

WALDWICK BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Waldwick, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Waldwick Board of Education

Waldwick, New Jersey

For The Fiscal Year Ended June 30, 2017

Prepared by

Business Office

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INTRODUCTORY SECTION

WALDWICK BOARD OF EDUCATION



JOHN GRIFFIN
SCHOOL BUSINESS ADMINISTRATOR/
BOARD SECRETARY

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

September 20, 2017

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

Dear Board Members:

The comprehensive annual financial report of the Waldwick School District for the fiscal year ended June 30, 2017, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Waldwick Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular, vocational and special education. The District completed the 2016-2017 fiscal year with an average daily enrollment of 1,585 students, which is an increase from the previous year's enrollment. The following details the changes in the average daily student enrollment of the District over the last nine years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2016-17	1,585	0%
2015-16	1,584	.4%
2014-15	1,577	-1.2%
2013-14	1,596	-1.4%
2012-13	1,618	1.6%
2011-12	1,593	0%
2010-11	1,593	.6%
2009-10	1,583	.1%
2008-09	1,582	0%

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

3) MAJOR INITIATIVES: The school district continued its maintenance and construction program. The district committed to the replacement of Building #11 at Traphagen School and took the first step by incurring architect fees. The project will cover the entire 2017-2018 school year and be completed in the 2018-2019 school year. All four schools continued the technology initiative with various devices purchased and installed. Additionally, the district spent a significant amount on the first phase of a security upgrade by installing a new phone system with phones in every classroom. Also, the district installed new door locks on all outside doors in all four schools. Painting of selected classrooms and hallways throughout the district continued. The Middle School had LED lights and a new drop ceiling installed in one of its wings. Crescent school had LED lights installed in one of the hallways. Final hallway ceiling replacement and LED lighting upgrade was completed in the high school with the exception of LED lights in one section. That section will be completed in the 2017-2018 school year. Traphagen School had LED lights installed in three classroom buildings and the remaining outside fixtures. Additionally, a computerized HVAC control system to connect all Aerdaile heating/air conditioning units in the district as well as the high school/middle school boiler was completed. This saves electricity and reduces running time, thereby reducing repair costs. The district converted storage space on the ground floor of Crescent School into a music classroom due to the need for additional classroom space. Four sets of outside doors were installed at the High School replacing the original building doors. High School outside door replacement will be continued in future budget years.

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

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

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

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipalities. Annual appropriated budgets are adopted for the General Fund, the Special Revenue Fund, and the Debt Service Fund. Project-length budgets are approved for the capital improvements accounted for in the Capital Projects Fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

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

6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements", Note 1.

7) DEBT ADMINISTRATION: At June 30, 2017, the District's long-term debt issue is for \$3,625,000 of general obligation bonds to provide funding for the school referendum.

8) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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

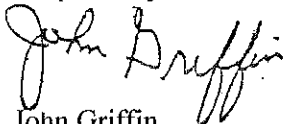
10) OTHER INFORMATION:

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

11) ACKNOWLEDGMENTS:

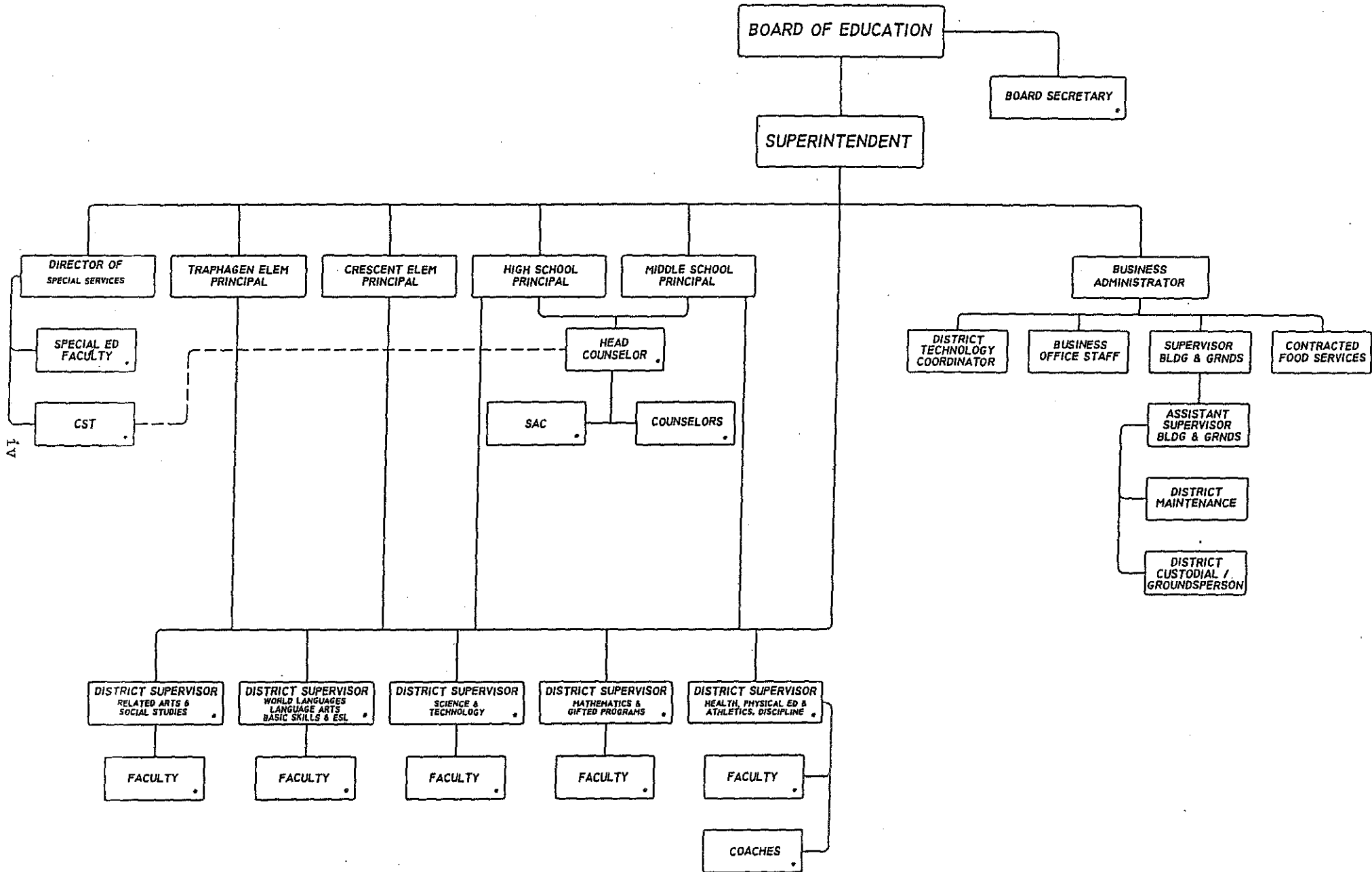
We would like to express our appreciation to the members of the Waldwick Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.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

Respectfully submitted,



John Griffin
School Business Administrator/Board Secretary

WALDWICK PUBLIC SCHOOL DISTRICT ORGANIZATIONAL CHART



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

**ROSTER OF OFFICIALS
JUNE 30, 2017**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Joseph Orlak, President	2019
Daniel Marro, Vice President	2020
Andrew Fowler	2019
Andrew Frey	2018
Claire McLafferty	2018
Dawn Monaco	2020
Mary Beth Nappi	2020

Other Officials

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

John Griffin, School Business Administrator/Board Secretary

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

CONSULTANTS AND ADVISORS

Audit Firm

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

Attorney

Anthony Sciarrillo, Esquire
Sciarrillo Cornell Merlino, McKeever & Osborne, LLC
238 St. Paul Street
Westfield, NJ 07090

Official Depository

Capital One
464 Route 17 North
Paramus, NJ 07652

Architect

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

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Waldwick Board of Education, as of and for the fiscal year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Waldwick Board of Education as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

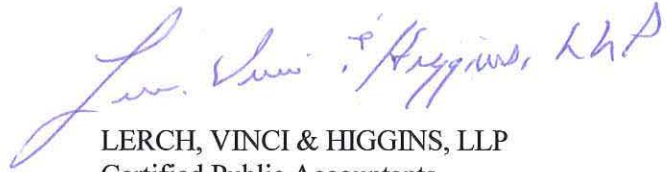
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Waldwick Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures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

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

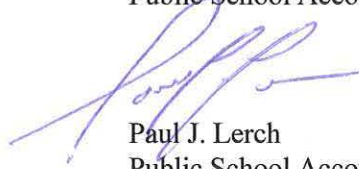
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated September 20, 2017 on our consideration of the Waldwick Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Waldwick Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Waldwick Board of Education's internal control over financial reporting and compliance.



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



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
September 20, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017**

This discussion and analysis of the Waldwick School District's financial performance provides an overview of its financial activities for the fiscal year ended June 30, 2017. The intent of this is to look at the District's financial performance as a whole; readers should also review the basic financial statements including the notes to the financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2017 are as follows:

- District-Wide - Overall revenues were \$40,277,593. General revenues accounted for \$28,867,958 or 72 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$11,409,635 or 28 percent of total revenues of \$40,277,593.
- District-Wide - The School District had \$39,784,504 in expenses; only \$11,409,635 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$28,867,958 were adequate to provide for these programs.
- Fund Financials - As of the close of the current fiscal year, the Waldwick Board of Education's governmental funds reported combined ending fund balances of \$5,076,858 an increase of \$808,267 in comparison with the prior year.
- Fund Financials - At the end of June 30, 2017, the unassigned fund balance, on a GAAP basis, for the General Fund was \$288,458, an increase of \$34,064 in comparison with the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

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

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

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

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

District-wide Statements (Continued)

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

Fund Financial Statements (Continued)

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

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

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

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

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

Table A-2 provides a summary of the school district's net position for fiscal years 2017 and 2016. For 2017 and 2016 net position were \$10,157,196 and \$9,664,107, respectively.

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

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

**Table A-2
Statement of Net Position
As of June 30, 2017 and 2016**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Current and Other Assets	\$ 5,302,833	\$ 4,417,639	\$ 50,954	\$ 73,589	\$ 5,353,787	\$ 4,491,228
Capital Assets	<u>17,551,469</u>	<u>17,728,118</u>	<u>33,703</u>	<u>19,924</u>	<u>17,585,172</u>	<u>17,748,042</u>
Total Assets	<u>22,854,302</u>	<u>22,145,757</u>	<u>84,657</u>	<u>93,513</u>	<u>22,938,959</u>	<u>22,239,270</u>
Deferred Outflows of Resources						
Deferred Amount on Net Pension Liability	3,602,799	1,674,337			3,602,799	1,674,337
Deferred Amounts on Debt Refunding	<u>158,425</u>	<u>204,385</u>	<u>-</u>	<u>-</u>	<u>158,425</u>	<u>204,385</u>
Total Deferred Outflows of Resources	<u>3,761,224</u>	<u>1,878,722</u>	<u>-</u>	<u>-</u>	<u>3,761,224</u>	<u>204,385</u>
Total Assets and Deferred Outflows of Resources	<u>26,615,526</u>	<u>24,024,479</u>	<u>84,657</u>	<u>93,513</u>	<u>26,700,183</u>	<u>22,443,655</u>
Liabilities						
Current Liabilities	268,267	197,640	-	1,362	268,267	199,002
Non-Current Liabilities	<u>15,408,114</u>	<u>13,025,114</u>	<u>-</u>	<u>-</u>	<u>15,408,114</u>	<u>13,025,114</u>
Total Liabilities	<u>15,676,381</u>	<u>13,222,754</u>	<u>-</u>	<u>1,362</u>	<u>15,676,381</u>	<u>13,224,116</u>
Deferred Inflows of Resources						
Deferred Amounts on Net Pension Liability	<u>866,606</u>	<u>1,229,769</u>	<u>-</u>	<u>-</u>	<u>866,606</u>	<u>1,229,769</u>
Total Liabilities and Deferred Inflows of Resources	<u>16,542,987</u>	<u>14,452,523</u>	<u>-</u>	<u>1,362</u>	<u>16,542,987</u>	<u>14,453,885</u>
Net Position						
Net Investment in Capital Assets	13,888,639	13,514,313	33,703	19,924	13,922,342	13,534,237
Restricted	2,830,160	2,100,160	-	-	2,830,160	2,100,160
Unrestricted	<u>(6,646,260)</u>	<u>(6,042,517)</u>	<u>50,954</u>	<u>72,227</u>	<u>(6,595,306)</u>	<u>(5,970,290)</u>
Total Net Position	<u>\$ 10,072,539</u>	<u>\$ 9,571,956</u>	<u>\$ 84,657</u>	<u>\$ 92,151</u>	<u>\$ 10,157,196</u>	<u>\$ 9,664,107</u>

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

Governmental activities. Governmental activities for 2017 increased the District's net position by \$500,583.

Business-Type Activities. The cost of Business-Type Activities for the fiscal year ended June 30, 2017 was \$273,127. These costs were funded by charges for services (Detailed on Table A-3). The operations resulted in a decrease in net position of \$7,494.

Key elements of these increases and decreases are as follows:

**Table A-3
Changes in Net Position
For the Fiscal Years Ended June 30, 2017 and 2016**

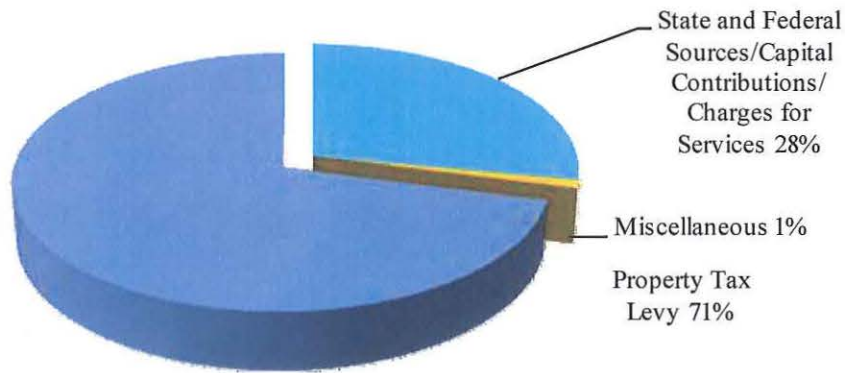
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues						
Program Revenues						
Charges for Services	\$ 91,180	\$ 35,814	\$ 265,403	\$ 250,898	\$ 356,583	\$ 286,712
Operating Grants and Contributions	11,018,331	8,680,425			11,018,331	8,680,425
Capital Grants and Contributions	34,721	-			34,721	-
General Revenues						
Property Taxes	28,690,154	27,999,095			28,690,154	27,999,095
Other	177,574	185,306	230	294	177,804	185,600
Total Revenues	<u>40,011,960</u>	<u>36,900,640</u>	<u>265,633</u>	<u>251,192</u>	<u>40,277,593</u>	<u>37,151,832</u>
Expenses						
Instruction						
Regular	16,752,442	14,895,765			16,752,442	14,895,765
Special Education	7,751,562	7,120,068			7,751,562	7,120,068
Other Instruction	1,390,437	1,327,565			1,390,437	1,327,565
School Sponsored Activities and Ath.	1,100,894	961,012			1,100,894	961,012
Support Services						
Student and Instruction Related Serv.	4,330,412	3,844,404			4,330,412	3,844,404
Health Services	472,088	477,590			472,088	477,590
Educational Media/School Library	321,174	291,442			321,174	291,442
General Administrative Services	817,703	724,919			817,703	724,919
School Administrative Services	2,359,692	2,089,066			2,359,692	2,089,066
Plant Operations and Maintenance	2,449,697	2,153,455			2,449,697	2,153,455
Pupil Transportation	564,502	507,806			564,502	507,806
Central Services	1,032,221	974,052			1,032,221	974,052
Food Service			273,127	234,946	273,127	234,946
Interest on Long-Term Debt	168,553	188,767	-	-	168,553	188,767
Total Expenses	<u>39,511,377</u>	<u>35,555,911</u>	<u>273,127</u>	<u>234,946</u>	<u>39,784,504</u>	<u>35,790,857</u>
Change in Net Position	500,583	1,344,729	(7,494)	16,246	493,089	1,360,975
Net Position, Beginning of Year	<u>9,571,956</u>	<u>8,227,227</u>	<u>92,151</u>	<u>75,905</u>	<u>9,664,107</u>	<u>8,303,132</u>
Net Position, End of Year	<u>\$ 10,072,539</u>	<u>\$ 9,571,956</u>	<u>\$ 84,657</u>	<u>\$ 92,151</u>	<u>\$ 10,157,196</u>	<u>\$ 9,664,107</u>

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

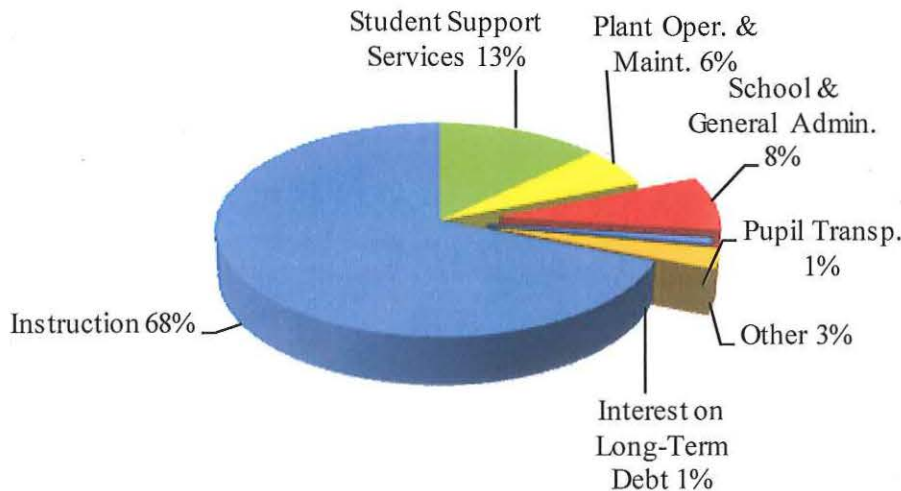
Governmental activities. The District's total governmental revenues were \$40,011,960. The general revenues that included property taxes, interest, unrestricted state aid and miscellaneous revenue, amounted to \$28,867,728 or 72% of total revenues. Funding from state and federal sources capital grants/contributions and charges for services amounted to \$11,144,232 or 28%.

