

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

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Township of West Milford School District

Board of Education

West Milford, New Jersey

For the Fiscal Year Ended June 30, 2016

WEST MILFORD BOARD OF EDUCATION

**West Milford, New Jersey
TOWNSHIP OF WEST MILFORD
BOARD OF EDUCATION**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE TOWNSHIP OF WEST MILFORD SCHOOL DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

TABLE OF CONTENTS

INTRODUCTORY SECTION	<u>Page</u>
Letter of Transmittal	1 - 5
Organizational Chart	6
Roster of Officials	7
Consultants and Advisors	8
 FINANCIAL SECTION	
Independent Auditor's Report	9 - 12
 Required Supplementary Information - Part I	
Management's Discussion and Analysis	13 - 21
 Basic Financial Statements	
A. District-wide Financial Statements:	
A-1 Statement of Net Position	22
A-2 Statement of Activities	23
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	24
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	25
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	26
Proprietary Funds:	
B-4 Statement of Net Position	27
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	28
B-6 Statement of Cash Flows	29
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	30
B-8 Statement of Changes in Fiduciary Net Position	31
Notes to the Financial Statements	32 - 67
 Required Supplementary Information - Part II	
C. Budgetary Comparison Schedule	
C-1 Budgetary Comparison Schedule - General Fund	68 - 72
C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	N/A
C-1b Education Jobs Fund	N/A
C-2 Budgetary Comparison Schedule - Special Revenue Fund	73

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE TOWNSHIP OF WEST MILFORD SCHOOL DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

TABLE OF CONTENTS (Continued)

FINANCIAL SECTION (Continued)	<u>Page</u>
Notes to the Required Supplementary Information - Part II	
C-3 Budget-to-GAAP Reconciliation	74
Required Supplementary Information - Part III	
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
L-1 Schedule of District's Proportionate Share of Net Pension Liability - PERS	75
L-2 Schedule of District Contributions - PERS	76
L-3 Schedule of the District's Proportionate Share of Net Pension Liability - TPAF	77
Notes to the Required Supplementary Information - Part III	
L-4 Note to Required Schedules of Supplementary Information	78
Other Supplementary Information	
D. School Based Budget Schedules (if applicable):	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A
D-4 Schedule of DEOA Expenditures - Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures Special Revenue Fund - Budgetary Basis	79
E-1a Combining Schedule of Program Revenues and Expenditures Special Revenue Fund - Budgetary Basis - Comparative	80
E-1b Combining Schedule of Program Revenues and Expenditures - Budgetary Basis	N/A
E-2 Demonstrably Effective Program Aid Schedule of Expenditures - Budgetary Basis	N/A
E-3 Early Childhood Program Aid Schedule of Expenditures - Budgetary Basis	N/A
E-4 Distance Learning Network Aid Schedule of Expenditures - Budgetary Basis	N/A
E-5 Instructional Supplement Aid Schedule of Expenditures - Budgetary Basis	N/A

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE TOWNSHIP OF WEST MILFORD SCHOOL DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

TABLE OF CONTENTS (Continued)

FINANCIAL SECTION (Continued)

Other Supplementary Information (Continued)

Page

F. Capital Projects Fund:

F-1	Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis	81
F-1a	Schedule of Project Revenues, Expenditures, Project Balance, and Project Status – Budgetary Basis - Westbrook Roof Replacement	82
F-1b	Schedule of Project Revenues, Expenditures, Project Balance, and Project Status – Macopin Roof Replacement	83
F-1c	Schedule of Project Revenues, Expenditures, Project Balance, and Project Status – High School Roof Replacement	84
F-1d	Schedule of Project Revenues, Expenditures, Project Balance, and Project Status – High School Boiler Replacement	85
F-1e	Schedule of Project Revenues, Expenditures, Project Balance, and Project Status – Westbrook Boiler Replacement	86
F-1f	Schedule of Project Revenues, Expenditures, Project Balance, and Project Status – Paradise Knoll Boiler Replacement	87
F-1g	Schedule of Project Revenues, Expenditures, Project Balance, and Project Status – High School Science Lab Updates	88
F-1h	Schedule of Project Revenues, Expenditures, Project Balance, and Project Status – High School Step Replacement	89
F-2	Summary Schedule of Project Expenditures	90

G. Proprietary Funds:

Enterprise Fund:

G-1	Combining Statement of Net Position	91
G-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Position	92
G-3	Combining Statement of Cash Flows	93

Internal Service Fund:

G-4	Combining Statement of Net Position	N/A
G-5	Combining Statement of Revenues, Expenses and Changes in Fund Net Position	N/A
G-6	Combining Statement of Cash Flows	N/A

H. Fiduciary Funds:

H-1	Combining Statement of Fiduciary Net Position	94
H-2	Combining Statement of Changes in Fiduciary Net Position	95
H-3	Student Activity Agency Fund - Schedule of Receipts and Disbursements	96
H-4	Payroll Agency Fund - Schedule of Receipts and Disbursements	97

I. Long-Term Debt:

I-1	Schedule of Serial Bonds/General Long Term Debt Account Group	98 - 99
I-2	Schedule of Obligations under Capital Leases	100
I-3	Debt Service Fund Budgetary Comparison Schedule	101

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE TOWNSHIP OF WEST MILFORD SCHOOL DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

TABLE OF CONTENTS (Continued)

STATISTICAL SECTION (Unaudited)	<u>Page</u>
Introduction to the Statistical Section	
 Financial Trends	
J-1 Net Position by Component	102
J-2 Changes in Net Position	103 - 104
J-3 Fund Balances - Governmental Funds	105
J-4 Changes in Fund Balances - Governmental Funds	106 - 107
J-5 General Fund Other Local Revenue by Source	108
 Revenue Capacity	
J-6 Assessed Value and Actual Value of Taxable Property	109
J-7 Direct and Overlapping Property Tax Rates	110
J-8 Principal Property Taxpayers	111
J-9 Property Tax Levies and Collections	112
 Debt Capacity	
J-10 Ratios of Outstanding Debt by Type	113
J-11 Ratios of General Bonded Debt Outstanding	114
J-12 Direct and Overlapping Governmental Activities Debt	115
J-13 Legal Debt Margin Information	116
 Demographic and Economic Information	
J-14 Demographic and Economic Statistics	117
J-15 Principal Employers	118
 Operating Information	
J-16 Full-time Equivalent District Employees by Function/Program	119
J-17 Operating Statistics	120
J-18 School Building Information	121 - 122
J-19 Schedule of Allowable Maintenance Expenditures by School	123
J-20 Insurance Schedule	124

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE TOWNSHIP OF WEST MILFORD SCHOOL DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

TABLE OF CONTENTS (Continued)

SINGLE AUDIT SECTION

K-1	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	125- 126
K-2	Independent Auditor's Report on Compliance With Requirements That Could have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with the Uniform Guidance and N.J. OMB Circular 15-08	127 - 1294
K-3	Schedule of Expenditures of Federal Awards, Schedule A	130
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	131
K-5	Notes to Schedules of Awards and Financial Assistance	132 - 134
K-6	Schedule of Findings and Questioned Costs	135 - 137
K-7	Summary Schedule of Prior Year Audit Findings	138

INTRODUCTORY SECTION



WEST MILFORD PUBLIC SCHOOLS

46 Highlander Drive, West Milford, New Jersey 07480
Phone: 973-697-1700 www.wmtps.org Fax: 973-697-8351

Alex Anemone, Ed.D.
Superintendent

Barbara Francisco
Business Administrator/Board Secretary

Daniel Novak
Director of Education

Elizabeth McQuaid, OTD
Director of Special Services

Honorable President and
Members of the Board of Education
West Milford Township School District
County of Passaic, New Jersey

Dear Board Members/Citizens:

It is with pleasure that we submit the Comprehensive Annual Financial Report (CAFR) of the West Milford Township School District (District) for the fiscal year ending June 30, 2016. This CAFR includes the District's Basic Financial Statements in accordance with Governmental Accounting Standards Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position 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 CAFR is presented in four sections: Introductory, Financial, Statistical and Single Audit.

- ◆ The Introductory section includes this transmittal letter, the District's organizational chart and a list of Principal Officials;
- ◆ The Financial section includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information, as well as the auditor's report thereon;
- ◆ The Statistical section includes selected economic and demographic information, financial trends, and the fiscal capacity of the School District generally presented on a multi-year basis;
- ◆ The Single Audit Section – The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996, Title 2 U.S. Code of Federal Regulation Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the Single Audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

The Board of Education of the Township of West Milford is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 14. All funds and account groups of the District are included in this report. The West Milford Township Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-Kindergarten through 12. These include regular, vocational as well as special education for special needs youngsters. The District's instructional facilities includes six elementary schools (grades Pre-Kindergarten through grade 6), one middle school (grades 7 and 8), and one high school (grades 9 through 12). The District completed the 2015-16 fiscal year with an average daily enrollment of 3,484. The following details the changes in the student enrollment of the District over the last 12 years.

Student Enrollment Data

Fiscal Year	Student Enrollment	Percent Change
2015-16	3,613	-2.61%
2014-15	3,710	-1.54%
2013-14	3,768	-1.21%
2012-13	3,814	-2.1%
2011-12	3,896	-1.2%
2010-11	3,944	-1.7%
2009-10	4,013	-2.77%
2008-09	4,124	-3.62%
2007-08	4,279	-2.55%
2006-07	4,391	-2.92%
2005-06	4,523	-2.75%
2004-05	4,651	-1.44%

The Board of Education, comprised of nine members, meets on the third Tuesday of each month for the workshop Board meeting and the fourth Tuesday of each month for the regular Board meeting.

The Parent Teacher Groups are highly active in the District and provide community support for a variety of programs and activities for the children.

2. ECONOMIC CONDITION AND OUTLOOK:

West Milford Township is a rural/suburban residential community with its working population primarily employed by the Board of Education, local businesses, and various businesses in the surrounding area. The Township's 2016 population of 26,410 has increased by 560 people, or about 2.1%, since the corrected 2010 census. West Milford's current unemployment rate of 5.8% is below the Passaic County average of 7.5%. Per capita personal income in Passaic County has leveled off. Although the Township continues to attract new families, there is lower expectation for new development due to the implementation of the Highlands Act.

The Board of Education and Central Office Administration keep the lines of communication open with the community to listen to their suggestions and concerns. The district has implemented a Facebook page and Twitter account to provide information on important events in the district. The Board of Education and Central Office Administration continues to contain expenses to maximize the dollars spent on education and to address facilities improvements that have been identified.

3. MAJOR INITIATIVES:

1) All district administrators work in partnership with teachers and parents to enrich lessons by embedding New Jersey Student Learning Standards (NJSLS) into instructional practice. Curricula that had been updated to NJSLS is being assessed, refined, enhanced and uploaded to the district's curriculum mapping program, putting the NJSLS directly into everyday lessons, as well as into the long range plans for each educator. The District Testing Supervisor, expands the outreach, laser focus and consistent attention on the use of student data to inform practice K-12. 2) Supporting the goal of increasing student engagement to maximize academic achievement, the district has implemented the use of Chrome books by students in the typical classroom setting, as well as in PARCC testing. A rich array of professional development events will support this transition across the upcoming school year. 3) The district has expanded our use of Google Apps for Education platform, affording educators and students a wide range of educationally focused tools through which to improve teaching and learning. We have adopted a process for aligning our use of technology with language that supports Bloom's Taxonomy. 4) The district has implemented Professional Learning Communities, providing both direct training, as well as turnkey training for all teachers and administrators. Time has been dedicated to this process to ensure efficacy and integrity of practice and participation. 5) The district has created an ongoing and comprehensive approach to maintaining inter-rater reliability, ongoing professional development and calibration for administrators with regard to the evaluation of teachers. A four day summer institute opened the new school year, and walk through evaluations have been initiated. Co-observations have been increased and a Corrective Action Plan team, comprised of administrators, has been formed. This team meets regularly to maintain a consistent approach under designated protocols, all aligned with NJDOE requirements. Evaluation rubrics for all "Specialists" are currently complete and are being piloted by the DEAC (District Evaluation Advisory Committee), with recommendations for use in 2016-17.

4. INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with 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 the District management.

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

5. BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as appropriations to 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 the Governmental Accounting Standards Board (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 "Notes to the Financial Statements," Note 1.

7. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", 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. Investment income is generated from interest on balances and certificate of deposits through Lakeland State Bank.

8. 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, cyber liability, and fidelity bonds. Since the 1996-97 school year, the District has carried student and athletic accident and catastrophic injury insurance on every student enrolled in its schools. Through participation in a pooled insurance program, the District enjoys the benefits of distributed risks and reduced premium costs on all lines of insurance. The Board uses the pool to self-insure for workers' compensation, and continues to receive disbursements of surplus funds from prior years.

9. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board selected the accounting firm of Ferraioli, Wielkotz, Cerullo & Cuva. In addition to meeting the requirements of the Single Audit Act of 1996, the Uniform Guidance, and N.J. OMB Circular 15-08 the auditor's report on the general purpose financial statements - and combining and individual fund statements and schedules is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

10. ACKNOWLEDGMENTS:

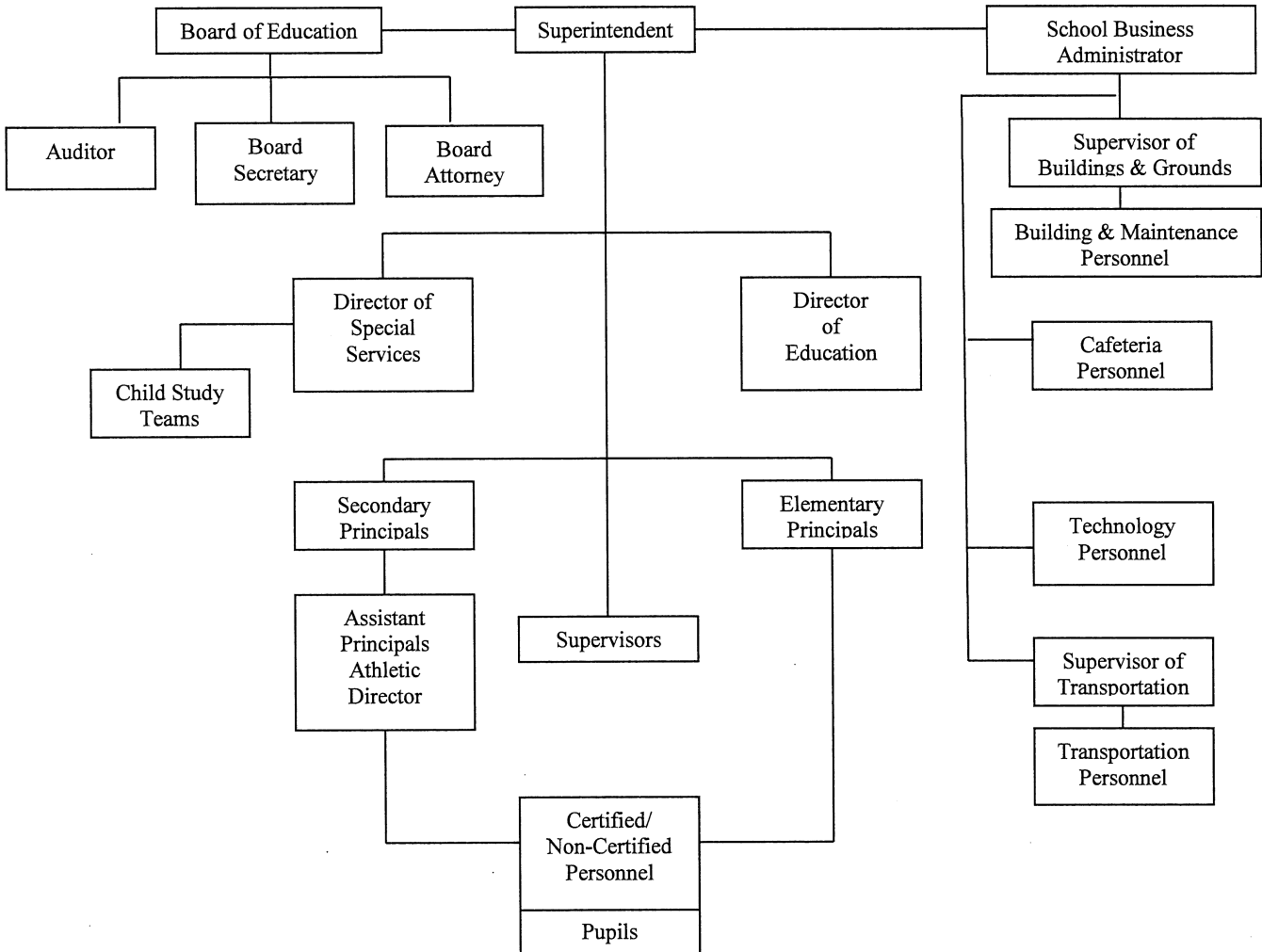
We would like to express our appreciation to the members of the West Milford Township School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial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

Respectfully submitted,

A handwritten signature in cursive script that reads "Barbara Francisco".

Barbara Francisco
Business Administrator/Board Secretary

WEST MILFORD BOARD OF EDUCATION
Organizational Chart
(Unit Control)



Adopted: 25 April 2012
 Revised: 24 September 2013
 Revised: 27 May 2014

**WEST MILFORD BOARD OF EDUCATION
ROSTER OF OFFICIALS
June 30, 2016**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
James Foody - President	2017
James Devor - Vice President	2016
Gregory Bailey	2018
Steven Drew	2016
Theresa Dwyer	2018
Glenn Huber	2018
Debbie O'Brien	2016
Rodney Robbins	2017
Marilyn Schultz	2017

Other Officials

Anthony Riscica - Interim Superintendent of Schools

Barbara Francisco - Business Administrator/Board Secretary

Daniel Novak - Director of Education

Elizabeth McQuaid, OTD - Director of Special Services

WEST MILFORD BOARD OF EDUCATION

2014-2016

Consultants and Advisors

ARCHITECTS

LAN Associates
445 Godwin Avenue
Midland Park, New Jersey 07432

DiCara Rubino Architects
30 Galesi Drive, West Wing
Wayne, New Jersey 07470

Settembrino Architects
25 Bridge Avenue
Red Bank, New Jersey 07701

AUDIT FIRM

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

BOARD ATTORNEY

Schenck Price Smith & King LLP
220 Park Avenue
P. O. Box 991
Florham Park, New Jersey 07932

LABOR NEGOTIATOR

Schwartz, Simon, Edelstein, & Celso, LLC
100 South Jefferson Road, Suite 200
Whippany, New Jersey 07981

SPECIAL EDUCATION ATTORNEY

Schwartz, Simon, Edelstein, & Celso, LLC
100 South Jefferson Road, Suite 200
Whippany, New Jersey 07981

FISCAL AGENTS

J. P. Morgan Chase Bank, N.A.
Dallas, Texas

OFFICIAL DEPOSITORY

Lakeland Bank
West Milford, New Jersey

FINANCIAL SECTION

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

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

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
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

The Honorable President and
Members of the Board of Education
Township of West Milford School District
County of Passaic, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Township of West Milford 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Township of West Milford 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.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of West Milford 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 November 21, 2016 on our consideration of the Township of West Milford 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

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

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



Charles J. Ferraioli, Jr., C.P.A.
Licensed Public School Accountant
No. 749

Ferraioli, Wielkatz, Cerullo & Cuva, P.A.
Ferraioli, Wielkatz, Cerullo & Cuva, P.A.
Certified Public Accountants

Pompton Lakes, New Jersey

November 21, 2016

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

WEST MILFORD TOWNSHIP PUBLIC SCHOOL DISTRICT
WEST MILFORD TOWNSHIP

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

(UNAUDITED)

The discussion and analysis of West Milford Township Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the School 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 School District's financial performance.

Management's Discussion and Analysis (MD&A) is a new 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 (2015-2016) and the prior year (2014-2015) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2016 are as follows:

- ◆ General revenues accounted for \$86,325,533 in revenue or 97.97% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$1,788,064 or 2.03% percent to total revenues of \$88,113,598.
- ◆ The School District had \$84,947,584 in expenses; \$1,788,064 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$86,325,533 were adequate to provide for these programs.
- ◆ The General Fund had \$77,128,906 in revenues and \$75,076,424 in expenditures and (\$1,751,939) in other financing sources. The General Fund's balance increased by \$300,543 over 2015. Revenues do not include funds used from fund balance resulting in expenses exceeding revenues.

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 West Milford Township Public School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities. The District's basic financial statements comprise 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 School 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 School district, presenting both an aggregate view of the School district's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of West Milford Township Public School 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 School District to provide programs and activities, the view of the School district as a whole looks at all financial transactions and asks the question, "How did we do financially during 2015-2016?" The Statement of Net Position and the Statement of Activities helps 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 School District's net position and changes in activities. This change in net position is important because it tells the reader that, for the School District as a whole, the financial positions of the School 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 School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs, and other factors.

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

- ◆ Governmental activities – All of the School 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 and School Aged Child Care enterprise funds are reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

The School 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 the 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 School 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 (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Funds

The enterprise funds use the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net position for 2016 with comparative data.

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and Other Assets	\$ 8,120,474	\$ 9,165,129	\$ 137,230	\$ 217,018	\$ 8,257,704	\$ 9,382,147
Capital Assets, net	21,611,562	16,712,214	59,175	123,999	21,670,736	16,836,213
Total Assets	<u>29,732,036</u>	<u>25,877,343</u>	<u>196,405</u>	<u>341,017</u>	<u>29,928,440</u>	<u>26,218,360</u>
Deferred Outflows						
Deferred Outflows of Resource Related to PERS	<u>5,331,025</u>	<u>1,831,487</u>			<u>5,331,025</u>	<u>1,831,487</u>
Liabilities						
Long-Term Liabilities	33,003,275	27,771,358			33,003,275	27,771,358
Other Liabilities	3,061,861	3,061,634	11,909	25,225	3,073,770	3,086,859
Total Liabilities	<u>36,065,136</u>	<u>30,832,991</u>	<u>11,909</u>	<u>25,225</u>	<u>36,077,045</u>	<u>30,858,217</u>
Deferred Inflows						
Deferred Inflows of Resource Related to PERS	<u>1,221,362</u>	<u>2,324,757</u>			<u>1,221,362</u>	<u>2,324,757</u>
Net Assets						
Invested in Capital Assets - Net of Debt	19,535,989	14,625,039	59,175	123,999	19,595,164	14,749,038
Restricted	7,082,783	7,957,499	47,906	48,552	7,130,689	8,006,050
Unrestricted	<u>(28,842,210)</u>	<u>(28,031,456)</u>	<u>77,415</u>	<u>143,241</u>	<u>(28,764,795)</u>	<u>(27,888,215)</u>
Total Net Position	<u>\$ (2,223,437)</u>	<u>\$ (5,448,918)</u>	<u>\$ 184,495</u>	<u>\$ 315,792</u>	<u>\$ (2,038,942)</u>	<u>\$ (5,133,127)</u>

The District's combined net position was \$5,951,058 on June 30, 2016.

