

**SCHOOL DISTRICT OF THE
BOROUGH OF WANAQUE
COUNTY OF PASSAIC, NEW JERSEY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

**BOARD OF EDUCATION
BOROUGH OF WANAQUE
STATE OF NEW JERSEY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2016**

PREPARED BY

**WANAQUE BOARD OF EDUCATION
FINANCE OFFICE**

**BOROUGH OF WANAQUE
BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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INTRODUCTORY SECTION

WANAQUE PUBLIC SCHOOLS

LYNDA D'ANGIOLILLO, M.A.
DIRECTOR OF CURRICULUM,
INSTRUCTION, & PROFESSIONAL
DEVELOPMENT

DONNA L. CARDIELLO, M.A.
SUPERINTENDENT OF SCHOOLS

NANCY DI BARTOLO
BUSINESS ADMINISTRATOR/
BOARD SECRETARY

October 19, 2016

Mr. Robert Barnhardt, President
Members of the Board of Education
Wanaque Public School District
973A Ringwood Avenue
Haskell, New Jersey 07420

Dear Mr. Barnhardt and Members of the Board of Education:

The Comprehensive Annual Financial Report of the School District of the Borough of Wanaque ("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 District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial positions and results of operations of the various funds and account groups 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: (1) Introductory; (2) Financial; (3) Statistical; and (4) 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 general purpose 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and State Treasury Circular 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, is included in the **Single Audit** section of this report.

1. REPORTING ENTITY AND ITS SERVICES

The District is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board ("GASB") in Statement No. 14. All funds and account groups of the District are included in this report. The Wanaque Board of Education and its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels pre-kindergarten through eight, including regular education as well as special education programs. Future enrollment is expected to increase. As of September 2016, we have 948 students on roll. The following details the changes in the student enrollment of the District over the last ten years.

Fiscal Year	Student Enrollment	Percent Change
2016/2017	948	-1.00%
2015/2016	956	1.00%
2014/2015	952	2.80%
2013/2014	926	-4.21%
2012/2013	965	2.44%
2011/2012	942	0.42%
2010/2011	938	-0.32%
2009/2010	941	-0.95%
2008/2009	950	-2.0%
2007/2008	969	-2.6%
2006/2007	995	-1.5%
2005/2006	1010	-2.3%

2. ECONOMIC CONDITION AND OUTLOOK

Wanaque Borough is a rural/suburban residential community with its working population primarily employed by local businesses and other businesses in the surrounding area. The 2010 census reported a population in the Borough of 11,116.

While the State has recently developed a consistent, long-range formula for the funding of education, its ability to fully fund these obligations remains in question thus passing the financial burden to the local tax levy.

Although, legislation at both the state and local levels could have a negative impact on the future growth of the Borough and the operations of the District, other factors suggest a more positive outlook, such as;

- The creation of new housing and business developments throughout the community, which are either outside the scope of the Highlands Act or predate it.
- In an effort to curtail rising taxes, the State passed and signed into legislation a 2% cap to the amount that a Board may increase the general fund tax levy.
- Standard & Poors rated the district AA- with a stable outlook based on the following factors:
 - Direct Access to the board employment bases of northern New Jersey and New York City;
 - Stable and very diverse property tax base;
 - Very strong wealth and income compared to national levels; and
 - Moderate debt with limited capital needs.

3. MAJOR INITIATIVES

The 2016-2017 school year promises to be one of the most exciting and memorable years in the history of Wanaque Schools for this is the year that we will spend planning for the future of our district, laying the cornerstones for tomorrow. In order for our students to be prepared for the challenges of high school and the 21st Century, we must organize our schools to improve student achievement and the opportunities afforded to our students during their elementary and middle school years. The District will look to focus their resources on developing best instructional

practices academically and developmentally in the primary years of schooling as well as the middle school level of education.

The District continues to improve articulation with the Ringwood Public Schools and Lakeland Regional High School districts. Toward this end, the District's Administrative Team has been working closely with the administrators of our neighboring districts, to develop curriculum, improve pedagogical skills to effectively differentiate instruction, so as to better meet individual students' needs, and train staff to ensure our children are well prepared for high school and 21st Century careers.

The science curriculum for students in Grades 6-8 has been updated to reflect the Next Generation Science Standards. Additionally, teachers at all grade levels will continue to utilize data to drive standards-based instruction and improve student performance.

Our schools are continuing to focus on implementing the Common Core State Curriculum Standards. As such, the District has identified areas in which our students need to achieve at higher levels in order to meet or exceed grade level standards. We will maintain our focus in the areas of Language Arts Literacy and Mathematics as well as Science and Technology. In an effort to prepare our students for PARCC, our schools concentrated on providing enriched learning environments supported by technology, which is interwoven into the curriculum. These learning environments afford opportunities to find and utilize information and resources while applying academic skills.

All aspects of district technology were examined to improve efficiency and effectiveness. To that end, the district will continue to purchase Chrome book carts and infuse Google technology into instruction.

The Wanaque School District continues to work and plan to shape the future of our children by supporting the acquisition of knowledge in all content areas, the development and application of life-long skills and to prepare them for success in the 21st century.

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 is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles ("GAAP"). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation 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 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 borough. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for 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 appropriations of fund balance in the subsequent year. Those amounts to be appropriated are reported as reservations of fund balance at fiscal year end

6. ACCOUNTING SYSTEM AND REPORTS

The District's accounting records reflect generally accepted accounting principles, as promulgated by GASB. The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in Note 1, "Notes to the Financial Statements".

Effective July 1, 2008, the District engaged Systems 3000, an integrated management information system designed for New Jersey school districts, to provide its financial accounting, reporting and personnel systems.

7. FINANCIAL INFORMATION AT FISCAL YEAR-END

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund, special revenue fund, capital projects and debt service fund revenues for the fiscal years ended June 30, 2015 and 2016:

Revenue Source	2015/16		2014/15		Inc/(Dec)
		%		%	
Local	\$14,279,809.99	72.49%	\$13,882,343.00	71.75%	0.74%
State	4,959,099.00	25.17%	5,046,161.00	26.08%	-0.90%
Federal	<u>459,654.90</u>	<u>2.33%</u>	<u>420,369.00</u>	<u>2.17%</u>	0.16%
Total	<u>\$19,698,563.89</u>	<u>100.00%</u>	<u>\$19,348,872.00</u>	<u>100.00%</u>	

The following schedule presents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal years ended June 30, 2015 and 2016:

Expenditure Type	2015/16		2014/15		Inc/(Dec)
		%		%	
General funds	\$17,277,049.15	88.99%	\$16,939,638.00	87.67%	1.31%
Capital outlay	17,604.92	.08%	198,516.00	1.03%	-0.94%
Capital projects	445,091.96	2.29%	513,807.00	2.66%	-0.37%
Special revenue	418,074.60	2.15%	401,109.00	2.08%	0.08%
Debt service	<u>1,257,209.38</u>	<u>6.48%</u>	<u>1,268,255.00</u>	<u>6.56%</u>	-0.09%
Total	<u>\$19,415,030.01</u>	<u>100.00%</u>	<u>\$19,321,325.00</u>	<u>100.00%</u>	

8. CASH MANAGEMENT

The investment policy of the District is guided in large part by state statute as detailed in Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9. RISK MANAGEMENT

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

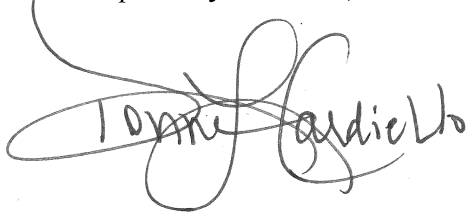
10. OTHER INFORMATION

Independent Audit State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ferraioli, Wielkocz, Cerullo, & Cuva, CPA's, was selected by the Board's audit committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". The auditor's report on the basic financial statements and specific required supplemental information 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.

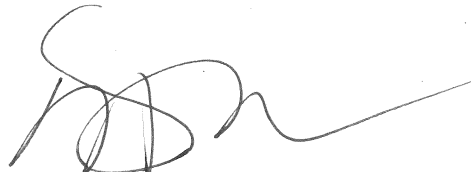
11. ACKNOWLEDGMENTS

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

Respectfully submitted,

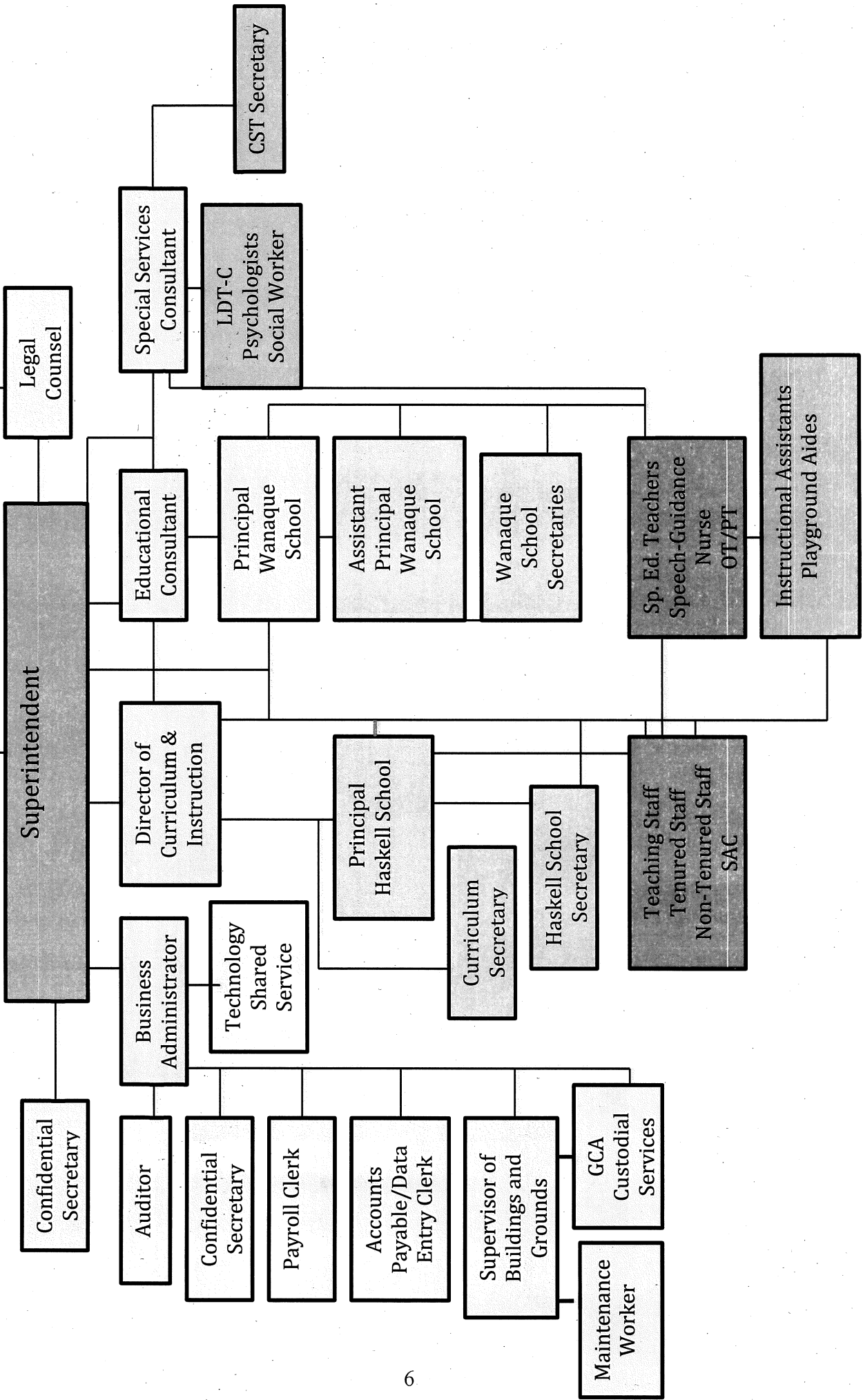


Ms. Donna L. Cardiello, M.A.
Superintendent of Schools



Mrs. Nancy Di Bartolo
Business Administrator/
Board Secretary

WANAQUE BOARD OF EDUCATION



**WANAQUE BOARD OF EDUCATION
WANAQUE, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2016**

Members of the Board of Education

Term Expires

Robert Barnhardt, President	December 31, 2018
Dana Imbasciani Vice President	December 31, 2018
Angela Demetriou	December 31, 2018
Danielle Liautaud-Watkins	December 31, 2016
Richard McFarlane	December 31, 2016
Jill Nitkinas	December 31, 2017
Tom Paster	December 31, 2016
Charles Strobel	December 31, 2017
Jason Valente	December 31, 2017

Superintendent of Schools

Donna Cardiello

Business Administrator/Board Secretary

Nancy Di Bartolo

WANAQUE BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

Audit Firm

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.
100B Main Street
Newton, New Jersey 07860

Board Attorney

Sciarrillo, Cornell, Merlino, McKeever & Osborne LLC
238 St. Paul Street
P. O. Box 2369
Westfield, New Jersey 07090

Labor Negotiators

Sciarrillo, Cornell, Merlino, McKeever & Osborne LLC
238 St. Paul Street
P. O. Box 2369
Westfield, New Jersey 07090

Official Depository

Lakeland Bank
Ringwood Avenue
Wanaque, New Jersey 07465

FINANCIAL SECTION

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

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkocz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
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973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, NJ 07860
973-579-3212
Fax 973-579-7128

INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
Wanaque Borough School District
County of Passaic, New Jersey 07420

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Borough of Wanaque School District, in the County of Passaic, State of New Jersey, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Honorable President and
Members of the Board of Education
Page 2.

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 opinion.

Opinion

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2016 on our consideration of the Borough of Wanaque 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

Honorable President and
Members of the Board of Education
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internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Wanaque Board of Education's internal control over financial reporting and compliance.



Thomas M. Ferry
Licensed Public School Accountant
No. 20CS00209100

Ferraioli, Wielkatz, Cerullo & Cuva, PA
FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

Newton, New Jersey

October 19, 2016

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

SCHOOL DISTRICT OF THE BOROUGH OF WANAQUE

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(UNAUDITED)

This discussion and analysis of the financial performance of the Wanaque Public School District ("District") 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 notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

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", issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Using this 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 the District as a financial whole. The statements then provide an increasingly detailed look at specific financial activities. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Reporting the District as a Whole

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

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole District, presenting an aggregate view of the District's 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. In the case of the District, the General Fund is by far the most significant fund.

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2015/16?" The Statement of Net Position and the Statement of Activities help answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into consideration 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 those assets. 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 causes 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, condition of facilities, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the District's operations are divided into two distinct kinds of activities:

- ◆ Governmental activities – all of the District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- ◆ Business-Type Activities – this service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service enterprise funds are reported as a business activity.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's major funds. Although the District uses many funds to account for a multitude of financial transactions, these financial statements focus on the District's most significant funds. These funds include the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

The District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to 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 you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship 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 are essentially the same.

Financial Highlights

Key financial highlights for 2015/16 are as follows:

- ◆ General revenues on the Schedule of Activities (Exhibit A-2) accounted for \$21,785,640 in revenue or 96.82% of all revenues. Program specific revenues in the form of operating grants and charges for services accounted for \$716,455 or 3.18% of total revenues of \$22,502,095.
- ◆ The District had \$21,435,656 in expenses related to Governmental Activities and Business-Type Activities; only \$716,455 of these expenses were offset by charges for services, grants or contributions. General revenues, comprised primarily of property taxes and federal and state aid in the amounts of \$14,098,944 and \$7,087,266, respectively, were adequate to provide for these programs.
- ◆ Among governmental funds, the General Fund had \$18,023,279 in revenues and other financing sources and \$17,744,654 in expenditures and transfers. As a result, the General Fund's balance increased \$278,625 over 2016.
- ◆ In the year ended June 30, 2016, the District made scheduled principal and interest payments of \$1,257,209 on the debt issued pursuant to the January 24, 2006.

The District as a Whole

Recall that the Statement of Net Position provides a perspective of the District as a whole. The following provides a summary of the District's net position as of June 30, 2016, as compared to the prior year.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Assets:						
Current and Other Assets	2,705,993	2,077,889	108,634	85,768	2,814,627	2,163,657
Capital Assets, Net	<u>13,662,385</u>	<u>13,700,621</u>	<u>59,565</u>	<u>67,531</u>	<u>13,721,950</u>	<u>13,768,152</u>
Total Assets	<u>16,368,378</u>	<u>15,778,510</u>	<u>168,199</u>	<u>153,299</u>	<u>16,536,577</u>	<u>15,931,809</u>
Deferred Outflows						
Deferred Outflows of Resources Related to PERS	<u>678,385</u>	<u>297,121</u>	_____	_____	<u>678,385</u>	<u>297,121</u>
Liabilities:						
Current Liabilities	1,470,761	1,089,104	21,526	8,858	1,492,287	1,097,962
Noncurrent Liabilities	<u>16,519,967</u>	<u>17,375,497</u>	_____	_____	<u>16,519,967</u>	<u>17,375,497</u>
Total Liabilities	<u>17,990,728</u>	<u>18,464,601</u>	<u>21,526</u>	<u>8,858</u>	<u>18,012,254</u>	<u>18,473,459</u>
Deferred Inflows						
Deferred Inflows of Resources Related to PERS	<u>591,784</u>	<u>210,987</u>	_____	_____	<u>591,784</u>	<u>210,987</u>
Net Position						
Invested in Capital Assets Net of Debt	432,685	(327,573)	59,565	67,531	492,250	(260,042)
Restricted	2,141,985	1,861,103			2,141,985	1,861,103
Unrestricted	<u>(4,110,419)</u>	<u>(4,133,487)</u>	<u>87,108</u>	<u>76,910</u>	<u>(4,023,311)</u>	<u>(4,056,577)</u>
Total Net Position	<u>(1,535,749)</u>	<u>(2,599,957)</u>	<u>146,673</u>	<u>144,441</u>	<u>(1,389,076)</u>	<u>(2,455,516)</u>

The following shows the changes in net position in the fiscal years ended June 30, 2016 and 2015, respectively.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues:						
Program Revenues:						
Charges for Services			150,823	163,677	150,823	163,677
Operating Grants and Contributions	418,075	389,909	146,847	135,759	564,922	525,668
General Revenues:						
Taxes:						
Property Taxes	14,098,944	13,753,723			14,098,944	13,753,723
Grants and Entitlements	7,418,776	6,910,427			7,418,776	6,910,427
Other	<u>177,788</u>	<u>204,619</u>	<u>132</u>	<u>131</u>	<u>177,920</u>	<u>204,750</u>
Total Revenues	<u>22,113,583</u>	<u>21,258,678</u>	<u>297,802</u>	<u>299,567</u>	<u>22,411,385</u>	<u>21,558,245</u>
Functions/Programs:						
Instruction	13,677,893	12,757,372			13,677,893	12,757,372
Support Services:						
Student & Instruction Related Services	2,919,724	2,976,396			2,919,724	2,976,396
Administration, Business and Other Support Services	2,022,402	1,986,142			2,022,402	1,986,142
Operations and Maintenance of Facilities	1,369,309	1,387,701			1,369,309	1,387,701
Pupil Transportation	509,546	676,207			509,546	676,207
Interest on Debt	550,501	601,056			550,501	601,056
Food Service			<u>295,571</u>	<u>286,575</u>	<u>295,571</u>	<u>286,575</u>
Total Expenditures	<u>21,049,375</u>	<u>20,384,874</u>	<u>295,571</u>	<u>286,575</u>	<u>21,344,946</u>	<u>20,671,449</u>
Increase or (Decrease) In Net Position	<u>1,064,208</u>	<u>873,804</u>	<u>2,231</u>	<u>12,992</u>	<u>1,066,439</u>	<u>886,796</u>

Governmental Activities

The unique nature of property taxes and school funding in New Jersey creates the need to periodically seek voter approval for District operations. Property taxes made up 63.50% percent of revenues for governmental activities for the District for the fiscal year ended June 30, 2016. Federal, state and local grants accounted for another 33.82%, while the balance came from interest and other sources. The District's total revenues were \$22,203,583 for the fiscal year ended June 30, 2016.

