,029	3,885,402	4,495,468	4,043,880	7,244,511	8,680,425
Capital grants and contributions	-	-	-	464,700	3,167	55,644	4,675	83,225	49,817	-
Total governmental activities program revenues	<u>4,403,922</u>	<u>4,542,500</u>	<u>4,542,500</u>	<u>4,606,385</u>	<u>3,112,916</u>	<u>3,939,046</u>	<u>4,516,643</u>	<u>4,161,761</u>	<u>7,358,651</u>	<u>8,716,239</u>
Business-type activities:										
Charges for services										
Food service	\$ 327,330	\$ 296,475	\$ 296,475	\$ 258,302	\$ 240,223	\$ 223,507	\$ 218,593	\$ 246,244	\$ 242,463	\$ 250,898
Operating grants and contributions	2,550	3,140	3,140	1,693	1,516	1,535	1,328	985	-	-
Total business type activities program revenues	<u>329,880</u>	<u>299,615</u>	<u>299,615</u>	<u>259,995</u>	<u>241,739</u>	<u>225,042</u>	<u>219,921</u>	<u>247,229</u>	<u>242,463</u>	<u>250,898</u>
Total district program revenues	<u>\$ 4,733,802</u>	<u>\$ 4,842,115</u>	<u>\$ 4,842,115</u>	<u>\$ 4,866,380</u>	<u>\$ 3,354,655</u>	<u>\$ 4,164,088</u>	<u>\$ 4,736,564</u>	<u>\$ 4,408,990</u>	<u>\$ 7,601,114</u>	<u>\$ 8,967,137</u>
Net (Expense)/Revenue										
Governmental activities	\$ (20,651,135)	\$ (22,284,352)	\$ (22,284,352)	\$ (22,351,491)	\$ (23,920,808)	\$ (23,822,153)	\$ (25,062,608)	\$ (25,983,088)	\$ (26,685,853)	\$ (26,839,672)
Business-type activities	<u>1,335</u>	<u>(4,583)</u>	<u>(4,583)</u>	<u>6,112</u>	<u>6,468</u>	<u>11,005</u>	<u>8,619</u>	<u>14,624</u>	<u>10,044</u>	<u>15,952</u>
Total district-wide net expense	<u>\$ (20,649,800)</u>	<u>\$ (22,288,935)</u>	<u>\$ (22,288,935)</u>	<u>\$ (22,345,379)</u>	<u>\$ (23,914,340)</u>	<u>\$ (23,811,148)</u>	<u>\$ (25,053,989)</u>	<u>\$ (25,968,464)</u>	<u>\$ (26,675,809)</u>	<u>\$ (26,823,720)</u>

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied	\$ 21,471,456	\$ 21,873,517	\$ 21,873,517	\$ 23,225,756	\$ 24,134,786	\$ 24,617,482	\$ 25,109,832	\$ 25,642,924	\$ 26,771,760	\$ 27,307,195
Taxes Levied for Debt Service		678,752	678,752	685,909	686,002	690,440	637,814	665,947	687,000	691,900
Unrestricted state aid	210,700	250,577	250,577	119,362	5,538		16,341	6,051	37,173	37,244
Miscellaneous income	258,821	216,039	216,039	91,002	127,496	123,866	114,533	110,104	163,666	148,062
Donation of Capital Asset	5,885									
Loss on Disposal of Assets						(4,479)				
Total governmental activities	21,946,862	23,018,885	23,018,885	24,122,029	24,953,822	25,427,309	25,878,520	26,425,026	27,659,599	28,184,401
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	270	294
Total business-type activities	-	-	-	-	-	-	-	-	270	294
Total district-wide	\$ 21,946,862	\$ 23,018,885	\$ 23,018,885	\$ 24,122,029	\$ 24,953,822	\$ 25,427,309	\$ 25,878,520	\$ 26,425,026	\$ 27,659,869	\$ 28,184,695
Change in Net Position										
Governmental activities	\$ 1,295,727	\$ 734,533	\$ 734,533	\$ 1,770,538	\$ 1,033,014	\$ 1,605,156	\$ 815,912	\$ 441,938	\$ 973,746	\$ 1,344,729
Business-type activities	1,335	(4,583)	(4,583)	6,112	6,468	11,005	8,619	14,624	10,314	16,246
Total district	\$ 1,297,062	\$ 729,950	\$ 729,950	\$ 1,776,650	\$ 1,039,482	\$ 1,616,161	\$ 824,531	\$ 456,562	\$ 984,060	\$ 1,360,975