Table 2 shows the changes in net position from fiscal year 2016, with a comparative analysis of district-wide data.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
Program Revenues:						
Charges for services	\$ 364,270	\$ 381,513	\$ 1,160,540	\$ 1,157,856	\$ 1,524,810	\$ 1,539,369
Operating Grants and Contributions	1,423,795	1,405,774	355,600	353,519	1,779,394	1,759,293
Capital Grants and Contributions						
General Revenues:						
Property taxes	54,080,579	53,540,227			54,080,579	53,540,227
Grants and entitlements	31,309,329	28,432,629			31,309,329	28,432,629
Other	1,093,234	973,247	1,122	1,213	1,094,356	974,460
Transfers			157,608	135,588	157,608	135,588
Total Revenues	88,271,206	84,733,391	1,674,870	1,648,176	89,946,076	86,381,567
Functions/Programs Expenses						
Instruction	48,836,526	46,138,883			48,836,526	46,138,883
Support Services:						
Pupils and instructional staff	14,133,879	14,253,175			14,133,879	14,253,175
General, central & school administration	8,145,732	7,286,979			8,145,732	7,286,979
Operations and maintenance of facilities	8,021,118	7,936,484			8,021,118	7,936,484
Pupil transportation	5,704,056	5,751,379			5,704,056	5,751,379
Interest on debt	32,777	49,060			32,777	49,060
Food service			1,240,543	1,233,017	1,240,543	1,233,017
School Aged Child Care			471,027	286,769	471,027	286,769
Other	73,497	78,669			73,497	78,669
Transfers	157,608	135,588			157,608	135,588
Total Expenses	85,105,193	81,630,217	1,711,569	1,519,786	86,816,762	83,150,003
(Decrease) Increase in Net Position	\$ 3,166,014	\$ 3,103,174	\$ (36,700)	\$ 128,390	\$ 3,129,314	\$ 3,231,564

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 67.99% of revenues for governmental activities for the West Milford Township Public School District for fiscal year 2016. The District's total revenues were \$79,540,331 for the fiscal year ended June 30, 2016. Federal, state and local grants accounted for another 30.77%. The balance of the revenues is from other miscellaneous sources including interest, rentals, tuition, and budgeted fund balance.

Business-Type Activities

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

- ◆ Food service expenses exceeded revenues by \$127,836.01.
- ◆ Charges for services represent \$763,809 of revenue. This represents amount paid by patrons for daily food services.
- ◆ Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities was \$355,600.

Revenues for the School Aged Child Care Program were comprised of registration fees and tuition charges.

- ◆ SACC (School Aged Child Care) expenses exceeded revenues by \$65,826.
- ◆ Charges for services represent \$396,731 of total revenue while non-operating revenues were \$1,044.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions with comparative data for 2015.

Table 3

	<u>Total Cost of Services 2016</u>	<u>Net Cost of Services 2016</u>	<u>Total Cost of Services 2015</u>	<u>Net Cost of Services 2015</u>
Instruction	\$ 48,836,526	\$ 47,213,839	\$ 46,138,883	\$ 44,572,492
Support services				
Pupils and Instructional Staff	14,133,878	13,968,966	14,253,175	14,067,026
General, Central & School Administration	8,145,732	8,145,732	7,286,979	7,286,979
Operation & Maintenance of Facilities	8,021,118	8,021,118	7,936,484	7,936,484
Pupil Transportation	5,704,056	5,703,591	5,751,379	5,716,631
Interest and Fiscal Charges	32,777	32,777	49,060	49,060
Other	73,497	73,497	78,669	78,669
Total expenses	<u>\$ 84,947,584</u>	<u>\$ 83,159,519</u>	<u>\$ 81,494,629</u>	<u>\$ 79,707,341</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities. Extracurricular activities includes expenses related to student activities provided by the School district which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development. Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

General administration, school administration and business 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 an effective working condition.

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

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

Other includes unallocated depreciation, amortization and non-depreciable capital outlay.

The School District's Funds

These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., general fund, special revenue fund, capital projects and debt service fund presented in the fund-based statements) had total revenues of \$79,540,331 and expenditures of \$81,198,209. Additionally, there were other financing activities (sources and uses) netting to \$8,743,277 of net financing sources.

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 schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2016, and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenue</u>	<u>2016 Amount</u>	<u>Percent of Total</u>	<u>2015 Amount</u>	<u>Percent of Total</u>
Local Sources	\$55,082,573	69.25%	\$54,497,060	70.03%
State Sources	22,922,509	28.82%	21,799,652	28.01%
Federal Sources	<u>1,535,250</u>	<u>1.93%</u>	<u>1,518,859</u>	<u>1.95%</u>
Total	<u>\$79,540,331</u>	<u>100.00%</u>	<u>\$77,815,572</u>	<u>100.00%</u>

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

<u>Expenditures</u>	<u>2016 Amount</u>	<u>Percent of Total</u>	<u>2015 Amount</u>	<u>Percent of Total</u>
Current:				
Instruction	\$28,908,471	35.60%	\$29,153,569	37.28%
Undistributed Expenditures	45,388,732	55.90%	45,503,354	58.19%
Capital outlay	6,358,893	7.83%	3,004,287	3.84%
Debt service:				
Principal	504,559	0.62%	484,559	0.62%
Interest	<u>37,554</u>	<u>0.05%</u>	<u>53,724</u>	<u>0.07%</u>
Total	<u>\$81,198,209</u>	<u>100.00%</u>	<u>\$78,199,493</u>	<u>100.00%</u>

General Fund Budgeting Highlights

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

During the course of the fiscal year 2016, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

- ◆ Salary accounts reflect continuing the programs and staffing initiatives that were implemented in prior budget years along with new initiatives in Advanced Placement courses, new electives offered in Grades 7 through Grade 12, and the implementation of STEM/STEAM activities throughout Grades K-12.
- ◆ Changes in appropriations reflect adjustments to prevent budget overruns that might occur in response to changing priorities.
- ◆ Instructional supplies and textbook accounts reflect continued alignment with New Jersey Student Learning Standards.
- ◆ Student transportation accounts reflect purchases for new buses along with maintenance of our existing fleet for both regular and special education.
- ◆ Health insurance was renewed at higher premiums due to the requirements of the Affordable Care Act.

- ◆ Capital projects were included to address safety and security initiatives. The district continues to identify and address capital improvements using ROD grants when available and capital reserve funds. In the 2015-16 budget year boiler replacements were completed at Westbrook Elementary School and Paradise Knoll Elementary School along with a roof replacement at Westbrook Elementary School and the upgrade of two Science Classrooms at West Milford High School.

Capital Assets

At the end of the fiscal year 2016, the School District had \$21,670,737 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2016 balances compared to 2015.

	Governmental Activities		Business-Type Activities	
	2016	2015	2016	2015
Land	\$ 2,327,249	\$ 2,327,249		
Construction in Progress	3,675,253	2,092,122		
Building and Improvements	11,606,662	8,781,294		
Machinery and Equipment	4,002,397	3,511,549	\$ 59,175	\$ 123,999
	<u>\$ 21,611,562</u>	<u>\$ 16,712,214</u>	<u>\$ 59,175</u>	<u>\$ 123,999</u>

Overall capital assets increased \$4,834,524 from fiscal year 2015 to fiscal year 2016. The capital asset increase was due primarily to replacements of boilers and roofs of various schools within the District, as well as the purchases of various pieces of equipment.

Debt Administration

At June 30, 2016, the School District had total debt issued of \$4,508,585 with an outstanding balance of \$901,676. This debt was issued through serial bonds and loans for school construction and infrastructure. In January 2003 the voters of West Milford Township approved a referendum to improve district facilities in the amount of \$6,173,688 of which \$4,463,000 was issued as debt and the balance came from state grants. In December 2008, the district received an interest free loan from the School Development Authority to fund the remediation of two fuel tanks in the transportation depot.

The district maintains a low proportion of debt relative to its maximum overall legal debt margin of \$119,507,258 at June 30, 2016.

Debt Issue	Date of Issue	Amount of Issue	Balance Due
SDA UST Interest Free Loan	12/1/2008	\$ 45,585	\$ 13,676
Bond 2003	7/15/2003	4,463,000	888,000
Total		<u>\$ 4,508,585</u>	<u>\$ 901,676</u>

For the Future

The West Milford Township Public School District is in very good financial condition presently. Major concerns facing the district include aging infrastructure, increased reliance on local property taxes, potential residential development, and increases in expenses which exceed the state imposed budget cap. However, future finances are not without challenges as costs increase and state funding lags.

In December 2015, the community overwhelmingly supported a \$7.99 million bond referendum for roof replacements at West Milford High School and Macopin School. The West Milford High School auditorium is scheduled for renovation in the next budget year along with technology initiatives for students.

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School district's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact the School Business Administrator/Board Secretary at West Milford Township Board of Education, 46 Highlander Drive, West Milford, N.J. 07480; 973-697-1700 extension 5051.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

WEST MILFORD BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	5,076,620.80	602,901.88	5,679,522.68
Receivables, net	970,887.52	21,781.93	992,669.45
Internal balances	501,096.36	(501,096.36)	-
Inventory		13,642.37	13,642.37
Restricted assets:			
Capital reserve account - cash	1,021,869.58		1,021,869.58
Maintenance reserve account - cash	550,000.00		550,000.00
Capital assets:			
Land	2,327,249.42		2,327,249.42
Construction in Progress	3,675,252.87		3,675,252.87
Other capital assets, net	15,609,059.31	59,174.78	15,668,234.09
Total Assets	<u>29,732,035.86</u>	<u>196,404.60</u>	<u>29,928,440.46</u>
DEFERRED OUTFLOWS			
Deferred Outflows of Resources Related to PERS	<u>5,331,025.00</u>		<u>5,331,025.00</u>
LIABILITIES			
Accounts payable	2,150,696.75	7,206.07	2,157,902.82
Accrued interest payable	8,709.80		8,709.80
Unearned revenue	41,054.06	4,703.10	45,757.16
Noncurrent liabilities:			
Due within one year	861,400.27		861,400.27
Due beyond one year	33,003,274.78		33,003,274.78
Total liabilities	<u>36,065,135.66</u>	<u>11,909.17</u>	<u>36,077,044.83</u>
DEFERRED INFLOWS			
Deferred Inflows of Resources Related to PERS	<u>1,221,362.00</u>		<u>1,221,362.00</u>
NET POSITION			
Invested in capital assets, net of related debt	19,535,989.43	59,174.78	19,595,164.21
Restricted for:			
Other purposes	7,217,771.45	47,905.92	7,265,677.37
Debt service	1.43		1.43
Capital projects	(134,989.59)		(134,989.59)
Unrestricted	<u>(28,842,209.52)</u>	<u>77,414.73</u>	<u>(28,764,794.79)</u>
Total net position	<u><u>(2,223,436.80)</u></u>	<u><u>184,495.43</u></u>	<u><u>(2,038,941.37)</u></u>

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

WEST MILFORD BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE 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	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:								
Instruction:								
Regular	21,013,762.54	14,384,236.49	363,804.40	1,258,882.68		(33,775,311.95)		(33,775,311.95)
Special education	6,241,764.42	5,543,818.44				(11,785,582.86)		(11,785,582.86)
Other special instruction	313,341.35	-				(313,341.35)		(313,341.35)
Other instruction	1,339,602.82	-				(1,339,602.82)		(1,339,602.82)
Support services:								
Tuition	4,113,328.73	-				(4,113,328.73)		(4,113,328.73)
Student & instruction related services	7,090,210.55	2,930,339.03		164,912.01		(9,855,637.57)		(9,855,637.57)
General administrative services	1,241,550.27	474,073.13				(1,715,623.40)		(1,715,623.40)
School administrative service	2,474,899.05	2,328,245.68				(4,803,144.73)		(4,803,144.73)
Central services and Admin. Infor. Tech.	1,014,190.34	612,773.32				(1,626,963.66)		(1,626,963.66)
Plant operations and maintenance	5,694,300.28	2,326,817.74	465.32			(8,021,118.02)		(8,021,118.02)
Pupil transportation	3,911,571.27	1,792,484.73				(5,703,590.68)		(5,703,590.68)
Capital Outlay - Non-depreciable	27,501.00	-				(27,501.00)		(27,501.00)
Charter School	28,340.00	-				(28,340.00)		(28,340.00)
Interest on long-term debt	32,777.07	-				(32,777.07)		(32,777.07)
Unallocated depreciation and amortization	-	17,655.57				(17,655.57)		(17,655.57)
Total governmental activities	<u>54,537,139.69</u>	<u>30,410,444.13</u>	<u>364,269.72</u>	<u>1,423,794.69</u>	<u>-</u>	<u>(83,159,519.41)</u>	<u>-</u>	<u>(83,159,519.41)</u>
Business-type activities:								
Food Service	1,233,955.94	6,586.61	763,808.93	355,599.67	-	-	(121,133.95)	(121,133.95)
School Aged Child Care	471,026.89	-	396,731.05	-	-	-	(74,295.84)	(74,295.84)
Total business-type activities	<u>1,704,982.83</u>	<u>6,586.61</u>	<u>1,160,539.98</u>	<u>355,599.67</u>	<u>-</u>	<u>-</u>	<u>(195,429.79)</u>	<u>(195,429.79)</u>
Total primary government	<u>56,242,122.52</u>	<u>30,417,030.74</u>	<u>1,524,809.70</u>	<u>1,779,394.36</u>	<u>-</u>	<u>(83,159,519.41)</u>	<u>(195,429.79)</u>	<u>(83,354,949.20)</u>
General revenues:								
Taxes:								
Property taxes, levied for general purposes, net						53,542,837.00		53,542,837.00
Taxes levied for debt service						537,742.00		537,742.00
Federal and State aid not restricted						31,308,435.57		31,308,435.57
State Aid - Restricted for Debt Service						893.00		893.00
Investment Earnings						1,870.44	1,121.58	2,992.02
State Aid - Capital Outlay						448,995.49		448,995.49
Contributed Capital Assets						22,484.86		22,484.86
Transferred to Enterprise Fund						(157,608.45)	157,608.45	-
Miscellaneous Income						619,883.55		619,883.55
Total general revenues, special items, extraordinary items and transfers						<u>86,325,533.46</u>	<u>158,730.03</u>	<u>86,484,263.49</u>
Change in Net Position						<u>3,166,014.05</u>	<u>(36,699.76)</u>	<u>3,129,314.29</u>
Net Position - Beginning (Restated)						<u>(5,389,450.85)</u>	<u>221,195.19</u>	<u>(5,168,255.66)</u>
Net Position—ending						<u>(2,223,436.80)</u>	<u>184,495.43</u>	<u>(2,038,941.37)</u>

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

FUND FINANCIAL STATEMENTS

WEST MILFORD BOARD OF EDUCATION
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	4,341,043.07		735,576.30	1.43	5,076,620.80
Interfund Loan Receivables	2,408,073.72				2,408,073.72
Interfund Receivables	26,952.42				26,952.42
Receivables from other governments	737,389.08	76,275.29			813,664.37
Other Accounts Receivable	138,681.26	4,000.00			142,681.26
Restricted cash and cash equivalents	1,571,869.58				1,571,869.58
Total assets	<u>9,224,009.13</u>	<u>80,275.29</u>	<u>735,576.30</u>	<u>1.43</u>	<u>10,039,862.15</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund Payables		26,952.42			26,952.42
Interfund Loans Payables			1,892,435.47		1,892,435.47
Accounts Payable	966,863.94	52,018.81			1,018,882.75
Unearned revenue	39,750.00	1,304.06			41,054.06
Total liabilities	<u>1,006,613.94</u>	<u>80,275.29</u>	<u>1,892,435.47</u>	<u>-</u>	<u>2,979,324.70</u>
Fund Balances:					
Committed to:					
Other Purposes			91,595.17		91,595.17
Assigned to:					
Other Purposes	433,637.53				433,637.53
Designated For Subsequent Year's expenditures	336,556.14				336,556.14
Restricted for:					
Capital reserve account	1,021,869.58				1,021,869.58
Maintenance reserve account	550,000.00				550,000.00
Excess Surplus	2,940,263.78				2,940,263.78
Excess Surplus Designated for Subsequent Year's Expenditures	2,957,314.00				2,957,314.00
Debt Service Fund				1.43	1.43
Capital Projects Fund			(1,248,454.34)		(1,248,454.34)
Unassigned:					
General fund	(22,245.84)				(22,245.84)
Total fund balances (Deficit)	<u>8,217,395.19</u>	<u>-</u>	<u>(1,156,859.17)</u>	<u>1.43</u>	<u>7,060,537.45</u>
Total liabilities and fund balances	<u>9,224,009.13</u>	<u>80,275.29</u>	<u>735,576.30</u>	<u>1.43</u>	

Amounts reported for governmental activities 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.	(8,709.80)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$46,003,453.01 and the accumulated depreciation is \$24,391,891.41.	21,611,561.60
Accounts Payable for subsequent Pension payment is not a payable in the funds	(1,131,814.00)
Deferred Outflows and Inflows of resources are applicable to future periods and therefore are not reported in the funds.	
Deferred Outflows of Resources Related to PERS Pension Liability	5,331,025.00
Deferred Inflows of Resources Related to PERS Pension Liability	(1,221,362.00)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(33,864,675.05)
Net position of governmental activities	<u>(2,223,436.80)</u>

WEST MILFORD BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE 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	53,542,837.00			537,742.00	54,080,579.00
Tuition charges	363,804.40				363,804.40
Transportation Fees from Other LEA's	465.32				465.32
Interest Earned on Capital Reserve Funds	1,870.44				1,870.44
Local Grants		15,969.90			15,969.90
Rents and Royalties	137,174.16				137,174.16
Miscellaneous	482,709.39				482,709.39
Total - Local Sources	54,528,860.71	15,969.90	-	537,742.00	55,082,572.61
State sources	22,472,620.52		448,995.49	893.00	22,922,509.01
Federal sources	127,425.05	1,407,824.79			1,535,249.84
Total revenues	77,128,906.28	1,423,794.69	448,995.49	538,635.00	79,540,331.46
EXPENDITURES					
Current:					
Regular instruction	19,754,879.86	1,258,882.68			21,013,762.54
Special education instruction	6,241,764.42				6,241,764.42
Other special instruction	313,341.35				313,341.35
Other instruction	1,339,602.82				1,339,602.82
Support services and undistributed costs:					
Tuition	4,113,328.73				4,113,328.73
Student & instruction related services	6,925,298.54	164,912.01			7,090,210.55
General administrative services	1,266,388.93				1,266,388.93
School administrative services	2,516,280.39				2,516,280.39
Central Services and Admin. Infor. Tech.	1,014,190.34				1,014,190.34
Plant operations and maintenance	5,737,745.54				5,737,745.54
Pupil transportation	4,219,835.25				4,219,835.25
Unallocated employee benefits	19,402,412.23				19,402,412.23
Capital outlay	2,203,015.73		4,155,877.25		6,358,892.98
Transfer to Charter School	28,340.00				28,340.00
Debt service:					
Principal				504,558.50	504,558.50
Interest and other charges				37,554.00	37,554.00
Total expenditures	75,076,424.13	1,423,794.69	4,155,877.25	542,112.50	81,198,208.57
Excess (Deficiency) of revenues over expenditures	2,052,482.15	-	(3,706,881.76)	(3,477.50)	(1,657,877.11)
OTHER FINANCING SOURCES (USES)					
Capital leases (non-budgeted)	910,885.46				910,885.46
Transfers in - From Capital Projects	16,675.78				16,675.78
Transfers in - From Capital Outlay			1,659,250.00		1,659,250.00
Transfer out to - Enterprise Fund	(157,608.45)				(157,608.45)
Transfers in - Transfer from Capital Reserve			862,642.00		862,642.00
Transfers out - Capital Projects Fund	(862,642.00)				(862,642.00)
Transfer out - to Capital Reserve Account			(16,675.78)		(16,675.78)
Transfers out - General Fund to Capital Projects Fund	(1,659,250.00)				(1,659,250.00)
Total other financing sources and uses	(1,751,939.21)	-	2,505,216.22	-	753,277.01
Net change in fund balances	300,542.94	-	(1,201,665.54)	(3,477.50)	(904,600.10)
Fund balance—July 1	7,916,852.25		44,806.37	3,478.93	7,965,137.55
Fund balance—June 30	8,217,395.19	-	(1,156,859.17)	1.43	7,060,537.45

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

**WEST MILFORD BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

Total net change in fund balances - governmental funds (from B-2) (904,600.10)

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, 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.

Depreciation expense	(1,496,340.94)	
Contributed Capital Assets	22,484.86	
Capital outlay	<u>6,331,391.98</u>	4,857,535.90

Repayment of long-term debt is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.

In the current year, these amounts consist of:

Principal Payments on Capital Leases	417,929.24
Principal Payments on Bonds Payable	504,558.50

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount exceeds the earned amount the difference is an addition to the reconciliation (+).

(Increase) Decrease in Compensated Absences Payable	(81,809.39)
---	-------------

District pension contributions are reported as expenditures in the governmental funds when made.

However, per GASB No. 68 they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

District Pension Contributions	1,096,760.00	
Less: Pension Expense	<u>(1,800,596.00)</u>	
Increase/(Decrease) in Pension Expense		(703,836.00)

Per GASB No. 68 Non-employer contributing entities are required to record an increases in revenue and expense for On-behalf TPAF pension payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements

Increase in On-behalf State Aid TPAF Pension	8,708,390.00
Increase in On-behalf TPAF Pension Expense	(8,708,390.00)

Proceeds from debt issues are a financing source in the government funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.

Capital Lease Proceeds	(910,885.46)
------------------------	--------------

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.(-)

	(17,655.57)
--	-------------

In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The change in accrued interest is an (increase)/decrease in the reconciliation.