Exhibit A-2, "Statement of Activities", shows the cost of program services and the charges for services and grants offsetting those services, which are summarized below. The net cost reflects the net financial burden that was placed on the District's taxpayers for each of these functions.

	Total cost of services, Year ended June 30,		Net cost of services, Year ended June 30,	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Instruction	\$13,677,893	12,757,372	\$(13,330,166)	\$(12,411,035)
Support services:				
Student and instruction related services	2,919,724	2,976,396	(2,849,377)	(2,932,823)
Administration, business and other support services	2,022,402	1,986,142	(2,022,402)	(1,986,142)
Operation and maintenance of facilities	1,369,309	1,387,701	(1,369,309)	(1,387,701)
Pupil transportation	509,546	676,207	(509,546)	(676,207)
Interest on Debt	550,501	601,056	(550,501)	(601,056)
 Total expenses	 <u>\$21,049,375</u>	 <u>\$20,384,874</u>	 <u>\$(20,631,301)</u>	 <u>\$(19,994,964)</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student.

Student and instruction related services include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

Administrative, business and other support services include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as provided by state law.

Business-Type Activities

Revenues for the District's Food Service Program were comprised of charges for services and federal and state reimbursements.

- ◆ In the fiscal year ended June 30, 2016, food service revenues exceeded expenses by \$2,232. In the fiscal year ended June 30, 2015, revenues exceeded expenditures by \$(12,992).
- ◆ Charges for services represented \$150,823 of revenue in the year ended June 30, 2016, compared to \$163,677 in the prior fiscal year. This represents amounts paid by patrons for daily food services.

Business-Type Activities (Continued)

- ◆ Federal and state reimbursement for meals, including payments for free and reduced lunches and donated commodities, was \$147,557 and \$135,759 in the fiscal years ended June 30, 2016 and 2015, respectively.

The District's Funds

The District's funds are accounted for using a modified accrual basis of accounting. All governmental funds (i.e., general, special revenue and debt service funds presented in the fund-based statements) had total revenues of \$19,698,564 and expenditures of \$19,415,030 for the fiscal year ended June 30, 2016.

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

	Year ended June 30, 2016		Year ended June 30, 2015	
	Amount	% of total	Amount	% of total
Local sources	\$14,279,810	72.50%	\$13,882,342	71.75%
State sources	4,959,099	25.17%	5,046,161	26.08%
Federal sources	<u>459,655</u>	<u>2.33%</u>	<u>420,369</u>	<u>2.17%</u>
Total revenues	<u>\$19,698,564</u>	<u>100.00%</u>	<u>\$19,348,872</u>	<u>100.00%</u>

The following schedule presents a summary of the expenditures of governmental funds for the fiscal years ended June 30, 2016 and 2015, respectively:

	Year ended June 30, 2016		Year ended June 30, 2015	
	Amount	% of total	Amount	% of total
Instruction	\$8,294,490	42.72%	\$ 7,844,125	41.23%
Support services	9,400,634	48.42%	9,485,422	49.87%
Capital outlay	462,697	2.38%	423,523	2.23%
Debt service:				
Principal	700,000	3.61%	650,000	3.42%
Interest	<u>557,209</u>	<u>2.87%</u>	<u>618,255</u>	<u>3.25%</u>
Total expenses	<u>\$19,415,030</u>	<u>100.00%</u>	<u>\$19,321,325</u>	<u>100.00%</u>

General Fund Budgeting Highlights

The District's budget is prepared according to New Jersey law, and is accounted for using a modified accrual basis and encumbrance accounting. The most significant budgeted fund is the General Fund.

During the course of the fiscal year, the District amended its General Fund budget as needed. The District uses program-based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for financial management.

Capital Assets

At the end of the fiscal year, the District had \$21,149,831 invested in land, buildings, furniture and equipment, and vehicles. The following shows capital asset balances, net of accumulated depreciation, as of June 30, 2016 and 2015, respectively:

	Capital Assets June 30,					
	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 47,304	\$ 47,304	\$	\$	\$ 47,304	\$ 47,304
Construction In Progress	826,036	652,144			826,036	652,144
Building and Improvements	12,260,873	12,641,437			12,260,873	12,641,437
Machinery and Equipment	528,172	359,736	59,565	32,169	587,737	391,905
	<u>\$13,662,385</u>	<u>\$13,700,621</u>	<u>\$59,565</u>	<u>\$32,169</u>	<u>\$13,721,950</u>	<u>\$13,732,790</u>

Debt Administration

At year end, the district had \$13,115,000 in Bonds Outstanding. A reduction of \$700,000 from last year (more detailed information about the District's Long-Term Liabilities presented in Note 7 to the Basic Financial Statements.)

Other long-term debt includes liabilities for compensated absences of \$561,395 and \$566,426 as of June 30, 2016 and 2015, respectively and lease obligations totaling \$114,700 and \$174,194 as of June 30, 2016 and 2015, respectively and net pension liability for PERS of \$3,487,731 and \$3,540,371, as of June 30, 2016 and 2015, respectively.

For the Future

The Wanaque Public School District is presently in good financial condition. Going forward, however, there are significant concerns:

- Enrollment in special education programs continues to grow, as do the costs associated with these programs, including transportation;
- The District's operations are funded primarily by local property taxes, which means that, as Wanaque is primarily a residential community with few business ratables, the property tax burden is placed primarily on homeowners;
- While the State has recently developed a consistent, long-range formula for the funding of education, its ability to fully fund these obligations remains in question;

- The passage of the state's Highlands Bill has limited and is likely to continue to limit growth and development in Wanaque in the coming years;
- The passage of certain legislation by the State of New Jersey will continue to have a significant detrimental effect on the District's ability to finance its operations;

On a historical basis, the District's budget had been successfully passed by the voters about half the time, including five of the last six years. In addition, a referendum to approve extensive repairs at both schools was approved by the voters in January 2006.

In January 2012 the Governor of the State of New Jersey signed into law legislation allowing school districts to move their election from April to November. Thus eliminating the need to present a budget to the voters provided the increase in the General Fund Tax Levy is at or below the allowable cap as stipulated by the State. The Wanaque Public School District passed a resolution in February 2012 to utilize the new legislation and hold their election in November. This has provided the district with better forecasting and planning abilities.

The Wanaque Public School District has committed itself to financial and educational excellence. The District's system for financial planning, budgeting, and internal financial controls are well regarded. The District plans to continue its sound fiscal management to meet the challenges of the future.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers 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 the Business Administrator/Board Secretary at the Wanaque Board of Education, 973A Ringwood Avenue, Haskell, New Jersey 07420.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

WANAQUE BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	1,068,700.32	102,567.59	1,171,267.91
Receivables, net	372,105.57	5,292.65	377,398.22
Inventory		773.52	773.52
Restricted assets:			
Capital reserve account - cash	1,050,687.43		1,050,687.43
Maintenance reserve account - cash	214,500.00		214,500.00
Capital assets:			
Land	47,304.00		47,304.00
Construction in Progress	826,036.05		826,036.05
Other capital assets, net	12,789,044.92	59,565.45	12,848,610.37
Total Assets	<u>16,368,378.29</u>	<u>168,199.21</u>	<u>16,536,577.50</u>
DEFERRED OUTFLOWS			
Deferred Outflows of Resources Related to PERS	<u>678,385.00</u>		<u>678,385.00</u>
LIABILITIES			
Accounts payable	556,541.25	19,894.65	576,435.90
Contracts payable	29,850.15		29,850.15
Accrued Interest Payable	120,130.17		120,130.17
Unearned revenue	5,380.87	1,631.40	7,012.27
Noncurrent liabilities:			
Due within one year	758,858.92		758,858.92
Due beyond one year	16,519,967.17		16,519,967.17
Total liabilities	<u>17,990,728.53</u>	<u>21,526.05</u>	<u>18,012,254.58</u>
DEFERRED INFLOWS			
Deferred Inflows of Resources Related to PERS	<u>591,784.00</u>		<u>591,784.00</u>
NET POSITION			
Invested in capital assets, net of related debt	432,685.14	59,565.45	492,250.59
Restricted for:			
Debt service	30,408.66		30,408.66
Capital projects	236,400.39		236,400.39
Capital reserves	1,050,687.43		1,050,687.43
Maintenance reserves	214,500.00		214,500.00
Other purposes	609,988.49		609,988.49
Unrestricted	<u>(4,110,419.35)</u>	<u>87,107.71</u>	<u>(4,023,311.64)</u>
Total net position	<u><u>(1,535,749.24)</u></u>	<u><u>146,673.16</u></u>	<u><u>(1,389,076.08)</u></u>

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

WANAQUE BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	5,189,524.01	3,374,827.75		347,727.00	(8,216,624.76)	-	(8,216,624.76)
Special education	2,645,266.81	1,711,645.51			(4,356,912.32)	-	(4,356,912.32)
Other special instruction	293,764.97	152,012.12			(445,777.09)	-	(445,777.09)
Other instruction	165,934.00	144,917.68			(310,851.68)	-	(310,851.68)
Support services:							
Tuition	421,455.45	-			(421,455.45)	-	(421,455.45)
Student & instruction related services	1,647,529.31	850,739.70		70,347.60	(2,427,921.41)	-	(2,427,921.41)
General administrative services	352,796.54	182,539.32			(535,335.86)	-	(535,335.86)
School administrative service	483,201.71	301,514.26			(784,715.97)	-	(784,715.97)
Central Services and Admin. Infor. Tech.	527,828.08	174,522.09			(702,350.17)	-	(702,350.17)
Plant operations and maintenance	1,206,369.40	162,939.40			(1,369,308.80)	-	(1,369,308.80)
Pupil transportation	509,545.73	-			(509,545.73)	-	(509,545.73)
Interest on long-term debt	550,501.46	-			(550,501.46)	-	(550,501.46)
Total governmental activities	<u>13,993,717.47</u>	<u>7,055,657.83</u>	<u>-</u>	<u>418,074.60</u>	<u>(20,631,300.70)</u>	<u>-</u>	<u>(20,631,300.70)</u>
Business-type activities:							
Food Service	295,570.59		150,823.42	146,846.96	-	2,099.79	2,099.79
Total business-type activities	<u>295,570.59</u>		<u>150,823.42</u>	<u>146,846.96</u>	<u>-</u>	<u>2,099.79</u>	<u>2,099.79</u>
Total primary government	<u>14,289,288.06</u>		<u>150,823.42</u>	<u>564,921.56</u>	<u>(20,631,300.70)</u>	<u>2,099.79</u>	<u>(20,629,200.91)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net					13,263,244.00		13,263,244.00
Taxes levied for debt service					835,700.00		835,700.00
Federal and State aid not restricted					6,997,266.30		6,997,266.30
State Aid - Restricted for Debt Service					421,510.00		421,510.00
Tuition Received					151,652.60		151,652.60
Investment Earnings					4,776.63	131.94	4,908.57
Miscellaneous Income					21,358.76		21,358.76
Total general revenues, special items, extraordinary items and transfers					<u>21,695,508.29</u>	<u>131.94</u>	<u>21,695,640.23</u>
Change in Net Position					<u>1,064,207.59</u>	<u>2,231.73</u>	<u>1,066,439.32</u>
Net Position - Beginning						<u>144,441.43</u>	<u>(2,455,515.40)</u>
Net Position—ending					<u>(1,535,749.24)</u>	<u>146,673.16</u>	<u>(1,389,076.08)</u>

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

FUND FINANCIAL STATEMENTS

WANAQUE BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	839,834.57		198,457.09	30,408.66	1,068,700.32
Interfund receivable	31,040.37				31,040.37
Receivables from other governments	232,319.39	48,069.75	90,962.26		371,351.40
Restricted cash and cash equivalents	1,265,187.43				1,265,187.43
Total assets	<u>2,368,381.76</u>	<u>48,069.75</u>	<u>289,419.35</u>	<u>30,408.66</u>	<u>2,736,279.52</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	337,763.76	17,602.68	23,168.81		378,535.25
Contracts payable			29,850.15		29,850.15
Interfund payable		30,286.20			30,286.20
Unearned revenue	5,200.00	180.87			5,380.87
Total liabilities	<u>342,963.76</u>	<u>48,069.75</u>	<u>53,018.96</u>	<u>-</u>	<u>444,052.47</u>
Fund Balances:					
Assigned to:					
Designated by the Board of Education for Subsequent Year's Expenditures	0.23				0.23
Other Purposes - Encumbrances	113,056.19				113,056.19
Restricted for:					
Capital Projects Fund			236,400.39		236,400.39
Excess Surplus	245,869.30				245,869.30
Excess Surplus Designated for Subsequent Year's Expenditures	251,062.77				251,062.77
Capital Reserve Account	1,050,687.43				1,050,687.43
Maintenance Reserve Account	214,500.00				214,500.00
Unassigned:					
Debt Service				30,408.66	30,408.66
General fund	150,242.08				150,242.08
Total fund balances	<u>2,025,418.00</u>	<u>-</u>	<u>236,400.39</u>	<u>30,408.66</u>	<u>2,292,227.05</u>
Total liabilities and fund balances	<u>2,368,381.76</u>	<u>48,069.75</u>	<u>289,419.35</u>	<u>30,408.66</u>	
Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:					
Accrued liability for interest on long-term debt is not due and payable in the current period and is not reported as a liability in the funds.					(120,130.17)
Accounts Payable for subsequent Pension payment is not a payable in the funds					(178,006.00)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$21,034,523.97 and the accumulated depreciation is \$7,372,139.00					13,662,384.97
Deferred Outflows and Inflows of resources are applicable to future periods and therefore are not reported in the funds.					
Deferred Outflows of Resources Related to PERS Pension Liability					678,385.00
Deferred Inflows of Resources Related to PERS Pension Liability					(591,784.00)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.					(17,278,826.09)
Net position of governmental activities					<u>\$ (1,535,749.24)</u>

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

WANAQUE BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local sources:					
Local tax levy	13,263,244.00			835,700.00	14,098,944.00
Tuition - Other LEA Within The State	142,201.60				142,201.60
Tuition - From Other Sources	9,451.00				9,451.00
Interest Earned on Capital Reserve Funds	206.78				206.78
Interest on Investments	4,569.85		-		4,569.85
Unrestricted Miscellaneous Revenues	21,358.76	3,078.00		-	24,436.76
Total - Local Sources	13,441,031.99	3,078.00	-	835,700.00	14,279,809.99
State sources	4,537,589.00		-	421,510.00	4,959,099.00
Federal sources	44,658.30	414,996.60			459,654.90
Total revenues	18,023,279.29	418,074.60	-	1,257,210.00	19,698,563.89
EXPENDITURES					
Current:					
Regular instruction	4,841,797.01	347,727.00			5,189,524.01
Special education instruction	2,645,266.81				2,645,266.81
Other special instruction	293,764.97				293,764.97
Other instruction	165,934.00				165,934.00
Support services and undistributed costs:					
Tuition	421,455.45				421,455.45
Student & instruction related services	1,577,181.71	70,347.60			1,647,529.31
General administrative services	451,290.53				451,290.53
School administrative services	483,201.71				483,201.71
Central Services and administrative Info. Tech.	527,828.08				527,828.08
Plant operations and maintenance	1,206,369.40				1,206,369.40
Pupil transportation	509,545.73				509,545.73
Unallocated employee benefits	4,153,413.75				4,153,413.75
Debt Service:					
Principal				700,000.00	700,000.00
Interest and other charges				557,209.38	557,209.38
Capital outlay	17,604.92	-	445,091.96		462,696.88
Total expenditures	17,294,654.07	418,074.60	445,091.96	1,257,209.38	19,415,030.01
Excess (Deficiency) of revenues over expenditures	728,625.22	-	(445,091.96)	0.62	283,533.88
OTHER FINANCING SOURCES (USES)					
Operating Transfers In			450,000.00		450,000.00
Operating Transfers Out	(450,000.00)				(450,000.00)
Total other financing sources and uses	(450,000.00)	-	450,000.00	-	-
Net change in fund balances	278,625.22	-	4,908.04	0.62	283,533.88
Fund balance—July 1	1,746,792.78		231,492.35	30,408.04	2,008,693.17
Fund balance—June 30	2,025,418.00	-	236,400.39	30,408.66	2,292,227.05

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

**WANAQUE BOROUGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Total net change in fund balances - governmental funds (from B-2)		283,533.88
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
<p>Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.</p>		
	Depreciation expense	\$ (493,823.00)
	Capital outlay	<u>462,696.88</u>
		(31,126.12)
<p>In the statement of activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>		
	(Increase)/Decrease in Compensated Absences Payable	44,030.92
<p>Repayment of long-term debt is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.</p>		
<p>In the current year, these amounts consist of:</p>		
	Principal Payments on Capital Leases	59,493.99
	Principal Payments on Bond Payables	700,000.00
<p>District pension contributions are reported as expenditures in the governmental funds when made. However, per GASB No. 68 they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.</p>		
	District Pension Contributions	133,576.00
	Less: Pension Expense	<u>(124,899.00)</u>
	(Increase)/Decrease in Pension Expense	8,677.00
<p>Per GASB No. 68 Non-employer contributing entities are required to record an increases in revenue and expense for On-behalf TPAF pension payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements</p>		
	Increase in On-behalf State Aid TPAF Pension	2,415,019.00
	Increase in On-behalf TPAF Pension Expense	<u>(2,415,019.00)</u>
<p>In the statement of activities, only the gain on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net assets will differ from the change in fund balance by the cost of the asset removed.(-)</p>		
		(7,110.00)
<p>In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The change in accrued interest is a (increase), decrease in the reconciliation.</p>		
		<u>6,707.92</u>
Change in net position of governmental activities		<u>1,064,207.59</u>

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

**WANAQUE BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Business-type Activities - Enterprise Funds
	Food Service
<u>ASSETS</u>	
CURRENT ASSETS	
Cash and cash equivalents	102,567.59
Intergovernmental receivables:	
State Aid	162.13
Federal Aid	5,130.52
Inventories	773.52
Total current assets	108,633.76
FIXED ASSETS:	
Furniture, machinery & equipment	115,307.40
Less accumulated depreciation	(55,741.95)
Total fixed assets	59,565.45
TOTAL ASSETS	168,199.21
<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES	
Accounts payable	19,894.65
Deferred Revenue:	
Prepaid Sales	1,631.40
TOTAL CURRENT LIABILITIES	21,526.05
NET POSITION	
Invested in capital assets net of	
Related debt	59,565.45
Unrestricted	87,107.71
TOTAL NET POSITION	146,673.16
TOTAL LIABILITIES AND NET POSITION	168,199.21