Source: District's Financial Records

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 1,852,331	\$ 1,276,248	\$ 984,341	\$ 1,237,410						
Unreserved	395,996	502,716	310,447	519,090						
Restricted					\$ 1,739,919	\$ 2,397,640	\$ 2,008,989	\$ 2,072,349	\$ 2,616,070	\$ 3,817,767
Committed					113,763					
Assigned					267,098	660,734	269,549	155,407	133,779	196,430
Unassigned					241,204	239,407	294,120	283,149	282,092	254,394
Total general fund	<u>\$ 2,248,327</u>	<u>\$ 1,778,964</u>	<u>\$ 1,294,788</u>	<u>\$ 1,756,500</u>	<u>\$ 2,361,984</u>	<u>\$ 3,297,781</u>	<u>\$ 2,572,658</u>	<u>\$ 2,510,905</u>	<u>\$ 3,031,941</u>	<u>\$ 4,268,591</u>
88 All Other Governmental Funds										
Reserved	\$ 203,815	\$ 145,001	\$ 1,014,514				\$ 11,218			
Unreserved	223,498	544,144	(718,055)	\$ 451,171						
Restricted					\$ 220,775	\$ 146,498				
Total All Other Governmental Funds	<u>\$ 427,313</u>	<u>\$ 689,145</u>	<u>\$ 296,459</u>	<u>\$ 451,171</u>	<u>\$ 220,775</u>	<u>\$ 146,498</u>	<u>\$ 11,218</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Source: District's Financial Records

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

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax levy	\$ 21,471,456	\$ 22,552,269	\$ 22,905,687	\$ 23,911,665	\$ 24,820,788	\$ 25,307,922	\$ 25,747,646	\$ 26,308,871	\$ 27,458,760	\$ 27,999,095
Miscellaneous	275,821	269,259	270,911	151,070	163,216	126,811	133,990	149,201	228,223	183,876
State sources	4,175,452	4,321,715	3,137,506	3,904,630	2,587,418	3,434,551	4,083,158	3,677,026	4,032,040	4,449,799
Federal sources	422,170	418,142	421,614	761,049	495,316	447,906	425,694	430,698	437,384	486,632
Total revenue	26,344,899	27,561,385	26,735,718	28,728,414	28,066,738	29,317,190	30,390,488	30,565,796	32,156,407	33,119,402
Expenditures										
Instruction										
Regular Instruction	10,014,078	10,385,285	10,187,612	10,192,123	10,647,351	10,879,131	11,440,644	11,792,455	12,115,170	12,475,446
Special education instruction	4,656,637	5,224,817	5,128,677	5,257,903	5,065,878	5,314,161	6,011,836	6,296,702	6,455,732	6,257,011
Other instruction	845,843	890,313	884,119	811,810	848,231	909,021	1,186,415	1,062,104	1,149,281	1,117,307
School sponsored activities and athletics	626,202	767,046	684,821	728,963	744,182	783,056	829,047	757,850	779,676	813,284
Support Services:										
Student & inst. related services	2,207,982	2,493,475	2,580,433	2,725,601	2,708,101	2,728,319	2,719,697	2,793,031	2,864,302	3,234,619
Health Services	304,402	313,152	307,729	319,298	330,875	344,484	372,862	380,383	400,954	398,562
Educational Media/School Library	245,232	271,222	255,022	278,621	195,871	218,098	224,792	232,415	236,278	246,668
General administration	666,384	678,065	625,697	1,012,714	702,458	642,650	733,752	741,375	1,683,247	1,734,799
School administrative services	1,212,770	1,316,747	1,198,531	1,274,952	1,307,330	1,364,441	1,601,268	1,562,060	565,741	640,250
Central services	654,754	697,763	720,547	808,683	739,993	781,411	750,441	752,934	2,125,194	2,087,945
Plant operations and maintenance	2,108,985	2,144,215	2,109,389	2,127,126	2,218,712	2,140,968	2,084,824	2,092,988	591,339	499,940
Pupil transportation	698,600	756,232	718,724	548,674	556,122	657,008	643,767	691,428	842,724	932,133
Capital outlay	1,237,411	1,096,221	1,531,120	1,339,613	907,960	1,035,289	1,943,704	772,379	1,108,705	722,860
Principal	359,039	408,378	370,000	390,000	405,000	425,000	445,000	465,000	490,000	515,000
Interest and other charges	339,407	325,985	310,159	295,909	313,586	752,091	262,842	245,663	227,028	206,928
Total expenditures	26,177,726	27,768,916	27,612,580	28,111,990	27,691,650	28,975,128	31,250,891	30,638,767	31,635,371	31,882,752
Excess (Deficiency) of revenues over (under) expenditures	167,173	(207,531)	(876,862)	616,424	375,088	342,062	(860,403)	(72,971)	521,036	1,236,650
Other Financing sources (uses)										
Premium on Bonds						530,458				
Refunding Bond Proceeds						5,170,000				
Payment to Refunded Bond Escrow Agent						(5,181,000)				
Capital Leases (Non-Budget)	65,527									
Transfers in	578,344	1,290,240	987,628	928,976	504,962	756,516	1,723,092	666,785	161	
Transfers out	(578,344)	(1,290,240)	(987,628)	(928,976)	(504,962)	(756,516)	(1,723,092)	(666,785)	(161)	
Total other financing sources (uses)	65,527	-	-	-	-	519,458	-	-	-	-
Net change in fund balances	\$ 232,700	\$ (207,531)	\$ (876,862)	\$ 616,424	\$ 375,088	\$ 861,520	\$ (860,403)	\$ (72,971)	\$ 521,036	\$ 1,236,650
Debt service as a percentage of noncapital expenditures	2.80%	2.75%	2.61%	2.56%	2.68%	4.21%	2.42%	2.38%	2.35%	2.32%