	<u>4,776.93</u>
--	-----------------

Change in net position of governmental activities

	<u><u>3,166,014.05</u></u>
--	----------------------------

WEST MILFORD BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	Business-type Activities - Enterprise Funds		Total Enterprise Fund
	Food Service	School Age Child Care	
ASSETS			
Current assets:			
Cash and cash equivalents	43,860.59	559,041.29	602,901.88
Other accounts receivable	659.80	2,595.00	3,254.80
Intergovernmental receivables:			
State	691.92		691.92
Federal	17,835.21		17,835.21
Inventories	13,642.37		13,642.37
Total current assets	<u>76,689.89</u>	<u>561,636.29</u>	<u>638,326.18</u>
Noncurrent assets:			
Furniture, machinery & equipment	229,407.97	-	229,407.97
Less accumulated depreciation	(170,233.19)	-	(170,233.19)
Total noncurrent assets	<u>59,174.78</u>	<u>-</u>	<u>59,174.78</u>
 Total assets	 <u>135,864.67</u>	 <u>561,636.29</u>	 <u>697,500.96</u>
LIABILITIES			
Current liabilities:			
Accounts Payable	7,206.07	-	7,206.07
Encumbrances Payable	2,209.00	6,746.92	8,955.92
Interfund Payable:			
General Fund	64,996.72	436,099.64	501,096.36
Deferred Revenue	2,278.10	2,425.00	4,703.10
Total current liabilities	<u>76,689.89</u>	<u>445,271.56</u>	<u>521,961.45</u>
NET POSITION			
Invested in Capital Assets Net of			
Related Debt	59,174.78	-	59,174.78
Contributed Capital		38,950.00	38,950.00
Unreserved retained earnings	-	77,414.73	77,414.73
Total net position	<u>59,174.78</u>	<u>116,364.73</u>	<u>175,539.51</u>

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

WEST MILFORD BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Business-type Activities - Enterprise Fund		Total Enterprise Fund
	Food Service	School Age Child Care	
Operating revenues:			
Charges for services:			
Daily sales - reimbursable lunch programs	505,499.64		505,499.64
Daily sales - non-reimbursable programs	252,599.00		252,599.00
Special functions	5,710.29	-	5,710.29
Program Fees		396,731.05	396,731.05
Total operating revenues	<u>763,808.93</u>	<u>396,731.05</u>	<u>1,160,539.98</u>
Operating expenses:			
Cost of sales- reimbursable	330,976.00		330,976.00
Cost of sales- non-reimbursable	154,061.66		154,061.66
Salaries	293,160.50	402,572.62	695,733.12
Employers share of Social Security	22,440.30	30,848.69	53,288.99
Employee benefits	196,090.19	-	196,090.19
Purchased professional / technical services	135,976.19	5,200.64	141,176.83
Repairs	15,367.19		15,367.19
Purchased Technical Services	1,965.00		1,965.00
General supplies	24,645.41	24,708.09	49,353.50
Depreciation	6,586.61	-	6,586.61
Management fees	61,922.40		61,922.40
Miscellaneous	4,130.50	271.60	4,402.10
Total operating expenses	<u>1,247,321.95</u>	<u>463,601.64</u>	<u>1,710,923.59</u>
Operating Income (loss)	<u>(483,513.02)</u>	<u>(66,870.59)</u>	<u>(550,383.61)</u>
Non-operating revenues (expenses):			
State sources:			
State school lunch program	10,983.11		10,983.11
Federal sources:			
National school lunch program	272,037.41		272,037.41
School breakfast program	10,038.98		10,038.98
Food distribution program	62,540.17		62,540.17
Interest and investment revenue	77.34	1,044.24	1,121.58
Total non-operating revenues (expenses)	<u>355,677.01</u>	<u>1,044.24</u>	<u>356,721.25</u>
Income (loss) before contributions & transfers	<u>(127,836.01)</u>	<u>(65,826.35)</u>	<u>(193,662.36)</u>
Transfers In (Out)	157,608.45		157,608.45
Change in net position	29,772.44	(65,826.35)	(36,053.91)
Total Net Position - Beginning (as Restated)	<u>29,402.34</u>	<u>182,191.08</u>	<u>211,593.42</u>
Total Net Position—Ending	<u>59,174.78</u>	<u>116,364.73</u>	<u>175,539.51</u>

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

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

	Business-type Activities - Enterprise Funds		Total Enterprise Fund
	Food Service	School Age Child Care	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	765,427.23	402,131.05	1,167,558.28
Receipts / (payments) for interfunds	13,966.63	148,727.42	162,694.05
Payments to employees	(293,160.50)	(402,572.62)	(695,733.12)
Payments to suppliers	(963,452.39)	(61,707.35)	(1,025,159.74)
Net cash provided by (used for) operating activities	<u>(477,219.03)</u>	<u>86,578.50</u>	<u>(390,640.53)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	11,621.52		11,621.52
Federal Sources	352,891.31		352,891.31
Operating subsidies	157,608.45		157,608.45
Net cash provided by (used for) non-capital financing activities	<u>522,121.28</u>	<u>-</u>	<u>522,121.28</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(36,359.05)		(36,359.05)
Net cash provided by (used for) capital and related financing activities	<u>(36,359.05)</u>	<u>-</u>	<u>(36,359.05)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	77.34	1,044.24	1,121.58
Net cash provided by (used for) investing activities	<u>77.34</u>	<u>1,044.24</u>	<u>1,121.58</u>
Net increase (decrease) in cash and cash equivalents	8,620.54	87,622.74	96,243.28
Balances—beginning of year	<u>35,240.05</u>	<u>471,418.55</u>	<u>506,658.60</u>
Balances—end of year	<u><u>43,860.59</u></u>	<u><u>559,041.29</u></u>	<u><u>602,901.88</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	(483,513.02)	(66,870.59)	(550,383.61)
Adjustments to reconcile operating loss to net cash provided (used for) operating activities			
Depreciation	6,586.61	-	6,586.61
(Increase) / decrease in accounts receivable	(659.80)	5,185.00	4,525.20
(Increase) / decrease in inventories	(100.69)		(100.69)
Increase / (decrease) in accounts payable	(15,809.34)	-	(15,809.34)
Increase / (decrease) in encumbrances payable	32.48	(678.33)	(645.85)
Increase / (decrease) in interfund payable	13,966.63	148,727.42	162,694.05
Increase / (decrease) in deferred revenue	2,278.10	215.00	2,493.10
Total adjustments	<u>6,293.99</u>	<u>153,449.09</u>	<u>159,743.08</u>
Net cash provided by (used for) operating activities	<u><u>(477,219.03)</u></u>	<u><u>86,578.50</u></u>	<u><u>(390,640.53)</u></u>

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

**WEST MILFORD BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016**

	Unemployment Compensation Trust	Private Purpose Scholarship Fund	Agency Fund
ASSETS			
Cash and cash equivalents	835,581.15	364,090.20	368,562.68
Interest Receivable on Investments	1,062.50	-	
	<u>836,643.65</u>	<u>364,090.20</u>	<u>368,562.68</u>
Total assets	<u>836,643.65</u>	<u>364,090.20</u>	<u>368,562.68</u>
LIABILITIES			
Payable to State Government	407.51		
Interfund accounts payable:			
General Fund			14,541.89
Flexible Spending			(739.76)
Payroll deductions and withholdings			7,194.68
	<u>407.51</u>	<u>-</u>	<u>368,562.68</u>
Total liabilities	<u>407.51</u>	<u>-</u>	<u>368,562.68</u>
NET POSITION			
Held in trust for unemployment claims and other purposes	<u>836,236.14</u>		
Reserved for scholarships		<u>364,090.20</u>	

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

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

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>
ADDITIONS		
Plan Member Contributions	65,700.23	
Total Contributions	<u>65,700.23</u>	<u>-</u>
Investment earnings:		
Interest	2,108.02	729.55
Net investment earnings	<u>2,108.02</u>	<u>729.55</u>
Total additions	<u>67,808.25</u>	<u>729.55</u>
DEDUCTIONS		
Unemployment claims	45,997.03	
Scholarships awarded		8,827.90
Total deductions	<u>45,997.03</u>	<u>8,827.90</u>
Change in net position	21,811.22	(8,098.35)
Net position—beginning of the year	<u>814,424.92</u>	<u>372,188.55</u>
Net position—end of the year	<u><u>836,236.14</u></u>	<u><u>364,090.20</u></u>

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

**NOTES TO THE BASIC
FINANCIAL STATEMENTS**

**Township of West Milford 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 Township of West Milford School District (“District”) is an instrumentality of the State of New Jersey, established to function as an educational institution. The Township of West Milford 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-12. 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 Township of West Milford 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.

**Township of West Milford 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 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.

**Township of West Milford 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.

**Township of West Milford 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 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 and the School Age Child Care.

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, the John Walsh Scholarship Trust Fund, the Vogel Scholarship Trust Fund and the 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.

**Township of West Milford 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

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

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

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

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting: (continued)

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

grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Board must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Board on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under GAAP, in accordance with GASB No. 33, Accounting and Financial Reporting for Nonexchange Transactions, the last state aid payment is not considered revenue to the school district if the state has not recorded the corresponding expenditure, even though state law dictates recording the revenue.

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

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

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.

**Township of West Milford 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:

Annual appropriated budgets are adopted in the spring of the preceding year for the general, and special revenue funds. The budgets are submitted to the county superintendents office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2(g)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. The Board of Education did not make any material supplemental budgetary appropriations during the fiscal year.

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

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related 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.

**Township of West Milford 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:

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

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

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

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

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.

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 29, 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.

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Capital Assets (continued):

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

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

M. Compensated Absences:

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

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

N. Unearned revenue:

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

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

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

**Township of West Milford 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)

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

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

Q. Deferred Outflows/Inflows of Resources

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

**Township of West Milford 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)

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

S. Net Position:

Net position represent 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 are 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.

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 and program fees. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

U. Extraordinary and Special Items:

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

V. Allocation of Indirect Expenses:

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, 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.

**Township of West Milford 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:

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.

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.

**Township of West Milford 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. 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.

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.

**Township of West Milford 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)

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 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 \$9,808,543.58 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 investments to 397 days.

Credit Risk

New Jersey Statutes 18A:20-37 limits school district investments to those specified in the Statutes. The type of allowable 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.

**Township of West Milford 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>Statements</u>	Enterprise Fund	District Wide Financial <u>Statements</u>
State Aid	\$ 667,951.00	\$ 691.92	\$ 668,642.92
Federal Aid	145,713.37	17,835.21	163,548.58
Interfunds	2,435,026.14	-	17,136.89
Other	<u>142,681.26</u>	<u>3,254.80</u>	<u>143,341.06</u>
	3,391,371.77	21,781.93	992,669.45
Gross Receivables			
Less:			
Allowance for Uncollectables	<u>-</u>	<u>-</u>	<u>-</u>
Total Receivables Net	<u>\$3,391,371.77</u>	<u>\$21,781.93</u>	<u>\$992,669.45</u>

NOTE 5. INTERFUND BALANCES AND ACTIVITY

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

Due to the General Fund from the Payroll Agency Account for interest earned on account and to set up Flexible Spending Account.	\$ 14,541.89
Due to the General Fund from the Food Service Enterprise Fund for Salaries, Health Benefits, Budget amount to Cover the Deficit and State Aid receipts.	64,996.72
Due to the General Fund from the Capital Projects Fund for interest earned, cancellation of projects and cash receipts.	1,892,435.47
Due to the General Fund from the School Age Child Care Enterprise Fund for salaries and health benefits.	<u>436,099.64</u>
	<u>\$2,408,073.72</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: \$157,608.45 from the general fund to the enterprise fund to provide resources to fund the food service operations.

NOTE 6. INTERFUND LOAN RECEIVABLE

The Special Revenue Account owes the General Fund for a cash advance to cover the expenses made in the Special Revenue Fund not received in cash from the State.

\$26,952.42

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2016**

NOTE 7. CAPITAL ASSETS

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

	Balance <u>6/30/15</u>	<u>Additions</u>	<u>Deductions</u>	<u>Adjustments</u>	Balance <u>6/30/16</u>
Governmental Activities:					
Capital Assets Not Being Depreciated:					
Land	2,327,249.42				2,327,249.42
Construction in Progress	<u>2,092,121.94</u>	<u>3,499,915.62</u>	<u>(1,916,784.69)</u>	<u> </u>	<u>3,675,252.87</u>
Total Capital Assets Not Being Depreciated	<u>4,419,371.36</u>	<u>3,499,915.62</u>	<u>(1,916,784.69)</u>	<u> </u>	<u>6,002,502.29</u>
Capital Assets Being Depreciated:					
Building and Improvements	25,691,919.19	1,733,225.79	1,916,784.69	(318,766.54)	29,023,163.13
Machinery & Equipment	<u>10,409,624.89</u>	<u>1,120,735.43</u>	<u>(762,131.83)</u>	<u>209,559.10</u>	<u>10,977,787.59</u>
Totals at Historical Cost	<u>36,101,544.08</u>	<u>2,853,961.22</u>	<u>1,154,652.86</u>	<u>(109,207.44)</u>	<u>40,000,950.72</u>
Less Accumulated Depreciation:					
Building and Improvements	(16,910,625.38)	(674,550.31)		168,674.87	(17,416,500.82)
Equipment	<u>(6,898,076.22)</u>	<u>(821,790.63)</u>	<u>744,476.26</u>	<u> </u>	<u>(6,975,390.59)</u>
Total Accumulated Depreciation	<u>(23,808,701.60)</u>	<u>(1,496,340.94)</u>	<u>744,476.26</u>	<u>168,674.87</u>	<u>(24,391,891.41)</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>12,292,842.48</u>	<u>1,357,620.28</u>	<u>1,899,129.12</u>	<u>59,467.43</u>	<u>15,609,059.31</u>
Governmental Activities					
Capital Assets, Net	<u>16,712,213.84</u>	<u>4,857,535.90</u>	<u>(17,655.57)</u>	<u>59,467.43</u>	<u>21,611,561.60</u>
Business Type Activities:					
Equipment:					
Food Services	514,783.51	36,359.05	(24,956.79)	(296,777.80)	229,407.97
Community School	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>514,783.51</u>	<u>36,359.05</u>	<u>(24,956.79)</u>	<u>(296,777.80)</u>	<u>229,407.97</u>
Less Accumulated Depreciation:					
Equipment:					
Food Services	(390,784.79)	(6,586.61)	24,956.79	202,181.42	(170,233.19)
Community School	<u>(390,784.79)</u>	<u>(6,586.61)</u>	<u>24,956.79</u>	<u>202,181.42</u>	<u>(170,233.19)</u>
Business Type Activities Capital Assets, Net	<u>123,998.72</u>	<u>29,772.44</u>	<u> </u>	<u>(94,596.38)</u>	<u>59,174.78</u>

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2016**

NOTE 7. CAPITAL ASSETS (continued)

Depreciation expense was charged to functions as follows:

Instruction:

Regular Education	\$ 889,597.98
Special Education	62,161.97
Student & Instruction Related Services	121,602.62
School Administration	42,540.10
General Administration	23,287.33
Plant Operations & Maintenance	133,574.96
Pupil Transportation	200,288.65
Central Services & Admin. Info. Tech.	<u>23,287.33</u>
Total Depreciation Expense	<u>\$1,496,340.94</u>

NOTE 8. LONG-TERM OBLIGATION ACTIVITY

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

	<u>Balance</u> <u>June 30, 2015</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Due Within</u> <u>One Year</u>
Capital Lease Payable	\$ 680,940.45	\$910,885.46	\$417,929.24	\$1,173,896.67	\$356,841.77
Compensated Absences	3,070,381.49	81,809.39	-	3,152,190.88	-
Bonds Payable	1,388,000.00	-	500,000.00	888,000.00	500,000.00
Net Pension Liability-PERS	23,365,197.00	5,271,715.00	-	28,636,912.00	-
Petroleum UST Remediation Upgrade and Closure Fund Payable	<u>18,234.00</u>	<u>-</u>	<u>4,558.50</u>	<u>13,675.50</u>	<u>4,558.50</u>
	<u>\$28,522,752.94</u>	<u>\$6,264,409.85</u>	<u>\$922,487.74</u>	<u>\$33,864,675.05</u>	<u>\$861,400.27</u>

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2016**

NOTE 8. LONG-TERM OBLIGATION ACTIVITY (continued)

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>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Balance June 30, 2016</u>
School Bonds of 2003	7/15/03	2.25-3.30%	9/15/17	\$888,000.00

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	500,000.00	21,054.00	521,054.00
2018	<u>388,000.00</u>	<u>6,402.00</u>	<u>394,402.00</u>
	<u>888,000.00</u>	<u>27,456.00</u>	<u>915,456.00</u>

B. Petroleum UST Remediation, Upgrade and Closure Fund Payable:

In March of 2000 and December of 2008, the Board of Education accepted a loan from the New Jersey Economic Development Authority for the remediation, upgrade and/or closure of underground storage tanks. Repayments are to start on April 10, 2002. This is an interest free loan. The details for the remaining years are shown below:

<u>Year Ending June 30,</u>	<u>Principal</u>
2017	\$ 4,558.50
2018	4,558.50
2019	<u>4,558.50</u>
	<u>\$13,675.50</u>

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2016**

NOTE 8. LONG-TERM OBLIGATION ACTIVITY (continued)

C. Capital Leases Payable:

The District is leasing transportation equipment, maintenance equipment and classroom equipment under capital leases. All capital leases are for terms of three to eight years.

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	\$ 398,789.28
2018	376,898.64
2019	267,504.33
2020	196,877.24
2021	<u>28,609.00</u>
Total Minimum Lease Payments	1,268,678.49
Less: Amount representing interest	<u>(94,781.77)</u>
Present Value of net minimum lease	<u>\$1,173,896.72</u>

Maturities of capital leases payable are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 356,841.77
2018	348,047.22
2019	251,115.52
2020	189,633.33
2021	<u>28,258.88</u>
Total	<u>\$1,173,896.72</u>

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2016**

NOTE 9. 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.

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

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2016**

NOTE 9. PENSION PLANS: (continued)

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</u> <u>Ending</u>	<u>PERS</u>	<u>PERS</u> <u>Retro</u>	<u>DCRP</u>
6/30/16	\$1,096,760.00	\$ -	\$37,608.08
6/30/15	1,028,799.00	23,626.04	32,163.48
6/30/14	1,000,425.11	-	24,065.11

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:

<u>Year</u> <u>Ending</u>	<u>Pension</u> <u>Contributions</u>	<u>Post-Retirement</u> <u>Medical</u> <u>Contributions</u>	<u>NCGI</u> <u>Premium</u>
6/30/16	\$2,196,916.00	\$2,746,227.00	\$109,436.00
6/30/15	1,439,498.00	2,449,614.00	103,565.00
6/30/14	1,143,625.00	2,040,625.00	100,944.00

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 \$2,157,843.52 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.

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2016**

NOTE 9. PENSION PLANS: (continued)

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

Public Employees Retirement System (PERS)

At June 30, 2016, the District reported a liability of \$28,636,912.00 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 0.1275700160 percent, which was an increase of 0.0027715020 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$1,800,596.00. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$683,176.00	\$ -
Changes of assumptions	3,075,376.00	
Net difference between projected and actual earnings on pension plan investments	-	460,426.00
Changes in proportion and differences between District contributions and proportionate share of contributions	440,659.00	760,936.00
District contributions subsequent to the measurement date	<u>1,131,814.00</u>	<u>-</u>
Total	<u>\$5,331,025.00</u>	<u>\$1,221,362.00</u>

The \$1,131,814.00 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 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 (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$600,425.00
2018	600,425.00
2019	956,273.00
2020	540,578.00

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2016**

NOTE 9. PENSION PLANS (continued)

Additional Information

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	0.1275700160%	0.1247958514%

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 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

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2016**

NOTE 9. PENSION PLANS (continued)

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 table on the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation Indexed Bonds	1.50%	3.25%
Broad 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.

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2016**

NOTE 9. PENSION PLANS (continued)

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

The following presents the collective net pension liability of the participating employers as of June 30, 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:

	June 30, 2015		
	1%	At Current	1%
	Decrease	Discount Rate	Increase
	<u>3.90%</u>	<u>4.90%</u>	<u>5.909%</u>
District's proportionate share of the pension liability	35,592,178	28,636,912	22,805,668

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>180,395,058.00</u>
	<u>\$180,395,058.00</u>

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2016**

NOTE 9. 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 0.2854159332%.

For the year ended June 30, 2016, the District recognized on-behalf pension expense and revenue of \$11,014,742.00 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.

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-

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2016**

NOTE 9. PENSION PLANS (continued)

Long-Term Expected Rate of Return (continued)

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:

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

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.

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2016**

NOTE 9. PENSION PLANS (continued)

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 10. 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.

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/financial1/2015divisioncombined.pdf>

NOTE 11. DEFERRED COMPENSATION

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

Equitable	Vanguard
Lincoln Investment Planning	Vanguard Retirement Annuity
Metlife	AIG Retirement

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2016**

NOTE 12. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. 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 is currently a member of the Pooled Insurance Program of New Jersey (the "Pool"). The Pool provides their members with General Liability, Auto, Crime, Pollution, Excess Liability, Educators Legal Liability, Public Official Bonds and Student Job Training Insurance. The Pools risk-sharing public entity risk pool is both an insured and self administered group of School Districts established for the purpose of providing low-cost insurance coverage for their respective members in order to keep insurance costs at a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Pool are elected.

As a member of the Pool, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Pool were to be exhausted, members would become responsible for their respective shares of the Pool's liabilities. However, this Pool has fully reinsured the exposures above all limits subscribed to by its members.

The Pool can declare and distribute dividends to members upon arrival of the State of New Jersey Department of Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

Financial statements for the Pool are available at the office of the Pool's administrator, 44 Bergen Street, P.O. Box 270, Westwood, New Jersey 07675.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverages.

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

<u>Fiscal Year</u>	Interest Earnings/			<u>Balance</u>
	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>State of NJ Reimbursement</u>	
2015-2016	\$2,108.02	\$65,700.23	\$45,997.03	\$836,236.14
2014-2015	1,780.82	47,203.43	111,725.91	814,424.92
2013-2014	2,334.87	83,343.20	150,294.86	877,139.58

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2016**

NOTE 13. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Township of West Milford Board of Education by inclusion of \$10,000.00 on September 26, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). A district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unappropriated 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-2.14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Beginning balance, July 1, 2015	\$1,865,965.36
Interest earnings	1,870.44
Capital Projects Excess Transferred Back	16,675.78
Deposit - Board resolution	-
Budgeted withdrawal from Capital Reserve	<u>(862,642.00)</u>
Ending balance, June 30, 2016	<u>\$1,021,869.58</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 were for use in a DDE approved facilities project, consistent with the District's long-range facilities plan.

NOTE 14. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by the Board of Education resolution adopted on June 26, 2012 in the amount of \$500,000.00. 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.

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2016**

NOTE 14. MAINTENANCE RESERVE ACCOUNT (continued)

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	\$200,000.00
Deposit - Board resolution	500,000.00
Budgeted withdrawal from Maintenance Reserve	<u>(150,000.00)</u>
Ending balance, June 30, 2016	<u>\$550,000.00</u>

NOTE 15. FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1) - Of the \$8,217,395.19 General Fund fund balance at June 30, 2016, \$433,637.53 is reserved for encumbrances; \$5,897,577.75 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7; \$2,957,314.00 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2017; \$1,021,869.58 has been reserved in the Capital Reserve Account; \$550,000.00 has been reserved in the Maintenance Reserve Account; \$270,857.00 has been appropriated and included as anticipated revenue for the year ending June 30, 2017; \$65,699.14 is reserved as SEMI - Designated for Subsequent years expenditures; and \$(22,245.84) is unreserved and undesignated.

Debt Service Fund - Of the \$1.43 Debt Service Fund fund balance at June 30, 2016 of \$-0- has been appropriated and included as anticipated revenue for the year ending June 30, 2017; and \$1.43 is unreserved and undesignated.

NOTE 16. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended, the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2016 is \$5,897,577.78 of which \$2,940,263.78 is the result of current year operations.

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2016**

NOTE 17. INVENTORY

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

Food	\$10,082.46
Supplies	<u>3,559.91</u>
	<u>\$13,642.37</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 18. RETROACTIVE RESTATEMENT DUE TO UPDATED CAPITAL ASSET INVENTORY AND FOR IMPLEMENTATION OF GASB NO. 68:

During fiscal year 2016, the District re-evaluated it's physical inventory of fixed assets. Also, after the Adult School ceased it's operation, the assets were transferred to the Governmental activities. This resulted in the following restatement of net position as of June 30, 2015:

	Governmental <u>Activities</u>
Net Position at June 30, 2015	\$(5,448,918.28)
Restatement of Capital Assets	<u>59,467.43</u>
Net Position at June 30, 2015 - Restated	<u>(5,389,450.85)</u>
	Business-Type <u>Activities</u>
Net Position at June 30, 2015	315,791.57
Restatement of Capital Assets	<u>(94,596.38)</u>
Net Position at June 30, 2015 - Restated	<u>\$221,195.19</u>

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2016**

NOTE 19. CONTINGENT LIABILITIES

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

Litigation - The District's Counsel advises us there is one matter for which no litigation has been filed at the present time and it would be premature and inappropriate to offer an assessment for this matter. They do note the District has error and omissions insurance coverage which should provide a defense of and coverage for this claim should litigation ensue.

