

**SCHOOL DISTRICT OF THE  
BOROUGH OF WANAQUE  
COUNTY OF PASSAIC, NEW JERSEY  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2017**

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2017**

PREPARED BY

**WANAQUE BOARD OF EDUCATION  
FINANCE OFFICE**

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

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**INTRODUCTORY SECTION**

# WANAQUE PUBLIC SCHOOLS

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

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

NANCY DI BARTOLO  
BUSINESS ADMINISTRATOR/  
BOARD SECRETARY

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October 10, 2017

Ms. Angela Demetriou, President  
Members of the Board of Education  
Wanaque Public School District  
973A Ringwood Avenue  
Haskell, New Jersey 07420

Dear Ms. Demetriou and Members of the Board of Education:

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

The Comprehensive Annual Financial Report is presented in four sections: 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 Independent Auditor's Report, the Management's Discussion and Analysis, the Basic Financial Statements and Notes. The statistical section includes selected financial and demographic information, generally presented on a multiyear basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance) and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". 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 District is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board ("GASB") as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The Wanaque Board of Education and its schools constitute the District's reporting entity.



## 2. STUDENT ENROLLMENT

The District provides a full range of educational services appropriate to grade levels pre-kindergarten through eight, including regular education as well as special education programs. Future enrollment is expected to increase. As of September 2017, we have 915 students on roll. The following details the changes in the student enrollment of the District over the last ten years.

Fiscal Year	Student Enrollment	Percent Change
2016/2017	903	-5.54%
2015/2016	956	1.00%
2014/2015	952	2.80%
2013/2014	926	-4.21%
2012/2013	965	2.44%
2011/2012	942	0.42%
2010/2011	938	-0.32%
2009/2010	941	-0.95%
2008/2009	950	-2.0%
2007/2008	969	-2.6%
2006/2007	995	-1.5%
2005/2006	1010	-2.3%

## 3. ECONOMIC CONDITION AND OUTLOOK

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

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

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

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

#### **4. MAJOR INITIATIVES**

The 2017-2018 school year promises to be one of the most exciting and memorable years in the history of Wanaque Schools for this is the year that we will spend planning for the future of our district, laying the cornerstones for tomorrow. In order for our students to be prepared for the challenges of high school and the 21<sup>st</sup> Century, we must organize our schools to improve student achievement and the opportunities afforded to our students during their elementary and middle school years. The District will look to focus their resources on developing best instructional practices academically and developmentally in the primary years of schooling as well as the middle school level of education.

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

The science curriculum for students in Grades K-5 has been updated to reflect the Next Generation Science Standards. Additionally, there has been updates to our Technology, English as a Second Language, and Language Arts curricula. A new Mathematic Series titled "Ready Math" will be implemented this year for students in Grades K-5. And lastly, teachers at all grade levels will continue to utilize data to drive standards-based instruction and improve student performance.

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

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

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

#### **5. INTERNAL ACCOUNTING CONTROLS**

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

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

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

## 6. BUDGETARY CONTROLS

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

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

## 7. ACCOUNTING SYSTEM AND REPORTS

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

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

## 8. FINANCIAL INFORMATION AT FISCAL YEAR-END

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund, special revenue fund, capital projects and debt service fund revenues for the fiscal years ended June 30, 2016 and 2017:

	<u>Year ended June 30, 2017</u>		<u>Year ended June 30, 2016</u>		<u>% Inc/(Dec)</u>
	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>	
Local Sources	\$14,595,841	72.26%	\$14,279,810	72.50%	2.21%
State Sources	5,159,964	25.55%	4,959,099	25.17%	4.05%
Federal Sources	<u>441,821</u>	<u>2.19%</u>	<u>459,655</u>	<u>2.33%</u>	(3.88%)
Total Revenues	<u>\$20,197,626</u>	<u>100.00%</u>	<u>\$19,698,564</u>	<u>100.00%</u>	

The following schedule presents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal years ended June 30, 2016 and 2017:

	<u>Year ended June 30, 2017</u>		<u>Year ended June 30, 2016</u>		<u>% Inc/(Dec)</u>
	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>	
General Funds	\$18,018,351	88.78%	\$17,277,049	88.99%	4.46%
Capital Outlay	306,428	1.51%	17,605	0.09%	1,640.57%
Capital Projects	320,000	1.58%	445,092	2.29%	(28.10)%
Special Revenue	407,307	2.00%	418,075	2.15%	(2.64)%
Debt Service	<u>1,246,562</u>	<u>6.13%</u>	<u>1,257,209</u>	<u>6.48%</u>	(.85)%
Total Expenditures	<u>\$20,328,378</u>	<u>100.00%</u>	<u>\$19,415,030</u>	<u>100.00%</u>	

## 9. CASH MANAGEMENT

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

## 10. 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.

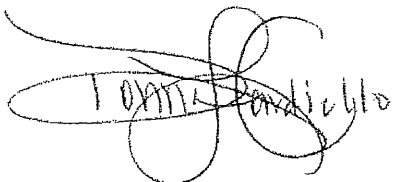
## 11. OTHER INFORMATION

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

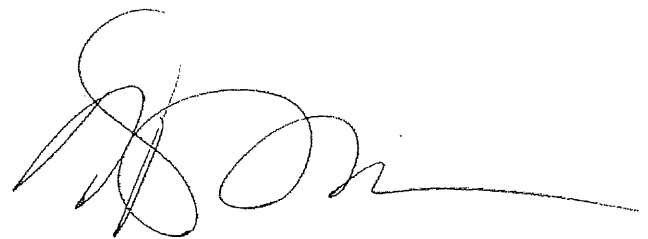
## 12. ACKNOWLEDGMENTS

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

Respectfully submitted,

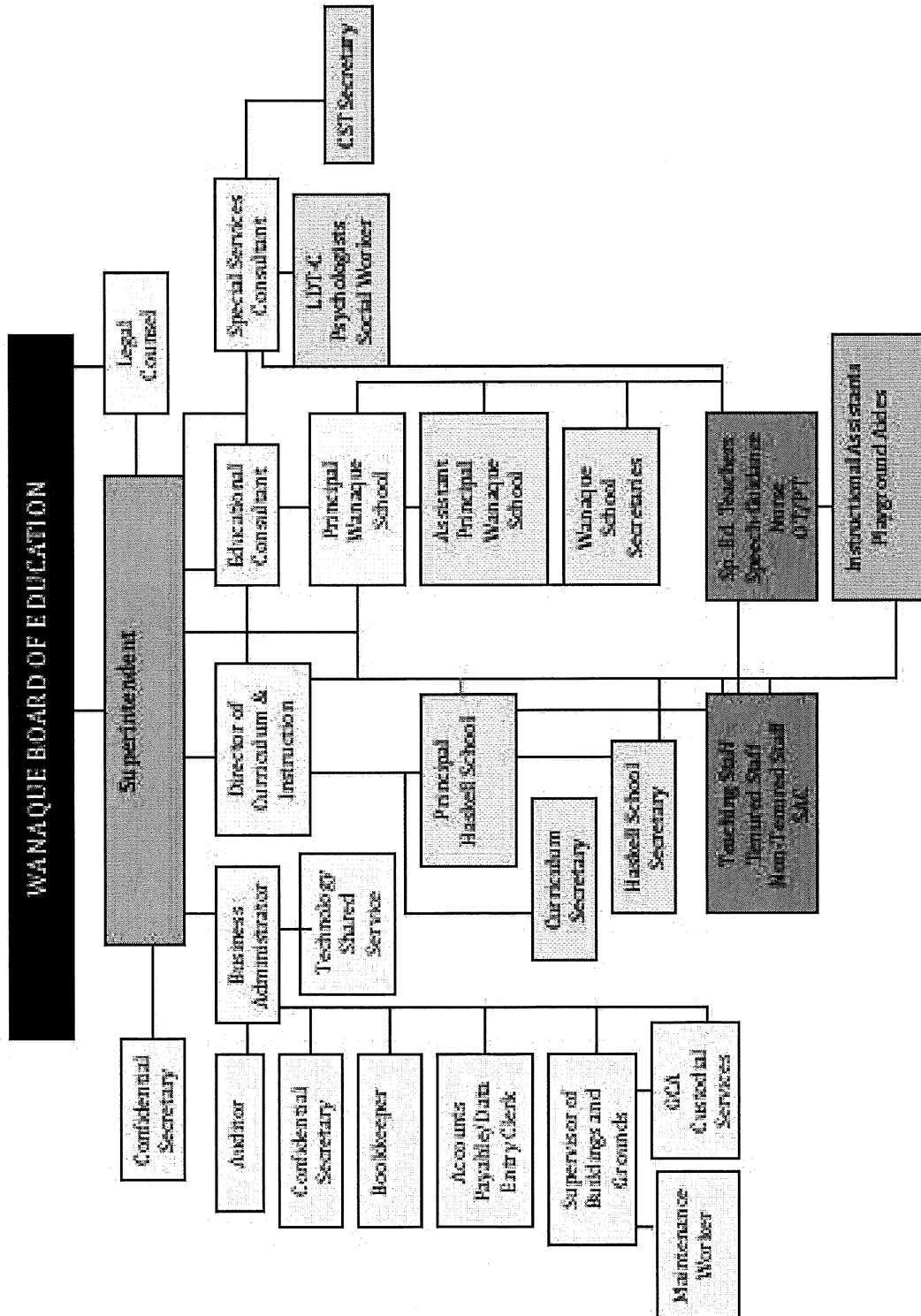


Ms. Donna L. Cardiello, M.A.  
Superintendent of Schools



Mrs. Nancy Di Bartolo  
Business Administrator/  
Board Secretary

# WANAQUE BOARD OF EDUCATION Organizational Chart



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

**ROSTER OF OFFICIALS  
JUNE 30, 2017**

**Members of the Board of Education**

**Term Expires**

Angela Demetriou, President	December 31, 2018
Jill Nitkinas, Vice President	December 31, 2017
Robert Barnhardt	December 31, 2018
Nick Camisa	December 21, 2019
Dana Imbasciani	December 31, 2018
Jennifer Spadaccini	December 31, 2019
Charles Strobel	December 31, 2017
Richard Tully	December 31, 2019
Jason Velante	December 31, 2017

**Superintendent of Schools**

Donna Cardiello

**Business Administrator/Board Secretary**

Nancy Di Bartolo

**WANAQUE BOARD OF EDUCATION**

**CONSULTANTS AND ADVISORS**

**Audit Firm**

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

**Board Attorney**

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

**Labor Negotiators**

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

**Official Depository**

Lakeland Bank  
Ringwood Avenue  
Wanaque, New Jersey 07465

**FINANCIAL SECTION**



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

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

Certified Public Accountants  
401 Wanaque Avenue  
Pompton Lakes, New Jersey 07442  
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100B Main Street  
Newton, NJ 07860  
973-579-3212  
Fax 973-579-7128

## INDEPENDENT AUDITOR'S REPORT

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

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express 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 audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.



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.

### **Opinion**

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

### ***Other Matters***

#### *Required Supplementary Information*

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

*Other Information*

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

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2017 on our consideration of the Borough of Wanaque Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of

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

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



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

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

Newton, New Jersey

October 10, 2017

**REQUIRED SUPPLEMENTARY INFORMATION  
PART I**

## SCHOOL DISTRICT OF THE BOROUGH OF WANAQUE

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

This discussion and analysis of the financial performance of the Wanaque Public School District ("District") provides an overall review of the District's financial activities for the fiscal year ended June 30, 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 notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

Management's Discussion and Analysis ("MD&A") is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's ("GASB") Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments", issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

#### **Using this Comprehensive Annual Financial Report ("CAFR")**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole. The statements then provide an increasingly detailed look at specific financial activities. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### **Reporting the District as a Whole**

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

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

## **Statement of Net Position and the Statement of Activities**

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, “How did we do financially during 2016/17?” The Statement of Net Position and the Statement of Activities help answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into consideration all of the current year’s revenues and expenses regardless of when cash is received or paid.

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

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

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

## **Reporting the District’s Most Significant Funds**

### **Fund Financial Statements**

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

### **Governmental Funds**

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

## **Enterprise Fund**

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

## **Financial Highlights**

Key financial highlights for 2016/17 are as follows:

- ◆ General revenues on the Schedule of Activities (Exhibit A-2) accounted for \$23,351,779 in revenue or 97.01% of all revenues. Program specific revenues in the form of operating grants and charges for services accounted for \$718,751 or 2.99% of total revenues of \$24,070,530.
- ◆ The District had \$23,664,210 in expenses related to Governmental Activities and Business-Type Activities; only \$718,751 of these expenses were offset by charges for services, grants or contributions. General revenues, comprised primarily of property taxes and federal and state aid in the amounts of \$14,509,868 and \$8,830,632, respectively, were adequate to provide for these programs.
- ◆ Among governmental funds, the General Fund had \$19,004,651 in revenues and other financing sources and \$18,754,779 in expenditures and transfers. As a result, the General Fund's balance increased \$249,872 over 2017.
- ◆ In the year ended June 30, 2017, the District made scheduled principal and interest payments of \$1,246,562 on the debt issued pursuant to the August 5, 2014 Refunding Bond Sale.



## The District as a Whole

Recall that the Statement of Net Position provides a perspective of the District as a whole. The following provides a summary of the District's net position as of June 30, 2017, as compared to the prior year.

**Table 1**  
**Net Position**

	Governmental Activities		Business-Type Activities		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Assets:</b>						
Current and Other Assets	3,098,358	2,705,993	82,843	108,634	3,181,201	2,814,627
Capital Assets, Net	<u>13,767,792</u>	<u>13,662,385</u>	<u>71,059</u>	<u>59,565</u>	<u>13,838,851</u>	<u>13,721,950</u>
Total Assets	<u>16,866,150</u>	<u>16,368,378</u>	<u>153,902</u>	<u>168,199</u>	<u>17,020,052</u>	<u>16,536,577</u>
<b>Deferred Outflows</b>						
Deferred Outflows of Resources Related to PERS	<u>2,519,223</u>	<u>678,385</u>	<u>-</u>	<u>-</u>	<u>2,519,223</u>	<u>678,385</u>
<b>Liabilities:</b>						
Current Liabilities	1,018,476	1,470,761	5,907	21,526	1,024,383	1,492,287
Noncurrent Liabilities	<u>19,075,438</u>	<u>16,519,967</u>	<u>-</u>	<u>-</u>	<u>19,075,438</u>	<u>16,519,967</u>
Total Liabilities	<u>20,093,914</u>	<u>17,990,728</u>	<u>5,907</u>	<u>21,526</u>	<u>20,099,821</u>	<u>18,012,254</u>
<b>Deferred Inflows</b>						
Deferred Inflows of Resources Related to PERS	<u>422,210</u>	<u>591,784</u>	<u>-</u>	<u>-</u>	<u>422,210</u>	<u>591,784</u>
<b>Net Position</b>						
Invested in Capital Assets	1,093,344	432,685	71,059	59,565	1,164,403	492,250
Restricted	2,220,464	2,141,985	-	-	2,220,464	2,141,985
Unrestricted	<u>(4,444,559)</u>	<u>(4,110,419)</u>	<u>76,936</u>	<u>87,108</u>	<u>(4,367,623)</u>	<u>(4,023,311)</u>
Total Net Position	<u>(1,130,751)</u>	<u>(1,535,749)</u>	<u>147,995</u>	<u>146,673</u>	<u>(982,756)</u>	<u>(1,389,076)</u>

The following shows the changes in net position in the fiscal years ended June 30, 2017 and 2016, respectively.

