

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

Wallington, New Jersey

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INTRODUCTORY SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
SCHOOL DISTRICT
OF
WALLINGTON

WALLINGTON BOARD OF EDUCATION
WALLINGTON, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

PREPARED BY
WALLINGTON BOARD OF EDUCATION

BOARD OF EDUCATION
WALLINGTON, N.J. 07057

JOSEPH BRUNACKI, III
BUSINESS ADMINISTRATOR
BOARD SECRETARY

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

November 30, 2017

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

Dear Board Members:

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

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

1) REPORTING ENTITY AND ITS SERVICES: The Wallington School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds of the District are included in this report. The Wallington Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 12. These include regular, vocational, E.S.L., as well as special education for handicapped youngsters. The District's Oct. 14, 2016 state aid student count was **1,283** students.

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

1997-98	-	140	"at risk" students
1998-99	-	124	"at risk" students
1999-00	-	118	"at risk" students
2000-01	-	108	"at risk" students
2001-02	-	105	"at risk" students
2002-03	-	155	"at risk" students
2003-04	-	155	"at risk" students
2004-05	-	184	"at risk" students
2005-06	-	191	"at risk" students
2006-07	-	232	"at risk" students
2007-08	-	230	"at risk" students
2008-09	-	248	"at risk" students
2009-10	-	306	"at risk" students
2010-11	-	321	"at risk" students
2011-12	-	348	"at risk" students
2012-13	-	358	"at risk" students
2013-14	-	385	"at risk" students
2014-15	-	401	"at risk" students
2015-16	-	464	"at risk" students
2016-17	-	417	"at risk" students

3. **MAJOR INITIATIVES:** The district is now required to assess students in all grades 3-11 in language arts and mathematics. The PARCC assessments which measure college and career readiness are now entering their fourth year of implementation. We are seeing that we are approaching or surpassing the state averages in all grade levels for students who have met expectations or exceeded expectations. Additionally, we are seeing strong improvement in moving students who were failing closer to the threshold of passing. Benchmark or "cut scores" have yet to be established for grade levels, however; districtwide data benchmarks have been established. QSAC audits have revealed that there is a need to focus on math and language arts scores throughout our elementary and middle grades. Specifically the district has failed to meet the Annual Measurable Objectives districtwide. Our current score for QSAC in the areas of Instructional Program is 78% with 80% being the passing score.

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

	Wallington	State
Mathematics	% At or Above expectatiion	% At or Above expectation
Grade 3	69.7	52.4
Grade 4	44.0	47.3
Grade 5	66.7	46.2
Grade 6	48.0	43.6
Grade 7	41.8	39.6
Grade 8	29.3	27.7
Alg I	56.9	41.4
Alg II	24.7	26.6
Geometry	30.6	29.8
Language	% At or Above expectatiion	% At or Above expectation
Grade 3	62.1	50.4
Grade 4	64.9	55.9
Grade 5	55.4	58.9
Grade 6	39.6	53.3
Grade 7	40.9	59.2
Grade 8	53.1	59.5
Grade 9	52.5	51.5
Grade 10	50.6	46.3
Grade 11	61.1	38.4

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

B. The district continues to implement a community service project each year. Excerpts of the associated board policy are as follows:

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

Implementation of this Service Learning graduation requirement began with Juniors in September 2011. As of now each Graduating class must complete 40 hours of service. Community service hours must be completed at a non-profit organization, church, or other civic organization.

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

D. New Jersey Student Learning Standards(NJSLS) - These standards were previously known as the Common Core Curriculum Standards. Our courses of study in math, science, language arts and visual & performing arts were all revised in accordance with the deadlines issued by the NJDOE. The district's "mapping" updates occur on a yearly basis, and ensure alignment with the most current standards. The scope and sequence of instruction is being correlated to the PARCC assessment. The maps were revised for 2016-17 based on an analysis of each area during the 2015-16 school year. The district has a supervisor who assists the superintendent in analyzing and revising the curriculum. The curriculum will continue to be reviewed annually regarding the NJSLS and PARCC, and revised accordingly.

E. Facilities - We continue to pursue a major initiative to relieve the pressure of enrollment growth at the elementary school level. The district completed its third year renting the former Most Sacred Heart of Jesus School. All K-3 students who previously were housed in the Jefferson School and adjacent modular units (4) have been moved

to the Jefferson Annex School. This has allowed the district to house those students in one building as opposed to 3 structures on the same campus. However, we are already at capacity in that new structure and serious consideration must be made on the construction of a new facility as our projections tell us that we will grow by another 100+ students in the next 5 years. Conversation has begun with the governing body for a more permanent solution that would include new construction or additions to current facilities.

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

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

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

A district-wide emphasis on technology continues with the addition of smart board/interactive white board units. A staff support system to promote integration of technology into lessons is being enhanced. We have upgraded our website with a major focus on increased parental access to student information and ultimately increased parental involvement. The entire district has been, and will continue to be, trained in Google Applications. We have added and outfitted all elementary classrooms with Smart technology and are pursuing a 1:1 chrome initiative for grades 9-12 next school year.

F. Staffing - K-3 enrollment continues to be high, and the district has added an additional grade sections over the last three years.

In addition several special education aides have been added to our staff in the past. This will be monitored closely for necessary adjustments. Our special needs population has also increased, requiring us to add an additional grade 4-6 Special Education teacher. We will continue to monitor our enrollment increases to adjust staffing where necessary.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances

at year-end are either canceled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2017.

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

7. **DEBT ADMINISTRATION:** At June 30, 2017, the District's outstanding debt issue was \$4,187,000 in bonds.

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

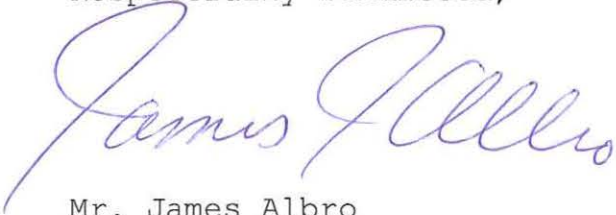
9. **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

10. **OTHER INFORMATION:**

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

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

Respectfully submitted,

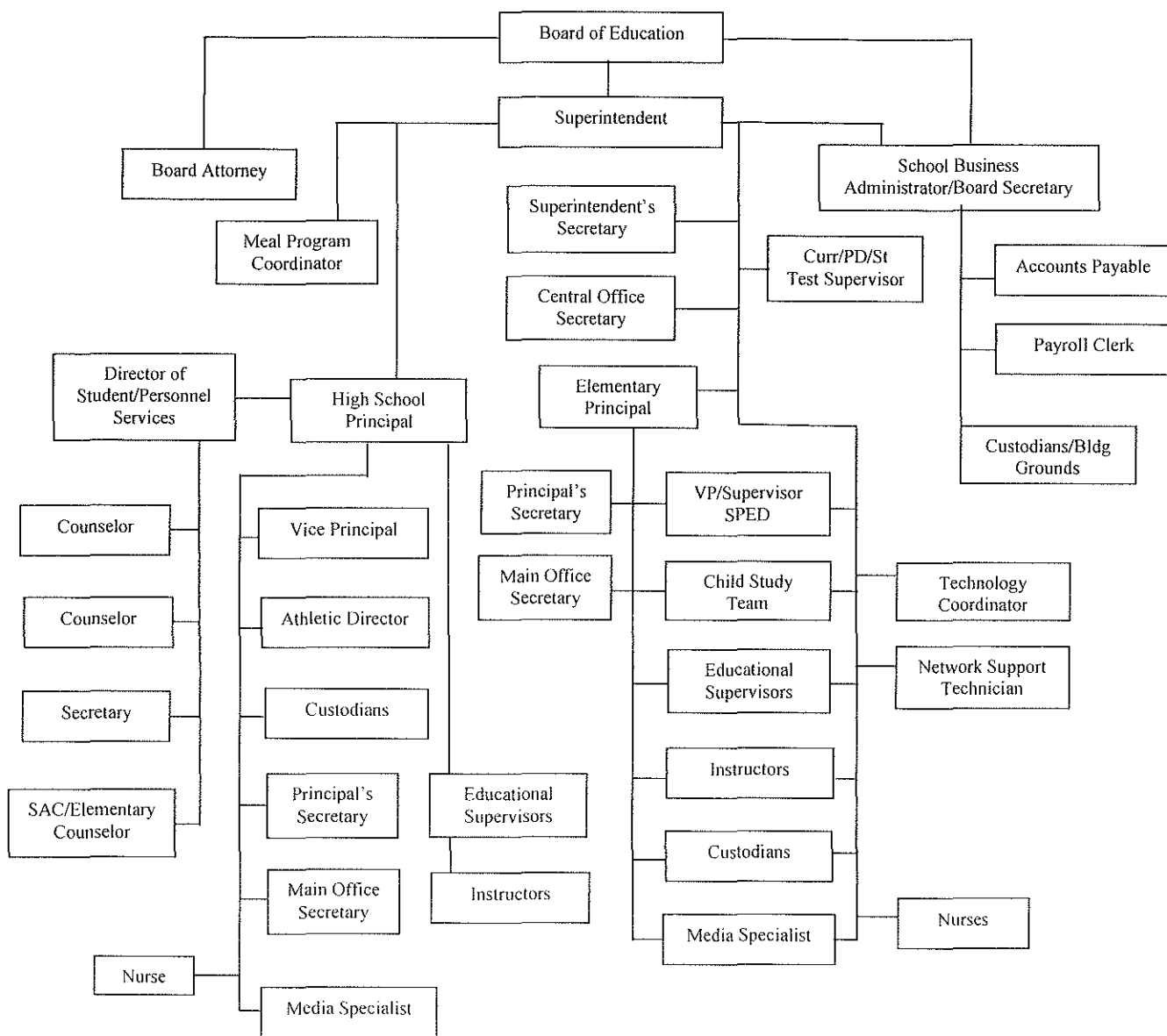
A handwritten signature in blue ink that reads "James Albro". The signature is fluid and cursive, with the first name being the most prominent.

Mr. James Albro
Superintendent of Schools

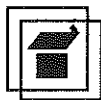
A handwritten signature in blue ink that reads "Joseph C. Brunacki III". The signature is cursive and somewhat stylized, with the last name being the most prominent.

Joseph C. Brunacki III
Board Secretary/BA

1110 ORGANIZATIONAL CHART



Adopted: 14 September 2015



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

**ROSTER OF OFFICIALS
JUNE 30, 2017**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
David Pinto, President	2018
Nancy Ann Maciag, Vice President	2020
Bobby Ristovski	2018
Theadora Calabrese	2018
Helena Plaskon	2018
Stacia Hlavenka	2019
Michael Labriola	2019
Thomas Brynczka	2020
Joseph C. Smith	2020

Other Officials

James Albro, Superintendent

Joseph Brunacki III, Board Secretary/School Business Administrator

William Mendyk, Treasurer of School Monies (July 1, 2016-May 7, 2017)

Dorothy B. Siek, Treasurer of School Monies (May 8, 2017-Present)

WALLINGTON BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

Audit Firm

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

Architect

Architects Alliance
111 Mulberry Street
Newark, NJ 07102

Attorney

Walter Slomienski
112 Locust Avenue
Wallington, NJ 07057

Official Depository

TD Bank
71 Union Avenue
East Rutherford, NJ 07073

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wallington Board of Education, as of and for the fiscal year ended June 30, 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 Wallington 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 Wallington Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Wallington Board of Education.

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

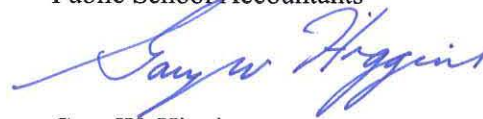
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 30, 2017 on our consideration of the Wallington Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Wallington 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 Wallington Board of Education's internal control over financial reporting and compliance.



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
November 30, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

WALLINGTON BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

The discussion and analysis of the Wallington Board of Education's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the financial statements as well as the financial statements themselves to enhance their understanding of the District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. Certain comparative information between the current year (2016-2017) and the prior year (2015-2016) is required to be presented in the MD&A.

Financial Highlights

- In total, net position decreased \$593,416.
- General revenues accounted for \$18,531,471 in revenue or 70 percent of all revenues. Program specific revenues in the form of charges for services and operating and capital grants and contributions accounted for \$7,889,677 or 30 percent of total revenues of \$26,421,148.
- Total net position of governmental activities amounted to \$4,548,064 as of June 30, 2017.
- The District had \$26,874,862 in expenses related to governmental activities; only \$7,750,663 were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$18,531,471 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$21,513,913 in revenues and \$21,592,231 in expenditures. The General Fund's fund balance decreased \$78,318 from 2016.

Using the Comprehensive Annual Financial report (CAFR)

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

WALLINGTON BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

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

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

Reporting the District as a Whole

One of the most important questions asked about the District is "How did we do financially during the fiscal year ended June 30, 2017?" The *Statement of Net Position* and the *Statement of Activities*, which appear first in the District's financial statements, report information on the District as a whole and its activities in such a way as to answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

WALLINGTON BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Enterprise Fund

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

Notes to the Financial Statements

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

The District as a Whole

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

WALLINGTON BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

The District as a Whole (Continued)

Table 1 provides a summary of the District's net position as of June 30, 2017 and 2016.

Table 1
Net Position

	<u>2017</u>	<u>2016</u>
Assets		
Current and Other Assets	\$ 2,273,619	\$ 2,872,726
Capital Assets, net of accumulated depreciation	<u>11,621,264</u>	<u>11,815,878</u>
Total Assets	<u>13,894,883</u>	<u>14,688,604</u>
Deferred Outflows of Resources		
Deferred Amounts on Debt Refunding	29,711	37,169
Deferred Amounts on Net Pension Liability	<u>1,457,090</u>	<u>540,315</u>
Total Deferred Outflows of Resources	<u>1,486,801</u>	<u>577,484</u>
Liabilities		
Long-term Liabilities	10,309,370	9,284,934
Other Liabilities	<u>407,813</u>	<u>636,090</u>
Total Liabilities	<u>10,717,183</u>	<u>9,921,024</u>
Deferred Inflows of Resources		
Deferred Amounts on Net Pension Liability	<u>72,238</u>	<u>159,385</u>
Total Deferred Inflows of Resources	<u>72,238</u>	<u>159,385</u>
Net Position		
Net Investment in Capital Assets	7,588,416	7,736,922
Restricted	147,292	147,290
Unrestricted	<u>(3,143,445)</u>	<u>(2,698,533)</u>
Total Net Position	<u>\$ 4,592,263</u>	<u>\$ 5,185,679</u>

The District's combined net position was \$4,592,263 and \$5,185,679 on June 30, 2017 and 2016, respectively. This reflects a decrease of 11 percent from the prior year.

WALLINGTON BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

Table 2 shows changes in net position for fiscal years ended June 30, 2017 and 2016.