The District's governmental expenses are predominantly related to instruction and support services. Instruction totaled \$26,995,335 (68%), student support services totaled \$12,347,489 (32%) and interest on long-term debt total \$168,553 of total expenditures. (See Table A-3.)

Revenues by Source- Governmental Activities
For Fiscal Year 2017



Expenditures by Type- Governmental Activities
For Fiscal Year 2017



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

**Table A-4
Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2017 and 2016**

<u>Functions/Programs</u>	<u>Total Cost of Services</u>		<u>Total Net Cost Services</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Governmental Activities				
Instruction				
Regular	\$ 16,752,442	\$ 14,895,765	\$ 11,941,514	\$ 11,394,271
Special Education	7,751,562	7,120,068	4,651,764	4,402,904
Other Instruction	1,390,437	1,327,565	943,220	918,294
School Sponsored Activities and Athletics	1,100,894	961,012	805,694	750,515
Support Services				
Student and Instruction Related Svcs.	4,330,412	3,844,404	2,996,803	2,837,454
Health Services	472,088	477,590	336,221	364,985
Educational Media/School Library	321,174	291,442	233,436	227,644
General Administrative Services	817,703	724,919	654,720	604,274
School Administrative Services	2,359,692	2,089,066	1,667,184	1,584,277
Plant Operations and Maintenance	2,449,697	2,153,455	2,421,833	2,130,112
Pupil Transportation	564,502	507,806	513,982	462,123
Central Services	1,032,221	974,052	1,032,221	974,052
Interest on Long-Term Debt	168,553	188,767	168,553	188,767
Total Governmental Activities	<u>\$ 39,511,377</u>	<u>\$ 35,555,911</u>	<u>\$ 28,367,145</u>	<u>\$ 26,839,672</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

As the District completed the year, its governmental funds reported a combined fund balance of \$5,076,858. In 2015-2016 the fund balance was \$4,268,591, therefore an increase of \$808,267 from the fiscal year ended June 30, 2016.

The District's Funds

All governmental funds (i.e., general fund, special revenue fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$34,210,365 and expenditures were \$33,402,098.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a summary of the governmental fund revenues for the fiscal year ended June 30, 2017 and 2016.

	<u>Year Ended</u> <u>June 30, 2017</u>	<u>Year Ended</u> <u>June 30, 2016</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Change</u>
Local Sources	\$ 28,905,130	\$ 28,182,971	\$ 722,159	2.56%
State Sources	4,873,739	4,449,799	423,940	9.53%
Federal Sources	<u>431,496</u>	<u>486,632</u>	<u>(55,136)</u>	-11.33%
Total Revenues	<u>\$ 34,210,365</u>	<u>\$ 33,119,402</u>	<u>\$ 1,090,963</u>	3.29%

The District's Funds (Continued)

The following schedule represents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2017 and 2016.

	<u>Year Ended</u> <u>June 30, 2017</u>	<u>Year Ended</u> <u>June 30, 2016</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Change</u>
Instruction	\$ 21,500,707	\$ 20,663,048	\$ 837,659	4.05%
Undistributed	10,387,672	9,774,916	612,756	6.27%
Capital Outlay	787,891	722,860	65,031	9.00%
Debt Service				
Principal	540,000	515,000	25,000	4.85%
Interest	<u>185,828</u>	<u>206,928</u>	<u>(21,100)</u>	-10.20%
Total Expenditures	<u>\$ 33,402,098</u>	<u>\$ 31,882,752</u>	<u>\$ 1,519,346</u>	4.77%

General Fund Budgetary Highlights

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

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

- An increase in Extraordinary Aid of \$64,375 due to extraordinary Special Education costs and an adjusted formula for reimbursement from the State.
- A decrease in out-of-district tuition costs.
- A decrease in energy costs partially due to a warm winter and the installation of new boilers at the High School/Middle School.
- The deposit of \$990,000 into the district's Capital Reserve account.
- A deposit of \$100,000 into the District's Maintenance Reserve account.
- A decrease in legal expenditures.

General Fund Budgetary Highlights (Continued)

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

Capital Assets. The Waldwick Board of Education’s investment in capital assets for its governmental and business type activities as of June 30, 2017 amounts to \$17,585,172 (net of accumulated depreciation). This investment in capital assets includes land improvements, buildings and building improvements, construction in progress and machinery and equipment.

**Table A-5
Capital Assets
(net of accumulated depreciation) at June 30, 2017 and 2016**

	Governmental Activities		Business-Type Activities		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Construction in Progress	\$ 230,495				\$ 230,495	
Land Improvements	1,469,252	\$ 1,469,252			1,469,252	\$ 1,469,252
Buildings and Building Improvements	25,584,514	25,289,244			25,584,514	25,289,244
Machinery and Equipment	<u>3,399,779</u>	<u>3,252,580</u>	<u>\$ 75,959</u>	<u>\$ 62,270</u>	<u>3,475,738</u>	<u>3,314,850</u>
Total	30,684,040	30,011,076	75,959	62,270	30,759,999	30,073,346
Less: Accumulated Depreciation	<u>13,132,571</u>	<u>12,282,958</u>	<u>42,256</u>	<u>42,346</u>	<u>13,174,827</u>	<u>12,325,304</u>
Total	<u>\$ 17,551,469</u>	<u>\$ 17,728,118</u>	<u>\$ 33,703</u>	<u>\$ 19,924</u>	<u>\$ 17,585,172</u>	<u>\$ 17,748,042</u>

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

Debt Administration. As of June 30, 2017 the school district had long-term debt and outstanding long-term liabilities in the amount of \$15,408,114 as stated in Table A-6.

Long-Term Liabilities

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

	<u>Balance June 30, 2017</u>	<u>Balance June 30, 2016</u>
Serial Bonds (Including Original Issue Premium)	\$ 3,821,255	\$ 4,418,190
Compensated Absences Payable	521,929	508,685
Net Pension Liability	<u>11,064,930</u>	<u>8,098,239</u>
 Total	 <u>\$ 15,408,114</u>	 <u>\$ 13,025,114</u>

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

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

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

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

FOR THE FUTURE

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

WALDWICK BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2017

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 5,217,536	\$ 48,012	\$ 5,265,548
Receivables, net	85,297		85,297
Inventory		2,942	2,942
Capital Assets, net			
Not Being Depreciated	230,495		230,495
Being Depreciated	<u>17,320,974</u>	<u>33,703</u>	<u>17,354,677</u>
Total Assets	<u>22,854,302</u>	<u>84,657</u>	<u>22,938,959</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	3,602,799		3,602,799
Deferred Amounts on Refunding of Debt	<u>158,425</u>	-	<u>158,425</u>
Total Deferred Outflows of Resources	<u>3,761,224</u>	-	<u>3,761,224</u>
Total Assets and Deferred Outflows of Resources	<u>26,615,526</u>	<u>84,657</u>	<u>26,700,183</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	123,752	-	123,752
Payable to Other Governments	48,396		48,396
Unearned Revenue	53,827		53,827
Accrued Interest Payable	42,292		42,292
Noncurrent Liabilities			
Due Within One Year	610,000		610,000
Due Beyond One Year	<u>14,798,114</u>	-	<u>14,798,114</u>
Total Liabilities	<u>15,676,381</u>	-	<u>15,676,381</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>866,606</u>	-	<u>866,606</u>
Total Liabilities and Deferred Inflows of Resources	<u>16,542,987</u>	-	<u>16,542,987</u>
NET POSITION			
Net Investment in Capital Assets	13,888,639	33,703	13,922,342
Restricted for			
Capital Projects	2,730,160		2,730,160
Other Purposes	100,000		100,000
Unrestricted	<u>(6,646,260)</u>	<u>50,954</u>	<u>(6,595,306)</u>
Total Net Position	<u>\$ 10,072,539</u>	<u>\$ 84,657</u>	<u>\$ 10,157,196</u>

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

**WALDWICK BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 16,752,442	\$ 21,740	\$ 4,754,467	\$ 34,721	\$ (11,941,514)		\$ (11,941,514)
Special Education	7,751,562	69,440	3,030,358		(4,651,764)		(4,651,764)
Other Instruction	1,390,437		447,217		(943,220)		(943,220)
School Sponsored Activities and Athletics	1,100,894		295,200		(805,694)		(805,694)
Support Services							
Student and Instruction Related Services	4,330,412		1,333,609		(2,996,803)		(2,996,803)
Health Services	472,088		135,867		(336,221)		(336,221)
Educational Media/School Library	321,174		87,738		(233,436)		(233,436)
General Administrative Services	817,703		162,983		(654,720)		(654,720)
School Administrative Services	2,359,692		692,508		(1,667,184)		(1,667,184)
Plant Operations and Maintenance	2,449,697		27,864		(2,421,833)		(2,421,833)
Pupil Transportation	564,502		50,520		(513,982)		(513,982)
Central Services	1,032,221				(1,032,221)		(1,032,221)
Interest on Long-Term Debt	168,553	-	-	-	(168,553)	-	(168,553)
Total Governmental Activities	39,511,377	91,180	11,018,331	34,721	(28,367,145)	-	(28,367,145)
Business-Type Activities							
Food Service	273,127	265,403	-	-	-	\$ (7,724)	(7,724)
Total Business-Type Activities	273,127	265,403	-	-	-	(7,724)	(7,724)
Total Primary Government	\$ 39,784,504	\$ 356,583	\$ 11,018,331	\$ 34,721	(28,367,145)	(7,724)	(28,374,869)
General Revenues							
Taxes:							
Property Taxes, Levied for General Purposes, Net					27,994,354		27,994,354
Taxes Levied for Debt Service					695,800		695,800
Unrestricted State Aid					53,778		53,778
Miscellaneous Income					123,796	230	124,026
Total General Revenues					28,867,728	230	28,867,958
Change in Net Position					500,583	(7,494)	493,089
Net Position, Beginning of Year					9,571,956	92,151	9,664,107
Net Position, End of Year					\$ 10,072,539	\$ 84,657	\$ 10,157,196

FUND FINANCIAL STATEMENTS

WALDWICK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 5,127,645	\$ 89,891		\$ 5,217,536
Receivables from Other Governments	70,891	14,406	-	85,297
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 5,198,536</u>	<u>\$ 104,297</u>	<u>\$ -</u>	<u>\$ 5,302,833</u>
 LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 93,761	\$ 1,863		\$ 95,624
Deposits Payable	13,649			13,649
Due to Other Funds	14,268	211		14,479
Payable to State Government		48,396		48,396
Unearned Revenue	-	53,827	-	53,827
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>121,678</u>	<u>104,297</u>	<u>-</u>	<u>225,975</u>
 Fund Balances				
Restricted Fund Balance				
Excess Surplus - Designated for Subsequent Year's Expenditures	967,214			967,214
Excess Surplus	842,385			842,385
Capital Reserve- Designated for Subsequent Year's Expenditures	2,002,800			2,002,800
Capital Reserve	727,360			727,360
Maintenance Reserve	100,000			100,000
Assigned Fund Balance				
Year-End Encumbrances	131,683			131,683
Designated for Subsequent Year's Expenditures	16,958			16,958
Unassigned Fund Balance				
General Fund	288,458	-	-	288,458
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>5,076,858</u>	<u>-</u>	<u>-</u>	<u>5,076,858</u>
Total Liabilities and Fund Balances	<u>\$ 5,198,536</u>	<u>\$ 104,297</u>	<u>\$ -</u>	

WALDWICK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2017

Total Governmental Fund Balances (Exhibit B-1)	\$ 5,076,858
<i>Amounts reported for governmental activities in the statement of net Position (A-1) are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the capital assets is \$30,684,040 and the accumulated depreciation is \$13,132,571	17,551,469
The District has financial capital assets through the issuance of serial bonds. The interest accrual at year end is:	(42,292)
Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.	
Deferred Outflows of Resources	\$ 3,602,799
Deferred Inflows of Resources	<u>(866,606)</u>
	2,736,193
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:	
Bonds Payable, Including Premium	(3,821,255)
Deferred Outflows of Resources- Deferred Amounts on Refunding of Debt	158,425
Compensated Absences	(521,929)
Net Pension Liability	<u>(11,064,930)</u>
	<u>(15,249,689)</u>
Total Net Position of Governmental Activities (Exhibit A-1)	\$ <u>10,072,539</u>

**WALDWICK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local Sources				
Property Tax Levy	\$ 27,994,354		\$ 695,800	\$ 28,690,154
Miscellaneous	214,976	-	-	214,976
Total - Local Sources	28,209,330	-	695,800	28,905,130
State Sources	4,769,098	\$ 104,641		4,873,739
Federal Sources	-	431,496	-	431,496
Total Revenues	<u>32,978,428</u>	<u>536,137</u>	<u>695,800</u>	<u>34,210,365</u>
EXPENDITURES				
Current				
Regular Instruction	13,034,391	17,961		13,052,352
Special Education Instruction	6,145,929	347,927		6,493,856
Other Instruction	1,028,993	55,218		1,084,211
School-Sponsored Activities and Athletics	870,288			870,288
Support Services				
Student and Instruction Related Services	3,263,445	115,031		3,378,476
Health Services	365,950			365,950
Educational Media/School Library	252,635			252,635
General Administrative Services	690,382			690,382
School Administrative Services	1,818,715			1,818,715
Plant Operations and Maintenance	2,358,016			2,358,016
Pupil Transportation	554,307			554,307
Central Services	969,191			969,191
Debt Service				
Principal			540,000	540,000
Interest and Other Charges	30,028		155,800	185,828
Capital Outlay	787,891	-	-	787,891
Total Expenditures	<u>32,170,161</u>	<u>536,137</u>	<u>695,800</u>	<u>33,402,098</u>
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	<u>808,267</u>	<u>-</u>	<u>-</u>	<u>808,267</u>
OTHER FINANCING SOURCES (USES)				
Transfers In				-
Transfers Out	-	-	-	-
Total Other Financing Sources and Uses	-	-	-	-
Net Change in Fund Balances	808,267	-	-	808,267
Fund Balance, Beginning of Year	4,268,591	-	-	4,268,591
Fund Balance, End of Year	<u>\$ 5,076,858</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,076,858</u>

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

**WALDWICK BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ 808,267

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

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

Capital Outlay	\$ 787,891	
Depreciation Expense	<u>(999,261)</u>	
		(211,370)

The net effect of various miscellaneous transaction involving capital asset (i.e. sales, disposals, dentations) is to increase net position. These transactions are not reported in the governmental fund financial statements.