NOTE 20: DEFICIT IN FUND BALANCES

The District has an accumulated deficit of \$1,248,454.34 in the Capital Projects Fund as of June 30, 2016. This deficit is the result of the District utilizing temporary financing to fund expenditures for certain capital projects. As the district permanently refinances these appropriations, the District will realize as revenues the proceeds of the financing. This deficit does not indicate that the District is facing financial difficulties and is a permitted practice under generally accepted accounting principals.

NOTE 21: SUBSEQUENT EVENT

The District has evaluated subsequent events through November 21, 2016, the date which the financial statements were available to be issued and no other items were noted for disclosure.

In July of 2016, the Board of Education issued General Obligation Bonds, in the amount of \$6,500,000.00, at a variable interest rate of 1.00% and 2.00%. Principal payments are payable on July 15 of each year and interest payments are payable on January 15 and July 15 of each year, commencing July 15, 2017. The bonds will mature in the year 2029.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES

**WEST MILFORD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	53,542,837.00		53,542,837.00	53,542,837.00	-
Tuition - Individuals	40,000.00		40,000.00	41,551.00	1,551.00
Tuition From Other LEAS Within the State	185,000.00		185,000.00	223,988.45	38,988.45
Tuition - Other				98,264.95	98,264.95
Transportation Jointure Fees	35,000.00		35,000.00	465.32	(34,534.68)
Interest Income on Operating Accounts				21,880.82	21,880.82
Interest Earned on Capital Reserve Funds				1,870.44	1,870.44
Rents and Royalties	125,000.00		125,000.00	137,174.16	12,174.16
Other Restricted Miscellaneous Revenues	250,500.00		250,500.00	460,828.57	210,328.57
Total - Local Sources	54,178,337.00		54,178,337.00	54,528,860.71	350,523.71
State Sources:					
Equalization Aid	10,288,587.00		10,288,587.00	10,288,587.00	-
Categorical Special Education Aid	2,243,826.00		2,243,826.00	2,243,826.00	-
Categorical Security Aid	313,229.00		313,229.00	313,229.00	-
Categorical Transportation Aid	1,658,498.00		1,658,498.00	1,658,498.00	-
Nonpublic School Transportation Aid				32,886.00	32,886.00
Extraordinary Aid	750,000.00		750,000.00	635,065.00	(114,935.00)
Adjustment Aid	20,389.00		20,389.00	20,389.00	-
PARCC Readiness Aid	36,250.00		36,250.00	36,250.00	-
Per Pupil Growth Aid	36,250.00		36,250.00	36,250.00	-
On-behalf TPAF Pension (non-budgeted)				2,196,916.00	2,196,916.00
On-behalf TPAF NCGI Premium (non-budgeted)				109,436.00	109,436.00
On-behalf TPAF Post Retirement Medical (non-budgeted)				2,746,227.00	2,746,227.00
TPAF Social Security (Reimbursed - Non-Budgeted)				2,157,843.52	2,157,843.52
Total State Sources	15,347,029.00		15,347,029.00	22,475,402.52	7,128,373.52
Federal Sources:					
Medicaid Reimbursement	61,850.00		61,850.00	127,425.05	65,575.05
Total Federal Sources	61,850.00		61,850.00	127,425.05	65,575.05
TOTAL REVENUES	69,587,216.00		69,587,216.00	77,131,688.28	7,544,472.28
EXPENDITURES:					
GENERAL CURRENT EXPENSES:					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	814,365.82	(25,198.00)	789,167.82	783,191.53	5,976.29
Grades 1-5 - Salaries of Teachers	6,425,648.35	384,828.00	6,810,476.35	6,794,171.97	16,304.38
Grades 1-5 - Other Salaries	24,693.00		24,693.00	-	24,693.00
Grades 6-8 - Salaries of Teachers	4,181,764.25	(201,891.50)	3,979,872.75	3,976,133.30	3,739.45
Grades 9-12 - Salaries of Teachers	6,256,703.00	205,970.00	6,462,673.00	6,419,591.21	43,081.79
Regular Programs - Home Instruction:					
Salaries of Teachers	56,414.84		56,414.84	46,900.62	9,514.22
Purchased Professional-Educational Services	5,000.00	30,059.06	35,059.06	33,470.42	1,588.64
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	635,383.00		635,383.00	520,112.80	115,270.20
Purchased Professional-Educational Services	10,719.00	744.00	11,463.00	9,586.97	1,876.03
Purchased Technical Services	7,250.00	(151.00)	7,099.00	5,149.50	1,949.50
Rentals	32,574.00	(1,115.00)	31,459.00	27,397.11	4,061.89
Travel	11,331.00		11,331.00	7,325.81	4,005.19
General Supplies	1,338,637.13	(362,009.67)	976,627.46	841,455.28	135,172.18
Textbooks	294,234.99	(4,856.65)	289,378.34	276,367.40	13,010.94
Other Objects	8,725.00	8,618.00	17,343.00	14,025.94	3,317.06
TOTAL REGULAR PROGRAMS - INSTRUCTION	20,103,443.38	34,997.24	20,138,440.62	19,754,879.86	383,560.76
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities					
Salaries of Teachers	345,665.00	(70,944.00)	274,721.00	272,893.00	1,828.00
Other Salaries for Instruction	97,129.00	50,000.00	147,129.00	147,007.00	122.00
General Supplies	4,110.00		4,110.00	2,380.71	1,729.29
Textbooks	450.00		450.00	-	450.00
Total Learning and/or Language Disabilities	447,354.00	(20,944.00)	426,410.00	422,280.71	4,129.29
Behavioral Disabilities:					
Salaries of Teachers	518,250.00	(79,272.50)	438,977.50	407,796.00	31,181.50
Other Salaries for Instruction	193,245.00		193,245.00	185,935.05	7,309.95
Purchased Professional-Educational Services	100,000.00	1,250.00	101,250.00	101,125.00	125.00
General Supplies	17,135.00	(625.22)	16,509.78	11,015.44	5,494.34
Other Objects	1,000.00		1,000.00	845.00	155.00
Total Behavioral Disabilities	829,630.00	(78,647.72)	750,982.28	706,716.49	44,265.79
Multiple Disabilities:					
Salaries of Teachers	96,175.00	77,145.00	173,320.00	173,320.00	-
Other Salaries for Instruction	67,322.00	38,223.00	105,545.00	105,544.96	0.04
General Supplies	1,500.00	(100.00)	1,400.00	1,249.67	150.33
Total Multiple Disabilities	164,997.00	115,268.00	280,265.00	280,114.63	150.37
Resource Room/Resource Center:					
Salaries of Teachers	3,549,562.00	87,030.00	3,636,592.00	3,634,391.86	2,200.14
Other Salaries for Instruction	723,937.00	(128,804.50)	595,132.50	593,892.20	1,240.30
General Supplies	23,050.00	759.00	23,809.00	23,007.45	801.55
Textbooks	3,500.00	(759.00)	2,741.00	2,724.77	16.23
Miscellaneous Expenditures	1,000.00		1,000.00	386.10	613.90
Total Resource Room/Resource Center	4,301,049.00	(41,774.50)	4,259,274.50	4,254,402.38	4,872.12

WEST MILFORD BOARD OF EDUCATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Autism:					
Salaries of Teachers	-	117,190.00	117,190.00	116,590.00	600.00
Other Salaries for Instruction	-	103,169.00	103,169.00	103,168.20	0.80
Total Autism	-	220,359.00	220,359.00	219,758.20	600.80
Preschool Disabilities - Part-Time:					
Salaries of Teachers	30,335.00	162,340.00	192,675.00	192,467.59	207.41
Other Salaries for Instruction	27,951.09	117,103.00	145,054.09	144,200.00	854.09
General Supplies	2,750.00	-	2,750.00	2,510.42	239.58
Total Preschool Disabilities - Part-Time	61,036.09	279,443.00	340,479.09	339,178.01	1,301.08
Preschool Disabilities - Full Time:					
Salaries of Teachers	155,840.00	(155,840.00)	-	-	-
Other Salaries for Instruction	95,103.00	(95,103.00)	-	-	-
Total Preschool Disabilities - Full Time	250,943.00	(250,943.00)	-	-	-
Home Instruction					
Purchased Professional - Educational Services	15,000.00	10,326.00	25,326.00	19,314.00	6,012.00
Total Home Instruction	15,000.00	10,326.00	25,326.00	19,314.00	6,012.00
TOTAL SPECIAL EDUCATION - INSTRUCTION	6,070,009.09	233,086.78	6,303,095.87	6,241,764.42	61,331.45
Basic Skills/Remedial - Instruction					
Salaries of Teachers	267,515.00	(25,556.00)	241,959.00	241,958.63	0.37
General Supplies	3,400.00	-	3,400.00	3,217.64	182.36
Textbooks	100.00	-	100.00	100.00	-
Total Basic Skills/Remedial - Instruction	271,015.00	(25,556.00)	245,459.00	245,276.27	182.73
Bilingual Education - Instruction					
Salaries of Teachers	65,420.00	-	65,420.00	65,387.00	33.00
Other Purchased Services (400-500 series)	600.00	-	600.00	506.02	93.98
General Supplies	2,257.00	-	2,257.00	2,172.06	84.94
Miscellaneous Expenditures	130.00	-	130.00	-	130.00
Total Bilingual Education - Instruction	68,407.00	-	68,407.00	68,065.08	341.92
School-Spon. Co/Extra Curr. Actvts. - Instruction					
Salaries	205,701.00	9,089.00	214,790.00	150,365.07	64,424.93
Total School-Spon. Co/Extra Curr. Actvts. - Instruction	205,701.00	9,089.00	214,790.00	150,365.07	64,424.93
School-Sponsored Athletics - Instruction					
Salaries	65,559.00	(5,000.00)	60,559.00	54,760.53	5,798.47
Other Salaries	501,714.00	-	501,714.00	448,339.52	-
Communications	450.00	(450.00)	-	-	-
Miscellaneous Purchased Services	175,079.07	(8,135.00)	166,944.07	135,852.26	31,091.81
General Supplies	80,898.10	7,535.00	88,433.10	85,900.92	2,532.18
Miscellaneous Expenditures	66,059.00	(13,200.00)	52,859.00	44,909.07	7,949.93
Total School-Sponsored Athletics - Instruction	889,759.17	(19,250.00)	870,509.17	769,762.30	47,372.39
Other Suppl/At-Risk Prog - Instruction					
Salaries of Reading Specialists	415,540.00	8,000.00	423,540.00	419,475.45	4,064.55
Total Other Suppl/At-Risk - Instruction	415,540.00	8,000.00	423,540.00	419,475.45	4,064.55
Total Instruction	28,023,874.64	240,367.02	28,264,241.66	27,649,588.45	561,278.73
Undistributed Expenditures - Instruction (Tuition)					
Tuition to Other LEAS Within the State - Special	461,499.33	(42,281.84)	419,217.49	401,829.59	17,387.90
Tuition to County Voc. School Dist. - Regular	485,468.40	-	485,468.40	471,528.00	13,940.40
Tuition to County Voc. School Dist. - Special	108,166.48	32,781.89	140,948.37	117,452.10	23,496.27
Tuition to CSSD & Reg. Day Schools	-	7,250.00	7,250.00	-	7,250.00
Tuition to Priv.Sch. for the Disabled W/1 State	3,497,643.22	(361,009.02)	3,136,634.20	3,068,465.04	68,169.16
Tuition - State Facilities	32,306.00	-	32,306.00	32,306.00	-
Tuition - Other	-	21,748.00	21,748.00	21,748.00	-
Total Undistributed Expenditures - Instruction (Tuition)	4,585,083.43	(341,510.97)	4,243,572.46	4,113,328.73	130,243.73
Undist. Expend.-Attendance and Social Work					
Salaries	100,980.00	1,830.00	102,810.00	102,810.00	-
Total Undist. Expend. - Attendance and Social Work	100,980.00	1,830.00	102,810.00	102,810.00	-
Undist. Expenditures- Health Services					
Salaries of Other Professional Staff	713,170.00	1,800.00	714,970.00	714,970.00	-
Other Purchased Professional Services	42,300.00	-	42,300.00	26,810.00	15,490.00
Purchased Technical Services	41,475.00	-	41,475.00	13,190.00	28,285.00
General Supplies	26,207.87	3,529.02	29,736.89	25,328.47	4,408.42
Total Undist. Expenditures- Health Services	823,152.87	5,329.02	828,481.89	780,298.47	48,183.42
Undist. Expend.-Speech, OT, PT and Related SVCS					
Salaries of Teachers	752,789.00	7,312.00	760,101.00	759,800.07	300.93
Salaries of Other Professional Staff	330,744.00	3,442.00	334,186.00	333,886.00	300.00
Purchased Professional - Educational Services	164,780.50	55,454.89	220,235.39	202,627.51	17,607.88
General Supplies	26,639.46	536.00	27,175.46	25,072.01	2,103.45
Total Undist. Expend.-Speech, OT, PT and Related SVCS	1,274,952.96	66,744.89	1,341,697.85	1,321,385.59	20,312.26
Undist. Expend. - Extraordinary Services					
Other Purchased Professional Services	25,906.85	3,305.00	29,211.85	19,987.50	9,224.35
Total Undist. Expend. - Extraordinary Services	25,906.85	3,305.00	29,211.85	19,987.50	9,224.35
Undist. Expenditures - Guidance					
Salaries of Other Professional Staff	892,610.00	17,222.96	909,832.96	902,788.96	7,044.00
Salaries of Secretarial and Clerical Assistants	147,738.00	8,354.68	156,092.68	155,713.48	379.20
Other Salaries	43,700.00	(43,699.10)	0.90	-	0.90
Purchased Professional - Educational Services	850.00	-	850.00	804.92	45.08
Other Purchased Prof. And Tech. Services	34,395.72	(7,921.00)	26,474.72	12,605.20	13,869.52
General Supplies	5,819.35	7,877.00	13,696.35	12,572.60	1,123.75
Total Undist. Expenditures - Guidance	1,125,113.07	(18,165.46)	1,106,947.61	1,084,485.16	22,462.45

WEST MILFORD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit C-1
Page 3 of 5

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expenditures -Child Study Teams					
Salaries of Other Professional Staff	1,610,737.00	(6,460.00)	1,604,277.00	1,601,849.34	2,427.66
Salaries of Secretarial and Clerical Assistants	235,092.00	5,100.46	240,192.46	240,191.86	0.60
Purchased Professional - Educational Services	22,310.72	-	22,310.72	18,100.00	4,210.72
Rentals	2,020.00	-	2,020.00	2,020.00	-
General Supplies	27,495.63	8,756.00	36,251.63	35,033.62	1,218.01
Miscellaneous Expenditures	2,680.00	-	2,680.00	2,405.94	274.06
Total Undist. Expenditures -Child Study Teams	1,900,335.35	7,396.46	1,907,731.81	1,899,600.76	8,131.05
Undist. Expend.-Improv. Of Inst. Serv.					
Sal of Supervisor of Instruction	949,103.00	(16,289.00)	932,814.00	826,629.43	106,184.57
Sal of Secr and Clerical Assist.	8,825.00	-	8,825.00	-	8,825.00
Other Purch Prof. and Tech. Services	3,648.00	20,171.36	23,819.36	22,223.38	1,595.98
Travel	2,850.00	1,507.86	4,357.86	2,576.93	1,780.93
General Supplies	3,150.00	-	3,150.00	3,150.00	-
Miscellaneous Expenditures	3,610.00	3,903.00	7,513.00	7,104.00	409.00
Total Undist. Expend.-Improv. Of Inst. Serv.	971,186.00	9,293.22	980,479.22	861,683.74	118,795.48
Undist. Expend.-Edu. Media Serv/Library					
Salaries	655,030.50	12,440.00	667,470.50	667,470.50	-
General Supplies	106,034.60	(125.07)	105,909.53	105,276.19	633.34
Miscellaneous Expenditures	355.00	5.00	360.00	175.00	185.00
Total Undist. Expend.-Edu. Media Serv/Library	761,420.10	12,319.93	773,740.03	772,921.69	818.34
Undist. Expend.-Instr. Staff Training Serv.					
Salaries of Supervisors of Instruction	40,661.00	1,500.00	42,161.00	40,870.56	1,290.44
Other Purchased Prof. and Tech. Services	21,500.00	-	21,500.00	16,689.50	4,810.50
Travel	900.00	-	900.00	-	900.00
General Supplies	880.00	(695.00)	185.00	-	185.00
Miscellaneous Expenditures	52,701.50	(10,588.11)	42,113.39	24,565.57	17,547.82
Total Undist. Expend.-Instr. Staff Training Serv.	116,642.50	(9,783.11)	106,859.39	82,125.63	24,733.76
Undist. Expend.-Support Serv.-Gen. Admin					
Salaries	413,858.00	(62,951.00)	350,907.00	333,899.59	17,007.41
Salaries of Secretarial and Clerical Assistants	257,730.00	9,869.00	267,599.00	266,620.83	978.17
Legal Services	112,750.00	38,050.00	150,800.00	129,581.01	21,218.99
Audit Fees	71,100.00	-	71,100.00	33,910.00	37,190.00
Architectural/Engineering Services	59,750.00	33,932.00	93,682.00	38,481.32	55,200.68
Other Purchased Professional Services	13,500.00	10,100.00	23,600.00	19,957.50	3,642.50
Purchased Technical Services	36,575.00	(14,400.05)	22,174.95	17,725.95	4,449.00
Rentals	3,500.00	(3,100.00)	400.00	-	400.00
Communications / Telephone	229,504.36	2,444.00	231,948.36	230,469.91	1,478.45
Travel	2,450.00	6,081.51	8,531.51	8,530.53	0.98
BOE Other Purchased Services	2,500.00	(745.37)	1,754.63	1,239.81	514.82
Miscellaneous Purchased Services	33,957.00	(14,658.00)	19,299.00	17,814.00	1,485.00
General Supplies	31,993.33	2,052.64	34,045.97	24,400.97	9,645.00
Judgment Against The School District	117,412.00	(52,000.00)	65,412.00	65,412.00	-
Miscellaneous Expenditures	33,900.00	46,080.05	81,980.05	51,918.24	30,061.81
BOE Membership Dues and Fees	33,000.00	(2,350.00)	30,650.00	26,427.27	4,222.73
Total Undist. Expend.-Support Serv.-Gen. Admin.	1,455,479.69	(1,595.22)	1,453,884.47	1,266,388.93	187,495.54
Undist. Expend. - Support Serv. - School Admin.					
Salaries of Principals/Asst. Principals/Prog. Dir	1,579,205.00	42,000.00	1,621,205.00	1,572,416.36	48,788.64
Salaries of Secretarial and Clerical Assistants	916,222.04	-	916,222.04	898,792.33	17,429.71
Purchased Technical Services	14,098.00	(850.00)	13,248.00	11,745.33	1,502.67
Travel	750.00	-	750.00	135.23	614.77
Rentals	10,590.00	1,951.72	12,541.72	12,510.21	31.51
General Supplies	21,770.00	6,574.04	28,344.04	16,182.34	12,161.70
Miscellaneous Expenditures	5,255.00	12.00	5,267.00	4,498.59	768.41
Total Undist. Expend. - Support Serv. - School Admin.	2,547,890.04	49,687.76	2,597,577.80	2,516,280.39	81,297.41
Undist. Expend. - Central Services					
Salaries of Other Professional Staff	95,494.00	2,869.00	98,363.00	98,362.33	0.67
Salaries of Secretarial and Clerical Assistants	375,401.00	4,662.00	380,063.00	379,989.65	73.35
Purchased Technical Services	24,500.00	(7,477.00)	17,023.00	17,022.50	0.50
Travel	900.00	-	900.00	322.33	577.67
General Supplies	12,650.00	-	12,650.00	11,200.53	1,449.47
Miscellaneous Expenditures	6,300.00	(54.00)	6,246.00	5,769.87	476.13
Total Undist. Expend. - Central Services	515,245.00	-	515,245.00	512,667.21	2,577.79
Undist. Expend. - Admin. Info. Technology					
Salaries	397,647.00	40,100.00	437,747.00	435,700.80	2,046.20
Purchased Technical Services	61,070.00	2,562.00	63,632.00	63,601.92	30.08
Travel	3,635.00	(1,662.00)	1,973.00	1,812.25	160.75
General Supplies	500.00	-	500.00	408.16	91.84
Total Undist. Expend. - Admin. Info. Technology	462,852.00	41,000.00	503,852.00	501,523.13	2,328.87
Undist. Expend.-Required Maint For Sch Fac.					
Other Salaries	401,725.53	6,000.00	407,725.53	392,044.01	15,681.52
Cleaning, Repair and Maintenance Services	256,474.00	(12,818.00)	243,656.00	243,126.52	529.48
General Supplies	116,582.00	(150.00)	116,432.00	107,105.44	9,326.56
Total Undist. Expend.-Required Maint For Sch Fac.	774,781.53	(6,968.00)	767,813.53	742,275.97	25,537.56
Undist. Expend. - Custodial Services					
Salaries of Non-Instructional Aides	230,925.18	-	230,925.18	219,521.40	11,403.78
Other Salaries	2,370,970.15	(40,500.00)	2,330,470.15	2,261,856.76	68,613.39
Purchased Professional and Technical Services	15,289.00	-	15,289.00	7,541.50	7,747.50
Cleaning, Repair and Maintenance Services	208,720.00	10,755.34	219,475.34	184,270.36	35,204.98
Rental of Land & Bldg. Oth. Than Lease Pur Agrmt	71,961.60	6,592.22	78,553.82	78,496.36	57.46
Other Purchased Property Services	134,844.37	8,000.00	142,844.37	141,053.64	1,790.73
Insurance	697,720.00	(24,557.30)	673,162.70	669,895.95	3,266.75
General Supplies	240,390.56	16,000.00	256,390.56	240,380.67	16,009.89
Energy (Natural Gas)	419,022.00	(108,103.50)	310,918.50	260,406.01	50,512.49
Energy (Electricity)	617,377.91	-	617,377.91	561,378.14	55,999.77
Energy (Oil)	122,650.00	(55,000.00)	67,650.00	26,499.72	41,150.28
Miscellaneous Expenditures	29,252.00	-	29,252.00	18,997.83	10,254.17
Total Undist. Expend. - Custodial Services	5,159,122.77	(186,813.24)	4,972,309.53	4,670,298.34	302,011.19

WEST MILFORD BOARD OF EDUCATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2016

