

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

Wallington, New Jersey

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INTRODUCTORY SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
SCHOOL DISTRICT
OF
WALLINGTON

WALLINGTON BOARD OF EDUCATION
WALLINGTON, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

PREPARED BY
WALLINGTON BOARD OF EDUCATION

BOARD OF EDUCATION
WALLINGTON, N.J. 07057

JOSEPH BRUNACKI III
BUSINESS ADMINISTRATOR
BOARD SECRETARY

JEFFERSON SCHOOL
(973) 777-4151
Fax (973) 470-9073

September 22, 2016

President Smith and
Members of the Wallington Board of Education
Wallington, New Jersey

Dear Board Members:

The Comprehensive Annual Financial Report of the Wallington 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 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 schedules, 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 OMB Circular Letter 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". 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, are included in the single audit section of this report.

1) **REPORTING ENTITY AND ITS SERVICES:** The Wallington School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds of the District are included in this report. The Wallington 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 K through 12. These include regular, vocational, E.S.L., as well as special education for handicapped youngsters. The District's Oct. 15, 2015 state aid student count was 1,292 students.

2. **ECONOMIC CONDITION AND OUTLOOK:** The enrollment in the Wallington Public School District has leveled off after experiencing significant growth in previous years. The district has also experienced a significant increase in "at risk" students since 1997. These are pupils who come from low-income families eligible for a free or reduced lunch. The trend shows: (Oct 30 count)

1997-98	-	140	"at risk" students
1998-99	-	124	"at risk" students
1999-00	-	118	"at risk" students
2000-01	-	108	"at risk" students
2001-02	-	105	"at risk" students
2002-03	-	155	"at risk" students
2003-04	-	155	"at risk" students
2004-05	-	184	"at risk" students
2005-06	-	191	"at risk" students
2006-07	-	232	"at risk" students
2007-08	-	230	"at risk" students
2008-09	-	248	"at risk" students
2009-10	-	306	"at risk" students
2010-11	-	321	"at risk" students
2011-12	-	348	"at risk" students
2012-13	-	358	"at risk" students
2013-14	-	385	"at risk" students
2014-15	-	401	"at risk" students
2015-16	-	464	"at risk" students

3. **MAJOR INITIATIVES:** The district is now required to assess students in all grades 3-11 in language arts and mathematics. The HSPA and NJASK have been phased out in favor of the new PARCC assessments which measure college and career readiness. Our results are not yet finalized, but from the first indications we are seeing

that we are approaching or surpassing the state averages in all grade levels for students who have met expectations or exceeded expectations. Benchmark or "cut scores" have yet to be established in any district in NJ as the PARCC test only became active in the last school year. QSAC audits have revealed that there is a need to focus on math and language arts scores throughout our elementary and middle grades. Specifically the district has failed to meet the Annual Measurable Objectives districtwide. Our current score for QSAC in the areas of Instructional Program is 78% with 80% being the passing score. As the PARCC exam scores are in their second year, QSAC will be measuring our district on our previous school year's PARCC scores. Therefore the chart with District Test Results vs. State Benchmarks has not changed.

District Test Results vs. State Benchmarks are as follows **:

	Wallington	State Benchmark
Mathematics	% At or Above expectatiion	
Grade 3	70	Not Determined
Grade 4	37	Not Determined
Grade 5	62	Not Determined
Grade 6	55	Not Determined
Grade 7	45	Not Determined
Grade 8	24	Not Determined
Alg I	53	Not Determined
Alg II	26	Not Determined
Geometry	47	Not Determined
Language	% At or Above expectatiion	
Grade 3	51	Not Determined
Grade 4	54	Not Determined
Grade 5	45	Not Determined
Grade 6	54	Not Determined
Grade 7	47	Not Determined
Grade 8	47	Not Determined
Grade 9	51	Not Determined
Grade 10	35	Not Determined
Grade 11	61	Not Determined

** Note this is raw data, and that exempt students and students with disabilities have not yet been extrapolated.

B. The district continues to implement a community service project each year. The associated board policy follows:
The purpose of the community service program is to provide all high school students the opportunity to have a positive impact on our local community while learning that service to others is an on-going part of life. It is the intent of the Board to develop, encourage and promote partnerships with city agencies, community-based organizations and not-for-profit service entities in order to provide appropriate service opportunities for high school students.

Implementation of this Service Learning graduation requirement began with Juniors in September 2011. As of now the Graduating class of 2016 and all subsequent classes must complete 40 hours of service.

Community service hours must be completed at a non-profit organization.

A student may volunteer for a single organization or at a variety of organizations.

Students are encouraged to complete their hours in areas related to their personal interests.

Paid experiences do not qualify.

Working without pay at your job or for a family business does not qualify.

Students can earn a maximum of 20 hours through a sport.

The community service requirement will be prorated for students transferring into Wallington after the beginning of their Junior year.

The Supervisor of Guidance will determine and maintain a database of all activities that qualify as community service.

Students will be responsible for maintaining a copy of all documentation for which they claim community service hours.

All student records pertaining to the community service requirement will be maintained in the Guidance Office

For students enrolled after the first semester of their freshmen year, the requirement will be prorated to equal five hours times the number of semesters enrolled in the Wallington Public Schools.

Service may begin the summer prior to a student's freshmen year.

Childcare/babysitting count only when done for a non-profit organization.

C. S.A.T. - The district has been focusing on the SAT scores. With the change to the format and testing of the SAT the district will provide evening sessions for Juniors and Seniors to tutor them on the changes in the SAT. In addition, the PSAT has been purchased for every grade 10 and 11 student in the district in the hopes that every student will take this exam. The results will be shared with language arts and math teachers so that they can infuse this instruction into their curriculum to assist our students with college and career readiness.

D. New Jersey Student Learning Standards (NJSLs) - These standards were previously known as the Common Core Curriculum Standards. Our courses of study in math, science, language arts and visual & performing arts were all revised in accordance with the deadlines issued by the NJDOE. The district's "mapping" updates occur on a yearly basis, and ensure alignment with the most current standards. The scope and sequence of instruction is being correlated to the PARCC assessment. The maps were revised for 2015-16 based on an analysis of each area during the 2014-15 school year. The district has a supervisor who assists the superintendent in analyzing and revising the curriculum. The curriculum will continue to be reviewed annually regarding the NJSLs and PARCC, and revised accordingly.

E. Facilities - We continue to pursue a major initiative to relieve the pressure of enrollment growth at the elementary school level. The district completed its first year renting the former Most Sacred Heart of Jesus School. All K-3 students who previously were housed in the Jefferson School and adjacent modular units (4) have been moved to the Jefferson Annex School. This has allowed the district to house those students in one building as opposed to 3 structures on the same campus. However, we are already at capacity in that new structure and serious consideration must be made on the construction of a new facility as our projections tell us that we will grow by another 100+ students in the next 5 years.

Every classroom and office in the district is Internet accessible. A full functioning fiber optic network is in place in all three schools. Our bandwidth was upgraded to allow for faster access with full multimedia capabilities, and Wifi has been added to both the HS and Gavlak Schools. (www.wboe.org) is updated continuously with our new School Wires website and will be maintained by the Technology Coordinator along with staff members in training. The website focuses on increased parental access. We now have a fully functioning parent portal which allows parents to see their child's progress, and become our partners in educating their children. We have purchased wireless access in order to prepare for PARCC and implement our new evaluation procedures.

Several other facility matters are in various stages of development. They are in the Long-Range Facilities Plan submitted to the Department of Education by Architect's Alliance.

A referendum to address major facility needs in the Gavlak and High schools was passed in the spring of 2014, and is nearing completion at this time. We were fortunate to add two projects to this original referendum: HS Fire Escape and HS Gym Room Truss repair.

- A district-wide emphasis on technology continues with the addition of smart board/interactive white board units. A staff support system to promote integration of technology into lessons is being enhanced. We have upgraded our website with a major focus on increased parental access to student information and ultimately increased parental involvement. The entire district has been, and will continue to be, trained in Google Applications.

F. Staffing - K-3 enrollment continues to be high, and the district has added an additional grade sections over the last three years. In addition several special education aides have been added to our staff in the past. This will be monitored closely for necessary adjustments. Our enrollments remain high, especially in the elementary schools. We have added a 5th grade 1 class as well as 5th grade 2 class to meet the demands of

enrollment. Our special needs population has also increased, requiring us to add an additional grade 4-6 Special Education teacher. We will continue to monitor our enrollment increases to adjust staffing where necessary.

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 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 municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2016.

6. ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. The accounting system utilized software was purchased from Edumet.

7. DEBT ADMINISTRATION: At June 30, 2016, the District's outstanding debt issue was \$4,502,000 in bonds.

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". 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 their 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.

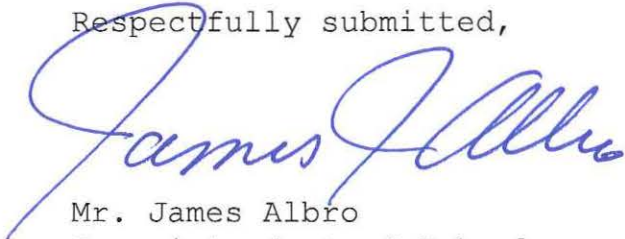
10. OTHER INFORMATION:

A. Independent Audit - State statutes require an annual audit by independent certified public accounts or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins LLP CPA, RMA has been appointed by the Board for our annual audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of state Treasury OMB Circular Letter 15-08. The auditor's report on the financial statements and combining and individual fund

statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

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

Respectfully submitted,

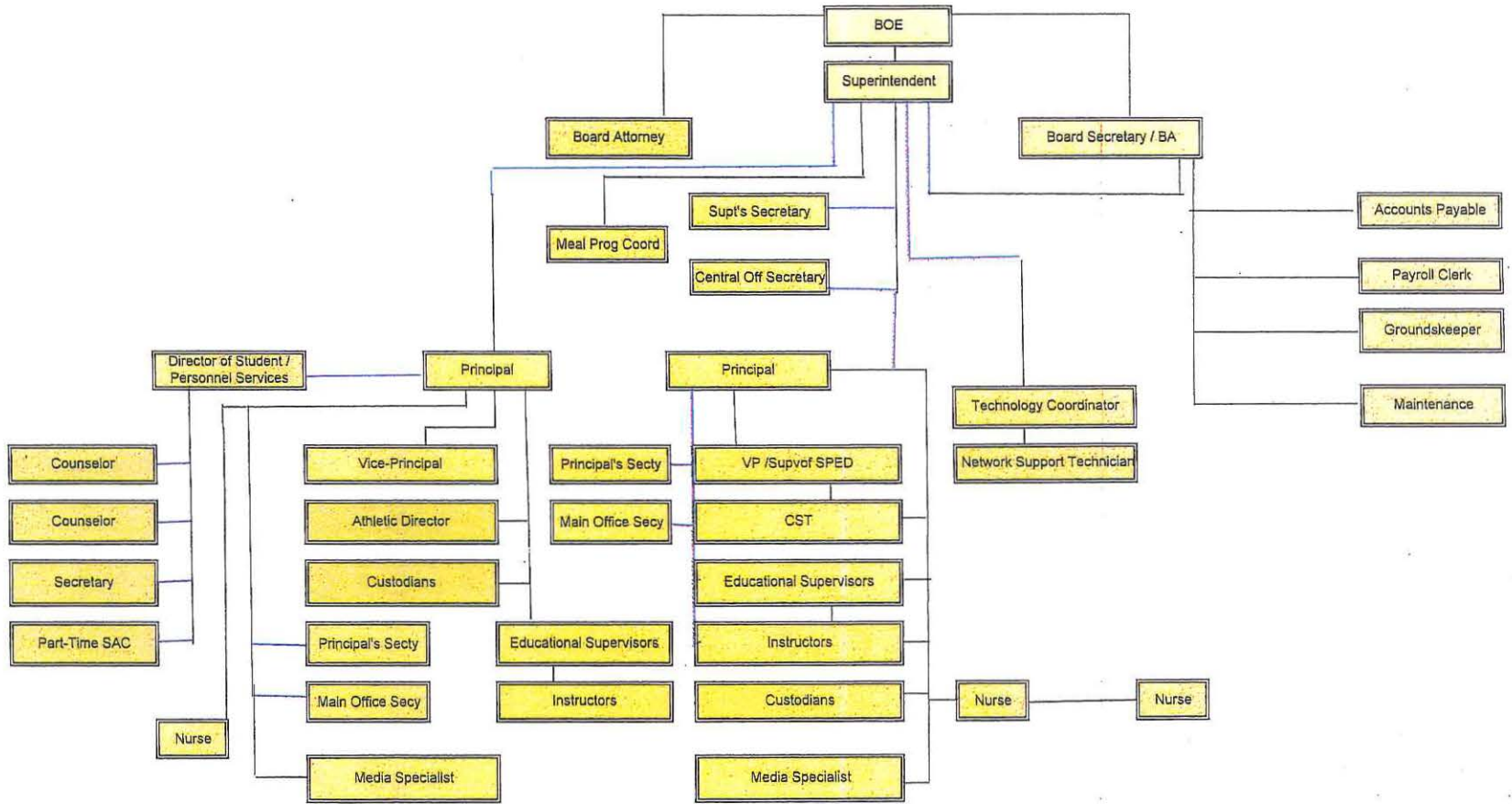


Mr. James Albro
Superintendent of Schools



Joseph C. Brunacki III
Board Secretary/Business
Admin

Wallington Public Schools - Organization Chart 7/9/2012



**WALLINGTON BOARD OF EDUCATION
WALLINGTON, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2016**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Christie Fusaro, President	2019
David Pinto, Vice President	2018
Michael Labriola	2019
Bobby Ristovski	2018
Stacia Hlavenka	2019
Thomas Brynczka	2017
Nicholas Melfi	2017
Joseph C. Smith	2017
Nancy Ann Maciag	2017

Other Officials

James Albro, Superintendent

Joseph Brunacki III, Board Secretary/School Business Administrator

William Mendyk, Treasurer of School Monies

WALLINGTON BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

Audit Firm

Lerch, Vinci & Higgins, LLP
Certified Public Accountants
Registered Municipal Accountants
17-17 Route 208 North
Fair Lawn, New Jersey 07410

Architect

Architects Alliance
111 Mulberry Street
Newark, NJ 07102

Attorney

Walter Slomienski
112 Locust Avenue
Wallington, NJ 07057

Official Depository

TD Bank
71 Union Avenue
East Rutherford, NJ 07073

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
Wallington Board of Education
Wallington, 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 Wallington 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.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wallington 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 Wallington Board of Education's basic financial statements. The introductory section, combining and individual nonmajor 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 Wallington Board of Education.

The combining and individual nonmajor 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 and individual nonmajor 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 September 22, 2016 on our consideration of the Wallington 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 Wallington Board of Education's internal control over financial reporting and compliance.

Leach, Vinci & Higgins LLP

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

Gary Higgins

Gary Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
September 22, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The discussion and analysis of the Wallington School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the financial statements as well as the financial statements themselves to enhance their understanding of the District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. Certain comparative information between the current year (2015-2016) and the prior year (2014-2015) is required to be presented in the MD&A.

Financial Highlights

- In total, net position decreased \$124,318.
- General revenues accounted for \$17,925,328 in revenue or 74 percent of all revenues. Program specific revenues in the form of charges for services and operating and capital grants and contributions accounted for \$6,424,152 or 26 percent of total revenues of \$24,349,480.
- Total net position of governmental activities amounted to \$5,140,792 as of June 30, 2016.
- The District had \$24,323,621 in expenses related to governmental activities; only \$6,284,094 were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$15,599,692 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$20,647,833 in revenues and other financing sources and \$20,675,852 in expenditures and other financing uses. The General Fund's fund balance decreased \$28,019 from 2015.

Using the Comprehensive Annual Financial report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Wallington School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

WALLINGTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

Using the Comprehensive Annual Financial report (CAFR) (Continued)

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the district's most significant funds. In the case of the Wallington School District, the General Fund is by far the most significant fund.

Reporting the District as a Whole

One of the most important questions asked about the District is "How did we do financially during the fiscal year ended June 30, 2016?" The *Statement of Net Position* and the *Statement of Activities*, which appear first in the District's financial statements, report information on the District as a whole and its activities in such a way as to answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The cause of this change may be the result of many factors, some financial and some not. Non-financial factors include the District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the *Statement of Net Position* and the *Statement of Activities*, the District is divided into two distinct kinds of activities:

- Governmental Activities – most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extra-curricular activities.
- Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods and services provided. The District's food service program is reported as a business-type activity.

WALLINGTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's funds. The District uses many funds to account for a multitude of financial transactions. The District's governmental funds are the General, Special Revenue, Capital Projects and Debt Service Funds and are considered major funds. The District's Food Service Fund is its only Enterprise Fund and is considered a nonmajor fund.

Governmental Funds

The District's activities are reported in governmental funds, which focus on how money flows into and out of these funds and the balances left at year-end available for spending in the future years. These funds are reported using the *modified accrual accounting method*, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in statements for the District as a whole.

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.

The District as a Whole

The *Statement of Net Position* provides the perspectives of the District as a whole, showing assets, deferred outflows of resources, liabilities, deferred inflows of resources and the difference between them (net position). Net position may serve over time as a useful indicator of a government's financial position.

WALLINGTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

The District as a Whole (Continued)

Table 1 provides a summary of the District's net position as of June 30, 2016 and 2015.

Table 1
Net Position

	<u>2016</u>	<u>2015</u>
Assets		
Current and Other Assets	\$ 2,872,726	\$ 3,708,976
Capital Assets, net of accumulated depreciation	11,815,878	11,456,766
Total Assets	<u>14,688,604</u>	<u>15,165,742</u>
Deferred Outflows of Resources		
Deferred Amounts on Debt Refunding	37,169	45,588
Deferred Amounts on Net Pension Liability	540,315	108,060
Total Deferred Outflows of Resources	<u>577,484</u>	<u>153,648</u>
Liabilities		
Long-term Liabilities	9,284,934	8,821,808
Other Liabilities	636,090	871,584
Total Liabilities	<u>9,921,024</u>	<u>9,693,392</u>
Deferred Inflows of Resources		
Deferred Amounts on Net Pension Liability	159,385	316,001
Total Deferred Inflows of Resources	<u>159,385</u>	<u>316,001</u>
Net Position		
Net Investment in Capital Assets	7,736,922	7,737,815
Restricted	147,290	152,367
Unrestricted	(2,698,533)	(2,580,185)
Total Net Position	<u>\$ 5,185,679</u>	<u>\$ 5,309,997</u>

The District's combined net position was \$5,185,679 and \$5,309,997 on June 30, 2016 and 2015, respectively. This reflects a decrease of 2 percent from the prior year.

WALLINGTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

Table 2 shows changes in net position for fiscal years ended June 30, 2016 and 2015.

Table 2
Changes in Net Position

	<u>2016</u>	<u>2015</u>
Revenues		
Program Revenues:		
Charge for Services	\$ 202,215	\$ 171,212
Grants and Contributions	6,221,937	8,499,497
General Revenues:		
Property Taxes	15,599,692	14,357,547
State Aid	2,284,887	2,278,096
Other	40,749	44,758
Total Revenues	<u>24,349,480</u>	<u>25,351,110</u>
 Program Expenses		
Instruction	16,235,052	14,350,816
Support Services:		
Students and Instructional Staff	2,789,561	2,694,185
General Administration, School Administration, Business/Central Operations and Maintenance of Facilities	4,640,952	4,443,963
Pupil Transportation	534,510	357,935
Interest on Debt	123,546	121,478
Food Service	<u>150,177</u>	<u>144,807</u>
Total Expenses	<u>24,473,798</u>	<u>22,113,184</u>
 Change in Net Position	(124,318)	3,237,926
 Net Position, Beginning of Year	<u>5,309,997</u>	<u>2,072,071</u>
 Net Position, End of Year	<u>\$ 5,185,679</u>	<u>\$ 5,309,997</u>

WALLINGTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

Governmental Activities

The unique nature of funding public schools primarily through property taxes in New Jersey creates the legal requirements to annually seek voter approval for the District's operations. The District's total revenues of governmental activities were \$24,209,422 and \$25,207,737 for the years ended June 30, 2016 and 2015, respectively. Property taxes made up 64 and 57 percent of revenues for governmental activities for the Wallington School District for fiscal years 2016 and 2015, respectively. Federal, state and local grants accounted for another 35 and 42 percent of revenue for fiscal years ended June 30, 2016 and 2015, respectively.

The total cost of all programs and services was 24,323,621 and \$21,968,377 for the fiscal years ended June 30, 2016 and 2015, respectively. Instruction comprised 67 and 65 percent of governmental program expenses for the fiscal years ended June 30, 2016 and 2015, respectively. Support service expenses make up 33 and 34 percent of governmental expenses for the fiscal years ended June 30, 2016 and 2015, respectively. The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Instruction	\$ 16,235,052	\$ 14,350,816	\$ 11,234,210	\$ 9,975,924
Support Services:				
Pupils and Instructional Staff	2,789,561	2,694,185	2,256,003	2,318,490
General Administration, School Admin., Business- Central, Operation and Maintenance of Facilities	4,640,952	4,443,963	3,911,945	687,861
Pupil Transportation	534,510	357,935	513,823	337,288
Interest on Debt	<u>123,546</u>	<u>121,478</u>	<u>123,546</u>	<u>121,478</u>
Total Expenses	<u>\$ 24,323,621</u>	<u>\$ 21,968,377</u>	<u>\$ 18,039,527</u>	<u>\$ 13,441,041</u>

Business-Type Activities

The only business-type activity is the food service operation. The program had revenues of \$140,058 and expenses of \$150,177 in fiscal year 2016. Of the revenues, \$22,210 were charges for services paid by patrons for daily food service, \$117,848 was from State and Federal reimbursements.

WALLINGTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

The School District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects 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 \$21,900,393 and \$20,835,244 and expenditures were \$22,535,025 and \$24,681,542 net of bond issuance costs, for the fiscal years ended June 30, 2016 and 2015, respectively. The net change in the fund balance for the fiscal year ended June 30, 2016 was \$612,268. This is primarily due to capital project expenditures a decrease in the Capital Projects Fund.

The following schedules present a comparison of the revenues of the governmental funds for the fiscal years ending June 30, 2016 and 2015.

<u>Revenue</u>	<u>Amount</u>		<u>Percent</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Local Sources	\$ 15,828,564	\$ 14,555,733	72%	70%
State Sources	5,465,733	5,717,448	25%	27%
Federal Sources	<u>606,096</u>	<u>562,063</u>	<u>3%</u>	<u>3%</u>
Total	<u>\$ 21,900,393</u>	<u>\$ 20,835,244</u>	<u>100%</u>	<u>100%</u>

The following schedule represents a comparison of the governmental funds expenditures for the fiscal years ending June 30, 2016 and 2015.

<u>Expenditures</u>	<u>Amount</u>		<u>Percent</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current:				
Instruction	\$ 14,354,722	\$ 12,868,993	64%	52%
Support Services	6,816,900	6,557,113	30%	27%
Capital Outlay	990,449	4,981,559	4%	20%
Debt Service:				
Principal	190,246	201,555	1%	1%
Interest	<u>182,708</u>	<u>72,322</u>	<u>1%</u>	<u>0%</u>
Total	<u>\$ 22,535,025</u>	<u>\$ 24,681,542</u>	<u>100%</u>	<u>100%</u>

WALLINGTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

General Fund Budgeting Highlights

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

During the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to prevent over-expenditures in specific line item accounts.

Capital Assets

At the end of fiscal years 2016 and 2015, the District had \$11,815,878 and \$11,456,766 invested in land, buildings, furniture, equipment and vehicles used for governmental and business-type activities. Overall capital assets increased \$359,112 from fiscal year 2015 to fiscal year 2016. Table 4 shows capital assets net of depreciation at June 30, 2016 and 2015 for governmental and business-type activities.

Table 4
Capital Assets Net of Depreciation

	<u>2016</u>	<u>2015</u>
Land	\$ 21,354	\$ 21,354
Construction in Progress	2,193,104	2,336,420
Land Improvements	1,620,217	1,725,595
Buildings and Building Improvements	7,802,611	7,207,726
Machinery and Equipment	<u>178,592</u>	<u>165,671</u>
 Total	 <u>\$ 11,815,878</u>	 <u>\$ 11,456,766</u>

Long-Term Liabilities

At June 30, 2016 and 2015 the District had \$9,284,934 and \$8,821,808 of long-term liabilities, respectively. Of this amount, \$484,974 and \$470,861 is for compensated absences, \$4,683,228 and \$4,899,279 for bonds payable, \$0 and \$15,246 for capital lease payable and \$4,116,732 and \$3,436,422 for net pension liability, respectively.

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

For the Future

The Wallington School District is in stable financial condition presently. The District is proud of its community support of the public schools. A major concern is the potential enrollment growth of the district and the increased reliance on property taxes as well as State laws restricting fund balances/net assets.

In conclusion, the District has committed itself to continue its system of financial planning, budgeting and internal financial controls to meet the challenge of the future.

Contacting the District's Financial Management

This financial report is designed to provide the citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact Joseph Brunacki III, School Business Administrator/Board Secretary at Wallington Board of Education, Jefferson School – Pine Street, Wallington, NJ 07057.

FINANCIAL STATEMENTS

**WALLINGTON BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2016**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash	\$ 2,139,924	\$ 21,300	\$ 2,161,224
Receivables, net			
Receivables from Other Governments	705,971	5,531	711,502
Capital Assets			
Not Being Depreciated	2,214,458		2,214,458
Being Depreciated, net	<u>9,583,364</u>	<u>18,056</u>	<u>9,601,420</u>
Total Assets	<u>14,643,717</u>	<u>44,887</u>	<u>14,688,604</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Debt Refunding	37,169		37,169
Deferred Amounts on Net Pension Liability	<u>540,315</u>	<u>-</u>	<u>540,315</u>
Total Deferred Outflows of Resources	<u>577,484</u>	<u>-</u>	<u>577,484</u>
Total Assets and Deferred Outflows of Resources	<u>15,221,201</u>	<u>44,887</u>	<u>15,266,088</u>
LIABILITIES			
Accounts Payable and Other Liabilities	347,432		347,432
Unearned Revenue	253,590		253,590
Accrued Interest Payable	35,068		35,068
Noncurrent Liabilities			-
Due within one year	315,000		315,000
Due beyond one year	<u>8,969,934</u>	<u>-</u>	<u>8,969,934</u>
Total Liabilities	<u>9,921,024</u>	<u>-</u>	<u>9,921,024</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>159,385</u>	<u>-</u>	<u>159,385</u>
Total Deferred Inflows of Resources	<u>159,385</u>	<u>-</u>	<u>159,385</u>
Total Liabilities and Deferred Inflows of Resources	<u>10,080,409</u>	<u>-</u>	<u>10,080,409</u>
NET POSITION			
Net Investment in Capital Assets	7,718,866	18,056	7,736,922
Restricted for			
Capital Projects	147,289		147,289
Debt Service	1		1
Unrestricted	<u>(2,725,364)</u>	<u>26,831</u>	<u>(2,698,533)</u>
Total Net Position	<u>\$ 5,140,792</u>	<u>\$ 44,887</u>	<u>\$ 5,185,679</u>

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

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues 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	\$ 8,969,996		\$ 2,359,115	\$ 30,000	\$ (6,580,881)		\$ (6,580,881)
Special Education	5,112,215		1,693,780		(3,418,435)		(3,418,435)
Other Instruction	1,168,051	\$ 180,005	516,590		(471,456)		(471,456)
School Sponsored Activities and Athletics	984,790		221,352		(763,438)		(763,438)
Support Services							
Student & Instruction Related Services	2,789,561		533,558		(2,256,003)		(2,256,003)
General Administration Services	636,459		79,914		(556,545)		(556,545)
School Administration Services	844,888		132,348		(712,540)		(712,540)
Plant Operations and Maintenance	2,411,845		41,000	351,801	(2,019,044)		(2,019,044)
Pupil Transportation	534,510		20,687		(513,823)		(513,823)
Central Services	747,760		123,944		(623,816)		(623,816)
Interest on Long-Term Debt	123,546	-	-	-	(123,546)	-	(123,546)
Total Governmental Activities	<u>24,323,621</u>	<u>180,005</u>	<u>5,722,288</u>	<u>381,801</u>	<u>(18,039,527)</u>	<u>-</u>	<u>(18,039,527)</u>
Business-Type Activities							
Food Service	150,177	22,210	117,848	-	-	\$ (10,119)	(10,119)
Total Business-Type Activities	<u>150,177</u>	<u>22,210</u>	<u>117,848</u>	<u>-</u>	<u>-</u>	<u>(10,119)</u>	<u>(10,119)</u>
Total Primary Government	<u>\$ 24,473,798</u>	<u>\$ 202,215</u>	<u>\$ 5,840,136</u>	<u>\$ 381,801</u>	<u>(18,039,527)</u>	<u>(10,119)</u>	<u>(18,049,646)</u>
General Revenues							
Property Taxes:							
Levied for General Purposes					15,247,472		15,247,472
Levied for Debt Service					352,220		352,220
State Aid - Unrestricted					2,284,887		2,284,887
Investment Earnings					25		25
Miscellaneous Income					40,724		40,724
Transfers					(7,636)	7,636	-
Total General Revenues and Transfers					<u>17,917,692</u>	<u>7,636</u>	<u>17,925,328</u>
Change in Net Position					<u>(121,835)</u>	<u>(2,483)</u>	<u>(124,318)</u>
Net Position, Beginning of Year					<u>5,262,627</u>	<u>47,370</u>	<u>5,309,997</u>
Net Position, End of Year					<u>\$ 5,140,792</u>	<u>\$ 44,887</u>	<u>\$ 5,185,679</u>

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

FUND FINANCIAL STATEMENTS

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash	\$ 1,852,542		\$ 287,381	\$ 1	\$ 2,139,924
Due from Other Funds	80,277				80,277
Receivables, Net	<u>27,624</u>	<u>\$ 144,946</u>	<u>533,401</u>	<u>-</u>	<u>705,971</u>
Total Assets	<u>\$ 1,960,443</u>	<u>\$ 144,946</u>	<u>\$ 820,782</u>	<u>\$ 1</u>	<u>\$ 2,926,172</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 282,674	\$ 64,669	\$ 89		\$ 347,432
Due to Other Funds		80,277			80,277
Unearned Revenue	<u>-</u>	<u>-</u>	<u>253,590</u>	<u>-</u>	<u>253,590</u>
Total Liabilities	<u>282,674</u>	<u>144,946</u>	<u>253,679</u>	<u>-</u>	<u>681,299</u>
Fund Balances					
Restricted					
Excess Surplus	786,793				786,793
Excess Surplus, Designated for Subsequent Year's Expenditures	745,190				745,190
Capital Reserve	147,289				147,289
Capital Projects			567,103		567,103
Debt Service				\$ 1	1
Assigned					
Encumbrances	57,364				57,364
Designated for Subsequent Year's Expenditures	23,722				23,722
ARRA/SEMI - Designated for Subsequent Year's Expenditures	4,840				4,840
Unassigned	<u>(87,429)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(87,429)</u>
Total Fund Balances	<u>1,677,769</u>	<u>-</u>	<u>567,103</u>	<u>1</u>	<u>2,244,873</u>
Total Liabilities and Fund Balances	<u>\$ 1,960,443</u>	<u>\$ 144,946</u>	<u>\$ 820,782</u>	<u>\$ 1</u>	

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

Total Fund Balances (Exhibit B-1) 2,244,873

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$17,966,412 and the accumulated depreciation is \$6,168,590 11,797,822

Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt. 37,169

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	\$	540,315	
Deferred Inflows of Resources		(159,385)	
			380,930

The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is: (35,068)

Long-term liabilities, including bonds payable, capital leases, compensated absences and net pension liability are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Bonds Payable, (Including Unamortized Premium)		(4,683,228)	
Compensated Absences Payable		(484,974)	
Net Pension Liability		(4,116,732)	
			(9,284,934)

Net position of governmental activities (Exhibit A-1) **\$ 5,140,792**

**WALLINGTON 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>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 15,247,472			\$ 352,220	\$ 15,599,692
Miscellaneous	220,754	\$ 8,118	-	-	228,872
Total - Local Sources	15,468,226	8,118	-	352,220	15,828,564
State Sources	5,113,932		\$ 351,801		5,465,733
Federal Sources	35,675	570,421	-	-	606,096
Total Revenues	20,617,833	578,539	351,801	352,220	21,900,393
EXPENDITURES					
Current					
Instruction					
Regular Instruction	7,612,929	16,518			7,629,447
Special Education Instruction	4,561,762	279,665			4,841,427
Other Instruction	768,624	252,036			1,020,660
School-Sponsored Activities and Athletics	863,188				863,188
Support Services					
Student & Instruction Related Services	2,438,962	28,320			2,467,282
General Administration Services	586,870				586,870
School Administration Services	750,658				750,658
Plant Operations and Maintenance	1,807,805				1,807,805
Pupil Transportation	534,510				534,510
Central Services	669,775				669,775
Debt Service					
Principal	15,246			175,000	190,246
Interest and Other Charges	411			182,297	182,708
Capital Outlay	53,765	2,000	934,684	-	990,449
Total Expenditures	20,664,505	578,539	934,684	357,297	22,535,025
Excess (Deficiency) of Revenues Over (Under) Expenditures	(46,672)	-	(582,883)	(5,077)	(634,632)
Other Financing Sources (Uses)					
Insurance Recovery Related to Capital Assets	30,000				30,000
Transfers In				3,711	3,711
Transfers Out	(11,347)	-	-	-	(11,347)
Total Other Financing Sources (Uses)	18,653	-	-	3,711	22,364
Net Change in Fund Balances	(28,019)	-	(582,883)	(1,366)	(612,268)
Fund Balance, Beginning of Year	1,705,788	-	1,149,986	1,367	2,857,141
Fund Balance, End of Year	\$ 1,677,769	\$ -	\$ 567,103	\$ 1	\$ 2,244,873

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

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

Total net change in fund balances - governmental funds (Exhibit B-2) \$ (612,268)

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 of activities and allocated over their estimated useful lives as annual depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period.