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

WANAQUE BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Business-type Activities - Enterprise Fund <hr/> Food Service <hr/>
Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	104,700.97
Daily sales - non-reimbursable programs	44,470.00
Special functions	1,652.45
Total operating revenues	<u>150,823.42</u>
Operating expenses:	
Cost of sales reimbursable	80,621.00
Cost of sales- non-reimbursable	49,255.57
Salaries	113,744.07
Employee benefits	9,325.25
Purchased services	3,782.56
Management Fees	8,989.92
Insurance	848.52
General supplies	15,683.04
Depreciation	7,965.60
Repairs	1,798.17
Miscellaneous	3,556.89
Total operating expenses	<u>295,570.59</u>
Operating loss	<u>(144,747.17)</u>
Nonoperating revenues (expenses):	
State sources:	
State school lunch program	3,348.08
Federal sources:	
National school lunch program	102,012.51
National school breakfast program	5,892.49
Special milk program	299.31
Food distribution program	35,294.57
Interest	131.94
Total nonoperating revenues (expenses)	<u>146,978.90</u>
Net income (loss) before operating transfers	2,231.73
Total Net Position - Beginning of Year	<u>144,441.43</u>
Total net position—ending	<u><u>146,673.16</u></u>

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

**WANAQUE BOROUGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Business-type Activities - Enterprise Funds <hr/> Food Service <hr/>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	151,163.32
Payments to employees for services	(105,750.76)
Payments to suppliers for goods and services	(132,376.73)
Net cash used for operating activities	<u>(86,964.17)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Sources	3,589.86
Federal Sources	111,678.75
Net cash provided by (used for) non-capital financing activities	<u>115,268.61</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on cash equivalents	131.94
Net cash provided by (used for) investing activities	<u>131.94</u>
Net increase (decrease) in cash and cash equivalents	28,436.38
Balances—beginning of year	<u>74,131.21</u>
Balances—end of year	<u><u>102,567.59</u></u>
Reconciliation of operating income (loss) to net cash (used for) by operating activities:	
Operating loss	<u>(144,747.17)</u>
Adjustments to reconcile operating loss to net cash used for operating activities	
Depreciation	7,965.60
Food distribution program donated commodities	35,294.57
(Increase)/decrease in inventory	1,854.41
Increase/(decrease) in accounts payable	12,328.52
(Increase) decrease in deferred revenue	339.90
Total adjustments	<u>57,783.00</u>
Net cash provided by (used for) operating activities	<u><u>(86,964.17)</u></u>

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

**WANAQUE BOROUGH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016**

	Unemployment Compensation Trust	Agency Funds
ASSETS		
Cash and cash equivalents	125,939.27	89,028.72
Interfund Receivable	4,556.76	
	130,496.03	89,028.72
Total assets		
LIABILITIES		
Payable to student groups		55,084.98
Payroll deductions and withholdings		16,084.13
Accrued Salaries and Wages		12,548.68
Interfund Payable		5,310.93
	-	89,028.72
Total liabilities		
NET POSITION		
Held in trust for unemployment claims and other purposes	130,496.03	

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

**WANAQUE BOROUGH SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Unemployment Compensation Trust
ADDITIONS	
Contributions:	
Plan member	15,199.39
Total Contributions	15,199.39
Investment earnings:	
Interest	198.55
Net investment earnings	198.55
Total additions	15,397.94
DEDUCTIONS	
Unemployment claims	27,339.00
Total deductions	27,339.00
Change in net position	(11,941.06)
Net position—beginning of the year	142,437.09
Net position—end of the year	130,496.03

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

NOTES TO THE FINANCIAL STATEMENTS

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

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

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the Board holds the corporate powers of the organization
- the Board appoints a voting majority of the organization’s board
- the Board is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Board
- there is a fiscal dependency by the organization on the Board

Based on the aforementioned criteria, the Board has no component units. Furthermore, the Board is not includable in any other reporting entity on the basis of such criteria.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Presentation

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

District-wide Financial Statements

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

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

Fund Financial Statements

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

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

PROPRIETARY FUNDS

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

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

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

FIDUCIARY FUNDS

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

B. Measurement Focus

District-wide Financial Statements

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

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus (continued)

Fund Financial Statements (continued)

governmental activities of the District-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

C. Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions

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

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

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues - Exchange and Non-exchange Transactions (continued)

requirements, in which the resources are provided to the Board on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under GAAP, in accordance with GASB No. 33, Accounting and Financial Reporting for Nonexchange Transactions, the last state aid payment is not considered revenue to the school district if the state has not recorded the corresponding expenditure, even though state law dictates recording the revenue.

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

Expenses/Expenditures

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

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

D. Budgets/Budgetary Control

Annual appropriated budgets are adopted in the spring of the preceding year for the general, and special revenue funds. The budgets are submitted to the county superintendents office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2(g)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. The Board of Education made material supplemental budgetary appropriations during the fiscal year, \$68,08300 for tuition and \$14,093.00 for transportation..

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the one or more June state aid payments

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budgets/Budgetary Control (continued)

for budgetary purposes only and special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

E. Encumbrances

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

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

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

F. Cash, Cash Equivalents and Investments

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

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

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

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Cash, Cash Equivalents and Investments (continued)

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

G. Tuition Revenues/Receivable

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

H. Tuition Payable

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

I. Inventories

On District-wide financial statements, inventories are presented at cost, which approximates market on a first-in, first-out basis and are expensed when used.

On fund financial statements inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Inventories of proprietary funds consist of food and goods held for resale, as well as supplies, and are expensed when used.

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2016, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Short-Term Interfund Receivables/Payables

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

L. Capital Assets

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

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

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

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

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Compensated Absences

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

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

N. Unearned Revenue

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

Unearned revenue in the special revenue fund represents cash that has been received but not yet earned. See Note 2(E) regarding the special revenue fund.

O. Accrued Liabilities and Long-term Obligations

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

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

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Accounting and Financial Reporting for Pensions

In fiscal year 2015, the District implemented GASB 68. This Statement amends GASB Statement No. 27. It improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement is effective for periods beginning after June 15, 2014.

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

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

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

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Accounting and Financial Reporting for Pensions (continued)

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

Q. Deferred Outflows/Inflows of Resources

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

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

R. Fund Balances:

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

- **Nonspendable** fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).
- **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of resource providers.

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

R. Fund Balances: (continued)

- **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Board's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.
- **Assigned** fund balance comprises amounts *intended* to be used by the Board for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- **Unassigned** fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

S. Net Position

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

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

T. Operating Revenues and Expenses

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

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

U. Extraordinary and Special Items

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

V. Allocation of Indirect Expenses

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

W. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

X. Recent Accounting Pronouncements:

The Governmental Accounting Standards Board (GASB) issued Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27". This statement, which is effective for fiscal periods beginning after June 15, 2014 and was implemented by the District for the year ended June 30, 2015.

The Governmental Accounting Standards Board (GASB) issued Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date-an-amendment of GASB Statement No. 68". The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014 and was implemented by the District for the year ended June 30, 2015.

Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

X. Recent Accounting Pronouncements:(continued)

The Government Accounting Standards Board issued GASB Statement No. 72, *Fair Value Measurement and Application*. This statement is effective for fiscal years beginning after June 15, 2015. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement also provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement 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*. This Statement is effective for fiscal years beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for fiscal years beginning after June 15, 2016. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement applies to OPEB plans and basically parallels GASB Statement 67 and replaces GASB Statement 43 and is effective for fiscal years beginning after June 15, 2016. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for fiscal years beginning after June 15, 2017. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government* which reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from "the American. Institute of Certified Public Accountants that is cleared by the GASB. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

X. Recent Accounting Pronouncements:(continued)

The Government Accounting Standards Board issued GASB Statement No. 77, *Tax Abatement Disclosures*, which improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements 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. The District believes this Statement will have no impact on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which establishes the criteria for identifying the applicable pension plans and addresses measurement and recognition for pension liabilities, expense and expenditures; note disclosures of descriptive information about the plan, benefit terms, and contributions items; and required supplementary information presenting required contribution amounts for the past 10 fiscal years. The District is currently reviewing what effect this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 79, *Certain External Investment Pools and Pool Participation*, which permits qualifying external investment pools to measure pool investments at amortized cost for financial reporting purposes. The District is currently reviewing what effect this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 80, *Blending Requirements for Certain Component Units*, which provides clarity about how certain component units incorporated as not-for-profit corporations should be presented in the financial statements of the primary state or local government. The District does not believe this Statement will have any effect on future financial statements.

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

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 82, *Pension Issues - an Amendment of GASB Statements No. 67, No. 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statement No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, 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*. This statement

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

X. Recent Accounting Pronouncements:(continued)

is effective for reporting periods beginning after June 15, 2016. This statement is effective for fiscal years beginning after June 15, 2016. 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.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2016, \$-0- of the District's bank balance of \$2,864,593.20 was exposed to custodial credit risk.

Investments

Investment Rate Risk

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)

Credit Risk

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

Concentration of Credit Risk

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

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 4. RECEIVABLES

Receivables at June 30, 2016 consisted of accounts and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of receivables follows:

	Governmental Fund Financial <u>Activities</u>	Enterprise <u>Fund</u>	District Wide Financial <u>Statements</u>
State Aid	296,957.34	162.13	297,119.47
Federal Aid	48,069.75	5,130.52	53,200.27
Other	26,324.31	-	26,324.31
Interfunds	<u>31,040.37</u>	<u>-</u>	<u>754.17</u>
Gross Receivables	<u>402,391.77</u>	<u>5,292.65</u>	<u>377,398.22</u>
Less Allowance for Uncollectables	<u>-</u>	<u>-</u>	<u>-</u>
Total Receivables Net	<u>402,391.77</u>	<u>5,292.65</u>	<u>377,398.22</u>

NOTE 5. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at June 30, 2016 consist of the following:

Due to General Fund from Net Payroll Account for interest earnings.	\$ 376.33
Due to General Fund from Payroll Agency Fund for interest earned.	377.84
Due to General Fund from Special Revenue Fund for expenditures made in General Fund.	<u>30,286.20</u>
	<u>\$31,040.37</u>

It is anticipated that all interfunds will be liquidated within the fiscal year.

Interfund transfers for the year ended June 30, 2016 consisted of the following: \$450,000.00 from the General Fund to the Capital Projects Fund to provide resources to fund various capital projects.

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 6. CAPITAL ASSETS

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

	Balance <u>6/30/14</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	Balance <u>6/30/15</u>
Governmental Activities:					
Capital Assets Not Being Depreciated					
Land	47,304.00	-	-	-	47,304.00
Construction in Progress	<u>652,144.09</u>	<u>445,091.96</u>	<u>-</u>	<u>(271,200.00)</u>	<u>826,036.05</u>
Total Capital assets not being Depreciated	<u>699,448.09</u>	<u>445,091.96</u>	<u>-</u>	<u>(271,200.00)</u>	<u>873,340.05</u>
Capital Assets Being Depreciated					
Building and Building Improvements	18,833,599.00	17,604.92	-	-	18,851,203.92
Machinery and Equipment	<u>1,043,493.00</u>	<u>-</u>	<u>(4,713.00)</u>	<u>271,200.00</u>	<u>1,309,203.92</u>
Total Capital Assets Being Depreciated, Net	<u>19,877,092.00</u>	<u>17,604.92</u>	<u>(4,713.00)</u>	<u>271,200.00</u>	<u>20,161,183.92</u>
Less Accumulated Depreciation:					
Building and Improvements	(6,192,162.00)	(398,169.00)	-	-	(6,590,331.00)
Equipment	<u>(683,757.00)</u>	<u>(95,654.00)</u>	<u>(2,397.00)</u>	<u>-</u>	<u>(781,808.00)</u>
Total Accumulated Depreciation	<u>(6,875,919.00)</u>	<u>(493,823.00)</u>	<u>(2,397.00)</u>	<u>-</u>	<u>(7,372,139.00)</u>
Total Capital Assets, Being Depreciated, Net	<u>13,001,173.00</u>	<u>(476,218.08)</u>	<u>(7,110.00)</u>	<u>271,200.00</u>	<u>12,789,044.92</u>
Governmental Activities, Capital Assets, Net	<u>13,700,621.09</u>	<u>(31,126.12)</u>	<u>(7,110.00)</u>	<u>-</u>	<u>13,662,384.97</u>
Business-Type Activity					
Equipment	115,607.40	-	(300.00)	-	115,307.40
Less accumulated depreciation for:					
Equipment	<u>(47,776.35)</u>	<u>(7,965.60)</u>	<u>-</u>	<u>-</u>	<u>(55,741.95)</u>
Business-Type Activity Capital Assets, Net	<u>67,831.05</u>	<u>(7,965.60)</u>	<u>(300.00)</u>	<u>-</u>	<u>59,565.45</u>

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 6. CAPITAL ASSETS (continued)

Depreciation expense was charged to functions as follows:

Instruction:

Regular Education	\$409,298.00
Student and Instruction Related Services	20,128.00
School Administration	12,861.00
General Administration	14,765.00
Plant Operations and Maintenance	<u>36,771.00</u>
 Total Depreciation Expense	 <u>\$493,823.00</u>

NOTE 7. LONG-TERM OBLIGATION ACTIVITY

Changes in long-term obligations for the fiscal year ended June 30, 2016 are as follows:

	<u>Balance</u> <u>June 30, 2015</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Due Within</u> <u>One Year</u>	<u>Long-Term</u> <u>Portion</u>
Capital Lease payable	\$ 213,193.82	\$ 98,493.99	\$ 114,699.83	\$ 38,858.92	\$ 75,840.91
Net Pension Liability-PERS	3,540,371.00	52,640.00	3,487,731.00	-	3,487,731.00
Compensated Absences payable	566,426.18	5,030.92	561,395.26	-	561,395.26
Bonds Payable	<u>13,815,000.00</u>	<u>700,000.00</u>	<u>13,115,000.00</u>	<u>720,000.00</u>	<u>12,395,000.00</u>
	<u>\$18,134,991.00</u>	<u>\$856,164.91</u>	<u>\$17,278,826.09</u>	<u>\$758,858.92</u>	<u>\$16,519,967.17</u>

A. Bonds Payable:

Bonds are authorized in accordance with State Law by the voters of the District through referendums.

All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are General Obligation Bonds.

Outstanding Bonds Payable at June 30, 2016 consisted of the following:

<u>Issue</u>	<u>Issue Date</u>	<u>Amount Issued</u>	<u>Interest Rates</u>	<u>Date of Maturity</u>	<u>Principal Balance at June 30, 2016</u>
School Bonds of 2006	6/01/06	\$18,276,000.00	4.375 - 4.500%	9/01/2031	\$12,415,000.00
2015 Refunding Bonds	8/26/15	12,430,000.00	2.000 - 5.000%	9/01/2016	<u>700,000.00</u>
					<u>\$13,115,000.00</u>

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 7. LONG-TERM OBLIGATION ACTIVITY (continued)

A. Bonds Payable (continued):

Principal and interest due on Serial Bonds Outstanding is as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	720,000.00	526,562.50	1,246,562.50
2018	740,000.00	503,650.00	1,243,650.00
2019	745,000.00	485,075.00	1,230,075.00
2020	765,000.00	458,600.00	1,223,600.00
2021	770,000.00	427,900.00	1,197,900.00
2022-2026	4,085,000.00	1,560,125.00	5,645,125.00
2027-2031	4,440,000.00	554,637.50	4,994,637.50
2032	<u>850,000.00</u>	<u>14,875.00</u>	<u>864,875.00</u>
	<u>13,115,000.00</u>	<u>4,531,425.00</u>	<u>17,646,425.00</u>

B. Capital Leases

The District is leasing copier equipment totaling \$120,940.00 and technology equipment totaling \$187,891.44 under capital leases.

The following is a schedule of the future minimum lease payments under these capital leases and the present value of the net minimum lease payments at June 30, 2016:

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 40,999.00
2018	39,000.00
2019	<u>39,000.00</u>
Total Minimum Lease Payments	<u>118,999.00</u>
Less: Amount representing interest	<u>(4,299.17)</u>
Present Value of net minimum lease	<u>\$114,699.83</u>

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 7. LONG-TERM OBLIGATION ACTIVITY (continued)

B. Capital Leases (continued):

Maturities of capital leases payable are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 38,858.92
2018	37,565.09
2019	<u>38,275.82</u>
	<u>\$114,699.83</u>

NOTE 8. PENSION PLANS

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

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

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

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 8. PENSION PLANS (continued)

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2008 under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (NJSA 43:15C-1 et seq). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by NJSA 43:15C-1 et seq.

Contribution Requirements Fund Based Statements - The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS and 5.5% for TPAF of the employee's annual compensation. Pursuant to the provisions of Chapter 78, P.L. 2011, this amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning in the first year. For fiscal year 2012, the member rate will increase in October 2011. The phase in will take place on July 1 of each subsequent fiscal year. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and TPAF. In the PERS and TPAF, the employer contribution includes funding for post-retirement medical premiums.

During the year ended June 30, 2016 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost equals annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997. 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.

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

<u>Year Ending</u>	<u>PERS</u>	<u>DCRP</u>
6/30/16	\$133,576.00	\$2,014.92
6/30/15	155,887.00	1,474.07
6/30/14	140,042.00	1,522.76

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

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 8. PENSION PLANS (continued)

<u>Year Ending</u>	<u>Pension Contributions</u>	<u>Post-Retirement Medical Contributions</u>	<u>NCGI Premium</u>
6/30/16	\$576,078.00	\$720,120.00	\$28,697.00
6/30/15	394,652.00	671,584.00	28,393.00
6/30/14	305,050.00	544,316.00	26,926.00

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$557,455.00 during the 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 included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13.

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

Public Employees Retirement System (PERS)

At June 30, 2016, the District reported a liability of \$3,487,731.00 for its proportionate share of the 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 proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2015, the District's proportion was 0.0155369383 percent, which was a decrease of 0.0033725386 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$124,899.00. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 8. PENSION PLANS (continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in actual and expected experience	\$83,205.00	\$ -
Changes of assumptions	374,554.00	-
Net difference between projected and actual earnings on pension plan investments	-	56,076.00
Changes in proportion and differences between District contributions and proportionate share of contributions	42,620.00	535,708.00
District contributions subsequent to the measurement date	<u>178,006.22</u>	<u>-</u>
Total	<u>\$678,385.22</u>	<u>\$591,784.00</u>

The \$178,006.22 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2016, the plan measurement date is June 30, 2015) will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$73,127.00
2018	73,127.00
2019	116,466.00
2020	65,838.00

Local Group Collective balances at June 30, 2015 and 2014 are as follows:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Collective deferred outflows of resources	\$3,578,755,666	\$952,194,675
Collective deferred inflows of resources	993,410,455	1,479,224,662
Collective net pension liability	22,447,996,119	18,722,735,003
District's Proportion	0.0155369383%	0.0189094769%

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 8. PENSION PLANS (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 rolled forward to June 30, 2015. The total pension liability for the July 1, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	3.04 Percent
Salary Increases:	
2012-2021	2.15-4.40 Percent (based on age)
Thereafter	3.15-5.40 Percent (based on age)
Investment Rate of Return	7.90 Percent

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Mortality Rates

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

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 8. PENSION PLANS (continued)

<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 U.S. Equities	27.25%	8.52%
Developed Foreign Markets	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Returns	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%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2015 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 - percentage point lower or 1 - percentage-point higher than the current rate:

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 8. PENSION PLANS (continued)

	<u>June 30, 2015</u>		
	1% Decrease <u>3.90%</u>	At Current Discount Rate <u>4.90%</u>	1% Increase <u>5.90%</u>
District's proportionate share of the pension liability	4,334,823	3,487,731	2,777,536

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS).