Exhibit C-1
 Page 4 of 5

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Care and Upkeep of Grounds					
Other Salaries	209,054.00	-	209,054.00	206,531.98	2,522.02
General Supplies	22,500.00	-	22,500.00	1,954.20	20,545.80
Total Care and Upkeep of Grounds	231,554.00	-	231,554.00	208,486.18	23,067.82
Security					
Other Salaries	89,196.00	28,000.00	117,196.00	116,619.28	576.72
Other Purchased Professional and Technical Services	2,000.00	-	2,000.00	65.77	1,934.23
Total Security	91,196.00	28,000.00	119,196.00	116,685.05	2,510.95
Total Undist. Expend.-Oper. And Maint. Of Plant Serv.	6,256,654.30	(165,781.24)	6,090,873.06	5,737,745.54	353,127.52
Undist. Expend.-Student Transportation Serv.					
Salaries of Non-Instructional Aides	44,000.00	-	44,000.00	28,829.95	230,525.64
Sal. For Pupil Trans(Bet Home & Sch)-Reg	2,027,203.64	(57,000.00)	1,970,203.64	1,739,678.00	511,223.87
Sal. For Pupil Trans(Bet Home & Sch)-Sp Ed	846,806.42	(1,398.00)	845,408.42	334,184.55	10,138.85
Sal. For Pupil Trans(Other than Bet. Home & Sch)	164,284.10	9,657.85	173,941.95	163,803.10	0.12
Sal. For Pupil Trans(Bet. H&S) - NonPublic Sch	39,235.20	1,398.00	40,633.20	40,633.08	18,213.16
Management Fee - ESC & CTSA Trans. Program	32,640.00	-	32,640.00	14,426.84	5,909.54
Other Purchased Prof. and Technical Serv.	68,200.00	-	68,200.00	62,290.46	39,423.70
Cleaning, Repair, & Maint. Services	50,410.00	-	50,410.00	10,986.30	740.00
Rental Payments - School Buses	740.00	-	740.00	740.00	10,209.77
Lease Purchase Payments - School Buses	301,094.31	(19,172.00)	281,922.31	271,712.54	45,545.74
Contract Serv. - Aid in Lieu Pymts-NonPub Sch	175,474.00	-	175,474.00	129,928.26	8,706.34
Contr Serv (Bet. Home and Sch)-Vendors	680,790.00	-	680,790.00	672,083.66	780.00
Contr Serv (Oth. Than Bet Home&Sch)-Vend	24,750.00	27,928.37	52,678.37	51,898.37	147,304.01
Contract Serv.(Spl. Ed. Students)-ESCs & CTSA	554,700.00	(27,928.37)	526,771.63	379,467.62	950.62
Misc. Purchased Services - Transportation	1,986.00	-	1,986.00	1,035.38	237,028.45
Transportation Supplies	563,050.00	(8,808.00)	554,242.00	317,213.55	6,051.41
Miscellaneous Expenditures	6,975.00	-	6,975.00	923.59	1,272,011.22
Total Undist. Expend.-Student Transportation Serv.	5,582,338.67	(75,322.15)	5,507,016.52	4,219,835.25	
UNALLOCATED BENEFITS					
Social Security Contributions	890,225.84	22,739.00	912,964.84	912,964.46	0.38
TPAF/PERS Special Assessments	-	3,451.00	3,451.00	3,451.00	-
Other Retirement Contributions - PERS	1,154,758.00	(3,451.00)	1,151,307.00	1,134,368.08	16,938.92
Workmen's Compensation	467,486.00	(132,412.00)	335,074.00	332,366.00	2,708.00
Health Benefits	10,878,300.00	(418,395.00)	10,459,905.00	9,495,866.01	964,038.99
Tuition Reimbursement	111,000.00	-	111,000.00	105,000.00	6,000.00
Other Employee Benefits	263,700.00	-	263,700.00	207,974.16	55,725.84
TOTAL UNALLOCATED BENEFITS	13,765,469.84	(528,068.00)	13,237,401.84	12,191,989.71	1,045,412.13
ON-BEHALF CONTRIBUTIONS:					
On-behalf TPAF Pension (non-budgeted)	-	-	-	2,196,916.00	(2,196,916.00)
On-behalf TPAF NCGI Premium (non-budgeted)	-	-	-	109,436.00	(109,436.00)
On-behalf TPAF Post Retirement Medical (non-budgeted)	-	-	-	2,746,227.00	(2,746,227.00)
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	2,157,843.52	(2,157,843.52)
TOTAL ON-BEHALF CONTRIBUTIONS	-	-	-	7,210,422.52	(7,210,422.52)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	13,765,469.84	(528,068.00)	13,237,401.84	19,402,412.23	(6,165,010.39)
TOTAL UNDISTRIBUTED EXPENDITURES	42,270,702.67	(943,319.87)	41,327,382.80	45,195,479.95	(3,883,268.10)
TOTAL GENERAL CURRENT EXPENSES	70,294,577.31	(702,952.85)	69,591,624.46	72,845,068.40	(3,253,443.94)
CAPITAL OUTLAY					
Equipment					
Preschool	-	15,287.30	15,287.30	15,287.30	-
Grades 1-5	-	234,979.27	234,979.27	227,278.19	7,701.08
Grades 6-8	-	73,257.90	73,257.90	73,257.90	-
Grades 9-12	-	133,503.88	133,503.88	133,503.88	-
Undist. Expend. - Instruction - Instructional Equipment	37,658.00	33,505.00	71,163.00	69,878.34	1,284.66
Undist. Expend. - Instruction - Non-Instructional Equipment	-	8,648.00	8,648.00	8,647.50	0.50
Undist. Expend. - Speech, OT, PT, and Related - Instructional Equipment	-	5,081.00	5,081.00	5,081.00	-
Undist. Expend. - Speech, OT, PT, and Related - Non-Instructional Equipment	-	3,700.00	3,700.00	3,700.00	-
Undist. Expend. - Support Services - Child Study Team - Instructional Equip.	-	3,540.00	3,540.00	3,539.00	1.00
Undist. Expend. - General Administration - Non-Instructional Equipment	10,777.00	-	10,777.00	10,777.00	-
Undist. Expend. - Required Maint for School Fac.	-	151,921.50	151,921.50	151,921.50	-
Undist. Expend. - Care and Upkeep of Grounds	5,141.00	150.00	5,291.00	5,290.97	0.03
Undist. Expend. -Security	-	11,399.00	11,399.00	11,399.00	-
Undist. Expend.-Student Tans.-Non-Inst. Equip	-	27,980.00	27,980.00	27,980.00	-
Total Equipment	53,576.00	702,952.85	756,528.85	747,541.58	8,987.27
Facilities Acquisition and Const. Serv.					
Construction Services	553,431.00	-	553,431.00	517,087.69	36,343.31
Assessment for Debt Service on SDA Funding	27,501.00	-	27,501.00	27,501.00	-
Total Facilities Acquisition and Const. Serv.	580,932.00	-	580,932.00	544,588.69	36,343.31
Assets Acquired Under Capital Leases (non-budgeted)					
Support Services - Transportation	-	-	-	688,524.20	(688,524.20)
School Administration	-	-	-	222,361.26	(222,361.26)
Total Assets Acquired Under Capital Leases (non-budgeted)	-	-	-	910,885.46	(910,885.46)
TOTAL CAPITAL OUTLAY	634,508.00	702,952.85	1,337,460.85	2,203,015.73	(865,554.88)
Transfer of Funds to Charter Schools	34,814.00	-	34,814.00	28,340.00	6,474.00
TOTAL EXPENDITURES	70,963,899.31	(0.00)	70,963,899.31	75,076,424.13	(4,112,524.82)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,376,683.31)	0.00	(1,376,683.31)	2,055,264.15	3,431,947.46
Other Financing Sources (Uses):					
Capital Leases (non-budgeted)	-	-	-	910,885.46	910,885.46
Capital Reserve - Transfer to Capital Projects Fund	(862,642.00)	-	(862,642.00)	(862,642.00)	-
Capital Outlay - Transfer to Capital Projects	(1,659,250.00)	-	(1,659,250.00)	(1,659,250.00)	-
Capital Projects - Transfer to Capital Reserve Fund	-	-	-	16,675.78	16,675.78
Transfer to - Enterprise Fund	-	-	-	(157,608.45)	(157,608.45)
Total Other Financing Sources:	(2,521,892.00)	-	(2,521,892.00)	(1,751,939.21)	769,952.79

WEST MILFORD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit C-1
Page 5 of 5

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(3,898,575.31)	0.00	(3,898,575.31)	303,324.94	4,201,900.25
Fund Balance, July 1	6,154,675.49		5,937,175.49	9,358,742.25	
Fund Balance, June 30	2,256,100.18	0.00	2,038,600.18	9,662,067.19	4,201,900.25
Recapitulation of excess (deficiency) of revenues under expenditures:					
Adjustment for prior year encumbrances	(360,026.84)		(360,026.84)	(360,026.84)	-
Budgeted Fund Balance	(2,525,906.47)		(2,525,906.47)	1,674,123.34	4,200,029.81
Budgeted Withdrawal from Capital Reserve	(862,642.00)		(862,642.00)	(862,642.00)	-
Budgeted Transfer from Maintenance Reserve	(150,000.00)		(150,000.00)	(150,000.00)	-
Increase in capital reserve:					
Interest	-		-	1,870.44	1,870.44
	(3,898,575.31)	-	(3,898,575.31)	303,324.94	4,201,900.25
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				1,021,869.58	
Maintenance Reserve				550,000.00	
Excess Surplus				2,940,263.78	
Excess Surplus - Designated for Subsequent Year's Expenditures				2,957,314.00	
Assigned Fund Balance:					
Year End Encumbrances				433,637.53	
Designated for Subsequent Year's Expenditures				270,857.00	
Designated SEMI for Subsequent Year's Expenditures				65,699.14	
Unassigned Fund Balance				1,422,426.16	
				9,662,067.19	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not recognized on GAAP basis				(1,444,672.00)	
				8,217,395.19	

WEST MILFORD BOARD OF EDUCATION
 BUDGETARY COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	-	17,565.10	17,565.10	16,260.63	(1,304.47)
Federal Sources	1,342,535.00	112,949.87	1,455,484.87	1,411,962.60	(43,522.27)
Total Revenues	1,342,535.00	130,514.97	1,473,049.97	1,428,223.23	(44,826.74)
EXPENDITURES:					
Instruction					
Salaries of Teachers	442,535.00	(180,505.00)	262,030.00	291,479.60	(29,449.60)
Tuition to Private Schools for the Disabled within NJ	900,000.00	49,496.00	949,496.00	949,496.00	-
General Supplies	-	24,879.97	24,879.97	22,335.62	2,544.35
Total Instruction	1,342,535.00	(106,129.03)	1,236,405.97	1,263,311.22	(26,905.25)
Support Services					
Salaries of Secretarial & Clerical Assistants	-	10,000.00	10,000.00	10,000.00	-
Social Security Contributions	-	105,431.00	105,431.00	58,233.13	47,197.87
Health Benefits	-	50,203.00	50,203.00	34,772.14	15,430.86
Purchased Professional - Educational Services	-	34,805.00	34,805.00	33,264.00	1,541.00
Travel	-	2,401.44	2,401.44	1,325.39	1,076.05
Miscellaneous Purchased Services	-	27,229.00	27,229.00	22,042.49	5,186.51
General Supplies	-	6,574.56	6,574.56	5,274.86	1,299.70
Total Support Services	-	236,644.00	236,644.00	164,912.01	71,731.99
Total Expenditures	1,342,535.00	130,514.97	1,473,049.97	1,428,223.23	44,826.74
Total Outflows	1,342,535.00	130,514.97	1,473,049.97	1,428,223.23	44,826.74

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
PART II**

**WEST MILFORD BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGET COMPARISON SCHEDULE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016**

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

		<u>General Fund</u>			<u>Special Revenue Fund</u>
Sources/inflows of resources					
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	77,131,688.28	[C-2]		1,428,223.23
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		N/A			1,885.00
Less: Current Year Encumbrances		N/A			(6,313.54)
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 recognized the related expense (GASB 33).					
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.					
		(1,444,672.00)			
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.					
		<u>1,441,890.00</u>			
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	<u>77,128,906.28</u>	[B-2]		<u>1,423,794.69</u>
 Uses / outflows of resources					
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	75,076,424.13	[C-2]		1,428,223.23
Differences - budget to GAAP					
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.					
Add: Prior Year Encumbrances		N/A			1,885.00
Less: Current Year Encumbrances		N/A			(6,313.54)
Total revenues as reported on the statement of revenues expenditures, and changes in fund balances - governmental funds	[B-2]	<u>75,076,424.13</u>	[B-2]		<u>1,423,794.69</u>

**REQUIRED SUPPLEMENTARY INFORMATION
PART III**

West Milford Board of Education
 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 Proportion Share of the Net Pension Liability (Asset)		District's Proportion Share of the Net Pension Liability (Asset)		District's Covered Payroll -PERS Employee's		District's Proportion Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll		Plan Fiduciary Net Position as a percentage of the total Pension Liability	
2015	0.1247985140%	\$ 23,365,197	\$ 8,721,195	267.91%	52.08%					
2016	0.1275700160%	28,636,912	8,485,838	337.47%	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.

West Milford Board of Education
 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	\$ 1,028,799	\$ 1,028,799	\$ (1,028,799)	\$ -	-	\$8,721,195	11.80%
2016	1,096,760	1,096,760	(1,096,760)	\$ -	-	8,485,838	12.92%

* 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.

West Milford Board of Education
 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 Covered	District's	District's	Plan Fiduciary
	Proportion Share of the Net Pension Liability (Asset)	Proportion Share of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability Associated with the District (Asset)	Payroll - TPAF Employee's	Proportion Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	Proportion Share of the Net Pension Liability (Asset) as a percentage of the total Pension Liability	Net Position as a percentage of the total Pension Liability
2015	0.2941957073%	\$ -	\$ 157,238,031	\$ 29,048,328	0.00%		33.64%
2016	0.2854159332%	\$ -	180,395,058	29,529,656	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 THE REQUIRED SUPPLEMENTARY INFORMATION
PART III**

West Milford Board of Education
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

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 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

**WEST MILFORD BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2016**

	Title I Part - A Improving Basic Programs	Title II Part -A Teacher/Principal Training & Recruiting Carryover	Title III Lang. Inst. For Limited English Proficient & Immigrant Students	Total 2016
REVENUES:				
Federal sources	307,307.84	106,645.89	3,533.00	1,411,962.60
Local sources	35,482.43	9,497.44		16,260.63
Total Revenues	307,307.84	106,645.89	3,533.00	1,428,223.23
EXPENDITURES:				
Instruction:				
Salaries of Teachers	213,832.60	55,776.00	3,533.00	291,479.60
Tuition	760.12			949,496.00
General supplies				22,335.62
Total instruction	214,592.72	55,776.00	3,533.00	1,263,311.22
Support Services:				
Salaries of Secretarial & Clerical Assistants	10,000.00			10,000.00
Social Security Contributions	43,546.50	1,097.00		58,233.13
Health Benefits	25,216.79	9,555.35		34,772.14
Purchased Professional - Ed. Services		8,855.00		33,264.00
Travel		19,459.00		1,325.39
Miscellaneous Purchased Services	11,183.53	1,317.95		22,042.49
General Supplies	2,768.30	6,947.96		5,274.86
Total support services	92,715.12	50,869.89	-	164,912.01
Total Expenditures	307,307.84	106,645.89	3,533.00	1,428,223.23
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-

**WEST MILFORD BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>I.D.E.A. Part B</u>	<u>Education Foundation Mini-Grant</u>	<u>Education Foundation Mini-Grant Carryover</u>	<u>Target Family Literacy Grant</u>	<u>Italian Grant</u>	<u>Total Carried Forward to (Ex. E-1)</u>
REVENUES:						
Federal sources	37,300.00	10,825.43	1,405.61	29.59	4,000.00	949,496.00
Local sources	37,300.00	10,825.43	1,405.61	29.59	4,000.00	16,260.63
Total Revenues	74,600.00	21,650.86	2,811.22	59.18	8,000.00	965,756.63
EXPENDITURES:						
Instruction:						
Salaries of Teachers	37,300.00				4,000.00	4,000.00
Tuition		10,825.43	1,405.61	29.59		949,496.00
General supplies						12,260.63
Total instruction	37,300.00	10,825.43	1,405.61	29.59	4,000.00	965,756.63
Support Services:						
Salaries of Secretarial & Clerical Assistants						-
Employee benefits						-
Purchased professional - Ed. Services						-
Purchased property services						-
Travel						-
Other purchased services						-
Supplies and materials						-
Total support services	-	-	-	-	-	-
Total Expenditures	37,300.00	10,825.43	1,405.61	29.59	4,000.00	965,756.63
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-

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

REVENUE AND OTHER**FINANCING SOURCES:**

State Source - SDA Grant	528,394.14
Transfer from capital outlay	1,659,250.00
Transfer from capital reserve	862,642.00
	<hr/>
Total Revenues	3,050,286.14
	<hr/>

EXPENDITURES AND OTHER**FINANCING USES:**

General Supplies	6,063.51
Purchased professional and technical services	9,041.82
Construction Services	4,140,771.92
	<hr/>
Total Expenditures	4,155,877.25
	<hr/>
Excess (deficiency) of Revenues Over (under) Expenditures	(1,105,591.11)

Other Financing Sources (Uses)

Operating Transfer Out:	
Cancelled capital projects transferred to Capital Reserve	(16,675.78)
	<hr/>

Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and other Financing Sources (Uses)	(1,122,266.89)
---	----------------

Fund Balance - beginning of year	69,131.34
	<hr/>

Fund Balance - ending	(1,053,135.55)
	<hr/> <hr/>

Unrestricted Fund Balance	(1,053,135.55)
---------------------------	----------------

Reconciliation to Governmental Funds Statements (GAAP):	
SDA Grants Receivable not Recognized on GAAP Basis	(103,723.62)
	<hr/>

Fund Balance per Governmental Funds (GAAP)	(1,156,859.17)
	<hr/> <hr/>

Recapitulation Capital Projects Fund Balance:

Restricted for Capital Projects	(1,248,454.34)
Committed Fund Balance	91,595.17
	<hr/>

Total Fund Balance - Restricted for Capital Projects	(1,156,859.17)
	<hr/> <hr/>

**WEST MILFORD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS
WESTBROOK ROOF REPLACEMENT
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES:			
Transfer from Capital Outlay	<u>826,000.00</u>	<u>826,000.00</u>	
Total Revenues	<u>826,000.00</u>	<u>826,000.00</u>	-
EXPENDITURES AND OTHER FINANCING SOURCES:			
General Supplies	6,063.51	6,063.51	6,063.51
Construction Services	<u>659,414.81</u>	<u>659,414.81</u>	<u>819,936.49</u>
Total Expenditures	<u>665,478.32</u>	<u>665,478.32</u>	<u>826,000.00</u>
Excess (Deficiency) or Revenues Over (under) Expenditures	<u>160,521.68</u>	<u>160,521.68</u>	<u>(826,000.00)</u>
Additional Project Information:			
Project Numbers		N/A	
Grant Date		N/A	
Loans Authorization Date		N/A	
Loans Authorized		N/A	
Loans Issued		N/A	
Original Authorized Costs		826,000.00	
Additional Authorized Costs		-	
Revised Authorized Costs		826,000.00	
Percentage Increase (Decrease) over Original Authorized Costs		0.000%	
Percentage of Completion		80.57%	

**WEST MILFORD BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
 AND PROJECT STATUS - BUDGETARY BASIS
 MACOPIN ROOF REPLACEMENT
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016**

	Current Year	Totals	Revised Authorized Cost
EXPENDITURES AND OTHER			
FINANCING SOURCES:			
Construction Services	615,593.16	615,593.16	3,322,170.00
Total Expenditures	615,593.16	615,593.16	3,322,170.00
Excess (Deficiency) or Revenues Over (under) Expenditures	(615,593.16)	(615,593.16)	(3,322,170.00)
 Additional Project Information:			
Project Numbers		N/A	
Grant Date		N/A	
Loans Authorization Date		N/A	
Loans Authorized		N/A	
Loans Issued		N/A	
Original Authorized Costs		3,322,170.00	
Additional Authorized Costs		-	
Revised Authorized Costs		3,322,170.00	
Percentage Increase over Original Authorized Costs		0.00%	
Percentage of Completion		18.53%	

**WEST MILFORD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS
HIGH SCHOOL ROOF REPLACEMENT
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016**

	Current Year	Totals	Revised Authorized Cost
EXPENDITURES AND OTHER			
FINANCING SOURCES:			
Construction Services	1,080,880.79	1,080,880.79	4,667,830.00
Total Expenditures	1,080,880.79	1,080,880.79	4,667,830.00
Excess (Deficiency) or Revenues Over (under) Expenditures	(1,080,880.79)	(1,080,880.79)	(4,667,830.00)
 Additional Project Information:			
Project Numbers		N/A	
Grant Date		N/A	
Loans Authorization Date		N/A	
Loans Authorized		N/A	
Loans Issued		N/A	
Original Authorized Costs		4,667,830.00	
Additional Authorized Costs		-	
Revised Authorized Costs		4,667,830.00	
Percentage Increase over Original Authorized Costs		0.00%	
Percentage of Completion		23.16%	

**WEST MILFORD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS
HIGH SCHOOL BOILER REPLACEMENT
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Cancellation</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES:				
State Sources - SDA Grant	425,075.00	(3,232.86)	421,842.14	421,842.14
Transfer from Capital Reserve	637,613.00		637,613.00	637,613.00
Total Revenues	1,062,688.00	(3,232.86)	1,059,455.14	1,059,455.14
EXPENDITURES AND OTHER FINANCING SOURCES:				
Purchased Professional and Technical Services	15,205.35		15,205.35	15,205.35
Construction Services	978,351.31		978,351.31	1,044,249.79
Total Expenditures	993,556.66	-	993,556.66	1,059,455.14
Excess (Deficiency) or Revenues Over (under) Expenditures	69,131.34	(3,232.86)	65,898.48	-
Additional Project Information:				
DOE Project Number			5650-040-14-1001	
SDA Project Number			5650-040-14-G2NC	
SDA Grant Number			G5-5762	
Grant Date			3/31/2014	
Loans Authorization Date			N/A	
Loans Authorized			N/A	
Loans Issued			N/A	
Original Authorized Costs			1,062,688.00	
Additional Authorized Costs			-	
Revised Authorized Costs			1,062,688.00	
Percentage Increase (Decrease) over Original Authorized Costs			0.000%	
Percentage of Completion			93.49%	

**WEST MILFORD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS
WESTBROOK BOILER REPLACEMENT
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES:			
State Sources - SDA Grant	214,409.00	214,409.00	214,409.00
Transfer from Capital Reserve	321,614.00	321,614.00	321,614.00
Total Revenues	<u>536,023.00</u>	<u>536,023.00</u>	<u>536,023.00</u>
EXPENDITURES AND OTHER FINANCING SOURCES:			
Purchased Professional and Technical Services	9,041.82	9,041.82	9,041.82
Construction Services	424,938.20	424,938.20	526,981.18
Total Expenditures	<u>433,980.02</u>	<u>433,980.02</u>	<u>536,023.00</u>
Excess (Deficiency) or Revenues Over (under) Expenditures	<u>102,042.98</u>	<u>102,042.98</u>	<u>-</u>
Additional Project Information:			
DOE Project Number		5650-100-14-1003	
SDA Project Number		5650-100-14-G2NE	
SDA Grant Number		G5-5764	
Grant Date		3/31/2014	
Loans Authorization Date		N/A	
Loans Authorized		N/A	
Loans Issued		N/A	
Original Authorized Costs		536,023.00	
Additional Authorized Costs			
Revised Authorized Costs		536,023.00	
Percentage Increase over Original Authorized Costs		0.00%	
Percentage of Completion		80.96%	