Capital Outlay	\$ 990,449	
Depreciation Expense	<u>(641,180)</u>	
		349,269

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals and donations) is to increase net position. These transactions are not reported in the governmental funds financial statements.

Loss on Disposal of Capital Assets		(2,692)
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In the statement of activities, compensated absences and pension expense are measured by the amounts earned or accrued during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):

Increase in Compensated Absences	(14,113)	
Increase in Pension Expense	<u>(91,439)</u>	
		(105,552)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal Repayments		
Capital Leases Payable	15,246	
Bonds Payable	<u>175,000</u>	
		190,246

Governmental Funds report the effect of issuance costs, premiums and deferred amounts on refundings pertaining to bonds issued when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Amortization of Premium	41,051	
Amortization of Deferred Amount on Refunding	<u>(8,419)</u>	
		32,632

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>26,530</u>
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Change in net position of governmental activities (Exhibit A-2) \$ (121,835)

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

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

	Business-Type Activities Enterprise Fund <u>Non-Major</u>
ASSETS	
Current Assets	
Cash	\$ 21,300
Intergovernmental Receivable	
State	91
Federal	<u>5,440</u>
Total Current Assets	<u>26,831</u>
Capital Assets	
Equipment	57,224
Less: Accumulated Depreciation	<u>(39,168)</u>
Total Capital Assets	<u>18,056</u>
Total Assets	<u>44,887</u>
NET POSITION	
Investment in Capital Assets	18,056
Unrestricted	<u>26,831</u>
Total Net Position	<u>\$ 44,887</u>

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

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

	Business-Type Activities Enterprise Fund <u>Non-Major</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales - Reimbursable Programs	\$ <u>22,210</u>
Total Operating Revenues	<u>22,210</u>
OPERATING EXPENSES	
Cost of Sales - Reimbursable Programs	143,623
Depreciation Expense	<u>6,554</u>
Total Operating Expenses	<u>150,177</u>
Operating Loss	<u>(127,967)</u>
NONOPERATING REVENUES	
State Sources	
School Lunch Program	2,053
Federal Sources	
National School Lunch Program	102,554
National School PB Lunch Program	2,222
National School Breakfast Program	<u>11,019</u>
Total Nonoperating Revenues	<u>117,848</u>
Net Income (Loss) Before Transfers	(10,119)
Transfers In	<u>7,636</u>
Total Net Position, Beginning of Year	<u>47,370</u>
Total Net Position, End of Year	<u>\$ 44,887</u>

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

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

	Business-Type Activities Enterprise Fund <u>Non-Major</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 22,210
Cash Payments to Suppliers for Goods and Services	<u>(143,623)</u>
Net Cash Used by Operating Activities	<u>(121,413)</u>
Cash Flows from Noncapital Financing Activities	
Cash Received from Other Funds	7,636
Cash Received from State and Federal Subsidy Reimbursements	<u>120,115</u>
Net Cash Provided by Noncapital Financing Activities	<u>127,751</u>
Cash Flows from Capital and Related Financing Activities	
Purchases of Capital Assets	<u>(19,089)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(19,089)</u>
Net Decrease in Cash and Cash Equivalents	(12,751)
Cash, Beginning of Year	<u>34,051</u>
Cash, End of Year	<u>\$ 21,300</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Operating Loss	\$ (127,967)
Adjustments	
Depreciation	<u>6,554</u>
Net Cash Used by Operating Activities	<u>\$ (121,413)</u>

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

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

	Unemployment Compensation <u>Trust Fund</u>	Scholarship <u>Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash	\$ 87,200	\$ 47,225	\$ 88,287
Due from Other Funds	<u>2,235</u>	<u>-</u>	<u>-</u>
Total Assets	<u>89,435</u>	<u>47,225</u>	<u>\$ 88,287</u>
LIABILITIES			
Payroll Deductions and Withholdings			\$ 2,113
Accrued Salaries and Wages			1,000
Accounts Payable		29,901	
Due to Other Funds			2,235
Due to Student Groups			82,939
Due to State Government	<u>\$ 2,394</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>2,394</u>	<u>29,901</u>	<u>\$ 88,287</u>
NET POSITION			
Restricted For Scholarships		17,324	
Held in Trust for Unemployment Claims	<u>87,041</u>	<u>-</u>	
Total Net Position	<u>\$ 87,041</u>	<u>\$ 17,324</u>	

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

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

	Unemployment Compensation <u>Trust</u>	Scholarship <u>Fund</u>
ADDITIONS		
Contributions		
Employees	\$ 21,498	
Employer	5,000	
Scholarship Donations	<u>-</u>	<u>\$ 34,688</u>
Total Contributions	<u>26,498</u>	<u>34,688</u>
Investment Earnings		
Interest	<u>-</u>	<u>19</u>
Net Investment Earnings	<u>-</u>	<u>19</u>
Total Additions	<u>26,498</u>	<u>34,707</u>
DEDUCTIONS		
Unemployment Claims and Contributions	54,885	
Scholarship Awards	<u>-</u>	<u>33,608</u>
Total Deductions	<u>54,885</u>	<u>33,608</u>
Change in Net Position	(28,387)	1,099
Net Position, Beginning of the Year	<u>115,428</u>	<u>16,225</u>
Net Position, End of the Year	<u>\$ 87,041</u>	<u>\$ 17,324</u>

The accompanying Notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

**WALLINGTON 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 Wallington 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 nine 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 Wallington Board of Education this includes general operations, food service, and 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 as required:

- 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.

**WALLINGTON 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, while business-type activities incorporate data from the District's enterprise funds. Fiduciary funds are excluded from the district-wide financial statements.

**WALLINGTON 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, federal and state grants for school-based budgeting 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 funds to be major funds. The District considers its enterprise fund to be a nonmajor fund.

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 *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of capital facilities and other capital assets, other than those financed by the proprietary funds.

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.

**WALLINGTON 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)

The District reports the following non-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.

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.

**WALLINGTON 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)

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.

Property taxes, 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. 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.

**WALLINGTON 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)

3. *Capital Assets (Continued)*

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.

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

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings	50
Building Improvements	20-40
Heavy Equipment	5
Office Equipment and Furniture	5
Computer Equipment	5

4. *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 of item, 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 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; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

**WALLINGTON 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)

5. *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. 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.

6. *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.

7. *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. Gains resulting from debt refundings are classified as deferred inflows of resources and losses are reported as deferred outflows of resources. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Gains and 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 net of the applicable bond premium or discount.

8. *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.

WALLINGTON 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)

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

District-Wide Statements (Continued)

- **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.

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 – 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.

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.

Capital Reserve – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 2.)

Capital Projects – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.

Debt Service – Represents fund balance restricted specifically for the repayment of long-term debt principal and interest in the Debt Service Fund.

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.

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.

**WALLINGTON 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)

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

Governmental Fund Statements (Continued)

Assigned Fund Balance (Continued)

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.

ARRA/SEMI – Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of the ARRA/SEMI revenue that is unexpended at June 30, 2016 that will be appropriated in the adopted 2016/2017 budget certified for taxes.

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, federal and state grants for school-based budgeting investment earnings and miscellaneous revenues.

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 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.

**WALLINGTON 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)

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 the enterprise fund includes 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. Capital lease transactions are accounted for on the GAAP basis.

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 \$277,002. The increase was funded by additional state and appropriated, transfer of capital reserve funds and the reappropriation of prior year general fund encumbrances.

**WALLINGTON 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)

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. Deficit Fund Equity

The District has an unassigned fund balance deficit of \$87,429 in the General Fund as of June 30, 2016 as reported in the fund financial statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record these delayed state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", requires that intergovernmental transactions (revenue, expenditure, asset, liability) should be recognized in symmetry (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State of New Jersey is recording certain 2015/2016 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the General Fund deficit does not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund deficits in the future.

Pursuant to NJSA 18A:22-44.2, any negative unreserved, undesignated (i.e., unassigned) general fund balance that is reported as a direct result of a delay in the payment of state aid until the following fiscal year, is not considered as a violation of New Jersey Statute or regulation and is not considered an item in need of corrective action. The District deficit in the GAAP (fund) financial statements of \$87,429 in the General Fund is less than the delayed state aid payments at June 30, 2016.

C. 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.

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Capital Reserve (Continued)

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.

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

Balance, July 1, 2015		\$ 151,000
Withdrawals		
Approved by Board Resolution	\$ 3,711	
		<u>3,711</u>
Balance, June 30, 2016		<u>\$ 147,289</u>

The withdrawal from the capital reserve was to cover the cost of debt that was short due to the fact that surplus anticipated in Debt Service Fund was not available.

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 \$1,531,983. Of this amount, \$745,190 was designated and appropriated in the 2016/2017 original budget certified for taxes and the remaining amount of \$786,793 will be appropriated in the 2017/2018 original budget certified for taxes.

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.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

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 \$2,383,936 and bank and brokerage firm balances of the Board's deposits amounted to \$2,554,321. The Board's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

Depository Account

Insured	\$ <u>2,554,321</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 of \$2,554,321 was no exposed to custodial credit risk since all deposits are insured either through FDIC or GUDPA:

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.

Interest Rate Risk – The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Board places no limit in the amount the District may invest in any one issuer.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2016 for the district's individual major funds and nonmajor fund in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Enterprise Nonmajor</u>	<u>Total</u>
Receivables:					
Intergovernmental	\$ 27,624	\$ 144,946	\$ 533,401	\$ 5,531	\$ 711,502
Gross Receivables	27,624	144,946	533,401	5,531	711,502
Less: Allowance for Uncollectibles	-	-	-	-	-
Net Total Receivables	<u>\$ 27,624</u>	<u>\$ 144,946</u>	<u>\$ 533,401</u>	<u>\$ 5,531</u>	<u>\$ 711,502</u>

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:

Capital Projects Fund	
Unrealized School Facilities Grants	\$ 253,590
Total Unearned Revenue for Governmental Funds	<u>\$ 253,590</u>

**WALLINGTON 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

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

	Balance, <u>July 1, 2015</u>	Increases	Decreases	Transfers	Balance, <u>June 30, 2016</u>
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 21,354				\$ 21,354
Construction In Progress	<u>2,336,420</u>	<u>\$ 934,684</u>	<u>-</u>	<u>\$ (1,078,000)</u>	<u>2,193,104</u>
Total Capital Assets, Not Being Depreciated	<u>2,357,774</u>	<u>934,684</u>	<u>-</u>	<u>(1,078,000)</u>	<u>2,214,458</u>
Capital Assets, Being Depreciated:					
Buildings and Building Improvements	11,708,135			1,078,000	12,786,135
Land Improvements	2,107,380				2,107,380
Machinery and Equipment	<u>877,293</u>	<u>55,765</u>	<u>\$ (74,619)</u>	<u>-</u>	<u>858,439</u>
Total Capital Assets Being Depreciated	<u>14,692,808</u>	<u>55,765</u>	<u>(74,619)</u>	<u>1,078,000</u>	<u>15,751,954</u>
Less Accumulated Depreciation for:					
Buildings and Building Improvements	(4,500,409)	(483,115)			(4,983,524)
Land Improvements	(381,785)	(105,378)			(487,163)
Machinery and Equipment	<u>(717,143)</u>	<u>(52,687)</u>	<u>71,927</u>	<u>-</u>	<u>(697,903)</u>
Total Accumulated Depreciation	<u>(5,599,337)</u>	<u>(641,180)</u>	<u>71,927</u>	<u>-</u>	<u>(6,168,590)</u>
Total Capital Assets, Being Depreciated, Net	<u>9,093,471</u>	<u>(585,415)</u>	<u>(2,692)</u>	<u>1,078,000</u>	<u>9,583,364</u>
Government Activities Capital Assets, Net	<u>\$ 11,451,245</u>	<u>\$ 349,269</u>	<u>\$ (2,692)</u>	<u>\$ -</u>	<u>\$ 11,797,822</u>

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

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, <u>July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2016</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 38,135	\$ 19,089	-	\$ 57,224
Total Capital Assets Being Depreciated	<u>38,135</u>	<u>19,089</u>	<u>-</u>	<u>57,224</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	<u>(32,614)</u>	<u>(6,554)</u>	<u>-</u>	<u>(39,168)</u>
Total Accumulated Depreciation	<u>(32,614)</u>	<u>(6,554)</u>	<u>-</u>	<u>(39,168)</u>
Total Capital Assets, Being Depreciated, Net	<u>5,521</u>	<u>12,535</u>	<u>-</u>	<u>18,056</u>
Business-Type Activities Capital Assets, Net	<u>\$ 5,521</u>	<u>\$ 12,535</u>	<u>\$ -</u>	<u>\$ 18,056</u>

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

Governmental Activities:

Instruction	
Regular	\$ 27,804
Total Instruction	<u>27,804</u>
Support Services	
Support Services-Students & Instruction Related Services	15,085
School Administration	8,558
Operations and Maintenance of Plant	589,733
Total Support Services	<u>613,376</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 641,180</u>
Business-Type Activities:	
Food Service Fund	\$ 6,554
Total Depreciation Expense - Business-Type Activities	<u>\$ 6,554</u>

**WALLINGTON 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)

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2016:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Roof Replacement at Wallington High School	\$ 235,488	\$ 51,847
Wallington High School Door Replacement Project	295,258	15,540
Frank Gavlak School Door Replacement Project	163,664	8,614
Wallington High School Painting Project	126,549	6,660
Remove and Replace the Old Fire Escape at Wallington High School		342,500
Wallington High School Gym Truss Roof Repair		<u>98,500</u>
 Total		 <u>\$ 523,661</u>

Insurance Proceeds

The District had insurance policies in effect at the time of the gym roof collapse at Gavlak School for comprehensive property damage (including flood), casualty, business interruption and other coverages. As of June 30, 2016, the insurers have remitted \$30,000. These funds are recorded as revenue in the General Fund for the year ended June 30, 2016.

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	Special Revenue Fund	80,277
Unemployment Compensation Trust Fund	Agency Fund	<u>2,235</u>
 Total		 <u>\$ 82,512</u>

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

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

**WALLINGTON 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 (Continued)

Interfund transfers

	<u>Transfer Out:</u> General Fund
<u>Transfer In:</u>	
Debt Service	\$ 3,711
Food Service	<u>7,636</u>
Total	<u>\$ 11,347</u>

The above transfers are the result of revenues earned and/or other financing sources received in one fund to finance expenditures in another fund.