**Table 2**  
**Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for Services	-	-	153,791	150,823	153,791	150,823
Operating Grants and Contributions	407,037	418,075	157,924	146,847	564,961	564,922
<b>General Revenues:</b>						
Taxes:						
Property Taxes	14,509,868	14,098,944	-	-	14,509,868	14,098,944
Grants and Entitlements	8,830,632	7,418,776	-	-	8,830,632	7,418,776
Other	<u>11,153</u>	<u>177,788</u>	<u>125</u>	<u>132</u>	<u>11,278</u>	<u>177,920</u>
Total Revenues	<u>23,758,690</u>	<u>22,113,583</u>	<u>311,840</u>	<u>297,802</u>	<u>24,070,530</u>	<u>22,411,385</u>
<b>Functions/Programs:</b>						
<b>Instruction</b>	15,257,526	13,677,893	-	-	15,257,526	13,677,893
<b>Support Services:</b>						
Student & Instruction						
Related Services	3,174,710	2,919,724	-	-	3,174,710	2,919,724
Administration, Business and Other Support Services	2,215,300	2,022,402	-	-	2,215,300	2,022,402
Operations and Maintenance of Facilities	1,521,854	1,369,309	-	-	1,521,854	1,369,309
Pupil Transportation	664,614	509,546	-	-	664,614	509,546
Interest on Debt	519,687	550,501	-	-	519,687	550,501
Food Service	<u>-</u>	<u>-</u>	<u>310,519</u>	<u>295,571</u>	<u>310,519</u>	<u>295,571</u>
Total Expenditures	<u>23,353,691</u>	<u>21,049,375</u>	<u>310,519</u>	<u>295,571</u>	<u>23,664,210</u>	<u>21,344,946</u>
Increase or (Decrease) In Net Position	<u>404,999</u>	<u>1,064,208</u>	<u>1,321</u>	<u>2,231</u>	<u>406,320</u>	<u>1,066,439</u>

### Governmental Activities

The unique nature of property taxes and school funding in New Jersey creates the need to periodically seek voter approval for District operations. Property taxes made up 61.07% percent of revenues for governmental activities for the District for the fiscal year ended June 30, 2017. Federal, state and local grants accounted for another 38.88%, while the balance came from interest and other sources. The District's total revenues were \$23,758,690 for the fiscal year ended June 30, 2017.

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

	<b>Total cost of services, Year ended June 30,</b>		<b>Net cost of services, Year ended June 30,</b>	
	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
Instruction	\$15,257,527	\$13,677,893	\$(14,894,505)	\$(13,330,166)
Support services:				
Student and instruction related services	3,174,710	2,919,724	(3,130,695)	(2,849,377)
Administration, business and other support services	2,215,300	2,022,402	(2,215,300)	(2,022,402)
Operation and maintenance of facilities	1,521,854	1,369,309	(1,521,854)	(1,369,309)
Pupil transportation	664,614	509,546	(664,614)	(509,546)
Interest on Debt	<u>519,687</u>	<u>550,501</u>	<u>(519,687)</u>	<u>(550,501)</u>
 Total expenses	 <u>\$23,353,691</u>	 <u>\$21,049,375</u>	 <u>\$(22,946,655)</u>	 <u>\$(20,631,301)</u>

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

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

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

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

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

**Business-Type Activities**

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

- ◆ In the fiscal year ended June 30, 2017, food service revenues exceeded expenses by \$1,322. In the fiscal year ended June 30, 2016, revenues exceeded expenditures by \$2,232.
- ◆ Charges for services represented \$153,791 of revenue in the year ended June 30, 2017, compared to \$150,823 in the prior fiscal year. This represents amounts paid by patrons for daily food services.

## Business-Type Activities (Continued)

- ◆ Federal and state reimbursement for meals, including payments for free and reduced lunches and donated commodities, was \$157,924 and \$146,847 in the fiscal years ended June 30, 2017 and 2016, respectively.

## The District's Funds

The District's funds are accounted for using a modified accrual basis of accounting. All governmental funds (i.e., general, special revenue and debt service funds presented in the fund-based statements) had total revenues of \$20,197,627, capital projects expenditures of \$20,328,378, and \$218,566 of other financing sources for the fiscal year ended June 30, 2017.

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

	Year ended June 30, 2017		Year ended June 30, 2016	
	Amount	% of total	Amount	% of total
Local sources	\$14,595,841	72.26%	\$14,279,810	72.50%
State sources	5,159,964	25.55%	4,959,099	25.17%
Federal sources	<u>441,821</u>	<u>2.19%</u>	<u>459,655</u>	<u>2.33%</u>
Total revenues	<u>\$20,197,626</u>	<u>100.00%</u>	<u>\$19,698,564</u>	<u>100.00%</u>

The following schedule presents a summary of the expenditures of governmental funds for the fiscal years ended June 30, 2017 and 2016, respectively:

	Year ended June 30, 2017		Year ended June 30, 2016	
	Amount	% of total	Amount	% of total
Instruction	\$8,251,231	40.59%	\$8,294,490	42.72%
Support services	10,204,156	50.20%	9,400,634	48.42%
Capital outlay	626,428	3.08%	462,697	2.38%
Debt service:				
Principal	720,000	3.54%	700,000	3.61%
Interest	<u>526,563</u>	<u>2.59%</u>	<u>557,209</u>	<u>2.87%</u>
Total expenses	<u>\$20,328,378</u>	<u>100.00%</u>	<u>\$19,415,030</u>	<u>100.00%</u>

## General Fund Budgeting Highlights

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

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

## Capital Assets

At the end of the fiscal year, the District had \$21,639,558 invested in land, buildings, furniture and equipment, and vehicles. The following shows capital asset balances, net of accumulated depreciation, as of June 30, 2017 and 2016, respectively:

	Capital Assets June 30,					
	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 47,304	\$ 47,304	\$ -	\$ -	\$ 47,304	\$ 47,304
Construction In Progress	-	826,036	-	-	-	8256,036
Building and Improvements	12,746,806	12,260,873	-	-	12,746,806	12,260,873
Machinery and Equipment	<u>973,682</u>	<u>528,172</u>	<u>71,059</u>	<u>59,565</u>	<u>1,044,741</u>	<u>587,737</u>
	<u>\$13,767,792</u>	<u>\$13,662,385</u>	<u>\$71,059</u>	<u>\$59,565</u>	<u>\$13,838,851</u>	<u>\$13,721,950</u>

## Debt Administration

At year end, the district had \$12,395,000 in Bonds Outstanding. A reduction of \$720,000 from last year (more detailed information about the District's Long-Term Liabilities presented in Note 7 to the Basic Financial Statements.)

Other long-term debt includes liabilities for compensated absences of \$466,600 and \$561,395 as of June 30, 2017 and 2016, respectively and lease obligations totaling \$279,447 and \$114,700 as of June 30, 2017 and 2016, respectively and net pension liability for PERS of \$5,934,390 and \$3,487,731 as of June 30, 2017 and 2016, respectively.

## For the Future

The Wanaque Public School District is presently in good financial condition. Everyone associated with the Wanaque School District is grateful for the community support.

The School Funding and Reform Act (SFRA) was enacted in 2008 and established a statewide, weighted student funding formula. The Funding Formula is being underfunded by the State and the shortfall is thereby absorbed by the taxpayers. A major concern of the District is its increasing reliance on property taxes.

The Wanaque Public School District has committed itself to continue its system of financial planning, budgeting and internal financial controls to meet the challenges of the future.

## **Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Business Administrator/Board Secretary at the Wanaque Board of Education, 973A Ringwood Avenue, Haskell, New Jersey 07420.

**BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS**



**WANAQUE BOROUGH SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	1,324,036.90	73,166.63	1,397,203.53
Receivables, net	378,035.96	8,683.25	386,719.21
Inventory		993.40	993.40
Restricted assets:			
Capital reserve account - cash	1,181,785.46		1,181,785.46
Maintenance reserve account - cash	214,500.00		214,500.00
Capital assets:			
Land	47,304.00		47,304.00
Other capital assets, net	13,720,487.87	71,058.93	13,791,546.80
Total Assets	<u>16,866,150.19</u>	<u>153,902.21</u>	<u>17,020,052.40</u>
<b>DEFERRED OUTFLOWS</b>			
Deferred Outflows of Resources Related to PERS	<u>2,519,223.00</u>		<u>2,519,223.00</u>
<b>LIABILITIES</b>			
Accounts payable	895,840.73	3,385.40	899,226.13
Accrued Interest Payable	113,254.67		113,254.67
Unearned revenue	9,380.87	2,521.94	11,902.81
Noncurrent liabilities:			
Due within one year	834,178.90		834,178.90
Due beyond one year	18,241,258.52		18,241,258.52
Total liabilities	<u>20,093,913.69</u>	<u>5,907.34</u>	<u>20,099,821.03</u>
<b>DEFERRED INFLOWS</b>			
Deferred Inflows of Resources Related to PERS	<u>422,210.00</u>		<u>422,210.00</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	1,093,344.39	71,058.93	1,164,403.32
Restricted for:			
Debt service	1.16		1.16
Capital projects	104,750.63		104,750.63
Capital reserves	1,181,785.46		1,181,785.46
Maintenance reserves	214,500.00		214,500.00
Other purposes	719,426.61		719,426.61
Unrestricted	(4,444,558.75)	76,935.94	(4,367,622.81)
Total net position	<u>(1,130,750.50)</u>	<u>147,994.87</u>	<u>(982,755.63)</u>

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

WANAQUE BOROUGH SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
Instruction:							
Regular	4,939,342.61	4,158,271.45		363,021.55	(8,734,592.51)	-	(8,734,592.51)
Special education	2,877,032.69	2,475,885.23			(5,352,917.92)	-	(5,352,917.92)
Other special instruction	254,305.14	160,866.20			(415,171.34)	-	(415,171.34)
Other instruction	180,551.00	211,272.47			(391,823.47)	-	(391,823.47)
Support services:							
Tuition	498,470.30	-			(498,470.30)	-	(498,470.30)
Student & instruction related services	1,652,691.71	1,023,547.75		44,015.00	(2,632,224.46)	-	(2,632,224.46)
General administrative services	339,695.77	207,948.07			(547,643.84)	-	(547,643.84)
School administrative service	469,234.39	396,215.68			(865,450.07)	-	(865,450.07)
Central Services and Admin. Infor. Tech.	555,688.09	246,518.20			(802,206.29)	-	(802,206.29)
Plant operations and maintenance	1,296,083.50	225,770.38			(1,521,853.88)	-	(1,521,853.88)
Pupil transportation	662,016.24	2,597.29			(664,613.53)	-	(664,613.53)
Interest on long-term debt	519,687.00	-			(519,687.00)	-	(519,687.00)
Total governmental activities	14,244,798.44	9,108,892.72	-	407,036.55	(22,946,654.61)	-	(22,946,654.61)
<b>Business-type activities:</b>							
Food Service	310,518.66		153,791.05	157,923.87	-	1,196.26	1,196.26
Total business-type activities	310,518.66		153,791.05	157,923.87	-	1,196.26	1,196.26
<b>Total primary government</b>	<b>14,555,317.10</b>		<b>153,791.05</b>	<b>564,960.42</b>	<b>(22,946,654.61)</b>	<b>1,196.26</b>	<b>(22,945,458.35)</b>
<b>General revenues:</b>							
<b>Taxes:</b>							
Property taxes, levied for general purposes, net					13,717,544.00		13,717,544.00
Taxes levied for debt service					792,324.00		792,324.00
Federal and State aid not restricted					8,406,801.34		8,406,801.34
State Aid - Restricted for Debt Service					423,831.00		423,831.00
Tuition Received					75,072.61		75,072.61
Investment Earnings					5,926.95	125.45	6,052.40
Miscellaneous Income					4,973.12		4,973.12
Contracts Payable Cancelled					16,142.59		16,142.59
SDA Grant Receivables Cancelled					(90,962.26)		(90,962.26)
Total general revenues, special items, extraordinary items and transfers					23,351,653.35	125.45	23,351,778.80
Change in Net Position					404,998.74	1,321.71	406,320.45
<b>Net Position - Beginning</b>					(1,535,749.24)		(1,389,076.08)
<b>Net Position—ending</b>					<b>(1,130,750.50)</b>		<b>(982,755.63)</b>

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

**FUND FINANCIAL STATEMENTS**

WANAQUE BOROUGH SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	1,219,285.11		104,750.63	1.16	1,324,036.90
Interfund receivable	132,044.52				132,044.52
Intergovernmental Accounts Receivable - State	209,502.06				209,502.06
Intergovernmental Accounts Receivable - Federal		148,873.71			148,873.71
Other Receivables	18,634.30				18,634.30
Restricted cash and cash equivalents	1,396,285.46				1,396,285.46
<b>Total assets</b>	<u>2,975,751.45</u>	<u>148,873.71</u>	<u>104,750.63</u>	<u>1.16</u>	<u>3,229,376.95</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	691,261.52	17,674.21			708,935.73
Interfund payable		131,018.63			131,018.63
Unearned revenue	9,200.00	180.87			9,380.87
<b>Total liabilities</b>	<u>700,461.52</u>	<u>148,873.71</u>	<u>-</u>	<u>-</u>	<u>849,335.23</u>
Fund Balances:					
Assigned to:					
Other Purposes - Encumbrances	233,557.61				233,557.61
Restricted for:					
Capital Projects Fund			104,750.63		104,750.63
Excess Surplus	240,000.00				240,000.00
Excess Surplus Designated for Subsequent Year's Expenditures	245,869.00				245,869.00
Capital Reserve Account	1,181,785.46				1,181,785.46
Maintenance Reserve Account	214,500.00				214,500.00
Unassigned:					
Debt Service				1.16	1.16
General fund	159,577.86				159,577.86
<b>Total fund balances</b>	<u>2,275,289.93</u>	<u>-</u>	<u>104,750.63</u>	<u>1.16</u>	<u>2,380,041.72</u>
<b>Total liabilities and fund balances</b>	<u>2,975,751.45</u>	<u>148,873.71</u>	<u>104,750.63</u>	<u>1.16</u>	

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

Accrued liability for interest on long-term debt is not due and payable in the current period and is not reported as a liability in the funds.	(113,254.67)
Accounts Payable for subsequent Pension payment is not a payable in the funds	(186,905.00)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$21,639,557.87 and the accumulated depreciation is \$7,871,766.00	13,767,791.87
Deferred Outflows and Inflows of resources are applicable to future periods and therefore are not reported in the funds.	
Deferred Outflows of Resources Related to PERS Pension Liability	2,519,223.00
Deferred Inflows of Resources Related to PERS Pension Liability	(422,210.00)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(19,075,437.42)</u>
Net position of governmental activities	<u>\$ (1,130,750.50)</u>