**WEST MILFORD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS
PARADISE KNOLL BOILER REPLACEMENT
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES:			
State Sources - SDA Grant	317,218.00	317,218.00	317,218.00
Transfer from Capital Reserve	<u>475,828.00</u>	<u>475,828.00</u>	<u>475,828.00</u>
Total Revenues	<u>793,046.00</u>	<u>793,046.00</u>	<u>793,046.00</u>
EXPENDITURES AND OTHER FINANCING SOURCES:			
Construction Services	<u>663,663.80</u>	<u>663,663.80</u>	<u>793,046.00</u>
Total Expenditures	<u>663,663.80</u>	<u>663,663.80</u>	<u>793,046.00</u>
Excess (Deficiency) or Revenues Over (under) Expenditures	<u>129,382.20</u>	<u>129,382.20</u>	<u>-</u>
Additional Project Information:			
DOE Project Number		5650-080-14-1002	
SDA Project Number		5650-080-14-G2ND	
SDA Grant Number		G5-5763	
Grant Date		3/31/2014	
Loans Authorization Date		N/A	
Loans Authorized		N/A	
Loans Issued		N/A	
Original Authorized Costs		793,046.00	
Additional Authorized Costs		-	
Revised Authorized Costs		793,046.00	
Percentage Increase (Decrease) over Original Authorized Costs		0.000%	
Percentage of Completion		83.69%	

**WEST MILFORD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS
HIGH SCHOOL SCIENCE LAB UPDATES
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016**

	Current Year	Totals	Revised Authorized Cost
REVENUES AND OTHER FINANCING SOURCES:			
Transfer from Capital Outlay	833,250.00	833,250.00	833,250.00
Total Revenues	833,250.00	833,250.00	833,250.00
EXPENDITURES AND OTHER FINANCING SOURCES:			
Construction Services	712,956.94	712,956.94	833,250.00
Total Expenditures	712,956.94	712,956.94	833,250.00
Excess (Deficiency) or Revenues Over (under) Expenditures	120,293.06	120,293.06	-
 Additional Project Information:			
Project Numbers		N/A	
Grant Date		N/A	
Loans Authorization Date		N/A	
Loans Authorized		N/A	
Loans Issued		N/A	
Original Authorized Costs		833,250.00	
Additional Authorized Costs		-	
Revised Authorized Costs		833,250.00	
Percentage Increase (Decrease) over Original Authorized Costs		0.000%	
Percentage of Completion		85.56%	

**WEST MILFORD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS
HIGH SCHOOL STEP REPLACEMENT
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES:			
Transfer from Capital Reserve	65,200.00	65,200.00	65,200.00
Total Revenues	<u>65,200.00</u>	<u>65,200.00</u>	<u>65,200.00</u>
EXPENDITURES AND OTHER FINANCING SOURCES:			
Construction Services	-	-	65,200.00
Total Expenditures	<u>-</u>	<u>-</u>	<u>65,200.00</u>
Excess (Deficiency) or Revenues Over (under) Expenditures	<u>65,200.00</u>	<u>65,200.00</u>	<u>-</u>
Additional Project Information:			
Project Numbers		N/A	
Grant Date		N/A	
Loans Authorization Date		N/A	
Loans Authorized		N/A	
Loans Issued		N/A	
Original Authorized Costs		65,200.00	
Additional Authorized Costs		-	
Revised Authorized Costs		65,200.00	
Percentage Increase (Decrease) over Original Authorized Costs		0.000%	
Percentage of Completion		0.00%	

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

PROJECT DESCRIPTION	APPROPRIATION	EXPENDITURES		CONTRACTS PAYABLE CANCELLED	CANCELLED - CAPITAL PROJECTS	UNEXPENDED BALANCE
		PRIOR YEARS	CURRENT YEAR			
Marshall Hill Roof Replacement				16,675.78	16,675.78	-
Westbrook Roof Replacement	826,000.00		665,478.32			160,521.68
Macopin Roof Replacement			615,593.16			(615,593.16)
High School Roof Replacement			1,080,880.79			(1,080,880.79)
High School Boiler Replacement	1,062,688.00	993,556.66			3,232.86	65,898.48
Westbrook Boiler Replacement	536,023.00		433,980.02			102,042.98
Paradise Knoll Boiler Replacement	793,046.00		663,663.80			129,382.20
High School Science Lab	833,250.00		712,956.94			120,293.06
High School Step Replacement	65,200.00		-			65,200.00
	<u>4,116,207.00</u>	<u>993,556.66</u>	<u>4,172,553.03</u>	<u>16,675.78</u>	<u>19,908.64</u>	<u>(1,053,135.55)</u>

**WEST MILFORD BOARD OF EDUCATION
COMBINING STATEMENT OF NET POSITION
ENTERPRISE FUNDS
JUNE 30, 2016**

ASSETS	Food Service Program	School Age Child Care	Totals
CURRENT ASSETS:			
Cash and cash equivalents	43,860.59	559,041.29	602,901.88
Other accounts receivable	659.80	2,595.00	3,254.80
Accounts receivable:			
State	691.92		691.92
Federal	17,835.21		17,835.21
Inventories	13,642.37		13,642.37
Total current assets	76,689.89	561,636.29	638,326.18
Noncurrent Assets:			
Capital Assets:			
Equipment	229,407.97		229,407.97
Less Accumulated Depreciation	(170,233.19)		(170,233.19)
Total Capital Assets (Net of Accumulated Depreciation)	59,174.78	-	59,174.78
Total Assets	135,864.67	561,636.29	697,500.96
LIABILITIES			
CURRENT LIABILITIES:			
Accounts Payable	7,206.07		7,206.07
Encumbrances Payable	2,209.00	6,746.92	8,955.92
General Fund	64,996.72	436,099.64	501,096.36
Deferred Revenue			
Prepaid Sales	2,278.10		2,278.10
Tuition Deposit		2,425.00	2,425.00
Total Current Liabilities	76,689.89	445,271.56	521,961.45
Total Liabilities	76,689.89	445,271.56	521,961.45
NET POSITION			
Invested in Capital Assets Net of Related Debt	59,174.78		59,174.78
Contributed Capital		38,950.00	38,950.00
Unrestricted		77,414.73	77,414.73
Total Net Position	59,174.78	116,364.73	175,539.51

**WEST MILFORD BOARD OF EDUCATION
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	Food Service Program	School Age Child Care	Totals
OPERATING REVENUES:			
Local sources:			
Daily sales - reimbursable programs:			
School lunch and breakfast program	505,499.64		505,499.64
Daily sales - non-reimbursable programs	252,599.00		252,599.00
Special functions/Miscellaneous	5,710.29		5,710.29
Program Fees		396,731.05	396,731.05
Total operating revenues	<u>763,808.93</u>	<u>396,731.05</u>	<u>1,160,539.98</u>
OPERATING EXPENSES:			
Salaries	293,160.50	402,572.62	695,733.12
Cost of sales- reimbursable	330,976.00		330,976.00
Cost of sales- non-reimbursable	154,061.66		154,061.66
Employers share of Social Security	22,440.30	30,848.69	53,288.99
Employee benefits	196,090.19		196,090.19
Purchased professional services	135,976.19	5,200.64	141,176.83
Supplies and materials	24,645.41	24,708.09	49,353.50
Repairs	15,367.19		15,367.19
Purchased Technical Services	1,965.00		1,965.00
Depreciation	6,586.61		6,586.61
Management fees	61,922.40		61,922.40
Miscellaneous	4,130.50	271.60	4,402.10
Total operating expenses	<u>1,247,321.95</u>	<u>463,601.64</u>	<u>1,710,923.59</u>
Operating Income (Loss)	<u>(483,513.02)</u>	<u>(66,870.59)</u>	<u>(550,383.61)</u>
NON-OPERATING REVENUES (EXPENSES):			
State sources:			
State school lunch program	10,983.11		10,983.11
Federal sources:			
School breakfast program	10,038.98		10,038.98
National school lunch program	272,037.41		272,037.41
Food distribution program	62,540.17		62,540.17
Interest and investment revenue	77.34	1,044.24	1,121.58
Total non-operating revenues (expenses)	<u>355,677.01</u>	<u>1,044.24</u>	<u>356,721.25</u>
Income (Loss) Before Contribution & Transfers	<u>(127,836.01)</u>	<u>(65,826.35)</u>	<u>(193,662.36)</u>
Operating transfer in (out)	157,608.45		157,608.45
Change in Net Position	29,772.44	(65,826.35)	(36,053.91)
Total Net Position - Beginning (as restated)	<u>29,402.34</u>	<u>182,191.08</u>	<u>211,593.42</u>
Total Net Position - Ending	<u><u>59,174.78</u></u>	<u><u>116,364.73</u></u>	<u><u>175,539.51</u></u>

**WEST MILFORD BOARD OF EDUCATION
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	Food Service Program	School Age Child Care	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	765,427.23	402,131.05	1,167,558.28
Receipts / (payments) for interfunds	13,966.63	148,727.42	162,694.05
Payments to employees for services	(293,160.50)	(402,572.62)	(695,733.12)
Payments to suppliers	(963,452.39)	(61,707.35)	(1,025,159.74)
Net cash provided by (used for) Operating Activities	<u>(477,219.03)</u>	<u>86,578.50</u>	<u>(390,640.53)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
State Sources	11,621.52		11,621.52
Federal Sources	352,891.31		352,891.31
Operating subsidies	157,608.45		157,608.45
Net cash provided by (used for) non-capital financing activities	<u>522,121.28</u>	<u>-</u>	<u>522,121.28</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of Capital Assets	(36,359.05)		(36,359.05)
Net Cash Provided by (used for) Capital and Related Financing Activities	<u>(36,359.05)</u>	<u>-</u>	<u>(36,359.05)</u>
CASH FLOW FROM INVESTING ACTIVITIES:			
Interest on cash equivalents	77.34	1,044.24	1,121.58
Net Cash Provided by (used for) Investing Activities	<u>77.34</u>	<u>1,044.24</u>	<u>1,121.58</u>
Net Increase (Decrease) in Cash and Cash Equivalents	8,620.54	87,622.74	96,243.28
Balances-Beginning of Year	<u>35,240.05</u>	<u>471,418.55</u>	<u>506,658.60</u>
Balances-End of Year	<u><u>43,860.59</u></u>	<u><u>559,041.29</u></u>	<u><u>602,901.88</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	(483,513.02)	(66,870.59)	(550,383.61)
Adjustments to reconcile operating income (loss) to cash provided (used for) operating activities:			
Depreciation	6,586.61	-	6,586.61
Changes in assets and liabilities:			
(Increase)/decrease in accounts receivable	(659.80)	5,185.00	4,525.20
(Increase)/decrease in inventory	(100.69)		(100.69)
Increase/(decrease) in accounts payable	(15,809.34)		(15,809.34)
Increase/(decrease) in encumbrances payable	32.48	(678.33)	(645.85)
Increase/(decrease) in interfund payable	13,966.63	148,727.42	162,694.05
Increase/(decrease) in deferred revenue	2,278.10	215.00	2,493.10
Total adjustments	<u>6,293.99</u>	<u>153,449.09</u>	<u>159,743.08</u>
Net cash provided by (used for) operating activities	<u>(477,219.03)</u>	<u>86,578.50</u>	<u>(390,640.53)</u>

**WEST MILFORD BOARD OF EDUCATION
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016**

	Unemployment Compensation Trust Fund	John Wallisch Scholarship	Vogel Scholarship	Agency Fund
ASSETS:				
Cash and cash equivalents	835,581.15	357,782.02	6,308.18	368,562.68
Interest Receivable on Investments	1,062.50			
TOTAL ASSETS	<u>836,643.65</u>	<u>357,782.02</u>	<u>6,308.18</u>	<u>368,562.68</u>
LIABILITIES:				
Payable to Student Groups				347,565.87
Payable to State Government	407.51			
Payroll Deductions and Withholdings				7,194.68
Flexible Spending				(739.76)
Interfund Accounts Payable:				
General Fund				14,541.89
Total liabilities	<u>407.51</u>	<u>-</u>	<u>-</u>	<u>368,562.68</u>
NET POSITION:				
Held in Trust for unemployment				
Claims and Other Purposes	<u>836,236.14</u>			
Reserved for Other Purposes		<u>357,782.02</u>	<u>6,308.18</u>	

WEST MILFORD BOARD OF EDUCATION
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Unemployment Compensation Trust Fund</u>	<u>John Wallisch Scholarship</u>	<u>Edward Vogel Scholarship</u>
OPERATING REVENUES:			
Local sources:			
Interest on Investments	2,108.02	721.11	8.44
Contributions	<u>65,700.23</u>		
Total operating revenues	<u>67,808.25</u>	<u>721.11</u>	<u>8.44</u>
OPERATING EXPENSES:			
Scholarships		8,327.90	500.00
Unemployment Claims	<u>45,997.03</u>		
Total operating expenses	<u>45,997.03</u>	<u>8,327.90</u>	<u>500.00</u>
OPERATING INCOME (LOSS)	21,811.22	(7,606.79)	(491.56)
Net Position, July 1	<u>814,424.92</u>	<u>365,388.81</u>	<u>6,799.74</u>
Net Position, June 30	<u><u>836,236.14</u></u>	<u><u>357,782.02</u></u>	<u><u>6,308.18</u></u>

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

	<u>Balance July 1, 2015</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2016</u>
ELEMENTARY SCHOOLS:				
Aphawa	9,746.75	14,407.38	13,336.60	10,817.53
Maple Road	2,256.69	5,306.08	5,436.32	2,126.45
Marshall Hill	11,871.05	8,875.25	8,019.78	12,726.52
Paradise Knoll	2,738.32	9,207.10	9,221.67	2,723.75
Upper Greenwood Lake	1,670.20	13,199.78	13,038.71	1,831.27
Westbrook	2,180.52	14,170.32	14,370.64	1,980.20
MIDDLE SCHOOL:				
Macopin Middle School	93,452.15	383,804.21	412,949.60	64,306.76
SENIOR HIGH SCHOOL:				
West Milford Athletics	76,682.45	96,126.42	77,187.98	95,620.89
West Milford High School	141,999.04	308,174.19	294,938.72	155,234.51
OTHER STUDENT ACTIVITY ACCOUNTS:				
Learning Unlimited	319.99	2,106.00	2,228.00	197.99
	<u>342,917.16</u>	<u>855,376.73</u>	<u>850,728.02</u>	<u>347,565.87</u>

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

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Assets:				
Cash and Cash Equivalents	37,485.77	47,704,878.70	47,721,367.66	20,996.81
Intergovernment Accounts Receivable:				
State	32,586.44		32,586.44	-
Total Assets	<u>70,072.21</u>	<u>47,704,878.70</u>	<u>47,753,954.10</u>	<u>20,996.81</u>
Net Payroll		25,564,451.67	25,564,451.67	-
Payroll Deductions and Withholdings	3,112.98	20,919,617.06	20,915,535.36	7,194.68
Flexible Spending Account	(840.13)	28,182.51	28,082.14	(739.76)
Interfund Accounts Payable				
General Fund	48,730.15	1,099,556.31	1,133,744.57	14,541.89
Unemployment Account	19,069.21	93,071.15	112,140.36	-
	<u>70,072.21</u>	<u>47,704,878.70</u>	<u>47,753,954.10</u>	<u>20,996.81</u>

WEST MILFORD BOARD OF EDUCATION
GENERAL LONG TERM DEBT ACCOUNT GROUP
STATEMENT OF SERIAL BONDS
JUNE 30, 2016

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Annual Maturities Amount	Interest Rate	Balance July 1, 2015	Retired	Balance June 30, 2016
School Bonds of 2003	07/15/03	4,463,000	09/15/16 09/15/17	500,000.00 388,000.00	3.30% 3.30%	1,388,000.00	500,000.00	888,000.00

WEST MILFORD BOARD OF EDUCATION
GENERAL LONG TERM DEBT ACCOUNT GROUP
SCHEDULE OF PUBLIC SCHOOL FACILITIES LOAN ASSISTANCE PROGRAM
JUNE 30, 2016

Issue	Date of Issue	Amount of Issue	Annual Maturities		Retired	Balance June 30, 2016
			Date	Amount		
NJ Economic Authority Underground Storage Tank Loan # LO4215	12/1/2008	45,585.00	12/01/16-12/01/18	4,558.50	4,558.50	13,675.50
						<u>18,234.00</u>
						<u>13,675.50</u>

**WEST MILFORD BOARD OF EDUCATION
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

SERIES	Interest Rate Payables	Amount of Original Issue	Amount Outstanding on July 1, 2015	Issued in Current Year	Retired in Current Year	Amount Outstanding on June 30, 2016
2012 International Dump Truck	5.500%	114,201.00	23,632.49		23,632.49	-
29 Digital Copiers	N/A	199,087.42	50,299.69		50,299.69	-
2 - 2012 Ford F-450 Trucks	4.900%	100,500.00	40,638.58		19,812.77	20,825.81
6 - 2014 - 54 Passenger School Buses	3.200%	511,769.64	306,827.57		98,835.71	207,991.86
5 - 2015 - School Buses (3-54 Pass., 2-24 Pass.)	3.900%	330,169.21	259,542.12		61,595.03	197,947.09
6 - 2016 - Buses, 1 - Backhoe, 1 - Trailer, & 1 - Ford F-250	3.600%	688,524.20		688,524.20	147,833.24	540,690.96
30 Digital Copiers	3.700%	222,361.26		222,361.26	15,920.31	206,440.95
TOTAL			<u>680,940.45</u>	<u>910,885.46</u>	<u>417,929.24</u>	<u>1,173,896.67</u>

WEST MILFORD BOARD OF EDUCATION
 BUDGETARY COMPARISON SCHEDULE
 DEBT SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:				
Local sources:				
Local tax levy	537,742.00	537,742.00	537,742.00	-
Total revenues - local sources	537,742.00	537,742.00	537,742.00	-
State sources:				
Debt service aid type II	893.00	893.00	893.00	-
Total state sources	893.00	893.00	893.00	-
Total Revenues	538,635.00	538,635.00	538,635.00	-
EXPENDITURES				
Regular debt service:				
Interest	37,554.00	37,554.00	37,554.00	-
Redemption of principal	504,559.00	504,559.00	504,558.50	0.50
Total regular debt service	542,113.00	542,113.00	542,112.50	0.50
Total Expenditures	542,113.00	542,113.00	542,112.50	0.50
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,478.00)	(3,478.00)	(3,477.50)	0.50
Fund Balances, July 1	3,478.43	3,478.43	3,478.93	
Fund Balances, June 30	0.43	0.43	1.43	0.50
Recapitulation of excess (deficiency) of revenues under expenditures:				
Budgeted Fund Balance	\$ 34,878.00	\$ 3,478.00	\$ 3,447.50	\$ 0.50
Recapitulation:				
Assigned Fund Balance:				
Designated for Subsequent Year's Expenditures			1.43	
Unassigned Fund Balance			<u>1.43</u>	

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

WEST MILFORD BOARD OF EDUCATION
Net Assets/Net Position*by Component,
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Invested in capital assets, net of related debt	10,949,290	9,176,136	8,795,665	8,902,363	10,125,208	10,738,769	11,157,970	12,491,734	14,625,039	19,535,989
Restricted	658,452	1,490,121	2,038,403	1,997,474	3,188,664	5,053,261	7,995,387	8,164,505	7,957,499	7,082,783
Unrestricted	(2,633,966)	(2,878,590)	(4,046,037)	(3,499,661)	(3,647,211)	(3,180,197)	(3,584,990)	(3,767,616)	(28,031,456)	(28,842,210)
Total governmental activities net position	8,973,776	7,787,666	6,788,031	7,399,976	9,666,662	12,611,832	15,568,367	16,888,623	(5,448,919)	(2,223,437)
Business-type activities										
Invested in capital assets, net of related debt	423,999	395,488	366,937	338,406	309,875	298,436	298,436	247,464	123,999	59,175
Restricted	38,950	38,950	38,950	38,950	38,950	38,950	38,950	38,950	48,552	47,906
Unrestricted	155,797	118,047	46,859	5,665	(53,859)	(119,973)	(90,952)	33,812	143,241	77,415
Total business-type activities net position	618,746	552,465	452,745	383,021	294,965	217,412	245,434	320,226	315,792	184,495
District-wide										
Invested in capital assets, net of related debt	11,373,289	9,571,604	9,162,602	9,240,769	10,435,083	11,037,205	11,456,405	12,739,198	14,749,038	19,595,164
Restricted	697,402	1,529,071	2,077,353	2,036,424	3,227,614	5,092,211	8,034,337	8,203,455	8,006,050	7,130,689
Unrestricted	(2,478,169)	(2,760,543)	(3,999,178)	(3,494,196)	(3,701,070)	(3,300,171)	(3,675,942)	(3,733,804)	(27,888,215)	(28,764,795)
Total district net position	9,592,522	8,340,131	7,240,776	7,782,997	9,961,627	12,829,245	15,814,800	17,208,849	(5,133,127)	(2,036,942)

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.