F. Leases

Operating Leases

The District leases copiers, printers, trailers and the former Most Sacred Heart of Jesus School Building to use for elementary school grades Kindergarten through 6th grade under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2016 were \$351,128. The future minimum lease payments for these operating leases are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2017	\$ 348,468
2018	348,468
2019	328,518
2020	<u>3,051</u>
Total	<u>\$ 1,028,505</u>

**WALLINGTON 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. 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:

\$2,060,000, 2015 School Refunding Bonds, due in annual installments of \$185,000 to \$225,000 through May 15, 2025 interest at 3.00% to 4.00%	\$1,885,000
\$2,617,000, 2014 School Bonds, due in annual installments of \$130,000 to \$260,000 through August 15, 2019, interest at 2.00% to 3.00%	<u>2,617,000</u>
Total	<u>\$4,502,000</u>

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

Governmental Activities:

Fiscal Year Ending	Serial Bonds		Total
	Principal	Interest	
June 30,			
2017	\$ 315,000	\$ 141,248	\$ 456,248
2018	325,000	133,048	458,048
2019	340,000	122,698	462,698
2020	345,000	111,898	456,898
2021	360,000	100,848	460,848
2022-2026	1,785,000	315,406	2,100,406
2027-2030	1,032,000	61,561	1,093,561
	<u>\$ 4,502,000</u>	<u>\$ 986,707</u>	<u>\$ 5,488,707</u>

**WALLINGTON 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. Long-Term Debt (Continued)

4% of Equalized Valuation Basis (Municipal)	\$ 38,657,519
Less: Net Debt Outstanding	<u>4,502,000</u>
Remaining Borrowing Power	<u>\$ 34,155,519</u>
<u>Statutory Borrowing Power</u>	

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

H. Other Long-Term Liabilities

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>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2016</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds Payable	\$ 4,677,000		\$ 175,000	\$ 4,502,000	\$ 315,000
Add: Unamortized Premium	<u>222,279</u>	-	<u>41,051</u>	<u>181,228</u>	-
Total Bonds Payable	4,899,279	-	216,051	4,683,228	315,000
Capital Leases Payable	15,246		15,246	-	
Compensated Absences	470,861	14,113		484,974	
Net Pension Liability	<u>3,436,422</u>	<u>837,976</u>	<u>157,666</u>	<u>4,116,732</u>	-
Governmental activity Long-term liabilities	<u>\$ 8,821,808</u>	<u>\$ 852,089</u>	<u>\$ 388,963</u>	<u>\$ 9,284,934</u>	<u>\$ 315,000</u>

For the governmental activities, the liabilities for compensated absences and net pension liability are generally liquidated by the general fund.

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

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 School Alliance Insurance Fund (SAIF or the "Fund"). The Fund is a risk sharing public entity pool, established for the purpose of insuring against various risks.

The relationship between the Board and the Fund 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 fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the fund. Members have a contractual obligation to fund any deficit of the fund attributable to a membership year during which they were a member.

SAIF 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 insurance fund are on file with the School's Business Administrator.

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>June 30,</u>	<u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2016	\$ 5,000	\$ 21,498	\$ 54,885	\$ 87,041
2015		21,279	22,656	115,428
2014		20,463	53,929	116,805

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

NOTE 4 OTHER INFORMATION (Continued)

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 has not estimated its arbitrage earnings due to the IRS, if any.

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.

**WALLINGTON 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)

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.

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.us/treasury/doinvest.

**WALLINGTON 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)

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 47.9 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.

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.

**WALLINGTON 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)

Annual Pension Costs (APC) (Continued)

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	\$ 157,666	\$ 588,235	\$ 7,088
2015	151,310	401,677	7,563
2014	163,816	316,712	1,321

For fiscal years 2015/2016 and 2014/2015, the state contributed \$588,239 and \$401,677, 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 \$316,712 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 \$563,760 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.

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 \$4,116,732 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 .01833 percent, which was decrease of .00002 percent from its proportionate share measured as of June 30, 2014 of .01835 percent.

**WALLINGTON 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)

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$249,105 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	\$ 98,211	
Changes of Assumptions	442,104	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 66,189
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	-	93,196
Total	<u>\$ 540,315</u>	<u>\$ 159,385</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	\$ 65,347
2018	65,347
2019	65,347
2020	116,545
2021	<u>68,344</u>
	<u>\$ 380,930</u>

**WALLINGTON 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.

**WALLINGTON 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%

**WALLINGTON 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 (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 5,116,594</u>	<u>\$ 4,116,732</u>	<u>\$ 3,278,455</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.

**WALLINGTON 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 \$2,867,264 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 \$46,958,903. 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 .07429 percent, which was a decrease of .00057 percent from its proportionate share measured as of June 30, 2014 of .07486 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.

	<u>TPAF</u>
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.

**WALLINGTON 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%

**WALLINGTON 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 <u>(3.13%)</u>	Current Discount Rate <u>(4.13%)</u>	1% Increase <u>(5.13%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 55,808,901</u>	<u>\$ 46,958,903</u>	<u>\$ 39,334,100</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.

**WALLINGTON 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.

**WALLINGTON 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.

**WALLINGTON 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 \$700,426, \$637,663 and \$519,288, 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.

NOTE 5 JOINT VENTURE

On February 17, 2011, the Board entered into a shared services agreement with the Borough of Wallington for the purpose of installing synthetic turf at the Wallington High School athletic field. According to the terms of the agreement, the total cost of the project shall not exceed \$1,700,000. The Borough has adopted a bond ordinance appropriating \$1,700,000. Of this amount, the Board has made a payment of \$275,000 to the Borough for a down payment, with the remaining \$1,425,000 being authorized debt of the Borough. Also, according to the terms of the agreement, the Board shall be responsible for payment to the Borough of any principal and interest due on debt, upon such debt being issued by the Borough.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

WALLINGTON BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget To Actual
REVENUES					
Local Sources					
Property Tax Levy	\$ 15,247,472		\$ 15,247,472	\$ 15,247,472	
Interest Earned on Capital Reserve	1		1		(1)
Miscellaneous	150,000	-	150,000	220,754	70,754
Total Local Sources	15,397,473	-	15,397,473	15,468,226	70,753
State Sources					
Extraordinary Aid	170,000	15,412	185,412	255,415	70,003
Categorical Special Education Aid	727,940		727,940	727,940	
Equalization Aid	2,178,860		2,178,860	2,178,860	
Transportation Aid	20,642		20,642	20,642	
Security Aid	40,911		40,911	40,911	
Under Adequacy	75,442		75,442	75,442	
PARCC Readiness Aid	12,810		12,810	12,810	
Per Pupil Growth Aid	12,810		12,810	12,810	
On-Behalf TPAF - NCGI Premium (Non-Budget)				27,912	27,912
On-Behalf TPAF - Normal Cost (Non-Budget)				560,323	560,323
On-Behalf TPAF - Post-Retirement Medical (Non-Budget)				700,426	700,426
Reimbursed TPAF Social Security Contribution (Non Budgeted)	-	-	-	563,760	563,760
Total State Sources	3,239,415	15,412	3,254,827	5,177,251	1,922,424
Federal Sources					
Medicaid Reimbursement	20,860	-	20,860	35,675	14,815
Total Federal Sources	20,860	-	20,860	35,675	14,815
Total Revenues	18,657,748	15,412	18,673,160	20,681,152	2,007,992
EXPENDITURES					
CURRENT EXPENDITURES					
Regular Programs - Instruction					
Salaries of Teachers					
Kindergarten	420,738	\$ 18,266	439,004	439,004	
Grades 1-5	1,537,833	(86,196)	1,451,637	1,428,638	22,999
Grades 6-8	1,027,749	(8,300)	1,019,449	1,009,094	10,445
Grades 9-12	1,468,439	(20,350)	1,448,089	1,447,146	943
Regular Programs - Home Instruction					
Salaries of Teachers	12,000	2,350	14,350	14,350	
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	190,065	22,500	212,565	212,487	78
General Supplies	156,325	(4,162)	152,163	148,282	3,881
Textbooks	247,200	(17,102)	230,098	214,836	15,262
Total Regular Programs	5,060,349	(92,994)	4,967,355	4,913,747	53,608
Special Education - Instruction					
Learning and/or Language Disabilities					
Salaries of Teachers	254,970	47,200	302,170	302,140	30
Other Salaries for Instruction	163,007	122,000	285,007	275,630	9,377
General Supplies	3,600		3,600	2,659	941
Textbooks	1,600	300	1,900	1,900	-
Total Learning and/or Language Disabilities	423,177	169,500	592,677	582,329	10,348
Resource Room/Resource Center					
Salaries of Teachers	552,403	1,000	553,403	553,358	45
General Supplies	3,000	192	3,192	3,192	
Textbooks	1,800	896	2,696	2,696	-
Total Resource Room/Resource Center	557,203	2,088	559,291	559,246	45
Total Special Education - Instruction	980,380	171,588	1,151,968	1,141,575	10,393

WALLINGTON BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Basic Skills/Remedial - Instruction					
Salaries of Teachers	\$ 200,624	\$ 2,000	\$ 202,624	\$ 192,964	\$ 9,660
Other Salaries for Instruction	14,541		14,541	14,541	
General Supplies	3,000	1,106	4,106	2,983	1,123
Total Basic Skills/Remedial - Instruction	218,165	3,106	221,271	210,488	10,783
Bilingual Education - Instruction					
Salaries of Teachers	229,571	(26,000)	203,571	195,857	7,714
Purchased Professional-Educational Services	1,500		1,500	1,500	1,500
General Supplies	500	433	933	467	466
Total Bilingual Education - Instruction	231,571	(25,567)	206,004	196,324	9,680
Vocational Programs - Local - Instruction					
Salaries	23,972		23,972	23,972	
General Supplies	500	-	500	-	500
Total Vocational Programs - Local - Instruction	24,472	-	24,472	23,972	500
School Sponsored Co/Extra Curricular Activities - Instruction					
Salaries	66,117		66,117	60,294	5,823
Purchased Services	21,450	2,390	23,840	14,101	9,739
Supplies and Materials	10,200		10,200	6,753	3,447
Other Objects	9,500	-	9,500	6,844	2,656
Total School Sponsored Co/Extra Curricular Activities - Instruction	107,267	2,390	109,657	87,992	21,665
School Sponsored Athletics - Instruction					
Salaries	366,796		366,796	344,571	22,225
Purchased Services	33,586		33,586	32,836	750
Supplies and Materials	48,900	6,461	55,361	48,433	6,928
Other Objects	23,450	1,445	24,895	21,245	3,650
Total School Sponsored Athletics - Instruction	472,732	7,906	480,638	447,085	33,553
Before/After School Programs - Instruction					
Salaries	50,580		50,580	47,990	2,590
Supplies and Materials	6,000	347	6,347	5,059	1,288
Total Before/After School Program	56,580	347	56,927	53,049	3,878
Summer School - Instruction					
Salaries of Teachers	6,000	-	6,000	4,800	1,200
Total Summer School - Instruction	6,000	-	6,000	4,800	1,200
Other Instructional Programs - Instruction					
Salaries	12,600	10,110	22,710	22,710	
Purchased Services	1,400		1,400		1,400
Supplies and Materials	700	-	700	320	380
Total Other Instructional Programs - Instruction	14,700	10,110	24,810	23,030	1,780
Total Instruction	7,172,216	76,886	7,249,102	7,102,062	147,040
Undistributed Expenditures- Instruction					
Tuition to Other LEAs - Special, Within the State-Special	2,347,410	(100,979)	2,246,431	2,159,860	86,571
Tuition to County Vocational School Districts-Reg.	153,000	22,000	175,000	174,330	670
Tuition to County Vocational School Districts-Special	109,620	31,040	140,660	114,240	26,420
Tuition to CSSD & Regional Day Schools	284,623	(36,275)	248,348	237,589	10,759
Tuition to Priv. Sch. - Disabled - Within State	384,330	(21,706)	362,624	347,108	15,516
Tuition - State Facilities		1,900	1,900	1,900	
Tuition - Other	1,850	(1,850)	-	-	-
Total Undistributed Expenditures - Instruction	3,280,833	(105,870)	3,174,963	3,035,027	139,936

**WALLINGTON BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Attendance and Social Work					
Salaries	\$ 120,790		\$ 120,790	\$ 120,790	
Other Purchased Services	150		150		\$ 150
Supplies and Materials	800	-	800	564	236
Total Attendance and Social Work	121,740	-	121,740	121,354	386
Health Services					
Salaries	222,130		222,130	221,966	164
Purchased Professional and Technical Services	24,000	\$ 4,650	28,650	25,438	3,212
Other Purchased Services	200		200	20	180
Supplies and Materials	6,000	(450)	5,550	5,279	271
Total Health Services	252,330	4,200	256,530	252,703	3,827
Speech, OT, PT and Related Services					
Salaries	81,252	300	81,552	40,613	40,939
Purchased Professional and Technical Services		51,000	51,000	48,182	2,818
Supplies and Materials	1,400	-	1,400	1,400	-
Total Speech, OT, PT and Related Services	82,652	51,300	133,952	90,195	43,757
Guidance					
Salaries of Other Professional Staff	292,829	20,240	313,069	288,355	24,714
Salaries of Secretarial and Clerical Assistants	58,400		58,400	58,400	
Other Purchased Services	1,000		1,000	901	99
Supplies and Materials	33,550	(2,236)	31,314	31,119	195
Other Objects	3,000	-	3,000	3,000	-
Total Guidance	388,779	18,004	406,783	381,775	25,008
Child Study Teams					
Salaries of Other Professional Staff	218,960	17,500	236,460	236,419	41
Salaries of Secretarial and Clerical Assistants	39,250	100	39,350	36,306	3,044
Other Salaries	77,244		77,244	77,244	
Purchased Professional-Educational Services	5,000	(3,650)	1,350	1,200	150
Miscellaneous Purchased Services	2,500		2,500	510	1,990
Supplies and Materials	4,900	1,028	5,928	5,928	
Other Objects	1,000	(1,000)	-	-	-
Total Child Study Teams	348,854	13,978	362,832	357,607	5,225
Improvement of Instructional Services					
Salaries of Supervisor of Instruction	158,140		158,140	157,990	150
Salaries of Other Professional Staff	3,000		3,000	2,720	280
Salaries of Secretarial and Clerical Assistants	157,240		157,240	154,190	3,050
Other Purchased Services	1,700	550	2,250	1,189	1,061
Supplies and Materials	500	-	500	500	-
Total Improvement of Instructional Services	320,580	550	321,130	316,589	4,541
Educational Media Services/School Library					
Salaries	158,637		158,637	131,753	26,884
Other Purchased Services	600		600	160	440
Supplies and Materials	51,800	(3,071)	48,729	48,718	11
Total Educational Media Services/School Library	211,037	(3,071)	207,966	180,631	27,335
Instructional Staff Training Services					
Salaries of Supervisors of Instruction	23,000		23,000	23,000	
Other Purchased Services	3,000	414	3,414	748	2,666
Total Instructional Staff Training Services	26,000	414	26,414	23,748	2,666

WALLINGTON BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Support Services - General Administration					
Salaries	\$ 254,712	\$ (1,601)	\$ 253,111	\$ 252,822	\$ 289
Legal Services	5,000	(3,950)	1,050	956	94
Audit Fees	25,000	915	25,915	25,915	
Other Purchased Professional Services	2,500	(2,500)			
Purchased Technical Services	10,000	(10,000)			
Communications/Telephone	84,000	50,702	134,702	123,693	11,009
Miscellaneous Purchased Services	27,400	(15,360)	12,040	11,189	851
General Supplies	7,000	(4,323)	2,677	2,650	27
Miscellaneous Expenditures	13,500	2,283	15,783	15,771	12
Total Support Services General Administration	429,112	16,166	445,278	432,996	12,282
Support Services - School Administration					
Salaries of Principals/Asst. Principals/Prog. Director	244,279		244,279	244,279	
Salaries of Other Professional Staff	141,966		141,966	141,966	
Salaries of Secretarial and Clerical Assistants	103,100		103,100	103,100	
Other Purchased Services	9,075	212	9,287	8,487	800
Supplies and Materials	17,000	3,667	20,667	20,387	280
Total Support Services School Administration	515,420	3,879	519,299	518,219	1,080
Central Services					
Salaries	315,080		315,080	314,861	219
Purchased Technical Services	17,000	(8,500)	8,500	8,390	110
Misc. Purchased Services	32,500	(7,126)	25,374	24,818	556
Supplies and Materials	8,700		8,700	8,700	
Miscellaneous Expenditures	10,700	5,600	16,300	16,176	124
Total Central Services	383,980	(10,026)	373,954	372,945	1,009
Admin. Info. Tech.					
Salaries	98,668		98,668	98,668	-
Supplies and Materials	800	-	800	31	769
Total Admin. Info. Tech.	99,468	-	99,468	98,699	769
Required Maintenance For School Facilities					
Cleaning, Repair, and Maintenance Services	132,500	4,805	137,305	129,447	7,858
General Supplies	62,000	(555)	61,445	57,755	3,690
Total Required Maintenance For School Facilities	194,500	4,250	198,750	187,202	11,548
Custodial Services					
Salaries	358,310	(53,200)	305,110	285,035	20,075
Purchased Professional and Technical Services	10,000	3,600	13,600	6,100	7,500
Cleaning, Repair, and Maintenance Services	306,850	17,231	324,081	313,191	10,890
Rental of Land and Buildings	350,000	(9,100)	340,900	338,676	2,224
Insurance	134,000	(10,000)	124,000	123,357	643
Miscellaneous Purchased Services	20,000	18,000	38,000	29,661	8,339
Energy (Electricity)	316,000	(2,220)	313,780	308,145	5,635
Other Objects	4,000	-	4,000	1,700	2,300
Total Custodial Services	1,499,160	(35,689)	1,463,471	1,405,865	57,606
Care and Upkeep of Grounds					
Cleaning, Repair, and Maintenance Services	121,000		121,000	99,153	21,847
General Supplies	6,000	(6,000)	-	-	-
Total Care and Upkeep of Grounds	127,000	(6,000)	121,000	99,153	21,847