Table 2
Changes in Net Position

	<u>2017</u>	<u>2016</u>
Revenues		
Program Revenues:		
Charge for Services	\$ 201,180	\$ 202,215
Grants and Contributions	7,688,497	6,221,937
General Revenues:		
Property Taxes	16,147,662	15,599,692
State Aid	2,298,274	2,284,887
Other	85,535	40,749
Total Revenues	<u>26,421,148</u>	<u>24,349,480</u>
Program Expenses		
Instruction	17,961,174	16,235,052
Support Services:		
Students and Instructional Staff	3,343,503	2,789,561
General Administration, School Administration, Business/Central Operations and Maintenance of Facilities	4,816,139	4,640,952
Pupil Transportation	643,374	534,510
Interest on Debt	110,672	123,546
Food Service	<u>139,702</u>	<u>150,177</u>
Total Expenses	<u>27,014,564</u>	<u>24,473,798</u>
Change in Net Position	(593,416)	(124,318)
Net Position, Beginning of Year	<u>5,185,679</u>	<u>5,309,997</u>
Net Position, End of Year	<u>\$ 4,592,263</u>	<u>\$ 5,185,679</u>

WALLINGTON BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

Governmental Activities

The unique nature of funding public schools primarily through property taxes in New Jersey creates the legal requirements to annually seek voter approval for the District's operations. The District's total revenues of governmental activities were \$26,282,134 and \$24,209,422 for the years ended June 30, 2017 and 2016, respectively. Property taxes made up 61 and 64 percent of revenues for governmental activities for the Wallington Board of Education for fiscal years 2017 and 2016, respectively. Federal, state and local grants accounted for another 38 and 35 percent of revenue for fiscal years ended June 30, 2017 and 2016, respectively.

The total cost of all programs and services was \$26,874,862 and \$24,323,621 for the fiscal years ended June 30, 2017 and 2016, respectively. Instruction comprised 67 and 67 percent of governmental program expenses for the fiscal years ended June 30, 2017 and 2016, respectively. Support service expenses make up 33 and 33 percent of governmental expenses for the fiscal years ended June 30, 2017 and 2016, respectively. The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3

	<u>Total Cost</u> <u>of Services</u>		<u>Net Cost</u> <u>of Services</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Instruction	\$ 17,961,174	\$ 16,235,052	\$ 11,750,883	\$ 11,234,210
Support Services:				
Pupils and Instructional Staff	3,343,503	2,789,561	2,578,142	2,256,003
General Administration, School Admin., Business- Central, Operation and Maintenance of Facilities	4,816,139	4,640,952	4,065,502	3,911,945
Pupil Transportation	643,374	534,510	619,000	513,823
Interest on Debt	<u>110,672</u>	<u>123,546</u>	<u>110,672</u>	<u>123,546</u>
Total Expenses	<u>\$ 26,874,862</u>	<u>\$ 24,323,621</u>	<u>\$ 19,124,199</u>	<u>\$ 18,039,527</u>

Business-Type Activities

The only business-type activity is the food service operation. The program had revenues of \$139,014 and expenses of \$139,702 in fiscal year 2017. Of the revenues, \$20,455 were charges for services paid by patrons for daily food service, \$118,559 was from State and Federal reimbursements.

WALLINGTON BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

The School District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$22,776,578 and \$21,900,393 and expenditures were \$23,152,694 and \$22,535,025, for the fiscal years ended June 30, 2017 and 2016, respectively. The net change in the fund balance for the fiscal year ended June 30, 2017 was a decrease of \$376,116. This is primarily due to capital project expenditures exceeding revenues resulting in a decrease in the Capital Projects Fund fund balance.

The following schedules present a comparison of the revenues of the governmental funds for the fiscal years ending June 30, 2017 and 2016.

<u>Revenue</u>	<u>Amount</u>		<u>Percent</u>	
	<u>2017</u>	<u>2016</u>	<u>2016</u>	<u>2015</u>
Local Sources	\$ 16,415,922	\$ 15,828,564	72%	72%
State Sources	5,761,965	5,465,733	25%	25%
Federal Sources	<u>598,691</u>	<u>606,096</u>	<u>3%</u>	<u>3%</u>
Total	<u>\$ 22,776,578</u>	<u>\$ 21,900,393</u>	<u>100%</u>	<u>100%</u>

The following schedule represents a comparison of the governmental funds expenditures for the fiscal years ending June 30, 2017 and 2016.

<u>Expenditures</u>	<u>Amount</u>		<u>Percent</u>	
	<u>2017</u>	<u>2016</u>	<u>2016</u>	<u>2015</u>
Current:				
Instruction	\$ 15,054,442	\$ 14,354,722	65%	64%
Support Services	7,056,873	6,816,900	30%	30%
Capital Outlay	585,131	990,449	3%	4%
Debt Service:				
Principal	315,000	190,246	1%	1%
Interest	<u>141,248</u>	<u>182,708</u>	<u>1%</u>	<u>1%</u>
Total	<u>\$ 23,152,694</u>	<u>\$ 22,535,025</u>	<u>100%</u>	<u>100%</u>

WALLINGTON BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

General Fund Budgeting Highlights

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

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

Capital Assets

At the end of fiscal years 2017 and 2016, the District had \$11,621,264 and \$11,815,878 invested in land, buildings, furniture, equipment and vehicles used for governmental and business-type activities. Overall capital assets decreased \$194,614 from fiscal year 2016 to fiscal year 2017. Table 4 shows capital assets net of depreciation at June 30, 2017 and 2016 for governmental and business-type activities.

Table 4
Capital Assets Net of Depreciation

	<u>2017</u>	<u>2016</u>
Land	\$ 21,354	\$ 21,354
Construction in Progress		2,193,104
Land Improvements	1,514,839	1,620,217
Buildings and Building Improvements	9,926,765	7,802,611
Machinery and Equipment	<u>158,306</u>	<u>178,592</u>
 Total	 <u>\$ 11,621,264</u>	 <u>\$ 11,815,878</u>

Long-Term Liabilities

At June 30, 2017 and 2016 the District had \$10,309,370 and \$9,284,934 of long-term liabilities, respectively. Of this amount, \$516,719 and \$484,974 is for compensated absences, \$4,331,863 and \$4,683,228 for bonds payable and \$5,460,788 and \$4,116,732 for net pension liability, respectively.

WALLINGTON BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

For the Future

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

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

Contacting the District's Financial Management

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

FINANCIAL STATEMENTS

**WALLINGTON BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2017**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash	\$ 2,183,826	\$ 21,819	\$ 2,205,645
Receivables, net			
Receivables from Other Governments	58,695	8,629	67,324
Other	650		650
Capital Assets			
Not Being Depreciated	21,354		21,354
Being Depreciated, net	<u>11,586,159</u>	<u>13,751</u>	<u>11,599,910</u>
Total Assets	<u>13,850,684</u>	<u>44,199</u>	<u>13,894,883</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Debt Refunding	29,711		29,711
Deferred Amounts on Net Pension Liability	<u>1,457,090</u>	-	<u>1,457,090</u>
Total Deferred Outflows of Resources	<u>1,486,801</u>	-	<u>1,486,801</u>
Total Assets and Deferred Outflows of Resources	<u>15,337,485</u>	<u>44,199</u>	<u>15,381,684</u>
LIABILITIES			
Accounts Payable and Other Liabilities	374,414		374,414
Accrued Interest Payable	33,399		33,399
Noncurrent Liabilities			-
Due within one year	325,000		325,000
Due beyond one year	<u>9,984,370</u>	-	<u>9,984,370</u>
Total Liabilities	<u>10,717,183</u>	-	<u>10,717,183</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>72,238</u>	-	<u>72,238</u>
Total Deferred Inflows of Resources	<u>72,238</u>	-	<u>72,238</u>
Total Liabilities and Deferred Inflows of Resources	<u>10,789,421</u>	-	<u>10,789,421</u>
NET POSITION			
Net Investment in Capital Assets	7,574,665	13,751	7,588,416
Restricted for			
Capital Projects	147,290		147,290
Debt Service	2		2
Unrestricted	<u>(3,173,893)</u>	<u>30,448</u>	<u>(3,143,445)</u>
Total Net Position	<u>\$ 4,548,064</u>	<u>\$ 44,199</u>	<u>\$ 4,592,263</u>

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

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 9,843,999		\$ 3,208,008		\$ (6,635,991)		\$ (6,635,991)
Special Education	5,806,153		1,945,800		(3,860,353)		(3,860,353)
Other Instruction	1,237,542	\$ 180,725	586,937		(469,880)		(469,880)
School Sponsored Activities and Athletics	1,073,480		288,821		(784,659)		(784,659)
Support Services							
Student & Instruction Related Services	3,343,503		765,361		(2,578,142)		(2,578,142)
General Administration Services	633,905		102,584		(531,321)		(531,321)
School Administration Services	922,209		174,139		(748,070)		(748,070)
Plant Operations and Maintenance	2,420,406		49,059	\$ 253,590	(2,117,757)		(2,117,757)
Pupil Transportation	643,374		24,374		(619,000)		(619,000)
Central Services	839,619		171,265		(668,354)		(668,354)
Interest on Long-Term Debt	110,672	-	-	-	(110,672)	-	(110,672)
Total Governmental Activities	<u>26,874,862</u>	<u>180,725</u>	<u>7,316,348</u>	<u>253,590</u>	<u>(19,124,199)</u>	<u>-</u>	<u>(19,124,199)</u>
Business-Type Activities							
Food Service	139,702	20,455	118,559	-	-	\$ (688)	(688)
Total Business-Type Activities	<u>139,702</u>	<u>20,455</u>	<u>118,559</u>	<u>-</u>	<u>-</u>	<u>(688)</u>	<u>(688)</u>
Total Primary Government	<u>\$ 27,014,564</u>	<u>\$ 201,180</u>	<u>\$ 7,434,907</u>	<u>\$ 253,590</u>	<u>(19,124,199)</u>	<u>(688)</u>	<u>(19,124,887)</u>
General Revenues							
Property Taxes:							
Levied for General Purposes					15,691,413		15,691,413
Levied for Debt Service					456,249		456,249
State Aid - Unrestricted					2,298,274		2,298,274
Investment Earnings					388		388
Miscellaneous Income					85,147		85,147
Total General Revenues					<u>18,531,471</u>	<u>-</u>	<u>18,531,471</u>
Change in Net Position					(592,728)	(688)	(593,416)
Net Position, Beginning of Year					5,140,792	44,887	5,185,679
Net Position, End of Year					<u>\$ 4,548,064</u>	<u>\$ 44,199</u>	<u>\$ 4,592,263</u>

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

FUND FINANCIAL STATEMENTS

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash	\$ 1,914,520		\$ 269,304	\$ 2	\$ 2,183,826
Due from Other Funds	11,463				11,463
Receivables, Net					
Receivables from Other Governments	29,441	\$ 29,254			58,695
Other	650	-	-	-	650
	<u>1,956,074</u>	<u>29,254</u>	<u>269,304</u>	<u>2</u>	<u>2,254,634</u>
Total Assets	<u>\$ 1,956,074</u>	<u>\$ 29,254</u>	<u>\$ 269,304</u>	<u>\$ 2</u>	<u>\$ 2,254,634</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 356,623	\$ 17,791			\$ 374,414
Due to Other Funds	-	11,463	-	-	11,463
	<u>356,623</u>	<u>29,254</u>	<u>-</u>	<u>-</u>	<u>385,877</u>
Total Liabilities	<u>356,623</u>	<u>29,254</u>	<u>-</u>	<u>-</u>	<u>385,877</u>
Fund Balances					
Restricted					
Excess Surplus	510,505				510,505
Excess Surplus, Designated for Subsequent Year's Expenditures	786,793				786,793
Capital Reserve	147,290				147,290
Capital Projects			\$ 269,304		269,304
Debt Service				\$ 2	2
Committed					
Encumbrances	85,727				85,727
Assigned					
Encumbrances	33,043				33,043
Designated for Subsequent Year's Expenditures	118,063				118,063
ARRA/SEMI - Designated for Subsequent Year's Expenditures	933				933
Unassigned	(82,903)	-	-	-	(82,903)
	<u>1,599,451</u>	<u>-</u>	<u>269,304</u>	<u>2</u>	<u>1,868,757</u>
Total Fund Balances	<u>1,599,451</u>	<u>-</u>	<u>269,304</u>	<u>2</u>	<u>1,868,757</u>
Total Liabilities and Fund Balances	<u>\$ 1,956,074</u>	<u>\$ 29,254</u>	<u>\$ 269,304</u>	<u>\$ 2</u>	<u>\$ 2,254,634</u>

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

Total Fund Balances Governmental Funds(Exhibit B-1)	\$	1,868,757
<p>Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$18,342,040 and the accumulated depreciation is \$6,734,527.</p>		11,607,513
<p>Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt.</p>		29,711
<p>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.</p>		
<p>Deferred Outflows of Resources</p>	\$ 1,457,090	
<p>Deferred Inflows of Resources</p>	<u>(72,238)</u>	1,384,852
<p>The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is:</p>		(33,399)
<p>Long-term liabilities, including bonds payable, capital leases, compensated absences and net pension liability are not due and payable in the current period and therefore are not reported as liabilities in the funds.</p>		
<p>Bonds Payable, (Including Unamortized Premium)</p>	(4,331,863)	
<p>Compensated Absences Payable</p>	(516,719)	
<p>Net Pension Liability</p>	<u>(5,460,788)</u>	<u>(10,309,370)</u>
Net position of governmental activities (Exhibit A-1)	\$	<u>4,548,064</u>

**WALLINGTON 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>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 15,691,413			\$ 456,249	\$ 16,147,662
Miscellaneous	266,260	2,000	-	-	268,260
Total - Local Sources	15,957,673	2,000	-	456,249	16,415,922
State Sources					
Federal Sources	5,508,375		\$ 253,590		5,761,965
	47,865	550,826	-	-	598,691
Total Revenues	21,513,913	552,826	253,590	456,249	22,776,578
EXPENDITURES					
Current					
Instruction					
Regular Instruction	7,771,166	19,010			7,790,176
Special Education Instruction	5,089,500	261,293			5,350,793
Other Instruction	774,382	247,065			1,021,447
School-Sponsored Activities and Athletics	892,026				892,026
Support Services					
Student & Instruction Related Services	2,730,500	25,458			2,755,958
General Administration Services	549,699				549,699
School Administration Services	760,075				760,075
Plant Operations and Maintenance	1,649,333				1,649,333
Pupil Transportation	643,374				643,374
Central Services	698,434				698,434
Debt Service					
Principal				315,000	315,000
Interest and Other Charges				141,248	141,248
Capital Outlay	33,742	-	551,389	-	585,131
Total Expenditures	21,592,231	552,826	551,389	456,248	23,152,694
Excess (Deficiency) of Revenues Over (Under) Expenditures					
	(78,318)	-	(297,799)	1	(376,116)
Fund Balance, Beginning of Year	1,677,769	-	567,103	1	2,244,873
Fund Balance, End of Year	\$ 1,599,451	\$ -	\$ 269,304	\$ 2	\$ 1,868,757

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

Total net change in fund balances - governmental funds (Exhibit B-2) \$ (376,116)