WEST MILFORD BOARD OF EDUCATION

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities										
Instruction										
Regular	30,071,478	30,163,185	29,516,709	28,309,740	27,864,663	28,465,802	29,091,197	30,060,451	33,688,879	35,387,999
Special education	8,282,618	8,948,132	8,944,668	8,866,736	8,666,728	9,217,726	9,232,990	9,811,680	10,880,659	11,785,583
Other special education	705,029	728,267	726,528	702,040	380,544	207,229	312,632	375,189	307,127	313,341
Other instruction	748,479	746,874	779,251	1,208,269	1,218,450	1,249,692	1,202,128	1,188,725	1,262,218	1,339,603
Support Services:										
Tuition	2,902,993	3,127,907	3,588,139	4,058,939	3,449,330	4,516,967	5,077,971	4,606,754	4,687,173	4,113,329
Student & instruction related services	7,784,347	8,321,687	8,255,422	8,622,575	8,506,512	8,275,763	8,434,225	8,762,336	9,566,003	9,690,726
General administrative services	1,227,474	1,279,089	1,286,359	1,333,057	1,394,335	1,460,440	1,474,288	1,579,493	1,564,216	1,715,623
School administrative services	3,314,535	3,559,823	3,557,762	3,715,249	3,718,570	3,680,436	3,553,425	3,614,528	4,174,086	4,803,145
Central Services and Admin. Info. Tech.	1,155,707	1,185,059	1,189,371	1,224,589	1,279,707	1,315,933	1,359,028	1,331,554	1,548,677	1,626,964
Plant operations and maintenance	6,486,398	7,028,292	6,926,124	6,987,060	6,734,278	6,749,522	6,877,873	7,153,738	7,936,484	8,021,118
Pupil transportation	5,207,082	5,353,062	5,349,136	5,272,089	5,238,761	5,533,660	5,433,960	5,452,455	5,751,379	5,703,126
Charter Schools	14,706	14,632						31,679	33,960	27,501
Interest on Long term debt	160,608	149,214	132,764	123,634	105,318	94,337	80,093	64,698	49,060	28,340
Capital Outlay - Non-depreciable	45,662	1,352,044	(3,695)	56,662	622,847	300,873	16,678	27,501	27,501	32,777
Unallocated Benefits	68,107,117	71,857,367	70,248,537	70,480,639	69,199,652	71,080,269	72,146,488	74,060,781	81,494,628	84,616,830
Total governmental activities expenses	1,356,971	1,393,714	1,367,683	1,272,593	1,262,573	1,330,478	1,339,026	1,261,766	1,233,017	1,240,543
Business-type activities:										
Food service	585,407	570,212	589,673	552,112	541,640	518,337	395,816	238,844	286,769	471,027
School Aged Child Care	1,922,377	1,963,926	1,957,356	1,824,704	1,804,213	1,848,815	1,734,842	1,500,610	1,519,786	1,711,569
Total business-type activities expense	70,029,494	73,921,293	72,205,893	72,305,343	71,003,864	72,929,083	73,881,330	75,561,391	83,014,414	86,328,399
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	281,506	200,630	240,881	408,801	309,027	385,869	98,189	144,926	346,766	363,804
Support Services (Student & Inst. Related services)										
Support Services (General Admin. Services)	59,345	60,912	82,327							
Plant operations and maintenance	74,253	68,191	76,942							
Pupil transportation	1,537,227	1,791,396	1,568,499	1,816,634	2,317,854	1,649,917	1,578,803	1,466,993	1,405,774	1,423,795
Operating grants and contributions	12,520	84,081	86,500			40,504				
Capital grants and contributions	1,944,852	2,205,211	2,055,150	2,225,435	2,755,037	2,076,290	1,739,860	1,631,325	1,787,288	1,768,064
Total governmental activities program revenues	1,051,728	1,066,716	1,044,001	961,768	885,069	919,117	805,601	787,385	762,535	763,809
Business-type activities:										
Charges for services	633,100	566,618	560,139	486,903	481,414	441,759	439,791	324,504	395,322	396,731
Adult Community School	217,437	244,383	235,765	255,781	246,204	280,669	296,511	339,714	353,519	355,600
Operating grants and contributions	1,902,285	1,877,718	1,839,905	1,704,452	1,615,688	1,641,545	1,541,903	1,451,603	1,511,375	1,516,140
Total business-type activities program revenues	3,847,116	4,082,929	3,895,055	3,929,888	4,368,725	3,717,895	3,281,762	3,082,928	3,298,662	3,304,204

WEST MILFORD BOARD OF EDUCATION

Changes in Net Assets/Net 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	(66,182,265)	(69,752,156)	(68,193,387)	(68,255,203)	(66,446,615)	(69,003,979)	70,406,628	72,429,457	79,707,341	83,159,519
Business-type activities	(20,113)	(86,208)	(117,451)	(120,252)	(188,525)	(207,270)	192,939	49,007	8,411	195,430
Total district-wide net expense	(86,182,378)	(89,838,364)	(88,310,838)	(88,375,456)	(86,635,140)	(89,211,248)	70,599,567	72,478,464	79,715,751	83,354,949
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	42,868,997	44,904,812	45,830,611	47,613,275	49,379,479	50,367,069	51,252,781	52,002,781	53,042,837	53,542,837
Taxes levied for debt service	476,080	461,728	400,118	539,427	529,103	516,688	472,983	493,553	497,390	537,742
Unrestricted grants and contributions	21,889,428	22,422,612	20,442,256	20,260,862	18,357,737	20,819,342	21,354,201	20,949,646	28,431,736	31,308,436
Restricted State Aid	83,076	59,332	9,644	215,305	307,846	11,305	4,809	4,771	893	893
Miscellaneous income	255,030	718,526	523,110	283,261	234,283	362,856	499,600	416,011	973,247	1,093,234
Transfers	(364)	(964)	(11,988)	(45,000)	(95,148)	(128,091)	(221,211)	(117,049)	(135,588)	(157,608)
Total governmental activities	65,572,611	68,566,047	67,193,752	68,867,149	68,713,300	71,949,149	73,363,163	73,749,713	82,810,515	86,329,533
Business-type activities:										
Investment earnings	21,894	19,927	5,744	5,528	5,322	1,626	750	830	1,213	1,122
Transfers			11,988	45,000	95,148	128,091	221,211	117,049	135,588	157,608
Miscellaneous income								4,921		
Total business-type activities	21,894	19,927	17,732	50,528	100,470	129,717	221,961	122,800	136,801	158,730
Total district-wide	65,594,505	68,585,973	67,211,483	68,917,677	68,813,769	72,078,866	73,585,124	73,872,513	82,947,316	86,484,263
Change in Net Position										
Governmental activities	(599,654)	(1,186,109)	(999,636)	611,946	2,266,685	2,945,171	2,956,535	1,320,256	3,103,174	3,166,014
Business-type activities	1,782	(66,281)	(99,719)	(89,724)	(88,055)	(77,553)	29,022	73,793	128,390	(36,700)
Total district	(587,873)	(1,252,391)	(1,099,355)	542,221	2,178,630	2,867,618	2,985,557	1,394,049	3,231,565	3,129,314

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.

WEST MILFORD BOARD OF EDUCATION

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund	499,425	1,356,615	1,864,727	1,792,611	1,811,336	4,886,360	6,449,112	7,228,611	7,029,480	7,469,447
Reserved	1,312,176	974,455	(73,481)	415,586	1,148,511	379,385	1,429,374	868,416	879,734	770,194
Restricted					(15,822)	93,389	(120,308)	(10,028)	7,639	(22,246)
Assigned					2,944,025	5,359,134	7,758,178	8,086,999	7,916,852	8,217,395
Unassigned	1,811,601	2,331,070	1,791,246	2,208,197	2,944,025	5,359,134	7,758,178	8,086,999	7,916,852	8,217,395
Total general fund										
All Other Governmental Funds										91,595
Committed										
Unreserved, reported in:										
Capital projects fund	25,522		40,168	71,350	95,350	33,424	213,102	213,115	44,806	(1,248,454)
Debt service fund	133,504	133,506	133,507	133,514	133,477	133,477	83,477	43,478	3,479	1
Total all other governmental funds	159,026	133,506	173,675	204,864	228,827	166,901	296,579	256,593	48,285	(1,156,857)

Source: CAFR Schedule B-1

WEST MILFORD 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
Revenues					
Tax levy	\$ 43,345,077	\$ 45,366,540	\$ 46,230,729	\$ 48,152,702	\$ 49,908,582
Tuition charges	261,506	200,630	240,881	408,801	255,472
Miscellaneous	388,628	867,629	693,166	291,106	299,489
State sources	22,083,947	22,587,474	20,573,182	18,437,155	18,543,693
Federal sources	1,425,784	1,665,867	1,482,017	3,847,820	2,428,092
Total revenue	<u>67,504,942</u>	<u>70,688,140</u>	<u>69,219,974</u>	<u>71,137,585</u>	<u>71,435,328</u>
Expenditures					
Instruction					
Regular Instruction	20,750,689	20,615,167	20,795,687	20,347,000	19,699,743
Special education instruction	5,280,922	5,636,187	5,828,684	5,723,652	5,497,356
Other special instruction	705,029	728,267	726,528	702,040	380,544
Other instruction	748,479	746,874	779,251	1,208,269	1,218,450
Support Services:					
Tuition	2,902,993	3,127,907	3,588,139	4,058,939	3,449,330
Student & instruction related services	6,096,544	6,479,688	6,584,963	6,902,795	6,836,582
General administrative services	960,304	997,914	1,062,968	1,108,044	1,168,446
School Administrative services	2,302,125	2,448,583	2,518,888	2,627,667	2,613,394
Central Services	817,532	807,170	853,317	876,929	920,894
Plant operations and maintenance	5,297,699	5,715,129	5,706,855	5,699,575	5,456,611
Pupil transportation	4,136,330	4,415,864	4,522,632	4,533,433	4,474,641
Unallocated employee benefits	16,637,182	17,620,127	16,135,861	15,901,286	16,782,270
Charter Schools	14,706	14,632			
Capital outlay	1,013,995	715,163	1,124,107	405,802	1,947,214
Debt Service:					
Principal	436,375	371,860	272,373	422,453	422,000
Interest and Other Charges	166,289	149,198	137,387	126,560	112,923
Total expenditures	<u>68,267,194</u>	<u>70,589,732</u>	<u>70,637,640</u>	<u>70,644,446</u>	<u>70,980,399</u>
Excess (Deficiency) of revenues over (under) expenditures	(762,252)	98,408	(1,417,666)	493,139	454,929
Other Financing sources (uses)					
Capital leases (non-budgeted)	630,000	396,504	930,000		400,000
Transfers in				150,000	1,044,420
Transfers out		(964)	(11,988)	(195,000)	(1,139,567)
Total other financing sources (uses)	<u>630,000</u>	<u>395,540</u>	<u>918,012</u>	<u>(45,000)</u>	<u>304,852</u>
Net change in fund balances	<u>\$ (132,252)</u>	<u>\$ 493,948</u>	<u>\$ (499,654)</u>	<u>\$ 448,139</u>	<u>\$ 759,782</u>
Debt service as a percentage of noncapital expenditures	0.896%	0.746%	0.589%	0.782%	0.775%

Source: District Records, 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.

WEST MILFORD BOARD OF EDUCATION

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

	Fiscal Year Ending June 30,				
	2012	2013	2014	2015	2016
Revenues					
Tax levy	\$ 50,883,737	\$ 51,725,764	52,496,334	53,540,227	54,080,579
Tuition charges	385,869	98,189	144,926	346,766	363,804
Miscellaneous	372,057	597,352	448,735	610,068	638,189
State sources	20,306,624	21,278,620	20,886,222	21,799,652	22,922,509
Federal sources	2,164,739	1,624,309	1,521,870	1,518,859	1,535,250
Total revenue	<u>74,113,026</u>	<u>75,324,234</u>	<u>75,498,087</u>	<u>77,815,572</u>	<u>79,540,331</u>
Expenditures					
Instruction					
Regular Instruction	19,555,480	19,786,858	21,423,864	21,463,410	21,013,763
Special education instruction	5,800,049	5,766,819	6,416,302	6,120,814	6,241,764
Other special instruction	207,229	312,632	375,190	307,127	313,341
Other instruction	1,249,692	1,202,128	1,188,725	1,262,218	1,339,603
Support Services:					
Tuition	4,516,967	5,077,971	4,606,754	4,687,173	4,113,329
Student & instruction related services	6,569,916	6,612,463	6,994,280	7,029,828	7,090,211
General administrative services	1,212,227	1,222,241	1,309,895	1,182,703	1,266,389
School Administrative services	2,487,571	2,448,554	2,537,685	2,557,967	2,516,280
Central Services	927,077	967,380	951,232	1,012,607	1,014,190
Plant operations and maintenance	5,348,346	5,462,355	5,755,279	5,936,973	5,737,746
Pupil transportation	4,702,925	4,579,307	4,584,600	4,470,002	4,219,835
Unallocated employee benefits	17,744,396	18,248,736	17,462,024	18,592,142	19,402,412
Charter Schools			31,679	33,960	28,340
Capital outlay	1,812,231	639,243	1,437,578	3,004,287	6,358,893
Debt Service:					
Principal	422,591	443,227	468,895	484,559	504,559
Interest and Other Charges	98,925	84,565	69,428	53,724	37,554
Total expenditures	<u>72,655,622</u>	<u>72,854,479</u>	<u>75,613,410</u>	<u>78,199,493</u>	<u>81,198,209</u>
Excess (Deficiency) of revenues over (under) expenditures	1,457,405	2,469,755	(115,323)	(383,921)	(1,657,877)
Other Financing sources (uses)					
Capital leases (non-budgeted)	1,023,880	100,500	511,770	330,169	910,885
Transfers in	33,160			1,544,113	2,538,568
Transfers out	(161,250)	(221,211)	(117,049)	(1,679,701)	(2,696,176)
Total other financing sources (uses)	<u>895,789</u>	<u>(120,711)</u>	<u>394,721</u>	<u>194,581</u>	<u>753,277</u>
Net change in fund balances	<u>\$ 2,353,194</u>	<u>2,349,044</u>	<u>279,398</u>	<u>(189,340)</u>	<u>(904,600)</u>
Debt service as a percentage of noncapital expenditures	0.736%	0.731%	0.726%	0.716%	0.724%

WEST MILFORD BOARD OF EDUCATION

General Fund - Other Local Revenue by Source
Last Ten Fiscal Years*(modified accrual basis of accounting)*

Fiscal Year Ended June 30,	Interest on Investments	Rentals	Tuition	Transportation	Misc.	Total
2007	207,831	59,345		74,253	47,199	388,628
2008	232,660	60,912		68,191	414,850	776,614
2009	133,421	82,327		76,942	306,155	598,846
2010	63,809	77,899		71,826	63,501	277,035
2011	60,499	81,719		53,556	92,064	287,838
2012	46,986	88,709			224,197	359,891
2013	19,159	109,034		62,868	307,527	498,588
2014	18,279	147,723	144,926	18,142	247,066	576,136
2015	20,754	134,298	346,766	34,747	414,551	951,116
2016	1,870	137,174	363,804	465	482,709	986,023

Source: District Records

WEST MILFORD BOARD OF EDUCATION
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2006	54,309,100	1,313,342,600	25,550,300	690,400	88,664,800	10,267,800	550,000	1,493,375,000	5,591,607	1,498,956,607	2.750	3,240,045,212
2007	53,119,700	1,325,390,400	25,342,100	680,400	89,266,900	10,267,800	550,000	1,504,617,300	4,906,228	1,509,523,528	2.870	3,616,264,649
2008	52,613,700	1,329,724,000	27,901,100	648,700	90,219,000	9,966,200	550,000	1,511,622,700	4,217,482	1,515,840,182	3.051	3,808,167,208
2009	50,170,500	1,338,144,200	27,339,200	627,200	87,695,100	9,632,400	550,000	1,514,158,600	4,206,117	1,518,364,717	3.171	3,861,659,428
2010	49,109,000	1,319,511,100	28,708,100	614,700	87,182,100	9,662,900	550,000	1,495,337,900	4,044,415	1,499,382,315	3.329	3,677,260,684
2011	48,452,100	1,315,875,500	26,443,500	602,800	87,243,300	9,704,500	550,000	1,488,871,700	3,915,095	1,492,786,795	3.409	3,433,239,806
2012	59,623,200	2,438,581,300	46,780,300	637,900	213,512,900	21,006,400	1,863,100	2,782,005,100	1,854,099	2,783,859,199	1.859	3,039,933,537
2013	81,400,000	2,424,966,800	49,039,000	649,300	208,093,500	18,993,600	1,863,100	2,785,005,300	1,648,987	2,786,654,287	1.884	3,103,608,706
2014	58,415,600	2,408,541,400	47,275,700	602,100	206,092,900	43,986,000	1,643,600	2,766,599,300		2,766,599,300	1.935	2,903,914,654
2015	71,583,700	2,400,609,100	45,479,600	568,800	203,852,000	42,403,800	1,643,600	2,766,140,600		2,766,140,600	1.955	3,061,922,394

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

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

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

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

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

WEST MILFORD BOARD OF EDUCATION

Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years*(rate per \$100 of assessed value)*

Fiscal Year Ended June 30,	West Milford Board of Education					Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Township of West Milford	Passaic County	
2006	2.549	0.323	2.87	1.19	1.13	5.19
2007	2.697	0.296	2.99	1.26	1.19	5.44
2008	2.778	0.273	3.051	1.331	1.265	5.647
2009	2.914	0.257	3.171	1.409	1.279	5.859
2010	3.065	0.264	3.329	1.478	1.310	6.117
2011	1.929	1.480	3.409	1.502	1.321	6.232
2012	1.842	0.017	1.859	0.832	0.691	3.382
2013	1.866	0.018	1.884	0.840	0.752	3.476
2014	1.917	0.018	1.935	0.883	0.758	3.577
2015	1.936	0.019	1.955	0.909	0.802	3.666

Source: District Records and Municipal Tax Collector

Note:

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

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.

WEST MILFORD 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
City of Newark	\$ 39,490,500	1	1.43%	\$ 25,488,100	1	1.71%
Tenneco Pipeline	25,284,400	2	0.91%			
Inserra/WMLLC	17,096,800	3	0.62%	6,850,000	2	0.46%
West Milford Shopping Plaza	16,864,400	4	0.61%	6,102,900	3	0.41%
Bald Eagle Senior Living	9,995,500	5	0.36%			
Sprint - Overland Park	6,457,800	6	0.23%			
Lakeland State Bank	5,970,600	7	0.22%	4,617,200	4	0.31%
David & Kate E. Hayman	5,444,600	8	0.20%			
Bald Eagle Square	4,950,000	9	0.18%	1,782,000	7	0.12%
69 Maple Ave. Associates	4,650,000	10	0.17%	3,045,000	6	0.20%
Bald Eagle Inc.				4,600,000	5	0.31%
Castranova				1,732,600	8	0.12%
LGP Realty of West Milford LLC				1,582,400	9	0.11%
Wesstor, LLC				1,582,200	10	0.11%
Total	\$ 136,204,600		4.92%	\$ 57,382,400		3.86%

Source: Municipal Tax Assessor's Office

WEST MILFORD 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 ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	43,345,077	43,345,077	100.00%	-
2008	45,366,540	45,366,540	100.00%	-
2009	46,230,729	46,230,729	100.00%	-
2010	48,152,702	48,152,702	100.00%	-
2011	49,908,582	49,908,582	100.00%	-
2012	50,896,172	50,896,172	100.00%	-
2013	51,725,764	51,725,764	100.00%	-
2014	52,496,334	52,496,334	100.00%	-
2015	53,540,227	53,540,227	100.00%	-
2016	54,080,579	54,080,579	100.00%	-

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

- a** School taxes are collected by the Municipal Tax Collector. Under New Jersey State 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.

WEST MILFORD 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 ^a	Per Capita ^a
	General Obligation Bonds	Loans Payable	Capital Leases			
2007	4,483,000	185,607	956,710	5,625,317	0.0029%	163
2008	4,148,000	148,748	968,118	5,264,866	0.0036%	191
2009	3,913,000	156,959	1,422,161	5,492,120	0.0036%	198
2010	3,533,000	114,506	916,644	4,564,150	0.0039%	176
2011	3,133,000	92,505	816,590	4,042,095	0.0039%	156
2012	2,733,000	69,914	1,214,688	4,017,602	0.0038%	154
2013	2,313,000	46,687	740,945	3,100,632	0.0038%	117
2014	1,868,000	22,792	740,945	2,631,737	0.0038%	99
2015	1,388,000	18,234	680,940	2,087,174	0.0037%	78
2016	888,000	13,676	1,173,897	2,075,572	N/A	N/A

Source: District CAFR Schedules I-1, I-2

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.

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

General Bonded Debt Outstanding						
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b	
2007	4,483,000	-	4,483,000	0.30%	163	
2008	4,148,000	-	4,148,000	0.27%	150	
2009	3,913,000	-	3,913,000	0.26%	141	
2010	3,533,000	-	3,533,000	0.24%	137	
2011	3,133,000	-	3,133,000	0.21%	121	
2012	2,733,000	-	2,733,000	0.10%	105	
2013	2,313,000	-	2,313,000	0.08%	87	
2014	1,868,000	-	1,868,000	0.07%	70	
2015	1,388,000	-	1,388,000	0.05%	52	
2016	888,000	-	888,000	N/A	N/A	

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.

WEST MILFORD BOARD OF EDUCATION

Direct and Overlapping Governmental Activities Debt
Year Ended June 30, 2016

<u>Governmental Unit</u>	<u>(1) Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes Township of West Milford	34,875,139	100.000%	34,875,139
Other debt			
Passaic County	345,384,061	6.616%	22,850,609
Passaic County Utility Authority	55,210,000	6.616%	3,652,694
Utilities Authority	5,728,815	100.000%	5,728,815
Subtotal, overlapping debt			67,107,257
West Milford Township School District Direct Debt			<u>888,000</u>
Total direct and overlapping debt			<u>\$ 67,995,257</u>

Sources: Township of West Milford Finance Officer, Passaic County Finance Office and Utility Authorities

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 West Milford. 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

WEST MILFORD BOARD OF EDUCATION

Legal Debt Margin Information,
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2016

Equalized valuation basis	
2013	\$ 2,997,207,598
2014	2,903,914,454
2015	3,061,922,294
[A]	\$ 8,963,044,346

[A/3]	\$ 2,987,681,449
[B]	119,507,258
[C]	901,676
[B-C]	\$ 118,605,582

Average equalized valuation of taxable property
Debt limit (4 % of average equalization value)
Net bonded school debt
Legal debt margin

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 128,523,405	\$ 141,268,802	\$ 149,786,778	\$ 151,437,293	\$ 146,639,134	139,371,303	\$ 131,113,321	125,220,894	119,942,363	119,507,258
Total net debt applicable to limit	4,483,000	4,148,000	3,913,000	3,533,000	3,133,000	2,802,914	2,359,687	1,890,792	1,406,234	901,676
Legal debt margin	\$ 128,523,405	\$ 137,120,802	\$ 145,873,778	\$ 147,904,293	\$ 143,506,134	\$ 136,568,389	\$ 128,753,634	\$ 123,330,102	\$ 118,536,129	\$ 118,605,582
Total net debt applicable to the limit as a percentage of debt limit	4.30%	3.49%	2.94%	2.33%	2.14%	2.14%	1.80%	1.51%	1.17%	0.75%

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

WEST MILFORD BOARD OF EDUCATION

Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (thousands of dollars) (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2006	27,574	1,044,089,510	37,865	4.5%
2007	27,528	1,107,258,744	40,223	4.2%
2008	27,568	1,145,615,808	41,556	5.7%
2009	27,746	1,121,659,796	40,426	8.4%
2010	25,871	1,092,480,588	42,228	8.5%
2011	25,892	1,118,767,428	43,209	9.0%
2012	26,010	1,087,842,240	41,824	8.6%
2013	26,520	1,110,047,640	41,857	7.6%
2014	26,632	1,163,472,184	43,687	6.0%
2015	26,770	N/A	N/A	5.1%

Source:

- (1) U.S. Bureau of the Census, Population Division, (Estimates July 1, 2005-2014)
(2) Personal Income of the District is based on the County information.
(3) U.S. Department of Commerce, County information 2005-2014.
(4) N.J. Department of Labor.