* Noncapital expenditures are total expenditures less capital outlay.
Source: District Financial Records

WALDWICK BOARD OF EDUCATION
 GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
 LAST TEN FISCAL YEARS
 (Unaudited)

<u>Fiscal Year Ended June 30,</u>	<u>Tuition</u>	<u>Interest on Investments</u>	<u>Health Benefits/ Insurance Rebate</u>	<u>Prior Year Tuition Refunds</u>	<u>Cancel Prior Year Accounts Payable</u>	<u>Energy Audit</u>	<u>E-Rate</u>	<u>Facility Rental</u>	<u>Gate Receipts</u>	<u>Misc.</u>	<u>Total</u>
2007	\$ 17,000	\$ 186,683							\$ 7,275	\$ 36,519	\$ 247,477
2008	52,523	165,750							3,799	28,250	250,322
2009	133,202	48,780							3,136	73,165	258,283
2010	60,068	30,688		\$ 11,373					3,997	41,438	147,564
87 2011	35,720	35,719							4,473	82,406	158,318
2012	7,657	15,644		15,886		\$ 20,999			3,591	58,776	122,553
2013	16,500	16,555	\$ 18,393	14,485					3,614	56,719	126,266
2014	34,656	14,268	8,757		\$ 9,642				4,647	75,370	147,340
2015	64,324	10,220	3,393	9,097			\$ 16,137	\$ 43,985	5,307	75,365	227,828
2016	35,814	12,903			12,480		17,125	17,440	11,006	77,108	183,876

Source: District records (GAAP Basis)

**WALDWICK BOARD OF EDUCATION
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate *
2007	\$ 17,090,900	\$ 1,389,511,900	N/A	N/A	\$ 112,990,300	\$ 29,872,200	N/A	\$ 1,549,465,300	\$ 1,067,676	\$ 1,550,532,976	\$ 1,671,336,331	\$ 1.420
2008	15,491,500	1,397,629,300	N/A	N/A	118,400,700	29,589,600	N/A	1,561,111,100	1,153,803	1,562,264,903	1,716,112,560	1.455
2009	16,308,700	1,400,421,800	N/A	N/A	125,097,600	29,589,600	N/A	1,571,417,700	1,354,307	1,572,772,007	1,791,321,238	1.489
2010	16,310,500	1,384,119,500	N/A	N/A	126,610,400	29,589,600	N/A	1,556,630,000	1,578,554	1,558,098,687	1,679,032,604	1.564
2011	17,652,000	1,385,932,300	N/A	N/A	125,571,700	28,810,500	N/A	1,557,966,500	1,190,616	1,559,157,116	1,626,620,445	1.608
2012	17,061,700	1,385,802,700	N/A	N/A	125,243,200	28,810,500	N/A	1,556,918,100	1,234,107	1,558,152,207	1,568,251,207	1.639
2013	15,742,200	1,387,823,400	N/A	N/A	124,881,800	28,570,600	N/A	1,557,018,000	100,000	1,557,118,000	1,501,747,889	1.673
2014	15,172,800	1,388,543,300	N/A	N/A	125,681,800	28,570,600	N/A	1,557,968,500	100,000	1,558,068,500	1,502,749,915	1.726
2015	8,237,600	1,399,054,600	N/A	N/A	125,861,800	28,570,600	N/A	1,561,724,600	100,000	1,561,824,600	1,539,999,306	1.776
2016	8,428,600	1,408,833,800	N/A	N/A	128,126,700	28,570,600	N/A	1,573,959,700	100,000	1,573,959,700	1,543,242,913	1.801

Source: County Abstract of Ratables

88

a Tax rates are per \$100

Note: The Borough underwent a revaluation of property effective January 1, 2005.

**WALDWICK BOARD OF EDUCATION
PROPERTY TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS
PER \$100 OF ASSESSED VALUATION
LAST TEN YEARS
(Unaudited)**

<u>Calendar Year</u>	<u>Total</u>	<u>Local School District</u>	<u>Municipality (1)</u>	<u>County (2)</u>
2007	\$ 2.090	\$ 1.420	\$ 0.470	\$ 0.200
2008	2.158	1.455	0.499	0.204
2009	2.228	1.489	0.519	0.220
2010	2.325	1.564	0.549	0.212
2011	2.381	1.608	0.556	0.217
2012	2.420	1.639	0.560	0.221
2013	2.454	1.673	0.559	0.222
2014	2.510	1.726	0.558	0.226
2015	2.572	1.776	0.559	0.237
2016	2.602	1.801	0.559	0.242

(1) Includes Open Space Tax and Library

(2) Includes County Open Space Tax

Source: Tax Duplicate, Borough of Waldwick

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

Taxpayer	2016	
	Taxable Assessed Value	% of Total District Net Assessed Value
HFZ Waldwick, LLC	\$ 10,900,000	0.70%
LKD Realty Inc.	7,367,800	0.47%
Public Service Electric & Gas	5,214,700	0.33%
Hamilton Properties	5,177,300	0.33%
Franklin Assets Inc	4,102,100	0.26%
Med Tech Partners LLC	3,766,600	0.24%
Waldwick North LLC	3,600,000	0.23%
Waldwick Shopping Center	3,473,400	0.22%
D&R Waldwick LLC	3,043,300	0.20%
Wyckoff Ave Assoc. LLC	3,341,700	0.21%
	<u>\$ 49,986,900</u>	<u>3.21%</u>