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

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

Capital Outlay	\$ 585,131	
Depreciation Expense	<u>(775,440)</u>	(190,309)

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

Increase in Compensated Absences	(31,745)	
Increase in Pension Expense	<u>(340,134)</u>	(371,879)

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

Principal Repayments		
Bonds Payable		315,000

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

Amortization of Premium	36,365	
Amortization of Deferred Amount on Refunding	<u>(7,458)</u>	28,907

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>1,669</u>
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Change in net position of governmental activities (Exhibit A-2) \$ (592,728)

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

	Business-Type Activities Enterprise Fund <u>Non-Major</u>
ASSETS	
Current Assets	
Cash	\$ 21,819
Intergovernmental Receivable	
State	137
Federal	<u>8,492</u>
Total Current Assets	<u>30,448</u>
Capital Assets	
Equipment	57,224
Less: Accumulated Depreciation	<u>(43,473)</u>
Total Capital Assets	<u>13,751</u>
Total Assets	<u>44,199</u>
NET POSITION	
Investment in Capital Assets	13,751
Unrestricted	<u>30,448</u>
Total Net Position	<u>\$ 44,199</u>

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

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

	Business-Type Activities Enterprise Fund <u>Non-Major</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales - Reimbursable Programs	\$ <u>20,455</u>
 Total Operating Revenues	 <u>20,455</u>
OPERATING EXPENSES	
Cost of Sales - Reimbursable Programs	135,397
Depreciation Expense	<u>4,305</u>
 Total Operating Expenses	 <u>139,702</u>
 Operating Loss	 <u>(119,247)</u>
NONOPERATING REVENUES	
State Sources	
School Lunch Program	1,880
Federal Sources	
National School Lunch Program	101,006
National School PB Lunch Program	2,098
National School Breakfast Program	<u>13,575</u>
 Total Nonoperating Revenues	 <u>118,559</u>
 Change in Net Position	 (688)
 Total Net Position, Beginning of Year	 <u>44,887</u>
 Total Net Position, End of Year	 <u>\$ 44,199</u>

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

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

	Business-Type Activities Enterprise Fund <u>Non-Major</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 20,455
Cash Payments to Suppliers for Goods and Services	<u>(135,397)</u>
Net Cash Used by Operating Activities	<u>(114,942)</u>
Cash Flows from Noncapital Financing Activities	
Cash Received from State and Federal Subsidy Reimbursements	<u>115,461</u>
Net Cash Provided by Noncapital Financing Activities	<u>115,461</u>
Net Increase in Cash and Cash Equivalents	519
Cash, Beginning of Year	<u>21,300</u>
Cash, End of Year	<u>\$ 21,819</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Operating Loss	\$ (119,247)
Adjustments	
Depreciation	<u>4,305</u>
Net Cash Used by Operating Activities	<u>\$ (114,942)</u>

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

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

	Unemployment Compensation <u>Trust Fund</u>	Scholarship <u>Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash	\$ 89,511	\$ 41,782	\$ 72,114
Due from Other Funds	<u>4,046</u>	<u>-</u>	<u>-</u>
Total Assets	<u>93,557</u>	<u>41,782</u>	<u>\$ 72,114</u>
LIABILITIES			
Payroll Deductions and Withholdings			\$ 3,612
Accrued Salaries and Wages			1,000
Accounts Payable		30,751	
Due to Other Funds			4,046
Due to Student Groups			63,456
Due to State Government	<u>2,407</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>2,407</u>	<u>30,751</u>	<u>\$ 72,114</u>
NET POSITION			
Restricted For Scholarships		11,031	
Held in Trust for Unemployment Claims	<u>91,150</u>	<u>-</u>	
Total Net Position	<u>\$ 91,150</u>	<u>\$ 11,031</u>	

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

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

	Unemployment Compensation <u>Trust</u>	Scholarship <u>Fund</u>
ADDITIONS		
Contributions		
Employees	\$ 23,347	
Scholarship Donations	<u>-</u>	\$ <u>34,216</u>
Total Contributions	<u>23,347</u>	<u>34,216</u>
Investment Earnings		
Interest	<u>-</u>	<u>17</u>
Net Investment Earnings	<u>-</u>	<u>17</u>
Total Additions	<u>23,347</u>	<u>34,233</u>
DEDUCTIONS		
Unemployment Claims and Contributions	19,238	
Scholarship Awards	<u>-</u>	<u>40,526</u>
Total Deductions	<u>19,238</u>	<u>40,526</u>
Change in Net Position	4,109	(6,293)
Net Position, Beginning of the Year	<u>87,041</u>	<u>17,324</u>
Net Position, End of the Year	<u>\$ 91,150</u>	<u>\$ 11,031</u>

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

NOTES TO THE FINANCIAL STATEMENTS

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Wallington Board of Education this includes general operations, food service, before and after school child care 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 as required:

- 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*.

**WALLINGTON 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.

**WALLINGTON 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 funds to be major funds. The District considers its enterprise fund to be a nonmajor fund.

The District reports the following major governmental funds:

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

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

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

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

WALLINGTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 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 non-major proprietary fund which is organized to be self-supporting through user charges:

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

Additionally, the government reports the following fund types:

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

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

3. Inventories

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

**WALLINGTON 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)

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	50
Building Improvements	20-40
Heavy Equipment	5
Office Equipment and Furniture	5
Computer Equipment	5

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.

**WALLINGTON 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 (Continued)*

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

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. 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.

8. *Long-Term Obligations*

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

WALLINGTON 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*

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 – 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.

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.

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

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

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

WALLINGTON 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)

Committed Fund Balance – Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Year-End Encumbrances – Represents outstanding purchase orders at year end for contracts awarded by formal action of the Board of Trustee's 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.

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.

ARRA/SEMI – Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of the ARRA/SEMI revenue that is unexpended at June 30, 2017 that will be appropriated in the adopted 2017/2018 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.

**WALLINGTON 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 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 fund 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. Federal and State subsidies for the food service operation are considered nonoperating revenues.

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.

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.

**WALLINGTON 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)

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 \$182,860. The increase was funded by additional surplus appropriated, additional grant awards and the reappropriation of prior year general fund encumbrances.

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

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

B. Deficit Fund Equity

The District has an unassigned fund balance deficit of \$82,903 in the General Fund as of June 30, 2017 as reported in the fund financial statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record these delayed state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", requires that intergovernmental transactions (revenue, expenditure, asset, liability) should be recognized in symmetry (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State of New Jersey is recording certain 2016/2017 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the General Fund deficit does not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund deficits in the future.

Pursuant to NJSA 18A:22-44.2, any negative unreserved, undesignated (i.e., unassigned) general fund balance that is reported as a direct result of a delay in the payment of state aid until the following fiscal year, is not considered as a violation of New Jersey Statute or regulation and is not considered an item in need of corrective action. The District's deficit in the GAAP (fund) financial statements of \$82,903 in the General Fund is less than the delayed state aid payments and state aid advance payment balance at June 30, 2017.

**WALLINGTON 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	\$ 147,289
Increased by	
Interest earnings	<u>1</u>
Balance, June 30, 2017	<u>\$ 147,290</u>

D. Transfers to Capital Outlay

During the 2016/2017 school year, the district transferred \$90,000 to equipment capital outlay accounts. Additionally, the District rolled over \$4,675 of prior year encumbrances to equipment capital outlay accounts.

E. 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 \$1,297,298. Of this amount, \$786,793 was designated and appropriated in the 2017/2018 original budget certified for taxes and the remaining amount of \$510,505 will be appropriated in the 2018/2019 original budget certified for taxes.

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

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.

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 \$2,409,052 and bank and brokerage firm balances of the Board's deposits amounted to \$2,722,647. The Board's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

Depository Account

Insured	<u>\$ 2,722,647</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 balances of \$2,722,647 were not exposed to custodial credit risk since all deposits are insured either through FDIC or GUDPA.

Investments

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

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

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

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

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

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2017 for the district's individual major funds and nonmajor fund in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise Nonmajor</u>	<u>Total</u>
Receivables:				
Accounts	\$ 650			\$ 650
Intergovernmental -				
Federal		\$ 29,254	\$ 8,492	37,746
State	29,441	-	137	29,578
	<u>30,091</u>	<u>29,254</u>	<u>8,629</u>	<u>67,974</u>
Gross Receivables	30,091	29,254	8,629	67,974
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 30,091</u>	<u>\$ 29,254</u>	<u>\$ 8,629</u>	<u>\$ 67,974</u>

**WALLINGTON 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. Capital Assets

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

	Balance, July 1, 2016	Increases	Decreases	Transfers	Balance, June 30, 2017
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 21,354				\$ 21,354
Construction In Progress	2,193,104	-	-	\$ (2,193,104)	-
Total Capital Assets, Not Being Depreciated	<u>2,214,458</u>	<u>-</u>	<u>-</u>	<u>(2,193,104)</u>	<u>21,354</u>
Capital Assets, Being Depreciated:					
Buildings and Building Improvements	12,786,135	\$ 551,389		2,193,104	15,530,628
Land Improvements	2,107,380				2,107,380
Machinery and Equipment	858,439	33,742	\$ (209,503)	-	682,678
Total Capital Assets Being Depreciated	<u>15,751,954</u>	<u>585,131</u>	<u>(209,503)</u>	<u>2,193,104</u>	<u>18,320,686</u>
Less Accumulated Depreciation for:					
Buildings and Building Improvements	(4,983,524)	(620,339)			(5,603,863)
Land Improvements	(487,163)	(105,378)			(592,541)
Machinery and Equipment	(697,903)	(49,723)	209,503	-	(538,123)
Total Accumulated Depreciation	<u>(6,168,590)</u>	<u>(775,440)</u>	<u>209,503</u>	<u>-</u>	<u>(6,734,527)</u>
Total Capital Assets, Being Depreciated, Net	<u>9,583,364</u>	<u>(190,309)</u>	<u>-</u>	<u>2,193,104</u>	<u>11,586,159</u>
Government Activities Capital Assets, Net	<u>\$ 11,797,822</u>	<u>\$ (190,309)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,607,513</u>

**WALLINGTON 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. 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	\$ 57,224	-	-	\$ 57,224
Total Capital Assets Being Depreciated	<u>57,224</u>	<u>-</u>	<u>-</u>	<u>57,224</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(39,168)	\$ (4,305)	-	(43,473)
Total Accumulated Depreciation	<u>(39,168)</u>	<u>(4,305)</u>	<u>-</u>	<u>(43,473)</u>
Total Capital Assets, Being Depreciated, Net	<u>18,056</u>	<u>(4,305)</u>	<u>-</u>	<u>13,751</u>
Business-Type Activities Capital Assets, Net	<u>\$ 18,056</u>	<u>\$ (4,305)</u>	<u>\$ -</u>	<u>\$ 13,751</u>

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

Governmental Activities:	
Instruction	
Regular	\$ 24,501
Special Education	<u>445</u>
Total Instruction	<u>24,946</u>
Support Services	
Support Services-Students & Instruction Related Services	14,308
School Administration	8,710
Operations and Maintenance of Plant	<u>727,476</u>
Total Support Services	<u>750,494</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 775,440</u>
Business-Type Activities:	
Food Service Fund	<u>\$ 4,305</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 4,305</u>

**WALLINGTON 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. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2017:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
District-Wide Switch Upgrade		\$ <u>85,727</u>

D. 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>
General Fund	Special Revenue Fund	11,463
Unemployment Compensation Trust Fund	Agency Fund	<u>4,046</u>
Total		<u>\$ 15,509</u>

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

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

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Leases

Operating Leases

The District leases copiers, printers, trailers and the former Most Sacred Heart of Jesus School Building to use for elementary school grades Kindergarten through 6th grade under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2016 were \$348,468. The future minimum lease payments for these operating leases are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2018	\$ 348,468
2019	328,518
2020	<u>3,051</u>
Total	<u>\$ 680,037</u>

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:

\$2,617,000, 2014 School Bonds, due in annual installments of \$135,000 to \$260,000 through August 15, 2029, interest at 2.00% to 3.00%	\$2,487,000
\$2,060,000, 2015 School Refunding Bonds, due in annual installments of \$190,000 to \$225,000 through May 15, 2025 interest at 4.00%	<u>1,700,000</u>
Total	<u>\$4,187,000</u>

**WALLINGTON 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:

Fiscal Year Ending June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2018	\$ 325,000	\$ 133,048	\$ 458,048
2019	340,000	122,698	462,698
2020	345,000	111,898	456,898
2021	360,000	100,848	460,848
2022	370,000	89,348	459,348
2023-2027	1,675,000	253,119	1,928,119
2028-2030	<u>772,000</u>	<u>34,500</u>	<u>806,500</u>
	<u>\$ 4,187,000</u>	<u>\$ 845,459</u>	<u>\$ 5,032,459</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)	\$ 38,743,522
Less: Net Debt Outstanding	<u>4,187,000</u>
Remaining Borrowing Power	<u>\$ 34,556,522</u>

**WALLINGTON 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:

	<u>Balance, July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2017</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds Payable	\$ 4,502,000		\$ 315,000	\$ 4,187,000	\$ 325,000
Add: Unamortized Premium	181,228	-	36,365	144,863	-
Total Bonds Payable	4,683,228	-	351,365	4,331,863	325,000
Compensated Absences	484,974	\$ 58,338	26,593	516,719	
Net Pension Liability	4,116,732	1,507,856	163,800	5,460,788	-
Governmental activity Long-term liabilities	<u>\$ 9,284,934</u>	<u>\$ 1,566,194</u>	<u>\$ 541,758</u>	<u>\$ 10,309,370</u>	<u>\$ 325,000</u>

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

The relationship between the Board and the 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.

**WALLINGTON 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)

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

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

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

<u>Fiscal Year Ended</u> <u>June 30,</u>	<u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2017		\$ 23,347	\$ 19,238	\$ 91,150
2016	\$ 5,000	21,498	54,885	87,041
2015		21,279	22,656	115,428

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.

**WALLINGTON 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.

**WALLINGTON 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.

**WALLINGTON 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 <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2017	\$ 163,800	\$ 837,063	\$ 3,302
2016	157,666	588,235	7,088
2015	151,310	401,677	7,563

In addition for fiscal year 2016/2017 the District contributed \$496 for PERS and the State contributed \$2,304 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 \$578,085 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.

**WALLINGTON 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 \$5,460,788 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 .01844 percent, which was an increase of .00011 percent from its proportionate share measured as of June 30, 2015 of .01833 percent.

For the fiscal year ended June 30, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$503,934 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	\$ 101,554	
Changes of Assumptions	1,131,184	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	208,225	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>16,127</u>	<u>\$ 72,238</u>
Total	<u>\$ 1,457,090</u>	<u>\$ 72,238</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	\$ 309,524
2019	309,524
2020	309,524
2021	309,524
2022	146,756
Thereafter	<u>-</u>
	<u>\$ 1,384,852</u>

**WALLINGTON 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:

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.

WALLINGTON 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%

**WALLINGTON 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>\$ 6,691,558</u>	<u>\$ 5,460,788</u>	<u>\$ 4,444,680</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.