Teachers Pensions and Annuity Fund (TPAF)

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

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2016 was as follows:

Net Pension Liability:	
District's proportionate share	\$ -
State's proportionate share associated with the District	<u>49,456,974</u>
	<u>\$49,456,974</u>

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 8. PENSION PLANS (continued)

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 June 30, 2014. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2015, the proportion of the TPAF net pension liability associated with the District was 0.0782494192%.

For the year ended June 30, 2016, the District recognized on-behalf pension expense and revenue of \$3,019,794 for contributions provided by the State in the District-Wide Financial Statements.

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

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

Mortality Rates

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 8. PENSION PLANS (continued)

Long -Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the table on the following table:

Asset Class	<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 - Multi Strategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%
	<u>100.00%</u>	

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 8. PENSION PLANS (continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.13% and 4.68% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

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

NOTE 9. POST-RETIREMENT BENEFITS

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

The State is also responsible for the cost attributable to P.L. 1992 Chapter 126, which provides free 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. In fiscal year 2015, the State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members.

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 9. POST-RETIREMENT BENEFITS (continued)

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/financia1/2015divisioncombined.pdf>

NOTE 10. DEFERRED COMPENSATION

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

- Metlife
- The Equitable
- Lincoln Financial Group
- AIH Valic
- Siracusa Benefits Program
- Financial Resource & Retirement Advisory, Inc.

NOTE 11. RISK MANAGEMENT

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

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

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

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 11. RISK MANAGEMENT (continued)

<u>Fiscal Year</u>	<u>Interest Earnings/ District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015-2016	\$ 198.55	\$15,199.39	\$ 27,339.00	\$130,496.03
2014-2015	50,130.64	14,902.60	7,276.08	142,437.09
2013-2014	213.62	15,234.17	119,256.52	84,679.93

NOTE 12. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Borough of Wanaque Board of Education by inclusion of \$100.00 on October 10, 2001 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

The activity of the capital reserve for July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning balance, July 1, 2015	\$ 688,480.65
Interest earned	206.78
Deposit per Board Resolution	762,000.00
Budgeted withdrawal	<u>(400,000.00)</u>
Ending balance June 30, 2016	<u>\$1,050,687.43</u>

The balance in the capital reserve account at June 30, 2016 does not exceed the balance of local support costs of uncompleted capital projects in its LRFP. Withdrawals from the capital reserve, where applicable, are for use in a DOE approved facilities project, consistent with the District's Long Range Facilities Plan.

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 13. MAINTENANCE RESERVE ACCOUNT

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

The activity of the maintenance reserve account for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning balance, July 1, 2015	<u>\$214,500.00</u>
Ending balance, June 30, 2016	<u>\$214,500.00</u>

NOTE 14. INVENTORY

Inventory on the Food Service Fund at June 30, 2016 consisted of the following:

Food	\$422.40
Supplies	<u>351.12</u>
	<u>\$773.52</u>

The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by USDA. It is valued at estimated market prices by USDA. The amount of unused commodities at year end is reported on Schedule A as unearned revenue.

NOTE 15: CALCULATION OF EXCESS SURPLUS

In accordance with *N.J.S.A. 18A:7F-7*, as amended, the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in the subsequent years' budget. The excess fund balance at June 30, 2016 is \$496,932.07, of this amount \$245,869.30 is the result of current year's operations.

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 16. FUND BALANCE APPROPRIATED

General Fund (B-1) - Of the \$2,025,418.00 General Fund fund balance at June 30, 2016, \$113,056.19 is reserved for encumbrances, \$496,932.07 is reserved as excess surplus in accordance with *N.J.S.A.* 18A:7F-7, \$251,062.77 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2016; \$1,050,687.43 has been reserved in the Capital Reserve Account, \$214,500.00 has been reserved in the Maintenance Reserve Account; \$.23 has been appropriated and included as anticipated revenue for the year ending June 30, 2017; and \$150,242.08 is unreserved and undesignated.

Debt Service Fund - \$30,408.66 is unreserved and undesignated.

NOTE 17. CONTINGENT LIABILITIES

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

Litigation - The Board's attorney is unaware of any potential claims against the District that would materially affect the financial condition of the District.

NOTE 18: SUBSEQUENT EVENT

The District has evaluated subsequent events through October 19, 2016, the date which the financial statements were available to be issued and no other items were noted for disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULE

WANAQUE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	13,263,242.00	-	13,263,242.00	13,263,244.00	2.00
Tuition From Other LEA's Within the State	45,000.00	-	45,000.00	142,201.60	97,201.60
Tuition From Other Sources	30,000.00	-	30,000.00	9,451.00	(20,549.00)
Interest Earned on Capital Reserve Funds	-	-	-	206.78	206.78
Interest on Investments	-	-	-	4,569.85	4,569.85
Unrestricted Miscellaneous Revenues	15,000.00	-	15,000.00	21,358.76	6,358.76
Total - Local Sources	13,353,242.00	-	13,353,242.00	13,441,031.99	87,789.99
State Sources:					
Categorical Transportation Aid	47,456.00	-	47,456.00	47,456.00	-
Categorical Special Education Aid	547,530.00	-	547,530.00	547,530.00	-
Additional Adjustment Aid	1.00	-	1.00	1.00	-
Equalization Aid	1,845,547.00	-	1,845,547.00	1,845,547.00	-
Categorical Security Aid	23,490.00	-	23,490.00	23,490.00	-
Extraordinary Aid	100,000.00	-	100,000.00	148,666.00	48,666.00
PARCC Readiness Aid	9,240.00	-	9,240.00	9,240.00	-
Per Pupil Growth Aid	9,240.00	-	9,240.00	9,240.00	-
Non Public Transportation Aid	-	-	-	14,467.00	14,467.00
On-behalf TPAF Pension (non-budgeted)	-	-	-	576,078.00	576,078.00
On-behalf TPAF NCGI Premium (non-budget)	-	-	-	28,697.00	28,697.00
On-behalf TPAF Post Retirement Medical (non-budget)	-	-	-	720,120.00	720,120.00
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	557,455.00	557,455.00
Total State Sources	2,582,504.00	-	2,582,504.00	4,527,987.00	1,945,483.00
Federal Sources:					
Medicaid Reimbursements	21,958.00	-	21,958.00	44,658.30	22,700.30
Total Federal Sources	21,958.00	-	21,958.00	44,658.30	22,700.30
Total Revenues	15,957,704.00	-	15,957,704.00	18,013,677.29	2,055,973.29
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	532,139.00	(72,429.45)	459,709.55	459,327.05	382.50
Grades 1-5 - Salaries of Teachers	2,361,633.00	106,465.29	2,468,098.29	2,466,577.32	1,520.97
Grades 6-8 - Salaries of Teachers	1,575,161.00	30,074.91	1,605,235.91	1,603,847.81	1,388.10
Regular Programs - Home Instruction:					
Salaries of Teachers	2,500.00	1,800.00	4,300.00	3,432.00	868.00
Other Purchased Services (400-500 series)	500.00	-	500.00	500.00	500.00
General Supplies	500.00	-	500.00	500.00	500.00
Regular Programs - Undistributed Instruction					
Other Purchased Services (400-500 series)	31,500.00	33,181.05	64,681.05	60,248.67	4,432.38
General Supplies	76,243.60	33,196.67	109,440.27	104,679.55	4,760.72
Textbooks	114,962.50	26,672.28	141,634.78	138,857.36	2,777.42
Other Objects	3,000.00	2,400.00	5,400.00	4,827.25	572.75
TOTAL REGULAR PROGRAMS - INSTRUCTION	4,698,139.10	161,360.75	4,859,499.85	4,841,797.01	17,702.84
Learning and/or Language Disabilities:					
Salaries of Teachers	324,664.00	46,516.91	371,180.91	371,177.91	3.00
Other Salaries for Instruction	147,380.00	(28,161.37)	119,218.63	119,218.63	-
General Supplies	3,000.00	3,050.00	6,050.00	6,004.60	45.40
Total Learning and/or Language Disabilities	475,044.00	21,405.54	496,449.54	496,401.14	48.40
Visual Impairments:					
Other Salaries for Instruction	29,476.00	884.28	30,360.28	30,360.28	-
Total Visual Impairments	29,476.00	884.28	30,360.28	30,360.28	-
Behavioral Disabilities:					
Salaries of Teachers	187,207.00	(33,886.35)	153,320.65	153,320.65	-
Other Salaries for Instruction	87,928.00	(27,722.44)	60,205.56	60,205.56	-
General Supplies	1,000.00	50.00	1,050.00	1,049.80	0.20
Total Behavioral Disabilities	276,135.00	(61,558.79)	214,576.21	214,576.01	0.20
Resource Room/Resource Center:					
Salaries of Teachers	1,156,748.00	(2,697.00)	1,154,051.00	1,153,754.00	297.00
Other Salaries for Instruction	102,416.00	154,380.91	256,796.91	256,796.91	-
General Supplies	8,000.00	8.97	8,008.97	7,905.83	103.14
Total Resource Room/Resource Center	1,267,164.00	151,692.88	1,418,856.88	1,418,456.74	400.14

WANAQUE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Autism:					
Salaries of Teachers	192,951.00	(13,107.85)	179,843.15	179,843.15	-
Other Salaries for Instruction	131,642.00	(58,975.05)	72,666.95	65,547.95	7,119.00
General Supplies	1,650.00	1,528.73	3,178.73	3,178.73	-
Total Autism	326,243.00	(70,554.17)	255,688.83	248,569.83	7,119.00
Preschool Disabilities - Part-Time:					
Salaries of Teachers	145,600.00	5,398.00	150,998.00	150,998.00	-
Other Salaries for Instruction	58,952.00	(5,028.20)	53,923.80	53,923.80	-
General Supplies	18,000.00	(6,845.65)	11,154.35	10,663.01	491.34
Total Preschool Disabilities - Part-Time	222,552.00	(6,475.85)	216,076.15	215,584.81	491.34
Home Instruction:					
Salaries of Teachers	14,315.00	7,200.00	21,515.00	21,318.00	197.00
Other Purchased Services (400-500 series)	500.00	-	500.00	-	500.00
Total Home Instruction:	14,815.00	7,200.00	22,015.00	21,318.00	697.00
TOTAL SPECIAL EDUCATION - INSTRUCTION	2,611,429.00	42,593.89	2,654,022.89	2,645,266.81	8,756.08
Basic Skills/Remedial - Instruction					
Salaries of Teachers	239,506.00	(7,136.42)	232,369.58	232,369.58	-
General Supplies	4,800.00	(155.00)	4,645.00	3,918.84	726.16
Total Basic Skills/Remedial - Instruction	244,306.00	(7,291.42)	237,014.58	236,288.42	726.16
Bilingual Education - Instruction					
Salaries of Teachers	54,695.00	1,640.85	56,335.85	56,335.85	-
General Supplies	1,000.00	155.00	1,155.00	1,140.70	14.30
Total Bilingual Education - Instruction	55,695.00	1,795.85	57,490.85	57,476.55	14.30
School-Spon. Co/Extra Curr. Actvts. - Inst					
Salaries	77,000.00	11,100.00	88,100.00	85,424.00	2,676.00
Purchased Services (300-500 Series)	3,000.00	(1,500.00)	1,500.00	745.00	755.00
Supplies and Materials	1,000.00	(1,000.00)	-	-	-
Total School-Spon. Co/Extra Curr. Actvts. - Inst	81,000.00	8,600.00	89,600.00	86,169.00	3,431.00
Before/After School Program - Instruction:					
Salaries of Teachers	44,000.00	(5,988.58)	38,011.42	21,650.50	16,360.92
Total Before/After School Program - Instruction:	44,000.00	(5,988.58)	38,011.42	21,650.50	16,360.92
Summer School - Instruction					
Salaries of Teachers	50,000.00	-	50,000.00	47,064.00	2,936.00
Other Salaries of Instruction	16,000.00	-	16,000.00	11,050.50	4,949.50
General Supplies	1,500.00	(1,500.00)	-	-	-
Total Summer School - Instruction	67,500.00	(1,500.00)	66,000.00	58,114.50	7,885.50
Summer School - Support Svcs					
Purchased Professional and Technical Services	3,000.00	(3,000.00)	-	-	-
Total Summer School - Support Svcs	3,000.00	(3,000.00)	-	-	-
Total Instruction	7,805,069.10	196,570.49	8,001,639.59	7,946,762.79	54,876.80
Undistributed Expenditures - Instruction (Tuition)					
Tuition to Other LEAS Within the State - Special	65,230.00	69,583.00	134,813.00	85,147.07	49,665.93
Tuition to CSSD & Reg. Day Schools	69,600.00	(42,800.00)	26,800.00	-	26,800.00
Tuition to Priv.Sch. For the Disabled W/ State	606,464.60	(98,721.64)	507,742.96	336,308.38	171,434.58
Total Undistributed Expenditures - Instruction (Tuition)	741,294.60	(71,938.64)	669,355.96	421,455.45	247,900.51
Undistributed Expend. - Attend. & Social Work					
Salaries	3,000.00	-	3,000.00	3,000.00	-
Total Undistributed Expend. - Attend. & Social Work	3,000.00	-	3,000.00	3,000.00	-
Undist. Expenditures - Health Services					
Salaries	154,047.00	4,303.39	158,350.39	158,350.39	-
Purchased Professional and Technical Services	4,000.00	(3,487.89)	512.11	357.00	155.11
Supplies and Materials	6,000.00	2,300.00	8,300.00	7,647.00	653.00
Total Undist. Expenditures - Health Services	164,047.00	3,115.50	167,162.50	166,354.39	808.11
Undist. Expend.-Speech, OT, PT and Related Svcs					
Salaries	203,335.00	32,960.39	236,295.39	236,295.39	-
Purchased Professional - Educational Services	123,104.00	20,667.50	143,771.50	131,121.50	12,650.00
Supplies and Materials	3,800.00	(105.20)	3,694.80	2,052.31	1,642.49
Total Undist. Expend.-Speech, OT, PT and Related Svcs	330,239.00	53,522.69	383,761.69	369,469.20	14,292.49

WANAQUE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist Expend-Oth Supp Serv Std-Extra Serv					
Salaries	181,500.00	(30,943.22)	150,556.78	74,881.27	75,675.51
Total Undist Expend-Oth Supp Serv Std-Extra Serv	181,500.00	(30,943.22)	150,556.78	74,881.27	75,675.51
Undist. Expenditures - Guidance					
Salaries of Other Professional Staff	131,840.00	3,955.20	135,795.20	135,795.20	-
Supplies and Materials	1,000.00	-	1,000.00	743.17	256.83
Other Objects	6,814.55	-	6,814.55	5,562.59	1,251.96
Total Undist. Expenditures - Guidance	139,654.55	3,955.20	143,609.75	142,100.96	1,508.79
Undist. Expenditures - Child Study Teams					
Salaries of Other Professional Staff	300,537.00	9,016.11	309,553.11	309,553.11	-
Salaries of Secretarial and Clerical Assistants	51,914.00	(6,900.00)	45,014.00	44,450.89	563.11
Purchased Professional - Educational Services	70,790.00	65.00	70,855.00	63,294.74	7,560.26
Other Purchased Services (400-500 series)	500.00	1,000.00	1,500.00	765.09	734.91
Misc Pur Serv (400-500 series O/than Resid Costs)	5,000.00	-	5,000.00	5,000.00	-
Supplies and Materials	5,080.58	400.00	5,480.58	5,293.83	186.75
Other Objects	500.00	2,100.00	2,600.00	404.80	2,195.20
Total Undist. Expenditures - Child Study Teams	434,321.58	5,681.11	440,002.69	428,762.46	11,240.23
Undist. Expend.-Improv. Of Inst. Serv.					
Sal of Supervisor of Instruction	144,353.00	3,247.96	147,600.96	147,600.96	-
Sal of Secr and Clerical Assist.	36,000.00	999.84	36,999.84	36,999.84	-
Purchased Prof- Educational Services	52,200.00	2,050.04	54,250.04	54,250.00	0.04
Other Purch Services (400-500)	5,900.00	(276.00)	5,624.00	4,508.27	1,115.73
Supplies and Materials	1,678.57	(21.84)	1,656.73	1,656.73	-
Total Undist. Expend.-Improv. Of Inst. Serv	240,131.57	6,000.00	246,131.57	245,015.80	1,115.77
Undist. Expend.-Edu. Media Serv./Library					
Salaries	122,104.00	3,663.12	125,767.12	125,767.12	-
Other Purchased Services (400-500 Series)	1,000.00	(168.83)	831.17	831.17	-
Supplies and Materials	10,000.00	97.17	10,097.17	10,096.24	0.93
Total Undist. Expend.-Edu. Media Serv./Library	133,104.00	3,591.46	136,695.46	136,694.53	0.93
Undist. Expend.-Instr. Staff Training Serv.					
Other Purchased Services (400-500 series)	21,500.00	(4,541.46)	16,958.54	10,903.10	6,055.44
Total Undist. Expend.-Instr. Staff Training Serv.	21,500.00	(4,541.46)	16,958.54	10,903.10	6,055.44
Undist. Expend.-Support Serv.-Gen. Admin.					
Salaries	242,710.00	2,885.56	245,595.56	245,595.56	-
Legal Services	40,000.00	24,500.00	64,500.00	53,657.75	10,842.25
Audit Fees	33,500.00	(1,000.00)	32,500.00	15,700.00	16,800.00
Architectural/Engineering Services	26,221.30	(3,505.00)	22,716.30	5,157.60	17,558.70
Other Purchased Professional Services	4,000.00	5,275.00	9,275.00	8,883.74	391.26
Communications/Telephone	54,505.30	2,525.00	57,030.30	47,926.48	9,103.82
BOE Other Purchased Services	38,400.00	835.28	39,235.28	38,531.00	704.28
Misc. Purch Serv (400-500)(Other than 530 & 585)	3,500.00	(900.00)	2,600.00	1,812.53	787.47
General Supplies	3,000.00	8,300.00	11,300.00	11,014.31	285.69
Miscellaneous Expenditures	3,000.00	12,629.16	15,629.16	13,498.51	2,130.65
BOE Membership Dues and Fees	10,000.00	(300.00)	9,700.00	9,513.05	186.95
Total Undist. Expend.-Support Serv.-Gen. Admin.	458,836.60	51,245.00	510,081.60	451,290.53	58,791.07
Undist. Expend.-Support Serv.-School Admin.					
Salaries of Principals/Asst. Principals/Prog Dir	310,285.00	6,882.00	317,167.00	317,165.76	1.24
Salaries of Secretarial and Clerical Assistants	125,037.00	(549.10)	124,487.90	124,076.96	410.94
Other Purchased Services (400-500 series)	9,500.00	381.77	9,881.77	9,690.87	190.90
Supplies and Materials	25,359.99	(3,350.90)	22,009.09	21,674.89	334.20
Other Objects	9,000.00	1,993.23	10,993.23	10,593.23	400.00
Total Undist. Expend.-Support Serv.-School Admin.	479,181.99	5,357.00	484,538.99	483,201.71	1,337.28
Undist. Expend. - Central Services:					
Salaries	259,500.00	7,325.00	266,825.00	266,778.90	46.10
Purchased Technical Services	34,200.00	(150.00)	34,050.00	32,140.50	1,909.50
Misc. Purchased Services (400-500)(O/T 594)	6,900.00	(1,350.00)	5,550.00	5,235.71	314.29
Supplies and Materials	4,000.00	3,150.00	7,150.00	6,521.77	628.23
Miscellaneous Expenditures	2,500.00	(200.00)	2,300.00	1,675.00	625.00
Total Undist. Expend. - Central Services:	307,100.00	8,775.00	315,875.00	312,351.88	3,523.12
Undist. Expend.- Admin. Info Technology					
Purchased Professional Services	101,500.00	(520.00)	100,980.00	100,980.00	-
Purchased Technical Services	-	3,000.00	3,000.00	-	3,000.00
Other Purchased Services (400-500 series)	130,000.00	(21,380.68)	108,619.32	100,637.10	7,982.22
Supplies and Materials	12,880.00	5,111.75	17,991.75	13,859.10	4,132.65
Total Undist. Expend.- Admin. Info Technology	244,380.00	(13,788.93)	230,591.07	215,476.20	15,114.87