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

**WANAQUE BOROUGH SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Local sources:					
Local tax levy	13,717,544.00			792,324.00	14,509,868.00
Tuition - Other LEA Within The State	19,979.49				19,979.49
Tuition - From Other Sources	55,093.12				55,093.12
Interest Earned on Capital Reserve Funds	709.93				709.93
Interest on Investments	5,217.02		-		5,217.02
Unrestricted Miscellaneous Revenues	4,973.12	-		-	4,973.12
Total - Local Sources	13,803,516.68	-	-	792,324.00	14,595,840.68
State sources	4,736,133.42		-	423,831.00	5,159,964.42
Federal sources	34,784.92	407,036.55			441,821.47
Total revenues	18,574,435.02	407,036.55	-	1,216,155.00	20,197,626.57
<b>EXPENDITURES</b>					
Current:					
Regular instruction	4,576,321.06	363,021.55			4,939,342.61
Special education instruction	2,877,032.69				2,877,032.69
Other special instruction	254,305.14				254,305.14
Other instruction	180,551.00				180,551.00
Support services and undistributed costs:					
Tuition	498,470.30				498,470.30
Student & instruction related services	1,608,676.71	44,015.00			1,652,691.71
General administrative services	468,334.02				468,334.02
School administrative services	469,234.39				469,234.39
Central Services and administrative Info. Tech.	555,688.09				555,688.09
Plant operations and maintenance	1,296,083.50				1,296,083.50
Pupil transportation	662,016.24				662,016.24
Unallocated employee benefits	4,601,638.04				4,601,638.04
Debt Service:					
Principal				720,000.00	720,000.00
Interest and other charges				526,562.50	526,562.50
Capital outlay	306,427.90	-	320,000.00		626,427.90
Total expenditures	18,354,779.08	407,036.55	320,000.00	1,246,562.50	20,328,378.13
Excess (Deficiency) of revenues over expenditures	219,655.94	-	(320,000.00)	(30,407.50)	(130,751.56)
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating Transfers In	136,830.09		400,000.00		536,830.09
Operating Transfers Out	(400,000.00)		(136,830.09)		(536,830.09)
Contracts Payable Cancelled			16,142.59		16,142.59
SDA Grant Receivables Cancelled			(90,962.26)		(90,962.26)
Capital Leases (non-budgeted)	293,385.90				293,385.90
Total other financing sources and uses	30,215.99	-	188,350.24	-	218,566.23
Net change in fund balances	249,871.93	-	(131,649.76)	(30,407.50)	87,814.67
Fund balance—July 1	2,025,418.00		236,400.39	30,408.66	2,292,227.05
Fund balance—June 30	2,275,289.93	-	104,750.63	1.16	2,380,041.72

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

**WANAQUE BOROUGH SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Total net change in fund balances - governmental funds (from B-2)		87,814.67
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.</p>		
	Depreciation expense    \$ (521,021.00) Capital outlay <u>333,042.00</u>	(187,979.00)
<p>In the statement of activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>		
(Increase)/Decrease in Compensated Absences Payable		94,795.32
<p>Repayment of long-term debt is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.</p>		
<p>In the current year, these amounts consist of:</p>		
	Principal Payments on Capital Leases	128,638.25
	Principal Payments on Bond Payables	720,000.00
<p>District pension contributions are reported as expenditures in the governmental funds when made. However, per GASB No. 68 they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.</p>		
	District Pension Contributions    178,006.00 Less: Pension Expense <u>(623,152.00)</u>	(445,146.00)
<p>Per GASB No. 68 Non-employer contributing entities are required to record an increases in revenue and expense for On-behalf TPAF pension payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements</p>		
	Increase in On-behalf State Aid TPAF Pension	3,635,883.00
	Increase in On-behalf TPAF Pension Expense	(3,635,883.00)
<p>In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The change in accrued interest is a (increase), decrease in the reconciliation.</p>		
		<u>6,875.50</u>
Change in net position of governmental activities		<u>404,998.74</u>

**WANAQUE BOROUGH SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Business-type Activities - Enterprise Funds
	Food Service
<u>ASSETS</u>	
CURRENT ASSETS	
Cash and cash equivalents	73,166.63
Intergovernmental receivables:	
State Aid	239.11
Federal Aid	8,444.14
Inventories	993.40
Total current assets	82,843.28
FIXED ASSETS:	
Furniture, machinery & equipment	130,363.93
Less accumulated depreciation	(59,305.00)
Total fixed assets	71,058.93
TOTAL ASSETS	153,902.21
<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES	
Accounts payable	3,385.40
Unearned Revenue:	
Prepaid Sales	2,521.94
TOTAL CURRENT LIABILITIES	5,907.34
NET POSITION	
Invested in capital assets net of	
Related debt	71,058.93
Unrestricted	76,935.94
TOTAL NET POSITION	147,994.87
TOTAL LIABILITIES AND NET POSITION	153,902.21

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

**WANAQUE BOROUGH SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Business-type Activities - Enterprise Fund</u> <u>Food</u> <u>Service</u>
Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	98,254.46
Daily sales - non-reimbursable programs	52,335.00
Special functions	3,201.59
Total operating revenues	<u>153,791.05</u>
Operating expenses:	
Cost of sales reimbursable	89,289.00
Cost of sales- non-reimbursable	51,876.10
Salaries	92,856.14
Employee benefits	19,516.02
Purchased services	4,757.18
Management Fees	9,571.51
Insurance	9,828.79
General supplies	12,874.46
Depreciation	3,563.05
Repairs	13,942.00
Miscellaneous	2,444.41
Total operating expenses	<u>310,518.66</u>
Operating loss	<u>(156,727.61)</u>
Nonoperating revenues (expenses):	
State sources:	
State school lunch program	3,175.82
Federal sources:	
National school lunch program	104,346.42
National school breakfast program	12,423.75
Special milk program	297.52
Food distribution program	37,680.36
Interest	125.45
Total nonoperating revenues (expenses)	<u>158,049.32</u>
Net income (loss) before operating transfers	1,321.71
Total Net Position - Beginning of Year	<u>146,673.16</u>
Total net position—ending	<u><u>147,994.87</u></u>

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



**WANAQUE BOROUGH SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<b>Business-type Activities - Enterprise Funds</b>
	<b>Food Service</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	154,681.59
Payments to employees for services	(92,856.14)
Payments to suppliers for goods and services	(230,828.60)
Net cash used for operating activities	(169,003.15)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
State Sources	3,098.84
Federal Sources	151,434.43
Net cash provided by (used for) non-capital financing activities	154,533.27
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of equipment	(15,056.53)
Net cash provided by (used for) capital and related financing activities	(15,056.53)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on cash equivalents	125.45
Net cash provided by (used for) investing activities	125.45
Net increase (decrease) in cash and cash equivalents	(29,400.96)
Balances—beginning of year	102,567.59
Balances—end of year	73,166.63
<b>Reconciliation of operating income (loss) to net cash (used for) by operating activities:</b>	
Operating loss	(156,727.61)
Adjustments to reconcile operating loss to net cash used for operating activities	
Depreciation	3,563.05
(Increase)/decrease in inventory	(219.88)
Increase /(decrease) in accounts payable	(16,509.25)
(Increase) decrease in deferred revenue	890.54
Total adjustments	(12,275.54)
Net cash provided by (used for) operating activities	(169,003.15)

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

**WANAQUE BOROUGH SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2017**

	Unemployment Compensation Trust	Agency Funds
<b>ASSETS</b>		
Cash and cash equivalents	107,017.12	99,990.99
Interfund Receivable - Payroll Agency Account	5,230.02	
Total assets	112,247.14	99,990.99
<b>LIABILITIES</b>		
Payable to student groups		60,040.16
Payroll deductions and withholdings		33,694.92
Due to Unemployment Compensation Trust		5,230.02
Interfund Payable - General Fund		1,025.89
Total liabilities	-	99,990.99
<b>NET POSITION</b>		
Held in trust for unemployment claims and other purposes	112,247.14	

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

**WANAQUE BOROUGH SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<b>Unemployment Compensation Trust</b>
<b>ADDITIONS</b>	
Contributions:	
Plan member	16,169.60
Total Contributions	16,169.60
Investment earnings:	
Interest	176.87
Net investment earnings	176.87
Total additions	16,346.47
<b>DEDUCTIONS</b>	
Unemployment claims	34,595.36
Total deductions	34,595.36
Change in net position	(18,248.89)
Net position—beginning of the year	130,496.03
Net position—end of the year	112,247.14

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

**NOTES TO THE FINANCIAL STATEMENTS**

**Borough of Wanaque School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

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

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

1231 Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, “Defining the Financial Reporting Entity” establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include an elementary school and a middle school, located in the Borough of Wanaque. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Borough of Wanaque School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**A. Basis of Presentation**

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

**District-wide Financial Statements**

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

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

**Fund Financial Statements**

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

**Borough of Wanaque School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**GOVERNMENTAL FUNDS**

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

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

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

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

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

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

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

**Borough of Wanaque School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**PROPRIETARY FUNDS**

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

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

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

**FIDUCIARY FUNDS**

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

**B. Measurement Focus**

**District-wide Financial Statements**

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

**Fund Financial Statements**

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



**Borough of Wanaque School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Fund Financial Statements** (continued)

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

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

**C. Basis of Accounting**

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

**Revenues - Exchange and Non-exchange Transactions**

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

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

**Borough of Wanaque School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

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

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

**Expenses/Expenditures**

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

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

**D. Budgets/Budgetary Control**

Annual appropriated budgets are adopted in the spring of the preceding year for the general, and special revenue funds. The budgets are submitted to the county superintendents office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2(g)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. The Board of Education made material supplemental budgetary appropriations during the fiscal year, \$48,666.00 for tuition and \$14,467.00 for transportation.

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

**Borough of Wanaque School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D. Budgets/Budgetary Control** (continued)

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

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

**E. Encumbrances**

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

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

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

**F. Cash, Cash Equivalents and Investments**

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

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

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

**Borough of Wanaque School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**F. Cash, Cash Equivalents and Investments** (continued)

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

**G. Tuition Revenues/Receivable**

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

**H. Tuition Payable**

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

**I. Inventories**

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

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

**J. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2017, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

**Borough of Wanaque School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**K. Short-Term Interfund Receivables/Payables**

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

**L. Capital Assets**

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

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

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

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

**Borough of Wanaque School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**M. Compensated Absences**

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

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

**N. Unearned Revenue**

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

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

**O. Accrued Liabilities and Long-term Obligations**

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

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

**Borough of Wanaque School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**P. Accounting and Financial Reporting for Pensions**

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

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

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

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

**Borough of Wanaque School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**P. Accounting and Financial Reporting for Pensions** (continued)

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

**Q. Deferred Outflows/Inflows of Resources**

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

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

**R. Fund Balances:**

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

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



**Borough of Wanaque School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**R. Fund Balances:** (continued)

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

**S. Net Position**

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

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

**T. Operating Revenues and Expenses**

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

**U. Extraordinary and Special Items**

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

**Borough of Wanaque School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**V. Allocation of Indirect Expenses**

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

**W. Use of Estimates**

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

**X. Recent Accounting Pronouncements:**

The Government Accounting Standards Board issued GASB Statement No. 72, Fair Value Measurement and Application. This Statement is effective for fiscal years beginning after June 15, 2015. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement also provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The District had no transactions of this type for the year ended June 30, 2017.

The Government Accounting Standards Board issued GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68. This Statement is effective for fiscal years beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for fiscal years beginning after June 15, 2016. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

**Borough of Wanaque School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**X. Recent Accounting Pronouncements:(continued)**

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

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

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

The Government Accounting Standards Board issued GASB Statement No. 77, *Tax Abatement Disclosures*, which improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The District believes this Statement will have no impact on future financial statements.

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

**Borough of Wanaque School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**X. Recent Accounting Pronouncements:**(continued)

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

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

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

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 82, *Pension Issues - an Amendment of GASB Statements No. 67, No. 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statement No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement is effective for reporting periods beginning after June 15, 2016. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice.

In November 2016, the Government Accounting Standards Board issued GASB Statement No. 83, *Certain Asset Retirement Obligations*. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflows of resources for asset retirement obligations (AROs). The District does not believe this Statement will have any effect on future financial statements.

In January 2017, the Government Accounting Standards Board issued GASB Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities. The District is currently evaluating the effects, if any, this Statement may have on future financial statements.

**Borough of Wanaque School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**X. Recent Accounting Pronouncements:**(continued)

In March 2017, the Government Accounting Standards Board issued GASB Statement No. 85, Omnibus 2017, which addresses practice issues that have been identified during the implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues relating to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

In May 2017, the Governmental Accounting Standards Board issued GASB Statement No. 86, Certain Debt Extinguishment Issues, which improves 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. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

**NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

**Cash**

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2017, \$0- of the District's bank balance of \$3,347,340.14 was exposed to custodial credit risk.

**Investments**

**Investment Rate Risk**

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

**Borough of Wanaque School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

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

**Credit Risk**

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

**Concentration of Credit Risk**

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

**NOTE 4. RECEIVABLES**

Receivables at June 30, 2017 consisted of accounts and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of receivables follows:

	Governmental Fund Financial <u>Activities</u>	Enterprise Fund	District Wide Financial <u>Statements</u>
State Aid	209,502.06	239.11	209,741.17
Federal Aid	148,873.71	8,444.14	157,317.85
Other	18,634.30	-	18,634.30
Interfunds	<u>132,044.52</u>	<u>-</u>	<u>1,025.89</u>
Gross Receivables	<u>509,054.59</u>	<u>8,683.25</u>	<u>386,719.21</u>
Less Allowance for Uncollectables	<u>-</u>	<u>-</u>	<u>-</u>
Total Receivables Net	<u>509,054.59</u>	<u>8,683.25</u>	<u>386,719.21</u>

**Borough of Wanaque School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 5. INTERFUND BALANCES AND ACTIVITY**

Balances due to/from other funds at June 30, 2017 consist of the following:

Due to General Fund from Net Payroll Account for interest earnings.	\$478.58
Due to General Fund from Payroll Agency Fund for interest earned.	522.87
Due to General Fund from Flexible Spending Account for interest earned.	24.44
Due to General Fund from Special Revenue Fund for short term loans.	<u>131,018.63</u>
	<u>\$132,044.52</u>

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

The General Fund is owed \$131,018.63 from the Special Revenue Fund for a cash deficit which will be reimbursed when grant money is received from federal grantors.

**Borough of Wanaque School District**  
**Notes to the Basic Financial Statements**  
**for the fiscal year ended June 30, 2017**

**NOTE 6. CAPITAL ASSETS**

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

	Balance <u>6/30/16</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	Balance <u>6/30/17</u>
<b>Governmental Activities:</b>					
Capital Assets Not Being Depreciated					
Land	47,304.00	-	-	-	47,304.00
Construction in Progress	<u>826,036.05</u>	<u>320,000.00</u>	<u>-</u>	<u>(1,146,036.05)</u>	<u>-</u>
Total Capital assets not being Depreciated	<u>873,340.05</u>	<u>320,000.00</u>	<u>-</u>	<u>(1,146,036.05)</u>	<u>47,304.00</u>
Capital Assets Being Depreciated					
Building and Building Improvements	18,851,203.92	-	-	887,117.05	19,738,320.97
Machinery and Equipment	<u>1,309,980.00</u>	<u>306,427.90</u>	<u>(21,394.00)</u>	<u>258,919.00</u>	<u>1,853,932.90</u>
Total Capital Assets Being Depreciated, Net	<u>20,161,183.92</u>	<u>306,427.90</u>	<u>(21,394.00)</u>	<u>1,146,036.05</u>	<u>21,592,253.87</u>
Less Accumulated Depreciation:					
Building and Improvements	(6,590,331.00)	-	-	(401,184.00)	(6,991,515.00)
Equipment	<u>(781,808.00)</u>	<u>-</u>	<u>21,394.00</u>	<u>(119,837.00)</u>	<u>(880,251.00)</u>
Total Accumulated Depreciation	<u>(7,372,139.00)</u>	<u>-</u>	<u>21,394.00</u>	<u>(521,021.00)</u>	<u>(7,871,766.00)</u>
Total Capital Assets, Being Depreciated, Net	<u>12,789,044.92</u>	<u>306,427.90</u>	<u>-</u>	<u>625,015.05</u>	<u>13,720,487.87</u>
Governmental Activities, Capital Assets, Net	<u>13,662,384.97</u>	<u>626,427.90</u>	<u>-</u>	<u>(521,021.00)</u>	<u>13,767,791.87</u>
<b>Business-Type Activity</b>					
Equipment	115,307.40	15,056.53	-	-	130,363.93
Less accumulated depreciation for:					
Equipment	<u>(55,741.95)</u>	<u>(3,563.05)</u>	<u>-</u>	<u>-</u>	<u>(59,305.00)</u>
Business-Type Activity Capital Assets, Net	<u>59,565.45</u>	<u>11,493.48</u>	<u>-</u>	<u>-</u>	<u>71,058.93</u>



**Borough of Wanaque School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 6. CAPITAL ASSETS** (continued)

Depreciation expense was charged to functions as follows:

Instruction:

Regular Education	\$431,840.97
Student and Instruction Related Services	21,236.34
School Administration	13,569.00
General Administration	15,587.60
Plant Operations and Maintenance	<u>38,796.10</u>
 Total Depreciation Expense	 <u><u>\$521,021.00</u></u>

**NOTE 7. LONG-TERM OBLIGATION ACTIVITY**

Changes in long-term obligations for the fiscal year ended June 30, 2017 are as follows:

	Balance <u>June 30, 2016</u>	<u>Additions</u>	<u>Retired</u>	Balance <u>June 30, 2017</u>	Due Within <u>One Year</u>	Long-Term <u>Portion</u>
Capital Lease payable	\$ 114,699.83	\$ 293,385.90	\$128,638.25	\$ 279,447.48	\$ 94,178.90	\$ 185,268.58
Net Pension Liability-PERS Compensated Absences payable	3,487,731.00	2,446,659.00	-	5,934,390.00	-	5,934,390.00
	561,395.26	-	94,795.32	466,599.94	-	466,599.94
Bonds Payable	<u>13,115,000.00</u>	<u>-</u>	<u>720,000.00</u>	<u>12,395,000.00</u>	<u>740,000.00</u>	<u>11,655,000.00</u>
	<u><u>\$17,278,826.09</u></u>	<u><u>\$2,740,044.90</u></u>	<u><u>\$943,433.57</u></u>	<u><u>\$19,075,437.42</u></u>	<u><u>\$834,178.90</u></u>	<u><u>\$18,241,258.52</u></u>

A. Bonds Payable:

The Board issued General Obligation Bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets.