**WALLINGTON 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 \$4,342,619 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 \$57,796,722. 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 .07347 percent, which was a decrease of .00082 percent from its proportionate share measured as of June 30, 2015 of .07429 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.

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.

**WALLINGTON 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%

**WALLINGTON 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 <u>(2.22%)</u>	Current Discount Rate <u>(3.22%)</u>	1% Increase <u>(4.22%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 69,022,202</u>	<u>\$ 57,796,722</u>	<u>\$ 48,629,669</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.

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

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

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

**WALLINGTON BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
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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 \$697,464, \$700,426 and \$637,663, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

NOTE 5 JOINT VENTURE

On February 17, 2011, the Board entered into a shared services agreement with the Borough of Wallington for the purpose of installing synthetic turf at the Wallington High School athletic field. According to the terms of the agreement, the total cost of the project shall not exceed \$1,700,000. The Borough has adopted a bond ordinance appropriating \$1,700,000. Of this amount, the Board has made a payment of \$275,000 to the Borough for a down payment, with the remaining \$1,425,000 being authorized debt of the Borough. Also, according to the terms of the agreement, the Board shall be responsible for payment to the Borough of any principal and interest due on debt, upon such debt being issued by the Borough. The balance owed by the District at June 30, 2017 to the Borough for principal on the debt issued by the Borough is \$424,190.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**WALLINGTON BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget To Actual
REVENUES					
Local Sources					
Property Tax Levy	\$ 15,691,413		\$ 15,691,413	\$ 15,691,413	
Interest Earned on Capital Reserve	1		1	1	
Miscellaneous	170,000	-	170,000	266,259	\$ 96,259
Total Local Sources	15,861,414	-	15,861,414	15,957,673	96,259
State Sources					
Extraordinary Aid	185,412		185,412	202,643	17,231
Categorical Special Education Aid	743,809		743,809	743,809	
Equalization Aid	2,174,798		2,174,798	2,174,798	
Transportation Aid	24,797		24,797	24,797	
Security Aid	49,973		49,973	49,973	
Under Adequacy	75,442		75,442	75,442	
PARCC Readiness Aid	12,810		12,810	12,810	
Per Pupil Growth Aid	12,810		12,810	12,810	
Professional Learning Community Aid	13,860		13,860	13,860	
Payment for Institutionalized Children - Unknown District of Residence				39,123	39,123
On-Behalf TPAF - NCGI Premium (Non-Budget)				29,268	29,268
On-Behalf TPAF - Normal Cost (Non-Budget)				807,795	807,795
On-Behalf TPAF - Post-Retirement Medical (Non-Budget)				697,464	697,464
On-Behalf TPAF - Long-Term Disability Insurance (Non-Budget)				2,304	2,304
Reimbursed TPAF Social Security Contribution (Non Budgeted)	-	-	-	578,085	578,085
Total State Sources	3,293,711	-	3,293,711	5,464,981	2,171,270
Federal Sources					
ARRA/SEMI				933	933
Medicaid Reimbursement	27,082	-	27,082	46,932	19,850
Total Federal Sources	27,082	-	27,082	47,865	20,783
Total Revenues	19,182,207	-	19,182,207	21,470,519	2,288,312
EXPENDITURES					
CURRENT EXPENDITURES					
Regular Programs - Instruction					
Salaries of Teachers					
Kindergarten	448,004	\$ 62,735	510,739	510,717	22
Grades 1-5	1,464,346	99,340	1,563,886	1,563,600	286
Grades 6-8	1,035,073	42,000	1,077,073	1,076,231	842
Grades 9-12	1,452,749	(35,785)	1,416,964	1,416,361	603
Regular Programs - Home Instruction					
Salaries of Teachers	12,000	(5,000)	7,000	6,716	284
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	201,548	(16,400)	185,148	184,984	164
General Supplies	171,265	(18,627)	152,638	151,451	1,187
Textbooks	124,087	(98,200)	25,887	25,333	554
Total Regular Programs	4,909,272	30,063	4,939,335	4,935,393	3,942
Special Education - Instruction					
Learning and/or Language Disabilities					
Salaries of Teachers	261,170	30,750	291,920	290,452	1,468
Other Salaries for Instruction	291,236	10,160	301,396	298,315	3,081
General Supplies	4,000	75	4,075	4,075	
Textbooks	2,000	-	2,000	2,000	-
Total Learning and/or Language Disabilities	558,406	40,985	599,391	594,842	4,549
Resource Room/Resource Center					
Salaries of Teachers	624,537	6,800	631,337	630,139	1,198
General Supplies	3,100		3,100	3,100	
Textbooks	1,800	(100)	1,700	1,601	99
Total Resource Room/Resource Center	629,437	6,700	636,137	634,840	1,297
Total Special Education - Instruction	1,187,843	47,685	1,235,528	1,229,682	5,846

**WALLINGTON BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Basic Skills/Remedial - Instruction					
Salaries of Teachers	\$ 174,994	\$ 100	\$ 175,094	\$ 175,059	\$ 35
Other Salaries for Instruction	14,941		14,941	14,541	400
General Supplies	3,000	(100)	2,900	2,807	93
Total Basic Skills/Remedial - Instruction	192,935	-	192,935	192,407	528
Bilingual Education - Instruction					
Salaries of Teachers	199,193	7,500	206,693	206,639	54
Purchased Professional-Educational Services	1,500		1,500		1,500
General Supplies	500	(200)	300	262	38
Total Bilingual Education - Instruction	201,193	7,300	208,493	206,901	1,592
Vocational Programs - Local - Instruction					
Salaries	24,572		24,572	23,972	600
General Supplies	500	(500)	-	-	-
Total Vocational Programs - Local - Instruction	25,072	(500)	24,572	23,972	600
School Sponsored Co/Extra Curricular Activities - Instruction					
Salaries	67,542		67,542	57,909	9,633
Purchased Services	22,500	2,085	24,585	21,580	3,005
Supplies and Materials	10,200		10,200	9,000	1,200
Other Objects	9,500	(1,242)	8,258	5,705	2,553
Total School Sponsored Co/Extra Curricular Activities - Instruction	109,742	843	110,585	94,194	16,391
School Sponsored Athletics - Instruction					
Salaries	378,316		378,316	357,372	20,944
Purchased Services	33,723	498	34,221	34,221	-
Supplies and Materials	40,650	3,744	44,394	42,356	2,038
Other Objects	23,450	-	23,450	22,233	1,217
Total School Sponsored Athletics - Instruction	476,139	4,242	480,381	456,182	24,199
Before/After School Programs - Instruction					
Salaries	57,580		57,580	51,589	5,991
Supplies and Materials	7,000	(50)	6,950	5,413	1,537
Total Before/After School Program	64,580	(50)	64,530	57,002	7,528
Summer School - Instruction					
Salaries of Teachers	6,000	750	6,750	6,750	-
Total Summer School - Instruction	6,000	750	6,750	6,750	-
Other Instructional Programs - Instruction					
Salaries	17,850	13,000	30,850	24,675	6,175
Purchased Services	1,400		1,400	1,100	300
Supplies and Materials	700	(700)	-	-	-
Total Other Instructional Programs - Instruction	19,950	12,300	32,250	25,775	6,475
Total Instruction	7,192,726	102,633	7,295,359	7,228,258	67,101
Undistributed Expenditures- Instruction					
Tuition to Other LEAs - Special, Within the State-Special	2,189,832	249,253	2,439,085	2,414,404	24,681
Tuition to County Vocational School Districts-Reg.	190,000	(20,800)	169,200	169,110	90
Tuition to County Vocational School Districts-Special	223,440	(152,400)	71,040	71,040	-
Tuition to CSSD & Regional Day Schools	229,805	69,500	299,305	298,143	1,162
Tuition to Priv. Sch. - Disabled - Within State	499,677	(31,535)	468,142	458,024	10,118
Tuition - State Facilities		1,900	1,900	1,900	-
Tuition - Other	2,000	(2,000)	-	-	-
Total Undistributed Expenditures - Instruction	3,334,754	113,918	3,448,672	3,412,621	36,051

WALLINGTON BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Attendance and Social Work					
Salaries	\$ 123,290	\$ 3,000	\$ 126,290	\$ 125,432	\$ 858
Other Purchased Services	150		150		150
Supplies and Materials	800	-	800	800	-
Total Attendance and Social Work	124,240	3,000	127,240	126,232	1,008
Health Services					
Salaries	226,530	2,000	228,530	228,452	78
Purchased Professional and Technical Services	27,000	(3,350)	23,650	20,598	3,052
Other Purchased Services	200		200		200
Supplies and Materials	6,250	(100)	6,150	5,320	830
Total Health Services	259,980	(1,450)	258,530	254,370	4,160
Speech, OT, PT and Related Services					
Salaries	104,410	2,000	106,410	106,400	10
Supplies and Materials	1,400	-	1,400	1,400	-
Total Speech, OT, PT and Related Services	105,810	2,000	107,810	107,800	10
Guidance					
Salaries of Other Professional Staff	299,613	11,100	310,713	310,699	14
Salaries of Secretarial and Clerical Assistants	59,600	3,400	63,000	62,830	170
Other Purchased Services	1,000		1,000		1,000
Supplies and Materials	33,550	195	33,745	29,319	4,426
Other Objects	3,000	(3,000)	-	-	-
Total Guidance	396,763	11,695	408,458	402,848	5,610
Child Study Teams					
Salaries of Other Professional Staff	236,920	4,000	240,920	240,900	20
Salaries of Secretarial and Clerical Assistants	40,150	2,500	42,650	42,639	11
Other Salaries	78,844		78,844	78,844	
Purchased Professional-Educational Services	19,000	(18,100)	900	873	27
Miscellaneous Purchased Services	2,000		2,000	485	1,515
Supplies and Materials	5,500	3,600	9,100	9,100	
Other Objects	1,000	(500)	500	493	7
Total Child Study Teams	383,414	(8,500)	374,914	373,334	1,580
Improvement of Instructional Services					
Salaries of Supervisor of Instruction	161,340		161,340	160,858	482
Salaries of Other Professional Staff	3,000		3,000	2,660	340
Salaries of Secretarial and Clerical Assistants	155,665	5,585	161,250	160,997	253
Other Purchased Services	1,700		1,700	123	1,577
Supplies and Materials	500	-	500	-	500
Total Improvement of Instructional Services	322,205	5,585	327,790	324,638	3,152
Educational Media Services/School Library					
Salaries	161,907	3,000	164,907	160,737	4,170
Other Purchased Services	600		600	190	410
Supplies and Materials	75,800	35,522	111,322	111,145	177
Total Educational Media Services/School Library	238,307	38,522	276,829	272,072	4,757
Instructional Staff Training Services					
Salaries of Supervisors of Instruction	23,500		23,500	23,000	500
Other Purchased Services	3,000	11	3,011	259	2,752
Total Instructional Staff Training Services	26,500	11	26,511	23,259	3,252

**WALLINGTON BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Support Services - General Administration					
Salaries	\$ 259,212	\$ 300	\$ 259,512	\$ 259,403	\$ 109
Legal Services	1,000	16,100	17,100	1,823	15,277
Audit Fees	25,000	2,000	27,000	26,805	195
Architectural/Engineering Services	4,000		4,000	6	3,994
Communications/Telephone	78,101	3,988	82,089	75,110	6,979
Miscellaneous Purchased Services	27,400		27,400	12,251	15,149
General Supplies	2,000		2,000	1,163	837
Miscellaneous Expenditures	11,500	1,500	13,000	13,000	-
Total Support Services General Administration	408,213	23,888	432,101	389,561	42,540
Support Services - School Administration					
Salaries of Principals/Asst. Principals/Prog. Director	249,279	1,150	250,429	250,386	43
Salaries of Other Professional Staff	144,866	650	145,516	145,515	1
Salaries of Secretarial and Clerical Assistants	105,300		105,300	103,816	1,484
Other Purchased Services	8,875		8,875	7,072	1,803
Supplies and Materials	9,000	-	9,000	8,960	40
Total Support Services School Administration	517,320	1,800	519,120	515,749	3,371
Central Services					
Salaries	321,861	10,000	331,861	329,830	2,031
Purchased Technical Services	11,000		11,000	7,190	3,810
Misc. Purchased Services	33,000	160	33,160	22,157	11,003
Supplies and Materials	8,700		8,700	8,009	691
Miscellaneous Expenditures	6,700	2,000	8,700	8,518	182
Total Central Services	381,261	12,160	393,421	375,704	17,717
Admin. Info. Tech.					
Salaries	100,668	7,000	107,668	106,653	1,015
Supplies and Materials	800	300	1,100	859	241
Total Admin. Info. Tech	101,468	7,300	108,768	107,512	1,256
Required Maintenance For School Facilities					
Cleaning, Repair, and Maintenance Services	190,000	(81,050)	108,950	107,889	1,061
General Supplies	59,000	(8,600)	50,400	42,087	8,313
Total Required Maintenance For School Facilities	249,000	(89,650)	159,350	149,976	9,374
Custodial Services					
Salaries	300,640	(40,000)	260,640	246,932	13,708
Purchased Professional and Technical Services		7,500	7,500	6,500	1,000
Cleaning, Repair, and Maintenance Services	321,850	1,546	323,396	307,069	16,327
Rental of Land and Buildings	326,000	(3,000)	323,000	322,980	20
Insurance	138,500	(9,000)	129,500	129,001	499
Miscellaneous Purchased Services	38,000	(12,000)	26,000	22,638	3,362
Energy (Electricity)	322,000	(5,000)	317,000	262,242	54,758
Other Objects	4,000	(860)	3,140	1,092	2,048
Total Custodial Services	1,450,990	(60,814)	1,390,176	1,298,454	91,722
Care and Upkeep of Grounds					
Cleaning, Repair, and Maintenance Services	97,000	6,096	103,096	87,473	15,623
General Supplies	6,000	(6,000)	-	-	-
Total Care and Upkeep of Grounds	103,000	96	103,096	87,473	15,623