2007	
Taxable Assessed Value	% of Total District Net Assessed Value

NOT AVAILABLE

LDK Realty Inc.
Public Service Electric & Gas
Hamilton Properties
Waldwick Medical
Waldwick North LLC
Med Tech Partners LLC
Waldwick Shopping Center
Lesterick Corp. Inc.
Dipippo, Nancu & Linda
Waldwick Realty Investments

Source: Municipal Tax Assessor

**WALDWICK 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		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	\$ 21,471,456	\$ 21,471,456	100.00%	-
2008	22,552,269	22,552,269	100.00%	-
2009	22,905,687	22,905,687	100.00%	-
2010	23,911,665	23,911,665	100.00%	-
2011	24,820,788	24,820,788	100.00%	-
2012	25,307,922	25,307,922	100.00%	-
2013	25,747,646	25,747,646	100.00%	-
2014	26,308,871	26,308,871	100.00%	-
2015	27,458,760	27,458,760	100.00%	-
2016	27,999,095	27,999,095	100.00%	-

WALDWICK BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		<u>Total District</u>	<u>Population</u>	<u>Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Capital Leases</u>			
2007	\$ 8,036,000	\$ 53,378	\$ 8,089,378	9,420	\$ 859
2008	7,681,000	-	7,681,000	9,408	816
2009	7,311,000	-	7,311,000	9,481	771
2010	6,921,000	-	6,921,000	9,586	722
2011	6,516,000	-	6,516,000	9,636	676
2012	6,080,000	-	6,080,000	9,818	619
2013	5,635,000	-	5,635,000	9,891	570
2014	5,170,000	-	5,170,000	9,957	519
2015	4,680,000	-	4,680,000	10,095	464
2016	4,165,000	-	4,165,000	10,095 (Est.)	413

Source: District records

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

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2007	\$ 8,036,000	-	\$ 8,036,000	0.52%	\$ 853
2008	7,681,000	-	7,681,000	0.49%	816
2009	7,311,000	-	7,311,000	0.46%	771
2010	6,921,000	-	6,921,000	0.44%	722
2011	6,516,000	-	6,516,000	0.42%	676
2012	6,080,000	-	6,080,000	0.39%	619
2013	5,635,000	-	5,635,000	0.36%	570
2014	5,170,000	-	5,170,000	0.33%	519
2015	4,680,000	-	4,680,000	0.30%	464
2016	4,165,000	-	4,165,000	0.26%	413 (Est.)

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**WALDWICK BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT
FOR YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)**

	<u>Total Debt</u>
Debt:	
School District	\$ 4,165,000
Borough of Waldwick	<u>10,173,041</u>
 Total Direct Debt	 14,338,041
 Overlapping Debt Apportioned to the Municipality:	
Bergen County:	
County of Bergen (A)	9,023,176
Northwest Bergen Regional Sewerage Authority (B)	<u>2,926,385</u>
	<u>11,949,561</u>
 Total Direct and Overlapping Debt	 <u>\$ 26,287,602</u>

- (A) The debt for this entity was apportioned to the Borough of Waldwick by dividing the Municipality's 2015 equalized value by the total 2015 equalized value for Bergen County.
- (B) Overlapping debt was computed based upon municipal flow to the Authority.

Sources:

- (a) Borough of Waldwick 2015 Annual Debt Statement

**WALDWICK BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)**

Legal Debt Margin Calculation for Fiscal Year 2016

	Equalized valuation basis
	2015 \$ 1,527,807,278
	2014 1,532,830,087
	2013 <u>1,498,285,219</u>
	<u>\$ 4,558,922,584</u>
Average equalized valuation of taxable property	\$ 1,519,640,861
Debt limit (4 % of average equalization value)	60,785,634 ^a
Total Net Debt Applicable to Limit	<u>4,165,000</u>
Legal debt margin	<u>\$ 56,620,634</u>

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 58,806,819	\$ 64,528,576	\$ 68,324,248	\$ 68,805,739	\$ 67,769,723	\$ 64,975,524	\$ 62,427,934	\$ 60,805,459	\$ 6,038,682	\$ 60,785,634
Total net debt applicable to limit	<u>8,036,000</u>	<u>7,681,000</u>	<u>7,311,000</u>	<u>6,921,000</u>	<u>6,516,000</u>	<u>6,080,000</u>	<u>5,635,000</u>	<u>5,170,000</u>	<u>4,680,000</u>	<u>4,165,000</u>
Legal debt margin	<u>\$ 50,770,819</u>	<u>\$ 56,847,576</u>	<u>\$ 61,013,248</u>	<u>\$ 61,884,739</u>	<u>\$ 61,253,723</u>	<u>\$ 58,895,524</u>	<u>\$ 56,792,934</u>	<u>\$ 55,635,459</u>	<u>\$ 1,358,682</u>	<u>\$ 56,620,634</u>
Total net debt applicable to the limit as a percentage of debt limit	13.67%	11.90%	10.70%	10.06%	9.61%	9.36%	9.03%	8.50%	77.50%	6.85%