WANAQUE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Required Maint for Sch Fac.					
Salaries	108,735.00	(885.14)	107,849.86	106,342.41	1,507.45
Cleaning, Repair and Maintenance Services	71,000.00	42,092.49	113,092.49	112,983.57	108.92
Travel	-	200.00	200.00	91.76	108.24
General Supplies	25,821.13	20,489.23	46,310.36	41,205.29	5,105.07
Other Objects	5,800.00	(864.68)	4,935.32	4,935.32	-
Total Undist. Expend.-Required Maint for Sch Fac.	211,356.13	61,031.90	272,388.03	265,558.35	6,829.68
Undist. Expend. - Custodial Services					
Salaries	-	658.60	658.60	658.60	-
Salaries of Non-Instructional Aides	84,139.00	2,767.68	86,906.68	85,863.22	1,043.46
Cleaning, Repair and Maintenance Services	513,115.00	3,500.00	516,615.00	508,838.00	7,777.00
Other Purchased Property Services	19,000.00	7,075.84	26,075.84	25,795.87	279.97
Insurance	74,400.00	(3,500.00)	70,900.00	70,562.00	338.00
Miscellaneous Purchased Services	13,324.70	(44.15)	13,280.55	12,945.60	334.95
General Supplies	46,014.24	(1,300.00)	44,714.24	44,075.16	639.08
Energy (Natural Gas)	70,000.00	(5,000.00)	65,000.00	45,872.93	19,127.07
Energy (Electricity)	160,000.00	(9,524.20)	150,475.80	126,474.01	24,001.79
Other objects	700.00	(42.67)	657.33	613.95	43.38
Total Undist. Expend. - Custodial Services	980,692.94	(5,408.90)	975,284.04	921,699.34	53,584.70
Undist Expend.-Care and Upkeep of Grounds					
Cleaning, Repair, and Maintenance Services	12,300.00	(250.00)	12,050.00	11,599.70	450.30
General Supplies	8,500.00	(6,500.00)	2,000.00	1,492.97	507.03
Total Undist Expend.-Care and Upkeep of Grounds	20,800.00	(6,750.00)	14,050.00	13,092.67	957.33
Security					
Purchased Professional and Technical Services	5,760.32	-	5,760.32	4,621.82	1,138.50
General Supplies	2,000.00	-	2,000.00	1,397.22	602.78
Total Security	7,760.32	-	7,760.32	6,019.04	1,741.28
Total Undist. Expend.-Oper. And Maint. Of Plant Serv.	1,220,609.39	48,873.00	1,269,482.39	1,206,369.40	63,112.99
Undist. Expend. - Student Transportation Serv.					
Management Fee - ESC & CTSA Trans. Program	20,493.81	-	20,493.81	15,019.21	5,474.60
Contract. Serv. - Aid in Lieu Pymts-NonPub Sch	75,000.00	(10,907.00)	64,093.00	58,786.00	5,307.00
Contr Serv(Bet. Home & Sch)-Joint Agrmnts	35,000.00	-	35,000.00	15,399.86	19,600.14
Contract. Serv.(Sp Ed Stds)-Joint Agrmnts	20,000.00	-	20,000.00	1,750.00	18,250.00
Contract. Serv.(Spl. Ed. Students)-ESCs & CTSA	585,012.78	(19,000.00)	566,012.78	418,590.66	147,422.12
Total Undist. Expend. - Student Transportation Serv.	735,506.59	(29,907.00)	705,599.59	509,545.73	196,053.86
UNALLOCATED BENEFITS					
Group Insurance	11,000.00	-	11,000.00	5,444.76	5,555.24
Social Security Contributions	181,000.00	(16,000.00)	165,000.00	151,757.88	13,242.12
T.P.A.F. Contributions - ERIP	20,000.00	-	20,000.00	17,037.00	2,963.00
Other Retirement Contributions - PERS	190,000.00	(56,400.00)	133,600.00	133,576.00	24.00
Other Retirement Contributions - Regular	6,000.00	(3,100.00)	2,900.00	2,712.81	187.19
Unemployment Compensation	130,000.00	(82,300.00)	47,700.00	7,902.00	47,700.00
Workmen's Compensation	85,600.00	(10,800.00)	74,800.00	67,907.60	6,892.40
Health Benefits	1,985,768.00	-	1,985,768.00	1,815,065.54	170,702.46
Tuition Reimbursement	44,019.00	(2,000.00)	42,019.00	29,753.36	12,265.64
Other Employee Benefits	15,000.00	10,008.80	25,008.80	25,008.80	-
Unused Vacation Payments to Terminated/Retired Staff	30,000.00	(450.00)	29,550.00	22,800.00	6,750.00
TOTAL UNALLOCATED BENEFITS	2,698,387.00	(161,041.20)	2,537,345.80	2,271,063.75	266,282.05
On-behalf TPAF Pension (non-budgeted)				576,078.00	(576,078.00)
On-behalf TPAF NCGI Premium (non-budget)				28,697.00	(28,697.00)
On-behalf TPAF Post Retirement Medical (non-budget)				720,120.00	(720,120.00)
TPAF Social Security (Reimbursed - Non-Budgeted)				557,455.00	(557,455.00)
TOTAL ON-BEHALF CONTRIBUTIONS	-	-	-	1,882,350.00	(1,882,350.00)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	2,698,387.00	(161,041.20)	2,537,345.80	4,153,413.75	(1,616,067.95)
TOTAL UNDISTRIBUTED EXPENDITURES	8,532,793.87	(122,044.49)	8,410,749.38	9,330,286.36	(919,536.98)
TOTAL GENERAL CURRENT EXPENSE	16,337,862.97	74,526.00	16,412,388.97	17,277,049.15	(864,660.18)
CAPITAL OUTLAY					
Equipment:					
Regular Programs - Instruction:					
Undistributed Expenditures - Non-instructional Services	-	2,400.00	2,400.00	2,354.92	45.08
Total Equipment	-	2,400.00	2,400.00	2,354.92	45.08

WANAQUE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Facilities Acquisition and Const. Serv.					
Other Purchased Prof. and Tech. Services	15,000.00	250.00	15,250.00	15,250.00	-
Construction Services	50,000.00	(50,000.00)			
Total Facilities Acquisition and Const. Serv	65,000.00	(49,750.00)	15,250.00	15,250.00	-
TOTAL CAPITAL OUTLAY	65,000.00	(47,350.00)	17,650.00	17,604.92	45.08
TOTAL EXPENDITURES	16,402,862.97	27,176.00	16,430,038.97	17,294,654.07	(864,615.10)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(445,158.97)	(27,176.00)	(472,334.97)	719,023.22	1,191,358.19
Other Financing Sources (uses):					
Operating Transfer Out:					
Capital Outlay - Transfer to Capital Projects		(50,000.00)	(50,000.00)	(50,000.00)	-
Capital Reserve - Transfer to Capital Projects	(400,000.00)		(400,000.00)	(400,000.00)	-
Total Other Financing Sources (uses):	(400,000.00)	(50,000.00)	(450,000.00)	(450,000.00)	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(845,158.97)	(77,176.00)	(922,334.97)	269,023.22	1,191,358.19
Fund Balance, July 1	1,986,531.78		1,798,531.78	1,986,531.78	
Fund Balance, June 30	1,141,372.81	(77,176.00)	876,196.81	2,255,555.00	1,191,358.19
Recapitulation of excess (deficiency of revenues under expenditures):					
Adjustment for prior year encumbrances	(171,880.97)		(171,880.97)	(171,880.97)	
Budgeted fund balance	(273,278.00)	(77,176.00)	(350,454.00)	78,697.61	429,151.61
Increase in Capital Reserve:					
Interest				206.78	206.78
Principal				762,000.00	762,000.00
Budgeted Withdrawal from Capital Reserve Account	(400,000.00)		(400,000.00)	(400,000.00)	
	(845,158.97)	(77,176.00)	(922,334.97)	269,023.42	1,191,358.39
Recapitulation:					
Assigned Fund Balance:					
Year End Encumbrances				113,056.19	
Designated for Subsequent Year's Expenditures				0.23	
Restricted Fund Balance:					
Excess Surplus Designated for Subsequent Year's Expenditures				251,062.77	
Excess Surplus				245,869.30	
Capital Reserve				1,050,687.43	
Maintenance Reserve				214,500.00	
Unassigned Fund Balance				380,379.08	
				2,255,555.00	
Reconciliation to Government Fund Statements (GAAP):					
Less: State Aid Payment not Recognized on GAAP Basis				(230,137.00)	
Fund Balance per Governmental Funds (GAAP)				2,025,418.00	

WANAQUE BOROUGH SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		3,078.00	3,078.00	3,078.00	-
Federal Sources	318,195.00	101,534.00	419,729.00	413,399.41	(6,329.59)
Total Revenues	<u>318,195.00</u>	<u>104,612.00</u>	<u>422,807.00</u>	<u>416,477.41</u>	<u>(6,329.59)</u>
EXPENDITURES:					
Instruction					
Personal Services - Salaries	71,400.00	16,237.00	87,637.00	87,637.00	-
Tuition	222,190.00	34,798.00	256,988.00	256,988.00	-
General Supplies	600.00	2,502.00	3,102.00	3,102.00	-
Total Instruction	<u>294,190.00</u>	<u>53,537.00</u>	<u>347,727.00</u>	<u>347,727.00</u>	<u>-</u>
Support Services					
Personal Services - Employee Benefits	18,565.00	3,291.66	21,856.66	21,856.66	-
Purchased prof. Ed. Services	2,890.00	37,860.89	40,750.89	34,421.30	6,329.59
Other Purchased Services		4,653.75	4,653.75	4,653.75	-
Supplies and Materials	2,550.00	5,268.70	7,818.70	7,818.70	-
Total Support Services	<u>24,005.00</u>	<u>51,075.00</u>	<u>75,080.00</u>	<u>68,750.41</u>	<u>6,329.59</u>
Total Expenditures	<u>318,195.00</u>	<u>104,612.00</u>	<u>422,807.00</u>	<u>416,477.41</u>	<u>6,329.59</u>
Total Outflows	<u>318,195.00</u>	<u>104,612.00</u>	<u>422,807.00</u>	<u>416,477.41</u>	<u>6,329.59</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PART II**

**WANAQUE BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Note A - Explanation of difference between budgetary inflows and outflows and GAAP revenues and expenditures.

		General Fund	Special Revenue Fund
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]&[C-2]	18,013,677.29	416,477.41
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
Add: Prior Year Encumbrances			23,453.85
Less: Current Year Encumbrances			(21,856.66)
The last State Aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33).			
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		(230,137.00)	
State Aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		239,739.00	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - government funds.	[B-2]	18,023,279.29	418,074.60
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]&[C-2]	17,294,654.07	416,477.41
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.			
Add: Prior Year Encumbrances			23,453.85
Less: Current Year Encumbrances			(21,856.66)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - government funds.	[B-2]	17,294,654.07	418,074.60

**REQUIRED SUPPLEMENTARY INFORMATION
PART III**

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

Fiscal Year Ending June 30,	District's	District's	District's Covered	District's	Plan Fiduciary
	Proportion Share of the Net Pension Liability (Asset)	Proportion Share of the Net Pension Liability (Asset)	Payroll -PERS Employee's	Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	Net Position as a percentage of the total Pension Liability
2015	0.0189094769%	\$ 3,540,371	\$ 1,287,461	274.99%	52.08%
2016	0.0155369383%	3,487,731	1,044,171	334.02%	47.93%

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

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

Fiscal Year Ending June 30,	Contractually Required Contribution		Contributions in Relation to the Contractually Required Contributions		Contribution Deficiency (Excess)	District's PERS Covered-Employee Payroll	Contributions as a Percentage of PERS Covered-Employee Payroll
	Contractually Required Contribution	Contractually Required Contribution	Contractually Required Contributions	Contractually Required Contributions			
2015	\$ 155,887	\$ 155,887	\$ 155,887	\$ -	\$ -	\$1,287,461	12.11%
2016	133,576	133,576	133,576	\$ -	\$ -	1,044,171	12.79%

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

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

Fiscal Year Ending June 30,	District's		District's		State's		District's		Plan Fiduciary Net Position as a percentage of the total Pension Liability
	Proportion Share of the Net Pension Liability (Asset)	Proportion Share of the Net Pension Liability (Asset)	Proportion Share of the Net Pension Liability Associated with the District (Asset)	Proportionate Share of the Net Pension Liability	District's Covered Payrol -TPAF Employee's	Proportion Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	District's Proportion Share of the Net Pension Liability		
2015	0.0784736110%	\$	\$	\$ 41,941,591	\$	7,577,721	0.00%	33.64%	
2016	0.0782494192%	\$	\$	49,456,974	7,778,760	0.00%	28.71%		

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

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PART III**

WANAQUE BOROUGH SCHOOL DISTRICT
Note to Required Schedules of Supplementary Information - Part III
For the fiscal year ended June 30, 2016

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (4.29%) to the current measurement date (3.80%), resulting in a change in the discount rate from 5.39% to 4.90%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (4.29%) to the current measurement date (3.80%), resulting in a change in the discount rate from 4.68% to 4.13%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

OTHER SUPPLEMENTARY INFORMATION

WANAQUE BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Title I Part - A Improving Basic Program Carryover	Title II Part - A Teacher / Principal Training & Recruiting & Carryover	Title II Part - A Teacher / Principal Training & Recruiting & Carryover	Totals 2016
REVENUES:				
Federal sources	108,310.41	23,018.00	19,222.00	413,399.41
Local sources	3,078.00			3,078.00
Total Revenues	108,310.41	23,018.00	19,222.00	416,477.41
EXPENDITURES:				
Instruction:				
Personal Services - Salaries	87,637.00			87,637.00
Tuition				256,988.00
General supplies	102.00			3,102.00
Total instruction	87,637.00	-	-	347,727.00
Support Services:				
Personnel services - employee benefits	18,639.66	3,217.00		21,856.66
Purchased prof. Ed. Services		18,587.50	15,833.80	34,421.30
Other purchased services	78.00		2,542.00	4,653.75
Supplies and Materials		4,430.50	3,388.20	7,818.70
Total support services	20,673.41	23,018.00	19,222.00	68,750.41
Total Expenditures	108,310.41	23,018.00	19,222.00	416,477.41
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-

WANAQUE BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	I.D.E.A. Part B			PTA Grant	Total Carried Forward To (Ex. E-1)
	Basic	Preschool			
REVENUES:					
Federal sources	243,528.00	13,460.00			256,988.00
Local sources			3,078.00		3,078.00
Total Revenues	243,528.00	13,460.00	3,078.00		260,066.00
EXPENDITURES:					
Instruction:					
Personal Services - Salaries					-
Tuition	243,528.00	13,460.00			256,988.00
General supplies			3,000.00		3,000.00
Total instruction	243,528.00	13,460.00	3,000.00		259,988.00
Support Services:					
Personnel services - employee benefits					-
Purchased prof. Ed. Services				78.00	78.00
Other purchased services					-
Supplies and Materials			78.00		78.00
Total support services	-	-	78.00		78.00
Total Expenditures	243,528.00	13,460.00	3,078.00		260,066.00
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-		-

**WANAQUE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Revenue and Other Financing Sources

Transfer from Capital Outlay	\$ 50,000.00
Transfer from Capital Reserve	<u>400,000.00</u>
Total Revenues	<u>450,000.00</u>

Expenditures and Other Financing Uses:

Purchased professional and technical services	\$ 88,295.96
Construction Services	<u>356,796.00</u>
Total Expenditures	<u>445,091.96</u>
Excess (deficiency) of revenue over (under) expenditures	4,908.04
Fund balance - beginning	<u>231,492.35</u>
Fund balance - ending	<u><u>236,400.39</u></u>

**WANAQUE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
AND PROJECT STATUS - BUDGETARY BASIS
HASKELL ELEMENTARY IMPROVEMENTS & BUILDING SYSTEMS UPGRADING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Prior Periods	Totals	Revised Authorized Cost
Revenues and Other Financing Sources			
Bond proceeds and transfers	10,462,672.80	10,462,672.80	10,462,672.80
Local Tax Levy	108.60	108.60	108.60
Total Revenues	10,462,781.40	10,462,781.40	10,462,781.40
Expenditures and Other Financing Uses			
Purchase professional and technical services	4,092,098.40	4,092,098.40	4,092,098.40
Constructions services	5,941,303.63	5,941,303.63	5,944,406.33
Equipment purchases	424,135.22	424,135.22	424,135.22
Supply purchases	2,141.45	2,141.45	2,141.45
Total expenditures	10,459,678.70	10,459,678.70	10,462,781.40
Excess (deficiency) or revenues over (under) expenditures	\$ 3,102.70	\$ 3,102.70	\$ -
Additional project information:			
Project Number	5440-050-05-1000		
Grant Date	06/1/2006		
Bond Authorization Date	4/25/2006		
Bonds Authorized	10,462,781.40		
Bonds Issued	10,462,672.80		
Original Authorized Cost	10,462,781.40		
Additional Authorized Cost			
Revised Authorized Cost	10,462,781.40		
Percentage Increase over Original Authorized Cost	0.00%		
Percentage completion	99.97%		
Est. Original target completion date	9/1/2007		
Est. Revised target completion date	12/31/2015		

**WANAQUE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
AND PROJECT STATUS - BUDGETARY BASIS
HASKELL ELEMENTARY TELEPHONE SYSTEM UPGRADING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State sources - SDA Grant	34,240.00		34,240.00	34,240.00
Local Tax Levy	51,360.00		51,360.00	51,360.00
Total Revenues	85,600.00	-	85,600.00	85,600.00
Expenditures and Other Financing Uses				
Purchase professional and technical services			-	8,300.00
Constructions services			-	7,300.00
Equipment purchases	41,781.00		41,781.00	70,000.00
Total expenditures	41,781.00	-	41,781.00	85,600.00
Excess (deficiency) or revenues over (under) expenditures	\$ 43,819.00	\$ -	\$ 43,819.00	\$ -
Additional project information:				
Project Number	5440-070-14-1003			
Grant Date	03/31/2014			
Original Authorized Cost	85,600.00			
Additional Authorized Cost	-			
Revised Authorized Cost	85,600.00			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage completion	48.81%			
Est. Original target completion date	09/01/2014			
Est. Revised target completion date	12/31/2015			