**WALLINGTON BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Security					
Cleaning, Repair and Maintenance Services	\$ 19,000	\$ 4,488	\$ 23,488	\$ 14,890	\$ 8,598
Total Security	19,000	4,488	23,488	14,890	8,598
Student Transportation Services					
Contract Svcs. (Other than Home and School)-Vendors	53,950		53,950	49,807	4,143
Contract Svcs. (Between Home and School)-Joint Agrmnts	100,000		100,000	95,967	4,033
Contracted Services (Spec. Ed. Students) - Joint Agrmnts	400,000	100,000	500,000	497,600	2,400
Total Student Transportation Services	553,950	100,000	653,950	643,374	10,576
Unallocated Benefits - Employee Benefits					
Social Security Contributions	215,000	6,885	221,885	221,884	1
Other Retirement Contributions - PERS	175,000	(7,700)	167,300	167,215	85
Workmen's Compensation	110,000	(30,700)	79,300	79,229	71
Health Benefits	2,832,000	(188,725)	2,643,275	2,464,636	178,639
Tuition Reimbursement	22,000		22,000	18,788	3,212
Other Employee Benefits	25,000	(6,000)	19,000	17,303	1,697
Unused Sick Payment to Terminated/Retired Staff - Normal Retirements	25,000	1,600	26,600	26,593	7
Total Unallocated Benefits - Employee Benefits	3,404,000	(224,640)	3,179,360	2,995,648	183,712
On-Behalf TPAF - NCGI Premium (Non-Budget)				29,268	(29,268)
On-Behalf TPAF - Normal Cost (Non-Budget)				807,795	(807,795)
On-Behalf TPAF - Post-Retirement Medical (Non-Budget)				697,464	(697,464)
On-Behalf TPAF - Long-Term Disability Insurance (Non-Budget)				2,304	(2,304)
Reimbursed TPAF Social Security Contribution (Non Budgeted)	-	-	-	578,085	(578,085)
Total On-Behalf	-	-	-	2,114,916	(2,114,916)
Total Undistributed Expenditures	12,380,175	(60,591)	12,319,584	13,990,431	(1,670,847)
Total Expenditures - Current Expense	19,572,901	42,042	19,614,943	21,218,689	(1,603,746)
CAPITAL OUTLAY					
Equipment					
Grades 9-12		4,675	4,675	4,675	
Undistributed Expenditures					
School Administration	15,000	90,000	105,000	15,000	90,000
Total Equipment	15,000	94,675	109,675	19,675	90,000
Facilities Acquisition and Construction Services					
Lease Purchase Agreement - Principal	125,000		125,000	125,000	
Assessment for Debt Service on SDA Funding	32,158	-	32,158	32,158	-
Total Facilities Acquisition and Construction Services	157,158	-	157,158	157,158	-
Interest Deposit to Capital Reserve	1	-	1	-	1
Total Capital Outlay	172,159	94,675	266,834	176,833	90,001
Transfer of Funds to Charter Schools	206,059	(9,350)	196,709	196,709	-
Total Expenditures	19,951,119	127,367	20,078,486	21,592,231	(1,513,745)

**WALLINGTON BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	\$ (768,912)	\$ (127,367)	\$ (896,279)	\$ (121,712)	\$ 774,567
Fund Balances, Beginning of Year	2,210,843	-	2,210,843	2,210,843	-
Fund Balances, End of Year	\$ 1,441,931	\$ (127,367)	\$ 1,314,564	\$ 2,089,131	\$ 774,567
Reconciliation to Governmental Fund Statements (GAAP):					
Restricted					
Excess Surplus				\$ 510,505	
Excess Surplus, Designated for Subsequent Year's Expenditures				786,793	
Capital Reserve				147,290	
Committed - Encumbrances				85,727	
Assigned - Encumbrances				33,043	
Assigned - Designated for Subsequent Year's Expenditures				118,063	
Assigned - ARRA/SEMI - Designated for Subsequent Year's Expenditures				933	
Unassigned				406,777	
Total				2,089,131	
State Aid Not recognized on GAAP Basis				(489,680)	
Fund Balance Per Governmental Funds (GAAP)				\$ 1,599,451	

**WALLINGTON BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
Federal Sources	\$ 513,424	\$ 53,493	\$ 566,917	\$ 550,677	\$ 16,240
Local Sources	-	2,000	2,000	2,000	-
Total Revenues	<u>513,424</u>	<u>55,493</u>	<u>568,917</u>	<u>552,677</u>	<u>16,240</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	169,524	24,300	193,824	193,824	
Other Salaries		2,950	2,950	2,950	
Purchased Professional and Technical Services		3,000	3,000	3,000	
Other Purchased Services		240	240	240	
Tuition	266,000	(2,115)	263,885	255,293	8,592
General Supplies	7,000	24,151	31,151	23,503	7,648
Total Instruction	<u>442,524</u>	<u>52,526</u>	<u>495,050</u>	<u>478,810</u>	<u>16,240</u>
Support Services					
Salaries of Teachers	13,500	(13,500)			
Personal Services Employee-Benefits	49,400	(842)	48,558	48,558	
Purchased Professional - Educational Services	6,000	4,300	10,300	10,300	
Other Purchased Services	2,000	7,350	9,350	9,350	
General Supplies	-	5,659	5,659	5,659	-
Total Support Services	<u>70,900</u>	<u>2,967</u>	<u>73,867</u>	<u>73,867</u>	<u>-</u>
Total Expenditures	<u>513,424</u>	<u>55,493</u>	<u>568,917</u>	<u>552,677</u>	<u>16,240</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**WALLINGTON BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 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.

	General Fund		Special Revenue Fund
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue"			
from the budgetary comparison schedule	C-1 \$ 21,470,519	C-2 \$	552,677
Difference - Budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
Encumbrances, June 30, 2016			149
State Aid payment recognized for GAAP purpose not recognized for Budgetary statements (2015/2016 State Aid)	533,074		
State Aid payment recognized for budgetary purpose not recognized for GAAP statements (2016/2017 State Aid)	<u>(489,680)</u>		<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	B-2 \$ <u>21,513,913</u>	B-2 \$	<u>552,826</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	C-1 \$ 21,592,231	C-2 \$	552,677
Differences - Budget to GAAP			
Encumbrances for goods and services ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the goods and services are received for financial reporting purposes.			
June 30, 2016		<u>-</u>	<u>149</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	B-2 \$ <u>21,592,231</u>	B-2 \$	<u>552,826</u>

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.01844 %	0.01833 %	0.01835 %	0.01904 %
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 5,460,788</u>	<u>\$ 4,116,732</u>	<u>\$ 3,436,422</u>	<u>\$ 3,639,518</u>
District's Covered-Employee Payroll	<u>\$ 1,196,610</u>	<u>\$ 1,241,919</u>	<u>\$ 1,237,529</u>	<u>\$ 1,281,731</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	456%	331%	278%	284%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.92%	52.08%	48.72%

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

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

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

PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Four Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 163,800	\$ 157,666	\$ 151,310	\$ 163,816
Contributions in Relation to the Contractually Required Contributions	<u>163,800</u>	<u>157,666</u>	<u>151,310</u>	<u>163,816</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered- Employee Payroll	<u>\$ 1,196,610</u>	<u>\$ 1,241,919</u>	<u>\$ 1,237,529</u>	<u>\$ 1,281,731</u>
Contributions as a Percentage of Covered-Employee Payroll	13.69%	12.70%	12.23%	12.78%

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

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

**TEACHERS PENSION AND ANNUITY FUND
Last 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)	-	-	-	-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 57,796,722</u>	<u>\$ 46,958,903</u>	<u>\$ 40,013,154</u>	<u>\$ 37,858,805</u>
Total	<u>\$ 57,796,722</u>	<u>\$ 46,958,903</u>	<u>\$ 40,013,154</u>	<u>\$ 37,858,805</u>
District's Covered-Employee Payroll	<u>\$ 7,478,246</u>	<u>\$ 7,363,613</u>	<u>\$ 7,277,921</u>	<u>\$ 7,387,611</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%	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.

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

Change of Benefit Terms:

None.

Change of Assumptions:

Assumptions used in calculating the net pension liability and statutorily required employer contribution are presented in Note 4D.

SPECIAL REVENUE FUND

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

	N.C.L.B.				I.D.E.A. Basic	I.D.E.A. PreSchool	BCUA Environ. Awareness	Total 2017
	Title I	Title IIA	Title III	Title III Immigrant				
REVENUES								
Intergovernmental								
Federal	\$ 230,547	\$ 33,490	\$ 18,860	\$ 6,487	\$ 254,920	\$ 6,373		\$ 550,677
Local	-	-	-	-	-	-	\$ 2,000	2,000
Total Revenues	<u>\$ 230,547</u>	<u>\$ 33,490</u>	<u>\$ 18,860</u>	<u>\$ 6,487</u>	<u>\$ 254,920</u>	<u>\$ 6,373</u>	<u>\$ 2,000</u>	<u>\$ 552,677</u>
EXPENDITURES								
Instruction								
Salaries of Teachers	\$ 170,000	\$ 13,500	\$ 9,524	\$ 800				\$ 193,824
Other Salaries	2,950							2,950
Purchased Professional and Technical Services					\$ 3,000			3,000
Other Purchased Services			240					240
Tuition					248,920	\$ 6,373		255,293
General Supplies	12,233	-	6,270	-	3,000	-	\$ 2,000	23,503
Total Instruction	<u>185,183</u>	<u>13,500</u>	<u>16,034</u>	<u>800</u>	<u>254,920</u>	<u>6,373</u>	<u>2,000</u>	<u>478,810</u>
Support Services								
Personal Services Employee-Benefits	42,364	3,510	2,476	208				48,558
Purchased Professional - Educational Services		10,300						10,300
Other Purchased Services	3,000	6,000	350					9,350
General Supplies	-	180	-	5,479	-	-	-	5,659
Total Support Services	<u>45,364</u>	<u>19,990</u>	<u>2,826</u>	<u>5,687</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,867</u>
Total Expenditures	<u>\$ 230,547</u>	<u>\$ 33,490</u>	<u>\$ 18,860</u>	<u>\$ 6,487</u>	<u>\$ 254,920</u>	<u>\$ 6,373</u>	<u>\$ 2,000</u>	<u>\$ 552,677</u>

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

This Schedule is Not Applicable

CAPITAL PROJECTS FUND

WALLINGTON BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Amount Authorized</u>	<u>Transfers</u>	<u>Amended Authorization</u>	<u>Expenditures to Date</u>		<u>Adjustment</u>	<u>Balance June 30, 2017</u>
				<u>Prior Years</u>	<u>Current Year</u>		
Wallington Junior and Senior High School Exterior Systems Repair and Restoration Project #5430-050-14-1001	\$ 3,684,595	\$ 174,483	\$ 3,859,078	\$ 3,050,619	\$ 540,723		\$ 267,736
Frank W. Gavlak School Door Replacement and Painting Project	<u>407,202</u>	<u>(174,483)</u>	<u>232,719</u>	<u>220,485</u>	<u>10,666</u>	\$ -	<u>1,568</u>
	<u>\$ 4,091,797</u>	<u>\$ -</u>	<u>\$ 4,091,797</u>	<u>\$ 3,271,104</u>	<u>\$ 551,389</u>	<u>\$ -</u>	<u>\$ 269,304</u>
						Budgetary Balance, June 30, 2017	\$ 269,304
						GAAP Fund Balance at June 30, 2017	<u>\$ 269,304</u>
<u>Analysis of Amended Authorizations</u>							
Wallington Junior and Senior High School Exterior Systems Repair and Restoration							
Bond Proceeds			\$ 2,384,483				
Local Share			757				
SDA Facilities Grant			<u>1,473,838</u>				
			<u>3,859,078</u>			Recapitulation of Fund Balance	
			<u>3,859,078</u>			Restricted	
						Capital Projects	<u>\$ 269,304</u>
Frank W. Gavlak School Door Replacement and Painting Project							
Bond Proceeds			<u>232,719</u>				
			<u>232,719</u>				
Total Amended Authorizations			<u>\$ 4,091,797</u>				

**WALLINGTON BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Expenditures	
Legal Fees	\$ 4,000
Purchased Professional and Technical Services	19,692
Construction Services	<u>527,697</u>
 Total Expenditures	 <u>551,389</u>
 Fund Balance- Beginning- Budgetary Basis	 <u>820,693</u>
 Fund Balance- Ending- Budgetary Basis	 <u>\$ 269,304</u>
 Budgetary Fund Balance at June 30, 2017	 <u>\$ 269,304</u>
 GAAP Fund Balance at June 30, 2017	 <u>\$ 269,304</u>

WALLINGTON BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
 WALLINGTON JUNIOR AND SENIOR HIGH SCHOOL EXTERIOR SYSTEMS REPAIR AND RESTORATION
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 1,473,838		\$ 1,473,838	\$ 1,473,838
Bond Proceeds	2,384,483		2,384,483	2,384,483
Capital Reserve	<u>757</u>	<u>-</u>	<u>757</u>	<u>757</u>
Total Revenues and Other Financing Sources	<u>3,859,078</u>	<u>-</u>	<u>3,859,078</u>	<u>3,859,078</u>
Expenditures and Other Financing Uses				
Legal Services	24,146	4,000	28,146	40,795
Purchased Professional and Technical Services	194,056	19,115	213,171	247,362
Construction Services	<u>2,832,417</u>	<u>517,608</u>	<u>3,350,025</u>	<u>3,570,921</u>
Total Expenditures and Other Financing Uses	<u>3,050,619</u>	<u>540,723</u>	<u>3,591,342</u>	<u>3,859,078</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 808,459</u>	<u>\$ (540,723)</u>	<u>\$ 267,736</u>	<u>\$ -</u>

Additional Project Information:

Project Number	#5430-050-14-1001
Grant Date	1/6/2014
Bond Authorization Date	N/A
Bonds Authorized	\$ 2,384,483
Bonds Issued	\$ 2,384,483
SDA Grant Authorized	\$ 1,473,838
Capital Reserve	757
Original Authorized Cost	\$ 3,684,595
Increase/(Decrease)	\$ 174,483
Revised Authorized Cost	\$ 3,859,078

Percentage Increase Over Original Authorized Cost	4.74%
Percentage Completion	100.00%
Original Target Completion Date	June 30, 2015
Revised Completion Date	June 30, 2017

WALLINGTON BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
FRANK W. GAVLAK SCHOOL DOOR REPLACEMENT AND PAINTING PROJECTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds	\$ 232,517		\$ 232,517	\$ 232,517
Capital Reserve	<u>202</u>	<u>-</u>	<u>202</u>	<u>202</u>
Total Revenues and Other Financing Sources	<u>232,719</u>	<u>-</u>	<u>232,719</u>	<u>232,719</u>
Expenditures and Other Financing Uses				
Legal Services	5,591		5,591	5,591
Purchased Professional and Technical Services	19,205	577	19,782	21,350
Construction Services	<u>195,689</u>	<u>10,089</u>	<u>205,778</u>	<u>205,778</u>
Total Expenditures and Other Financing Uses	<u>220,485</u>	<u>10,666</u>	<u>231,151</u>	<u>232,719</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 12,234</u>	<u>\$ (10,666)</u>	<u>\$ 1,568</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	#5430-055-13-1000			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	\$ 232,517			
Bonds Issued	\$ 232,517			
SDA Grant Authorized	N/A			
Capital Reserve	202			
Original Authorized Cost	\$ 407,202			
Increase/(Decrease)	(174,483)			
Revised Authorized Cost	\$ 232,719			
Percentage Increase Over Original Authorized Cost	-42.85%			
Percentage Completion	100.00%			
Original Target Completion Date	June 30, 2015			
Revised Completion Date	June 30, 2017			

PROPRIETARY FUNDS

NOT APPLICABLE

FIDUCIARY FUNDS

WALLINGTON BOARD OF EDUCATION
 FIDUCIARY FUNDS
 COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES
 AS OF JUNE 30, 2017