Gain on Capital Assets		34,721
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In the statement of activities, "the issuance of long-term debt (e.g. bonds, loans and leases) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and other such items related to the refunding bond when they are first issued, whereas these amounts are deferred and amortized in the statement of activities.

Amortization of Bond Premium	56,935	
Amortization of Deferred Amounts on Refunding	(45,960)	
Principal Repayments		
Bond Principal	<u>540,000</u>	
		550,975

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

Increase in Net Pension Liability	(675,066)	
Increase Compensated Absences	<u>(13,244)</u>	
		(688,310)

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

Decrease in Accrued Interest		<u>6,300</u>
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Change in net position of governmental activities (Exhibit A-2) **\$ 500,583**

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

**WALDWICK BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2017**

	Business-Type Activities Enterprise Fund <u>Food Service</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 48,012
Inventories	<u>2,942</u>
Total Current Assets	<u>50,954</u>
Capital Assets	
Equipment	75,959
Less: Accumulated Depreciation	<u>(42,256)</u>
Total Capital Assets, Net	<u>33,703</u>
Total Assets	<u>84,657</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	<u>-</u>
Total Current Liabilities	<u>-</u>
Total Liabilities	<u>-</u>
NET POSITION	
Investment in Capital Assets	33,703
Unrestricted	<u>50,954</u>
Total Net Position	<u><u>\$ 84,657</u></u>

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

**WALDWICK BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Business-Type Activities Enterprise Fund <u>Food Service</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales	\$ 264,864
Special Functions	<u>539</u>
Total Operating Revenues	<u>265,403</u>
OPERATING EXPENSES	
Cost of Sales	136,478
Salaries and Employee Benefits	102,422
Purchase Professional Services	25,413
Supplies and Materials	6,518
Depreciation	<u>2,296</u>
Total Operating Expenses	<u>273,127</u>
Operating Loss	<u>(7,724)</u>
NONOPERATING REVENUES	
Interest on Deposits	<u>230</u>
Total Nonoperating Revenues	<u>230</u>
Change in Net Position	(7,494)
Total Net Position, Beginning of Year	<u>92,151</u>
Total Net Position, End of Year	<u>\$ 84,657</u>

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

**WALDWICK BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Business-Type Activities Enterprise Fund <u>Food Service</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 265,403
Cash Payments for Employees' Salaries and Benefits	(102,422)
Cash Payments to Suppliers for Goods and Services	<u>(170,374)</u>
Net Cash Provided by (Used for) by Operating Activities	<u>(7,393)</u>
Cash Flows from Financing Activities	
Acquisition of Capital Assets	<u>(16,075)</u>
Net Cash Used by Financing Activities	<u>(16,075)</u>
Cash Flows from Investing Activities	
Interest on Deposits	<u>230</u>
Net Cash Provided by Investing Activities	<u>230</u>
Net Decrease in Cash and Cash Equivalents	(23,238)
Cash and Cash Equivalents, Beginning of Year	<u>71,250</u>
Cash and Cash Equivalents, End of Year	<u>\$ 48,012</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income (Loss)	<u>\$ (7,724)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	2,296
Change in Assets and Liabilities	
Increase/(Decrease) in Accounts Payable	(1,362)
(Increase)/Decrease in Inventory	<u>(603)</u>
Total Adjustments	<u>331</u>
Net Cash Used by Operating Activities	<u>\$ (7,393)</u>

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

**WALDWICK BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2017**

	Unemployment Compensation <u>Trust Fund</u>	Private Purpose Trust Funds	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 439,683	\$ 27,054	\$ 49,526
Due from Other Funds	<u>-</u>	<u>-</u>	<u>14,479</u>
 Total Assets	 <u>\$ 439,683</u>	 <u>\$ 27,054</u>	 <u>\$ 64,005</u>
 LIABILITIES			
Payroll Deductions and Withholdings			\$ 16,616
Flex Spending Benefits			3,417
Due to Student Groups	<u>-</u>	<u>-</u>	<u>43,972</u>
 Total Liabilities	 <u>-</u>	 <u>-</u>	 <u>\$ 64,005</u>
 NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	 <u>\$ 439,683</u>	 <u>\$ 27,054</u>	

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

**WALDWICK BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Unemployment Compensation <u>Trust Fund</u>	Private Purpose <u>Trust Funds</u>
ADDITIONS		
Contributions		
Board Contributions	\$ 60,000	
Employees	48,027	
Donations		\$ 27,600
Investment Earnings		
Interest	-	55
	<hr/>	<hr/>
Total Additions	108,027	27,655
	<hr/>	<hr/>
DEDUCTIONS		
Scholarships Awarded		12,600
Unemployment Claims and Contributions	30,739	-
	<hr/>	<hr/>
Total Deductions	30,739	12,600
	<hr/>	<hr/>
Change in Net Position	77,288	15,055
Net Position, Beginning of Year	362,395	11,999
	<hr/>	<hr/>
Net Position, End of Year	\$ 439,683	\$ 27,054
	<hr/>	<hr/>

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

NOTES TO THE FINANCIAL STATEMENTS

**WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. New Accounting Standards

During fiscal year 2017, the District adopted the following GASB statements:

- GASB No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB No. 77, *Tax Abatement Disclosures*. The requirements of this Statement will improve financial reporting by providing disclosure of information about the nature and magnitude of tax abatements that will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.
- GASB No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14. *The Financial Reporting Entity, as amended*.

**WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB 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 Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pension*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

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

- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB No. 84, *Fiduciary Activities*, will be effective with the fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.
- GASB No. 85, *Omnibus 2017*, will be effective with the fiscal year ending June 30, 2018. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pensions and other post-employment benefits (OPEB)).
- GASB No. 86, *Certain Debt Extinguishment Issues*, will be effective with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.
- GASB No. 87, *Leases*, will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

C. Basis of Presentation - Financial Statements

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

**WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

**WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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

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

Additionally, the District reports the following fund type:

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

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

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

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

**WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

1. *Cash, Cash Equivalents and Investments*

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

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

2. *Receivables*

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

3. *Inventories*

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

4. *Capital Assets*

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

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

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

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

**WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. Deferred Outflows/Inflows of Resources

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

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

6. Compensated Absences

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

7. Pensions

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

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

WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. *Long-Term Obligations*

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

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

9. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

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

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

WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2017 audited excess surplus that is required to be appropriated in the 2018/2019 original budget certified for taxes.

Capital Reserve - Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2017/2018 District budget certified for taxes.

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

Maintenance Reserve – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education (See Note 2).

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

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

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2017/2018 District budget certified for taxes.

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

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

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

**WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

2. *Property Taxes*

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

3. *Tuition Revenues and Expenditures*

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

Tuition Expenditures - Tuition charges for the fiscal years 2015-2016 and 2016-2017 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

**WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2016/2017. Also, during 2016/2017 the Board increased the original budget by \$459,061. The increase was funded by additional surplus appropriated from capital reserve and maintenance reserve, grant awards and the reappropriation of prior year general fund encumbrances.

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

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

B. Excess Expenditures Over Appropriations

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in unfavorable variances.

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
General Administration – Judgements	-0-	\$14,979	\$14,979

The above variances was caused by an audit adjustment and was offset with other available resources.

**WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Capital Reserve

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

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

The activity of the capital reserve for the fiscal year ended June 30, 2017 is as follows:

Balance, July 1, 2016	\$ 2,000,160
Increased by:	
Deposits Approved by Board Resolution	<u>990,000</u>
Decreased by:	
Withdrawals Approved by Board Resolution	<u>260,000</u>
Balance, June 30, 2017	<u>\$ 2,730,160</u>

The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan.

D. Maintenance Reserve

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

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

**WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Maintenance Reserve (Continued)

The activity of the maintenance reserve for the fiscal year ended June 30, 2017 is as follows:

Balance, July 1, 2016	\$ 100,000
Increased by:	
Deposits Approved by Board Resolution	<u>100,000</u>
Decreased by:	
Withdrawals Approved by Board Resolution	<u>100,000</u>
Balance, June 30, 2017	<u>\$ 100,000</u>

The June 30, 2017 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$1,308,673. The withdrawals from the maintenance reserve were for use in required maintenance activities for school facilities.

E. Transfers to Capital Outlay

During the 2016/2017 school year, the district transferred \$260,000 to the non-equipment capital outlay accounts. The transfer was made from the capital reserve account to supplement a capital project that was approved by the County Superintendent.

F. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2017 is \$1,809,599. Of this amount, \$967,214 was designated and appropriated in the 2017/2018 original budget certified for taxes and the remaining amount of \$842,385 will be appropriated in the 2018/2019 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

**WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2017, the book value of the Board's deposits were \$5,781,811 and bank and brokerage firm balances of the Board's deposits amounted to \$6,156,593. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	<u>\$ 6,156,593</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2017 the Board's bank balance was not exposed to custodial credit risk.

Investments

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

As of June 30, 2017, the Board had no outstanding investments.

B. Receivables

Receivables as of June 30, 2017 for the district's individual major funds in the aggregate are as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Receivables:			
Intergovernmental			
Federal		\$ 14,406	\$ 14,406
State	\$ 53,359		53,359
Local	<u>17,532</u>	<u>-</u>	<u>17,532</u>
Net Total Receivables	<u>\$ 70,891</u>	<u>\$ 14,406</u>	<u>\$ 85,297</u>

**WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

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

	<u>Total</u>
Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ <u>53,827</u>
 Total Unearned Revenue for Governmental Funds	 \$ <u>53,827</u>

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2017 was as follows:

	<u>Balance, July 1, 2016</u>	<u>Increases</u>	<u>Deletions</u>	<u>Balance, June 30, 2017</u>
Governmental activities:				
Capital Assets, Not Being Depreciated				
Construction In Progress	-	\$ 230,495	-	\$ 230,495
Total Capital Assets, Not Being Depreciated	-	230,495	-	230,495
Capital Assets, Being Depreciated:				
Land Improvements	\$ 1,469,252			1,469,252
Buildings and Building Improvements	25,289,244	301,634	\$ (6,364)	25,584,514
Machinery and Equipment	3,252,580	290,483	(143,284)	3,399,779
Total Capital Assets Being Depreciated	30,011,076	592,117	(149,648)	30,453,545
Less Accumulated Depreciation for:				
Land Improvements	(1,160,665)	(36,436)		(1,197,101)
Buildings and Building Improvements	(9,361,080)	(666,964)	6,364	(10,021,680)
Machinery and Equipment	(1,761,213)	(295,861)	143,284	(1,913,790)
Total Accumulated Depreciation	(12,282,958)	(999,261)	149,648	(13,132,571)
Total Capital Assets, Being Depreciated, Net	17,728,118	(407,144)	-	17,320,974
Governmental Activities Capital Assets, Net	\$ 17,728,118	\$ (176,649)	\$ -	\$ 17,551,469

**WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, <u>July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2017</u>
Business-Type activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 62,270	\$ 16,075	(2,386)	\$ 75,959
Total Capital Assets Being Depreciated	<u>62,270</u>	<u>16,075</u>	<u>(2,386)</u>	<u>75,959</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	<u>(42,346)</u>	<u>(2,296)</u>	<u>2,386</u>	<u>(42,256)</u>
Total Accumulated Depreciation	<u>(42,346)</u>	<u>(2,296)</u>	<u>2,386</u>	<u>(42,256)</u>
Total Capital Assets, Being Depreciated, Net	<u>19,924</u>	<u>13,779</u>	<u>-</u>	<u>33,703</u>
Business-Type Activities Capital Assets, Net	<u>\$ 19,924</u>	<u>\$ 13,779</u>	<u>\$ -</u>	<u>\$ 33,703</u>

**WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

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

Governmental Activities:

Instruction	
Regular	\$ 457,650
Special	155,561
Other Instruction	37,876
School-Sponsored/Activities & Athletics	<u>28,523</u>
Total Instruction	<u>679,610</u>
Support Services	
Student and Instruction Related Services	117,741
Health Services	13,128
Educational Media/School Library	8,477
School Administration Services	66,911
General Administration Services	15,748
Plant Operations and Maintenance	54,287
Pupil Transportation	6,037
Central Services	<u>37,322</u>
Total Support Services	<u>319,651</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 999,261</u>
Business-Type Activities:	
Food Service Fund	<u>\$ 2,296</u>

**WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2017, is as follows:

Due to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Agency Fund	General Fund	\$ 14,268
Agency Fund	Special Revenue Fund	<u>211</u>
		<u>\$ 14,479</u>

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

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

F. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2017 are comprised of the following issues:

\$5,170,000, Refunding School Bonds, due in annual installments of \$560,000 to \$625,000 through September 15, 2022, interest at 4.00%	<u>\$ 3,625,000</u>
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**WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

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

Governmental Activities:

Year Ending <u>June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2018	\$ 560,000	\$ 133,800	\$ 693,800
2019	585,000	110,900	695,900
2020	610,000	87,000	697,000
2021	620,000	62,400	682,400
2022	625,000	37,500	662,500
2023	<u>625,000</u>	<u>12,500</u>	<u>637,500</u>
	<u>\$ 3,625,000</u>	<u>\$ 444,100</u>	<u>\$ 4,069,100</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2017 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 61,788,334
Less: Net Debt	<u>3,625,000</u>
Remaining Borrowing Power	<u>\$ 58,163,334</u>

**WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2017, was as follows:

	Balance, <u>July 1, 2016</u>	<u>Increased</u>	<u>Decreased</u>	Balance, <u>June 30, 2017</u>	Due Within <u>One Year</u>
Governmental activities:					
Bonds Payable	\$ 4,165,000		\$ 540,000	\$ 3,625,000	\$560,000
Add: Original Issue Premium	<u>253,190</u>	<u>-</u>	<u>56,935</u>	<u>196,255</u>	<u>-</u>
Total Bonds Payable	4,418,190	-	596,935	3,821,255	560,000
Net Pension Liability	8,098,239	\$3,307,128	340,437	11,064,930	
Compensated Absences	<u>508,685</u>	<u>62,217</u>	<u>48,973</u>	<u>521,929</u>	<u>50,000</u>
Governmental Activity Long-Term Liabilities	<u>\$ 13,025,114</u>	<u>\$3,369,345</u>	<u>\$ 986,345</u>	<u>\$ 15,408,114</u>	<u>\$ 610,000</u>

Compensated absences and net pension liability are generally liquidated by the General Fund.

NOTE 4 OTHER INFORMATION

A. Risk Management

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

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

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

**WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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

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

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

<u>Fiscal Year Ended</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017	\$ 60,000	\$ 48,027	\$ 30,739	\$ 439,683
2016	60,000	43,844	33,000	362,395
2015	70,000	45,146	26,429	290,334

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2017, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2017, the District has not estimated its arbitrage earnings due to the IRS, if any.

**WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

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

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

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

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

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

Other Pension Funds

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

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

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

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

**WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Basis of Accounting

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

Investment Valuation

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

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

Funding Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 28 percent with an unfunded actuarial accrued liability of \$108.6 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 22.33 percent and \$79.0 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 40.14 percent and \$29.6 billion, respectively.

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

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

Actuarial Methods and Assumptions

In the July 1, 2015 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.65 percent and (b) projected salary increases applied through the year 2026 of 1.65-5.15 percent based on age for the PERS and varying percentages based on experience for TPAF.

**WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.06% for PERS, 7.06% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2017 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the fiscal years ended June 30, 2017, 2016 and 2015 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF, respectively for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2017	\$ 340,437	\$ 1,437,095	\$ 12,099
2016	310,153	975,823	30,645
2015	354,468	666,420	11,992

In addition for fiscal year 2016/2017 the State contributed \$2,929 for TPAF for Long Term Disability Insurance Premium (LTDI).

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$927,049 during the fiscal year ended June 30, 2017 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

**WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS)

At June 30, 2017, the District reported in the statement of net position (accrual basis) a liability of \$11,064,930 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2016, the District's proportionate share was .03736 percent, which was an increase of .00128 percent from its proportionate share measured as of June 30, 2015 of .03608 percent.

For the fiscal year ended June 30, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,015,503 for PERS. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 205,774	
Changes of Assumptions	2,292,063	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	421,916	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>683,046</u>	<u>\$ 866,606</u>
Total	<u>\$ 3,602,799</u>	<u>\$ 866,606</u>

At June 30, 2017, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Fiscal Year	
Ending <u>June 30,</u>	<u>Total</u>
2018	\$ 611,885
2019	611,885
2020	611,885
2021	611,885
2022	288,653
Thereafter	<u>-</u>
	<u>\$ 2,736,193</u>

**WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The District's total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.65%
Mortality Rate Table	RP-2000

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

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

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2016	3.98%

**WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

Period of Projected Benefit	
Payments for which the Following	
Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2034
Municipal Bond Rate *	From July 1, 2034 and Thereafter

* The municipal bond return rate used is 2.85% as of the measurement date of June 30, 2016. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 3.98%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98 percent) or 1-percentage-point higher (4.98 percent) than the current rate:

	1% Decrease <u>(2.98%)</u>	Current Discount Rate <u>(3.98%)</u>	1% Increase <u>(4.98%)</u>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 13,558,780</u>	<u>\$ 11,064,930</u>	<u>\$ 9,006,040</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2016. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

**WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

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

For the fiscal year ended June 30, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$7,203,969 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2017 the State's proportionate share of the net pension liability attributable to the District is \$95,878,948. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2016. At June 30, 2016, the state's share of the net pension liability attributable to the District was .12188 percent, which was a decrease of .00139 percent from its proportionate share measured as of June 30, 2015 of .12327 percent.

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

TPAF

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

Assumptions for mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational bases based on a 60-year average of Social Security data from 1953 to 2013

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Markets Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

**WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2016	3.22%

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

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2029
Municipal Bond Rate *	From July 1, 2029 and Thereafter

* The municipal bond return rate used is 2.85% as of the measurement date of June 30, 2016. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 3.22% as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.22 percent) or 1-percentage-point higher (4.22 percent) than the current rate:

	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 114,500,891</u>	<u>\$ 95,878,948</u>	<u>\$ 80,671,729</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2016. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2016 was not provided by the pension system.

**WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

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

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 584 state and local participating employers and contributing entities for Fiscal Year 2016.

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

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

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

**WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Basis of Accounting

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

Significant Legislation

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

Investment Valuation

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

Funded Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, the State had a \$84.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$25.9 billion for state active and retired members and \$41.6 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

Actuarial Methods and Assumptions

In the July 1, 2015, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2016, there were 110,512 , retirees receiving post-retirement medical benefits and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (ABP) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

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

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2017, 2016 and 2015 were \$1,197,427, \$1,161,936 and \$1,057,942, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

NOTE 5 SUBSEQUENT EVENTS

On August 8th, 2017 the District closed on a lease in the amount of \$2,000,000 to finance a building addition. The lease term is for five years maturing on March 15th, 2022 at an interest rate of 1.81% with Signature Public Funding Group.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**WALDWICK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Adjustments	Final Budget	Actual	Variance with Final Budget
REVENUES					
Local Sources					
Local Tax Levy	\$ 27,994,354		\$ 27,994,354	\$ 27,994,354	
Tuition	21,000		21,000	91,180	\$ 70,180
Miscellaneous	92,483	-	92,483	123,796	31,313
Total Revenues- Local Sources	28,107,837	-	28,107,837	28,209,330	101,493
State Sources					
Categorical Transportation Aid	42,447		42,447	42,447	
Categorical Special Education Aid	748,580		748,580	748,580	
Equalization Aid	5,801		5,801	5,801	
Categorical Security Aid	27,492		27,492	27,492	
PARCC Readiness	16,220		16,220	16,220	
Per Pupil Growth Aid	16,220		16,220	16,220	
Professional Learning Community Aid	15,710		15,710	15,710	
Additional Adjustment Aid	1		1	1	
Extraordinary Aid	251,938		251,938	316,313	64,375
Nonpublic Transportation Aid				7,975	7,975
On-behalf TPAF Pension System Contr. (Non-Budgeted)					
Normal Costs				1,386,846	1,386,846
NCGI Premium				50,249	50,249
Post-Retirement Medical Contribution				1,197,427	1,197,427
Long-Term Disability				2,929	2,929
On-behalf TPAF Soc. Sec. (Non-Budgeted)	-	-	-	927,049	927,049
Total State Sources	1,124,409	-	1,124,409	4,761,259	3,636,850
Total Revenues	29,232,246	-	29,232,246	32,970,589	3,738,343
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	466,371	\$ 4,429	470,800	470,772	28
Grades 1-5	2,815,616	(28,747)	2,786,869	2,761,613	25,256
Grades 6-8	1,984,688	(105,315)	1,879,373	1,793,324	86,049
Grades 9-12	2,857,239	86,037	2,943,276	2,933,028	10,248
Regular Programs - Home Instruction					
Salaries of Teachers	15,000	(1,527)	13,473	997	12,476
Purchased Professional-Educational Services	-	3,526	3,526	3,526	-
Regular Programs - Undistributed Instruction					
Purchased Professional-Educational Services	69,500	(29,241)	40,259	28,801	11,458
Purchased Technical Services	3,500	-	3,500	-	3,500
Other Purchased Services	63,295	(2,828)	60,467	47,386	13,081
General Supplies	679,315	(35,447)	643,868	619,476	24,392
Textbooks	55,500	3,660	59,160	57,037	2,123
Other Objects	16,224	(2,137)	14,087	11,051	3,036
Total Regular Programs	9,026,248	(107,590)	8,918,658	8,727,011	191,647
Special Education - Instruction					
Learning and/or Language Disabilities					
Salaries of Teachers	320,344	7,068	327,412	327,412	-
Other Salaries for Instruction	843,136	93,444	936,580	762,596	173,984
General Supplies	3,750	2,900	6,650	6,479	171
Textbooks	500	-	500	73	427
Other Objects	22,000	(3,409)	18,591	17,530	1,061
Total Learning and/or Language Disabilities	1,189,730	100,003	1,289,733	1,114,090	175,643

**WALDWICK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Adjustments	Final Budget	Actual	Variance with Final Budget
EXPENDITURES					
CURRENT EXPENDITURES					
Resource Room					
Salaries of Teachers	\$ 1,462,002	\$ (11,579)	\$ 1,450,423	\$ 1,408,684	\$ 41,739
Purchased Professional-Educational Services	8,000	-	8,000	-	8,000
General Supplies	3,000	(277)	2,723	2,700	23
Other Objects	6,000	(4,500)	1,500	1,040	460
Total Resource Room	<u>1,479,002</u>	<u>(16,356)</u>	<u>1,462,646</u>	<u>1,412,424</u>	<u>50,222</u>
Autism					
Other Salaries for Instruction	100,000	(100,000)	-	-	-
Total Autism	<u>100,000</u>	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Home Instruction					
Salaries of Teachers	-	13,443	13,443	10,343	3,100
Purchased Professional-Educational Services	-	12,325	12,325	3,565	8,760
Total Home Instruction	<u>-</u>	<u>25,768</u>	<u>25,768</u>	<u>13,908</u>	<u>11,860</u>
Preschool Disabilities - Part - Time					
Salaries of Teachers	64,923	255	65,178	64,575	603
Other Salaries for Instruction	19,583	-	19,583	-	19,583
General Supplies	1,500	-	1,500	1,472	28
Total Preschool Disabilities - Part - Time	<u>86,006</u>	<u>255</u>	<u>86,261</u>	<u>66,047</u>	<u>20,214</u>
Preschool Disabilities - Full - Time					
Salaries of Teachers	69,537	1,258	70,795	70,665	130
Other Salaries for Instruction	81,523	-	81,523	61,334	20,189
Total Preschool Disabilities - Full - Time	<u>151,060</u>	<u>1,258</u>	<u>152,318</u>	<u>131,999</u>	<u>20,319</u>
Total Special Education - Instruction	<u>3,005,798</u>	<u>10,928</u>	<u>3,016,726</u>	<u>2,738,468</u>	<u>278,258</u>
Basic Skills/Remedial					
Salaries of Teachers	509,150	1,327	510,477	475,962	34,515
Total Basic Skills/Remedial	<u>509,150</u>	<u>1,327</u>	<u>510,477</u>	<u>475,962</u>	<u>34,515</u>
Bilingual Education					
Salaries of Teachers	144,122	3,528	147,650	146,796	854
Other Salaries for Instruction	35,707	294	36,001	36,001	-
General Supplies	-	3,409	3,409	3,409	-
Total Bilingual Education	<u>179,829</u>	<u>7,231</u>	<u>187,060</u>	<u>186,206</u>	<u>854</u>
School Sponsored Co-Curricular Activities					
Salaries	143,612	1,844	145,456	145,456	-
Purchased Services	-	3,850	3,850	3,850	-
Supplies and Materials	3,050	366	3,416	2,706	710
Other Objects	-	1,820	1,820	1,820	-
Total School Sponsored Co-Curricular Activities	<u>146,662</u>	<u>7,880</u>	<u>154,542</u>	<u>153,832</u>	<u>710</u>
School Sponsored Athletics - Instruction					
Salaries	366,622	1,911	368,533	350,629	17,904
Purchased Services	68,600	(4,844)	63,756	60,585	3,171
Supplies and Materials	40,500	-	40,500	40,148	352
Other Objects	6,500	1,090	7,590	6,360	1,230
Total School Sponsored Athletics - Instruction	<u>482,222</u>	<u>(1,843)</u>	<u>480,379</u>	<u>457,722</u>	<u>22,657</u>
Summer School - Instruction					
Salaries	40,300	5,150	45,450	14,450	31,000
Other Salaries for Instruction	20,150	-	20,150	816	19,334
Total Summer School - Instruction	<u>60,450</u>	<u>5,150</u>	<u>65,600</u>	<u>15,266</u>	<u>50,334</u>

**WALDWICK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Adjustments	Final Budget	Actual	Variance with Final Budget
EXPENDITURES					
CURRENT (Continued)					
Summer School - Support Services					
Salaries	\$ 15,382	\$ (5,150)	\$ 10,232	\$ 6,135	\$ 4,097
Total Summer School - Support Services	15,382	(5,150)	10,232	6,135	4,097
Total - Instruction	13,425,741	(82,067)	13,343,674	12,760,602	583,072
Undistributed Expenditures					
Instruction					
Tuition to Other LEA's Within the State - Special	600,000	(143,132)	456,868	407,872	48,996
Tuition to County Vocational School District-Reg.	124,740	8,910	133,650	133,650	-
Tuition to County Vocational School District-Special	27,000	-	27,000	26,700	300
Tuition to CSSD & Regional Day Schools	583,417	(128,407)	455,010	342,625	112,385
Tuition to Private Schools - Disabled - State	954,568	130,936	1,085,504	1,085,473	31
Tuition - State Facilities	-	32,306	32,306	32,306	-
Tuition - Other	48,000	50,505	98,505	93,785	4,720
Total Undistributed Expenditures - Instruction	2,337,725	(48,882)	2,288,843	2,122,411	166,432
Attendance and Social Work					
Salaries	55,699	2,368	58,067	58,067	-
Total Attendance and Social Work	55,699	2,368	58,067	58,067	-
Health Services					
Salaries	256,285	(3,507)	252,778	228,325	24,453
Purchased Professional and Technical Services	17,645	-	17,645	14,397	3,248
Supplies and Materials	3,300	188	3,488	3,416	72
Other Objects	2,000	-	2,000	729	1,271
Total Health Services	279,230	(3,319)	275,911	246,867	29,044
Speech, OT, PT & Related Svcs					
Salaries	382,584	4,405	386,989	386,989	-
Purchased Professional -Educational Services	162,500	1,033	163,533	98,052	65,481
Supplies and Materials	1,000	-	1,000	413	587
Total Speech, OT, PT & Related Svcs	546,084	5,438	551,522	485,454	66,068
Guidance					
Salaries of Other Professional Staff	382,484	(1,029)	381,455	380,297	1,158
Salaries of Secretarial and Clerical Assistants	107,467	-	107,467	106,833	634
Unused Vacation Payment to Terminated/Retired Staff	-	2,083	2,083	2,083	-
Other Purchased Professional -Technical Services	25,000	-	25,000	23,039	1,961
Supplies and Materials	8,000	(684)	7,316	4,668	2,648
Other Objects	-	30	30	30	-
Total Guidance	522,951	400	523,351	516,950	6,401
Child Study Teams					
Salaries of Other Professional Staff	515,141	(1,909)	513,232	513,232	-
Salaries of Secretarial and Clerical Assistants	83,640	2,257	85,897	85,715	182
Other Salaries	-	-	-	-	-
Purchased Professional-Educational Services	19,847	-	19,847	17,225	2,622
Miscellaneous Purchased Services	4,100	(142)	3,958	3,456	502
Supplies and Materials	12,500	-	12,500	8,395	4,105
Other Objects	500	-	500	-	500
Total Child Study Teams	635,728	206	635,934	628,023	7,911

**WALDWICK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Adjustments	Final Budget	Actual	Variance with Final Budget
EXPENDITURES					
CURRENT (Continued)					
Undistributed Expenditures (Continued)					
Improvement of Instruction Services/					
Salaries of Supervisor of Instruction	\$ 482,846	\$ 14,247	\$ 497,093	\$ 495,296	\$ 1,797
Purchased Professional-Educational Services	3,500	(3,500)	-	-	-
Other Purchased Services	5,000	-	5,000	501	4,499
Other Objects	5,500	-	5,500	5,350	150
Total Improvement of Instruction Services/ Other Support Services-Instructional Staff	496,846	10,747	507,593	501,147	6,446
Educational Media Services/School Library					
Salaries	146,554	2,049	148,603	147,445	1,158
Purchased Professional and Technical Services	2,000	100	2,100	2,100	-
Supplies and Materials	27,700	(1,302)	26,398	26,190	208
Total Educational Media Services/School Library	176,254	847	177,101	175,735	1,366
Instructional Staff Training Services					
Other Purchased Services	24,500	(129)	24,371	-	24,371
Other Objects	-	271	271	13	258
Total Instructional Staff Training Services	24,500	142	24,642	13	24,629
Support Services General Administration					
Salaries	270,567	3,327	273,894	273,894	-
Unused Vacation Payment to Terminated/Retired Staff	-	5,793	5,793	5,793	-
Legal Services	90,000	(30,498)	59,502	52,000	7,502
Audit Fees	32,950	27,778	60,728	33,948	26,780
Architectural/Engineering Services	2,375	25,741	28,116	17,152	10,964
Other Purchased Professional Services	5,540	-	5,540	4,828	712
Purchased Technical Services	21,328	-	21,328	20,368	960
Communications/Telephone	54,212	-	54,212	50,975	3,237
BOE Other Purchased Prof. Svc.	500	1,000	1,500	1,036	464
Miscellaneous Purchased Services	57,364	(3,133)	54,231	53,727	504
General Supplies	13,500	(1,390)	12,110	2,544	9,566
Judgements	-	-	-	14,979	(14,979)
Miscellaneous Expenditures	4,230	45	4,275	4,275	-
BOE Membership Dues and Fees	12,250	-	12,250	12,013	237
Total Support Services General Administration	564,816	28,663	593,479	547,532	45,947
Support Services School Administration					
Salaries of Principals/Asst. Principals	870,332	35,176	905,508	883,155	22,353
Salaries of Secretarial and Clerical Assistants	281,480	3,783	285,263	280,609	4,654
Unused Vacation Payment to Terminated/Retired Staff	-	10,811	10,811	10,811	-
Purchased Professional and Technical Services	4,000	(3,243)	757	757	-
Other Purchased Services	7,692	-	7,692	4,692	3,000
Supplies and Materials	27,150	(1,261)	25,889	25,280	609
Other Objects	3,000	185	3,185	3,185	-
Total Support Services School Administration	1,193,654	45,451	1,239,105	1,208,489	30,616
Central Services					
Salaries	436,196	-	436,196	434,716	1,480
Purchased Professional Services	2,500	-	2,500	850	1,650
Purchased Technical Services	38,931	1,500	40,431	39,532	899
Misc. Purchased Services	6,021	-	6,021	4,896	1,125
Supplies and Materials	13,033	-	13,033	6,630	6,403
Other Objects	2,136	-	2,136	1,240	896
Total Central Services	498,817	1,500	500,317	487,864	12,453