**WANAQUE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
AND PROJECT STATUS - BUDGETARY BASIS
WANAQUE ELEMENTARY TELEPHONE SYSTEM UPGRADING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State sources - SDA Grant	34,240.00		34,240.00	34,240.00
Local Tax Levy	51,360.00		51,360.00	51,360.00
Total Revenues	<u>85,600.00</u>	<u>-</u>	<u>85,600.00</u>	<u>85,600.00</u>
Expenditures and Other Financing Uses				
Purchase professional and technical services			-	8,300.00
Constructions services			-	7,300.00
Equipment purchases	20,786.00		20,786.00	70,000.00
Total expenditures	<u>20,786.00</u>	<u>-</u>	<u>20,786.00</u>	<u>85,600.00</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 64,814.00</u>	<u>\$ -</u>	<u>\$ 64,814.00</u>	<u>\$ -</u>
Additional project information:				
Project Number	5440-070-14-1004			
Grant Date	03/31/2014			
Original Authorized Cost	85,600.00			
Additional Authorized Cost	-			
Revised Authorized Cost	85,600.00			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage completion	24.28%			
Est. Original target completion date	09/01/2014			
Est. Revised target completion date	12/31/2015			

**WANAQUE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
AND PROJECT STATUS - BUDGETARY BASIS
WANAQUE ELEMENTARY GENERATOR
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State sources - EDA Grant	105,440.00		105,440.00	105,440.00
Transfer from Capital Reserve	95,520.00		95,520.00	95,520.00
Reappropriated	62,640.00		62,640.00	62,640.00
Total Revenues	<u>263,600.00</u>	<u>-</u>	<u>263,600.00</u>	<u>263,600.00</u>
Expenditures and Other Financing Uses				
Purchase professional and technical services	17,410.00		17,410.00	22,100.00
Constructions services	175,242.00	3,700.00	178,942.00	241,500.00
Total expenditures	<u>192,652.00</u>	<u>3,700.00</u>	<u>196,352.00</u>	<u>263,600.00</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 70,948.00</u>	<u>\$ (3,700.00)</u>	<u>\$ 67,248.00</u>	<u>\$ -</u>
Additional project information:				
Project Number	5440-070-14-1007			
Grant Date	03/31/2014			
Original Authorized Cost	263,600.00			
Additional Authorized Cost	-			
Revised Authorized Cost	263,600.00			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage completion	74.49%			
Est. Original target completion date	12/31/2014			
Est. Revised target completion date	10/31/2015			

**WANAQUE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
AND PROJECT STATUS - BUDGETARY BASIS
WANAQUE ELEMENTARY UNDERGROUND OIL TANK
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State sources - EDA Grant	36,320.00		36,320.00	36,320.00
Transfer from Capital Reserve	54,480.00		54,480.00	54,480.00
Total Revenues	<u>90,800.00</u>	<u>-</u>	<u>90,800.00</u>	<u>90,800.00</u>
Expenditures and Other Financing Uses				
Purchase professional and technical services	11,302.32		11,302.32	13,300.00
Constructions services	30,689.03		30,689.03	77,500.00
Total expenditures	<u>41,991.35</u>	<u>-</u>	<u>41,991.35</u>	<u>90,800.00</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 48,808.65</u>	<u>\$ -</u>	<u>\$ 48,808.65</u>	<u>\$ -</u>
Additional project information:				
Project Number	5440-070-14-1008			
Grant Date	03/31/2014			
Original Authorized Cost	90,800.00			
Additional Authorized Cost	-			
Revised Authorized Cost	90,800.00			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage completion	46.25%			
Est. Original target completion date	09/01/2014			
Est. Revised target completion date	6/31/2015			

**WANAQUE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
AND PROJECT STATUS - BUDGETARY BASIS
WANAQUE ELEMENTARY ROOF
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
Transfer from Capital Reserve		400,000.00	400,000.00	400,000.00
Transfer from Capital Outlay		50,000.00	50,000.00	50,000.00
Total Revenues	-	450,000.00	450,000.00	450,000.00
Expenditures and Other Financing Uses				
Purchase professional and technical services		88,295.96	88,295.96	90,846.00
Constructions services		353,096.00	353,096.00	359,154.00
Total expenditures	-	441,391.96	441,391.96	450,000.00
Excess (deficiency) or revenues over (under) expenditures	\$ -	\$ 8,608.04	\$ 8,608.04	\$ -
Additional project information:				
Project Number	N/A			
Grant Date	N/A			
Original Authorized Cost	450,000.00			
Additional Authorized Cost	-			
Revised Authorized Cost	450,000.00			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage completion	98.09%			
Est. Original target completion date	8/31/2015			
Est. Revised target completion date	8/31/2015			

WANAQUE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

PROJECT DESCRIPTION	STATE PLAN NUMBER	APPROPRIATION	EXPENDITURES		UNEXPENDED BALANCE
			PRIOR YEARS	CURRENT YEAR	
Haskell Elementary Improvements & Building Systems Upgrading	5440-050-05-1000	10,347,793.40	10,344,690.70		3,102.70
Haskell Elementary Telephone System Upgrade	5440-070-05-1003	85,600.00	41,781.00		43,819.00
Wanaque Elementary Telephone System Upgrade	5440-070-05-1004	85,600.00	20,786.00		64,814.00
Wanaque Elementary Generator	5440-070-14-1007	263,600.00	192,652.00	3,700.00	67,248.00
Wanaque Elementary Underground Oil Tank	5440-070-14-1008	90,800.00	41,991.35		48,808.65
Wanaque Elementary Roof	N/A	450,000.00		441,391.96	8,608.04
		<u>\$ 11,323,393.40</u>	<u>\$ 10,641,901.05</u>	<u>\$ 445,091.96</u>	<u>\$ 236,400.39</u>

**WANAQUE BOROUGH SCHOOL DISTRICT
ENTERPRISE FUND
FOOD SERVICES
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2016**

ASSETS

CURRENT ASSETS:	
Cash and cash equivalents	102,567.59
Accounts receivable:	
State	162.13
Federal	5,130.52
Inventories	<u>773.52</u>
Total current assets	<u>108,633.76</u>
FIXED ASSETS:	
Equipment	115,307.40
Less: accumulated depreciation	<u>(55,741.95)</u>
Total fixed assets	<u>59,565.45</u>
TOTAL ASSETS	<u><u>168,199.21</u></u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES:	
Accounts payable	19,894.65
Prepaid Sales	<u>1,631.40</u>
Total Current Liabilities	<u>21,526.05</u>
NET POSITION	
Invested in Capital Assets Net of Related Debt	59,565.45
Unrestricted	<u>87,107.71</u>
Total Net Position	<u>146,673.16</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>168,199.21</u></u>

**WANAQUE BOROUGH SCHOOL DISTRICT
ENTERPRISE FUND
FOOD SERVICES
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

OPERATING REVENUES:

Charges for services:

Daily sales reimbursable programs	104,700.97
Daily sales non- reimbursable programs	44,470.00
Special functions	<u>1,652.45</u>

Total operating revenues

	<u>150,823.42</u>
--	-------------------

OPERATING EXPENSES:

Salaries	113,744.07
Cost of sales reimbursable	80,621.00
Cost of sales- non-reimbursable	49,255.57
Employee benefits	9,325.25
Liability Insurance	848.52
Supplies and materials	15,683.04
Purchased Services	3,782.56
Management Fees	8,989.92
Depreciation	7,965.60
Repairs	1,798.17
Miscellaneous	<u>3,556.89</u>

Total operating expenses

	<u>295,570.59</u>
--	-------------------

OPERATING INCOME (LOSS)

	<u>(144,747.17)</u>
--	---------------------

NON-OPERATING REVENUES (EXPENSES):

State sources:

State school lunch program	3,348.08
----------------------------	----------

Federal sources:

National school lunch program	102,012.51
National school breakfast program	5,892.49
Special Milk Program	299.31
Food distribution program	35,294.57
Interest	<u>131.94</u>

Total non-operating revenues (expenses)

	<u>146,978.90</u>
--	-------------------

Net Income (Loss) Before Operating Transfers

	2,231.73
--	----------

Total Net Position - Beginning of Year

	<u>144,441.43</u>
--	-------------------

Total Net Position - Ending

	<u><u>146,673.16</u></u>
--	--------------------------

**WANAQUE BOROUGH SCHOOL DISTRICT
ENTERPRISE FUND
FOOD SERVICES
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

CASH FLOWS USED BY OPERATING ACTIVITIES:	
Cash receipts from customers	151,163.32
Payments to employees for services	(105,750.76)
Payments to suppliers for goods and services	<u>(132,376.73)</u>
Net cash provided by (used for) operating activities	<u>(86,964.17)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
State Sources	3,589.86
Federal Sources	<u>111,678.75</u>
Net cash used by noncapital financing activities	<u>115,268.61</u>
CASH FLOW FROM INVESTING ACTIVITIES:	
Interest on cash equivalents	<u>131.94</u>
Net cash provided by (used for) investing activities	<u>131.94</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	28,436.38
CASH AND CASH EQUIVALENTS, July 1	<u>74,131.21</u>
CASH AND CASH EQUIVALENTS, June 30	<u><u>102,567.59</u></u>
 Reconciliation of operating (loss) to net cash provided (for) by operating activities:	
Operating Income (loss)	<u>(144,747.17)</u>
Adjustments to reconcile operating (loss) to net cash provided (for) for operating activities:	
Depreciation	7,965.60
Food distribution program donated commodities	35,294.57
Changes in assets and liabilities:	
(Increase)/decrease in inventory	1,854.41
Increase/(decrease) in accounts payable	12,328.52
Increase/(decrease) in unearned revenue	<u>339.90</u>
Total adjustments	<u>57,783.00</u>
Net cash provided by (used for) operating activities	<u><u>(86,964.17)</u></u>

WANAQUE BOROUGH SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

ASSETS

	<u>Agency Funds</u>		<u>Expendable Trust Fund</u>		<u>Totals</u>
	<u>Student Activity</u>	<u>Payroll</u>	<u>Unemployment Compensation</u>	<u>Insurance</u>	
ASSETS:					
Cash and cash equivalents	55,084.98	33,943.74	125,939.27		214,967.99
Interfund Receivable			4,556.76		4,556.76
Total Assets	<u>55,084.98</u>	<u>33,943.74</u>	<u>130,496.03</u>		<u>219,524.75</u>

LIABILITIES AND NET POSITION

LIABILITIES:					
Payroll Deductions		16,084.13			16,084.13
Accrued Salaries and Wages		12,548.68			12,548.68
Due to student groups	55,084.98				55,084.98
Interfund Payable		5,310.93			5,310.93
Total liabilities	<u>55,084.98</u>	<u>33,943.74</u>	<u>-</u>		<u>89,028.72</u>
NET POSITION					
Held in Trust for Unemployment Claims and other Purposes			130,496.03		130,496.03
Total Net Position			<u>130,496.03</u>		<u>130,496.03</u>

**WANAQUE BOROUGH SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2016**

	<u>Unemployment Compensation Insurance Trust</u>
ADDITIONS	
Contributions:	
Plan Member	15,199.39
Total Contributions	<u>15,199.39</u>
Investment Earnings:	
Interest	198.55
Net Investment Earnings	<u>198.55</u>
Total Additions	15,397.94
DEDUCTIONS	
Unemployment claims	<u>27,339.00</u>
Total Deductions	<u>27,339.00</u>
Change in Net Position	<u>(11,941.06)</u>
Net Position - Beginning of the Year	<u>142,437.09</u>
Net Position - End of the Year	<u><u>130,496.03</u></u>

**WANAQUE BOROUGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Balance July 30, 2015	Cash Receipts	Cash Disbursements	Balance June 30, 2016
Wanaque School	20,335.75	64,493.45	61,743.29	23,085.91
Haskell School	25,935.08	71,827.01	65,763.06	31,999.03
Wanaque School Petty Cash	0.04	579.18	579.21	0.01
Haskell School Petty Cash	0.04	400.86	400.87	0.03
Total all schools	<u>46,270.91</u>	<u>137,300.50</u>	<u>128,486.43</u>	<u>55,084.98</u>

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

	Balance July 30, 2015	Additions	Deletions	Balance June 30, 2016
Payroll deductions and withholdings	15,208.28	10,649,942.05	10,649,066.20	16,084.13
Accrued Salaries and Wages	7,982.38	29,016.30	24,450.00	12,548.68
Interfund Payable	4,787.50	4,804.32	4,280.89	5,310.93
TOTAL LIABILITIES	<u>27,978.16</u>	<u>10,683,762.67</u>	<u>10,677,797.09</u>	<u>33,943.74</u>

WANAQUE BOROUGH SCHOOL DISTRICT
 GENERAL LONG TERM DEBT ACCOUNT GROUP
 STATEMENT OF BONDS PAYABLE
 AS OF JUNE 30, 2016

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2015	Retired	Balance June 30, 2016
			Date	Amount				
2006 School Bonds	06/01/06	18,276,000.00	9/1/2016	700,000.00	4.375%	1,385,000.00	685,000.00	700,000.00
2015 Refunding Bonds	08/5/14	12,430,000.00	9/1/2016	20,000.00	2.000%			
			9/1/2017	740,000.00	2.000%			
			9/1/2018	745,000.00	3.000%			
			9/1/2019	765,000.00	4.000%			
			9/1/2020	770,000.00	4.000%			
			9/1/2021	785,000.00	4.000%			
			9/1/2022	800,000.00	5.000%			
			9/1/2023	815,000.00	5.000%			
			9/1/2024	835,000.00	5.000%			
			9/1/2025	850,000.00	5.000%			
			9/1/2026	875,000.00	5.000%			
9/1/2027	890,000.00	5.000%						
9/1/2028	905,000.00	3.250%						
9/1/2029	890,000.00	3.375%						
9/1/2030	880,000.00	3.500%						
9/1/2031	850,000.00	3.500%						
						12,430,000.00	15,000.00	12,415,000.00
						<u>13,815,000.00</u>	<u>700,000.00</u>	<u>13,115,000.00</u>

WANAQUE BOROUGH SCHOOL DISTRICT
GENERAL LONG TERM DEBT ACCOUNT GROUP
STATEMENT OF OBLIGATIONS UNDER CAPITAL LEASES
AS OF JUNE 30, 2016

Purpose	Date of Lease	Term of Lease	Amount of Original Issue	Balance July 1, 2015	Retired Current Year	Balance June 30, 2016
(3) Savin 8025SP D Copiers	06/23/2011	5 Years	106,955.60	25,302.38	23,311.02	1,991.36
(1) Savin 8025SPF D Copiers	11/12/2014	5 Years	187,891.44	148,891.44	36,182.97	112,708.47
Smartboards with Accessories			<u>294,847.04</u>	<u>174,193.82</u>	<u>59,493.99</u>	<u>114,699.83</u>

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:					
Local sources:					
Local tax levy	835,700.00		835,700.00	835,700.00	-
Total revenues - local sources	835,700.00	-	835,700.00	835,700.00	-
State sources:					
Debt service aid type II	421,510.00		421,510.00	421,510.00	-
Total state sources	421,510.00	-	421,510.00	421,510.00	-
TOTAL REVENUES	1,257,210.00	-	1,257,210.00	1,257,210.00	-
EXPENDITURES					
Regular debt service:					
Interest	557,210.00		557,210.00	557,209.38	0.62
Redemption of principal	700,000.00		700,000.00	700,000.00	-
Total regular debt service	1,257,210.00	-	1,257,210.00	1,257,209.38	0.62
TOTAL EXPENDITURES	1,257,210.00	-	1,257,210.00	1,257,209.38	0.62
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	0.62	0.62
Fund balance - July 1	30,408.04		30,408.04	30,408.04	-
Fund balance - June 30	30,408.04	-	30,408.04	30,408.66	0.62

STATISTICAL SECTION

OUTLINE OF NJ DOE STATISTICAL TABLES SECTION (GASB 44)

Exhibit #

Financial Trends Information/Schedules

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

Revenue Capacity Information

- J-6 Assessed Value and Estimated Actual Value of Taxable Property
- J-7 Direct and Overlapping Property Tax Rates
- J-8 Principal Property Taxpayers (Current year and nine years ago)
- J-9 Property Tax Levies and Collections

Debt Capacity Information

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

Demographic and Economic Information

- J-14 Demographic and Economic Statistics
- J-15 Principal Employers, Current and Nine Years Ago

Operating Information

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

WANAQUE BOARD OF EDUCATION

Net Assets/Position* by Component,
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	Restated 2013	2014	2015	2016
Governmental activities										
Invested in capital assets, net of related debt	(2,710,802)	(448,541)	744,603	968,510	1,142,602	187,061	169,916	996,400	(327,573)	432,685
Restricted	4,923,552	3,492,194	1,715,524	1,389,902	1,368,088	920,726	869,313	1,684,904	1,861,103	2,141,985
Unrestricted	(322,300)	(368,004)	(334,320)	(284,786)	(537,951)	(4,746)	168,004	(491,260)	(4,133,487)	(4,110,419)
Total governmental activities net assets/position	1,890,449	2,675,650	2,125,807	2,073,626	1,972,739	1,103,041	1,207,233	2,190,044	(2,599,957)	(1,535,749)
Business-type activities										
Invested in capital assets, net of related debt	19,257	35,015	68,127	63,909	59,691	35,436	29,891	57,374	67,531	59,565
Unrestricted	23,086	35,808	18,673	36,594	58,148	72,991	97,982	79,524	76,910	87,108
Total business-type activities net assets/position	42,343	70,823	86,800	100,502	117,839	108,427	127,873	136,896	144,441	146,673
District-wide										
Invested in capital assets, net of related debt	(2,691,545)	(413,526)	812,730	1,032,419	1,202,293	222,497	199,807	1,053,774	(260,042)	492,251
Restricted	4,923,552	3,492,194	1,715,524	1,389,902	1,368,088	920,726	869,313	1,684,904	1,861,103	2,141,985
Unrestricted	(299,214)	(332,196)	(315,647)	(248,192)	(479,804)	68,245	265,986	(411,736)	(4,056,577)	(4,023,312)
Total district net assets/position	1,932,792	2,746,472	2,212,607	2,174,129	2,090,577	1,211,468	1,335,106	2,326,942	(2,455,515)	(1,389,076)

Source: CAFR Schedule A-1

* GASB Statement No. 63 became effective for the Fiscal Year Ended June 30, 2013 which changed Net Assets to Net Position.