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

^a Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

**WALDWICK BOARD OF EDUCATION
DEMOGRAPHIC STATISTICS
LAST TEN YEARS
(Unaudited)**

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income(1)</u>	<u>Population</u>
2006	2.0%	\$ 57,745	9,420
2007	1.8%	63,166	9,408
2008	2.3%	67,606	9,481
2009	4.3%	67,375	9,586
2010	4.4%	63,862	9,636
2011	4.3%	63,950	9,689
2012	4.4%	67,420	9,857
2013	7.9%	69,919	9,839
2014	4.5%	69,495	9,957
2015	3.7%	73,536	10,095

(1) County of Bergen

Source: United States Bureau of Census
U.S. Dept. of Commerce

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

NOT AVAILABLE

**WALDWICK BOARD OF EDUCATION
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Function/Program</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>2016</u>
Instruction										
Regular	104	108	114	112	104	111	111	112	117	109
Special education	23	22	20	20	31	34	35	35	36	36
Other special education	21	25	25	25	25	30	34	36	32	31
Support Services:										
Student & Instruction related services	24	28	27	29	29	31	34	34	33	32
General administration	3	3	3	3	3	3	3	3	3	3
School administrative services	10	10	10	10	10	11	11	11	12	12
Central services	5	5	5	5	5	5	7	7	8	8
Plant operations and maintenance	20	20	20	20	20	20	19	19	19	18
Pupil transportation	2	2	3	2	2	2	2	2	3	2
Total	<u>212</u>	<u>223</u>	<u>225</u>	<u>226</u>	<u>229</u>	<u>247</u>	<u>256</u>	<u>259</u>	<u>263</u>	<u>251</u>

Source: District Personnel Records

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only nine years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2007	1,608	\$ 24,241,869	\$ 15,076	10.08%	148	1:14	1:12	1:12	1,579	1,513	0.38%	95.82%
2008	1,610	25,938,332	16,111	6.87%	134	1:12	1:09	1:09	1,582	1,529	0.19%	96.65%
2009	1,606	25,401,301	15,817	-1.83%	136	1:12	1:09	1:10	1,582	1,517	0.00%	95.89%
2010	1,590	26,086,468	16,407	3.73%	138	1:12	1:10	1:10	1,582	1,516	0.00%	95.83%
2011	1,605	26,065,104	16,240	-1.02%	139	1:12	1:10	1:10	1,593	1,521	0.70%	95.48%
2012	1,611	26,762,748	16,613	2.29%	145	1:12	1:10	1:10	1,593	1,527	0.00%	95.86%
2013	1,631	28,599,345	17,535	5.55%	146	1:13	1:14	1:12	1,618	1,542	1.57%	95.30%
2014	1,616	29,155,725	18,042	2.89%	147	1:13	1:14	1:12	1,596	1,526	-1.36%	95.61%
2015	1,605	29,809,638	18,573	2.94%	153	1:11	1:13	1:11	1,577	1,507	-1.19%	95.56%
2016	1,576	30,437,964	19,313	3.99%	145	1:11	1:12	1:11	1,584	1,517	0.44%	95.77%

Sources: District records

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

WALDWICK BOARD OF EDUCATION
 SCHOOL BUILDING INFORMATION
 LAST TEN FISCAL YEARS
 (Unaudited)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
District Building										
<u>Elementary</u>										
Crescent										
Square Feet	34,500	34,500	34,500	34,500	34,500	34,500	34,500	34,500	34,500	34,500
Capacity (students)										
Enrollment	367	378	354	360	346	345	356	326	330	340
Traphagen										
Square Feet	33,300	33,300	33,300	33,300	33,300	33,300	33,300	36,400	36,400	36,400
Capacity (students)										
Enrollment	401	392	397	408	417	413	430	437	443	408
<u>Middle School</u>										
Square Feet										
Capacity (students)										
Enrollment	373	373	372	369	377	379	366	366	345	364
<u>High School</u>										
Square Feet	157,889	157,889	157,889	157,889	157,889	157,889	157,889	157,889	157,889	157,889
Capacity (students)										
Enrollment	443	439	459	438	446	453	456	459	465	456

Number of Schools at June 30, 2016

- Elementary = 2
- Middle School = 1
- Senior High School = 1

Source: District Records

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only nine years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

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

		<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>2016</u>
School Facilities	Project #(s)										
Crescent E.S.	N/A	\$ 28,818	\$ 30,909	\$ 34,508	\$ 35,787	\$ 39,626	\$ 39,080	\$ 40,277	\$ 35,754	\$ 38,664	\$ 48,661
Traphagen E.S.	N/A	27,817	29,834	33,307	34,542	38,248	37,720	38,876	37,723	40,793	51,341
Waldwick Jr/Sr High School	N/A	<u>131,890</u>	<u>141,455</u>	<u>157,924</u>	<u>163,778</u>	<u>181,349</u>	<u>178,848</u>	<u>184,327</u>	<u>163,629</u>	<u>176,945</u>	<u>230,595</u>
Grand Total		<u>\$ 188,525</u>	<u>\$ 202,198</u>	<u>\$ 225,739</u>	<u>\$ 234,107</u>	<u>\$ 259,223</u>	<u>\$ 255,648</u>	<u>\$ 263,480</u>	<u>\$ 237,106</u>	<u>\$ 256,402</u>	<u>\$ 330,597</u>