**WALLINGTON BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Security					
Cleaning, Repair and Maintenance Services	\$ 17,500	\$ 1,575	\$ 19,075	\$ 11,388	\$ 7,687
Total Security	<u>17,500</u>	<u>1,575</u>	<u>19,075</u>	<u>11,388</u>	<u>7,687</u>
Student Transportation Services					
Contract Svcs. (Other than Home and School)-Vendors	55,950		55,950	47,364	8,586
Contract Svcs. (Between Home and School)-Joint Agrmnts	40,000	56,000	96,000	87,146	8,854
Contracted Services (Spec. Ed. Students) - Joint Agrmnts	330,000	70,000	400,000	400,000	-
Total Student Transportation Services	<u>425,950</u>	<u>126,000</u>	<u>551,950</u>	<u>534,510</u>	<u>17,440</u>
Unallocated Benefits - Employee Benefits					
Social Security Contributions	215,000		215,000	161,634	53,366
Other Retirement Contributions - PERS	155,000	2,666	157,666	157,666	-
Unemployment Compensation	5,000		5,000	5,000	-
Workmen's Compensation	85,000	18,900	103,900	103,853	47
Health Benefits	2,607,000	(47,000)	2,560,000	2,425,237	134,763
Tuition Reimbursement	22,000		22,000	16,000	6,000
Other Employee Benefits	25,000	(11,566)	13,434	11,978	1,456
Unused Sick Payment to Terminated/Retired Staff - Mass Severance	25,000	(10,000)	15,000	-	15,000
Total Unallocated Benefits - Employee Benefits	<u>3,139,000</u>	<u>(47,000)</u>	<u>3,092,000</u>	<u>2,881,368</u>	<u>210,632</u>
On-Behalf TPAF - NCGI Premium (Non-Budget)					
				27,912	(27,912)
On-Behalf TPAF - Normal Cost (Non-Budget)					
				560,323	(560,323)
On-Behalf TPAF - Post-Retirement Medical (Non-Budget)					
				700,426	(700,426)
Reimbursed TPAF Social Security Contribution (Non Budgeted)					
	-	-	-	563,760	(563,760)
Total On-Behalf	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,852,421</u>	<u>(1,852,421)</u>
Total Undistributed Expenditures	<u>11,863,895</u>	<u>32,660</u>	<u>11,896,555</u>	<u>13,154,395</u>	<u>(1,257,840)</u>
Total Expenditures - Current Expense	<u>19,036,111</u>	<u>109,546</u>	<u>19,145,657</u>	<u>20,256,457</u>	<u>(1,110,800)</u>
CAPITAL OUTLAY					
Equipment					
Grades 1-5	9,000	(7,622)	1,378	955	423
Grades 9-12	9,000	10,198	19,198	12,288	6,910
Undistributed Expenditures					
School Administration	10,000	(5,000)	5,000	3,047	1,953
Total Equipment	<u>28,000</u>	<u>(2,424)</u>	<u>25,576</u>	<u>16,290</u>	<u>9,286</u>
Facilities Acquisition and Construction Services					
Lease Purchase Agreement - Principal	125,000	-	125,000	125,000	-
Assessment for Debt Service on SDA Funding	32,158	-	32,158	32,158	-
Total Facilities Acquisition and Construction Services	<u>157,158</u>	<u>-</u>	<u>157,158</u>	<u>157,158</u>	<u>-</u>
Assets Acquired Through Insurance Recovery (Non-Budgeted)					
Equipment	-	-	-	30,000	(30,000)
Assets Acquired Through Insurance Recovery (Non-Budget)	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>(30,000)</u>
Interest Deposit to Capital Reserve	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>
Total Capital Outlay	<u>185,159</u>	<u>(2,424)</u>	<u>182,735</u>	<u>203,448</u>	<u>(20,713)</u>
Transfer of Funds to Charter Schools	<u>171,478</u>	<u>33,122</u>	<u>204,600</u>	<u>204,600</u>	<u>-</u>
Total Expenditures	<u>19,392,748</u>	<u>140,244</u>	<u>19,532,992</u>	<u>20,664,505</u>	<u>(1,131,513)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(735,000)</u>	<u>(124,832)</u>	<u>(859,832)</u>	<u>16,647</u>	<u>876,479</u>

**WALLINGTON BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Other Financing Sources (Uses)					
Insurance Recovery Related to Capital Assets				\$ 30,000	\$ 30,000
Transfer from Capital Reserve to Debt Service		\$ (3,711)	\$ (3,711)	(3,711)	
Transfer to Food Service	-	(7,636)	(7,636)	(7,636)	-
Total Other Financing Sources (Uses)	-	(11,347)	(11,347)	18,653	30,000
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ (735,000)	(136,179)	(871,179)	35,300	\$ 906,479
Fund Balances, Beginning of Year	2,175,543	-	2,175,543	2,175,543	-
Fund Balances, End of Year	\$ 1,440,543	\$ (136,179)	\$ 1,304,364	\$ 2,210,843	\$ 906,479
Reconciliation to Governmental Fund Statements (GAAP):					
Restricted					
Excess Surplus				\$ 786,793	
Excess Surplus, Designated for Subsequent Year's Expenditures				745,190	
Capital Reserve				147,289	
Assigned - Encumbrances				57,364	
Assigned - Designated for Subsequent Year's Expenditures				23,722	
Assigned - ARRA/SEMI - Designated for Subsequent Year's Expenditures				4,840	
Unassigned				445,645	
Total				2,210,843	
State Aid Not recognized on GAAP Basis				(533,074)	
Fund Balance Per Governmental Funds (GAAP)				\$ 1,677,769	

WALLINGTON BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
Federal Sources	\$ 453,277	\$ 117,293	\$ 570,570	\$ 570,570	\$ -
Local Sources	-	8,118	8,118	8,118	-
	<u>453,277</u>	<u>125,411</u>	<u>578,688</u>	<u>578,688</u>	<u>-</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	135,500	51,424	186,924	186,924	-
Other Salaries	3,176	-	3,176	3,176	-
Purchased Professional and Technical Services		14,642	14,642	14,642	-
Other Purchased Services		250	250	250	-
Tuition	260,900	8,785	269,685	269,685	-
General Supplies		24,625	24,625	24,625	-
Textbooks	-	-	-	-	-
	<u>399,576</u>	<u>99,726</u>	<u>499,302</u>	<u>499,302</u>	<u>-</u>
Support Services					
Salaries - Other Professional Staff	16,826	(3,326)	13,500	13,500	-
Salaries - Secretarial & Clerical		-		-	-
Personal Services Employee-Benefits	36,875	12,042	48,917	48,917	-
Purchased Professional - Educational Services		9,800	9,800	9,800	-
Other Purchased Services		4,350	4,350	4,350	-
General Supplies	-	819	819	819	-
	<u>53,701</u>	<u>23,685</u>	<u>77,386</u>	<u>77,386</u>	<u>-</u>
Facilities Acquisition and Construction					
Instructional Equipment	-	2,000	2,000	2,000	-
	<u>453,277</u>	<u>125,411</u>	<u>578,688</u>	<u>578,688</u>	<u>-</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**WALLINGTON BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
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 Fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

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.

	<u>General Fund</u>		<u>Special Revenue Fund</u>
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	C-1 \$ 20,681,152	C-2	\$ 578,688
Difference - Budget to GAAP:			
State Aid payment recognized for GAAP purpose not recognized for Budgetary statements (2014/2015 State Aid)	469,755		
State Aid payment recognized for budgetary purpose not recognized for GAAP statements (2015/2016 State Aid)	<u>(533,074)</u>		<u>(149)</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	B-2 \$ <u>20,617,833</u>	B-2	\$ <u>578,539</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	C-1 \$ <u>20,664,505</u>	C-2	\$ <u>578,688</u>
Differences - Budget to GAAP			
Encumbrances for goods and services ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the goods and services are received for financial reporting purposes.			
June 30, 2016	<u>-</u>		<u>(149)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	B-2 \$ <u>20,664,505</u>	B-2	\$ <u>578,539</u>

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

REQUIRED SUPPLEMENTARY INFORMATION - PART III

**WALLINGTON 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)	0.01833 %	0.01835 %	0.01904 %
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 4,116,732</u>	<u>\$ 3,436,422</u>	<u>\$ 3,639,518</u>
District's Covered-Employee Payroll	<u>\$ 1,241,919</u>	<u>\$ 1,237,529</u>	<u>\$ 1,281,731</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	331%	278%	284%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.92%	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.

**WALLINGTON BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS**

**PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Three Fiscal Years**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 157,666	\$ 151,310	\$ 163,816
Contributions in Relation to the Contractually Required Contributions	<u>157,666</u>	<u>151,310</u>	<u>163,816</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered- Employee Payroll	<u>\$ 1,241,919</u>	<u>\$ 1,237,529</u>	<u>\$ 1,281,731</u>
Contributions as a Percentage of Covered-Employee Payroll	12.70%	12.23%	12.78%

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.

**WALLINGTON 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)	-	-	-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 46,958,903</u>	<u>\$ 40,013,154</u>	<u>\$ 37,858,805</u>
Total	<u>\$ 46,958,903</u>	<u>\$ 40,013,154</u>	<u>\$ 37,858,805</u>
District's Covered-Employee Payroll	<u>\$ 7,363,613</u>	<u>\$ 7,277,921</u>	<u>\$ 7,387,611</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.

**WALLINGTON 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 statutorily required employer contribution are presented in Note 4.

SPECIAL REVENUE FUND

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

	<u>N.C.L.B.</u>			<u>I.D.E.A. Basic</u>	<u>I.D.E.A. PreSchool</u>	<u>Total Exhibit E-1A</u>	<u>Total 2016</u>
	<u>Title I</u>	<u>Title IIA</u>	<u>Title III</u>				
REVENUES							
Intergovernmental							
Federal	\$ 238,367	\$ 36,519	\$ 16,019	\$ 273,455	\$ 6,210		\$ 570,570
Local	-	-	-	-	-	\$ 8,118	8,118
Total Revenues	<u>\$ 238,367</u>	<u>\$ 36,519</u>	<u>\$ 16,019</u>	<u>\$ 273,455</u>	<u>\$ 6,210</u>	<u>\$ 8,118</u>	<u>\$ 578,688</u>
EXPENDITURES							
Instruction							
Salaries of Teachers	\$ 171,000	\$ 6,400	\$ 9,524				\$ 186,924
Other Salaries	3,176						3,176
Purchased Professional and Technical Services	14,642						14,642
Other Purchased Services			250				250
Tuition				\$ 263,475	\$ 6,210		269,685
General Supplies	5,108		3,419	9,980		6,118	24,625
Textbooks	-	-	-	-	-	-	-
Total Instruction	<u>193,926</u>	<u>6,400</u>	<u>13,193</u>	<u>273,455</u>	<u>6,210</u>	<u>6,118</u>	<u>499,302</u>
Support Services							
Salaries - Other Professional Staff		\$ 13,500				-	13,500
Salaries - Secretarial & Clerical						-	-
Personal Services Employee-Benefits	42,441	4,000	2,476			-	48,917
Purchased Professional - Educational Services		9,800				-	9,800
Other Purchased Services	2,000	2,000	350			-	4,350
General Supplies	-	819	-	-	-	-	819
Total Support Services	<u>44,441</u>	<u>30,119</u>	<u>2,826</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,386</u>
Facilities Acquisition and Construction							
Instructional Equipment	-	-	-	-	-	2,000	2,000
Total Expenditures	<u>\$ 238,367</u>	<u>\$ 36,519</u>	<u>\$ 16,019</u>	<u>\$ 273,455</u>	<u>\$ 6,210</u>	<u>\$ 8,118</u>	<u>\$ 578,688</u>

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

	<u>BCUA Environ. Awareness</u>	<u>WEA Pride Grant</u>	<u>PTA Grant</u>	<u>Total Exhibit E-1a</u>
REVENUES				
Intergovernmental				
Federal				
Local	\$ 2,000	\$ 3,118	\$ 3,000	\$ 8,118
Total Revenues	<u>\$ 2,000</u>	<u>\$ 3,118</u>	<u>\$ 3,000</u>	<u>\$ 8,118</u>
EXPENDITURES				
Instruction				
Salaries of Teachers				
Other Salaries				
Purchased Professional and Technical Services				
Other Purchased Services				
Tuition				
General Supplies	\$ 2,000	\$ 1,118	3,000	\$ 6,118
Textbooks	-	-	-	-
Total Instruction	<u>2,000</u>	<u>1,118</u>	<u>3,000</u>	<u>6,118</u>
Support Services				
Salaries - Other Professional Staff				-
Salaries - Secretarial & Clerical				-
Personal Services Employee-Benefits				-
Purchased Professional - Educational Services				-
Other Purchased Services				-
General Supplies	-	-	-	-
Total Support Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Facilities Acquisition and Construction				
Instructional Equipment	-	2,000	-	2,000
Total Expenditures	<u>\$ 2,000</u>	<u>\$ 3,118</u>	<u>\$ 3,000</u>	<u>\$ 8,118</u>

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

This Schedule is Not Applicable

CAPITAL PROJECTS FUND

WALLINGTON BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Amount Authorized</u>	<u>Transfers</u>	<u>Amended Authorization</u>	<u>Expenditures to Date</u>		<u>Adjustment</u>	<u>Balance June 30, 2016</u>
				<u>Prior Years</u>	<u>Current Year</u>		
Wallington Junior and Senior High School Exterior Systems Repair and Restoration Project #5430-050-14-1001	\$ 3,684,595	\$ 174,483	\$ 3,859,078	\$ 2,171,119	\$ 879,500		\$ 808,459
Frank W. Gavlak School Door Replacement and Painting Project	<u>407,202</u>	<u>(174,483)</u>	<u>232,719</u>	<u>165,301</u>	<u>55,184</u>	\$ -	<u>12,234</u>
	<u>\$ 4,091,797</u>	<u>\$ -</u>	<u>\$ 4,091,797</u>	<u>\$ 2,336,420</u>	<u>\$ 934,684</u>	<u>\$ -</u>	<u>\$ 820,693</u>

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			Budgetary Balance, June 30, 2016	\$ 820,693
			Less: Unearned Revenue	<u>253,590</u>
			GAAP Fund Balance at June 30, 2016	<u>\$ 567,103</u>
 Analysis of Amended Authorizations				
Wallington Junior and Senior High School Exterior Systems Repair and Restoration				
Bond Proceeds		\$ 2,384,483		
Local Share		757		
SDA Facilities Grant		<u>1,473,838</u>		
		<u>3,859,078</u>		
 Recapitulation of Fund Balance				
Frank W. Gavlak School Door Replacement and Painting Project				
Bond Proceeds		<u>232,719</u>		
		<u>232,719</u>		
Total Amended Authorizations		<u>\$ 4,091,797</u>		
			Restricted	
			Capital Projects	\$ 271,592
			Committed	
			Year-End Encumbrances	<u>549,101</u>
			Total Fund Balance - Restricted for Capital Projects	<u>\$ 820,693</u>

**WALLINGTON BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Expenditures

Legal Fees	\$	6,620
Purchased Professional and Technical Services		35,860
Construction Services		<u>892,204</u>
 Total Expenditures		 <u>934,684</u>
 Fund Balance- Beginning- Budgetary Basis		 <u>1,755,377</u>
 Fund Balance- Ending- Budgetary Basis		 <u>\$ 820,693</u>
 Budgetary Fund Balance at June 30, 2016	 \$	 820,693
 Less: Unearned Revenue		 <u>253,590</u>
 GAAP Fund Balance at June 30, 2016	 \$	 <u>567,103</u>