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

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

Outstanding Bonds Payable at June 30, 2017 consisted of the following:

<u>Issue</u>	<u>Issue Date</u>	<u>Amount Issued</u>	<u>Interest Rates</u>	<u>Date of Maturity</u>	<u>Principal Balance at June 30, 2017</u>
2015 Refunding Bonds	8/26/15	12,430,000.00	2.000 - 5.000%	9/01/2016	<u><u>\$12,395,000.00</u></u>

**Borough of Wanaque School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 7. LONG-TERM OBLIGATION ACTIVITY** (continued)

A. Bonds Payable (continued):

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

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	740,000.00	503,650.00	1,243,650.00
2019	745,000.00	485,075.00	1,230,075.00
2020	765,000.00	458,600.00	1,223,600.00
2021	770,000.00	427,900.00	1,197,900.00
2022	785,000.00	392,875.00	1,177,875.00
2023-2027	4,175,000.00	1,353,625.00	5,528,625.00
2028-2032	<u>4,415,000.00</u>	<u>383,137.50</u>	<u>4,798,137.50</u>
	<u>12,395,000.00</u>	<u>4,004,862.50</u>	<u>16,399,862.50</u>

B. Capital Leases

The District is leasing technology equipment totaling \$481,277.34 under three capital leases.

The following is a schedule of the future minimum lease payments under these capital leases and the present value of the net minimum lease payments at June 30, 2017:

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	\$100,809.93
2019	100,809.93
2020	61,809.93
2021	<u>29,999.99</u>
Total Minimum Lease Payments	<u>293,429.78</u>
Less: Amount representing interest	<u>( 13,982.30)</u>
Present Value of net minimum lease	<u>\$279,447.48</u>

**Borough of Wanaque School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 7. LONG-TERM OBLIGATION ACTIVITY** (continued)

B. Capital Leases (continued):

Maturities of capital leases payable are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	\$ 94,178.90
2019	96,357.35
2020	59,587.73
2021	<u>29,323.50</u>
	<u>\$279,447.48</u>

**NOTE 8. PENSION PLANS**

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

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

**Benefits Provided**

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

**Borough of Wanaque School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 8. PENSION PLANS (continued)**

The following represents the membership tiers for TPAF:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60a of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

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

**Benefits Provided**

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

**Borough of Wanaque School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 8. PENSION PLANS (continued)**

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60a of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Defined Contribution Retirement Program**

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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 DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

**Contributions Requirements Fund Based Statements**

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

<u>Year Ending</u>	<u>PERS</u>	<u>DCRP</u>
6/30/17	\$178,006.00	\$1,754.40
6/30/16	133,576.00	2,014.92
6/30/15	155,887.00	1,474.07

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

**Borough of Wanaque School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 8. PENSION PLANS** (continued)

<u>Year Ending</u>	<u>Pension Contributions</u>	Post-Retirement	<u>NCGI Premium</u>	<u>LTDI Contribution</u>
		<u>Medical Contributions</u>		
6/30/17	\$799,858.00	\$690,612.00	\$28,981.00	\$2,301.00
6/30/16	576,078.00	720,120.00	28,697.00	-
6/30/15	394,652.00	671,584.00	28,393.00	-

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$551,148.42 during the 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 included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13.

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

**Public Employees Retirement System (PERS)**

At June 30, 2017, the District had a liability of \$5,934,390.00 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 proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2016, the District's proportion was 0.0200370173 percent, which was an increase of 0.0045000790 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$623,152.00. At June 30, 2017, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$110,362.00	\$ -
Changes of assumptions	1,229,289.00	-
Net difference between projected and actual earnings on pension plan investments	226,284.00	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	766,383.00	422,210.00
District contributions subsequent to the measurement date	<u>186,905.00</u>	<u>-</u>
Total	<u>\$2,519,223.00</u>	<u>\$422,210.00</u>

**Borough of Wanaque School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 8. PENSION PLANS** (continued)

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)**

The \$186,905.00 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2017, the plan measurement date is June 30, 2016) will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$352,555.83
2018	352,555.83
2019	408,447.75
2020	343,155.84
2021	109,218.70

**Changes in Proportion**

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.57, 5.72 and 6.44 years for 2016, 2015 and 2014 amounts, respectively.

**Additional Information**

Local Group Collective balances at June 30, 2016 and June 30, 2015 are as follows:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Collective deferred outflows of resources	\$8,685,338,380	\$3,578,755,666
Collective deferred inflows of resources	870,133,595	993,410,455
Collective net pension liability	29,617,131,759	22,447,996,119
District s Proportion	0.0200370173%	0.0155369383%

**Borough of Wanaque School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 8. PENSION PLANS (continued)**

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)**

**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 rolled forward to June 30, 2016. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	3.08 Percent
Salary Increases:	
Through 2016	1.65-4.15 Percent (based on age)
Thereafter	2.65-5.15 Percent (based on age)
Investment Rate of Return	7.65 Percent

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**Mortality Rates**

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plans actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).



**Borough of Wanaque School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 8. PENSION PLANS (continued)**

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)**

**Long-Term Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 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%	.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 U.S. Equities	26.00%	8.53%
Developed Foreign Markets	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Returns	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%
	<u>100.00%</u>	

**Borough of Wanaque School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 8. PENSION PLANS (continued)**

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 3.98% and 4.90% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2016, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	<u>June 30, 2016</u>		
	1% Decrease <u>2.98%</u>	At Current Discount Rate <u>3.98%</u>	1% Increase <u>4.98%</u>
District's proportionate share of the pension liability	\$7,271,902	\$5,934,390	\$4,830,157

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**Borough of Wanaque School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 8. PENSION PLANS (continued)**

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)**

**Teachers Pensions and Annuity Fund (TPAF)**

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

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2017 was as follows:

Net Pension Liability:	
District's proportionate share	\$ -0-
State's proportionate share associated with the District	<u>59,421,807</u>
	<u>\$59,421,807</u>

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 June 30, 2015 rolled forward to June 30, 2016. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2016, the proportion of the TPAF net pension liability associated with the District was 0.0755364828%.

For the year ended June 30, 2017, the District recognized on-behalf pension expense and revenue of \$4,464,722.00 for contributions provided by the State in the District-Wide Financial Statements.

**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. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

**Borough of Wanaque School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 8. PENSION PLANS (continued)**

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)**

**Teachers Pensions and Annuity Fund (TPAF) (continued)**i

**Actuarial Assumptions (continued)**

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

**Mortality Rates**

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis 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.

**Long-Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

**Borough of Wanaque School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 8. PENSION PLANS (continued)**

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)**

**Teachers Pensions and Annuity Fund (TPAF) (continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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%
	<u>100.00%</u>	

**Discount Rate**

The discount rate used to measure the total pension liability was 3.22% and 4.13% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuary determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2026, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Borough of Wanaque School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 8. PENSION PLANS (continued)**

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)**

**Teachers Pensions and Annuity Fund (TPAF) (continued)**

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

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

**NOTE 9. POST-RETIREMENT BENEFITS**

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 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 in accordance with P.L. 1994 Chapter 62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 Chapter 126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$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/2016divisioncombined.pdf>

**Borough of Wanaque School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 10. DEFERRED COMPENSATION**

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

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

**NOTE 11. RISK MANAGEMENT**

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

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

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

<u>Fiscal Year</u>	<u>Interest Earnings/ District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	\$ 176.87	\$16,169.60	\$34,595.36	\$112,247.14
2015-2016	198.55	15,199.39	27,339.00	130,496.03
2014-2015	50,130.64	14,902.60	7,276.08	142,437.09

**Borough of Wanaque School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 12. CAPITAL RESERVE ACCOUNT**

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

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

The activity of the capital reserve for July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning balance, July 1, 2016	\$1,050,687.43
Interest earned	709.93
Deposit per Board Resolution	393,558.01
Capital Projects Money Returned	136,830.09
Budgeted withdrawal	<u>(400,000.00)</u>
Ending balance June 30, 2017	<u>\$1,181,785.46</u>

The balance in the capital reserve account at June 30, 2017 does not exceed the balance of local support costs of uncompleted capital projects in its LRFP. Withdrawals from the capital reserve, where applicable, are for use in a DOE approved facilities project, consistent with the District's Long Range Facilities Plan.



**Borough of Wanaque School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 13. MAINTENANCE RESERVE ACCOUNT**

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

The activity of the maintenance reserve account for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning balance, July 1, 2016	<u>\$214,500.00</u>
Ending balance, June 30, 2017	<u>\$214,500.00</u>

**NOTE 14. INVENTORY**

Inventory on the Food Service Fund at June 30, 2017 consisted of the following:

Food	\$718.24
Supplies	<u>275.16</u>
	<u>\$993.40</u>

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

**NOTE 15. CALCULATION OF EXCESS SURPLUS**

In accordance with *N.J.S.A.* 18A:7F-7, as amended, the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in the subsequent years' budget. The excess fund balance at June 30, 2017 is \$485,869.00, of this amount \$240,000.00 is the result of current year's operations.

**Borough of Wanaque School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2017**

**NOTE 16. FUND BALANCE APPROPRIATED**

**General Fund (B-1)** - Of the \$2,275,289.93 General Fund fund balance at June 30, 2017, \$233,557.61 is reserved for encumbrances, \$485,869.00 is reserved as excess surplus in accordance with *N.J.S.A. 18A:7F-7*, \$245,869.00 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2018; \$1,181,785.46 has been reserved in the Capital Reserve Account, \$214,500.00 has been reserved in the Maintenance Reserve Account; and \$159,577.86 is unreserved and undesignated.

**Debt Service Fund** - \$1.16 is unreserved and undesignated.

**NOTE 17. CONTINGENT LIABILITIES**

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

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

**NOTE 18. SUBSEQUENT EVENT**

The District has evaluated subsequent events through October 10, 2017, the date which the financial statements were available to be issued and no other items were noted for disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION  
PART II**

**BUDGETARY COMPARISON SCHEDULE**

WANAQUE BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	13,717,544.00	-	13,717,544.00	13,717,544.00	-
Tuition From Other LEA's Within the State	45,000.00	-	45,000.00	19,979.49	(25,020.51)
Tuition From Other Sources	50,000.00	-	50,000.00	55,093.12	5,093.12
Interest Earned on Capital Reserve Funds	-	-	-	709.93	709.93
Interest on Investments	-	-	-	5,217.02	5,217.02
Unrestricted Miscellaneous Revenues	15,000.00	-	15,000.00	4,973.12	(10,026.88)
Total - Local Sources	13,827,544.00	-	13,827,544.00	13,803,516.68	(24,027.32)
State Sources:					
Categorical Transportation Aid	47,456.00	-	47,456.00	47,456.00	-
Categorical Special Education Aid	547,530.00	-	547,530.00	547,530.00	-
Additional Adjustment Aid	1.00	-	1.00	1.00	-
Equalization Aid	1,845,547.00	-	1,845,547.00	1,845,547.00	-
Categorical Security Aid	23,490.00	-	23,490.00	23,490.00	-
Extraordinary Aid	100,000.00	-	100,000.00	161,014.00	61,014.00
PARCC Readiness Aid	9,240.00	-	9,240.00	9,240.00	-
Per Pupil Growth Aid	9,240.00	-	9,240.00	9,240.00	-
Professional Learning Community Aid	9,230.00	-	9,230.00	9,230.00	-
Non Public Transportation Aid	-	-	-	11,764.00	11,764.00
Lead Testing for Schools Aid	-	-	-	9,554.00	9,554.00
On-behalf TPAF Pension (non-budgeted)	-	-	-	799,858.00	799,858.00
On-behalf TPAF LTDI Contribution (non-budget)	-	-	-	2,301.00	2,301.00
On-behalf TPAF NCGI Premium (non-budget)	-	-	-	28,981.00	28,981.00
On-behalf TPAF Post Retirement Medical (non-budget)	-	-	-	690,612.00	690,612.00
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	551,148.42	551,148.42
Total State Sources	2,591,734.00	-	2,591,734.00	4,746,966.42	2,155,232.42
Federal Sources:					
Medicaid Reimbursements	25,252.00	-	25,252.00	34,784.92	9,532.92
Total Federal Sources	25,252.00	-	25,252.00	34,784.92	9,532.92
Total Revenues	16,444,530.00	-	16,444,530.00	18,585,268.02	2,140,738.02
<b>EXPENDITURES:</b>					
Current Expense:					
Regular Programs - Instruction					
Preschool - Salaries of Teachers	-	76,835.50	76,835.50	76,835.50	-
Kindergarten - Salaries of Teachers	457,610.00	425.98	458,035.98	456,955.38	1,080.60
Grades 1-5 - Salaries of Teachers	2,433,208.00	(217,879.71)	2,215,328.29	2,215,328.29	-
Grades 6-8 - Salaries of Teachers	1,590,515.00	40,521.91	1,631,036.91	1,631,036.91	-
Regular Programs - Home Instruction:					
Salaries of Teachers	2,500.00	-	2,500.00	891.00	1,609.00
Other Purchased Services (400-500 series)	500.00	-	500.00	-	500.00
General Supplies	500.00	-	500.00	-	500.00
Regular Programs - Undistributed Instruction					
Other Purchased Services (400-500 series)	70,600.00	(3,512.17)	67,087.83	64,146.81	2,941.02
General Supplies	91,624.99	89,045.95	180,670.94	127,318.40	53,352.54
Textbooks	90,000.00	(13,618.16)	76,381.84	439.37	75,942.47
Other Objects	3,000.00	369.40	3,369.40	3,369.40	-
TOTAL REGULAR PROGRAMS - INSTRUCTION	4,740,057.99	(27,811.30)	4,712,246.69	4,576,321.06	135,925.63
Learning and/or Language Disabilities:					
Salaries of Teachers	335,542.00	10,144.00	345,686.00	340,794.83	4,891.17
Other Salaries for Instruction	120,204.00	(2,278.00)	117,926.00	115,538.02	2,387.98
General Supplies	2,950.00	-	2,950.00	1,776.93	1,173.07
Total Learning and/or Language Disabilities	458,696.00	7,866.00	466,562.00	458,109.78	8,452.22
Visual Impairments:					
Other Salaries for Instruction	30,051.00	2,500.00	32,551.00	32,445.72	105.28
Total Visual Impairments	30,051.00	2,500.00	32,551.00	32,445.72	105.28
Behavioral Disabilities:					
Salaries of Teachers	154,848.00	(13,764.00)	141,084.00	136,706.25	4,377.75
Other Salaries for Instruction	58,952.00	(478.53)	58,473.47	56,776.44	1,697.03
General Supplies	1,050.00	1,200.00	2,250.00	2,031.55	218.45
Total Behavioral Disabilities	214,850.00	(13,042.53)	201,807.47	195,514.24	6,293.23
Resource Room/Resource Center:					
Salaries of Teachers	1,347,459.00	(22,515.35)	1,324,943.65	1,324,943.65	-
Other Salaries for Instruction	300,010.00	18,492.37	318,502.37	318,502.37	-
General Supplies	11,000.00	(1,200.00)	9,800.00	7,594.00	2,206.00
Total Resource Room/Resource Center	1,658,469.00	(5,222.98)	1,653,246.02	1,651,040.02	2,206.00