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Source: School District's Financial Statements

**WALDWICK BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2016
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
Selective Insurance		
Package Policy		
Property- Blanket Building and Contents*	\$ 61,396,584	\$ 5,000
Earthquake/Flood (Outside Zones A&V)	5,000,000	50,000
Flood Zones A & V	1,000,000	500,000
Automobile*	1,000,000	1,000
Comprehensive General Liability*	1,000,000	
Crime	100,000 per employee 400,000 Excess	5,000
Forgery & Alterations	50,000	1,000
Boiler and Machinery*	Included in Property Coverage	1,000
Environmental	2,000,000 per occurrence 20,000,000 aggregate	15,000
Educator's Legal Liability	1,000,000	25,000
Employment Practices	1,000,000	35,000
Commercial Umbrella*	9,000,000	10,000
Excess Umbrella	50,000,000 group aggregate	
Cyber Liability	1,000,000/2,000,000 per occurrence 6,000,000 group aggregate (subject to sublimits)	15,000

Source: School District's records

*Pool coverage for the Northeast Bergen County School Board Insurance Group.

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

INDEPENDENT AUDITOR’S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Waldwick Board of Education as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Waldwick Board of Education’s basic financial statements and have issued our report thereon dated October 28, 2016.

Internal Control Over Financial Reporting

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

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


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


Compliance and Other Matters

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

Purpose of this Report

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


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


Paul J. Lerch
Public School Accountant
PSA Number CS0118

Fair Lawn, New Jersey
October 28, 2016



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
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ROBERT AMPONSAH, CPA

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

INDEPENDENT AUDITOR’S REPORT

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

Report on Compliance for Each Major State Program

We have audited the Waldwick Board of Education’s compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Waldwick Board of Education’s major state programs for the fiscal year ended June 30, 2016. The Waldwick Board of Education’s major state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Waldwick Board of Education’s major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, New Jersey Circular 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 Waldwick Board of Education’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, the Waldwick Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2016.

Report on Internal Control Over Compliance

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

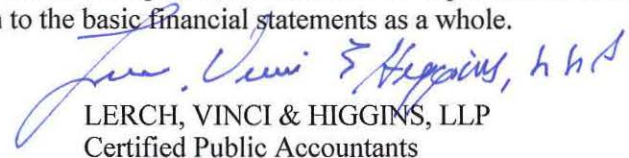
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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


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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Waldwick Board of Education, as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated October 28, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
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Fair Lawn, New Jersey
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**WALDWICK BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant Project Number	Federal Fain Number	Grant Period	Award Amount	Balance July 1, 2015	Carryover Amount	Cash Received	Budgetary Expenditures	Refund of Prior Year's Balances	Adjustment	Balance, June 30, 2016			GAAP Receivable
												(Account Receivable)	Unearned Revenue	Due to Grantor	
U.S. Department of Education															
Passed-through State Department of Education															
I.D.E.A. Part B, Basic	84.027	IDEA219016	H173A150114	7/1/15-6/30/16	\$ 374,068		\$ 7,809	\$ 345,509	\$ 373,823			\$ (28,559)	\$ 8,054		\$ (28,559)
I.D.E.A. Part B, Basic	84.027	IDEA219015	H173A150114	7/1/14-6/30/15	358,475	\$ (14,521)	(7,809)	22,330							
I.D.E.A. Part B, Basic, Carryover	84.027	IDEA219014	H173A150114	7/1/13-6/30/14	348,202	4,575								\$ 4,575	
I.D.E.A. Part B, Preschool	84.173	IDEA219016	H173A150114	7/1/15-6/30/16	14,338				14,338			(14,338)			(14,338)
ARRA - I.D.E.A. Part B	84.391	IDEA219010	Not Available	9/1/09-8/31/10	361,145	636			-					636	
<i>Total I.D.E.A. Cluster</i>									<u>388,161</u>						
Title I	84.010A	NCLB219016	S010A150030	7/1/15-6/30/16	52,356			52,340	52,340			(16)	16		(16)
Title II A	84.367A	NCLB219016	S010A150030	7/1/15-6/30/16	40,446		50	20,080	31,032			(20,366)	9,464		(20,366)
Title II A, Carryover	84.367A	NCLB219015	S010A150030	7/1/14-6/30/15	40,757	6	(50)	44							
Title II A Carryover	84.367A	NCLB219010	S010A150030	9/1/09-8/31/10	45,175	755			-					755	
<i>Total Title II Cluster</i>									<u>31,032</u>						
Title III	84.365A	NCLB219016		7/1/15-6/30/16	10,845		172	-	9,389			(10,845)	\$ 1,628		(10,845)
Title III	84.365A	NCLB219015		7/1/14-6/30/15	9,203	(9,031)	(172)	9,031				(172)			(172)
Title III, Carryover	84.365A	NCLB219014		7/1/13-6/30/14	11,588	(71)		71							
Title III, Immigrant	84.365A	NCLB219016		7/1/15-6/30/16	6,640		59	-	5,710			(6,640)	989		(6,640)
Title III, Immigrant, Carryover	84.365A	NCLB219015		7/1/14-6/30/15	6,992	-	(59)	35	-			(24)	-		(24)
<i>Total Title III Cluster</i>									<u>15,099</u>						
<i>Total Special Revenue Fund</i>						<u>(17,651)</u>	<u>-</u>	<u>449,440</u>	<u>486,632</u>	<u>-</u>	<u>-</u>	<u>(80,960)</u>	<u>20,151</u>	<u>5,966</u>	<u>(80,960)</u>
<i>Total Federal Financial Assistance</i>						<u>\$ (17,651)</u>	<u>\$ -</u>	<u>\$ 449,440</u>	<u>\$ 486,632</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (80,960)</u>	<u>\$ 20,151</u>	<u>\$ 5,966</u>	<u>\$ (80,960)</u>