**WALDWICK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Adjustments	Final Budget	Actual	Variance with Final Budget
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Admin. Info. Tech					
Salaries	\$ 257,682	\$ (1,301)	\$ 256,381	\$ 214,410	\$ 41,971
Unused Vacation Payment to Terminated/Retired Staff	-	1,980	1,980	1,980	-
Purchased Professional Services	8,326	-	8,326	-	8,326
Other Purchased Services	72,000	(3,500)	68,500	48,995	19,505
Supplies and Materials	24,000	37,342	61,342	25,441	35,901
Total Admin. Info. Tech	362,008	34,521	396,529	290,826	105,703
Required Maintenance for School Facilities					
Salaries	195,417	(34,693)	160,724	160,380	344
Cleaning, Repair and Maintenance	72,000	374,482	446,482	387,710	58,772
General Supplies	16,000	31,238	47,238	47,238	-
Other Objects	-	12,463	12,463	12,463	-
Total Required Maintenance for School Facilities	283,417	383,490	666,907	607,791	59,116
Custodial Services					
Salaries	839,013	(43,904)	795,109	783,816	11,293
Unused Vacation Payment to Terminated/Retired Staff	26,000	(23,241)	2,759	2,759	-
Purchased Professional & Technical Svcs.	-	34,828	34,828	34,154	674
Cleaning, Repair and Maint. Svc.	-	1,817	1,817	1,817	-
Other Purchased Property Services	30,000	(2,536)	27,464	24,334	3,130
Insurance	171,395	(4,648)	166,747	164,859	1,888
Miscellaneous Purchased Services	1,250	11	1,261	1,063	198
General Supplies	59,500	(12,338)	47,162	46,867	295
Energy (Natural Gas)	187,674	(93,100)	94,574	92,963	1,611
Energy (Electricity)	311,000	(31,160)	279,840	246,155	33,685
Energy (Gasoline)	4,000	-	4,000	4,000	-
Other Objects	1,248	2,196	3,444	3,347	97
Total Custodial Services	1,631,080	(172,075)	1,459,005	1,406,134	52,871
Care and Upkeep of Grounds					
Salaries	48,460	(48,460)	-	-	-
Cleaning, Repair & Maintenance	27,000	19,969	46,969	46,968	1
General Supplies	14,000	6,043	20,043	20,027	16
Total Care and Upkeep of Grounds	89,460	(22,448)	67,012	66,995	17
Total Oper & Maint of Plant Services	2,003,957	188,967	2,192,924	2,080,920	112,004

**WALDWICK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Adjustments	Final Budget	Actual	Variance with Final Budget
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Student Transportation Services					
Salaries for Pupil Transportation (Between Home and School) - Regular	\$ 16,328	-	\$ 16,328	\$ 16,227	\$ 101
Salaries for Pupil Transportation (Between Home and School) - Spec. Ed.	46,853	-	46,853	40,655	6,198
Salaries for Pupil Transportation (Other than Between Home and School)	75,325	\$ (3,738)	71,587	48,116	23,471
Cleaning, Repair and Maintenance Services	9,000	4,104	13,104	13,104	-
Contracted Services (Other Than Between Home and School) - Vendors	20,500	2,586	23,086	8,128	14,958
Contracted Services (Spl. Ed. Students)- Vendors	902	-	902	884	18
Contracted Services (Regular Students)- ESCs & CTSA's	66,485	6,179	72,664	70,984	1,680
Contracted Services (Spl. Ed. Students)- ESCs & CTSA's	359,522	(54,865)	304,657	283,359	21,298
Contracted Services-Aid in Lieu of Payments-Nonpublic	31,559	4,685	36,244	34,535	1,709
Transportation Supplies	8,400	(2,822)	5,578	5,444	134
Other Objects	1,413	644	2,057	2,057	-
Total Student Transportation Services	636,287	(43,227)	593,060	523,493	69,567
Unallocated Benefits					
Group Insurance	-	321	321	321	-
Social Security Contributions	345,642	-	345,642	326,746	18,896
Other Retirement Contributions - PERS	380,708	(12,321)	368,387	340,437	27,950
Other Retirement Contributions - DCRP	20,000	7,500	27,500	12,099	15,401
Unemployment Compensation	60,000	-	60,000	60,000	-
Workers Comp	115,055	(5,200)	109,855	105,007	4,848
Health Benefits	4,518,110	(28,499)	4,489,611	4,154,683	334,928
Tuition Reimbursement	40,000	8,670	48,670	40,757	7,913
Other Employee Benefits	60,328	3,999	64,327	64,327	-
Unused Sick Payment to Terminated/Retired Staff	-	48,972	48,972	48,972	-
Total Unallocated Benefits	5,539,843	23,442	5,563,285	5,153,349	409,936
On-behalf TPAF Pension System Contr. (Non-Budgeted)					
Normal Costs	-	-	-	1,386,846	(1,386,846)
NCGI Premium	-	-	-	50,249	(50,249)
Post Retirement Medical Contributions	-	-	-	1,197,427	(1,197,427)
Long-Term Disability	-	-	-	2,929	(2,929)
On-behalf TPAF Soc. Sec. Contr. (Non-Budgeted)	-	-	-	927,049	(927,049)
Total On-Behalf TPAF	-	-	-	3,564,500	(3,564,500)
Total Undistributed Expenditures	15,874,399	247,264	16,121,663	18,591,640	(2,469,977)
Total Expenditures - Current Expense	29,300,140	165,197	29,465,337	31,352,242	(1,886,905)

**WALDWICK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
CAPITAL OUTLAY					
Instruction					
Equipment					
Grades 1-5		\$ 2,011	\$ 2,011	\$ 2,011	
Grades 9-12		2,895	2,895	2,895	
School Sponsored and Other Instructional Programs		3,935	3,935	3,935	-
Undistributed					
Admin. Info Tech.		2,158	2,158	2,158	-
Undist. Expend. - Custodial Service	-	6,014	6,014	6,014	
Undist. Expend. - Care and Upkcep of Grounds	-	11,275	11,275	11,275	-
Total Equipment	-	28,288	28,288	28,288	-
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	\$ 10,000	260,000	270,000	239,688	\$ 30,312
Other Purchased Professional -Technical Services	225,000	-	225,000	212,200	12,800
Construction Services	524,959	(16,428)	508,531	307,715	200,816
Supplies and Materials	10,000	-	10,000	-	10,000
Assessment for Debt Service on SDA Funding	30,028	-	30,028	30,028	-
Total Facilities Acquisition and Construction Services	799,987	243,572	1,043,559	789,631	253,928
Increase in Capital Reserve	1,140	-	1,140	-	1,140
Total Capital Outlay	801,127	271,860	1,072,987	817,919	255,068
Total Expenditures	30,101,267	437,057	30,538,324	32,170,161	(1,631,837)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(869,021)	(437,057)	(1,306,078)	800,428	2,106,506
Fund Balances, Beginning of Year	4,632,435	-	4,632,435	4,632,435	-
Fund Balances, End of Year	\$ 3,763,414	\$ (437,057)	\$ 3,326,357	\$ 5,432,863	\$ 2,106,506
Recapitulation					
Restricted Fund Balance:					
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 967,214	
Reserve for Excess Surplus				842,385	
Capital Reserve- Designated for Subsequent Year's Expenditures				2,002,800	
Capital Reserve				727,360	
Maintenance Reserve				100,000	
Assigned Fund Balance:					
Year-End Encumbrances				131,683	
Designated for Subsequent Year's Expenditures				16,958	
Unassigned Fund Balance				644,463	
Budgetary Fund Balance				5,432,863	
Reconciliation to Governmental Funds Statements (GAAP)					
Less: 2016/2017 State Aid Payment Not Recognized on a GAAP Basis				39,692	
Less: 2016/2017 Extraordinary Aid Payments Not Recognized on a GAAP Basis				316,313	
Fund Balances per Governmental Funds (GAAP)				\$ 5,076,858	

**WALDWICK BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amounts</u>			<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Adjustments</u>	<u>Final</u>		
REVENUES					
Intergovernmental					
State	\$ 155,613	\$ (2,576)	\$ 153,037	\$ 104,641	\$ (48,396)
Federal	448,823	24,580	473,403	431,496	(41,907)
Total Revenues	<u>604,436</u>	<u>22,004</u>	<u>626,440</u>	<u>536,137</u>	<u>(90,303)</u>
EXPENDITURES					
Instruction					
Purchased Prof. & Technical Services	113,877	(15,023)	98,854	51,459	47,395
Tuition	325,432	22,495	347,927	347,927	-
General Supplies	21,619	(1,450)	20,169	9,629	10,540
Textbooks	11,254	1,773	13,027	12,091	936
Total Instruction	<u>472,182</u>	<u>7,795</u>	<u>479,977</u>	<u>421,106</u>	<u>58,871</u>
Support Services					
Salaries	51,086	(2,686)	48,400	48,400	-
Purchased Professional/Educational Services	7,535	(700)	6,835	6,832	3
Purchased Professional/Technical Services	43,979	4,750	48,729	23,451	25,278
Purchased Other Professional Services	-	-	-	-	-
Travel	24,141	5,758	29,899	23,758	6,141
General Supplies	5,513	7,087	12,600	12,590	10
Total Support Services	<u>132,254</u>	<u>14,209</u>	<u>146,463</u>	<u>115,031</u>	<u>31,432</u>
Total Expenditures	<u>604,436</u>	<u>22,004</u>	<u>626,440</u>	<u>536,137</u>	<u>90,303</u>
Excess Revenues Over Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**WALDWICK BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (Exhibit C-2)	(C-1) \$ <u>32,970,589</u>	(C-2) \$ <u>536,137</u>
State Aid payments and Extraordinary Aid (2015/2016) recognized for GAAP purposes, not recognized for budgetary statements.	363,844	
State Aid payments and Extraordinary Aid (2016/2017) not recognized for GAAP purposes, recognized for budgetary statements.	<u>(356,005)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2) \$ <u>32,978,428</u>	(B-2) \$ <u>536,137</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ <u>32,170,161</u>	(C-2) \$ <u>536,137</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>32,170,161</u>	(B-2) \$ <u>536,137</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

Public Employees Retirement System

Last Four Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.03736 %	0.03608 %	0.04300 %	0.03836 %
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 11,064,930	\$ 8,098,239	\$ 8,050,372	\$ 7,330,857
District's Covered-Employee Payroll	\$ 2,489,123	\$ 2,446,301	\$ 2,588,920	\$ 2,844,778
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	444 %	331 %	310 %	258 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.93%	52.08%	48.72%

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

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

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

Public Employees Retirement System

Last Four Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 340,437	\$ 310,153	\$ 354,468	\$ 297,337
Contributions in Relation to the Contractually Required Contribution	<u>340,437</u>	<u>310,153</u>	<u>354,468</u>	<u>297,337</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 2,489,123	\$ 2,446,301	\$ 2,588,920	\$ 2,844,778
Contributions as a Percentage of Covered-Employee Payroll	0.13677 %	0.12678 %	0.13692 %	0.10452 %

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

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

Teachers Pension and Annuity Fund

Last Four Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0 %	0 %	0 %	0 %
District's Proportionate Share of the Net Pension Liability (Asset)	0 %	0 %	0 %	0 %
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 95,878,948</u>	<u>\$ 77,909,246</u>	<u>\$ 64,643,853</u>	<u>\$ 61,006,204</u>
Total	<u>\$ 95,878,948</u>	<u>\$ 77,909,246</u>	<u>\$ 64,643,853</u>	<u>\$ 61,006,204</u>
District's Covered-Employee Payroll	\$ 13,078,937	\$ 12,992,364	\$ 12,145,441	\$ 12,331,615
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	22.33%	28.71%	33.64%	33.76%

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

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

**WALDWICK BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Change of Benefit Terms: None.

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

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

WALDWICK BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Chapter 192 <u>Handicapped</u>			Chapter 193 <u>Auxiliary</u>		Total Exhibit <u>E-2A</u>	Total Exhibit <u>E-2B</u>	Total <u>2017</u>
	Nonpublic Compensatory <u>Education</u>	Nonpublic <u>ESL</u>	Nonpublic <u>Suppl. Inst.</u>	Nonpublic Exam. and <u>Class.</u>	Nonpublic <u>Speech Corr.</u>			
REVENUES								
Intergovernmental								
State	\$ 16,572	\$ 6,120	\$ 5,945	\$ 14,204	\$ 8,618	53,182		\$ 104,641
Federal	-	-	-	-	-	\$ 80,432	\$ 351,064	431,496
Total Revenues	<u>\$ 16,572</u>	<u>\$ 6,120</u>	<u>\$ 5,945</u>	<u>\$ 14,204</u>	<u>\$ 8,618</u>	<u>\$ 133,614</u>	<u>\$ 351,064</u>	<u>\$ 536,137</u>
EXPENDITURES								
Instruction								
Purchased Professional & Technical Svcs.	\$ 16,572	\$ 6,120	\$ 5,945	\$ 14,204	\$ 8,618			\$ 51,459
Tuition							\$ 347,927	347,927
Textbooks						\$ 12,091	-	12,091
General Supplies	-	-	-	-	-	7,312	2,317	9,629
Total Instruction	<u>16,572</u>	<u>6,120</u>	<u>5,945</u>	<u>14,204</u>	<u>8,618</u>	<u>19,403</u>	<u>350,244</u>	<u>421,106</u>
Support Services								
Salaries						48,400		48,400
Purchased Professional Educational Svcs.						6,832		6,832
Purchase Professional & Technical Svcs						22,631	-	22,631
Purchased Other Professional Svcs.						-	820	820
Travel						23,758		23,758
General Supplies	-	-	-	-	-	12,590	-	12,590
Total Support Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>114,211</u>	<u>820</u>	<u>115,031</u>
Total Expenditures	<u>\$ 16,572</u>	<u>\$ 6,120</u>	<u>\$ 5,945</u>	<u>\$ 14,204</u>	<u>\$ 8,618</u>	<u>\$ 133,614</u>	<u>\$ 351,064</u>	<u>\$ 536,137</u>

WALDWICK BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Non-Public Nursing Services	Non-Public Textbooks	Non-Public Technology	Non-Public Security	NCLB Title I	NCLB Title I Carrvoer	NCLB Title II	NCLB Title II Carrvoer	Total Exhibit E-2A
REVENUES									
Intergovernmental									
State	\$ 22,631	\$ 12,091	\$ 5,870	\$ 12,590					\$ 53,182
Federal	-	-	-	-	\$ 47,926	\$ 16	\$ 23,026	\$ 9,464	80,432
Total Revenues	\$ 22,631	\$ 12,091	\$ 5,870	\$ 12,590	\$ 47,926	\$ 16	\$ 23,026	\$ 9,464	\$ 133,614
EXPENDITURES									
Instruction									
Purchased Professional & Educational Svc.									
Tuition		\$ 12,091							\$ 12,091
Textbooks					\$ 1,426	\$ 16			7,312
General Supplies	-	-	\$ 5,870	\$ -					
Total Instruction	-	12,091	5,870	-	1,426	16	-	-	19,403
Support Services									
Salaries					46,500			\$ 1,900	\$ 48,400
Purchased Professional Educational Svcs.								6,832	6,832
Purchased Professional & Technical Svcs.	\$ 22,631								22,631
Purchased Other Professional Services									-
Travel							\$ 23,026	732	23,758
General Supplies	-	-	-	12,590	-	-	-	-	12,590
Total Support Services	22,631	-	-	12,590	46,500	-	23,026	9,464	114,211
Total Expenditures	\$ 22,631	\$ 12,091	\$ 5,870	\$ 12,590	\$ 47,926	\$ 16	\$ 23,026	\$ 9,464	\$ 133,614