**WALLINGTON BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
WALLINGTON JUNIOR AND SENIOR HIGH SCHOOL EXTERIOR SYSTEMS REPAIR AND RESTORATION
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 1,473,838		\$ 1,473,838	\$ 1,473,838
Bond Proceeds	2,210,000	\$ 174,483	2,384,483	2,384,483
Capital Reserve	<u>757</u>	<u>-</u>	<u>757</u>	<u>757</u>
Total Revenues and Other Financing Sources	<u>3,684,595</u>	<u>174,483</u>	<u>3,859,078</u>	<u>3,859,078</u>
Expenditures and Other Financing Uses				
Legal Services	17,526	6,620	24,146	40,795
Purchased Professional and Technical Services	158,196	35,860	194,056	247,362
Construction Services	<u>1,995,397</u>	<u>837,020</u>	<u>2,832,417</u>	<u>3,570,921</u>
Total Expenditures and Other Financing Uses	<u>2,171,119</u>	<u>879,500</u>	<u>3,050,619</u>	<u>3,859,078</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 1,513,476</u>	<u>\$ (705,017)</u>	<u>\$ 808,459</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	#5430-050-14-1001			
Grant Date	1/6/2014			
Bond Authorization Date	N/A			
Bonds Authorized	\$ 2,384,483			
Bonds Issued	\$ 2,384,483			
SDA Grant Authorized	\$ 1,473,838			
Capital Reserve	757			
Original Authorized Cost	\$ 3,684,595			
Increase/(Decrease)	\$ 174,483			
Revised Authorized Cost	\$ 3,859,078			
Percentage Increase Over Original Authorized Cost	4.74%			
Percentage Completion	79.05%			
Original Target Completion Date	June 30, 2015			
Revised Completion Date	June 30, 2017			

**WALLINGTON BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
FRANK W. GAVLAK SCHOOL DOOR REPLACEMENT AND PAINTING PROJECTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds	\$ 407,000	\$ (174,483)	\$ 232,517	\$ 232,517
Capital Reserve	202	-	202	202
	<u>407,202</u>	<u>(174,483)</u>	<u>232,719</u>	<u>232,719</u>
Expenditures and Other Financing Uses				
Legal Services	5,591		5,591	5,591
Purchased Professional and Technical Services	19,205		19,205	21,350
Construction Services	140,505	55,184	195,689	205,778
	<u>165,301</u>	<u>55,184</u>	<u>220,485</u>	<u>232,719</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 241,901</u>	<u>\$ (229,667)</u>	<u>\$ 12,234</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	#5430-055-13-1000			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	\$ 232,517			
Bonds Issued	\$ 232,517			
SDA Grant Authorized	N/A			
Capital Reserve	202			
Original Authorized Cost	\$ 407,202			
Increase/(Decrease)	(174,483)			
Revised Authorized Cost	\$ 232,719			
Percentage Increase Over Original Authorized Cost	-42.85%			
Percentage Completion	94.74%			
Original Target Completion Date	June 30, 2015			
Revised Completion Date	June 30, 2017			

PROPRIETARY FUNDS

NOT APPLICABLE

FIDUCIARY FUNDS

**WALLINGTON BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES
AS OF JUNE 30, 2016**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 82,939	\$ 5,348	\$ 88,287
Total Assets	<u>\$ 82,939</u>	<u>\$ 5,348</u>	<u>\$ 88,287</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 2,113	\$ 2,113
Accrued Salaries and Wages		1,000	1,000
Due to Other Funds		2,235	2,235
Due to Student Groups	\$ 82,939	-	82,939
Total Liabilities	<u>\$ 82,939</u>	<u>\$ 5,348</u>	<u>\$ 88,287</u>

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

NOT APPLICABLE

**WALLINGTON 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>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2016</u>
<u>ELEMENTARY SCHOOLS</u>				
General Office	\$ 5,595	\$ 20,717	\$ 21,914	\$ 4,398
Total Elementary Schools	<u>5,595</u>	<u>20,717</u>	<u>21,914</u>	<u>4,398</u>
<u>HIGH SCHOOL</u>				
High School	74,622	90,757	87,010	78,369
High School Athletics	<u>4,414</u>	<u>42,197</u>	<u>46,439</u>	<u>172</u>
Total High School	<u>79,036</u>	<u>132,954</u>	<u>133,449</u>	<u>78,541</u>
Total All Schools	<u>\$ 84,631</u>	<u>\$ 153,671</u>	<u>\$ 155,363</u>	<u>\$ 82,939</u>

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

	Balance, July 1, <u>2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2016</u>
ASSETS				
Cash	\$ 21,381	\$ 10,615,302	\$ 10,631,335	\$ 5,348
Total Assets	<u>\$ 21,381</u>	<u>\$ 10,615,302</u>	<u>\$ 10,631,335</u>	<u>\$ 5,348</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 4,835	\$ 4,870,129	\$ 4,872,851	\$ 2,113
Due to Other Funds	15,546	2,235	15,546	2,235
Accrued Salaries and Wages	<u>1,000</u>	<u>5,742,938</u>	<u>5,742,938</u>	<u>1,000</u>
Total Liabilities	<u>\$ 21,381</u>	<u>\$ 10,615,302</u>	<u>\$ 10,631,335</u>	<u>\$ 5,348</u>

LONG-TERM DEBT

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

<u>Source</u>	<u>Date of Bond</u>	<u>Amount of Original Bond</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2015</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2016</u>
			<u>Date</u>	<u>Amount</u>					
2014 School Bonds	8/15/2014	\$ 2,617,000	8/15/2016	130,000	2.00	\$ 2,617,000			\$ 2,617,000
			8/15/2017	135,000	2.00				
			8/15/2018-2019	140,000	2.00				
			8/15/2020-2021	145,000	2.00				
			8/15/2022	155,000	2.25				
			8/15/2023	165,000	3.00				
			8/15/2024	170,000	3.00				
			8/15/2025-2028	260,000	3.00				
			8/15/2029	252,000	3.00				
2015 School Refunding Bonds	5/15/2015	2,060,000	5/15/2017	185,000	3.00	2,060,000			1,885,000
			5/15/2018	190,000	4.00				
			5/15/2019	200,000	4.00				
			5/15/2020	205,000	4.00				
			5/15/2021	215,000	4.00				
			5/15/2022-2023	225,000	4.00				
			5/15/2024-2025	220,000	4.00				
						<u>2,060,000</u>	<u>-</u>	<u>175,000</u>	<u>1,885,000</u>
						<u>\$ 4,677,000</u>	<u>\$ -</u>	<u>\$ 175,000</u>	<u>\$ 4,502,000</u>
						Budget Appropriation		<u>\$ 175,000</u>	

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

<u>Series</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2015</u>	<u>Retirements</u>	<u>Balance, June 30, 2016</u>
Temporary Classroom Units (2)	N/A	\$ 82,000	\$ 15,246	\$ 15,246	\$ -
			<u>\$ 15,246</u>	<u>\$ 15,246</u>	<u>\$ -</u>

WALLINGTON BOARD OF EDUCATION
LONG-TERM DEBT
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 352,220	-	\$ 352,220	\$ 352,220	-
Total Revenues	<u>352,220</u>	<u>-</u>	<u>352,220</u>	<u>352,220</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	175,000		175,000	175,000	
Interest	<u>182,297</u>	<u>-</u>	<u>182,297</u>	<u>182,297</u>	<u>-</u>
Total Regular Debt Service	<u>357,297</u>	<u>-</u>	<u>357,297</u>	<u>357,297</u>	<u>-</u>
Total Expenditures	<u>357,297</u>	<u>-</u>	<u>357,297</u>	<u>357,297</u>	<u>-</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(5,077)</u>	<u>-</u>	<u>(5,077)</u>	<u>(5,077)</u>	<u>-</u>
OTHER FINANCING SOURCES					
Transfer In	-	\$ 3,711	3,711	3,711	-
Total Other Financing Sources	<u>-</u>	<u>3,711</u>	<u>3,711</u>	<u>3,711</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(5,077)	3,711	(1,366)	(1,366)	-
Fund Balance, Beginning of Year	<u>1,367</u>	<u>-</u>	<u>1,367</u>	<u>1,367</u>	\$ -
Fund Balance, End of Year	<u>\$ (3,710)</u>	<u>\$ 3,711</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>
<u>Recapitulation of Balance</u>					
Designated for Subsequent Years Expenditures			<u>\$ 1</u>		

STATISTICAL SECTION

This part of the Wallington 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.

WALLINGTON 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 Restated	2012	2013	2014 Restated	2015	2016
Governmental Activities										
Net Investments in Capital Assets	\$ 1,052,778	\$ 1,682,307	\$ 3,021,899	\$ 3,166,711	\$ 2,811,814	\$ 4,528,582	\$ 4,434,883	\$ 4,632,377	\$ 7,732,294	\$ 7,718,866
Restricted	121,452	111,177	449,401	453,271	2,141,050	560,237	605,048	276,961	152,367	147,290
Unrestricted	849,370	876,509	686,233	(231,103)	63,987	321,316	443,528	(2,886,071)	(2,622,034)	(2,725,364)
Total Governmental Activities Net Assets	\$ 2,023,600	\$ 2,669,993	\$ 4,157,533	\$ 3,388,879	\$ 5,016,851	\$ 5,410,135	\$ 5,483,459	\$ 2,023,267	\$ 5,262,627	\$ 5,140,792
Business-Type Activities										
Net Investments in Capital Assets	\$ 3,516	\$ 1,758				\$ 14,074	\$ 10,556	\$ 7,037	\$ 5,521	\$ 18,056
Unrestricted	25,924	34,360	\$ 38,472	\$ 48,766	\$ 31,455	27,598	39,286	41,767	41,849	26,831
Total Business-Type Activities Net Assets	\$ 29,440	\$ 36,118	\$ 38,472	\$ 48,766	\$ 31,455	\$ 41,672	\$ 49,842	\$ 48,804	\$ 47,370	\$ 44,887
District-Wide										
Net Investments in Capital Assets	\$ 1,056,294	\$ 1,684,065	\$ 3,021,899	\$ 3,166,711	\$ 2,811,814	\$ 4,542,656	\$ 4,445,439	\$ 4,639,414	\$ 7,737,815	\$ 7,736,922
Restricted	121,452	111,177	449,401	453,271	2,141,050	560,237	605,048	276,961	152,367	147,290
Unrestricted	875,294	910,869	724,705	(182,337)	95,442	348,914	482,814	(2,844,304)	(2,580,185)	(2,698,533)
Total District Net Position	\$ 2,053,040	\$ 2,706,111	\$ 4,196,005	\$ 3,437,645	\$ 5,048,306	\$ 5,451,807	\$ 5,533,301	\$ 2,072,071	\$ 5,309,997	\$ 5,185,679

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".

WALLINGTON 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	\$ 6,400,175	\$ 6,442,433	\$ 6,560,121	\$ 7,311,570	\$ 6,256,489	\$ 6,331,728	\$ 6,579,764	\$ 6,579,762	\$ 7,887,718	\$ 8,969,996
Regular	2,378,589	2,535,301	2,538,684	2,687,407	2,953,540	3,263,896	3,762,305	4,126,054	4,538,128	5,112,515
Special Education	603,429	680,626	680,650	761,544	503,974	573,469	1,070,112	924,170	1,068,931	1,168,051
Other Instruction	593,164	600,571	549,804	541,369	737,272	874,892	712,146	705,709	858,039	984,790
School Sponsored Activities And Athletics										
Support Services:										
Student & Instruction Related Services	1,839,984	1,897,217	2,231,919	2,313,938	2,077,851	2,313,938	2,438,993	2,438,693	2,694,185	2,789,461
School Administration Services	659,615	683,154	692,139	689,155	706,956	735,533	768,721	720,501	797,074	844,888
General Administration	436,122	451,607	431,151	473,699	426,646	483,413	595,031	575,423	645,645	656,439
Plant Operations And Maintenance	1,373,486	1,600,948	1,626,015	1,811,108	1,633,319	1,921,729	1,995,223	2,124,910	2,374,084	2,411,845
Pupil Transportation	357,234	334,704	398,442	395,153	432,642	312,117	408,374	455,053	357,933	594,510
Central Services	538,599	558,530	507,227	524,048	778,888	587,844	595,334	612,699	626,560	747,760
Interest On Long-Term Debt	157,629	151,048	144,456	137,289	128,880	121,669	120,091	108,278	121,478	123,546
Total Governmental Activities Expenses	15,335,596	15,935,839	15,951,596	17,646,280	16,637,454	17,523,332	19,043,394	19,371,202	21,968,377	24,323,621
Business-Type Activities:										
Food Service	109,987	107,815	121,517	129,128	160,846	144,108	142,692	135,352	144,807	150,177
Total Business-Type Activities Expense	109,987	107,815	121,517	129,128	160,846	144,108	142,692	135,352	144,807	150,177
Total District Expenses	\$ 15,436,383	\$ 16,043,654	\$ 16,073,113	\$ 17,775,408	\$ 16,798,300	\$ 17,667,440	\$ 19,186,086	\$ 19,506,554	\$ 22,113,184	\$ 24,473,798
Program Revenues										
Governmental Activities:										
Charges For Services	2,626,800	2,596,719	2,408,334	3,166,687	2,605,705	2,794,314	3,140,630	2,994,999	4,889,624	5,722,288
Operating Grants And Contributions	365,291	476,723	1,202,712	134,586	1,481,024	1,481,024	179,119	225,955	3,489,534	381,801
Capital Grants And Contributions	2,992,091	3,073,442	3,611,046	3,291,273	4,086,729	2,882,419	3,426,021	3,334,644	8,572,336	6,284,094
Total Governmental Activities Program Revenues	5,984,182	6,146,884	7,222,092	6,592,546	8,173,458	7,157,757	6,745,770	6,555,603	16,951,492	12,388,183
Business-Type Activities:										
Charges For Services	24,017	29,453	37,879	37,485	34,989	34,644	26,691	21,532	23,034	22,210
Food Service	72,682	79,128	80,764	101,511	108,280	119,681	124,171	112,762	120,339	117,848
Operating Grants And Contributions	96,699	108,381	118,643	138,996	143,249	154,323	150,862	134,314	143,373	140,058
Total Business-Type Activities Program Revenues	193,406	216,962	237,276	278,002	286,518	298,648	291,724	268,608	286,746	280,116
Total District Program Revenues	\$ 3,088,790	\$ 3,182,023	\$ 3,729,689	\$ 3,430,269	\$ 4,229,978	\$ 5,036,744	\$ 3,576,883	\$ 3,468,938	\$ 8,670,709	\$ 6,424,152
Net (Expense)/Revenue	\$ (12,347,593)	\$ (12,861,631)	\$ (12,343,424)	\$ (14,345,139)	\$ (12,568,322)	\$ (14,630,696)	\$ (15,609,203)	\$ (16,037,596)	\$ (13,442,475)	\$ (18,049,646)
Governmental Activities	\$ 10,278,587	\$ 11,041,074	\$ 11,381,012	\$ 11,575,416	\$ 12,276,482	\$ 12,630,106	\$ 13,126,129	\$ 13,616,363	\$ 14,078,890	\$ 15,247,712
Property Taxes Levied For General Purposes, Net	310,591	297,019	305,767	308,800	315,271	311,696	314,937	312,763	278,657	352,220
Taxes Levied For Debt Service	(34,687)	(34,687)	(34,687)	(34,687)	(34,687)	(34,687)	(34,687)	(34,687)	(34,687)	(34,687)
Loss on Retirement of Capital Assets	1,707,264	1,920,935	2,035,223	1,892,163	1,803,979	2,045,106	2,188,324	2,244,933	2,278,096	2,284,887
Unrestricted State & Federal Aid	4,343	4,302	2,287	2,352	2,081	2,139	2,192	2,283	-	-
State Restricted	293,440	235,272	31,558	80,399	10,653	55	42	53	1,368	25
Donated Capital Assets	50,711	49,875	55,243	27,223	109,661	47,095	59,073	39,489	43,390	40,724
Interest Earned	(12,900)	(5,000)	(5,000)	-	-	-	-	-	-	(7,636)
Miscellaneous Income	12,653,336	13,508,791	13,828,090	13,886,353	14,510,814	15,034,197	15,690,697	16,215,884	16,680,401	17,917,692
Transfers										
Total Governmental Activities	12,653,336	13,508,791	13,828,090	13,886,353	14,510,814	15,034,197	15,690,697	16,215,884	16,680,401	17,917,692
Business-Type Activities:										
Investment Earnings	1,117	912	228	426	286	-	-	-	-	7,636
Transfers	12,000	5,000	5,000	-	-	-	-	-	-	-
Total Business-Type Activities	13,117	5,912	5,228	426	286	-	-	-	-	7,636
Total District-Wide	\$ 12,666,453	\$ 13,514,702	\$ 13,833,318	\$ 13,886,779	\$ 14,511,100	\$ 15,034,197	\$ 15,690,697	\$ 16,215,884	\$ 16,680,401	\$ 17,925,328
Change in Net Position	\$ 290,031	\$ 646,393	\$ 1,487,540	\$ (768,654)	\$ 1,960,089	\$ 393,284	\$ 73,324	\$ 179,326	\$ 3,239,360	\$ (121,633)
Governmental Activities	8,829	6,678	2,354	10,294	(7,311)	16,217	8,170	(1,038)	(1,434)	(2,483)
Business-Type Activities	298,860	653,071	1,489,894	(738,360)	1,942,778	409,301	81,494	178,288	3,237,926	(124,318)