Note: This schedule is not subject to a single audit in accordance with the U.S. Uniform Guidance.

WALDWICK BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2015			Cash Received	Budgetary Expenditures	Refund of Prior Year Balances	Balance, June 30, 2016			GAAP Receivable	Cumulative Total Expenditures
				(Accounts Receivable)	Deferred Revenue	Due to Grantor				(Accounts Receivable)	Unearned Revenue	Due to Grantor		
State Department of Education														
<i>General Fund</i>														
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	\$ 752,149				\$ 706,321	\$ 752,149		\$ (45,828)				\$ 752,149
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	752,149	\$ (24,599)			24,599							
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	6,011				5,490	6,011		(521)				6,011
Equalization Aid	15-495-034-5120-078	7/1/14-6/30/15	6,011	(279)			279							
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	24,067				22,505	24,067		(1,562)				24,067
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	24,067	(838)			838							
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	16,220				15,178	16,220		(1,042)				16,220
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	16,220	(559)			559							
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	16,220				15,178	16,220		(1,042)				16,220
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	16,220	(559)			59							
Additional Adjustment Aid	16-495-034-5120-085	7/1/15-6/30/16	1				1	1						1
<i>Total State Aid Public- Cluster</i>								<u>814,668</u>						
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	37,973				35,890	37,973		(2,083)				37,973
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	37,973	(1,118)			1,118							
Extra Ordinary Aid	16-100-034-5120-044	7/1/15-6/30/16	311,766				-	311,766		(311,766)				311,766
Extra Ordinary Aid	15-100-034-5120-044	7/1/14-6/30/15	395,140	(395,140)			395,140							
NonPublic Transportation	N/A	7/1/15-6/30/16	8,675				-	8,675		(8,675)		\$ (8,675)		8,675
NonPublic Transportation	N/A	7/1/14-6/30/15	7,952	(7,952)			7,952							
<i>On-Behalf TPAF Pension and Annuity Aid</i>														
TPAF - Normal Costs	16-495-034-5094-002	7/1/15-6/30/16	929,520				929,520	929,520						929,520
TPAF-NCGI Premium	16-495-034-5094-004	7/1/15-6/30/16	46,303				46,303	46,303						46,303
Post Retirement Medical Costs	16-495-034-5094-001	7/1/15-6/30/16	1,161,936				1,161,936	1,161,936						1,161,936
<i>Total On-Behalf TPAF Pension Contributions</i>								<u>2,137,759</u>						
On-Behalf TPAF Social Security Aid	16-495-034-5094-003	7/1/15-6/30/16	940,240				893,816	940,240		(46,424)		(46,424)		940,240
On-Behalf TPAF Social Security Aid	15-495-034-5094-003	7/1/14-6/30/15	951,724	(46,997)			46,997							
<i>Total General Fund</i>				<u>(478,041)</u>	<u>-</u>	<u>-</u>	<u>4,309,679</u>	<u>4,251,081</u>	<u>-</u>	<u>(418,943)</u>	<u>-</u>	<u>-</u>	<u>(53,099)</u>	<u>4,251,081</u>
<i>Special Revenue Fund</i>														
<i>New Jersey Nonpublic Aid</i>														
Textbook Aid	16-100-034-5120-064	7/1/15-6/30/16	12,505				12,505	11,629			\$ 876			11,629
Textbook Aid	15-100-034-5120-064	7/1/14-6/30/15	11,857		\$ 37				\$ 37					
Nursing Services	16-100-034-5120-070	7/1/15-6/30/16	22,050				22,050	21,908			142			21,908
Nursing Services	15-100-034-5120-070	7/1/14-6/30/15	21,531		451				451					
Security	16-100-034-5120-509	7/1/15-6/30/16	6,125				6,125	6,120			5			6,120
Technology	16-100-034-5120-373	7/1/15-6/30/16	5,694				5,694	5,375			319			5,375
Technology	15-100-034-5120-373	7/1/14-6/30/15	6,368			89			89					
<i>Auxiliary Services</i>														
Compensatory Education	16-100-034-5120-067	7/1/15-6/30/16	62,606				62,606	37,902			24,704			37,902
Compensatory Education	15-100-034-5120-067	7/1/14-6/30/15	96,746		61,183				61,183					
English as a Second Language	16-100-034-5120-067	7/1/15-6/30/16	13,804				13,804	10,612			3,192			10,612
English as a Second Language	15-100-034-5120-067	7/1/14-6/30/15	19,184		6,669				6,669					
<i>Total Auxiliary Services (Chapter 192) Cluster</i>								<u>48,514</u>						
<i>Handicapped Services</i>														
Examination and Classification	16-100-034-5120-066	7/1/15-6/30/16	25,051				25,051	18,574			6,477			18,574
Examination and Classification	15-100-034-5120-066	7/1/14-6/30/15	24,136		5,400				5,400					
Corrective Speech	16-100-034-5120-066	7/1/15-6/30/16	17,222				17,222	16,805			417			16,805
Corrective Speech	15-100-034-5120-066	7/1/14-6/30/15	20,321		4,506				4,506					
Supplementary Instruction	16-100-034-5120-066	7/1/15-6/30/16	13,886				13,886	10,545			3,341			10,545
Supplementary Instruction	15-100-034-5120-066	7/1/14-6/30/15	13,340		1,962				1,962					
<i>Total Handicapped Services (Chapter 193) Cluster</i>								<u>45,924</u>						
<i>Total Special Revenue Fund</i>				<u>-</u>	<u>-</u>	<u>80,297</u>	<u>178,943</u>	<u>139,470</u>	<u>80,297</u>	<u>-</u>	<u>-</u>	<u>39,473</u>	<u>-</u>	<u>139,470</u>
<i>Total State Financial Assistance- Determination for Single Audit</i>				<u>\$ (478,041)</u>	<u>\$ -</u>	<u>\$ 80,297</u>	<u>\$ 4,488,622</u>	<u>4,390,551</u>	<u>\$ 80,297</u>	<u>\$ (418,943)</u>	<u>\$ -</u>	<u>\$ 39,473</u>	<u>\$ (53,099)</u>	<u>\$ 4,390,551</u>
State Financial Assistance Not Subject to Single Audit Determination														
<i>On-Behalf-TPAF Pension and Annuity Aid</i>														
TPAF - Normal Costs	16-495-034-5094-002							929,520						
TPAF-NCGI Premium	16-495-034-5094-004							46,303						
Post Retirement Medical Costs	16-495-034-5094-001							1,161,936						
<i>Amount Utilized to Determine Type A/B Programs</i>								<u>\$ 2,252,792</u>						