WALDWICK BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	IDEA Part B- Basic Reg. Prog.	IDEA Part B- Basic Reg. Prog. Carrvover	IDEA Part B-Basic Preschool	NCLB Title III Immigrant	NCLB Title III Immigrant Carrvover	Total Exhibit E-2B
REVENUES						
Intergovernmental						
State						
Federal	\$ 326,193	\$ 8,054	\$ 14,500	\$ 1,328	\$ 989	\$ 351,064
Total Revenues	\$ 326,193	\$ 8,054	\$ 14,500	\$ 1,328	\$ 989	\$ 351,064
EXPENDITURES						
Instruction						
Purchased Professional & Educational Svc.						
Tuition	\$ 326,193	\$ 7,234	\$ 14,500			\$ 347,927
General Supplies	-	-	-	\$ 1,328	\$ 989	2,317
Total Instruction	326,193	7,234	14,500	1,328	989	350,244
Support Services						
Salaries						
Purchased Professional Educational Svcs.						
Purchased Professional & Technical Svcs.						
Purchased Other Professional Services	-	820	-	-	-	820
Total Support Services	-	820	-	-	-	820
Total Expenditures	\$ 326,193	\$ 8,054	\$ 14,500	\$ 1,328	\$ 989	\$ 351,064

**WALDWICK BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOT APPLICABLE

CAPITAL PROJECTS FUND

NOT APPLICABLE

PROPRIETARY FUNDS

EXHIBIT G-1

**WALDWICK BOARD OF EDUCATION
PROPRIETARY FUND
COMBINING SCHEDULE OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

**COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**COMBINING SCHEDULE OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

**WALDWICK BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING SCHEDULE OF AGENCY ASSETS AND LIABILITIES
AS OF JUNE 30, 2017**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds 2017</u>
ASSETS			
Cash and Cash Equivalents	\$ 43,972	\$ 5,554	\$ 49,526
Due from General Fund	<u>-</u>	<u>14,479</u>	<u>14,479</u>
Total Assets	<u>\$ 43,972</u>	<u>\$ 20,033</u>	<u>\$ 64,005</u>
LIABILITIES			
Payroll Deductions and Withholdings		16,616	16,616
Flex Spending Benefits		3,417	3,417
Due to Student Groups	<u>\$ 43,972</u>	<u>-</u>	<u>43,972</u>
Total Liabilities	<u>\$ 43,972</u>	<u>\$ 20,033</u>	<u>\$ 64,005</u>

**COMBINING SCHEDULE OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**WALDWICK BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Balance, July 1, <u>2016</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2017</u>
Middle School Activities	\$ 22,969	\$ 38,597	\$ 42,536	\$ 19,030
High School Activities	20,767	59,432	57,690	22,509
Athletic Account	<u>-</u>	<u>68,778</u>	<u>66,345</u>	<u>2,433</u>
 Total All Schools	 <u>\$ 43,736</u>	 <u>\$ 166,807</u>	 <u>\$ 166,571</u>	 <u>\$ 43,972</u>

EXHIBIT H-4

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Balance, July 1, <u>2016</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2017</u>
Payroll Deductions and Withholdings	\$ 19,582	\$ 8,958,075	\$ 8,961,041	\$ 16,616
Accrued Salaries and Wages	-	10,321,225	10,321,225	-
Flex Spending Benefits	3,158	5,719	5,460	3,417
Due to Other Funds	<u>584</u>	<u>-</u>	<u>15,063</u>	<u>(14,479)</u>
 Total	 <u>\$ 23,324</u>	 <u>\$ 19,285,019</u>	 <u>\$ 19,302,789</u>	 <u>\$ 5,554</u>

LONG-TERM DEBT

**WALDWICK BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2016</u>	<u>Matured</u>	<u>Balance, June 30, 2017</u>
Refunding School Bonds	12/6/2011	\$ 5,170,000	9/15/2017	\$ 560,000	4.00 %			
			9/15/2018	585,000	4.00			
			9/15/2019	610,000	4.00			
			9/15/2020	620,000	4.00			
			9/15/2021	625,000	4.00			
			9/15/2022	625,000	4.00			
						<u>\$ 4,165,000</u>	<u>\$ 540,000</u>	<u>\$ 3,625,000</u>
						<u>\$ 4,165,000</u>	<u>\$ 540,000</u>	<u>\$ 3,625,000</u>
							<u>\$ 540,000</u>	
								Paid By Budget Appropriation

**WALDWICK BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOT APPLICABLE

**DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
83 REVENUES					
Local Sources					
Local Tax Levy	\$ 695,800	-	\$ 695,800	\$ 695,800	-
Total Revenues	<u>695,800</u>	<u>-</u>	<u>695,800</u>	<u>695,800</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	540,000		540,000	540,000	
Interest	<u>155,800</u>	<u>-</u>	<u>155,800</u>	<u>155,800</u>	<u>-</u>
Total Expenditures	<u>695,800</u>	<u>-</u>	<u>695,800</u>	<u>695,800</u>	<u>-</u>
Excess /(Deficit) of Revenue and Other Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

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

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011 (1)	2012	2013	2014 (2)	2015	2016	2017
Governmental Activities										
Net Investment in Capital Assets	\$ 6,639,746	\$ 7,913,210	\$ 8,979,074	\$ 9,554,683	\$ 10,331,874	\$ 12,009,130	\$ 12,509,265	\$ 13,234,026	\$ 13,514,313	\$ 13,888,639
Restricted	1	296,460	451,172	820,776	1,146,499	511,219	615,160	1,140,160	2,100,160	2,830,160
Unrestricted	1,818,625	796,338	1,346,300	1,345,873	1,848,115	1,622,051	(5,870,944)	(6,146,959)	(6,042,517)	(6,646,260)
Total Governmental Activities Net Position	\$ 8,458,372	\$ 9,006,008	\$ 10,776,546	\$ 11,721,332	\$ 13,326,488	\$ 14,142,400	\$ 7,253,481	\$ 8,227,227	\$ 9,571,956	\$ 10,072,539
Business-Type Activities										
Investment in Capital Assets	\$ 4,677	\$ 4,086	\$ 3,495	\$ 2,904	\$ 11,957	\$ 10,562	\$ 9,167	\$ 13,873	\$ 19,924	\$ 33,703
Unrestricted	6,375	14,373	21,076	28,135	30,087	40,101	56,424	62,032	72,227	50,954
Total Business-Type Activities Net Position	\$ 11,052	\$ 18,459	\$ 24,571	\$ 31,039	\$ 42,044	\$ 50,663	\$ 65,591	\$ 75,905	\$ 92,151	\$ 84,657
District-Wide										
Investment in Capital Assets	\$ 6,644,423	\$ 7,917,296	\$ 8,982,569	\$ 9,557,587	\$ 10,343,831	\$ 12,019,692	\$ 12,518,432	\$ 13,247,899	\$ 13,534,237	\$ 13,922,342
Restricted	1	296,460	451,172	820,776	1,146,499	511,219	615,160	1,140,160	2,100,160	2,830,160
Unrestricted	1,825,000	810,711	1,367,376	1,374,008	1,878,202	1,662,152	(5,814,520)	(6,084,927)	(5,970,290)	(6,595,306)
Total District Net Position	\$ 8,469,424	\$ 9,024,467	\$ 10,801,117	\$ 11,752,371	\$ 13,368,532	\$ 14,193,063	\$ 7,319,072	\$ 8,303,132	\$ 9,664,107	\$ 10,157,196

Source: District's Financial Records

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

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

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities										
Instruction										
Regular	\$ 10,649,665	\$ 10,649,665	\$ 10,462,871	\$ 10,956,348	\$ 11,187,989	\$ 11,801,806	\$ 12,138,523	\$ 14,109,146	\$ 14,895,765	\$ 16,752,442
Special education	5,311,435	5,311,435	5,359,297	5,164,887	5,422,297	6,138,484	6,420,299	7,175,056	7,120,068	7,751,562
Other instruction	911,291	911,291	833,081	870,210	931,835	1,218,791	1,089,432	1,317,451	1,327,565	1,390,437
School Sponsored Activities and Athletics	784,616	784,616	749,276	764,823	803,976	853,495	778,886	897,075	961,012	1,100,894
Support Services:										
Student & instruction related services	2,549,129	2,549,129	2,777,747	2,778,321	2,801,208	2,805,182	2,876,680	3,313,052	3,844,404	4,330,412
Health Services	321,422	321,422	329,014	340,639	354,429	384,669	391,801	465,745	477,590	472,088
Educational Media/School Library	277,539	277,539	286,308	201,284	223,583	231,339	238,956	272,378	291,442	321,174
General administration	689,743	689,743	1,007,466	715,377	655,836	749,144	756,375	632,699	724,919	817,703
School Administrative services	1,351,888	1,351,888	1,309,276	1,347,638	1,405,377	1,654,444	1,610,925	1,971,077	2,089,066	2,359,692
Central Services	711,020	711,020	825,522	757,003	798,542	775,651	777,340	883,974	2,153,455	2,449,697
Plant operations and maintenance	2,182,993	2,182,993	2,168,813	2,263,510	2,185,014	2,135,670	2,140,290	2,198,405	507,806	564,502
Pupil transportation	760,898	760,898	554,171	561,135	662,474	649,994	697,149	600,407	974,052	1,032,221
Other support services										
Interest on long-term debt	325,213	325,213	295,034	312,549	328,639	180,582	228,193	208,039	188,767	168,553
Total governmental activities expenses	26,826,852	26,826,852	26,957,876	27,035,724	27,761,199	29,579,251	30,144,849	34,044,504	35,555,911	39,511,377
Business-type activities:										
Food service	304,198	304,198	253,883	235,271	214,037	211,302	232,605	232,419	234,946	273,127
Total business-type activities expense	304,198	304,198	253,883	235,271	214,037	211,302	232,605	232,419	234,946	273,127
Total district expenses	\$ 27,131,050	\$ 27,131,050	\$ 27,211,759	\$ 27,268,995	\$ 27,975,236	\$ 29,790,553	\$ 30,377,454	\$ 34,276,923	\$ 35,790,857	\$ 39,784,504
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 52,523	\$ 52,523	\$ 60,068	\$ 35,720		\$ 16,500	\$ 34,656	\$ 64,323	\$ 35,814	\$ 91,180
Operating grants and contributions	4,489,977	4,489,977	4,081,617	3,074,029	3,885,402	4,495,468	4,043,880	7,244,511	8,680,425	11,018,331
Capital grants and contributions	-	-	464,700	3,167	53,644	4,675	83,225	49,817	-	34,721
Total governmental activities program revenues	4,542,500	4,542,500	4,606,385	3,112,916	3,939,046	4,516,643	4,161,761	7,358,651	8,716,239	11,144,232
Business-type activities:										
Charges for services:										
Food service	\$ 296,475	\$ 296,475	\$ 258,302	\$ 240,223	\$ 223,507	\$ 218,593	\$ 246,244	\$ 242,463	\$ 250,898	\$ 265,403
Operating grants and contributions	3,140	3,140	1,693	1,516	1,535	1,328	985	-	-	-
Total business type activities program revenues	299,615	299,615	259,995	241,739	225,042	219,921	247,229	242,463	250,898	265,403
Total district program revenues	\$ 4,842,115	\$ 4,842,115	\$ 4,866,380	\$ 3,354,655	\$ 4,164,088	\$ 4,736,564	\$ 4,408,990	\$ 7,601,114	\$ 8,967,137	\$ 11,409,635
Net (Expense)/Revenue										
Governmental activities	\$ (22,284,352)	\$ (22,284,352)	\$ (22,351,491)	\$ (23,920,808)	\$ (23,822,153)	\$ (25,062,608)	\$ (25,983,088)	\$ (26,685,853)	\$ (26,839,672)	\$ (28,367,145)
Business-type activities	(4,583)	(4,583)	6,112	6,468	11,005	8,619	14,624	10,044	15,952	(7,724)
Total district-wide net expense	\$ (22,288,935)	\$ (22,288,935)	\$ (22,345,379)	\$ (23,914,340)	\$ (23,811,148)	\$ (25,053,989)	\$ (25,968,464)	\$ (26,675,809)	\$ (26,823,720)	\$ (28,374,869)

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied	\$ 21,873,517	\$ 21,873,517	\$ 23,225,756	\$ 24,134,786	\$ 24,617,482	\$ 25,109,832	\$ 25,642,924	\$ 26,771,760	\$ 27,307,195	\$ 27,994,354
Taxes Levied for Debt Service	678,752	678,752	685,909	686,002	690,440	637,814	665,947	687,000	691,900	695,800
Unrestricted state aid	250,577	250,577	119,362	5,538		16,341	6,051	37,173	37,244	53,778
Miscellaneous income	216,039	216,039	91,002	127,496	123,866	114,533	110,104	163,666	148,062	123,796
Donation of Capital Asset										
Loss on Disposal of Assets					(4,479)					
Total governmental activities	23,018,885	23,018,885	24,122,029	24,953,822	25,427,309	25,878,520	26,425,026	27,659,599	28,184,401	28,867,728
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	270	294	230
Total business-type activities	-	-	-	-	-	-	-	270	294	230
Total district-wide	\$ 23,018,885	\$ 23,018,885	\$ 24,122,029	\$ 24,953,822	\$ 25,427,309	\$ 25,878,520	\$ 26,425,026	\$ 27,659,869	\$ 28,184,695	\$ 28,867,958
Change in Net Position										
Governmental activities	\$ 734,533	\$ 734,533	\$ 1,770,538	\$ 1,033,014	\$ 1,605,156	\$ 815,912	\$ 441,938	\$ 973,746	\$ 1,344,729	\$ 500,583
Business-type activities	(4,583)	(4,583)	6,112	6,468	11,005	8,619	14,624	10,314	16,246	(7,494)
Total district	\$ 729,950	\$ 729,950	\$ 1,776,650	\$ 1,039,482	\$ 1,616,161	\$ 824,531	\$ 456,562	\$ 984,060	\$ 1,360,975	\$ 493,089

Source: District's Financial Records

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 1,276,248	\$ 984,341	\$ 1,237,410							
Unreserved	502,716	310,447	519,090							
Restricted				\$ 1,739,919	\$ 2,397,640	\$ 2,008,989	\$ 2,072,349	\$ 2,616,070	\$ 3,817,767	\$ 4,639,759
Committed				113,763						
Assigned				267,098	660,734	269,549	155,407	133,779	196,430	148,641
Unassigned				241,204	239,407	294,120	283,149	282,092	254,394	288,458
Total general fund	<u>\$ 1,778,964</u>	<u>\$ 1,294,788</u>	<u>\$ 1,756,500</u>	<u>\$ 2,361,984</u>	<u>\$ 3,297,781</u>	<u>\$ 2,572,658</u>	<u>\$ 2,510,905</u>	<u>\$ 3,031,941</u>	<u>\$ 4,268,591</u>	<u>\$ 5,076,858</u>
87 All Other Governmental Funds										
Reserved	\$ 145,001	\$ 1,014,514				\$ 11,218				
Unreserved	544,144	(718,055)	\$ 451,171							
Restricted				\$ 220,775	\$ 146,498					
Total All Other Governmental Funds	<u>\$ 689,145</u>	<u>\$ 296,459</u>	<u>\$ 451,171</u>	<u>\$ 220,775</u>	<u>\$ 146,498</u>	<u>\$ 11,218</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Source: District's Financial Records