WANAQUE BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Autism:					
Salaries of Teachers	189,162.00	64,259.85	253,421.85	253,421.85	-
Other Salaries for Instruction	58,452.00	64,996.71	123,448.71	123,448.71	-
General Supplies	1,650.00	1,000.00	2,650.00	2,170.58	479.42
Total Autism	249,264.00	130,256.56	379,520.56	379,041.14	479.42
Preschool Disabilities - Part-Time:					
Salaries of Teachers	149,459.00	(47,772.19)	101,686.81	72,421.50	29,265.31
Other Salaries for Instruction	60,102.00	(373.13)	59,728.87	59,728.87	-
General Supplies	8,000.00	(500.00)	7,500.00	3,689.70	3,810.30
Total Preschool Disabilities - Part-Time	217,561.00	(48,645.32)	168,915.68	135,840.07	33,075.61
Home Instruction:					
Salaries of Teachers	12,500.00	12,905.00	25,405.00	25,041.72	363.28
Other Purchased Services (400-500 series)	500.00	(500.00)	-	-	-
Total Home Instruction:	13,000.00	12,405.00	25,405.00	25,041.72	363.28
TOTAL SPECIAL EDUCATION - INSTRUCTION	2,841,891.00	-86,116.73	2,928,007.73	2,877,032.69	50,975.04
Basic Skills/Remedial - Instruction					
Salaries of Teachers	244,176.00	(58,367.58)	185,808.42	185,808.42	-
General Supplies	4,650.00	-	4,650.00	3,544.58	1,105.42
Total Basic Skills/Remedial - Instruction	248,826.00	(58,367.58)	190,458.42	189,353.00	1,105.42
Bilingual Education - Instruction					
Salaries of Teachers	55,762.00	8,462.15	64,224.15	64,224.15	-
General Supplies	1,200.00	-	1,200.00	727.99	472.01
Total Bilingual Education - Instruction	56,962.00	8,462.15	65,424.15	64,952.14	472.01
School-Spon. Co/Extra Curr. Actvts. - Inst					
Salaries	77,000.00	13,674.00	90,674.00	87,374.00	3,300.00
Purchased Services (300-500 Series)	3,000.00	-	3,000.00	745.00	2,255.00
Supplies and Materials	1,000.00	-	1,000.00	-	1,000.00
Total School-Spon. Co/Extra Curr. Actvts. - Inst	81,000.00	13,674.00	94,674.00	88,119.00	6,555.00
Before/After School Program - Instruction:					
Salaries of Teachers	44,000.00	(11,802.50)	32,197.50	32,197.50	-
Total Before/After School Program - Instruction:	44,000.00	(11,802.50)	32,197.50	32,197.50	-
Summer School - Instruction					
Salaries of Teachers	50,000.00	(6,734.50)	43,265.50	42,400.00	865.50
Other Salaries of Instruction	16,000.00	1,834.50	17,834.50	17,834.50	-
General Supplies	1,500.00	-	1,500.00	-	1,500.00
Total Summer School - Instruction	67,500.00	(4,900.00)	62,600.00	60,234.50	2,365.50
Summer School - Support Svcs					
Purchased Professional and Technical Services	3,000.00	-	3,000.00	-	3,000.00
Total Summer School - Support Svcs	3,000.00	-	3,000.00	-	3,000.00
Total Instruction	8,083,236.99	5,371.50	8,088,608.49	7,888,209.89	200,398.60
Undistributed Expenditures - Instruction (Tuition)					
Tuition to Other LEAS Within the State - Regular		13,000.00	13,000.00	12,514.70	485.30
Tuition to Other LEAS Within the State - Special	66,200.00	18,500.00	84,700.00	84,549.11	150.89
Tuition to CSSD & Reg. Day Schools	-	1,255.00	1,255.00	1,255.00	-
Tuition to Priv.Sch. For the Disabled W/I State	607,810.00	(57,479.00)	550,331.00	400,151.49	150,179.51
Total Undistributed Expenditures - Instruction (Tuition)	674,010.00	(24,724.00)	649,286.00	498,470.30	150,815.70
Undistributed Expend. - Attend. & Social Work					
Salaries	16,312.00	354.51	16,666.51	16,666.51	-
Total Undistributed Expend. - Attend. & Social Work	16,312.00	354.51	16,666.51	16,666.51	-
Undist. Expenditures - Health Services					
Salaries	117,957.00	6,394.11	124,351.11	124,351.11	-
Purchased Professional and Technical Services	4,000.00	(218.00)	3,782.00	3,782.00	-
Supplies and Materials	6,000.00	(243.52)	5,756.48	5,756.48	-
Total Undist. Expenditures - Health Services	127,957.00	5,932.59	133,889.59	133,889.59	-
Undist. Expend.-Speech, OT, PT and Related Svcs					
Salaries	233,887.00	(9,041.39)	224,845.61	224,845.61	-
Purchased Professional - Educational Services	123,000.00	55,198.43	178,198.43	162,232.90	15,965.53
Supplies and Materials	4,164.00	288.31	4,452.31	4,151.17	301.14
Total Undist. Expend.-Speech, OT, PT and Related Svcs	361,051.00	46,445.35	407,496.35	391,229.68	16,266.67

WANAQUE BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist Expend-Oth Supp Serv Std-Extra Serv					
Salaries	-	37,009.48	37,009.48	37,009.48	-
Purchased Professional - Educational Services	181,190.00	(65,376.00)	115,814.00	81,113.73	34,700.27
Total Undist Expend-Oth Supp Serv Std-Extra Serv	181,190.00	(28,366.52)	152,823.48	118,123.21	34,700.27
Undist. Expenditures - Guidance					
Salaries of Other Professional Staff	134,410.00	5,530.13	139,940.13	139,940.13	-
Supplies and Materials	1,000.00	-	1,000.00	671.14	328.86
Other Objects	5,000.00	-	5,000.00	2,872.58	2,127.42
Total Undist. Expenditures - Guidance	140,410.00	5,530.13	145,940.13	143,483.85	2,456.28
Undist. Expenditures - Child Study Teams					
Salaries of Other Professional Staff	306,397.00	18,844.66	325,241.66	325,241.66	-
Salaries of Secretarial and Clerical Assistants	44,320.00	(1,793.61)	42,526.39	42,526.39	-
Purchased Professional - Educational Services	70,855.00	23,779.31	94,634.31	77,952.39	16,681.92
Other Purchased Services (400-500 series)	1,500.00	(1,500.00)	-	1,598.75	(1,598.75)
Misc Pur Serv (400-500 series O/than Resid Costs)	5,000.00	(2,450.00)	2,550.00	-	2,550.00
Supplies and Materials	4,000.00	5,750.00	9,750.00	9,723.59	26.41
Other Objects	500.00	550.00	1,050.00	974.96	75.04
Total Undist. Expenditures - Child Study Teams	432,572.00	43,180.36	475,752.36	458,017.74	17,734.62
Undist. Expend.-Improv. Of Inst. Serv.					
Sal of Supervisor of Instruction	150,479.00	590.96	151,069.96	151,069.96	-
Sal of Secr and Clerical Assist.	37,722.00	4.73	37,726.73	37,726.73	-
Purchased Prof- Educational Services	52,200.00	1,440.00	53,640.00	53,640.00	-
Other Purch Services (400-500)	5,900.00	(2,440.00)	3,460.00	2,113.28	1,346.72
Supplies and Materials	1,500.00	1,000.00	2,500.00	1,630.85	869.15
Total Undist. Expend.-Improv. Of Inst. Serv	247,801.00	595.69	248,396.69	246,180.82	2,215.87
Undist. Expend.-Edu. Media Serv./Library					
Salaries	110,858.00	(33,595.00)	77,263.00	75,008.20	2,254.80
Other Purchased Services (400-500 Series)	1,000.00	-	1,000.00	864.42	135.58
Supplies and Materials	10,800.00	1,350.00	12,150.00	12,063.67	86.33
Total Undist. Expend.-Edu. Media Serv./Library	122,658.00	(32,245.00)	90,413.00	87,936.29	2,476.71
Undist. Expend.-Instr. Staff Training Serv.					
Other Purchased Services (400-500 series)	21,500.00	(500.00)	21,000.00	13,149.02	7,850.98
Total Undist. Expend.-Instr. Staff Training Serv.	21,500.00	(500.00)	21,000.00	13,149.02	7,850.98
Undist. Expend.-Support Serv.-Gen. Admin.					
Salaries	223,276.00	(964.38)	222,311.62	222,196.26	115.36
Legal Services	43,000.00	41,000.00	84,000.00	83,882.79	117.21
Audit Fees	33,725.00	2,500.00	36,225.00	16,000.00	20,225.00
Architectural/Engineering Services	22,056.70	14,397.65	36,454.35	18,895.65	17,558.70
Other Purchased Professional Services	7,500.00	7,377.35	14,877.35	14,826.05	51.30
Communications/Telephone	66,820.12	(6,400.00)	60,420.12	56,428.96	3,991.16
BOE Other Purchased Services	4,500.00	(2,750.00)	1,750.00	1,645.31	104.69
Misc. Purch Serv (400-500)[Other than 530 & 585	44,900.00	(2,100.00)	42,800.00	41,799.29	1,000.71
General Supplies	10,000.00	(8,000.00)	2,000.00	1,677.66	322.34
Miscellaneous Expenditures	4,000.00	(2,000.00)	2,000.00	1,390.00	610.00
BOE Membership Dues and Fees	10,000.00	-	10,000.00	9,592.05	407.95
Total Undist. Expend.-Support Serv.-Gen. Admin.	469,777.82	43,060.62	512,838.44	468,334.02	44,504.42
Undist. Expend.-Support Serv.-School Admin.					
Salaries of Principals/Asst. Principals/Prog Dir	323,350.00	14,641.35	337,991.35	337,991.35	-
Salaries of Secretarial and Clerical Assistants	101,938.00	2,046.50	103,984.50	103,984.50	-
Other Purchased Services (400-500 series)	12,400.00	-	12,400.00	9,900.98	2,499.02
Supplies and Materials	25,190.00	(7,000.00)	18,190.00	11,301.24	6,888.76
Other Objects	11,100.00	-	11,100.00	6,056.32	5,043.68
Total Undist. Expend.-Support Serv.-School Admin.	473,978.00	9,687.85	483,665.85	469,234.39	14,431.46
Undist. Expend. - Central Services:					
Salaries	271,825.00	12,915.72	284,740.72	284,740.72	-
Purchased Technical Services	34,200.00	(5,550.00)	28,650.00	28,484.00	166.00
Misc. Purchased Services (400-500)[O/T 594]	5,400.00	675.00	6,075.00	3,640.29	2,434.71
Supplies and Materials	7,150.00	(400.00)	6,750.00	5,665.79	1,084.21
Miscellaneous Expenditures	2,500.00	2,325.00	4,825.00	2,723.00	2,102.00
Total Undist. Expend. - Central Services:	321,075.00	9,965.72	331,040.72	325,253.80	5,786.92
Undist. Expend.- Admin. Info Technology					
Purchased Professional Services	103,000.00	(33,655.95)	69,344.05	69,344.05	-
Purchased Technical Services	8,500.00	(487.16)	8,012.84	7,740.00	272.84
Other Purchased Services (400-500 series)	130,000.00	(1,685.95)	128,314.05	128,250.66	63.39
Supplies and Materials	10,584.23	16,095.95	26,680.18	25,099.58	1,580.60
Total Undist. Expend.- Admin. Info Technology	252,084.23	(19,733.11)	232,351.12	230,434.29	1,916.83

WANAQUE BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Required Maint for Sch Fac.					
Salaries	126,500.00	(721.34)	125,778.66	125,778.66	-
Cleaning, Repair and Maintenance Services	103,600.00	21,662.91	125,262.91	125,063.15	199.76
General Supplies	28,936.98	5,260.34	34,197.32	34,197.32	-
Other Objects	6,050.00	1,055.53	7,105.53	7,105.53	-
Total Undist. Expend.-Required Maint for Sch Fac.	265,086.98	27,257.44	292,344.42	292,144.66	199.76
Undist. Expend. - Custodial Services					
Salaries	-	2,160.00	2,160.00	2,160.00	-
Salaries of Non-Instructional Aides	86,240.00	1,785.88	88,025.88	88,025.88	-
Cleaning, Repair and Maintenance Services	530,000.00	1,739.28	531,739.28	531,739.28	-
Other Purchased Property Services	20,596.00	4,665.36	25,261.36	25,261.36	-
Insurance	78,000.00	(6,537.39)	71,462.61	71,462.61	-
Miscellaneous Purchased Services	13,921.00	1,453.15	15,374.15	15,374.15	-
General Supplies	41,500.00	(18.20)	41,481.80	41,481.80	-
Energy (Natural Gas)	70,000.00	(14,358.55)	55,641.45	55,641.45	-
Energy (Electricity)	160,000.00	(15,952.17)	144,047.83	142,997.88	1,049.95
Other objects	700.00	(700.00)	-	-	-
Total Undist. Expend. - Custodial Services	1,000,957.00	(25,762.64)	975,194.36	974,144.41	1,049.95
Undist Expend.-Care and Upkeep of Grounds					
Cleaning, Repair, and Maintenance Services	12,050.00	18,721.14	30,771.14	23,271.14	7,500.00
General Supplies	2,000.00	3,294.69	5,294.69	5,294.69	-
Total Undist Expend.-Care and Upkeep of Grounds	14,050.00	22,015.83	36,065.83	28,565.83	7,500.00
Security					
Purchased Professional and Technical Services	5,000.00	(3,771.00)	1,229.00	1,228.60	0.40
General Supplies	2,000.00	(2,000.00)	-	-	-
Total Security	7,000.00	(5,771.00)	1,229.00	1,228.60	0.40
Total Undist. Expend.-Oper. And Maint. Of Plant Serv.	1,287,093.98	17,739.63	1,304,833.61	1,296,083.50	8,750.11
Undist. Expend. - Student Transportation Serv.					
Salaries for Pupil Trans. - (between home and school) - Regular	-	3,000.00	3,000.00	3,000.00	-
Management Fee - ESC & CTSA Trans. Program	20,000.00	3,500.00	23,500.00	23,311.81	188.19
Contract. Serv. - Aid in Lieu Pymts-NonPub Sch	65,000.00	(13,021.32)	51,978.68	51,410.12	568.56
Contracted Services - (Bet. Home and Sch) - Vendors	-	5,250.00	5,250.00	5,250.00	-
Contr Serv.(Bet. Home & Sch)-Joint Agrmnts	28,000.00	(11,500.00)	16,500.00	15,873.34	626.66
Contract. Serv.(Sp Ed Stds)-Joint Agrmnts	20,000.00	(20,000.00)	-	-	-
Contract. Serv.(Reg. Students)-ESCs & CTSA	-	77,500.00	77,500.00	67,260.00	10,240.00
Contract. Serv.(Spl. Ed. Students)-ESCs & CTSA	551,878.17	(881.00)	550,997.17	495,910.97	55,086.20
Total Undist. Expend. - Student Transportation Serv.	684,878.17	43,847.68	728,725.85	662,016.24	66,709.61
UNALLOCATED BENEFITS					
Group Insurance	11,000.00	303.29	11,303.29	5,273.50	6,029.79
Social Security Contributions	165,000.00	-	165,000.00	162,286.86	2,713.14
T.P.A.F. Contributions - ERI	20,000.00	-	20,000.00	17,639.64	2,360.36
Other Retirement Contributions - PERS	190,000.00	(4,000.00)	186,000.00	178,006.00	7,994.00
Other Retirement Contributions - Regular	2,500.00	1,000.00	3,500.00	2,241.28	1,258.72
Unemployment Compensation	130,000.00	(51,000.00)	79,000.00	-	79,000.00
Workmen's Compensation	85,600.00	(14,303.29)	71,296.71	71,296.71	-
Health Benefits	2,205,500.00	(29,258.80)	2,176,241.20	2,006,887.40	169,353.80
Tuition Reimbursement	41,214.00	(9,000.00)	32,214.00	31,147.30	1,066.70
Other Employee Benefits	15,000.00	26,258.80	41,258.80	30,048.93	11,209.87
Unused Vacation Payments to Terminated/Retired Staff	30,000.00	12,000.00	42,000.00	23,910.00	18,090.00
TOTAL UNALLOCATED BENEFITS	2,895,814.00	(68,000.00)	2,827,814.00	2,528,737.62	299,076.38
On-behalf TPAF Pension (non-budgeted)				799,858.00	(799,858.00)
On-behalf TPAF LTDI Contribution (non-budget)				2,301.00	(2,301.00)
On-behalf TPAF NCGI Premium (non-budget)				28,981.00	(28,981.00)
On-behalf TPAF Post Retirement Medical (non-budget)				690,612.00	(690,612.00)
TPAF Social Security (Reimbursed - Non-Budgeted)				551,148.42	(551,148.42)
TOTAL ON-BEHALF CONTRIBUTIONS				2,072,900.42	(2,072,900.42)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	2,895,814.00	(68,000.00)	2,827,814.00	4,601,638.04	(1,773,824.04)
TOTAL UNDISTRIBUTED EXPENDITURES	8,710,162.20	52,771.50	8,762,933.70	10,160,141.29	(1,397,207.59)
TOTAL GENERAL CURRENT EXPENSE	16,793,399.19	58,143.00	16,851,542.19	18,048,351.18	(1,196,808.99)