WANAQUE BOARD OF EDUCATION

Changes in Net Assets/Position*
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities										
Instruction										
Regular	6,297,654	6,664,948	6,812,355	7,121,678	6,906,467	7,037,106	7,023,006	6,909,984	8,024,002	8,564,352
Special education	1,758,362	2,180,994	2,441,206	2,310,837	2,618,944	3,086,391	3,349,081	3,423,287	3,994,368	4,356,912
Other special education	80,333	100,765	125,654	119,623	153,171	433,478	441,549	418,654	428,586	445,777
Other instruction	40,828	110,348	150,043	260,619	214,025	224,132	216,592	250,924	310,415	310,852
Support Services:										
Tuition	754,620	975,813	788,806	586,890	793,360	578,264	502,471	865,306	683,129	421,455
Student & instruction related services	1,835,934	2,025,570	2,031,017	1,964,972	1,671,061	1,877,758	2,150,806	2,137,257	2,283,267	2,498,269
General administrative services	580,751	541,122	535,515	595,390	477,938	494,891	450,234	525,159	492,761	535,336
School administrative services	515,753	542,724	484,784	501,823	477,922	528,197	482,210	636,614	804,037	784,716
Central Services and Admin. Info. Tech.	577,782	610,830	563,032	636,032	522,093	495,312	545,803	542,697	689,344	702,350
Plant operations and maintenance	1,282,274	1,397,460	1,579,726	1,534,505	1,625,032	1,475,805	1,269,555	1,331,067	1,387,701	1,369,309
Pupil transportation	444,921	591,623	494,102	510,442	605,773	569,581	594,165	601,361	676,207	509,546
Charter Schools	17,563	3,167	19,851	11,576	10,258					
Interest on Long term debt	742,134	813,758	790,703	766,759	741,320	714,129	686,078	657,370	601,056	550,501
Unallocated Benefits										
Total governmental activities expenses	14,928,910	16,560,123	16,817,084	16,921,147	16,817,366	17,515,045	17,711,550	18,299,680	20,384,874	21,049,375
Business-type activities:										
Food service	241,211	263,139	258,732	265,408	256,478	288,945	285,572	303,193	286,576	285,571
Total business-type activities expense	241,211	263,139	258,732	265,408	256,478	288,945	285,572	303,193	286,576	285,571
Total district expenses	15,170,121	16,823,263	17,075,816	17,186,554	17,073,844	17,803,990	17,997,122	18,602,873	20,671,449	21,344,946
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	487,927	608,841	499,822	672,805	556,191	472,987	508,992	508,309	389,909	418,075
Operating grants and contributions	487,927	608,841	499,822	672,805	556,191	472,987	508,992	508,309	389,909	418,075
Total governmental activities program revenues										
Business-type activities:										
Food service	163,192	181,216	179,536	168,632	162,156	170,511	169,544	162,760	163,677	150,823
Operating grants and contributions	79,597	91,600	94,598	110,259	111,659	127,712	135,356	133,355	135,759	146,847
Total business type activities program revenues	242,789	272,816	274,134	278,891	273,815	298,224	304,900	296,115	299,437	297,670
Total district program revenues	730,716	881,658	773,966	951,697	830,006	771,211	813,892	804,424	689,345	715,745

WANAQUE BOARD OF EDUCATION

Changes in Net Assets/Position*
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net (Expense)/Revenue										
Governmental activities	(14,440,983)	(15,951,282)	(16,317,262)	(16,248,342)	(16,261,174)	(17,042,058)	(17,202,558)	(17,791,371)	(19,994,965)	(20,631,301)
Business-type activities	1,578	9,677	15,402	13,484	17,336	9,279	19,328	(7,078)	12,861	2,100
Total district-wide net expense	<u>(14,439,404)</u>	<u>(15,941,605)</u>	<u>(16,301,860)</u>	<u>(16,234,858)</u>	<u>(16,243,838)</u>	<u>(17,032,779)</u>	<u>(17,183,230)</u>	<u>(17,798,449)</u>	<u>(19,982,104)</u>	<u>(20,629,201)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	9,975,454	10,532,586	10,766,727	11,298,080	11,820,965	12,057,384	12,238,245	12,598,176	12,905,139	13,263,244
Taxes levied for debt service	669,142	810,674	400,680	344,276	462,998	902,555	899,436	887,133	848,564	835,700
Unrestricted grants and contributions	3,835,603	4,778,319	4,253,577	4,272,855	3,633,243	4,241,215	4,526,461	4,585,633	6,223,038	7,087,266
Investment Earnings	831,132	518,984	74,559	5,396					4,289	4,777
Miscellaneous Income	142,287	114,161	271,876	275,554	243,080	89,941	83,510	210,757	887,710	594,521
Transfers		(18,242)								
Total governmental activities	<u>15,453,618</u>	<u>16,736,483</u>	<u>15,767,419</u>	<u>16,196,160</u>	<u>16,160,287</u>	<u>17,291,095</u>	<u>17,747,652</u>	<u>18,281,689</u>	<u>20,868,769</u>	<u>21,785,508</u>
Business-type activities:										
Investment earnings	583	561	576	219			118	163	131	132
Miscellaneous income										
Transfers		18,242								
Total business-type activities	<u>583</u>	<u>18,803</u>	<u>576</u>	<u>219</u>	<u>-</u>	<u>-</u>	<u>118</u>	<u>163</u>	<u>131</u>	<u>132</u>
Total district-wide	<u>15,454,201</u>	<u>16,755,286</u>	<u>15,767,995</u>	<u>16,196,379</u>	<u>16,160,287</u>	<u>17,291,095</u>	<u>17,747,770</u>	<u>18,281,852</u>	<u>20,868,901</u>	<u>21,785,640</u>
Change in Net Position										
Governmental activities	1,012,635	785,200	(549,842)	(52,181)	(100,888)	249,036	545,094	490,328	873,804	1,154,208
Business-type activities	2,162	28,479	15,977	13,703	17,336	9,279	19,446	(6,915)	12,993	2,232
Total district	<u>1,014,797</u>	<u>813,680</u>	<u>(533,865)</u>	<u>(38,478)</u>	<u>(83,551)</u>	<u>258,315</u>	<u>564,540</u>	<u>483,413</u>	<u>886,797</u>	<u>1,156,439</u>

Source: CAFR Schedule A-2

* GASB Statement No. 63 became effective for the Fiscal Year Ended June 30, 2013 which changed Net Assets to Net Position.

WANAGUE BOARD OF EDUCATION

Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	885,753	814,017	481,146	717,798		698,621	875,541	1,340,916	1,427,321	1,762,120
Unreserved	212,794	305,869	178,926	87,689		314,490	441,314	109,300	171,881	113,056
Restricted					745,179	363,924	70,792	108,351	147,590	150,242
Committed					33,619	145,529				
Assigned					57,826	100,668				
Unassigned					1,200,548	1,259,308	1,387,647	1,558,567	1,746,793	2,025,418
Total general fund	<u>1,098,548</u>	<u>1,119,886</u>	<u>660,072</u>	<u>805,487</u>	<u>1,200,548</u>	<u>1,259,308</u>	<u>1,387,647</u>	<u>1,558,567</u>	<u>1,746,793</u>	<u>2,025,418</u>
All Other Governmental Funds										
Assigned							2,335			
Reserved									231,492	236,400
Capital projects fund										
Unreserved, reported in:										
Special revenue fund	(1,583)	(3,704)								
Capital projects fund	3,201,455	1,371,790	325,822	228,214	219,989	221,974	201,824	234,688	30,408	30,409
Debt service fund	836,343	1,306,386	908,556	443,890	5,376	131		0.37	261,900	266,809
Total all other governmental funds	<u>4,036,215</u>	<u>2,674,473</u>	<u>1,234,378</u>	<u>672,104</u>	<u>225,366</u>	<u>222,105</u>	<u>204,159</u>	<u>234,688</u>	<u>261,900</u>	<u>266,809</u>

Source: CAFR Schedule B-1

WANAUKE BOARD OF EDUCATION

Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax levy	\$ 10,644,596	\$ 11,343,260	\$ 11,167,407	\$ 11,642,356	\$ 12,283,963	\$ 12,959,939	\$ 13,137,681	13,485,309	13,753,723	14,098,944
Tuition charges	973,419	633,145	346,436	285,297	204,950	88,499	60,695	148,222	74,003	151,653
Miscellaneous	3,952,094	4,978,292	4,356,771	4,018,093	45,630	1,442	29,114	76,377	54,617	29,213
State sources	371,436	408,869	396,627	923,220	3,710,532	4,240,799	4,597,753	4,671,166	5,046,161	4,959,099
Federal sources	15,941,545	17,363,566	16,267,241	16,868,966	16,716,478	17,764,081	18,256,645	18,790,008	19,348,872	19,698,564
Total revenue										
	\$ 10,644,596	\$ 11,343,260	\$ 11,167,407	\$ 11,642,356	\$ 12,283,963	\$ 12,959,939	\$ 13,137,681	13,485,309	13,753,723	14,098,944
Expenditures										
Instruction										
Regular instruction	4,555,932	4,710,602	5,055,726	5,507,578	4,965,120	5,040,950	5,003,304	4,904,306	4,881,974	5,189,524
Special education instruction	1,250,614	1,501,388	1,825,193	1,781,551	1,873,288	2,291,599	2,379,901	2,503,603	2,497,787	2,645,267
Other special instruction	56,319	68,725	92,323	92,659	110,021	321,627	313,599	319,652	290,026	293,765
Other instruction	28,894	75,840	110,978	201,019	153,433	166,558	166,224	197,370	174,338	165,934
Support Services:										
Tuition	754,620	975,813	788,806	586,890	793,360	578,264	502,471	865,307	693,129	421,455
Student & Instruction related services	1,374,708	1,563,613	1,656,731	1,623,025	1,332,627	1,540,917	1,645,651	1,661,606	1,581,560	1,647,529
General administrative services	496,933	437,411	468,112	523,670	377,382	394,065	357,243	421,339	380,415	451,291
School Administrative services	353,788	377,121	349,906	362,922	320,149	393,189	348,324	466,606	493,810	483,202
Central Services	425,213	442,953	456,614	555,680	446,075	417,722	449,670	470,825	527,658	527,828
Plant operations and maintenance	1,018,287	1,105,274	1,200,623	1,189,694	1,218,936	1,237,291	1,127,121	1,163,247	1,234,433	1,206,369
Pupil transportation	444,921	591,623	494,102	510,442	605,773	569,581	594,165	601,361	676,207	509,546
Unallocated employee benefits	3,353,326	3,641,524	3,212,443	2,872,543	3,167,513	3,316,299	3,874,419	3,537,290	3,898,212	4,153,414
Charter Schools	17,563	3,167	19,851	11,576	10,258	227,679	49,932	153,337	723,523	462,697
Capital outlay	13,860,424	1,971,797	1,104,969	143,003	54,016					
Debt Service:										
Principal	46,316	497,778	534,327	550,900	592,593	629,374	641,292	658,305	650,000	700,000
Interest and Other Charges	580,168	819,045	796,447	772,673	747,609	720,813	692,935	664,406	618,255	557,209
Total expenditures	28,618,028	18,783,674	18,167,150	17,285,825	16,768,154	17,845,930	18,146,251	18,588,560	19,321,325	19,415,030
Excess (Deficiency) of revenues over (under) expenditures	(12,676,463)	(1,420,108)	(1,899,909)	(416,859)	(51,676)	(81,848)	110,394	201,448	27,547	283,534
Other Financing sources (uses)										
Capital leases (non-budgeted)	37,853	97,945				106,956			187,891	
Cancellation of Accounts Payable						30,391				
Bond proceeds							322	102,720	260,372	450,000
Transfers in	767,676	452,069	40,683	5,375			(322)	(102,720)	(260,372)	(450,000)
Transfers out	(767,676)	(470,311)	(40,683)	(5,375)						
Total other financing sources (uses)	37,853	79,703	-	(0)	-	137,347	-	-	187,891	-
Net change in fund balances	(12,638,629)	(1,340,405)	(1,899,909)	(416,859)	(51,676)	55,498	110,394	201,448	215,438	283,534
Debt service as a percentage of noncapital expenditures	4.245%	7.833%	7.800%	7.721%	8.018%	7.664%	7.373%	7.175%	6.819%	6.634%

Source: CAFR Schedule B-2

Note: Noncapital expenditures are total expenditures less capital outlay.

Central Services and Administrative Information Technology account classifications were added beginning with year end June 30, 2005.
Prior to June 30, 2005, Central Services and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

WANAQUE BOARD OF EDUCATION

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

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Misc.	Total
2008	831,132		142,287	973,419
2009	66,915		114,161	181,076
2010	33,876	258,841	13,035	305,752
2011	14,261	164,608	96,685	275,554
2012	4,866	204,950	33,264	243,080
2013		88,499	1,314	89,813
2013	322	60,695	28,791	89,808
2014	149	148,222	76,228	224,599
2015	4,299	74,003	26,188	104,490
2016	4,777	151,653	21,359	177,788

Source: District Records

WANAUKE BOARD OF EDUCATION

Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years
Unaudited

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	QIarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2006	21,801,500	439,711,174	0	0	42,899,120	12,895,390	1,600,100	518,907,284	686,471	519,593,755	1.880	1,122,087,188
2007	24,877,300	483,491,974	0	0	42,143,720	10,828,090	1,600,100	562,941,184	637,511	563,578,695	2.030	1,348,849,124
2008	24,025,200	498,917,774	0	0	40,972,420	10,828,090	1,600,100	576,343,584	677,148	577,020,732	3.093	1,425,532,571
2009	25,113,400	498,394,774	0	0	40,494,020	10,828,090	1,600,100	576,430,384	726,242	577,156,626	2.010	1,403,083,133
2010	24,185,700	502,053,074	0	3,800	41,896,720	10,591,890	1,600,100	580,331,284	0	580,331,284	2.072	1,386,159,406
2011	23,389,700	502,533,744	0	3,800	41,631,020	10,321,790	1,379,200	579,259,254	0	579,259,254	2.217	1,351,251,430
2012	23,115,800	507,724,774	0	3,800	41,574,020	10,321,790	1,379,200	584,119,384	0	584,119,384	2.239	1,325,363,106
2013 (1)	43,414,200	963,498,900	0	5,800	88,604,200	22,020,000	2,178,100	1,119,721,200	0	1,119,721,200	1.186	1,302,061,470
2014	42,582,900	971,990,000	0	132,400	86,700,100	21,736,000	2,178,100	1,125,319,500	0	1,125,319,500	1.209	1,289,326,322
2015	36,099,300	976,794,800	0	132,400	86,193,800	19,791,700	2,178,100	1,121,190,100	0	1,121,190,100	1.242	1,257,130,277

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

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

(1) Revaluation Year

WANAQUE BOARD OF EDUCATION

**Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years**

(rate per \$100 of assessed value)

Assessment Year	Wanaque Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Regional School District	Borough of Wanaque	Passaic County	
2006	1.868	0.012	1.88	1.12	1.13	1.13	5.26
2007	2.009	0.021	2.03	1.17	1.135	1.19	5.52
2008	1.895	0.021	1.92	1.18	1.33	1.26	5.68
2009	1.991	0.021	2.01	1.23	1.37	1.22	5.84
2010	0.867	1.205	2.07	1.30	1.46	1.28	6.11
2011	0.950	1.27	2.22	1.22	1.52	1.34	6.30
2012	2.089	0.15	2.24	1.22	1.58	1.46	6.50
2013 (1)	1.106	0.079	1.19	0.70	0.87	0.73	3.48
2014	1.133	0.077	1.21	0.63	0.88	0.81	3.53
2015	1.785	0.085	1.87	0.63	0.88	0.85	4.22

Source: District Records and Municipal Tax Collector

Note:

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

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

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

(1) Revaluation Year

WANAQUE BOARD OF EDUCATION

Principal Property Tax Payers,
Current Year and Nine Years Ago

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
North Jersey District Water Supply Comm.	\$ 21,221,300	1	1.89%	\$ 16,164,800	1	1.89%
Wanaque Convalescent Center LP	16,537,000	2	1.47%	9,240,300	3	1.08%
Omni 11 LLC	11,641,400	3	1.03%			
Wanaque Building Associates	7,269,300	4	0.65%	3,450,000	5	0.40%
Arrow Shed LLC	5,201,400	5	0.46%			
Algonquin Gas Transmission	4,494,900	6	0.40%	2,086,390	7	0.24%
Shree Badha Shivan, LLC	3,645,000	7	0.32%			
Ringwood Park Plaza Realty	2,793,000	8	0.25%			
Haskell Town Center LLC	2,697,300	9	0.24%			
Mountain Lakes Estates	2,625,000	10	0.23%			
Pulte Communications				12,494,200	2	1.46%
Arrow Group Inc.				2,500,000	6	0.29%
DeRubbio & McCauly				5,666,200	4	0.66%
Wanaque Realty Corp				1,984,200	8	0.23%
Blad Eagle Urban Renewal at Wanaque				1,545,000	9	0.18%
Haskell Properties				1,517,500	10	0.18%
Total	\$ 78,125,600		6.94%	\$ 56,648,590		6.61%

Source: Municipal Tax Assessor office

WANAQUE BOARD OF EDUCATION

Property Tax Levies and Collections,
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	10,644,596	10,644,596	100.00%	-
2008	11,343,260	11,343,260	100.00%	-
2009	11,167,407	11,167,407	100.00%	-
2010	11,642,356	11,642,356	100.00%	-
2011	12,283,963	12,283,963	100.00%	-
2012	12,959,939	12,959,939	100.00%	-
2013	13,137,681	13,137,681	100.00%	-
2014	13,485,309	13,485,309	100.00%	-
2015	13,753,723	13,753,723	100.00%	-
2016	14,098,944	14,098,944	100.00%	-

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

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

WANAQUE BOARD OF EDUCATION

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities				Total District	Percentage of Personal Income	Per Capita ^a
	General Obligation Bonds	Loans Payable	Capital Leases				
2007	18,276,000	369,571	84,691		18,730,262	3.99%	1,711
2008	17,826,000	321,793	146,784		18,294,577	3.64%	1,592
2009	17,341,000	272,466	98,003		17,711,469	3.54%	1,467
2010	16,841,000	221,566	69,716		17,132,282	3.67%	1,411
2011	16,301,000	168,973	41,688		16,511,662	3.38%	1,484
2012	15,726,000	114,599	89,141		15,929,740	3.18%	1,431
2013	15,141,000	58,307	68,831		15,268,138	Not Available	1,370
2014	14,541,000		47,567		14,588,567	Not Available	1,302
2015	13,815,000		238,496		14,053,496	Not Available	Not Available
2016	13,115,000		114,700		13,229,700	Not Available	Not Available

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

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

WANAUKE BOARD OF EDUCATION
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2007	18,276,000		18,276,000	3.24%	1,670
2008	17,826,000		17,826,000	3.09%	1,551
2009	17,341,000		17,341,000	3.00%	1,436
2010	16,841,000		16,841,000	2.90%	1,387
2011	16,301,000		16,301,000	2.81%	1,466
2012	15,726,000		15,726,000	2.69%	1,413
2013	15,141,000		15,141,000	1.35%	1,358
2014	14,541,000		14,541,000	Not Applicable	Not Applicable
2015	13,815,000		13,815,000	Not Applicable	Not Applicable
2016	13,115,000		13,115,000	Not Applicable	Not Applicable

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

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

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

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

WANAUKE BOARD OF EDUCATION
Direct and Overlapping Governmental Activities Debt
Year Ended June 30, 2016

<u>Governmental Unit</u>	<u>Debt Outstanding (1)</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of Wanaque	18,391,996	100.000%	18,391,996
Other debt			
Passaic County	345,384,061	2.670%	9,221,754
Passaic County Utility Authority	55,210,000	2.670%	1,474,107
			<hr/>
Subtotal, overlapping debt			29,087,858
Wanaque Borough School District Direct Debt			<hr/>
			13,115,000
Total direct and overlapping debt			<hr/> <hr/>
			\$ 42,202,858

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

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

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

(1) Debt information as of December 31, 2014

WANAJUE BOARD OF EDUCATION
Legal Debt Margin Information,
Last Ten Fiscal Years

	Equalized valuation basis					Fiscal Year									
	2013	2014	2015	[A]	[A/3]	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Average equalized valuation of taxable property	1,279,388,940	1,258,043,041	1,235,743,525	\$ 3,773,175,506	\$ 1,257,725,169										
Debt limit (3 % of average equalization value)															
Net bonded school debt															
Legal debt margin															
Debt limit						\$ 32,440,697	\$ 36,944,417	\$ 40,225,350	\$ 41,562,194	\$ 41,186,170	\$ 40,530,510	\$ 39,760,893	\$ 39,061,844	\$ 35,839,193	\$ 37,731,755
Total net debt applicable to limit						18,645,571	18,147,793	17,613,466	17,062,566	16,469,973	15,840,599	15,199,307	14,541,000	13,815,000	13,115,000
Legal debt margin						\$ 14,164,697	\$ 19,118,417	\$ 22,884,350	\$ 24,721,194	\$ 24,885,170	\$ 24,689,911	\$ 24,561,586	\$ 24,520,844	\$ 22,024,193	\$ 24,616,755
Total net debt applicable to the limit as a percentage of debt limit						56.34%	48.25%	43.11%	40.52%	39.58%	39.08%	38.23%	37.23%	38.55%	38.55%

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

WANAQUE BOARD OF EDUCATION
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2006	10,945	422,509,835	38,603	3.5%
2007	11,495	469,628,225	40,855	3.6%
2008	12,077	503,103,666	41,658	3.3%
2009	12,144	500,927,856	41,249	4.3%
2010	11,123	467,132,631	41,997	8.4%
2011	11,133	488,259,981	43,857	8.6%
2012	11,148	500,545,200	44,900	9.0%
2013	11,208	469,133,256	41,857	8.3%
2014	11,447	500,085,089	43,687	13.3%
2015	11,848	Not Available	Not Available	6.2%
2016	11,640	Not Available	Not Available	5.0%

Source:

^a U.S. Bureau of the Census, Population Division, (Estimates July 1, 2004-2014)

^b Personal income of the District is based on the County Information.