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

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax levy	\$ 22,552,269	\$ 22,905,687	\$ 23,911,665	\$ 24,820,788	\$ 25,307,922	\$ 25,747,646	\$ 26,308,871	\$ 27,458,760	\$ 27,999,095	\$ 28,690,154
Miscellaneous	269,259	270,911	151,070	163,216	126,811	133,990	149,201	228,223	183,876	214,976
State sources	4,321,715	3,137,506	3,904,630	2,587,418	3,434,551	4,083,158	3,677,026	4,032,040	4,449,799	4,873,739
Federal sources	418,142	421,614	761,049	495,316	447,906	425,694	430,698	437,384	486,632	431,496
Total revenue	27,561,385	26,735,718	28,728,414	28,066,738	29,317,190	30,390,488	30,565,796	32,156,407	33,119,402	34,210,365
Expenditures										
Instruction										
Regular instruction	10,385,285	10,187,612	10,192,123	10,647,351	10,879,131	11,440,644	11,792,455	12,115,170	12,475,446	13,052,352
Special education instruction	5,224,817	5,128,677	5,257,903	5,065,878	5,314,161	6,011,836	6,296,702	6,455,732	6,257,011	6,493,856
Other instruction	890,313	884,119	811,810	848,231	909,021	1,186,415	1,062,104	1,149,281	1,117,307	1,084,211
School sponsored activities and athletics	767,046	684,821	728,963	744,182	783,056	829,047	757,850	779,676	813,284	870,288
Support Services:										
Student & inst. related services	2,493,475	2,580,433	2,725,601	2,708,101	2,728,319	2,719,697	2,793,031	2,864,302	3,234,619	3,378,476
Health Services	313,152	307,729	319,298	330,875	344,484	372,862	380,383	400,954	398,562	365,950
Educational Media/School Library	271,222	255,022	278,621	195,871	218,098	224,792	232,415	236,278	246,668	252,635
General administration	678,065	625,697	1,012,714	702,458	642,650	733,752	741,375	1,683,247	1,734,799	690,382
School administrative services	1,316,747	1,198,531	1,274,952	1,307,330	1,364,441	1,601,268	1,562,060	565,741	640,250	1,818,715
Central services	697,763	720,547	808,683	739,993	781,411	750,441	752,934	2,125,194	2,087,945	2,358,016
Plant operations and maintenance	2,144,215	2,109,389	2,127,126	2,218,712	2,140,968	2,084,824	2,092,988	591,339	499,940	554,307
Pupil transportation	756,232	718,724	548,674	556,122	657,008	643,767	691,428	842,724	932,133	969,191
Capital outlay	1,096,221	1,531,120	1,339,613	907,960	1,035,289	1,943,704	772,379	1,108,705	722,860	787,891
Debt Service										
Principal	408,378	370,000	390,000	405,000	425,000	445,000	465,000	490,000	515,000	540,000
Interest and other charges	325,985	310,159	295,909	313,586	752,091	262,842	245,663	227,028	206,928	185,828
Total expenditures	27,768,916	27,612,580	28,111,990	27,691,650	28,975,128	31,250,891	30,638,767	31,635,371	31,882,752	33,402,098
Excess (Deficiency) of revenues over (under) expenditures	(207,531)	(876,862)	616,424	375,088	342,062	(860,403)	(72,971)	521,036	1,236,650	808,267
Other Financing sources (uses)										
Premium on Bonds					530,458					
Refunding Bond Proceeds					5,170,000					
Payment to Refunded Bond Escrow Agent					(5,181,000)					
Capital Leases (Non-Budget)										
Transfers in	1,290,240	987,628	928,976	504,962	756,516	1,723,092	666,785	161		
Transfers out	(1,290,240)	(987,628)	(928,976)	(504,962)	(756,516)	(1,723,092)	(666,785)	(161)		
Total other financing sources (uses)	-	-	-	-	519,458	-	-	-	-	-
Net change in fund balances	\$ (207,531)	\$ (876,862)	\$ 616,424	\$ 375,088	\$ 861,520	\$ (860,403)	\$ (72,971)	\$ 521,036	\$ 1,236,650	\$ 808,267
Debt service as a percentage of noncapital expenditures	2.75%	2.61%	2.56%	2.68%	4.21%	2.42%	2.38%	2.35%	2.32%	2.23%

* Noncapital expenditures are total expenditures less capital outlay.

Source: District Financial Records

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

<u>Fiscal Year Ended June 30,</u>	<u>Tuition</u>	<u>Interest on Investments</u>	<u>Health Benefits/ Insurance Rebate</u>	<u>Prior Year Tuition Refunds</u>	<u>Cancel Prior Year Accounts Payable</u>	<u>Energy Audit</u>	<u>E-Rate</u>	<u>Technology Fees</u>	<u>Facility Rental</u>	<u>Gate Receipts</u>	<u>Misc.</u>	<u>Total</u>
2008	\$ 52,523	\$ 165,750								\$ 3,799	\$ 28,250	\$ 250,322
2009	133,202	48,780								3,136	73,165	258,283
2010	60,068	30,688		\$ 11,373						3,997	41,438	147,564
2011	35,720	35,719								4,473	82,406	158,318
2012	7,657	15,644		15,886		\$ 20,999				3,591	58,776	122,553
2013	16,500	16,555	\$ 18,393	14,485						3,614	56,719	126,266
2014	34,656	14,268	8,757		\$ 9,642					4,647	75,370	147,340
2015	64,324	10,220	3,393	9,097			\$ 16,137		\$ 43,985	5,307	75,365	227,828
2016	35,814	12,903					17,125		17,440	11,006	77,108	183,876
2017	91,180	17,936			6,781		13,316	\$ 14,395	11,782	4,923	54,663	214,976

Source: District records (GAAP Basis)

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2008	\$ 15,491,500	\$ 1,397,629,300	N/A	N/A	\$ 118,400,700	\$ 29,589,600	N/A	\$ 1,561,111,100	\$ 1,153,803	\$ 1,562,264,903	\$ 1,716,112,560	\$ 1.455
2009	16,308,700	1,400,421,800	N/A	N/A	125,097,600	29,589,600	N/A	1,571,417,700	1,354,307	1,572,772,007	1,791,321,238	1.489
2010	16,310,500	1,384,119,500	N/A	N/A	126,610,400	29,589,600	N/A	1,556,630,000	1,578,554	1,558,098,687	1,679,032,604	1.564
2011	17,652,000	1,385,932,300	N/A	N/A	125,571,700	28,810,500	N/A	1,557,966,500	1,190,616	1,559,157,116	1,626,620,445	1.608
2012	17,061,700	1,385,802,700	N/A	N/A	125,243,200	28,810,500	N/A	1,556,918,100	1,234,107	1,558,152,207	1,568,251,207	1.639
2013	15,742,200	1,387,823,400	N/A	N/A	124,881,800	28,570,600	N/A	1,557,018,000	100,000	1,557,118,000	1,501,747,889	1.673
2014	15,172,800	1,388,543,300	N/A	N/A	125,681,800	28,570,600	N/A	1,557,968,500	100,000	1,558,068,500	1,502,749,915	1.726
2015	8,237,600	1,399,054,600	N/A	N/A	125,861,800	28,570,600	N/A	1,561,724,600	100,000	1,561,824,600	1,539,999,306	1.776
2016	8,428,600	1,408,833,800	N/A	N/A	128,126,700	28,570,600	N/A	1,573,959,700	100,000	1,573,959,700	1,543,242,913	1.801
2017	11,496,900	1,410,802,300	N/A	N/A	125,968,400	28,720,600	N/A	1,576,988,200	100,000	1,577,088,200	1,579,923,809	1.845

Source: County Abstract of Ratables

^a Tax rates are per \$100

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

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

<u>Calendar Year</u>	<u>Total</u>	<u>Local School District</u>	<u>Municipality (1)</u>	<u>County (2)</u>
2008	\$ 2.158	\$ 1.455	\$ 0.499	\$ 0.204
2009	2.228	1.489	0.519	0.220
2010	2.325	1.564	0.549	0.212
2011	2.381	1.608	0.556	0.217
2012	2.420	1.639	0.560	0.221
2013	2.454	1.673	0.559	0.222
2014	2.510	1.726	0.558	0.226
2015	2.572	1.776	0.559	0.237
2016	2.602	1.801	0.559	0.242
2017	2.656	1.845	0.554	0.257

(1) Includes Open Space Tax and Library

(2) Includes County Open Space Tax

Source: Tax Duplicate, Borough of Waldwick

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

Taxpayer	2017	
	Taxable Assessed Value	% of Total District Net Assessed Value
HFZ Waldwick, LLC	\$ 10,900,000	0.70%
LKD Realty Inc.	7,367,800	0.47%
Public Service Electric & Gas	5,214,700	0.33%
Hamilton Properties	5,177,300	0.33%
Franklin Assets Inc	4,102,100	0.26%
Med Tech Partners LLC	3,766,600	0.24%
Waldwick North LLC	3,600,000	0.23%
Waldwick Shopping Center	3,473,400	0.22%
Lesterick Corp.	3,375,000	0.22%
Wyckoff Ave Assoc. LLC	3,341,700	0.21%
	<u>\$ 50,318,600</u>	<u>3.23%</u>

2008	
Taxable Assessed Value	% of Total District Net Assessed Value

NOT AVAILABLE

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

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	\$ 22,552,269	\$ 22,552,269	100.00%	-
2009	22,905,687	22,905,687	100.00%	-
2010	23,911,665	23,911,665	100.00%	-
2011	24,820,788	24,820,788	100.00%	-
2012	25,307,922	25,307,922	100.00%	-
2013	25,747,646	25,747,646	100.00%	-
2014	26,308,871	26,308,871	100.00%	-
2015	27,458,760	27,458,760	100.00%	-
2016	27,999,095	27,999,095	100.00%	-
2017	28,690,154	28,690,154	100.00%	-

Source: District Records

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		<u>Total District</u>	<u>Population</u>	<u>Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Capital Leases</u>			
2008	\$ 7,681,000		\$ 7,681,000	9,408	\$ 816
2009	7,311,000		7,311,000	9,481	771
2010	6,921,000		6,921,000	9,586	722
2011	6,516,000		6,516,000	9,636	676
2012	6,080,000		6,080,000	9,818	619
2013	5,635,000		5,635,000	9,891	570
2014	5,170,000		5,170,000	9,957	519
2015	4,680,000		4,680,000	10,095	464
2016	4,165,000		4,165,000	10,026	415
2017	3,625,000		3,625,000	10,026 (Est.)	362

Source: District records

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2008	\$ 7,681,000	-	\$ 7,681,000	0.49%	\$ 816
2009	7,311,000	-	7,311,000	0.46%	771
2010	6,921,000	-	6,921,000	0.44%	722
2011	6,516,000	-	6,516,000	0.42%	676
2012	6,080,000	-	6,080,000	0.39%	619
2013	5,635,000	-	5,635,000	0.36%	570
2014	5,170,000	-	5,170,000	0.33%	519
2015	4,680,000	-	4,680,000	0.30%	464
2016	4,165,000	-	4,165,000	0.26%	415
2017	3,625,000	-	3,625,000	0.23%	362 (Est.)

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**WALDWICK BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT
FOR YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)**

	<u>Total Debt</u>
Debt:	
School District	\$ 3,625,000
Borough of Waldwick	<u>9,680,531</u>
 Total Direct Debt	 13,305,531
 Overlapping Debt Apportioned to the Municipality:	
Bergen County:	
County of Bergen (A)	11,071,758
Northwest Bergen Regional Sewerage Authority (B)	<u>2,677,427</u>
	 <u>13,749,185</u>
 Total Direct and Overlapping Debt	 <u>\$ 27,054,716</u>

- (A) The debt for this entity was apportioned to the Borough of Waldwick by dividing the Municipality's 2016 equalized value by the total 2016 equalized value for Bergen County.
- (B) Overlapping debt was computed based upon municipal flow to the Authority.

Sources:

- (a) Borough of Waldwick 2016 Annual Debt Statement

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

Legal Debt Margin Calculation for Fiscal Year 2017

	Equalized valuation basis
	2016 \$ 1,573,487,654
	2015 1,527,807,278
	2014 <u>1,532,830,087</u>
	<u>\$ 4,634,125,019</u>
Average equalized valuation of taxable property	\$ 1,544,708,340
Debt limit (4 % of average equalization value)	61,788,334 ^a
Total Net Debt Applicable to Limit	<u>3,625,000</u>
Legal debt margin	<u>\$ 58,163,334</u>

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 64,528,576	\$ 68,324,248	\$ 68,805,739	\$ 67,769,723	\$ 64,975,524	\$ 62,427,934	\$ 60,805,459	\$ 6,038,682	\$ 60,785,634	\$ 61,788,334
Total net debt applicable to limit	<u>7,681,000</u>	<u>7,311,000</u>	<u>6,921,000</u>	<u>6,516,000</u>	<u>6,080,000</u>	<u>5,635,000</u>	<u>5,170,000</u>	<u>4,680,000</u>	<u>4,165,000</u>	<u>3,625,000</u>
Legal debt margin	<u>\$ 56,847,576</u>	<u>\$ 61,013,248</u>	<u>\$ 61,884,739</u>	<u>\$ 61,253,723</u>	<u>\$ 58,895,524</u>	<u>\$ 56,792,934</u>	<u>\$ 55,635,459</u>	<u>\$ 1,358,682</u>	<u>\$ 56,620,634</u>	<u>\$ 58,163,334</u>
Total net debt applicable to the limit as a percentage of debt limit	11.90%	10.70%	10.06%	9.61%	9.36%	9.03%	8.50%	77.50%	6.85%	5.87%

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

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

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

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income(1)</u>	<u>Population</u>
2007	1.8%	\$ 63,166	9,408
2008	2.3%	67,606	9,481
2009	4.3%	67,375	9,586
2010	4.4%	63,862	9,636
2011	4.3%	63,950	9,689
2012	4.4%	67,420	9,857
2013	7.9%	69,919	9,839
2014	4.5%	69,495	9,957
2015	3.7%	73,536	10,095
2016	3.8%	75,849	10,026

(1) County of Bergen

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

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

NOT AVAILABLE

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

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Instruction										
Regular	108	114	112	104	111	111	112	117	109	113
Special education	22	20	20	31	34	35	35	36	36	34
Other special education	25	25	25	25	30	34	36	32	31	29
Support Services:										
Student & Instruction related services	28	27	29	29	31	34	34	33	32	34
General administration	3	3	3	3	3	3	3	3	3	3
School administrative services	10	10	10	10	11	11	11	12	12	11
Central services	5	5	5	5	5	7	7	8	8	7
Plant operations and maintenance	20	20	20	20	20	19	19	19	18	17
Pupil transportation	2	3	2	2	2	2	2	3	2	2
Total	<u>223</u>	<u>225</u>	<u>226</u>	<u>229</u>	<u>247</u>	<u>256</u>	<u>259</u>	<u>263</u>	<u>251</u>	<u>250</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2008	1,610	\$ 25,938,332	\$ 16,111	6.87%	134	1:12	1:09	1:09	1,582	1,529	0.19%	96.65%
2009	1,606	25,401,301	15,817	-1.83%	136	1:12	1:09	1:10	1,582	1,517	0.00%	95.89%
2010	1,590	26,086,468	16,407	3.73%	138	1:12	1:10	1:10	1,582	1,516	0.00%	95.83%
2011	1,605	26,065,104	16,240	-1.02%	139	1:12	1:10	1:10	1,593	1,521	0.70%	95.48%
2012	1,611	26,762,748	16,613	2.29%	145	1:12	1:10	1:10	1,593	1,527	0.00%	95.86%
2013	1,631	28,599,345	17,535	5.55%	146	1:13	1:14	1:12	1,618	1,542	1.57%	95.30%
2014	1,616	29,155,725	18,042	2.89%	147	1:13	1:14	1:12	1,596	1,526	-1.36%	95.61%
2015	1,605	29,809,638	18,573	2.94%	153	1:11	1:13	1:11	1,577	1,507	-1.19%	95.56%
2016	1,576	30,437,964	19,313	3.99%	145	1:11	1:12	1:11	1,584	1,517	0.44%	95.77%
2017	1,592	31,888,379	20,030	3.71%	147	1:10	1:12	1:09	1,585	1,509	0.06%	95.21%