WANAQUE BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>CAPITAL OUTLAY</b>					
Equipment:					
Regular Programs - Instruction:					
Grades 1-5	-	-	15,350.00	293,385.90	(293,385.90)
Undistributed Expenditures - Non-instructional Services	15,250.00	100.00	15,350.00	9,950.00	5,400.00
Total Equipment	15,250.00	100.00	15,350.00	303,335.90	(287,985.90)
Facilities Acquisition and Const. Serv.					
Other Purchased Prof. and Tech. Services	-	4,890.00	4,890.00	3,092.00	1,798.00
Total Facilities Acquisition and Const. Serv	-	4,890.00	4,890.00	3,092.00	1,798.00
<b>TOTAL CAPITAL OUTLAY</b>	<b>15,250.00</b>	<b>4,990.00</b>	<b>20,240.00</b>	<b>306,427.90</b>	<b>(286,187.90)</b>
<b>TOTAL EXPENDITURES</b>	<b>16,808,649.19</b>	<b>63,133.00</b>	<b>16,871,782.19</b>	<b>18,354,779.08</b>	<b>(1,482,996.89)</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(364,119.19)	(63,133.00)	(427,252.19)	230,488.94	657,741.13
Other Financing Sources (uses):					
Operating Transfer Out:					
Capital Reserve - Transfer to Capital Projects	(400,000.00)		(400,000.00)	(400,000.00)	-
Capital Projects - Transfer to Capital Reserve				136,830.09	136,830.09
Capital Leases				293,385.90	293,385.90
Total Other Financing Sources (uses):	(400,000.00)	-	(400,000.00)	30,215.99	430,215.99
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(764,119.19)	(63,133.00)	(827,252.19)	260,704.93	1,087,957.12
Fund Balance, July 1	2,255,555.00		2,255,555.00	2,255,555.00	
Fund Balance, June 30	1,491,435.81	(63,133.00)	1,428,302.81	2,516,259.93	1,087,957.12
<b>Recapitulation of excess (deficiency) of revenues under expenditures:</b>					
Adjustment for prior year encumbrances	(113,056.19)		(113,056.19)	(113,056.19)	
Budgeted fund balance	(251,063.00)	(63,133.00)	(314,196.00)	379,493.18	693,689.18
Increase in Capital Reserve:					
Interest				709.93	709.93
Principal				393,558.01	393,558.01
Budgeted Withdrawal from Capital Reserve Account	(400,000.00)		(400,000.00)	(400,000.00)	
	(764,119.19)	(63,133.00)	(827,252.19)	260,704.93	1,087,957.12
<b>Recapitulation:</b>					
Assigned Fund Balance:					
Year End Encumbrances				233,557.61	
Restricted Fund Balance:					
Excess Surplus Designated for Subsequent Year's Expenditures				245,869.00	
Excess Surplus				240,000.00	
Capital Reserve				1,181,785.46	
Maintenance Reserve				214,500.00	
Unassigned Fund Balance				400,547.86	
				2,516,259.93	
Reconciliation to Government Fund Statements (GAAP):					
Less: State Aid Payment not Recognized on GAAP Basis				(240,970.00)	
Fund Balance per Governmental Funds (GAAP)				2,275,289.93	

WANAQUE BOROUGH SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 SPECIAL REVENUE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Federal Sources	328,991.00	96,404.59	425,395.59	417,094.55	(8,301.04)
Total Revenues	328,991.00	96,404.59	425,395.59	417,094.55	(8,301.04)
<b>EXPENDITURES:</b>					
Instruction					
Personal Services - Salaries	78,841.00	37,510.59	116,351.59	116,351.59	-
Tuition	207,000.00	39,670.00	246,670.00	246,669.96	0.04
Total Instruction	285,841.00	77,180.59	363,021.59	363,021.55	0.04
Support Services					
Personal Services - Employee Benefits	20,000.00	11,914.66	31,914.66	31,914.66	-
Purchased prof. Ed. Services	23,150.00	6,859.00	30,009.00	21,708.00	8,301.00
Supplies and Materials		450.34	450.34	450.34	-
Total Support Services	43,150.00	19,224.00	62,374.00	54,073.00	8,301.00
Total Expenditures	328,991.00	96,404.59	425,395.59	417,094.55	8,301.04
Total Outflows	328,991.00	96,404.59	425,395.59	417,094.55	8,301.04
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
PART II**

**WANAQUE BOROUGH SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

	General Fund	Special Revenue Fund
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]&[C-2] 18,585,268.02	417,094.55
<b>Difference - budget to GAAP:</b>		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Add: Prior Year Encumbrances		21,856.66
Less: Current Year Encumbrances		(31,914.66)
The last State Aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33).		
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(240,970.00)	
State Aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	230,137.00	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - government funds.	[B-2] <u>18,574,435.02</u>	<u>407,036.55</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]&[C-2] 18,354,779.08	417,094.55
<b>Differences - budget to GAAP</b>		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Add: Prior Year Encumbrances		21,856.66
Less: Current Year Encumbrances		(31,914.66)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - government funds.	[B-2] <u>18,354,779.08</u>	<u>407,036.55</u>

**REQUIRED SUPPLEMENTARY INFORMATION  
PART III**

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

Fiscal Year Ending June30,	District's Proportion Share of the Net Pension Liability (Asset)	District's Proportion Share of the Net Pension Liability (Asset)	District's Covered Payrol -PERS Employee's	District's Proportion Share of the Net Pension Liability (Asset) as a perecentage of its Covered Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2015	0.0189094769%	\$ 3,540,371	\$ 1,287,461	274.99%	52.08%
2016	0.0155369383%	3,487,731	1,044,171	334.02%	47.93%
2017	0.0200370173%	5,934,390	1,193,795	497.10%	59.86%

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

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

Fiscal Year Ending June30,	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's PERS Covered- Employee Payroll	Contributions as a Percentage of PERS Covered- Employee Payroll
2015	\$ 155,887	\$ 155,887	\$ -	\$1,287,461	12.11%
2016	133,576	133,576	-	1,044,171	12.79%
2017	178,006	178,006		1,193,795	14.91%

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

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

Fiscal Year Ending June30,	District's Proportion Share of the Net Pension Liability (Asset)	District's Proportion Share of the Net Pension Liability (Asset)	State's Proportionate Share of the Net Pension Liability Associated with the District (Asset)	District's Covered Payrol -TPAF Employee's	District's Proportion Share of the Net Pension Liability (Asset) as a perecentage of its Covered Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2015	0.0784736110%	\$ -	\$ 41,941,591	\$ 7,577,721	0.00%	33.64%
2016	0.0782494192%	\$ -	49,749,310	7,778,760	0.00%	28.71%
2017	0.0755364828%	\$ -	59,421,807	7,794,281	0.00%	22.33%

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



**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
PART III**

**WANAQUE BOROUGH SCHOOL DISTRICT**  
**Note to Required Schedules of Supplementary Information - Part III**  
**For the fiscal year ended June 30, 2017**

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (3.80%) to the current measurement date (2.85%), resulting in a change in the discount rate from 4.90% to 3.98%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (3.80%) to the current measurement date (3.22%), resulting in a change in the discount rate from 4.13% to 3.22%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

**OTHER SUPPLEMENTARY INFORMATION**

**WANAQUE BOROUGH SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Total Brought Forward From (Ex. E-1a)	Title I Part - A Improving Basic Program	Title I Part - A Improving Basic Program Carryover	Title II Part - A Teacher / Principal Training & Recruiting Carryover	Totals 2017
<b>REVENUES:</b>					
Federal sources	246,669.96	146,604.00	2,112.59	4,217.00	417,094.55
<b>Total Revenues</b>	<u>246,669.96</u>	<u>146,604.00</u>	<u>2,112.59</u>	<u>4,217.00</u>	<u>417,094.55</u>
<b>EXPENDITURES:</b>					
Instruction:					
Personal Services - Salaries	-	114,239.00	2,112.59	-	116,351.59
Tuition	246,669.96	-	-	-	246,669.96
<b>Total instruction</b>	<u>246,669.96</u>	<u>114,239.00</u>	<u>2,112.59</u>	<u>-</u>	<u>363,021.55</u>
<b>Support Services:</b>					
Personnel services - employee benefits	-	31,914.66	-	-	31,914.66
Purchased prof. Ed. Services	-	-	-	17,491.00	17,491.00
Supplies and Materials	-	450.34	-	-	450.34
<b>Total support services</b>	<u>-</u>	<u>32,365.00</u>	<u>-</u>	<u>17,491.00</u>	<u>54,073.00</u>
<b>Total Expenditures</b>	<u>246,669.96</u>	<u>146,604.00</u>	<u>2,112.59</u>	<u>17,491.00</u>	<u>417,094.55</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**WANAQUE BOROUGH SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	I.D.E.A. Part B		Total Carried Forward
	Basic	Preschool	To (Ex. E-1)
<b>REVENUES:</b>			
Federal sources	233,144.96	13,525.00	246,669.96
<b>Total Revenues</b>	<u>233,144.96</u>	<u>13,525.00</u>	<u>246,669.96</u>
<b>EXPENDITURES:</b>			
Instruction:			
Personal Services - Salaries			-
Tuition	233,144.96	13,525.00	246,669.96
<b>Total instruction</b>	<u>233,144.96</u>	<u>13,525.00</u>	<u>246,669.96</u>
<b>Support Services:</b>			
Personnel services - employee benefits			-
Purchased prof. Ed. Services			-
Supplies and Materials			-
<b>Total support services</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>233,144.96</u>	<u>13,525.00</u>	<u>246,669.96</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>

**WANAQUE BOROUGH SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Revenue and Other Financing Sources**

Transfer from Capital Reserve	<u>\$ 400,000.00</u>
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**Expenditures and Other Financing Uses:**

Purchased professional and technical services	<u>\$ 320,000.00</u>
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Excess (deficiency) of revenue over (under) expenditures	80,000.00
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**Other Financing Sources/(Uses)**

**Operating Transfer Out:**

Contracts Payable Cancelled	16,142.59
SDA Grant Receivables Cancelled	(90,962.26)
Cancelled to Capital Reserve	<u>(136,830.09)</u>

<b>Total Other Financing Sources/(Uses):</b>	<u><u>(211,649.76)</u></u>
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Fund balance - beginning	<u>236,400.39</u>
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Fund balance - ending	<u><u>104,750.63</u></u>
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**WANAQUE BOROUGH SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND  
AND PROJECT STATUS - BUDGETARY BASIS  
HASKELL ELEMENTARY IMPROVEMENTS & BUILDING SYSTEMS UPGRADING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Prior Periods	Cancelled to Capital Reserve	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources</b>				
Bond proceeds and transfers	10,462,672.80		10,462,672.80	10,462,672.80
Local Tax Levy	108.60		108.60	108.60
Total Revenues	<u>10,462,781.40</u>	<u>-</u>	<u>10,462,781.40</u>	<u>10,462,781.40</u>
<b>Expenditures and Other Financing Uses</b>				
Purchase professional and technical services	4,092,098.40		4,092,098.40	4,092,098.40
Constructions services	5,941,303.63	3,102.70	5,944,406.33	5,944,406.33
Equipment purchases	424,135.22		424,135.22	424,135.22
Supply purchases	2,141.45		2,141.45	2,141.45
Total expenditures	<u>10,459,678.70</u>	<u>3,102.70</u>	<u>10,462,781.40</u>	<u>10,462,781.40</u>
Excess ( deficiency) or revenues over (under) expenditures	<u>\$ 3,102.70</u>	<u>\$ (3,102.70)</u>	<u>\$ -</u>	<u>\$ -</u>

**Additional project information:**

Project Number	5440-050-05-1000
Grant Date	06/1/2006
Bond Authorization Date	4/25/2006
Bonds Authorized	10,462,781.40
Bonds Issued	10,462,672.80
Original Authorized Cost	10,462,781.40
Additional Authorized Cost	
Revised Authorized Cost	10,462,781.40

Percentage Increase over Original Authorized Cost	0.00%
Percentage completion	100.00%
Est. Original target completion date	9/1/2007
Est. Revised target completion date	12/31/2015

**WANAQUE BOROUGH SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND  
AND PROJECT STATUS - BUDGETARY BASIS  
HASKELL ELEMENTARY TELEPHONE SYSTEM UPGRADING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Prior Periods	Cancelled	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources</b>				
State sources - SDA Grant	34,240.00	(16,507.60)	17,732.40	17,732.40
Local Tax Levy	51,360.00		51,360.00	51,360.00
Total Revenues	85,600.00	(16,507.60)	69,092.40	69,092.40
<b>Expenditures and Other Financing Uses</b>				
Purchase professional and technical services		8,300.00	8,300.00	8,300.00
Constructions services		7,300.00	7,300.00	7,300.00
Equipment purchases	41,781.00	11,711.40	53,492.40	53,492.40
Total expenditures	41,781.00	27,311.40	69,092.40	69,092.40
Excess ( deficiency) or revenues over (under) expenditures	\$ 43,819.00	\$ (43,819.00)	\$ -	\$ -
<b>Additional project information:</b>				
Project Number	5440-070-14-1003			
Grant Date	03/31/2014			
Original Authorized Cost	85,600.00			
Adjusted Authorized Cost	(16,507.60)			
Revised Authorized Cost	69,092.40			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage completion	100.00%			
Est. Original target completion date	09/01/2014			
Est. Revised target completion date	12/31/2015			