WALLINGTON 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	\$ 911,668	\$ 795,915	\$ 1,507,736	\$ 969,861						
Unreserved	507,817	696,678	164,117	(121,087)						
Restricted					\$ 572,345	\$ 846,661	\$ 1,017,527	\$ 1,018,653	\$ 1,385,722	\$ 1,679,272
Committed					234,878			87,331		
Assigned					110,000	480,138	368,458	331,224	382,776	85,926
Unassigned	-	-	-	-	67,269	41,211	55,694	56,442	(62,710)	(87,429)
Total General Fund	\$ 1,419,485	\$ 1,492,593	\$ 1,671,853	\$ 848,774	\$ 984,492	\$ 1,368,010	\$ 1,441,679	\$ 1,493,650	\$ 1,705,788	\$ 1,677,769
All Other Governmental Funds										
Reserved	\$ 229,889	\$ 3,166,716	\$ 567,604	\$ 157,136						
Unreserved	2,756,902	(823,476)	(28,006)	195,583						
Nonspendable					\$ 275,000					
Restricted	-	-	-	-	1,693,682	\$ 80,902	\$ 138,999	\$ 2	\$ 1,151,353	\$ 567,104
Total All Other Governmental Funds	\$ 2,986,791	\$ 2,343,240	\$ 539,598	\$ 352,719	\$ 1,968,682	\$ 80,902	\$ 138,999	\$ 2	\$ 1,151,353	\$ 567,104

Beginning with fiscal year 2011, the District has 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 extent 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 the governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

WALLINGTON 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	\$10,589,578	\$11,338,093	\$ 11,690,779	\$11,884,216	\$ 12,589,753	\$ 12,941,802	\$ 13,441,066	\$13,929,126	\$14,357,547	\$ 15,599,692
Interest Earned	293,440	235,272	31,558	80,399	10,653	55	42	53	1,368	25
Miscellaneous	57,610	59,875	58,232	34,322	1,538,661	136,200	168,345	384,384	196,818	228,847
State Sources	4,203,479	4,577,304	5,202,505	3,756,414	3,832,555	4,206,050	4,955,385	4,666,274	5,717,448	5,465,733
Federal Sources	493,320	411,375	461,062	1,122,275	631,234	632,509	551,880	570,691	562,063	606,096
Total Revenue	15,637,427	16,621,919	17,444,136	16,877,626	18,602,856	17,916,616	19,116,718	19,550,528	20,835,244	21,900,393
Expenditures										
Instruction										
Regular Instruction	6,321,741	6,381,361	6,292,669	7,007,134	6,342,759	6,309,827	6,540,613	6,598,901	6,823,229	7,629,447
Special Education Instruction	2,373,485	2,532,171	2,355,036	2,677,595	2,966,392	3,260,322	3,755,367	4,130,095	4,338,755	4,841,427
Other Instruction	598,178	677,959	678,243	754,750	748,078	874,291	1,067,261	927,205	951,623	1,020,660
School Sponsored Activities and Athletics	589,467	598,528	549,804	541,369	503,974	573,098	710,166	708,639	755,386	863,188
Support Services:										
Student and Inst. Related Services	1,816,412	1,863,321	2,198,215	2,270,943	2,064,302	2,288,333	2,414,172	2,432,185	2,490,780	2,467,282
General Administration	431,557	444,667	686,682	468,454	421,662	478,559	591,504	576,998	522,303	586,870
School Administration Services	651,827	677,360	425,906	683,522	710,832	732,027	760,855	719,233	727,548	750,658
Plant Operations And Maintenance	1,322,882	1,544,290	1,573,347	1,758,441	1,364,810	1,571,284	1,604,324	1,728,063	1,835,498	1,807,805
Pupil Transportation	357,234	334,704	369,442	395,153	432,642	312,217	408,374	455,053	357,935	534,510
Central Services	530,963	553,836	504,873	522,698	777,074	587,017	592,854	615,305	623,049	669,775
Capital Outlay	1,218,050	1,264,367	3,115,271	494,509	185,917	2,118,695	271,734	406,187	4,981,559	990,449
Debt Service:										
Principal	156,483	162,477	168,530	174,599	201,662	191,960	228,388	229,707	201,555	190,246
Interest and Other Charges	158,849	152,321	145,500	138,417	131,071	123,248	121,340	109,983	72,322	182,708
Cost of Issuance on Refunding	-	-	-	-	-	-	-	-	62,101	-
Total Expenditures	16,527,128	17,187,362	19,063,518	17,887,584	16,851,175	19,420,878	19,066,952	19,637,554	24,743,643	22,535,025
Excess (Deficiency) of Revenues Over (Under) Expenditures	(839,701)	(565,443)	(1,619,382)	(1,009,958)	1,751,681	(1,504,262)	49,766	(87,026)	(3,908,399)	(634,632)
Other Financing Sources (Uses)										
Bond Proceeds									2,617,000	
Payments of Refunding Escrow Agent									(2,248,616)	
Refunding Bond Proceeds									2,060,000	
Premium on Issuance of Refunding									222,417	
Insurance Recovery Related to Capital Assets									2,621,087	30,000
Capital Lease Proceeds							82,000			
Transfers In					275,000			89,090	959	3,711
Transfers Out	(12,000)	(5,000)	(5,000)	-	(275,000)	-	-	(89,090)	(959)	(11,347)
Total Other Financing Sources (Uses)	(12,000)	(5,000)	(5,000)	-	-	-	82,000	-	5,271,888	22,364
Net Change in Fund Balances	\$ (901,701)	\$ (570,443)	\$ (1,624,382)	\$ (1,009,958)	\$ 1,751,681	\$ (1,504,262)	\$ 131,766	\$ (87,026)	\$ 1,363,489	\$ (612,268)
Debt Service as a Percentage of Noncapital Expenditures	2.06%	1.98%	1.97%	1.80%	2.00%	1.82%	1.86%	1.77%	1.70%	1.73%

* Noncapital expenditures are total expenditures less capital outlay.

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

Fiscal Year Ended June 30,	<u>Total</u>	<u>Interest on Investments</u>	<u>After School Program</u>	<u>Tuition Refunds</u>	<u>Prior Year Refunds</u>	<u>Prior Year Payables Adjustment</u>	<u>Miscellaneous</u>
2007	\$ 344,151	\$ 293,440					\$ 50,711
2008	285,147	235,272					49,875
2009	86,801	31,558				\$ 24,380	30,863
2010	107,622	80,399				27,223	
2011	120,314	10,653		\$ 35,312	\$ 41,369	26,028	6,952
2012	135,255	55	\$ 88,104	33,506		6,866	6,724
2013	165,387	42	106,272	5,749		15,869	37,455
2014	153,232	53	113,690			5,035	34,454
2015	191,594	26	148,178			11,774	31,616
2016	220,754	25	180,005			19,189	21,535

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2007	\$ 6,491,400	\$ 385,742,700	\$ 65,152,700	\$ 29,627,700	\$ 43,770,700	\$ 530,785,200	\$ 341,845	\$ 531,127,045	\$ 1,102,554,908	\$ 2.065
2008 (A)	8,502,900	888,727,800	145,055,200	59,260,700	98,700,800	1,200,247,400	730,032	1,200,977,432	1,207,882,021	0.959
2009	11,335,200	886,606,200	143,724,900	59,539,900	98,700,800	1,199,907,000	730,032	1,200,637,032	1,228,156,856	0.980
2010	9,487,600	887,642,800	148,426,900	57,358,000	95,700,800	1,198,616,100	2,197,330	1,200,813,430	1,171,151,635	1.018
2011 (B)	9,168,300	791,951,800	146,005,700	56,072,700	94,712,200	1,097,910,700	1,776,329	1,099,687,029	1,109,847,490	1.161
2012	8,976,300	791,945,200	146,933,100	54,215,800	94,602,200	1,096,672,600	1,720,812	1,098,393,412	1,029,241,284	1.202
2013	8,204,900	792,903,900	145,658,500	53,706,300	94,602,200	1,095,075,800	1,730,632	1,096,806,432	1,003,993,152	1.252
2014 (C)	5,569,900	674,055,600	136,425,500	49,286,100	81,398,700	946,735,800	1,549,102	948,284,902	1,001,647,136	1.483
2015	6,229,100	671,310,500	132,900,200	49,336,100	81,632,500	941,408,400	1,730,632	943,139,032	962,087,386	1.579
2016	5,589,900	674,162,200	134,621,500	49,159,300	81,478,000	945,010,900	1,591,404	946,602,304	970,158,817	1.695

Source: County Abstract of Ratables

Note: (A) A revaluation of real property became effective for tax year 2008.

(B) A reassessment of real property became effective for tax year 2011.

(C) A reassessment of real property became effective for tax year 2014

a Tax rates are per \$100

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

Assessment Year		<u>Total</u>	Wallington School <u>District</u>	Wallington <u>Borough</u>	(A)	<u>Bergen County</u>
2007		\$ 3.600	\$ 2.065	\$ 1.168	\$	0.367
2008	(B)	1.691	0.959	0.544		0.188
2009		1.764	0.980	0.587		0.197
2010		1.837	1.018	0.627		0.192
2011	(C)	2.073	1.161	0.704		0.208
2012		2.133	1.202	0.723		0.208
2013		2.206	1.252	0.743		0.211
2014	(D)	2.596	1.483	0.878		0.235
2015		2.736	1.579	0.912		0.245
2016		2.858	1.695	0.912		0.251

Note: (A) Includes Library tax.

Note: (B) The Borough undertook a revaluation of real property which became effective for the tax year 2008.

Note: (C) The Borough undertook a reassessment of real property which became effective for the tax year 2011.

Note: (D) The Borough undertook a reassessment of real property which became effective for the tax year 2014.

Source: Tax Duplicate

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

Taxpayer	2016		2007	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Mt Pleasant Village Investments LLC	\$ 26,500,000	2.80%	\$ 15,300,000	2.88%
Jasontown Apt. LLC	21,628,600	2.28%	12,000,000	2.26%
Jasontown II Associates	20,222,000	2.14%	6,900,000	1.30%
Farmland Dairies	18,710,200	1.98%	13,110,100	2.47%
Wallington Plaza LLC	16,262,700	1.72%	7,075,200	1.33%
PS Atlantic Coast, LLC	8,119,200	0.86%		
Meridia at Parkway, LLC	6,661,600	0.70%		
New Wallington Home LLC	5,592,500	0.59%		
480 Main Ave. Associates LLC	5,500,000	0.58%	2,975,000	0.56%
Wallington Ind. Dev. 2 Assoc. L.P.	5,347,200	0.56%		
Wallington Self Storage			3,763,700	0.71%
460 Main Ave Wallington LLC			2,980,000	0.56%
Woodbine St. Association			2,106,500	0.40%
Carlstadt - Moshen			2,185,800	0.41%
	<u>\$ 134,544,000</u>	<u>14.21%</u>	<u>\$ 68,396,300</u>	<u>12.88%</u>

Source: Municipal Tax Assessor

**WALLINGTON BOARD OF EDUCATION
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Local School District Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	\$ 10,589,578	\$ 10,589,578	100.00%	N/A
2008	11,338,093	11,338,093	100.00%	N/A
2009	11,690,779	11,690,779	100.00%	N/A
2010	11,884,216	11,884,216	100.00%	N/A
2011	12,589,753	12,589,753	100.00%	N/A
2012	12,941,802	12,941,802	100.00%	N/A
2013	13,441,066	13,441,066	100.00%	N/A
2014	13,929,126	13,929,126	100.00%	N/A
2015	14,357,547	14,357,547	100.00%	N/A
2016	15,599,692	15,599,692	100.00%	N/A

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

<u>Governmental Activities</u>					
<u>Fiscal Year Ended June 30,</u>	<u>General Obligation Bonds</u>	<u>EDA Loans Payable</u>	<u>Total District</u>	<u>Population</u>	<u>Per Capita</u>
2007	\$ 3,428,000	\$ 251,213	\$ 3,679,213	11,230	\$ 328
2008	3,298,000	218,736	3,516,736	11,249	313
2009	3,163,000	185,205	3,348,205	11,310	296
2010	3,023,000	150,606	3,173,606	11,353	280
2011	2,873,000	114,856	2,987,856	11,461	261
2012	2,718,000	77,896	2,795,896	11,515	243
2013	2,553,000	39,632	2,592,632	11,590	224
2014	2,383,000		2,383,000	11,652	205
2015	4,677,000		4,677,000	11,716	399
2016	4,502,000		4,502,000	11,716 E	384

Source: District records

E - Estimate

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Intergovern- mental Loans	Deductions			
2007	\$ 3,428,000	\$ 251,213		\$ 3,679,213	0.69%	\$ 328
2008	3,298,000	218,736		3,516,736	0.29%	313
2009	3,163,000	185,205		3,348,205	0.28%	296
2010	3,023,000	150,606		3,173,606	0.26%	280
2011	2,873,000	114,856		2,987,856	0.27%	261
2012	2,718,000	77,896		2,795,896	0.25%	243
2013	2,553,000	39,632		2,592,632	0.24%	224
2014	2,383,000		\$ 2	2,382,998	0.25%	205
2015	4,677,000		1,367	4,675,633	0.50%	399
2016	4,502,000		1	4,501,999	0.48%	384

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**WALLINGTON BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2015
(Unaudited)**

Gross Debt

Direct Debt: (1)	
Wallington Borough Public Schools	\$ 4,677,000
Borough of Wallington	<u>16,243,225</u>
	<u>20,920,225</u>
Overlapping Debt Apportioned to the Municipality:	
County of Bergen - Borough's Share (A)	5,637,070
Passaic Valley Sewerage Commission (B)	<u>1,327,723</u>
	<u>6,964,793</u>
 Total Direct and Overlapping Debt	 <u>\$ 27,885,018</u>

Source:

(1) Township's 2015 Annual Debt Statement

(A) The debt for this entity was apportioned to the Borough of Wallington by dividing the municipality's 2015 equalized value by the total 2015 equalized value for Bergen County.

(B) The debt was computed based upon dividing the Borough's 2015 billings by the total 2015 billings of the Authority.

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

Legal Debt Margin Calculation for Fiscal Year 2016

	Equalized valuation basis
	2015 \$ 960,424,811
	2014 961,055,527
	2013 <u>977,833,557</u>
	<u>\$2,899,313,895</u>
	Average equalized valuation of taxable property \$ 966,437,965
	Debt limit (4 % of average equalization value) 38,657,519 ^a
	Total Net Debt Applicable to Limit <u>4,502,000</u>
	Legal debt margin <u>\$ 34,155,519</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>
Debt Limit	\$ 38,273,969	\$ 43,174,417	\$46,783,915	\$47,782,425	\$ 46,491,777	\$43,932,424	\$ 41,734,600	\$40,065,885	\$39,164,219	\$ 38,657,519
Total Net Debt Applicable to Limit	<u>6,126,043</u>	<u>5,557,378</u>	<u>3,348,205</u>	<u>3,173,606</u>	<u>2,987,856</u>	<u>2,795,896</u>	<u>2,592,632</u>	<u>2,383,000</u>	<u>4,677,000</u>	<u>4,502,000</u>
Legal Debt Margin	<u>\$ 32,147,926</u>	<u>\$ 37,617,039</u>	<u>\$43,435,710</u>	<u>\$44,608,819</u>	<u>\$43,503,921</u>	<u>\$41,136,528</u>	<u>\$ 39,141,968</u>	<u>\$37,682,885</u>	<u>\$34,487,219</u>	<u>\$ 34,155,519</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	16.01%	12.87%	7.16%	6.64%	6.43%	6.36%	6.21%	5.95%	11.94%	11.65%

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.