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 63,456	\$ 8,658	\$ 72,114
Total Assets	<u>\$ 63,456</u>	<u>\$ 8,658</u>	<u>\$ 72,114</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 3,612	\$ 3,612
Accrued Salaries and Wages		1,000	1,000
Due to Other Funds		4,046	4,046
Due to Student Groups	\$ 63,456	-	63,456
Total Liabilities	<u>\$ 63,456</u>	<u>\$ 8,658</u>	<u>\$ 72,114</u>

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

NOT APPLICABLE

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

	<u>Balance, July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2017</u>
<u>ELEMENTARY SCHOOLS</u>				
General Office	\$ 4,398	\$ 8,332	\$ 8,540	\$ 4,190
Total Elementary Schools	<u>4,398</u>	<u>8,332</u>	<u>8,540</u>	<u>4,190</u>
<u>HIGH SCHOOL</u>				
High School	78,369	72,817	91,925	59,261
High School Athletics	<u>172</u>	<u>42,899</u>	<u>43,066</u>	<u>5</u>
Total High School	<u>78,541</u>	<u>115,716</u>	<u>134,991</u>	<u>59,266</u>
Total All Schools	<u>\$ 82,939</u>	<u>\$ 124,048</u>	<u>\$ 143,531</u>	<u>\$ 63,456</u>

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

	Balance, July 1, <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2017</u>
ASSETS				
Cash	\$ 5,348	\$ 11,151,802	\$ 11,148,492	\$ 8,658
Total Assets	<u>\$ 5,348</u>	<u>\$ 11,151,802</u>	<u>\$ 11,148,492</u>	<u>\$ 8,658</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 2,113	\$ 5,201,833	\$ 5,200,334	\$ 3,612
Due to Other Funds	2,235	8,657	6,846	4,046
Accrued Salaries and Wages	<u>1,000</u>	<u>5,941,312</u>	<u>5,941,312</u>	<u>1,000</u>
Total Liabilities	<u>\$ 5,348</u>	<u>\$ 11,151,802</u>	<u>\$ 11,148,492</u>	<u>\$ 8,658</u>

LONG-TERM DEBT

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

<u>Source</u>	<u>Date of Bond</u>	<u>Amount of Original Bond</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2016</u>	<u>Retired</u>	<u>Balance, June 30, 2017</u>
			<u>Date</u>	<u>Amount</u>				
2014 School Bonds	8/15/2014	\$ 2,617,000	8/15/2017	\$ 135,000	2.00			
			8/15/2018-2019	140,000	2.00			
			8/15/2020-2021	145,000	2.00			
			8/15/2022	155,000	2.25			
			8/15/2023	165,000	3.00			
			8/15/2024	170,000	3.00			
			8/15/2025-2028	260,000	3.00			
			8/15/2029	252,000	3.00			
						\$ 2,617,000	\$ 130,000	\$ 2,487,000
2015 School Refunding Bonds	5/15/2015	2,060,000	5/15/2018	190,000	4.00			
			5/15/2019	200,000	4.00			
			5/15/2020	205,000	4.00			
			5/15/2021	215,000	4.00			
			5/15/2022-2023	225,000	4.00			
			5/15/2024-2025	220,000	4.00			
						<u>1,885,000</u>	<u>185,000</u>	<u>1,700,000</u>
						<u>\$ 4,502,000</u>	<u>\$ 315,000</u>	<u>\$ 4,187,000</u>
						Budget Appropriation	<u>\$ 315,000</u>	

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

NOT APPLICABLE

WALLINGTON BOARD OF EDUCATION
LONG-TERM DEBT
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 456,249	-	\$ 456,249	\$ 456,249	-
Total Revenues	456,249	-	456,249	456,249	-
EXPENDITURES					
Regular Debt Service					
Principal	315,000		315,000	315,000	
Interest	141,250	-	141,250	141,248	\$ 2
Total Regular Debt Service	456,250	-	456,250	456,248	2
Total Expenditures	456,250	-	456,250	456,248	2
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(1)	-	(1)	1	2
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(1)	-	(1)	1	2
Fund Balance, Beginning of Year	1	-	1	1	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ 2	\$ 2
<u>Recapitulation of Balance</u>					
Designated for Subsequent Years Expenditures				\$ 2	

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

J-16 to J-20

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

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
				Restated			Restated			
Governmental Activities										
Net Investments in Capital Assets	\$ 1,682,307	\$ 3,021,899	\$ 3,166,711	\$ 2,811,814	\$ 4,528,582	\$ 4,434,883	\$ 4,632,377	\$ 7,732,294	\$ 7,718,866	\$ 7,574,665
Restricted	111,177	449,401	453,271	2,141,050	560,237	605,048	276,961	152,367	147,290	147,292
Unrestricted	876,509	686,233	(231,103)	63,987	321,316	443,528	(2,886,071)	(2,622,034)	(2,725,364)	(3,173,893)
Total Governmental Activities Net Assets	\$ 2,669,993	\$ 4,157,533	\$ 3,388,879	\$ 5,016,851	\$ 5,410,135	\$ 5,483,459	\$ 2,023,267	\$ 5,262,627	\$ 5,140,792	\$ 4,548,064
Business-Type Activities										
Net Investments in Capital Assets	\$ 1,758				\$ 14,074	\$ 10,556	\$ 7,037	\$ 5,521	\$ 18,056	\$ 13,751
Unrestricted	34,360	38,472	48,766	31,455	27,598	39,286	41,767	41,849	26,831	30,448
Total Business-Type Activities Net Assets	\$ 36,118	\$ 38,472	\$ 48,766	\$ 31,455	\$ 41,672	\$ 49,842	\$ 48,804	\$ 47,370	\$ 44,887	\$ 44,199
District-Wide										
Net Investments in Capital Assets	\$ 1,684,065	\$ 3,021,899	\$ 3,166,711	\$ 2,811,814	\$ 4,542,656	\$ 4,445,439	\$ 4,639,414	\$ 7,737,815	\$ 7,736,922	\$ 7,588,416
Restricted	111,177	449,401	453,271	2,141,050	560,237	605,048	276,961	152,367	147,290	147,292
Unrestricted	910,869	724,705	(182,337)	95,442	348,914	482,814	(2,844,304)	(2,580,185)	(2,698,533)	(3,143,445)
Total District Net Position	\$ 2,706,111	\$ 4,196,005	\$ 3,437,645	\$ 5,048,306	\$ 5,451,807	\$ 5,533,301	\$ 2,072,071	\$ 5,309,997	\$ 5,185,679	\$ 4,592,263

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

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

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 6,442,433	\$ 6,360,121	\$ 7,311,570	\$ 6,256,489	\$ 6,311,728	\$ 6,579,764	\$ 6,579,762	\$ 7,887,718	\$ 8,969,996	\$ 9,843,999
Special Education	2,535,201	2,538,684	2,687,407	2,935,540	3,263,896	3,762,205	4,126,054	4,538,128	5,112,215	5,806,153
Other Instruction	680,626	680,660	761,544	503,974	573,469	1,070,112	924,120	1,068,931	1,168,051	1,237,542
School Sponsored Activities And Athletics	600,571	549,804	541,369	737,272	874,892	712,146	765,769	856,039	984,790	1,073,480
Support Services:										
Student & Instruction Related Services	1,897,217	2,211,919	2,313,938	2,077,851	2,315,953	2,438,493	2,438,493	2,694,185	2,789,561	3,343,503
School Administration Services	683,154	692,139	689,155	708,936	737,522	768,721	780,591	797,674	844,888	922,209
General Administration	451,607	473,699	473,699	426,646	482,413	593,031	575,625	645,645	635,965	635,965
Plant Operations And Maintenance	1,600,948	1,626,013	1,811,108	1,632,319	1,921,729	1,995,223	2,124,910	2,374,084	2,411,845	2,420,406
Pupil Transportation	334,704	369,442	395,153	432,642	312,217	408,374	455,053	357,935	334,510	643,374
Central Services	598,530	597,227	524,048	778,885	387,844	626,699	595,334	626,560	747,760	839,619
Interest On Long-Term Debt	151,048	144,436	137,289	128,880	121,669	120,091	108,278	121,478	123,546	110,672
Total Governmental Activities Expenses	15,935,839	15,951,596	17,646,280	16,837,454	17,573,332	19,043,394	19,371,202	21,968,377	24,323,621	26,874,882
Business-Type Activities:										
Food Service	107,815	121,517	129,128	160,846	144,108	142,692	135,532	144,807	150,177	139,702
Total Business-Type Activities Expense	107,815	121,517	129,128	160,846	144,108	142,692	135,532	144,807	150,177	139,702
Total District Expenses	\$ 16,043,654	\$ 16,073,113	\$ 17,775,408	\$ 16,998,300	\$ 17,667,440	\$ 19,186,086	\$ 19,506,734	\$ 22,113,184	\$ 24,473,798	\$ 27,014,584
Program Revenues										
Governmental Activities:										
Charges for Services	\$ 2,596,719	\$ 2,408,334	\$ 3,166,687	\$ 2,605,705	\$ 88,105	\$ 106,272	\$ 115,690	\$ 148,178	\$ 180,005	\$ 180,725
Operating Grants And Contributions	476,723	1,202,712	124,586	1,481,024	2,794,314	3,140,530	2,994,999	4,889,624	5,772,288	7,316,348
Capital Grants And Contributions	3,073,442	3,611,046	3,291,273	4,086,729	2,882,419	3,426,021	3,534,644	8,527,335	6,284,094	7,759,663
Total Governmental Activities Program Revenues	6,146,884	6,222,092	6,562,546	8,173,458	5,764,838	7,672,823	7,645,333	14,565,137	12,136,387	15,256,736
Business-Type Activities:										
Charges For Services	29,453	37,879	37,485	34,989	34,644	26,691	21,532	23,034	22,210	20,455
Food Service	79,128	80,764	101,511	108,280	119,681	124,171	112,762	120,339	117,848	118,559
Operating Grants And Contributions	108,581	118,645	138,996	143,249	154,325	150,862	134,314	143,373	140,038	139,014
Total Business-Type Activities Program Revenues	1,182,033	\$ 3,729,689	\$ 3,430,269	\$ 4,228,978	\$ 3,036,744	\$ 3,576,883	\$ 3,468,938	\$ 8,670,709	\$ 6,424,152	\$ 7,889,077
Net (Expense)/Revenue										
Governmental Activities	\$ (12,862,397)	\$ (12,440,550)	\$ (14,355,667)	\$ (12,550,725)	\$ (14,640,913)	\$ (15,617,373)	\$ (16,036,588)	\$ (13,441,041)	\$ (18,039,527)	\$ (19,124,199)
Business-Type Activities	786	(2,874)	9,368	(17,597)	10,217	8,170	(1,038)	(1,434)	(10,119)	(688)
Total District-Wide Net Expense	\$ (12,861,631)	\$ (12,549,424)	\$ (14,346,299)	\$ (12,568,322)	\$ (14,630,696)	\$ (15,609,203)	\$ (16,037,626)	\$ (13,442,475)	\$ (18,049,646)	\$ (19,124,887)
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 11,041,074	\$ 11,381,012	\$ 11,575,416	\$ 12,276,482	\$ 12,650,106	\$ 13,126,129	\$ 13,616,363	\$ 14,078,890	\$ 15,247,472	\$ 15,691,413
Taxes Levied For Debt Service	297,019	309,767	308,800	313,271	311,696	314,937	312,763	278,657	352,220	456,249
Loss on Retirement of Capital Assets	(34,687)	(34,687)	(53,313)	(53,313)	(53,313)	(53,313)	(53,313)	(53,313)	(53,313)	(53,313)
Unrestricted State & Federal Aid	1,970,935	2,053,223	1,592,163	1,893,979	2,043,106	2,188,324	2,244,933	2,278,096	2,284,887	2,298,274
State Restricted	4,302	2,287	2,352	2,081	2,139	2,192	2,283	2,283	2,283	2,283
Donated Capital Assets	233,272	31,538	80,399	10,653	55	42	53	1,568	25	388
Interest Earned	49,875	55,243	21,223	109,661	47,095	59,073	39,489	43,390	40,724	85,147
Miscellaneous Income	(3,000)	(3,000)	-	-	-	-	-	-	(7,656)	-
Transfers	13,508,790	13,828,090	13,886,353	14,510,814	15,034,197	15,690,697	16,215,884	16,680,401	17,917,692	18,531,471
Total Governmental Activities	28,000	228	426	286	286	286	286	286	286	286
Business-Type Activities:										
Investment Earnings	5,912	5,228	426	426	426	426	426	426	426	426
Transfers	13,514,702	13,833,318	13,886,779	14,511,100	15,034,197	15,690,697	16,215,884	16,680,401	17,917,692	18,531,471
Total Business-Type Activities	13,514,702	13,833,318	13,886,779	14,511,100	15,034,197	15,690,697	16,215,884	16,680,401	17,917,692	18,531,471
Total District-Wide	\$ 646,393	\$ 1,487,540	\$ (766,654)	\$ 1,960,089	\$ 393,284	\$ 73,324	\$ 179,326	\$ 3,239,360	\$ (121,855)	\$ (592,728)
Governmental Activities	6,678	10,294	10,294	10,294	10,217	8,170	(1,038)	(1,434)	(10,119)	(688)
Business-Type Activities	653,071	1,487,540	(786,948)	1,960,089	403,501	81,494	178,364	3,239,360	(132,735)	(592,040)
Total District	\$ 659,748	\$ 1,497,834	\$ (776,654)	\$ 1,970,383	\$ 413,718	\$ 89,664	\$ 177,326	\$ 3,237,926	\$ (142,854)	\$ (592,728)

WALLINGTON 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	\$ 795,915	\$ 1,507,736	\$ 969,861							
Unreserved	696,678	164,117	(121,087)							
Restricted				\$ 572,345	\$ 846,661	\$ 1,017,527	\$ 1,018,653	\$ 1,385,722	\$ 1,679,272	\$ 1,444,588
Committed				234,878			87,331			85,727
Assigned				110,000	480,138	568,458	331,224	382,776	85,926	152,039
Unassigned	-	-	-	67,269	41,211	55,694	56,442	(62,710)	(87,429)	(82,903)
Total General Fund	<u>\$ 1,492,593</u>	<u>\$ 1,671,853</u>	<u>\$ 848,774</u>	<u>\$ 984,492</u>	<u>\$ 1,368,010</u>	<u>\$ 1,441,679</u>	<u>\$ 1,493,650</u>	<u>\$ 1,705,788</u>	<u>\$ 1,677,769</u>	<u>\$ 1,599,451</u>
All Other Governmental Funds										
Reserved	\$ 3,166,716	\$ 567,604	\$ 157,136							
Unreserved	(823,476)	(28,006)	195,583							
Nonspendable				\$ 275,000						
Restricted	-	-	-	1,693,682	\$ 80,902	\$ 138,999	\$ 2	\$ 1,151,353	\$ 567,104	\$ 269,306
Total All Other Governmental Funds	<u>\$ 2,343,240</u>	<u>\$ 539,598</u>	<u>\$ 352,719</u>	<u>\$ 1,968,682</u>	<u>\$ 80,902</u>	<u>\$ 138,999</u>	<u>\$ 2</u>	<u>\$ 1,151,353</u>	<u>\$ 567,104</u>	<u>\$ 269,306</u>