**WANAQUE BOROUGH SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND  
AND PROJECT STATUS - BUDGETARY BASIS  
WANAQUE ELEMENTARY TELEPHONE SYSTEM UPGRADING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Prior Periods	Cancelled	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources</b>				
State sources - SDA Grant	34,240.00	(28,091.20)	6,148.80	6,148.80
Local Tax Levy	51,360.00		51,360.00	51,360.00
<b>Total Revenues</b>	85,600.00	(28,091.20)	57,508.80	57,508.80
<b>Expenditures and Other Financing Uses</b>				
Purchase professional and technical services		8,300.00	8,300.00	8,300.00
Constructions services		7,300.00	7,300.00	7,300.00
Equipment purchases	20,786.00	21,122.80	41,908.80	41,908.80
<b>Total expenditures</b>	20,786.00	36,722.80	57,508.80	57,508.80
 Excess ( deficiency) or revenues over (under) expenditures	<b>\$ 64,814.00</b>	<b>\$ (64,814.00)</b>	<b>\$ -</b>	<b>\$ -</b>
 <b>Additional project information:</b>				
Project Number	5440-070-14-1004			
Grant Date	03/31/2014			
Original Authorized Cost	85,600.00			
Adjusted Authorized Cost	(28,091.20)			
Revised Authorized Cost	57,508.80			
 Percentage Increase over Original Authorized Cost	0.00%			
Percentage completion	100.00%			
Est. Original target completion date	09/01/2014			
Est. Revised target completion date	12/31/2015			

**WANAQUE BOROUGH SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND  
AND PROJECT STATUS - BUDGETARY BASIS  
WANAQUE ELEMENTARY GENERATOR  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Cancelled</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State sources - EDA Grant	105,440.00	(27,540.00)	77,900.00	77,900.00
Transfer from Capital Reserve	95,520.00		95,520.00	95,520.00
Reappropriated	62,640.00		62,640.00	62,640.00
Total Revenues	<u>263,600.00</u>	<u>(27,540.00)</u>	<u>236,060.00</u>	<u>236,060.00</u>
<b>Expenditures and Other Financing Uses</b>				
Purchase professional and technical services	17,410.00	4,690.00	22,100.00	22,100.00
Constructions services	178,942.00	35,018.00	213,960.00	213,960.00
Total expenditures	<u>196,352.00</u>	<u>39,708.00</u>	<u>236,060.00</u>	<u>236,060.00</u>
Excess ( deficiency) or revenues over (under) expenditures	<u>\$ 67,248.00</u>	<u>\$ (67,248.00)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Additional project information:</b>				
Project Number	5440-070-14-1007			
Grant Date	03/31/2014			
Original Authorized Cost	263,600.00			
Adjusted Authorized Cost	(27,540.00)			
Revised Authorized Cost	236,060.00			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage completion	100.00%			
Est. Original target completion date	12/31/2014			
Est. Revised target completion date	10/31/2015			

**WANAQUE BOROUGH SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND  
AND PROJECT STATUS - BUDGETARY BASIS  
WANAQUE ELEMENTARY UNDERGROUND OIL TANK  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Prior Periods	Cancelled	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources</b>				
State sources - EDA Grant	36,320.00	(18,823.46)	17,496.54	17,496.54
Transfer from Capital Reserve	54,480.00		54,480.00	54,480.00
Total Revenues	<u>90,800.00</u>	<u>(18,823.46)</u>	<u>71,976.54</u>	<u>71,976.54</u>
<b>Expenditures and Other Financing Uses</b>				
Purchase professional and technical services	11,302.32	1,997.68	13,300.00	13,300.00
Constructions services	30,689.03	27,987.51	58,676.54	58,676.54
Total expenditures	<u>41,991.35</u>	<u>29,985.19</u>	<u>71,976.54</u>	<u>71,976.54</u>
Excess ( deficiency) or revenues over (under) expenditures	<u>\$ 48,808.65</u>	<u>\$ (48,808.65)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Additional project information:</b>				
Project Number	5440-070-14-1008			
Grant Date	03/31/2014			
Original Authorized Cost	90,800.00			
Adjusted Authorized Cost	(18,823.46)			
Revised Authorized Cost	71,976.54			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage completion	100.00%			
Est. Original target completion date	09/01/2014			
Est. Revised target completion date	6/31/2015			

**WANAQUE BOROUGH SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND  
AND PROJECT STATUS - BUDGETARY BASIS  
WANAQUE ELEMENTARY ROOF  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Contracts Payable Cancelled</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Transfer from Capital Reserve	400,000.00		400,000.00	400,000.00
Transfer from Capital Outlay	50,000.00		50,000.00	50,000.00
Total Revenues	<u>450,000.00</u>	<u>-</u>	<u>450,000.00</u>	<u>450,000.00</u>
<b>Expenditures and Other Financing Uses</b>				
Purchase professional and technical services	88,295.96	16,142.59	72,153.37	90,846.00
Constructions services	353,096.00		353,096.00	359,154.00
Total expenditures	<u>441,391.96</u>	<u>16,142.59</u>	<u>425,249.37</u>	<u>450,000.00</u>
Excess ( deficiency) or revenues over (under) expenditures	<u>\$ 8,608.04</u>	<u>\$ (16,142.59)</u>	<u>\$ 24,750.63</u>	<u>\$ -</u>
<b>Additional project information:</b>				
Project Number	N/A			
Grant Date	N/A			
Original Authorized Cost	450,000.00			
Additional Authorized Cost	-			
Revised Authorized Cost	450,000.00			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage completion	94.50%			
Est. Original target completion date	8/31/2015			
Est. Revised target completion date	8/31/2015			

**WANAQUE BOROUGH SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND  
AND PROJECT STATUS - BUDGETARY BASIS  
WANAQUE ELEMENTARY ROOF-SECTION F  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Current Year	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources</b>			
Transfer from Capital Reserve	400,000.00	400,000.00	400,000.00
<b>Expenditures and Other Financing Uses</b>			
Purchase professional and technical services		-	60,000.00
Constructions services	320,000.00	320,000.00	340,000.00
Total expenditures	320,000.00	320,000.00	400,000.00
 Excess ( deficiency) or revenues over (under) expenditures	 \$ 80,000.00	 \$ 80,000.00	 \$ -
<b>Additional project information:</b>			
Project Number	N/A		
Grant Date	N/A		
Original Authorized Cost	400,000.00		
Additional Authorized Cost			
Revised Authorized Cost	400,000.00		
 Percentage Increase over Original Authorized Cost	0.00%		
Percentage completion	80.00%		
Est. Original target completion date	August 31, 2016		
Est. Revised target completion date	August 31, 2016		

**WANAQUE BOROUGH SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
**SUMMARY SCHEDULE OF PROJECT EXPENDITURES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

PROJECT DESCRIPTION	STATE PLAN NUMBER	APPROPRIATION	EXPENDITURES		CONTRACTS PAYABLE CANCELLED	SDA GRANT RECEIVABLES CANCELLED	CANCELLED TO CAPITAL RESERVE	UNEXPENDED BALANCE
			PRIOR YEARS	CURRENT YEAR				
Haskell Elementary Improvements & Building Systems Upgrading	5440-050-05-1000	10,347,793.40	10,344,690.70				3,102.70	-
Haskell Elementary Telephone System Upgrade	5440-070-05-1003	85,600.00	41,781.00		16,507.60		27,311.40	-
Wanaque Elementary Telephone System Upgrade	5440-070-05-1004	85,600.00	20,786.00		28,091.20		36,722.80	-
Wanaque Elementary Generator	5440-070-14-1007	263,600.00	196,352.00		27,540.00		39,708.00	-
Wanaque Elementary Underground Oil Tank	5440-070-14-1008	90,800.00	41,991.35		18,823.46		29,985.19	-
Wanaque Elementary Roof	N/A	450,000.00	441,391.96	16,142.59				24,750.63
Wanaque Elementary Roof-Section F	N/A	400,000.00		320,000.00				80,000.00
		<u>\$ 11,723,393.40</u>	<u>\$ 11,086,993.01</u>	<u>\$ 320,000.00</u>	<u>\$ 16,142.59</u>	<u>\$ 90,962.26</u>	<u>\$ 136,830.09</u>	<u>\$ 104,750.63</u>

**WANAQUE BOROUGH SCHOOL DISTRICT  
ENTERPRISE FUND  
FOOD SERVICES  
COMBINING STATEMENT OF NET POSITION  
AS OF JUNE 30, 2017**

ASSETS

CURRENT ASSETS:	
Cash and cash equivalents	73,166.63
Accounts receivable:	
State	239.11
Federal	8,444.14
Inventories	<u>993.40</u>
Total current assets	<u>82,843.28</u>
FIXED ASSETS:	
Equipment	130,363.93
Less: accumulated depreciation	<u>(59,305.00)</u>
Total fixed assets	<u>71,058.93</u>
TOTAL ASSETS	<u><u>153,902.21</u></u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES:	
Accounts payable	3,385.40
Prepaid Sales	<u>2,521.94</u>
Total Current Liabilities	<u>5,907.34</u>
NET POSITION	
Invested in Capital Assets Net of Related Debt	71,058.93
Unrestricted	<u>76,935.94</u>
Total Net Position	<u>147,994.87</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>153,902.21</u></u>

**WANAQUE BOROUGH SCHOOL DISTRICT  
ENTERPRISE FUND  
FOOD SERVICES  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<b>OPERATING REVENUES:</b>	
Charges for services:	
Daily sales reimbursable programs	98,254.46
Daily sales non- reimbursable programs	52,335.00
Special functions	3,201.59
	153,791.05
<b>Total operating revenues</b>	<b>153,791.05</b>
<b>OPERATING EXPENSES:</b>	
Salaries	92,856.14
Cost of sales reimbursable	89,289.00
Cost of sales- non-reimbursable	51,876.10
Employee benefits	19,516.02
Liability Insurance	9,828.79
Supplies and materials	12,874.46
Purchased Services	4,757.18
Management Fees	9,571.51
Depreciation	3,563.05
Repairs	13,942.00
Miscellaneous	2,444.41
	310,518.66
<b>Total operating expenses</b>	<b>310,518.66</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(156,727.61)</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>	
State sources:	
State school lunch program	3,175.82
Federal sources:	
National school lunch program	104,346.42
National school breakfast program	12,423.75
Special Milk Program	297.52
Food distribution program	37,680.36
Interest	125.45
	158,049.32
<b>Total non-operating revenues (expenses)</b>	<b>158,049.32</b>
<b>Net Income (Loss) Before Operating Transfers</b>	<b>1,321.71</b>
<b>Total Net Position - Beginning of Year</b>	<b>146,673.16</b>
<b>Total Net Position - Ending</b>	<b>147,994.87</b>



**WANAQUE BOROUGH SCHOOL DISTRICT  
ENTERPRISE FUND  
FOOD SERVICES  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<b>CASH FLOWS USED BY OPERATING ACTIVITIES:</b>	
Cash receipts from customers	154,681.59
Payments to employees for services	(92,856.14)
Payments to suppliers for goods and services	<u>(230,828.60)</u>
Net cash provided by (used for) operating activities	<u>(169,003.15)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
State Sources	3,098.84
Federal Sources	<u>151,434.43</u>
Net cash used by noncapital financing activities	<u>154,533.27</u>
<b>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Purchase of equipment	<u>(15,056.53)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>	
Interest on cash equivalents	<u>125.45</u>
Net cash provided by (used for) investing activities	<u>125.45</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(29,400.96)</b>
<b>CASH AND CASH EQUIVALENTS, July 1</b>	<b><u>102,567.59</u></b>
<b>CASH AND CASH EQUIVALENTS, June 30</b>	<b><u><u>73,166.63</u></u></b>
<b>Reconciliation of operating (loss) to net cash provided (for) by operating activities:</b>	
Operating Income (loss)	<u>(156,727.61)</u>
Adjustments to reconcile operating (loss) to net cash provided (for) for operating activities:	
Depreciation	3,563.05
Changes in assets and liabilities:	
(Increase)/decrease in inventory	(219.88)
Increase/(decrease) in accounts payable	(16,509.25)
Increase/(decrease) in unearned revenue	890.54
Total adjustments	<u>(12,275.54)</u>
Net cash provided by (used for) operating activities	<u><u>(169,003.15)</u></u>

**WANAQUE BOROUGH SCHOOL DISTRICT**  
**FIDUCIARY FUNDS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

ASSETS

	Agency Funds		Expendable Trust Fund	
	Student Activity	Payroll	Unemployment Compensation Insurance	Totals
ASSETS:				
Cash and cash equivalents	60,040.16	39,950.83	107,017.12	207,008.11
Interfund Receivable - Payroll Agency Account			5,230.02	5,230.02
Total Assets	60,040.16	39,950.83	112,247.14	212,238.13

LIABILITIES AND NET POSITION

LIABILITIES:				
Payroll Deductions		33,694.92		33,694.92
Due to student groups	60,040.16			60,040.16
Due to Unemployment Compensation Trust		5,230.02		5,230.02
Interfund Payable - General Fund		1,025.89		1,025.89
Total liabilities	60,040.16	39,950.83	-	99,990.99
NET POSITION				
Held in Trust for Unemployment Claims and other Purposes			112,247.14	112,247.14
Total Net Position			112,247.14	112,247.14

**WANAQUE BOROUGH SCHOOL DISTRICT  
FIDUCIARY FUND  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017**

	<u>Unemployment Compensation Insurance Trust</u>
<b>ADDITIONS</b>	
Contributions:	
Plan Member	16,169.60
Total Contributions	<u>16,169.60</u>
Investment Earnings:	
Interest	176.87
Net Investment Earnings	<u>176.87</u>
Total Additions	<u>16,346.47</u>
<b>DEDUCTIONS</b>	
Unemployment claims	34,595.36
Total Deductions	<u>34,595.36</u>
Change in Net Position	<u>(18,248.89)</u>
Net Position - Beginning of the Year	<u>130,496.03</u>
Net Position - End of the Year	<u><u>112,247.14</u></u>

**WANAQUE BOROUGH SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Balance July 30, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2017</u>
Wanaque School	23,085.91	62,772.79	61,695.04	24,163.66
Haskell School	31,999.03	67,907.43	64,031.24	35,875.22
Wanaque School Petty Cash	0.01	1,325.19	1,324.39	0.81
Haskell School Petty Cash	0.03	425.44	425.00	0.47
<b>Total all schools</b>	<u><u>55,084.98</u></u>	<u><u>132,430.85</u></u>	<u><u>127,475.67</u></u>	<u><u>60,040.16</u></u>

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

	Balance July 30, 2016	Additions	Deletions	Balance June 30, 2017
Payroll deductions and withholdings	28,632.81	10,837,572.03	10,832,509.92	33,694.92
Interfund Payable - Unemployment Account	4,556.76	5,230.02	4,556.76	5,230.02
Interfund Payable - General Fund	754.17	271.72		1,025.89
<b>TOTAL LIABILITIES</b>	<b>33,943.74</b>	<b>10,843,073.77</b>	<b>10,837,066.68</b>	<b>39,950.83</b>

**WANAQUE BOROUGH SCHOOL DISTRICT  
GENERAL LONG TERM DEBT ACCOUNT GROUP  
STATEMENT OF BONDS PAYABLE  
AS OF JUNE 30, 2017**