^c U.S. Department of Commerce, County Information 2003-2014.

^d N.J. Department of Labor

WANAQUE BOARD OF EDUCATION

**Principal Employers,
Current Year and Eight Years Ago**

2016

2008

INFORMATION IS NOT AVAILABLE

WANAQUE BOARD OF EDUCATION
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years

<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	65	60	61	62	56	57	65	65	66	58
Regular	16	19	19	20	40	50	26	22	22	29
Special education	9	13	20	18	-		20	23.5	24.5	21
Other instruction										
Support Services:										
Tuition	14	13	13.5	11.0	-					
Student & instruction related services	3	2	2	2	13	16	11	13.5	13	14.5
General administrative services	5	8	8	8	7	6	9	8	7	8.5
Business administrative services	4	4	4	2	3	3	3.5	3.5	4	4
Plant operations and maintenance	1	1	-	3	3	15	2	2	2	2
Pupil transportation	11	11	3	-	12	-	-	-	-	-
Total	128	131	131	126.0	134.0	147.0	136.5	137.5	138.5	137.0

Source: District Personnel Records

WANAUKE BOARD OF EDUCATION
Operating Statistics
Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio Elementary	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2006-2007	995	14,131,120	14,202	7.68%	94	10.6	982.2	939.2	-1.98%	95.62%
2007-2008	969	15,495,054	15,991	12.59%	86	11.3	992.9	957.8	1.08%	96.46%
2008-2009	950	15,731,407	16,559	3.56%	93.5	10.2	949.7	905.1	-5.83%	95.30%
2009-2010	941	15,819,249	16,811	1.52%	93.5	10.2	918.2	909.7	-3.32%	96.67%
2010-2011	942	15,373,936	16,321	-2.92%	79.2	11.8	934.5	893.8	1.78%	94.88%
2011-2012	932	16,268,064	17,455	6.95%	90.5	10.4	942.8	907.5	0.89%	96.18%
2012-2013	965	16,762,091	17,370	-0.49%	91.0	10.6	951.7	906.7	-0.09%	95.30%
2013-2014	926	17,112,512	18,480	6.39%	90.0	10.3	915.5	877.4	-3.80%	95.84%
2014-2015	952	17,329,547	18,203	-1.50%	93.0	10.2	958.0	917.2	-4.64%	95.75%
2015-2016	955	17,695,124	18,529	1.79%	90.0	10.6	947.6	908.7	-0.01%	95.90%

Sources: District records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

WANAQUE BOARD OF EDUCATION
School Building Information
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
District Building										
Elementary										
Haskell School (1917)	70,225	70,225	70,225	70,225	70,225	70,225	70,255	70,255	70,255	70,255
Square Feet	469	469	469	469	469	469	469	469	469	469
Capacity (students)	443	403	407	407	403	403	413	413	428	432
Enrollment										
Wanaque School (1971)										
Square Feet	81,100	81,800	81,800	81,800	81,800	81,800	81,800	81,800	81,800	81,800
Capacity (students)	574	574	574	574	574	574	574	574	574	574
Enrollment	571	566	543	543	535	539	538	538	538	523
Other										
Central Administration (1905)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Square Feet										
Central Administration (1965)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Square Feet										
Central Administration (1917)	2,260	2,260	2,260	2,260	2,260	2,260	2,260	2,260	2,260	2,260
Square Feet										

Number of Schools at June 30, 2016
Elementary = 2

Source: District Facilities Office

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions.

WANAQUE BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES BY SCHOOL FACILITY

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

*School Facilities	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
HASKELL SCHOOL	127,468	127,800	85,183	71,465	73,836	68,147	40,961	70,792	55,927	52,668
WANAQUE SCHOOL	138,090	122,658	89,983	84,527	71,307	66,395	49,038	81,777	65,555	60,840
GRAND TOTAL	<u>265,558</u>	<u>250,458</u>	<u>175,166</u>	<u>155,992</u>	<u>145,143</u>	<u>134,542</u>	<u>89,999</u>	<u>152,569</u>	<u>121,482</u>	<u>113,508</u>

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

WANAQUE BOARD OF EDUCATION

Insurance Schedule
June 30, 2016

	<u>Coverage</u>	<u>Deductible</u>
Package - NJSBAIG		
Property-blanket building and contents	\$ 400,000,000	\$ 5,000
Crime coverage	250,000	1,000
Comprehensive general liability	11,000,000	
Business auto coverage	11,000,000	
Auto Physical Damage	Actual Cash Value	1,000
Environmental Impairment - American Safety	1,000,000	25,000
Boiler and machinery - New Jersey School Board Association Ins. Group	100,000,000	1,000
Umbrella - CAP Program - Fireman's Fund	29,000,000	
Educators Legal Liability	11,000,000	5,000
Workers Compensation - New Jersey School Board Association Ins. Group	2,000,000	
Public Officials Surety Bonds - CAN Surety		
Treasurer of School Monies	250,000	1,000
Board Secretary	200,000	1,000
Student Accident Coverage - New Jersey School Board Association Ins. Group		
Catastrophic Aggregate Limit	5,000,000	Full Excess
Catastrophic Cash Benefit	1,000,000	

Source: District Records

SINGLE AUDIT SECTION

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

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

Honorable President and
Members of the Board of Education
Borough of Wanaque School District
County of Passaic
Haskell, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the Borough of Wanaque School District, in the County of Passaic, New Jersey, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 19, 2016.

Internal Control Over Financial Reporting

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

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

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


Compliance and Other Matters

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

We noted certain matters that were required to be reported to the Board of Education of the Borough of Wanaque School District in the separate Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance dated October 19, 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Thomas M. Ferry
Licensed Public School Accountant
No. 20CS00209100

Ferraioli, Wielkatz, Cerullo & Cova, P.A.
FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

Newton, New Jersey

October 19, 2016

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND NEW JERSEY'S OMB CIRCULAR 15-08

Honorable President and
Members of the Board of Education
Borough of Wanaque School District
County of Passaic
Haskell, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Borough of Wanaque School District in the County of Passaic, New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplements* and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Borough of Wanaque Board of Education's major federal and state programs for the year ended June 30, 2016. The Borough of Wanaque Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Borough of Wanaque Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and N.J. OMB Circular 15-08. Those statutes; the Uniform Guidance and N.J. OMB 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred

to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Wanaque 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 federal and state program. However, our audit does not provide a legal determination of the Borough of Wanaque Board of Education's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Borough of Wanaque 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 federal and state programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the Borough of Wanaque Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough of Wanaque Board of Education's internal control over compliance with the type of requirements that could have a direct and material effect on each major federal and 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 federal and state program and to test and report on internal control over compliance in accordance with Uniform Guidance and 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 Borough of Wanaque Board of Education's internal control over compliance.

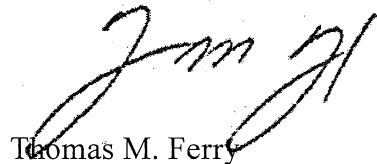
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Honorable President and
Members of the Board of Education

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

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



Thomas M. Ferry
Licensed Public School Accountant
No. 20CS00209100

Ferraioli, Wielkatz, Cerullo & Cuva, P.A.
FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

Newton, New Jersey

October 19, 2016

BOROUGH OF WANAUKE SCHOO DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year Ending June 30, 2016

Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period From / To	Balance at June 30, 2015 (Accounts Receivable)	Cash Received	Budgetary Expenditures	Prior Years' Receivables Cancelled	Balance at June 30, 2016 (Accounts Receivable)	Deferred Revenue	MEMO Cumulative Total Expenditures
U.S. Department of Education:												
Passed-Through State Department Of Education:												
General Fund:												
Medicaid Assistance Program	93.778	1605NJ5MAP	N/A	30,459.96	7/1/14-6/30/15	(30,459.96)	30,459.96	(44,659.30)	-	(6,097.24)	-	30,459.96
Medicaid Assistance Program	93.778	1605NJ5MAP	N/A	6,097.24	7/1/15-6/30/16	(30,459.96)	38,561.06	(44,659.30)	-	(6,097.24)	-	50,755.54
Total General Fund							69,021.02					81,215.90
U.S. Department of Agriculture												
Passed-Through State Department Of Education:												
Enterprise Fund:												
Food Distribution Program	10.550	16161NJ304N1099	N/A	36,004.79	7/1/15-6/30/16		36,004.79	(35,294.57)	-	710.22	-	35,294.57
National School Lunch Program	10.555	16161NJ304N1099	N/A	95,245.98	7/1/14-6/30/15	(8,149.30)	8,149.30	(102,012.51)	-	(4,622.99)	-	95,245.98
National School Lunch Program	10.555	16161NJ304N1099	N/A	102,012.51	7/1/15-6/30/16	(452.21)	97,389.52	(102,012.51)	-		-	102,012.51
School Breakfast Program	10.553	16161NJ304N1099	N/A	4,183.15	7/1/14-6/30/15		452.21	(5,892.49)	-	(466.84)	-	4,183.15
School Breakfast Program	10.553	16161NJ304N1099	N/A	5,892.49	7/1/15-6/30/16	(3.45)	5,405.65	(5,892.49)	-		-	5,892.49
Special Milk Program	10.556	16161NJ304N1099	N/A	11.73	7/1/14-6/30/15		3.45	(299.31)	-	(20.69)	-	11.73
Special Milk Program	10.556	16161NJ304N1099	N/A	299.31	7/1/15-6/30/16	(8,604.96)	278.62	(143,496.88)	-	(5,130.52)	-	299.31
Total Enterprise Fund							147,663.54					242,939.74
U.S. Department of Education												
Passed-Through State Department Of Education:												
Special Revenue Fund:												
Title I - Improving Basic Programs	84.010	S010A150030	NCLB544015	123,958.25	9/1/14-8/31/15	(70,142.34)	55,201.00	(5,861.00)	20,802.34	(44,061.41)	-	103,155.91
Title I - Improving Basic Programs	84.010	S010A150030	NCLB544016	110,423.00	9/1/15-8/31/16		64,249.00	(108,310.41)	-		-	108,310.00
Title II - Part A - Teacher & Principal Training/Recruiting	84.367	S367A150029	NCLB544015	27,291.58	9/1/14-8/31/15	(8,069.43)	8,458.00	(23,018.00)	-	(14,560.00)	-	23,018.00
Title II - Part A - Teacher & Principal Training/Recruiting	84.367	S367A150029	NCLB544015	27,291.58	9/1/13-8/31/14		27,291.43	(19,222.00)	1,804.43		-	27,291.58
Title II - Part A - Teacher & Principal Training/Recruiting	84.027	H027A150100	IDEA544015	248,050.57	9/1/14-8/31/15	(21,294.57)	13,852.57	(243,528.00)	-	(7,163.00)	-	248,050.57
ID.E.A. Part B - Basic Regular	84.027	H027A150100	IDEA544016	243,528.00	9/1/15-8/31/16		236,365.00	(13,460.00)	-	(4,142.00)	-	243,528.00
ID.E.A. Part B - Preschool	84.173	H173A150114	IDEA544016	13,460.00	9/1/15-8/31/16		9,318.00	(13,460.00)	-		-	13,460.00
ID.E.A. Part B - Preschool	84.173	H173A150114	IDEA544015	13,355.00	9/1/14-8/31/15	(13,355.00)	13,355.00	(413,399.41)	22,606.77	(69,926.41)	-	13,355.00
Total Special Revenue Fund							449,384.57					805,446.63
Total Federal Financial Awards							666,089.13					1,129,601.87

Note: This schedule was not subject to an Audit in accordance with Federal OMB'S Uniform Guidance.

BOROUGH OF WANAUKE SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year Ending June 30, 2016

State Grantor/Program Title	Grant of State Project Number	Program or Award Amount	Grant Period From / To	Balance at June 30, 2015		Cash Received	Budgetary Expenditures	Balance at June 30, 2016		MEMO
				Deferred Revenue (Accts Receivable)	Program or Award Amount			(Accounts Receivable)	Budgetary Receivable	
State Department of Education:										
General Fund:										
Reimbursed TPAF Social Security	15-495-034-5094-003	608,335.60	7/1/14-6/30/15	(26,963.46)		26,963.46		(27,313.84)		575,336.77
Reimbursed TPAF Social Security	16-495-034-5095-003	557,455.00	7/1/15-6/30/16			530,141.16	(557,455.00)			1,845,547.00
Equalization Aid	16-495-034-5120-078	1,845,547.00	7/1/15-6/30/16			1,674,458.00	(1,845,547.00)		(171,089.00)	547,530.00
Special Education, Categorical Aid	16-495-034-5120-089	547,530.00	7/1/15-6/30/16			496,772.00	(547,530.00)		(50,758.00)	47,456.00
Transportation Aid	16-495-034-5120-014	47,456.00	7/1/15-6/30/16			43,057.00	(47,456.00)		(4,399.00)	23,490.00
Security Aid	16-495-034-5120-084	23,490.00	7/1/15-6/30/16			21,313.00	(23,490.00)		(2,177.00)	9,240.00
PARCC Readiness Aid	16-495-034-5120-088	9,240.00	7/1/15-6/30/16			8,383.00	(9,240.00)		(857.00)	9,240.00
Per Pupil Growth Aid	16-495-034-5120-097	9,240.00	7/1/15-6/30/16			8,383.00	(9,240.00)		(857.00)	9,240.00
Additional Adjustment Aid	16-495-034-5120-085	1.00	7/1/15-6/30/16			1.00	(1.00)			1.00
Extraordinary Special Education Costs Aid	15-100-034-5120-473	163,083.00	7/1/14-6/30/15	(161,421.00)		161,421.00				159,174.00
Extraordinary Special Education Costs Aid	16-100-034-5120-473	148,666.00	7/1/15-6/30/16				(148,666.00)		(148,666.00)	576,078.00
On-behalf TPAF Pension	16-495-034-5094-006	576,078.00	7/1/15-6/30/16				(576,078.00)			28,697.00
On-behalf TPAF NCGI Premium	16-495-034-5094-007	28,697.00	7/1/15-6/30/16				(28,697.00)			720,120.00
On-behalf TPAF Post Retirement Medical	16-495-034-5094-001	720,120.00	7/1/15-6/30/16				(720,120.00)			9,959.00
Non Public Transportation Aid	15-495-034-5120-014	14,093.00	7/1/14-6/30/15	(14,093.00)		14,093.00				9,959.00
Non Public Transportation Aid	16-495-034-5120-014	14,467.00	7/1/15-6/30/16				(14,467.00)		(14,467.00)	4,551,868.77
Total General Fund				(202,477.46)		2,984,985.62	(4,527,987.00)		(230,137.00)	
Debt Service Fund:										
School Construction Debt Service Aid	16-495-034-5120-075	421,510.00	7/1/15-6/30/16			421,510.00	(421,510.00)			421,510.00
Total Debt Service Fund						421,510.00	(421,510.00)			421,510.00
Capital Projects Fund:										
New Jersey School Development Authority	5440-050-14-1001	59,920.00	3/31/14-12/31/15	(59,920.00)		59,920.00				59,920.00
New Jersey School Development Authority	5440-070-14-1003	34,240.00	3/31/14-12/31/15	(34,240.00)		17,732.40		(16,507.60)		34,240.00
New Jersey School Development Authority	5440-070-14-1004	34,240.00	3/31/14-12/31/15	(34,240.00)		6,148.80		(28,091.20)		34,240.00
New Jersey School Development Authority	5440-050-14-1006	48,560.00	3/31/14-12/31/15	(48,560.00)		48,560.00				48,560.00
New Jersey School Development Authority	5440-070-14-1007	105,440.00	3/31/14-12/31/14	(105,440.00)		77,900.00		(27,540.00)		105,440.00
New Jersey School Development Authority	5440-070-14-1008	36,320.00	3/31/14-8/11/14	(36,320.00)		17,496.54		(18,823.46)		36,320.00
Total Capital Projects Fund				(318,720.00)		227,757.74		(90,962.26)		318,720.00
State Department of Agriculture Enterprise Fund:										
State School Lunch Program	15-100-010-3350-023	3,409.67	7/1/14-6/30/15	(403.91)		403.91				3,409.67
State School Lunch Program	16-100-010-3350-023	3,699.48	7/1/15-6/30/16			3,185.95	(3,348.08)	(162.13)		3,699.48
Total Enterprise Fund				(403.91)		3,589.86	(3,348.08)	(162.13)		7,109.15
Total State Financial Assistance				(521,601.37)		3,637,843.22	(4,952,845.08)	(281,571.23)		5,357,247.90
Less: On-Behalf Pension and Annuity Aid							1,324,895.00			1,324,895.00
Total For State Financial Assistance Determination				(521,601.37)		3,637,843.22	(3,627,950.08)	(281,571.23)		4,032,352.90

See accompanying notes to Schedule of Expenditures of Federal awards and State Financial Assistance.

NOTE 1. GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include the activity of all Federal and State Award programs of the Board of Education, Borough of Wanaque School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal 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 of expenditures of Federal Awards and State Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 2 (C) and 2(D) to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and N.J. OMB Circular 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June 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 budget year due to the state deferral and recording of the one or more June state aid payments last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June 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 \$9,602.00 for the general fund and \$1,597.19 for the special revenue fund. See Note for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

NOTE 3. RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS
(Continued)

Additionally, as discussed further in Note 6, the State of New Jersey makes contributions on-behalf of the District for TPAF post-retirement medical and pension contributions. The total amount of these contributions during 2016 fiscal year was \$1,882,350.00.

Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 44,658.30	\$4,537,589.00	\$4,582,247.30
Special Revenue Fund	414,996.60	-	414,996.60
Debt Service Fund	-	421,510.00	421,510.00
Food Service Fund	<u>143,498.88</u>	<u>3,348.08</u>	<u>146,846.96</u>
Total Financial Awards	<u>\$603,153.78</u>	<u>\$4,962,447.08</u>	<u>\$5,565,600.86</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2016. The amount reported as TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 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. INDIRECT COST RATE

The Borough of Wanaque School District has elected not to use the 10 percent de minimis Indirect Cost Rate as allowed under the Uniform Guidance.

**BOROUGH OF WANAQUE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- 1) Material weakness(es) identified? yes X no
2) Significant deficiencies identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

N/A

**BOROUGH OF WANAQUE SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Status of Prior Year Findings

There were no prior audit findings.