Sources: District records

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

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
District Building										
<u>Elementary</u>										
Crescent										
Square Feet	34,500	34,500	34,500	34,500	34,500	34,500	34,500	34,500	34,500	34,500
Capacity (students)										
Enrollment	378	354	360	346	345	356	326	330	340	346
Traphagen										
Square Feet	33,300	33,300	33,300	33,300	33,300	33,300	36,400	36,400	36,400	36,400
Capacity (students)										
Enrollment	392	397	408	417	413	430	437	443	408	417
<u>Middle School</u>										
Square Feet										
Capacity (students)										
Enrollment	373	372	369	377	379	366	366	345	364	362
<u>High School</u>										
Square Feet	157,889	157,889	157,889	157,889	157,889	157,889	157,889	157,889	157,889	157,889
Capacity (students)										
Enrollment	439	459	438	446	453	456	459	465	456	449

Number of Schools at June 30, 2017

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

Source: District Records

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

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

		<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
School Facilities	Project #(s)										
Crescent E.S.	N/A	\$ 30,909	\$ 34,508	\$ 35,787	\$ 39,626	\$ 39,080	\$ 40,277	\$ 35,754	\$ 38,664	\$ 48,661	\$ 91,560
Traphagen E.S.	N/A	29,834	33,307	34,542	38,248	37,720	38,876	37,723	40,793	51,341	96,803
Waldwick Jr/Sr High School	N/A	141,455	157,924	163,778	181,349	178,848	184,327	163,629	176,945	222,695	419,428
Grand Total		<u>\$ 202,198</u>	<u>\$ 225,739</u>	<u>\$ 234,107</u>	<u>\$ 259,223</u>	<u>\$ 255,648</u>	<u>\$ 263,480</u>	<u>\$ 237,106</u>	<u>\$ 256,402</u>	<u>\$ 322,697</u>	<u>\$ 607,791</u>

Source: School District's Financial Statements

**WALDWICK BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2017
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
Selective Insurance		
Package Policy		
Property- Blanket Building and Contents*	\$ 61,396,584	\$ 5,000
Earthquake/Flood (Outside Zones A&V)	5,000,000	50,000
Flood Zones A & V	1,000,000	500,000
Automobile*	1,000,000	1,000
Comprehensive General Liability*	1,000,000	
Crime	100,000 per employee 400,000 Excess	5,000
Forgery & Alterations	50,000	1,000
Boiler and Machinery*	Included in Property Coverage	1,000
Environmental	2,000,000 per occurrence/ 4,000,000 aggregate 20,000,000 group aggregate	15,000
Educator's Legal Liability	1,000,000	25,000
Employment Practices	1,000,000	35,000
Commercial Umbrella*	9,000,000	10,000
Excess Umbrella	50,000,000 group aggregate	
Cyber Liability	1,000,000 per occurrence 1st party 2,000,000 per occurrence 3rd party 6,000,000 group aggregate (subject to sublimits)	15,000

Source: School District's records

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

SINGLE AUDIT SECTION



DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA
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ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLOSI, CPA, PSA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Waldwick Board of Education as of and for the fiscal year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Waldwick Board of Education's basic financial statements and have issued our report thereon dated September 20, 2017.

Internal Control Over Financial Reporting

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

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

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

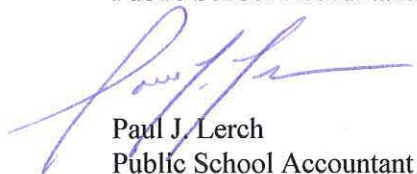
Compliance and Other Matters

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

Purpose of this Report

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


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


Paul J. Lerch
Public School Accountant
PSA Number CS0118

Fair Lawn, New Jersey
September 20, 2017



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
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**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
AS REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

We have audited the Waldwick Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Waldwick Board of Education's major state programs for the fiscal year ended June 30, 2017. The Waldwick Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the Waldwick Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2017.

Report on Internal Control Over Compliance

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


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

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


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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Waldwick Board of Education, as of and for the fiscal year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated September 20, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Paul J. Lerch
Public School Accountant
PSA Number CS0118

Fair Lawn, New Jersey
September 20, 2017

WALDWICK BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal/Grantor/Pass-Through Grant Program Title	Federal CFDA Number	Grant Project Number	Federal Fain Number	Grant Period	Award Amount	Balance July 1, 2016	Carryover Amount	Cash Received	Budgetary Expenditures	Refund of Prior Year's Balances	Adjustment	Balance, June 30, 2017			GAAP Receivable
												(Account Receivable)	Unearned Revenue	Due to Grantor	
U.S. Department of Education															
Passed-through State Department of Education															
I.D.E.A. Part B, Basic	84.027	IDEA219017	H027A160100	7/1/16-6/30/17	\$ 359,476		\$ 8,054	\$ 359,476	\$ 334,247		\$ 5		\$ 33,288		*
I.D.E.A. Part B, Basic, Carryover	84.027	IDEA219016	H027A160100	7/1/15-6/30/16	374,068	\$ (20,505)	(8,054)	28,559							*
I.D.E.A. Part B, Basic, Carryover	84.027	IDEA219014	H027A160100	7/1/13-6/30/14	348,202	4,575				\$ 4,575					*
I.D.E.A. Part B, Preschool	84.173	IDEA219017	H173A160114	7/1/16-6/30/17	14,500			14,500	14,500						*
I.D.E.A. Part B, Preschool	84.173	IDEA219016	H173A160114	7/1/15-6/30/16	14,338	(14,338)		14,093				\$ (245)		\$ (245)	*
ARRA - I.D.E.A. Part B	84.391	IDEA219010	Not Available	9/1/09-8/31/10	361,145	636				636					*
<i>Total I.D.E.A. Cluster</i>									<u>348,747</u>						*
Title I	84.010A	NCLB219017	S010A160030	7/1/16-6/30/17	47,945		16	47,942	47,942			(3)	19		(3)
Title I	84.010A	NCLB219016	S010A160030	7/1/15-6/30/16	52,356		(16)	16							*
<i>Total Title I Cluster</i>									<u>47,942</u>						*
Title II A	84.367A	NCLB219017	S367A160029	7/1/16-6/30/17	38,517		9,464	28,343	32,490		1,650	(10,174)	17,141		(10,174)
Title II A, Carryover	84.367A	NCLB219016	S367A160029	7/1/15-6/30/16	40,446	(10,902)	(9,464)	20,366							*
Title II A Carryover	84.367A	NCLB219010	S367A160029	9/1/09-8/31/10	45,175	755				755					*
<i>Total Title II Cluster</i>									<u>32,490</u>						*
Title III	84.365A	NCLB219016	S365A160030	7/1/15-6/30/16	10,845	(9,217)		9,217				(1,628)	1,628		(1,628)
Title III	84.365A	NCLB219015	S365A160030	7/1/14-6/30/15	9,203	(172)		172							*
Title III, Immigrant	84.365A	NCLB219017	S365A160030	7/1/16-6/30/17	2,332		989		2,317			(2,332)	1,004		(2,332)
Title III, Immigrant, Carryover	84.365A	NCLB219016	S365A160030	7/1/15-6/30/16	6,640	(5,651)	(989)	6,616				(24)			(24)
Title III, Immigrant, Carryover	84.365A	NCLB219015	S365A160030	7/1/14-6/30/15	6,992	(24)		24							*
<i>Total Title III Cluster</i>									<u>2,317</u>						*
<i>Total Special Revenue Fund</i>						(54,843)		529,324	431,496	5,966	1,655	(14,406)	53,080		(14,406)
<i>Total Federal Financial Assistance</i>						<u>\$ (54,843)</u>	<u>\$ -</u>	<u>\$ 529,324</u>	<u>\$ 431,496</u>	<u>\$ 5,966</u>	<u>\$ 1,655</u>	<u>\$ (14,406)</u>	<u>\$ 53,080</u>	<u>\$ -</u>	<u>\$ (14,406)</u>

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

Adjustments represent cancellation of prior year payables.

WALDWICK BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2016			Cash Received	Budgetary Expenditures	Refund of Prior Year's Balances	Balance, June 30, 2017			GAAP Receivable	Cumulative Total Expenditures	
				(Accounts Receivable)	Deferred Revenue	Due to Grantor				(Accounts Receivable)	Unearned Revenue	Due to Grantor			
State Department of Education															
General Fund															
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	\$ 748,580				\$ 711,842	\$ 748,580		\$ (36,738)				\$ 748,580	
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	752,149	\$ (45,828)			45,828								
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	5,801				5,404	5,801		(397)				5,801	
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	6,011	(521)			521								
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	27,492				26,302	27,492		(1,190)				27,492	
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	24,067	(1,562)			1,562								
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	16,220				15,426	16,220		(794)				16,220	
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	16,220	(1,042)			1,042								
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	16,220				15,426	16,220		(794)				16,220	
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	16,220	(1,042)			1,042								
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	15,710				14,916	15,710		(794)				15,710	
Additional Adjustment Aid	17-495-034-5120-085	7/1/16-6/30/17	1				1	1						1	
Total State Aid Public- Cluster								<u>836,024</u>							
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	42,447				40,462	42,447		(1,985)				42,447	
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	37,973	(2,083)			2,083								
Extraordinary Aid	17-100-034-5120-044	7/1/16-6/30/17	316,313					316,313		(316,313)				316,313	
Extraordinary Aid	16-100-034-5120-044	7/1/15-6/30/16	395,140	(311,766)			311,766								
NonPublic Transportation	17-495-034-5120-014	7/1/16-6/30/17	7,975					7,975		(7,975)		\$ (7,975)		7,975	
NonPublic Transportation	16-495-034-5120-014	7/1/15-6/30/16	8,675	(8,675)			8,675								
On-Behalf TPAF Pension and Annuity Aid															
TPAF - Normal Costs	17-495-034-5094-002	7/1/16-6/30/17	1,386,846				1,386,846	1,386,846						1,386,846	
TPAF-NCGI Premium	17-495-034-5094-004	7/1/16-6/30/17	50,249				50,249	50,249						50,249	
Post Retirement Medical Costs	17-495-034-5094-001	7/1/16-6/30/17	1,197,427				1,197,427	1,197,427						1,197,427	
Long-Term Disability	17-495-034-5094-004	7/1/16-6/30/17	2,929				2,929	2,929						2,929	
Total On-Behalf TPAF Pension Contributions								<u>2,637,451</u>							
On-Behalf TPAF Social Security Aid	17-495-034-5094-003	7/1/16-6/30/17	927,049				881,665	927,049		(45,384)		(45,384)		927,049	
On-Behalf TPAF Social Security Aid	16-495-034-5094-003	7/1/15-6/30/16	940,240	(46,424)			46,424								
Total General Fund								<u>(418,943)</u>				<u>(412,364)</u>		<u>(53,359)</u>	<u>4,761,259</u>
Special Revenue Fund															
New Jersey Nonpublic Aid															
Textbook Aid	17-100-034-5120-064	7/1/16-6/30/17	13,027				\$ 13,027	\$ 12,091			\$ 936			\$ 12,091	
Textbook Aid	16-100-034-5120-064	7/1/15-6/30/16	12,505		\$ 876				\$ 876						
Nursing Services	17-100-034-5120-070	7/1/16-6/30/17	22,680				22,680	22,631			49			22,631	
Nursing Services	16-100-034-5120-070	7/1/15-6/30/16	22,050		142				142						
Security	17-100-034-5120-509	7/1/16-6/30/17	12,600				12,600	12,590			10			12,590	
Security	16-100-034-5120-509	7/1/15-6/30/16	6,125		5				5						
Technology	17-100-034-5120-373	7/1/16-6/30/17	5,876				5,876	5,870			6			5,870	
Technology	16-100-034-5120-373	7/1/15-6/30/16	5,694			319			319						
Auxiliary Services															
Compensatory Education	17-100-034-5120-067	7/1/16-6/30/17	36,728				36,728	16,572			20,156			16,572	
Compensatory Education	16-100-034-5120-067	7/1/15-6/30/16	62,606		24,704				24,704						
English as a Second Language	17-100-034-5120-067	7/1/16-6/30/17	12,789				12,789	6,120			6,669			6,120	
English as a Second Language	16-100-034-5120-067	7/1/15-6/30/16	13,804		3,192				3,192						
Total Auxiliary Services (Chapter 192) Cluster								<u>22,692</u>							
Handicapped Services															
Examination and Classification	17-100-034-5120-065	7/1/16-6/30/17	19,995				19,995	14,204			5,791			14,204	
Examination and Classification	16-100-034-5120-066	7/1/15-6/30/16	25,051		6,477				6,477						
Corrective Speech	17-100-034-5120-065	7/1/16-6/30/17	16,787				16,787	8,618			8,169			8,618	
Corrective Speech	16-100-034-5120-066	7/1/15-6/30/16	17,222		417				417						
Supplementary Instruction	17-100-034-5120-065	7/1/16-6/30/17	12,555				12,555	5,945			6,610			5,945	
Supplementary Instruction	16-100-034-5120-066	7/1/15-6/30/16	13,886		3,341				3,341						
Total Handicapped Services (Chapter 193) Cluster								<u>28,767</u>							
Total Special Revenue Fund				-	-	39,473	153,037	104,641	39,473	-	-	48,396		104,641	
Total State Financial Assistance- Determination for Single Audit				\$ (418,943)	\$ -	\$ 39,473	\$ 4,920,875	\$ 4,865,900	\$ 39,473	\$ (412,364)	\$ -	\$ 48,396	\$ (53,359)	\$ 4,865,900	
State Financial Assistance Not Subject to Single Audit Determination															
On-Behalf TPAF Pension and Annuity Aid															
TPAF - Normal Costs	17-495-034-5094-002							1,386,846							
TPAF-NCGI Premium	17-495-034-5094-004							50,249							
Post Retirement Medical Costs	17-495-034-5094-001							1,197,427							
Long-Term Disability	17-495-034-5094-004							2,929							
Amount Utilized to Determine Type A/B Programs								<u>\$ 2,228,449</u>							

**WALDWICK BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$7,839 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 4,769,098	\$ 4,769,098
Special Revenue Fund	\$ 431,496	104,641	536,137
Total Financial Assistance	<u>\$ 431,496</u>	<u>\$ 4,873,739</u>	<u>\$ 5,305,235</u>

**WALDWICK BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

TPAF Social Security contributions in the amount of \$927,049 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2017. The amount reported as TPAF Pension System Contributions in the amount of \$1,437,095 , TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,197,427 and TPAF Long-Term Disability Insurance in the amount of \$2,929 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2017.

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

On-behalf State Programs for TPAF Pension, Post-Retirement Medical Benefits and Long-Term Disability Insurance 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.

**WALDWICK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Part I – Summary of Auditor’s Results

Financial Statement Section

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

Federal Awards Section

NOT APPLICABLE

**WALDWICK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Part I – Summary of Auditor’s Results

State Awards Section

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

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

Auditee qualified as low-risk auditee? X yes no

Internal Control over compliance:

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

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

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

Identification of major programs:

GMIS Number(s)	Name of State Program
<u>Special Education Aid</u>	<u>495-034-5120-089</u>
<u>Equalization Aid</u>	<u>495-034-5120-078</u>
<u>Security Aid</u>	<u>495-034-5120-084</u>
<u>PARCC Readiness Aid</u>	<u>495-034-5120-098</u>
<u>Per Pupil Growth Aid</u>	<u>495-034-5120-097</u>
<u>Additional Adjustment Aid</u>	<u>495-034-5120-085</u>
<u>Professional Learning Community Aid</u>	<u>495-034-5120-101</u>
<u>TPAF Social Security</u>	<u>495-034-5094-003</u>

**WALDWICK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Part 2 – Schedule of Financial Statement Findings

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

There are none.

**WALDWICK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

CURRENT YEAR FEDERAL AWARDS

Not Applicable.

CURRENT YEAR STATE AWARDS

There are none.

**WALDWICK BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

STATUS OF PRIOR YEAR FINDINGS

There were none.