WEST MILFORD BOARD OF EDUCATION

Principal Employers,
Current Year and ten Years Ago

Employer	2016			2007		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
West Milford Township Board of Education	N/A	N/A	N/A	N/A	N/A	N/A
Shop-Rite of West Milford	N/A	N/A	N/A	N/A	N/A	N/A
West Milford Township Board of Education	N/A	N/A	N/A	N/A	N/A	N/A
Milford Manor Convalescent Center	N/A	N/A	N/A	N/A	N/A	N/A
Lakeland State Bank Corp.	N/A	N/A	N/A	N/A	N/A	N/A
United States Postal Service	N/A	N/A	N/A	N/A	N/A	N/A
McDonald's	N/A	N/A	N/A	N/A	N/A	N/A
Five Star Values, Inc.	N/A	N/A	N/A	N/A	N/A	N/A
Esco Products Corporation	N/A	N/A	N/A	N/A	N/A	N/A
KLAE Construction Inc.	N/A	N/A	N/A	N/A	N/A	N/A
Fredericks Freeland Heating Service	N/A	N/A	N/A	N/A	N/A	N/A
Kemp Industries	N/A	N/A	N/A	N/A	N/A	N/A
Service Concrete Corporation	N/A	N/A	N/A	N/A	N/A	N/A

WEST MILFORD 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										
Regular	243.70	252.80	243.50	240.75	239.00	235.76	248.00	240.30	238.80	237.20
Special education	115.10	118.10	105.10	104.10	116.60	101.60	111.50	109.40	110.20	102.30
Other special education	15.00	11.50	10.00	10.00	9.00	10.50	12.00	14.40	11.20	16.50
Other instruction	1.00	1.00	1.00	1.00	1.00	1.00	2.00	3.00	1.00	1.00
Support Services:										
Student & instruction related services	64.05	71.30	68.20	68.00	54.80	53.65	52.50	66.00	56.60	53.10
General administrative services	7.55	7.00	7.05	7.05	8.05	8.29	10.50	14.00	14.10	10.00
School administrative services	39.00	35.75	38.75	38.75	39.50	38.75	42.00	37.90	39.70	40.35
Plant operations and Admin.Infor. Tech.	11.45	12.45	11.85	11.85	12.00	13.70	12.00	16.00	11.10	15.28
Pupil transportation	61.75	67.25	84.75	84.40	80.00	55.25	47.00	60.65	60.55	63.55
Food Service	61.50	67.50	65.50	65.00	63.00	56.95	58.50	61.30	53.45	50.60
Adult Community School	31.00	26.50	32.00	32.00	32.00	29.00	29.00	17.35	15.06	15.00
Total	27.00	22.00	22.00	22.00	22.00	22.00	22.00	-	-	-
Total	678.10	693.15	689.70	684.90	676.95	626.45	647.00	640.30	611.76	604.88

Source: District Budget Records

WEST MILFORD BOARD OF EDUCATION

Operating Statistics

Last Ten Fiscal Years

Fiscal Year	Pupil/Teacher Ratio											
	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Elementary	Middle School	High School	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2007	4,444	66,650,535	14,998	8.61%	384	1:12	1:10	1:13	4,390.7	4,172.7	-3.10%	95.03%
2008	4,385	69,353,511	15,816	5.46%	382	1:13	1:11	1:12.5	4,278.7	4,063.2	-2.69%	94.96%
2009	4,209	69,103,773	16,418	3.81%	375	1:12.8	1:9.7	1:11.4	4,124.1	3,904.1	-3.61%	94.67%
2010	4,013	69,689,631	17,366	5.77%	356	1:13	1:22	1:13	4,001.0	3,808.0	-2.40%	97.60%
2011	4,009	68,498,262	17,086	-1.61%	335	1:18	1:08	1:09	3,944.5	3,752.2	-1.40%	95.10%
2012	3,896	70,321,875	18,050	5.64%	307	1:12	1:14	1:12	3,797.3	3,615.9	-3.87%	95.20%
2013	3,814	71,687,444	18,796	4.13%	302	1:23	1:11	1:26	3,685.5	3,494.4	-2.94%	94.80%
2014	3,768	73,637,509	19,718	4.79%	319	1:11	1:24	1:23	3,597.6	3,444.3	-0.78%	95.74%
2015	3,710	74,984,506	20,211	2.50%	308	1:15	1:29	1:14	3,597.3	3,442.2	-0.01%	95.70%
2016	3,613	74,297,203	20,564	1.75%	308	1:12	1:12	1:12	3,484.5	3,334.9	-3.14%	95.71%

Sources: District records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay, Schedule J-4
- 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).

WEST MILFORD BOARD OF EDUCATION

School Building Information

Last Ten Fiscal Years

District Building	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Elementary										
Apsawa (1996)										
Square Feet	37,172	37,172	37,172	37,172	37,172	37,172	37,172	37,172	37,172	37,172
Capacity (students)	367	367	367	367	367	367	367	367	367	367
Enrollment	320	323	323	306	290	269	264	264	260	276
Maple Road (1968)										
Square Feet	46,947	46,947	46,947	46,947	46,947	46,947	46,947	46,947	46,947	46,947
Capacity (students)	373	373	373	373	373	373	373	373	373	373
Enrollment	360	365	365	334	336	329	327	327	282	274
Marshall Hill (1959)										
Square Feet	37,546	37,546	37,546	37,546	37,546	37,546	37,546	37,546	37,546	37,546
Capacity (students)	486	486	486	486	486	486	486	486	486	486
Enrollment	419	382	382	342	338	325	307	307	289	294
Paradise Knoll (1955)										
Square Feet	30,547	30,547	30,547	30,547	30,547	30,547	30,547	30,547	30,547	30,547
Capacity (students)	350	350	350	350	350	350	350	350	350	350
Enrollment	347	300	300	302	303	302	302	302	324	296
Upper Greenwood Lake (1966)										
Square Feet	36,155	36,155	36,155	36,155	36,155	36,155	36,155	36,155	36,155	36,155
Capacity (students)	456	456	456	456	456	456	456	456	456	456
Enrollment	375	362	362	317	313	313	283	283	328	302
Westbrook(1973)										
Square Feet	42,339	42,339	42,339	42,339	42,339	42,339	42,339	42,339	42,339	42,339
Capacity (students)	508	508	508	508	508	508	508	508	373	373
Enrollment	480	463	463	427	410	399	395	395	366	362

WEST MILFORD BOARD OF EDUCATION

School Building Information

Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>Middle School</u>										
Macopin (1959)	105,066	105,066	105,066	105,066	105,066	105,066	105,066	105,066	105,066	105,066
Square Feet	869	869	869	869	869	869	869	869	869	869
Capacity (students)	755	677	677	651	665	627	604	615	576	540
Enrollment										
<u>High School</u>										
West Milford (1976)	182,514	182,514	182,514	182,514	182,514	182,514	182,514	182,514	182,514	182,514
Square Feet	1,840	1,840	1,840	1,840	1,840	1,840	1,840	1,840	1,840	1,840
Capacity (students)	1,462	1,439	1,439	1,334	1,294	1,242	1,220	1,182	1,173	1,149
Enrollment										
<u>Other</u>										
Administration Building (1976)	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Square Feet										
Transportation Office (1976)	980	980	980	980	980	980	980	980	980	980
Square Feet										
Transportation Garage (1976)	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Square Feet										
Transportation Garage (2005)	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Square Feet										
Maintenance Pole Barn (1985)	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Square Feet										
Hillcrest Community Center (1925)	7,005	7,005	7,005	7,005	7,005	7,005	7,005	7,005	7,005	7,005
Square Feet										

Number of Schools at June 30, 2015

Elementary = 6

Middle School = 1

High School = 1

Other = 6

Source: District Facilities Office

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

WEST MILFORD BOARD OF EDUCATION

GENERAL FUND
 SCHEDULE OF ALLOWABLE MAINTENANCE EXPENDITURES BY SCHOOL FACILITY
 LAST TEN FISCAL YEARS
 UNAUDITED

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

*School Facilities	Project # (s)	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
WEST MILFORD HIGH SCHOOL	N/A	157,713	262,992	205,938	191,318	178,467	239,311	220,842	174,358	164,948	162,601
APSHAWA	N/A	63,120	26,474	46,534	52,637	65,872	45,143	31,514	49,061	162,735	39,095
MACOPIN	N/A	110,186	160,368	125,260	144,038	125,260	130,533	97,611	78,430	90,362	99,387
MAPLE ROAD	N/A	59,152	57,431	67,017	24,319	67,017	49,342	30,680	92,761	26,451	22,269
MARSHALL HILL	N/A	51,590	36,144	51,995	86,234	24,524	45,387	36,486	89,533	32,050	24,092
PARADISE KNOLL	N/A	59,523	30,093	51,938	42,999	51,938	6,940	37,404	34,380	45,207	76,159
UPPER GREENWOOD LAKE	N/A	57,576	99,891	34,252	47,783	34,252	47,367	78,659	49,287	35,566	45,144
WEST BROOK	N/A	53,068	64,160	31,903	69,634	31,903	47,685	68,528	56,618	45,568	73,139
ADMINISTRATION	N/A	41,713	14,351	47,971	65,360	47,971	8,158	4,953	8,351	2,995	29,656
HILLCREST	N/A			5,231	5,231				52		
MAINTENANCE POLE BARN	N/A	73,257	92,437	36,569	45,634	12,098	5,116	32,403	14,836	26,033	18,515
TRANSPORTATION GARAGE	N/A	15,378	21,653	14,901	17,074	14,901	1,651	29,112	39,986	76,887	83,385
TOTAL SCHOOL FACILITIES		742,276	865,994	714,278	792,261	654,203	626,633	668,192	687,653	708,802	673,642

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

Source: District Records

WEST MILFORD BOARD OF EDUCATION

Insurance Schedule
June 30, 2016
Unaudited

	<u>Coverage</u>	<u>Deductible</u>
Property & Casualty		
Building & Contents including Equipment Breakdown	120,115,000	5,000
Commercial General Liability	1,000,000	
Personal and Advertising Injury Limit	1,000,000	
Fire and Explosion Damage Limit	1,000,000	
Product/Completed Operations Aggregate	2,000,000	
General Aggregate - Policy Limit	2,000,000	
Medical Expenses	10,000	
Employee Benefits Liability	1,000,000	
Business Income with Extra Expense	5,000,000	
Limited Pollution Liability Extension	1,000,000	
Ordinance or Law Coverage B&C	2,000,000	5,000
Boiler & Machinery Blanket Property Limit	100,000,000	Varies
Crime - Blanket Employee Dishonesty	500,000	5,000
Forgery or Alteration	50,000	1,000
Form C Loss Inside & Outside Money & Securities	50,000	1,000
EDP Equipment Coverage	2,500,000	5,000
Earthquake - Blanket Coverage	5,000,000	5% of Limit
Flood (Outside Zones A,V or B)	5,000,000	50,000
(Zone B)	2,000,000	100,000
(Zone A or V)	1,000,000	500,000
Commercial Automobile	1,000,000	
Towing & Labor	5,000	25
Comprehensive & Collision	Symbol 7 & 8	1,000
	<u>Limit</u>	<u>Retention</u>
Commercial Umbrella - American Alternative Ins. Co. Policy AUC 1051786 01	9,000,000	10,000
Excess Liability - Fireman's Fund Policy SHX-000-5798-7836	50,000,000	10,000
School Board Legal Liability E&O Darwin National Assurance Company Policy - 0202-0853	1,000,000	
Includes Personal Injury Extension		
Insuring Agreement A & C		25,000
Insuring Agreement B		50,000
Public Official Bonds - Hanover Insurance Company Barbara Francisco - Business Admin. Board Sec.	450,000	N/A

SINGLE AUDIT

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
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

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

K-1
Page 1 of 2

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
Township of West Milford School District
County of Passaic
West Milford, 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, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the Township of West Milford 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 November 21, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township of West Milford 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 Township of West Milford Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of West Milford 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 Example Entity's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

We noted certain matters that were required to be reported to the Board of Education of the Township of West Milford School District in the separate Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance dated November 21, 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.



Charles J. Ferraioli, Jr., C.P.A.
Licensed Public School Accountant
No. 749

Ferraioli, Wielkocz, Cerullo & Cuva, P.A.
Ferraioli, Wielkocz, Cerullo & Cuva, P.A.
Certified Public Accountants

Pompton Lakes, New Jersey

November 21, 2016

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

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

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

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

K-2
Page 1 of 3

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
Township of West Milford School District
County of Passaic
West Milford, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Township of West Milford 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 Township of West Milford Board of Education's major federal and state programs for the fiscal year ended June 30, 2016. The Township of West Milford 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 Township of West Milford 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 standards, the Uniform Guidance and N.J. OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of

compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Township of West Milford 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 Township of West Milford Board of Education's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Township of West Milford 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 Township of West Milford 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 Township of West Milford 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 the 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 Township of West Milford 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 or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal 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.

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

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



Charles J. Ferraioli, Jr., C.P.A.
Licensed Public School Accountant
No. 749

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.
Ferraioli, Wielkotz, Cerullo & Cuva, P.A.
Certified Public Accountants

Pompton Lakes, New Jersey

November 21, 2016

WEST MILFORD SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year Ending June 30, 2016

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant State Project Number	Award Amount	Grant Period From / To	June 30, 2015		Cash Received	Budgetary Expenditures	June 30, 2016		MEMO Cumulative Total Expenditures	
					(Accounts Receivable)	Unearned Revenue			(Accounts Receivable)	Unearned Revenue		
Passed-through State Department of Education:												
General Fund:												
U.S. Department of Health and Human Services:												
Medicaid Reimbursement	93.778	N/A	50,786.14	7/1/15-6/30/16			57,886.97	(127,425.05)	(69,438.08)		116,485.29	
Medicaid Reimbursement	93.778	N/A	90,001.27	7/1/14-6/30/15	(31,611.18)		31,611.18	(127,425.05)	(69,438.08)		90,001.27	
Total General Fund							89,598.15				206,486.56	
U.S. Department of Agriculture												
Passed - through State Department of Education:												
Enterprise Fund:												
U.S.D.A. Commodities Program	10.550	N/A	62,540.17	7/1/15-6/30/16		1,328.88	63,752.50	(62,540.17)		2,541.21	62,540.17	
National School Lunch Program	10.555	N/A	272,037.41	7/1/15-6/30/16			254,976.81	(272,037.41)	(17,060.60)		272,037.41	
National School Lunch Program	10.555	N/A	267,579.56	7/1/14-6/30/15	(24,947.58)		24,947.58	(10,038.98)	(774.61)		267,579.56	
School Breakfast Program	10.553	N/A	10,038.98	7/1/15-6/30/16	(1,162.38)		9,264.37				10,038.98	
School Breakfast Program	10.553	N/A	10,101.98	7/1/14-6/30/15	(26,109.96)		1,162.38	(344,616.56)	(17,835.21)	2,541.21	1,011.98	
Total Enterprise Fund						1,328.88	354,103.64				613,208.10	
U.S. Department of Education												
Passed - through State Department of Education:												
Special Revenue Fund:												
Title I - Improving Basic Programs	84.010	NCLB6650-16	341,260.00	9/1/15-8/31/16			253,373.68	(307,308.08)	(63,934.40)		309,193.08	
Title I - Improving Basic Programs	84.010	NCLB6650-15	340,391.00	9/1/14-8/31/15	(61,438.16)		86,920.35	(35,462.19)			340,390.76	
					(61,438.16)		340,294.03	(342,790.27)			649,553.64	
Title II - A - Teacher & Principal Training & Recruiting	84.367	NCLB6650-16	114,331.00	9/1/15-8/31/16			84,305.00	(106,645.89)	(22,340.89)		106,645.89	
Title II - A - Teacher & Principal Training & Recruiting	84.367	NCLB6650-15	114,981.00	9/1/14-8/31/15	(18,112.12)		27,609.56	(9,497.44)	0.00		114,981.00	
					(18,112.12)		111,914.56	(116,143.33)	(22,340.89)		221,626.89	
Title III - English Enhancement	84.365	NCLB6650-16	3,533.00	9/1/15-8/31/16			3,533.00	(3,533.00)			3,533.00	
I.D.E.A. Part B, Basic Regular	84.027	IDEA6650-16	912,196.00	9/1/15-8/31/16			912,196.00	(912,196.00)			912,196.00	
I.D.E.A. Part B, Preschool	84.173	IDEA6650-16	37,300.00	9/1/15-8/31/16			37,300.00	(37,300.00)			37,300.00	
							949,496.00	(949,496.00)			949,496.00	
Total Special Revenue Fund					(69,550.28)		1,405,237.59	(1,411,962.60)	(76,275.29)		1,824,239.73	
Total Federal Financial Awards					(127,271.42)	1,328.88	1,848,939.38	(1,884,004.21)	(163,548.58)	2,541.21	2,643,934.39	

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

WEST MILFORD SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year Ending June 30, 2016

MEMO												
State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From / To	June 30, 2015 (Accounts Receivable)	Due to Grantor	Cash Received	Budgetary Expenditures	Adjustment	Repayment of Prior Years' Balances	June 30, 2016 (Accounts Receivable)	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:												
General Fund:												
Equalization Aid	16-495-034-5120-078	10,288,587.00	7/1/15-6/30/16			9,270,323.00	(10,288,587.00)				(1,018,264.30)	10,288,587.00
Transportation Aid	16-495-034-5120-014	1,658,498.00	7/1/15-6/30/16			1,494,356.00	(1,658,498.00)				(164,142.02)	1,658,498.00
Special Education Categorical Aid	16-495-034-5120-089	2,243,826.00	7/1/15-6/30/16			2,021,754.00	(2,243,826.00)				(222,072.08)	2,243,826.00
Security Aid	16-495-034-5120-084	313,229.00	7/1/15-6/30/16			282,229.00	(313,229.00)				(31,000.36)	313,229.00
Adjustment Aid	16-495-034-5120-085	20,389.00	7/1/15-6/30/16			18,371.00	(20,389.00)				(2,017.90)	20,389.00
PARCC Readiness Aid	16-495-034-5120-098	36,250.00	7/1/15-6/30/16			32,662.00	(36,250.00)				(3,587.67)	36,250.00
Per-Pupil Growth Aid	16-495-034-5120-097	36,250.00	7/1/15-6/30/16			32,662.00	(36,250.00)				(3,587.67)	36,250.00
Extraordinary Special Education Aid	16-100-034-5120-473	635,065.00	7/1/15-6/30/16	(698,776.00)		598,776.00	(635,065.00)			(635,065.00)		635,065.00
Nonpublic Transportation Aid	16-495-034-5120-014	606,959.00	7/1/15-6/30/16				(32,886.00)			(32,886.00)		606,959.00
Nonpublic Transportation Aid	16-495-034-5120-014	61,014.00	7/1/15-6/30/16	(61,014.00)		61,014.00				(32,886.00)		61,014.00
On-Behalf TPAF Pension	16-495-034-5094-006	2,196,916.00	7/1/15-6/30/16			2,196,916.00	(2,196,916.00)					2,196,916.00
On-Behalf TPAF NCGI Premium	16-495-034-5094-007	109,436.00	7/1/15-6/30/16			109,436.00	(109,436.00)					109,436.00
On-Behalf TPAF Post Retirement Medical	16-495-034-5094-001	2,746,227.00	7/1/15-6/30/16			2,746,227.00	(2,746,227.00)					2,746,227.00
Reimbursed T.P.A.F. - Social Security	16-495-034-5094-003	2,157,843.52	7/1/15-6/30/16	(104,973.09)		2,157,843.52	(2,157,843.52)					2,157,843.52
Reimbursed T.P.A.F. - Social Security	16-495-034-5094-003	2,150,901.24	7/1/15-6/30/15	(764,763.09)		21,127,542.81	(22,475,402.52)			(657,951.00)	(1,444,672.00)	25,294,276.76
Total General Fund		893.00	7/1/15-6/30/16			893.00	(893.00)					893.00
Debt Service Fund:												
School Construction Debt Service Aid	16-495-034-5120-075	893.00	7/1/15-6/30/16			893.00	(893.00)					893.00
Total Debt Service Fund		893.00	7/1/15-6/30/16			893.00	(893.00)					893.00
Capital Projects Fund:												
New Jersey School Development Auth.	5650-100-14-1003	214,409.00	N/A			152,973.38	(214,409.00)			(61,435.62)		214,409.00
New Jersey School Development Auth.	5650-080-14-1002	317,218.00	N/A			274,930.00	(317,218.00)			(42,288.00)		317,218.00
New Jersey School Development Auth.	5650-040-14-1001	425,075.00	N/A			21,092.11	(425,075.00)	(21,092.11)		(103,723.62)		425,075.00
Total Capital Projects Fund		956,702.00				448,995.49	(531,627.00)	(21,092.11)		(103,723.62)		956,702.00
Special Revenue Fund:												
N.J. Nonpublic:												
Textbook Aid	15-100-034-5120-064	119.00	7/1/14-6/30/15		119.00				(119.00)			
Nursing Aid	15-100-034-5120-070	190.00	7/1/14-6/30/15		190.00				(190.00)			
Technology Aid	15-100-034-5120-373	64.00	7/1/14-6/30/15		64.00				(64.00)			
Total Special Revenue Fund		373.00			373.00				(373.00)			
State Department of Agriculture Enterprise Fund:												
State School Lunch Program	16-100-010-3350-023	10,983.11	7/1/15-6/30/16			10,291.19	(10,983.11)			(691.92)		10,983.11
State School Lunch Program	16-100-010-3350-023	11,230.25	7/1/14-6/30/15	(1,330.33)		1,330.33						11,230.25
Total Enterprise Fund		22,213.36		(1,330.33)		11,621.52	(10,983.11)			(691.92)		22,213.36
Total State Financial Assistance		26,274,085.12		(766,093.42)	373.00	21,589,052.82	(23,018,905.83)	(21,092.11)	(373.00)	(772,366.54)	(1,444,672.00)	26,274,085.12
Less: On-Behalf TPAF Pension Aid		5,052,579.00				5,052,579.00	(5,052,579.00)					5,052,579.00
Total For State Aid Financial Assistance Determination		21,221,506.12		(766,093.42)	373.00	16,536,473.82	(17,966,326.63)	(21,092.11)	(373.00)	(772,366.54)	(1,444,672.00)	21,221,506.12

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, Township of West Milford School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All Federal Awards and State Financial Assistance 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 these schedules are 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 last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, those payments are not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(2,782.00) for the general fund and \$1,885.00 for the special revenue fund. See Exhibit C-3 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 BASIC FINANCIAL STATEMENTS (continued)

Additionally, as discussed further in Note 7, 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 \$5,052,579.00.

Financial assistance revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 127,425.05	\$22,472,620.52	\$22,600,045.57
Special Revenue Fund	1,407,824.79	-	1,407,824.79
Capital Projects Fund	-	448,995.49	448,995.49
Debt Service Fund	-	893.00	893.00
Food Service Fund	<u>344,616.56</u>	<u>10,983.11</u>	<u>355,599.67</u>
Total Financial Awards	<u>\$1,879,866.40</u>	<u>\$22,933,492.12</u>	<u>\$24,813,358.52</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. FEDERAL AND STATE LOANS OUTSTANDING

The Township of West Milford School District had the following loan balances outstanding at June 30, 2016:

	<u>Amount Outstanding</u>
N.J. Economic Authority Underground	<u>\$13,675.50</u>

NOTE 6. 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 7. 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 8. INDIRECT COST RATE

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

**TOWNSHIP OF WEST MILFORD SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Section 1 - 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 basic financial statements noted? yes X no

Federal Awards

Internal Control over major federal programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section.516(a) of the Uniform Guidance? yes X no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>FEIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
		Special Education Cluster:
84.027	H027A150100	Special Education Basic
84.173	H173A150114	Special Education Preschool

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk audited? X yes no

**TOWNSHIP OF WEST MILFORD SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(continued)**

Section 1 - Summary of Auditor's Results, (continued)

State Award

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X yes no

Internal Control over major state programs:

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

2) Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular letter 15-08, as applicable? yes X no

Identification of major state programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
<u>16-100-034-5120-473</u>	<u>Extraordinary Aid</u>
	State Aid Public:
<u>16-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>16-495-034-5120-089</u>	<u>Categorical Special Education Aid</u>
<u>16-495-034-5120-084</u>	<u>Security Aid</u>
<u>16-495-034-5120-098</u>	<u>PARCC Readiness Aid</u>
<u>16-495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>16-495-034-5120-085</u>	<u>Adjustment Aid</u>

**TOWNSHIP OF WEST MILFORD SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(continued)**

Section II - Financial Statement Findings

NONE

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

NONE

**TOWNSHIP OF WEST MILFORD SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Status of Prior Year Findings

NOT APPLICABLE