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

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax Levy	\$ 11,338,093	\$ 11,690,779	\$ 11,884,216	\$ 12,589,753	\$ 12,941,802	\$ 13,441,066	\$ 13,929,126	\$ 14,357,547	\$ 15,599,692	\$ 16,147,662
Interest Earned	235,272	31,558	80,399	10,653	55	42	53	1,368	25	388
Miscellaneous	59,875	58,232	34,322	1,538,661	136,200	168,345	384,384	196,818	228,847	267,872
State Sources	4,577,304	5,202,505	3,756,414	3,832,555	4,206,050	4,955,385	4,666,274	5,717,448	5,465,733	5,761,965
Federal Sources	411,375	461,062	1,122,275	631,234	632,509	551,880	570,691	562,063	606,096	598,691
Total Revenue	16,621,919	17,444,136	16,877,626	18,602,856	17,916,616	19,116,718	19,550,528	20,835,244	21,900,393	22,776,578
Expenditures										
Instruction										
Regular Instruction	6,381,361	6,292,669	7,007,134	6,342,759	6,309,827	6,540,613	6,598,901	6,823,229	7,629,447	7,790,176
Special Education Instruction	2,532,171	2,355,036	2,677,595	2,966,392	3,260,322	3,755,367	4,130,095	4,338,755	4,841,427	5,350,793
Other Instruction	677,959	678,243	754,750	748,078	874,291	1,067,261	927,205	951,623	1,020,660	1,021,447
School Sponsored Activities and Athletics	598,528	549,804	541,369	503,974	573,098	710,166	708,639	755,386	863,188	892,026
Support Services:										
Student and Inst. Related Services	1,863,321	2,198,215	2,270,943	2,064,302	2,288,333	2,414,172	2,432,185	2,490,780	2,467,282	2,755,958
General Administration	444,667	686,682	468,454	421,662	478,559	591,504	576,998	522,303	586,870	549,699
School Administration Services	677,360	425,906	683,522	710,832	732,027	760,855	719,233	727,548	750,658	760,075
Plant Operations And Maintenance	1,544,290	1,573,347	1,758,441	1,364,810	1,571,284	1,604,324	1,728,063	1,835,498	1,807,805	1,649,333
Pupil Transportation	334,704	369,442	395,153	432,642	312,217	408,374	455,053	357,935	534,510	643,374
Central Services	553,836	504,873	522,698	777,074	587,017	592,854	615,305	623,049	669,775	698,434
Capital Outlay	1,264,367	3,115,271	494,509	185,917	2,118,695	271,734	406,187	4,981,559	990,449	585,131
Debt Service:										
Principal	162,477	168,530	174,599	201,662	191,960	228,388	229,707	201,555	190,246	315,000
Interest and Other Charges	152,321	145,500	138,417	131,071	123,248	121,340	109,983	72,322	182,708	141,248
Cost of Issuance on Refunding	-	-	-	-	-	-	-	62,101	-	-
Total Expenditures	17,187,362	19,063,518	17,887,584	16,851,175	19,420,878	19,066,952	19,637,554	24,743,643	22,535,025	23,152,694
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(565,443)	(1,619,382)	(1,009,958)	1,751,681	(1,504,262)	49,766	(87,026)	(3,908,399)	(634,632)	(376,116)
Other Financing Sources (Uses)										
Bond Proceeds								2,617,000		
Payments of Refunding Escrow Agrent								(2,248,616)		
Refunding Bond Proceeds								2,060,000		
Premium on Issuance of Refunding								222,417		
Insurance Recovery Related to Capital Assets								2,621,087	30,000	
Capital Lease Proceeds						82,000				
Transfers In				275,000			89,090	959	3,711	
Transfers Out	(5,000)	(5,000)	-	(275,000)	-	-	(89,090)	(959)	(11,347)	-
Total Other Financing Sources (Uses)	(5,000)	(5,000)	-	-	-	82,000	-	5,271,888	22,364	-
Net Change in Fund Balances	\$ (570,443)	\$ (1,624,382)	\$ (1,009,958)	\$ 1,751,681	\$ (1,504,262)	\$ 131,766	\$ (87,026)	\$ 1,363,489	\$ (612,268)	\$ (376,116)
Debt Service as a Percentage of										
Noncapital Expenditures	1.98%	1.97%	1.80%	2.00%	1.82%	1.86%	1.77%	1.70%	1.73%	2.02%

* Noncapital expenditures are total expenditures less capital outlay.

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

Fiscal Year Ended June 30,	<u>Total</u>	<u>Interest on Investments</u>	<u>After School Program</u>	<u>Tuition Refunds</u>	<u>Prior Year Refunds</u>	<u>Prior Year Payables Adjustment</u>	<u>Miscellaneous</u>
2008	\$ 285,147	\$ 235,272					\$ 49,875
2009	86,801	31,558				\$ 24,380	30,863
2010	107,622	80,399				27,223	
2011	120,314	10,653		\$ 35,312	\$ 41,369	26,028	6,952
2012	135,255	55	\$ 88,104	33,506		6,866	6,724
2013	165,387	42	106,272	5,749		15,869	37,455
2014	153,232	53	113,690			5,035	34,454
2015	191,594	26	148,178			11,774	31,616
2016	220,754	25	180,005			19,189	21,535
2017	266,260	388	180,725			67,631	17,516

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2008	\$ 8,502,900	\$ 888,727,800	\$ 145,055,200	\$ 59,260,700	\$ 98,700,800	\$ 1,200,247,400	\$ 730,032	\$ 1,200,977,432	\$ 1,207,882,021	\$ 0.959
2009	11,335,200	886,606,200	143,724,900	59,539,900	98,700,800	1,199,907,000	730,032	1,200,637,032	1,228,156,856	0.980
2010	9,487,600	887,642,800	148,426,900	57,358,000	95,700,800	1,198,616,100	2,197,330	1,200,813,430	1,171,151,635	1.018
2011 (A)	9,168,300	791,951,800	146,005,700	56,072,700	94,712,200	1,097,910,700	1,776,329	1,099,687,029	1,109,847,490	1.161
2012	8,976,300	791,945,200	146,933,100	54,215,800	94,602,200	1,096,672,600	1,720,812	1,098,393,412	1,029,241,284	1.202
2013	8,204,900	792,903,900	145,658,500	53,706,300	94,602,200	1,095,075,800	1,730,632	1,096,806,432	1,003,993,152	1.252
2014 (B)	5,569,900	674,055,600	136,425,500	49,286,100	81,398,700	946,735,800	1,549,102	948,284,902	1,001,647,136	1.483
2015	6,229,100	671,310,500	132,900,200	49,336,100	81,632,500	941,408,400	1,730,632	943,139,032	962,087,386	1.579
2016	5,589,900	674,162,200	134,621,500	49,159,300	81,478,000	945,010,900	1,591,404	946,602,304	970,158,817	1.695
2017	5,464,000	674,337,800	137,183,500	49,506,000	81,408,300	947,899,600	1,582,048	949,481,648	993,172,634	1.718

Source: County Abstract of Ratables

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

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

^a Tax rates are per \$100

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

<u>Assessment Year</u>	<u>Total</u>	<u>Wallington School District</u>	<u>Wallington Borough</u> (A)	<u>Bergen County</u>
2008	\$ 1.691	\$ 0.959	\$ 0.544	\$ 0.188
2009	1.764	0.980	0.587	0.197
2010	1.837	1.018	0.627	0.192
2011 (B)	2.073	1.161	0.704	0.208
2012	2.133	1.202	0.723	0.208
2013	2.206	1.252	0.743	0.211
2014 (C)	2.596	1.483	0.878	0.235
2015	2.736	1.579	0.912	0.245
2016	2.858	1.695	0.912	0.251
2017	2.915	1.718	0.935	0.262

Note: (A) Includes Library tax.

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

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

Source: Tax Duplicate

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

Taxpayer	2017		2008	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Mt Pleasant Village Investments LLC	\$ 26,500,000	2.79%	\$ 30,500,000	2.54%
Jasontown Apt. LLC	21,628,600	2.28%	24,600,000	2.05%
Wallington Plaza LLC	21,338,300	2.25%	16,500,000	1.37%
Jasontown II Associates	20,222,000	2.13%	22,440,000	1.87%
Farmland Dairies	17,296,400	1.82%	22,500,000	1.87%
PS Atlantic Coast, LLC	8,119,200	0.86%		
Meridia at Parkway, LLC	6,661,600	0.70%		
New Wallington Home LLC	5,592,500	0.59%		
480 Main Ave. Associates LLC	5,500,000	0.58%	6,270,500	0.52%
Wallington Ind. Dev. 2 Assoc. L.P.	5,347,200	0.56%	5,500,000	0.46%
Wallington Self Storage			9,081,700	0.76%
460 Main Ave Wallington LLC			6,081,300	0.51%
Morningside At Wallington LLC			4,503,500	0.37%
	<u>\$ 138,205,800</u>	<u>14.56%</u>	<u>\$ 147,977,000</u>	<u>12.32%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Local School District Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	\$ 11,338,093	\$ 11,338,093	100.00%	N/A
2009	11,690,779	11,690,779	100.00%	N/A
2010	11,884,216	11,884,216	100.00%	N/A
2011	12,589,753	12,589,753	100.00%	N/A
2012	12,941,802	12,941,802	100.00%	N/A
2013	13,441,066	13,441,066	100.00%	N/A
2014	13,929,126	13,929,126	100.00%	N/A
2015	14,357,547	14,357,547	100.00%	N/A
2016	15,599,692	15,599,692	100.00%	N/A
2017	16,147,662	16,147,662	100.00%	N/A

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		Total District	Population	Per Capita
	General Obligation Bonds	EDA Loans Payable			
2008	\$ 3,298,000	\$ 218,736	\$ 3,516,736	11,249	\$ 313
2009	3,163,000	185,205	3,348,205	11,310	296
2010	3,023,000	150,606	3,173,606	11,353	280
2011	2,873,000	114,856	2,987,856	11,461	261
2012	2,718,000	77,896	2,795,896	11,515	243
2013	2,553,000	39,632	2,592,632	11,590	224
2014	2,383,000		2,383,000	11,652	205
2015	4,677,000		4,677,000	11,716	399
2016	4,502,000		4,502,000	11,689	385
2017	4,187,000		4,187,000	11,689 E	358

Source: District records

E - Estimate

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Intergovern- mental Loans	Deductions			
2008	\$ 3,298,000	\$ 218,736		\$ 3,516,736	0.29%	\$ 313
2009	3,163,000	185,205		3,348,205	0.28%	296
2010	3,023,000	150,606		3,173,606	0.26%	280
2011	2,873,000	114,856		2,987,856	0.27%	261
2012	2,718,000	77,896		2,795,896	0.25%	243
2013	2,553,000	39,632		2,592,632	0.24%	224
2014	2,383,000		\$ 2	2,382,998	0.25%	205
2015	4,677,000		1,367	4,675,633	0.50%	399
2016	4,502,000		1	4,501,999	0.48%	385
2017	4,187,000		2	4,186,998	0.44%	358

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**WALLINGTON BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2016
(Unaudited)**

Gross Debt

Direct Debt: (1)	
Wallington Borough Public Schools	\$ 4,372,000
Borough of Wallington	<u>16,810,649</u>
	<u>21,182,649</u>
Overlapping Debt Apportioned to the Municipality:	
County of Bergen - Borough's Share (A)	6,960,255
Passaic Valley Sewerage Commission (B)	<u>1,742,708</u>
	<u>8,702,963</u>
Total Direct and Overlapping Debt	<u>\$ 29,885,612</u>

Source:

(1) Township's 2016 Annual Debt Statement

(A) The debt for this entity was apportioned to the Borough of Wallington by dividing the municipality's 2016 equalized value by the total 2016 equalized value for Bergen County.

(B) The debt was computed based upon dividing the Borough's 2016 billings by the total 2016 billings of the Authority.

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

Legal Debt Margin Calculation for Fiscal Year 2017

	Equalized valuation basis
	2016 \$ 984,283,825
	2015 960,424,811
	2014 961,055,527
	<u>\$2,905,764,163</u>
Average equalized valuation of taxable property	<u>\$ 968,588,054</u>
Debt limit (4 % of average equalization value)	\$ 38,743,522 ^a
Total Net Debt Applicable to Limit	<u>4,187,000</u>
Legal debt margin	<u>\$ 34,556,522</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>
Debt Limit	\$ 43,174,417	\$ 46,783,915	\$ 47,782,425	\$ 46,491,777	\$ 43,932,424	\$ 41,734,600	\$ 40,065,885	\$ 39,164,219	\$ 38,657,519	\$ 38,743,522
Total Net Debt Applicable to Limit	<u>5,557,378</u>	<u>3,348,205</u>	<u>3,173,606</u>	<u>2,987,856</u>	<u>2,795,896</u>	<u>2,592,632</u>	<u>2,383,000</u>	<u>4,677,000</u>	<u>4,502,000</u>	<u>4,187,000</u>
Legal Debt Margin	<u>\$ 37,617,039</u>	<u>\$ 43,435,710</u>	<u>\$ 44,608,819</u>	<u>\$ 43,503,921</u>	<u>\$ 41,136,528</u>	<u>\$ 39,141,968</u>	<u>\$ 37,682,885</u>	<u>\$ 34,487,219</u>	<u>\$ 34,155,519</u>	<u>\$ 34,556,522</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	12.87%	7.16%	6.64%	6.43%	6.36%	6.21%	5.95%	11.94%	11.65%	10.81%

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

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

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

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income(1)</u>	<u>School District Population</u>
2008	7.00%	\$ 68,548	11,249
2009	12.20%	64,571	11,310
2010	12.50%	65,275	11,353
2011	12.30%	68,244	11,461
2012	12.50%	71,380	11,515
2013	8.60%	70,498	11,590
2014	7.50%	73,536	11,652
2015	6.10%	75,849	11,716
2016	5.50%	75,849 (2)	11,689
2017	N/A	75,849 (2)	11,689 (2)

Source: County Information vs. Municipality Information

(1) Reflects County of Bergen

(2) Estimate

N/A - Not Available

Source: United States Bureau of Census

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

<u>Employer</u>	<u>2017</u>		<u>2008</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

This information is not available.

This information is not available.