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**WALDWICK BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$59,248 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 4,310,329	\$ 4,310,329
Special Revenue Fund	\$ 486,632	139,470	626,102
Total Financial Assistance	<u>\$ 486,632</u>	<u>\$ 4,449,799</u>	<u>\$ 4,936,431</u>

**WALDWICK BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

TPAF Social Security contributions in the amount of \$940,240 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2016. The amount reported as TPAF Pension System Contributions in the amount of \$975,823 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,161,936 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2016.

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

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

NOTE 7 DE MINIMIS INDIRECT COST RATE

The District has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**WALDWICK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor's report issued:	<u>Unmodified</u>	
Internal control over financial reporting:		
1) Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
2) Were significant deficiency(ies) identified that were not considered to be material weaknesses?	<u> </u> yes	<u> X </u> none reported
Noncompliance material to the basic financial statements noted?	<u> </u> yes	<u> X </u> no

Federal Awards Section

NOT APPLICABLE

**WALDWICK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Part I – Summary of Auditor’s Results

State Awards Section

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

Dollar threshold used to distinguish between Type A and Type B Programs \$ 750,000

Auditee qualified as low-risk auditee? X yes no

Internal Control over compliance:

1) Material weakness(es) identified? yes X no

2) Were significant deficiency(ies) identified that were not considered to be material weaknesses? yes X none reported

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08? yes X none

Identification of major programs:

GMIS Number(s)	Name of State Program
<u>Special Education Aid</u>	<u>495-034-5120-089</u>
<u>Equalization Aid</u>	<u>495-034-5120-078</u>
<u>Security Aid</u>	<u>495-034-5120-084</u>
<u>PARCC Readiness Aid</u>	<u>495-034-5120-098</u>
<u>Per Pupil Growth Aid</u>	<u>495-034-5120-097</u>
<u>Additional Adjustment Aid</u>	<u>495-034-5120-085</u>
<u>TPAF Social Security</u>	<u>495-034-5094-003</u>
<u> </u>	<u> </u>

**WALDWICK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Part 2 – Schedule of Financial Statement Findings

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

There are none.

**WALDWICK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

CURRENT YEAR FEDERAL AWARDS

Not Applicable.

CURRENT YEAR STATE AWARDS

There are none.

**WALDWICK BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

STATUS OF PRIOR YEAR FINDINGS

There were none.