**WALLINGTON 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>School District Population</u>
2007	5.40%	\$ 68,147	11,230
2008	7.00%	68,548	11,249
2009	12.20%	64,571	11,310
2010	12.50%	65,275	11,353
2011	12.30%	68,244	11,461
2012	12.50%	71,380	11,515
2013	8.60%	70,498	11,590
2014	7.50%	73,536	11,652
2015	6.10%	73,536 (2)	11,716
2016	N/A	73,536 (2)	11,716 (2)

Source: County Information vs. Municipality Information

(1) Reflects County of Bergen

(2) Estimate

N/A - Not Available

Source: United States Bureau of Census

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

<u>Employer</u>	<u>2016</u>		<u>2007</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

This information is not available.

This information is not available.

**WALLINGTON 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	95	95	95	95	90	91	91	92	94	95
Special Education	3	3	3	4	4	4	4	5	5	5
Other Special Education	2	2	2	3	3	3	3	5	6	6
Other Instruction	10	10	10	10	8	8	8	10	10	10
Support Services:										
General Administration	4	4	4	4	4	4	4	4	4	4
School Administrative Services	7	7	7	8	7	7	7	7	7	7
Other Administrative Services	4	4	4	4	4	4	4	4	4	4
Central Services	3	3	3	3	3	3	3	3	3	3
Administrative Information Technology	1	1	2	2	2	1	2	2	2	2
Plant Operations and Maintenance	12	12	13	12	10	10	10	8	7	6
Total	<u>141</u>	<u>141</u>	<u>143</u>	<u>145</u>	<u>135</u>	<u>135</u>	<u>136</u>	<u>140</u>	<u>142</u>	<u>142</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Senior High School				
2007	1,160.0	\$ 14,993,746	\$ 12,926	10.02%	108	1:19	1:12.3	1,161.3	1,092.9	0.11%	94.11%
2008	1,152.0	15,608,197	13,549	4.82%	108	1:13	1:12.7	1,143.8	1,076.0	-1.51%	94.07%
2009	1,157.0	17,080,059	14,762	8.96%	108	1:13.9	1:11.2	1,123.6	1,065.5	-1.77%	94.83%
2010	1,153.0	17,080,059	14,814	0.35%	109	1:10.5	1:10.6	1,140.6	1,085.2	1.51%	95.14%
2011	1,169.0	16,332,525	13,971	-5.69%	105	1:11.1	1:11.2	1,157.4	1,102.8	1.47%	95.28%
2012	1,196.0	16,986,975	14,203	1.66%	106	1:11.5	1:10.8	1,188.7	1,127.4	2.70%	94.84%
2013	1,191.0	18,445,490	15,487	9.04%	105	1:14.8	1:22	1,198.8	1,137.3	0.85%	94.87%
2014	1,195.0	18,891,677	15,809	2.08%	112	1:13.5	1:12.8	1,183.5	1,123.1	-1.28%	94.90%
2015	1,345.0	19,426,106	14,443	-8.64%	115	1:11.1	1:11.5	1,290.6	1,219.2	9.05%	94.47%
2016	1,292.0	21,171,622	16,387	13.46%	116	1:10.6	1:14.1	1,293.1	1,251.1	0.19%	96.75%

Sources: District records

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

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

	<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>
<u>District Building</u>										
<u>Elementary</u>										
Jefferson School										
Square Feet	19,279	19,279	19,279	19,279	19,279	19,279	19,279	19,279	24,493	24,493
Capacity (students)	132	132	132	132	132	132	132	132	241	241
Enrollment	205	207	208	207	223	230	261	269	303	306
Gavlak School										
Square Feet	36,297	36,297	36,297	36,297	36,297	36,297	36,297	36,297	36,350	36,350
Capacity (students)	283	283	283	283	283	283	283	283	283	283
Enrollment	364	377	378	377	381	400	400	398	445	436
<u>High School</u>										
Square Feet	66,109	66,109	66,109	66,109	66,109	66,109	66,109	66,109	76,500	76,500
Capacity (students)	212	212	212	212	212	212	212	212	212	212
Enrollment	591	568	571	569	549	566	530	512	542	538
Number of Schools at June 30, 2016										
Elementary =	2	2	2	2	2	2	2	2	2	2
Senior High School =	1	1	1	1	1	1	1	1	1	1

Source: District Records

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

UNDISTRIBUTED EXPENDITURES - REQUIRED
 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>
Jefferson School	\$ 42,693	\$ 51,477	\$ 46,570	\$ 54,501	\$ 44,492	\$ 45,499	\$ 45,871	\$ 53,182	\$ 42,310	\$ 42,693
Frank W. Gavlak School	48,760	58,793	53,188	72,469	59,741	59,881	63,006	46,333	27,181	48,760
Wallington High School	96,219	116,017	104,957	110,872	86,332	85,353	104,127	109,141	41,116	95,749
Total School Facilities	<u>\$ 187,672</u>	<u>\$ 226,287</u>	<u>\$ 204,715</u>	<u>\$ 237,842</u>	<u>\$ 190,565</u>	<u>\$ 190,733</u>	<u>\$ 213,004</u>	<u>\$ 208,656</u>	<u>\$ 110,607</u>	<u>\$ 187,202</u>

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

	<u>Coverage</u>	<u>Deductible/ Retention</u>
School Package Policy (School Alliance Insurance Fund)		
Buildings and Contents	\$ 250,000,000	\$ 2,500
Boiler and Machinery	100,000,000	2,500
General Liability and Automobile Liability	5,000,000	
School Leaders Professional Liability	5,000,000	5,000
Workers' Compensation	5,000,000	
Public Official Bonds		
Treasurer	250,000	
Blanket Dishonesty Bond	\$500,000 per loss	

Source: District Insurance Records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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
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ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, 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
Wallington Board of Education
Wallington, 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 Wallington 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 Wallington Board of Education’s basic financial statements and have issued our report thereon dated September 22, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Wallington 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 Wallington Board of Education’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Wallington 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 Wallington 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.

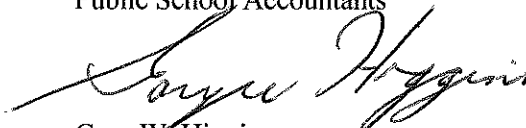
However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Wallington Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated September 22, 2016.

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 Wallington 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 Wallington 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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
September 22, 2016



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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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SHERYL M. NICOLosi, CPA
ROBERT AMPONSAH, CPA

**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE 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
Wallington Board of Education
Wallington, New Jersey

Report on Compliance for Each Major State Program

We have audited the Wallington 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 Wallington Board of Education’s major state programs for the fiscal year ended June 30, 2016. The Wallington 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 federal awards and state financial assistance applicable to its federal and state programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Wallington 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; and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and 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 Wallington 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 Wallington Board of Education's compliance.

Opinion on Each Major State Program

In our opinion, the Wallington 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 Wallington 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 Wallington 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 Wallington 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.

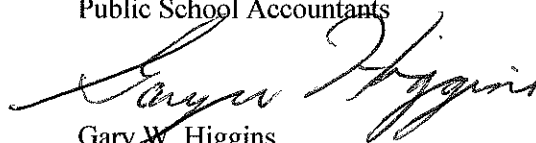
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

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 Wallington 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 September 22, 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 is 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
Public School Accountants



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
September 22, 2016

WALLINGTON 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	Federal FAIN Number	Grant Period	Award Amount	Balance at June 30, 2015	Unearned Revenue Carryover/ (Walkover) Amount	Intergov't Receivable Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	June 30, 2016			(Memo GAAP Receivable	
										Intergov't Receivable	Unearned Revenue	Due to Grantor		
U.S. Department of Agriculture Passed-Through State Department of Education														
Food Service Fund														
National School Lunch Program	10.555	1616NJ304N1099	7/1/14-6/30/15	\$ 107,213	\$ (6,909)		\$ 6,909							
National School Lunch Program	10.555	1616NJ304N1099	7/1/15-6/30/16	104,776			99,848	\$ 104,776	\$ (4,928)				\$ (4,928)	
School Breakfast Program	10.553	1616NJ304N1099	7/1/14-6/30/15	10,906	(756)		756							
School Breakfast Program	10.553	1616NJ304N1099	7/1/15-6/30/16	11,019	-	-	10,507	11,019	(512)	-	-	-	(512)	
Total Child Nutrition Cluster								115,795						
Total U.S. Department of Agriculture					(7,665)	-	118,020	115,795	(5,440)	-	-	-	(5,440)	
U.S. Department of Health and Human Services														
General Fund														
Medical Assistance Program (SEMI)	93.778	1605NJ5MAP	7/1/15-6/30/16	35,675	-	-	35,675	35,675	-	-	-	-	-	
Total U.S. Department of Health and Human Services					-	-	35,675	35,675	-	-	-	-	-	
U.S. Department of Education Passed-through State Department of Education														
Special Revenue Fund														
I.D.E.A. Part B, Basic	84.027	H027A150100	7/1/14-6/30/15	264,692		1,388	(1,388)							
I.D.E.A. Part B, Basic	84.027	H027A150100	7/1/15-6/30/16	272,067		(1,388)	1,388	229,406	273,455	(44,049)			(44,049)	
I.D.E.A. Part B, Preschool	84.173	H173A150114	7/1/15-6/30/16	6,210			6,210	6,210						
Total Special Education Cluster (IDEA)								279,665						
N.C.L.B.														
Title I	84.010A	S010A150030	7/1/14-6/30/15	208,459	(46,485)		46,485							
Title I	84.010A	S010A150030	7/1/15-6/30/16	238,367			158,982	\$ 238,367	(79,385)				(79,385)	
Title II A	84.367A	S367A150029	7/1/14-6/30/15	37,135	(16,334)		16,334							
Title II A	84.367A	S367A150029	7/1/15-6/30/16	36,519			20,365	36,519	(16,154)				(16,005)	
Title III	84.365A	S365A150030	7/1/14-6/30/15	14,311	(4,019)		4,019							
Title III	84.365A	S365A150030	7/1/15-6/30/16	16,019	-	-	10,512	16,019	(5,507)	-	-	-	(5,507)	
Total U.S. Department of Education					(66,838)	-	492,313	570,570	(145,095)	-	-	-	(144,946)	
Total Federal Financial Assistance					\$ (74,503)	\$ -	\$ 646,008	\$ 722,040	\$ (150,535)	\$ -	\$ -	\$ -	\$ (150,386)	

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This schedule was not subject to single audit in accordance with U.S. Uniform Guidance

See Accompanying Notes to Schedule of Expenditures of Federal Awards

**WALLINGTON 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 at June 30, 2015				June 30, 2016					Memo Only		
				Accounts Receivable	Unearned Revenue/ Interfund	Due to Grantor	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Accounts Receivable	Unearned Revenue/ Interfund	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures	
State Department of Education															
Special Education Categorical Aid	15-495-034-5120-089	7/1/14-6/30/15	\$ 727,940	\$ (67,434)			\$ 67,434								
Special Education Categorical Aid	16-495-034-5120-089	7/1/15-6/30/16	727,940				662,091	\$ 727,940	\$ (65,849)					\$ 727,940	
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	40,911	(3,790)			3,790								
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	40,911				37,210	40,911	(3,701)					40,911	
Equalization Aid	15-495-034-5120-078	7/1/14-6/30/15	2,178,860	(201,844)			201,844								
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	2,178,860				1,981,760	2,178,860	(197,100)					2,178,860	
Under Adequacy Aid	15-495-034-5120-096	7/1/14-6/30/15	75,442	(6,989)			6,989								
Under Adequacy Aid	16-495-034-5120-096	7/1/15-6/30/16	75,442				68,618	75,442	(6,824)					75,442	
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	12,810	(1,187)			1,187								
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	12,810				11,651	12,810	(1,159)					12,810	
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	12,810	(1,187)			1,187								
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	12,810				11,651	12,810	(1,159)					12,810	
Total State Aid - Public Cluster								3,048,773							
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	20,642	(1,912)			1,912								
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	20,642				18,775	20,642	(1,867)					20,642	
Extraordinary Aid	15-100-034-5120-473	7/1/14-6/30/15	185,412	(185,412)			185,412								
Extraordinary Aid	16-100-034-5120-473	7/1/15-6/30/16	255,415					255,415	(255,415)					255,415	
On Behalf TPAF Aid:															
TPAF NCGI	16-495-034-5094-004	7/1/15-6/30/16	27,912				27,912	27,912						27,912	
TPAF - Normal	16-495-034-5094-002	7/1/15-6/30/16	560,323				560,323	560,323						560,323	
TPAF Post-Retirement Medical	16-495-034-5094-001	7/1/15-6/30/16	700,426				700,426	700,426						700,426	
Reimbursed TPAF Social Security	15-495-034-5094-003	7/1/14-6/30/15	567,576	(28,556)			28,556								
Reimbursed TPAF Social Security	16-495-034-5094-003	7/1/15-6/30/16	563,760				536,363	563,760	(27,397)					563,760	
Total General Fund				(498,511)				5,115,091	5,177,251	(560,471)				(27,397)	5,177,251
State School Lunch Program	15-100-010-3350-023	7/1/14-6/30/15	2,220	(133)			133								
State School Lunch Program	16-100-010-3350-023	7/1/15-6/30/16	2,053				1,962	2,053	(91)					2,053	
Total Food Service Fund				(133)				2,095	2,053	(91)				(91)	2,053
New Jersey Economic Development Authority (Capital Projects Fund)															
Wallington Junior and Senior High School															
Exterior Systems Repair and Restoration	5430-050-14-1001	7/1/13-6/30/15	1,473,838	(1,473,838)	605,391			940,437	351,801	(533,401)	253,590			(533,401)	351,801
Total Capital Projects Fund				(1,473,838)	605,391			940,437	351,801	(533,401)	253,590			(533,401)	351,801
Total State Financial Assistance				\$ (1,972,282)	\$ 605,391	\$ -	\$ -	6,057,623	5,531,105	\$ (1,093,963)	\$ 253,590	\$ -		\$ (560,889)	\$ 5,531,105
Less:															
On-Behalf Assistance Not Included in															
Single Audit and Major Program Determination															
TPAF - Normal								(560,323)	(560,323)						
TPAF Post-Retirement Medical Contribution								(700,426)	(700,426)						
TPAF - NCGI								(27,912)	(27,912)						
Total State Financial Assistance Subject to Single Audit and Major Program Determination								\$ 4,768,962	\$ 4,242,444						

See Accompanying Notes to Schedule of Expenditures of State Financial Assistance

**WALLINGTON 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 Wallington 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 a decrease of \$63,319 for the general fund and a decrease of \$149 for the special revenue 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	\$ 35,675	\$ 5,113,932	\$ 5,149,607
Special Revenue Fund	570,421		570,421
Capital Projects Fund		351,801	351,801
Food Service Fund	<u>115,795</u>	<u>2,053</u>	<u>117,848</u>
Total Financial Assistance	<u>\$ 721,891</u>	<u>\$ 5,467,786</u>	<u>\$ 6,189,677</u>

**WALLINGTON 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 \$563,760 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 \$588,235 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$700,426 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 and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's financial statements and the amount subject to State single audit and major program determination.

NOTE 7 DE MINIMIS INDIRECT COST RATE

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

WALLINGTON 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: Unmodified

Internal control over financial reporting:

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

Noncompliance material to the basic financial statements noted? yes X no

Federal Awards Section Not Applicable

State Awards Section

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

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

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:

<u>State Grant/Project Number (s)</u>	<u>Name of State Program</u>
<u>16-495-034-5120-089</u>	<u>Special Education Aid</u>
<u>16-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>16-495-034-5120-084</u>	<u>Security Aid</u>
<u>16-495-034-5120-096</u>	<u>Under Adequacy Aid</u>
<u>16-495-034-5120-098</u>	<u>PARCC Readiness Aid</u>
<u>16-495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>

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

Auditee qualified as low-risk auditee? X yes no

**WALLINGTON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
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.

**WALLINGTON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
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.

**WALLINGTON BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS
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 U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

There were none.