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

<u>Function/Program</u>	<u>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	95	95	95	90	91	91	92	94	95	96
Special Education	3	3	4	4	4	4	5	5	5	6
Other Special Education	2	2	3	3	3	3	5	6	6	6
Other Instruction	10	10	10	8	8	8	10	10	10	10
Support Services:										
General Administration	4	4	4	4	4	4	4	4	4	4
School Administrative Services	7	7	8	7	7	7	7	7	7	7
Other Administrative Services	4	4	4	4	4	4	4	4	4	4
Central Services	3	3	3	3	3	3	3	3	3	3
Administrative Information Technology	1	2	2	2	1	2	2	2	2	2
Plant Operations and Maintenance	12	13	12	10	10	10	8	7	6	5
Total	<u>141</u>	<u>143</u>	<u>145</u>	<u>135</u>	<u>135</u>	<u>136</u>	<u>140</u>	<u>142</u>	<u>142</u>	<u>143</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Senior High School				
2008	1,152.0	\$ 15,608,197	\$ 13,549	4.82%	108	1:13	1:12.7	1,143.8	1,076.0	-1.51%	94.07%
2009	1,157.0	17,080,059	14,762	8.96%	108	1:13.9	1:11.2	1,123.6	1,065.5	-1.77%	94.83%
2010	1,153.0	17,080,059	14,814	0.35%	109	1:10.5	1:10.6	1,140.6	1,085.2	1.51%	95.14%
2011	1,169.0	16,332,525	13,971	-5.69%	105	1:11.1	1:11.2	1,157.4	1,102.8	1.47%	95.28%
2012	1,196.0	16,986,975	14,203	1.66%	106	1:11.5	1:10.8	1,188.7	1,127.4	2.70%	94.84%
2013	1,191.0	18,445,490	15,487	9.04%	105	1:14.8	1:22	1,198.8	1,137.3	0.85%	94.87%
2014	1,195.0	18,891,677	15,809	2.08%	112	1:13.5	1:12.8	1,183.5	1,123.1	-1.28%	94.90%
2015	1,345.0	19,426,106	14,443	-8.64%	115	1:11.1	1:11.5	1,290.6	1,219.2	9.05%	94.47%
2016	1,292.0	21,171,622	16,387	13.46%	116	1:10.6	1:14.1	1,293.1	1,251.1	0.19%	96.75%
2017	1,283.0	22,111,315	17,234	5.17%	118	1:10.4	1:14.3	1,276.6	1,204.8	-1.28%	94.38%

Sources: District records

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

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>District Building</u>										
<u>Elementary</u>										
Jefferson School										
Square Feet	19,279	19,279	19,279	19,279	19,279	19,279	19,279	24,493	24,493	24,493
Capacity (students)	132	132	132	132	132	132	132	241	241	241
Enrollment	207	208	207	223	230	261	269	303	306	289
Gavlak School										
Square Feet	36,297	36,297	36,297	36,297	36,297	36,297	36,297	36,350	36,350	36,350
Capacity (students)	283	283	283	283	283	283	283	283	283	283
Enrollment	377	378	377	381	400	400	398	445	436	437
<u>High School</u>										
Square Feet	66,109	66,109	66,109	66,109	66,109	66,109	66,109	76,500	76,500	76,500
Capacity (students)	212	212	212	212	212	212	212	212	212	212
Enrollment	568	571	569	549	566	530	512	542	538	554
Number of Schools at June 30, 2017										
Elementary =	2	2	2	2	2	2	2	2	2	2
Senior High School =	1	1	1	1	1	1	1	1	1	1

Source: District Records

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

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

	<u>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>
Jefferson School	\$ 51,477	\$ 46,570	\$ 54,501	\$ 44,492	\$ 45,499	\$ 45,871	\$ 53,182	\$ 42,310	\$ 42,693	\$ 43,423
Frank W. Gavlak School	58,793	53,188	72,469	59,741	59,881	63,006	46,333	27,181	48,760	37,066
Wallington High School	116,017	104,957	110,872	86,332	85,353	104,127	109,141	41,116	95,749	69,487
Total School Facilities	<u>\$ 226,287</u>	<u>\$ 204,715</u>	<u>\$ 237,842</u>	<u>\$ 190,565</u>	<u>\$ 190,733</u>	<u>\$ 213,004</u>	<u>\$ 208,656</u>	<u>\$ 110,607</u>	<u>\$ 187,202</u>	<u>\$ 149,976</u>

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

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

Source: District Insurance Records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
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

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

INDEPENDENT AUDITOR'S REPORT

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

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

Internal Control Over Financial Reporting

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

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

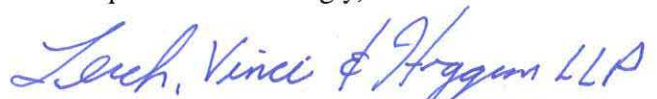
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

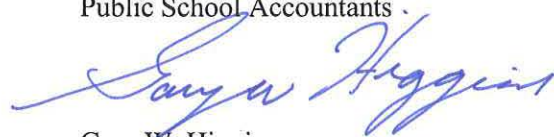
As part of obtaining reasonable assurance about whether the Wallington Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have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

Purpose of this Report

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



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
November 30, 2017



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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MARK SACO, CPA
SHERYL M. NICOLOSI, CPA, PSA

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

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

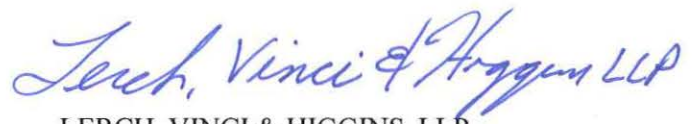
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

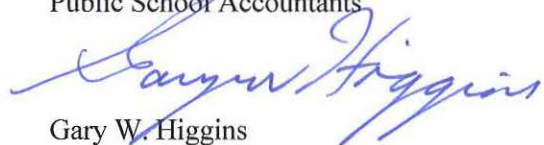
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wallington Board of Education, as of and for the fiscal year ended June 30, 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 November 30, 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 state financial assistance as required by New Jersey OMB Circular 15-08 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
November 30, 2017

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

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant Period	Award Amount	Balance at July 1, 2016	Unearned Revenue Carryover/ (Walkover) Amount	Intergov't Receivable Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments (1)	June 30, 2017			(Memo) GAAP Receivable
											Intergov't Receivable	Unearned Revenue	Due to Grantor	
U.S. Department of Agriculture														
Passed-Through State Department of Education														
Food Service Fund														
National School Lunch Program	10.555	171NJ304N1099	7/1/16-6/30/17	\$ 103,104			\$ 95,637	\$ 103,104			\$ (7,467)			\$ (7,467)
National School Lunch Program	10.555	1616NJ304N1099	7/1/15-6/30/16	104,776	\$ (4,928)		4,928							
School Breakfast Program	10.555	171NJ304N1099	7/1/16-6/30/17	13,575			12,550	13,575			(1,025)			(1,025)
School Breakfast Program	10.553	1616NJ304N1099	7/1/15-6/30/16	11,019	(512)		512							
Total Child Nutrition Cluster								116,679						
Total U.S. Department of Agriculture					(5,440)		113,627	116,679			(8,492)			(8,492)
U.S. Department of Health and Human Services														
General Fund														
ARRA - Special Education Medicaid Initiative	93.778	1705NJSMAP	4/1/09-12/31/10	\$ 933			933	933						
Medical Assistance Program (SEMI)	93.778	1705NJSMAP	7/1/15-6/30/16	46,932			46,932	46,932						
Total SEMI Cluster								47,865						
Total U.S. Department of Health and Human Services							47,865	47,865						
U.S. Department of Education														
Passed-through State Department of Education														
Special Revenue Fund														
I.D.E.A. Part B, Basic	84.027	H027A160100	7/1/16-6/30/17	262,568		\$ 8,592	\$ (8,592)	254,920	254,920		(16,240)	\$ 16,240		
I.D.E.A. Part B, Basic	84.027	H027A150100	7/1/15-6/30/16	272,067	(44,049)	(8,592)	8,592	35,457		\$ 8,592				
I.D.E.A. Part B, Preschool	84.173	H173A160114	7/1/16-6/30/17	6,373				6,373						
Total Special Education Cluster (IDEA)								261,293						
N.C.L.B.														
Title III	84.365	S365A160030	7/1/16-6/30/17	18,860				11,996	18,860		(6,864)			(6,864)
Title III	84.365	S365A150030	7/1/15-6/30/16	16,019	(5,307)			5,507						
Title III - Immigrant	84.365	S365A160030	7/1/16-6/30/17	6,487				813	6,487		(5,674)			(5,674)
Total English Language Acquisition Cluster (Title III)								25,347						
Title I	84.010	S010A160030	7/1/16-6/30/17	230,547				215,733	230,547		(14,814)			(14,814)
Title I	84.010	S010A150030	7/1/15-6/30/16	238,367	(79,385)			79,385						
Title IIA	84.367A	S367A160029	7/1/16-6/30/17	33,490				31,588	33,490		(1,902)			(1,902)
Title IIA	84.367A	S367A150029	7/1/15-6/30/16	36,519	(16,154)			16,154						
Total U.S. Department of Education					(145,095)		657,926	550,677	8,592		(45,494)	16,240		(29,254)
Total Federal Financial Assistance					\$ (150,535)	\$ -	\$ -	\$ 819,418	\$ 715,221	\$ 8,592	\$ (53,986)	\$ 16,240	\$ -	\$ (37,746)

Note (1) - To reclassify prior year expenditures and adjust ending balance

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

See Accompanying Notes to Schedule of Expenditures of Federal Awards

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

State Grant/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at July 1, 2016			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Accounts Receivable	Unearned Revenue/ Interfund	Due to Grantor	Memo Only GAAP Receivable	Cumulative Total Expenditures
				Accounts Receivable	Unearned Revenue/ Interfund	Due to Grantor								
State Department of Education														
Special Education Categorical Aid	17-495-034-5120-089	7/1/16-6/30/17	\$ 743,809			\$ (68,687)		\$ 675,122	\$ 743,809	\$ (68,687)			\$	\$ 743,809
Special Education Categorical Aid	16-495-034-5120-089	7/1/15-6/30/16	727,940			(65,849)		65,849						49,973
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	49,973			(3,701)		45,338	49,973	(4,615)				2,174,798
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	40,911			(197,100)		1,973,966	2,174,798	(200,832)				75,442
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	2,178,860			(6,824)		68,475	75,442	(6,967)				13,860
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	75,442			(1,159)		12,380	13,860	(1,280)				12,810
Under Adequacy Aid	17-495-034-5120-096	7/1/16-6/30/17	13,860			(1,183)		11,677	12,810	(1,183)				12,810
Under Adequacy Aid	16-495-034-5120-096	7/1/15-6/30/16	12,810			(1,159)		11,657	12,810	(1,183)				3,083,502
Professional Learning Community Aid	17-495-034-5120-014	7/1/16-6/30/17	24,797			(1,867)		22,930	24,797	(2,290)				24,797
Professional Learning Community Aid	16-495-034-5120-014	7/1/15-6/30/16	20,642			(1,867)		1,867						202,643
PARCC Readiness Aid	17-100-034-5120-044	7/1/16-6/30/17	202,643			(255,415)		255,415	202,643	(202,643)				
PARCC Readiness Aid	16-100-034-5120-473	7/1/15-6/30/16	255,415											
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	39,123					38,210	39,123	(913)				39,123
Per Pupil Growth Aid	16-495-034-5120-005	7/1/15-6/30/16	29,268					29,268	29,268					29,268
Transportation Aid	17-495-034-5094-004	7/1/16-6/30/17	807,795					807,795	807,795					807,795
Transportation Aid	16-495-034-5094-002	7/1/15-6/30/16	2,304					2,304	2,304					2,304
Expenditure Aid	17-495-034-5094-004	7/1/16-6/30/17	697,464					697,464	697,464					697,464
Expenditure Aid	16-495-034-5094-003	7/1/15-6/30/16	578,085					549,557	578,085	(28,528)				578,085
Payment for Institutionalized Children- Unknown District of Residence On Behalf TPAF Aid	16-495-034-5094-003	7/1/15-6/30/16	563,760			(27,397)		27,397						
TPAF NCCI	17-495-034-5094-004	7/1/16-6/30/17	29,268			(560,471)		5,906,331	5,464,981	(519,121)				5,464,981
TPAF Normal	17-495-034-5094-002	7/1/16-6/30/17	807,795					1,745	1,880	(137)				1,880
TPAF Long-Term Disability Insurance	17-495-034-5094-004	7/1/16-6/30/17	2,304			(91)		91						
TPAF Post-Retirement Medical	17-495-034-5094-001	7/1/16-6/30/17	697,464											
Reimbursed TPAF Social Security	17-495-034-5094-003	7/1/16-6/30/17	578,085					1,834	1,880	(137)				1,880
Reimbursed TPAF Social Security	16-495-034-5094-003	7/1/15-6/30/16	563,760											
Total General Fund			1,880			(91)		1,745	1,880	(137)				1,880
State School Lunch Program	17-100-010-3350-023	7/1/16-6/30/17	2,033											
State School Lunch Program	16-100-010-3350-023	7/1/15-6/30/16												
Total Food Service Fund			2,033											
New Jersey Economic Development Authority (Capital Projects Fund)														
Washington Junior and Senior High School Exterior Systems Repair and Restoration	5450-030-14-1001	7/1/15-6/30/16	1,473,838			(533,401)		533,401	253,590					253,590
Total Capital Projects Fund			1,473,838			(533,401)		533,401	253,590					253,590
Total State Financial Assistance Subject to Single Audit Determination			\$ 6,041,566			\$ (519,238)		\$ 5,720,451	\$ 5,720,451	\$ (519,238)			\$ (29,578)	\$ 5,720,451
Less:														
On-Behalf Assistance Not Included in Single Audit and Major Program Determination														
TPAF NCCI			(29,268)											
TPAF Normal			(807,795)											
TPAF Long-Term Disability Insurance			(2,304)											
TPAF Post-Retirement Medical			(697,464)											
Total State Financial Assistance Subject to Major Program Determination			\$ 4,504,735			\$ 4,183,620								

See Accompanying Notes to Schedule of Expenditures of State Financial Assistance

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

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with the requirements of 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 \$43,394 for the general fund and an increase of \$149 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 47,865	\$ 5,508,375	\$ 5,556,240
Special Revenue Fund	550,826		550,826
Capital Projects Fund		253,590	253,590
Food Service Fund	116,679	1,880	118,559
	<hr/>	<hr/>	<hr/>
Total Financial Assistance	\$ 715,370	\$ 5,763,845	\$ 6,479,215

**WALLINGTON 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 \$578,085 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 \$837,063, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$697,464 and TPAF Long-Term Disability Insurance in the amount of \$2,304 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.

**WALLINGTON 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: Unmodified

Internal control over financial reporting:

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

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

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

Federal Awards Section Not Applicable

State Awards Section

Internal Control over compliance:

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

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

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

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

Identification of major state programs:

<u>State Grant/Project Number (s)</u>	<u>Name of State Program</u>
<u>17-495-034-5120-089</u>	<u>Special Education Aid</u>
<u>17-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>17-495-034-5120-084</u>	<u>Security Aid</u>
<u>17-495-034-5120-096</u>	<u>Under Adequacy Aid</u>
<u>17-495-034-5120-101</u>	<u>Professional Learning Community Aid</u>
<u>17-495-034-5120-098</u>	<u>PARCC Readiness Aid</u>
<u>17-495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>

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

Auditee qualified as low-risk auditee? X yes no

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

Party 2 - Schedule of Financial Statement Findings

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

There are none.

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

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

STATUS OF PRIOR YEAR FINDINGS

There were none.