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2016	Retired	Balance June 30, 2017
			Date	Amount				
2006 School Bonds	06/01/06	18,276,000.00				700,000.00	700,000.00	-
2015 Refunding Bonds	08/5/14	12,430,000.00	9/1/2017	740,000.00	2.000%			
			9/1/2018	745,000.00	3.000%			
			9/1/2019	765,000.00	4.000%			
			9/1/2020	770,000.00	4.000%			
			9/1/2021	785,000.00	4.000%			
			9/1/2022	800,000.00	5.000%			
			9/1/2023	815,000.00	5.000%			
			9/1/2024	835,000.00	5.000%			
			9/1/2025	850,000.00	5.000%			
			9/1/2026	875,000.00	5.000%			
			9/1/2027	890,000.00	5.000%			
			9/1/2028	905,000.00	3.250%			
			9/1/2029	890,000.00	3.375%			
			9/1/2030	880,000.00	3.500%			
			9/1/2031	850,000.00	3.500%			
						12,415,000.00	20,000.00	12,395,000.00
						<u>13,115,000.00</u>	<u>720,000.00</u>	<u>12,395,000.00</u>

**WANAQUE BOROUGH SCHOOL DISTRICT**  
**GENERAL LONG TERM DEBT ACCOUNT GROUP**  
**STATEMENT OF OBLIGATIONS UNDER CAPITAL LEASES**  
**AS OF JUNE 30, 2017**

Purpose	Date of Lease	Term of Lease	Amount of Original Issue	Balance July 1, 2016	Additions Current Year	Retired Current Year	Balance June 30, 2017
(3) Savin 8025SP D Copiers	06/23/2011	5 Years	106,955.60	1,991.36		1,991.36	-
(1) Savin 8025SPF D Copiers	11/12/2014	5 Years	187,891.44	112,708.47		36,867.56	75,840.91
Smartboards with Accessories	01/15/2016	5 Years	150,000.00		150,000.00		90,220.67
Technology Equipment	06/21/2016	5 Years	143,385.90		143,385.90	30,000.00	113,385.90
			<u>588,232.94</u>	<u>114,699.83</u>	<u>293,385.90</u>	<u>128,638.25</u>	<u>279,447.48</u>

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>					
Local sources:					
Local tax levy	792,324.00	-	792,324.00	792,324.00	-
Total revenues - local sources	<u>792,324.00</u>	<u>-</u>	<u>792,324.00</u>	<u>792,324.00</u>	<u>-</u>
State sources:					
Debt service aid type II	423,831.00	-	423,831.00	423,831.00	-
Total state sources	<u>423,831.00</u>	<u>-</u>	<u>423,831.00</u>	<u>423,831.00</u>	<u>-</u>
<b>TOTAL REVENUES</b>	<u>1,216,155.00</u>	<u>-</u>	<u>1,216,155.00</u>	<u>1,216,155.00</u>	<u>-</u>
<b>EXPENDITURES</b>					
Regular debt service:					
Interest	526,562.50	-	526,562.50	526,562.50	-
Redemption of principal	720,000.00	-	720,000.00	720,000.00	-
Total regular debt service	<u>1,246,562.50</u>	<u>-</u>	<u>1,246,562.50</u>	<u>1,246,562.50</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>1,246,562.50</u>	<u>-</u>	<u>1,246,562.50</u>	<u>1,246,562.50</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(30,407.50)</u>	<u>-</u>	<u>(30,407.50)</u>	<u>(30,407.50)</u>	<u>-</u>
Fund balance - July 1	30,408.66	-	30,408.66	30,408.66	-
Fund balance - June 30	<u>1.16</u>	<u>-</u>	<u>1.16</u>	<u>1.16</u>	<u>-</u>
<b>Recapitulation of Excess (deficiency) of Revenues under Expenditures:</b>					
Budgeted Fund Balance	<u>(30,407.50)</u>		<u>(30,407.50)</u>	<u>(30,407.50)</u>	
<b>Recapitulation:</b>					
Unassigned Fund Balance				<u>1.16</u>	



**STATISTICAL SECTION**

## OUTLINE OF NJ DOE STATISTICAL TABLES SECTION (GASB 44)

Exhibit #

### **Financial Trends Information/Schedules**

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

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J-10	Ratios or Outstanding Debt by Type
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J-12	Direct and Overlapping Governmental Activities Debt
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J-14	Demographic and Economic Statistics
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J-16	Full-time Equivalent District Employees by Function/Program
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WANAUKE BOARD OF EDUCATION

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	(448,541)	744,603	968,510	1,142,602	187,061	169,916	996,400	(327,573)	432,685	1,093,344
Restricted	3,492,194	1,715,524	1,389,902	1,368,088	920,726	869,313	1,684,904	1,861,103	2,141,985	2,220,464
Unrestricted	(368,004)	(334,320)	(284,786)	(537,951)	(4,746)	168,004	(491,260)	(4,133,487)	(4,110,419)	(4,444,559)
Total governmental activities net assets/position	<u>2,675,650</u>	<u>2,125,807</u>	<u>2,073,626</u>	<u>1,972,739</u>	<u>1,103,041</u>	<u>1,207,233</u>	<u>2,190,044</u>	<u>(2,599,957)</u>	<u>(1,535,749)</u>	<u>(1,130,751)</u>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	35,015	66,127	63,909	59,691	35,436	29,891	57,374	67,531	59,565	71,059
Unrestricted	35,808	18,673	36,594	58,148	72,991	97,982	79,524	76,910	87,108	76,936
Total business-type activities net assets/position	<u>70,823</u>	<u>86,800</u>	<u>100,502</u>	<u>117,839</u>	<u>108,427</u>	<u>127,873</u>	<u>136,898</u>	<u>144,441</u>	<u>146,673</u>	<u>147,995</u>
<b>District-wide</b>										
Invested in capital assets, net of related debt	(413,526)	812,730	1,032,419	1,202,293	222,497	199,807	1,053,774	(260,042)	492,251	1,164,403
Restricted	3,492,194	1,715,524	1,389,902	1,368,088	920,726	869,313	1,684,904	1,861,103	2,141,985	2,220,464
Unrestricted	(332,196)	(315,647)	(248,192)	(479,804)	68,245	265,986	(411,736)	(4,056,577)	(4,023,312)	(4,367,623)
Total district net assets/position	<u>2,746,472</u>	<u>2,212,607</u>	<u>2,174,129</u>	<u>2,090,577</u>	<u>1,211,468</u>	<u>1,335,106</u>	<u>2,326,942</u>	<u>(2,455,515)</u>	<u>(1,389,076)</u>	<u>(982,756)</u>

Source: CAFR Schedule A-1

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

WANAQUE BOARD OF EDUCATION

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	6,664,948	6,912,355	7,121,678	6,906,467	7,037,106	7,023,006	6,909,984	8,024,002	8,664,352	9,087,615
Special education	2,180,994	2,441,206	2,310,837	2,618,944	3,086,391	3,349,081	3,423,287	3,994,368	4,356,912	5,352,918
Other special education	100,765	125,654	119,623	153,171	433,478	441,549	418,654	428,586	445,777	415,171
Other instruction	110,348	150,043	260,619	214,025	224,132	216,592	250,924	310,415	310,852	391,823
Support Services:										
Tuition	975,813	788,806	586,890	793,360	578,264	502,471	865,306	693,129	421,455	498,470
Student & instruction related services	2,026,570	2,031,017	1,964,972	1,671,061	1,877,758	2,150,806	2,137,257	2,283,267	2,498,269	2,676,239
General administrative services	541,122	535,515	595,390	477,938	494,891	450,234	525,159	492,761	535,336	547,644
School administrative services	542,724	484,784	501,823	477,922	528,197	482,210	636,614	804,037	784,716	865,450
Central Services and Admin. Info. Tech.	610,830	563,322	636,032	522,083	495,312	545,803	542,697	689,344	702,350	802,206
Plant operations and maintenance	1,397,460	1,579,726	1,534,505	1,625,032	1,475,805	1,269,555	1,331,067	1,387,701	1,369,309	1,521,854
Pupil transportation	591,823	494,102	510,442	605,773	569,581	594,165	601,361	676,207	509,546	664,614
Charter Schools	3,167	19,851	11,576	10,258						
Interest on Long term debt	813,758	790,703	786,759	741,320	714,129	686,078	657,370	601,056	550,501	519,687
Unallocated Benefits										
Total governmental activities expenses	16,560,123	16,817,084	16,921,147	16,817,366	17,515,045	17,711,550	18,299,680	20,384,674	21,049,375	23,353,691
Business-type activities:										
Food service	263,139	258,732	265,408	256,478	288,945	285,572	303,193	286,576	295,571	310,519
Total business-type activities expense	263,139	258,732	265,408	256,478	288,945	285,572	303,193	286,576	295,571	310,519
Total district expenses	16,823,263	17,075,816	17,186,554	17,073,844	17,803,990	17,997,122	18,602,873	20,671,449	21,344,946	23,664,210
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Instruction (tuition)	608,841	499,822	672,805	556,191	472,987	508,992	508,309	389,909	418,075	407,037
Operating grants and contributions	608,841	499,822	672,805	556,191	472,987	508,992	508,309	389,909	418,075	407,037
Total governmental activities program revenues										
Business-type activities:										
Charges for services										
Food service	181,216	179,536	168,632	162,156	170,511	169,544	162,760	163,677	150,823	153,791
Operating grants and contributions	91,600	94,598	110,259	111,659	127,712	135,356	133,355	135,759	146,847	157,924
Total business type activities program revenues	272,816	274,134	278,891	273,815	298,224	304,900	296,115	299,437	297,670	311,715
Total district program revenues	881,558	773,956	951,697	830,006	771,211	813,892	804,424	689,345	715,745	718,752

WANAQUE BOARD OF EDUCATION

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Net (Expense)/Revenue</b>										
Governmental activities	(15,951,282)	(16,317,262)	(16,248,342)	(16,261,174)	(17,042,058)	(17,202,558)	(17,791,371)	(19,994,965)	(20,631,301)	(22,946,654)
Business-type activities	9,677	15,402	13,484	17,336	9,279	19,328	(7,078)	12,861	2,100	1,196
Total district-wide net expense	<u>(15,941,605)</u>	<u>(16,301,860)</u>	<u>(16,234,858)</u>	<u>(16,243,838)</u>	<u>(17,032,779)</u>	<u>(17,183,230)</u>	<u>(17,798,449)</u>	<u>(19,982,104)</u>	<u>(20,629,201)</u>	<u>(22,945,458)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	10,532,586	10,766,727	11,298,080	11,820,965	12,057,384	12,236,245	12,598,176	12,905,139	13,263,244	13,717,544
Taxes levied for debt service	810,674	400,680	344,276	462,998	902,555	899,436	887,133	846,584	835,700	792,324
Unrestricted grants and contributions	4,778,319	4,253,577	4,272,855	3,633,243	4,241,215	4,526,461	4,585,633	6,223,038	7,087,266	8,830,632
Investment Earnings	518,984	74,559	5,396					4,299	4,777	5,927
Miscellaneous income	114,161	271,876	275,554	243,080	89,941	83,510	210,757	887,710	594,521	5,226
Transfers	(18,242)									
Total governmental activities	<u>16,736,483</u>	<u>15,767,419</u>	<u>16,196,160</u>	<u>16,160,287</u>	<u>17,291,095</u>	<u>17,747,652</u>	<u>18,281,699</u>	<u>20,868,769</u>	<u>21,785,508</u>	<u>23,351,653</u>
Business-type activities:										
Investment earnings	561	576	219			118	163	131	132	125
Miscellaneous income	18,242									
Transfers	18,803	576	219			118	163	131	132	125
Total business-type activities	<u>16,755,285</u>	<u>15,767,995</u>	<u>16,196,379</u>	<u>16,160,287</u>	<u>17,291,095</u>	<u>17,747,770</u>	<u>18,281,862</u>	<u>20,868,901</u>	<u>21,785,640</u>	<u>23,351,778</u>
<b>Change in Net Position</b>										
Governmental activities	785,200	(549,842)	(52,181)	(100,888)	249,036	545,094	490,328	873,804	1,154,208	404,999
Business-type activities	28,479	15,977	13,703	17,336	9,279	19,446	(6,915)	12,993	2,232	1,321
Total district	<u>813,680</u>	<u>(533,865)</u>	<u>(38,479)</u>	<u>(83,551)</u>	<u>258,315</u>	<u>564,540</u>	<u>483,413</u>	<u>886,797</u>	<u>1,156,439</u>	<u>406,320</u>

Source: CAFR Schedule A-2

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

WANAQUE BOARD OF EDUCATION

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund	814,017	481,146	717,798	745,179	698,621	875,541	1,340,916	1,427,321	1,762,120	1,882,154
Reserved	305,869	178,926	87,689	363,924	314,490					
Restricted				33,619	145,529	441,314	109,300	171,881	113,056	233,558
Committed				57,826	100,668	70,792	108,351	147,590	150,242	159,578
Assigned										
Unassigned										
Total general fund	1,119,886	660,072	805,487	1,200,548	1,259,308	1,387,647	1,558,567	1,746,793	2,025,418	2,275,290
All Other Governmental Funds						2,335		231,492	236,400	104,751
Assigned										
Debt service fund										
Reserved										
Capital projects fund										
Unreserved, reported in:										
Special revenue fund	(3,704)	325,822	228,214	219,989	221,974	201,824	234,688	30,408	30,409	1
Capital projects fund	1,374,790	908,556	443,890	5,376	131		0.37	261,900	266,809	104,752
Debt service fund	1,306,386	1,234,378	672,104	225,366	222,105	204,159	234,688			
Total all other governmental funds	2,674,473	1,234,378	672,104	225,366	222,105	204,159	234,688	261,900	266,809	104,752

Source: CAFR Schedule B-1

**WANAUKE BOARD OF EDUCATION**  
**Changes in Fund Balances, Governmental Funds,**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Tax levy	\$ 11,343,260	\$ 11,167,407	\$ 11,642,356	\$ 12,283,963	\$ 12,959,939	\$ 13,137,661	13,485,309	13,753,723	14,098,944	14,509,868
Tuition charges				204,950	88,499	60,695	148,222	74,003	151,653	75,073
Miscellaneous	633,145	346,436	285,297	45,630	1,442	29,114	76,377	54,617	29,213	10,900
State sources	4,978,292	4,356,771	4,018,093	3,710,532	4,240,799	4,597,753	4,671,166	5,046,161	4,959,099	5,159,964
Federal sources	408,869	396,627	923,220	471,403	473,402	431,402	408,934	420,369	459,655	441,821
<b>Total revenue</b>	<b>17,363,566</b>	<b>16,287,241</b>	<b>18,868,966</b>	<b>16,716,478</b>	<b>17,764,081</b>	<b>18,256,645</b>	<b>18,790,008</b>	<b>19,348,872</b>	<b>19,698,564</b>	<b>20,197,626</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular instruction	4,710,602	5,055,726	5,507,578	4,965,120	5,040,950	5,003,304	4,904,306	4,881,974	5,189,524	4,939,843
Special education instruction	1,501,388	1,825,193	1,781,551	1,873,288	2,291,599	2,379,901	2,503,603	2,497,787	2,645,267	2,877,033
Other special instruction	68,725	92,323	92,659	110,021	321,627	313,599	319,652	290,026	293,765	254,305
Other instruction	75,840	110,978	201,019	153,433	166,558	166,224	197,370	174,338	165,934	180,551
<b>Support Services:</b>										
Tuition	975,813	788,806	586,890	793,360	578,264	502,471	865,307	693,129	421,455	498,470
Student & instruction related services	1,563,613	1,656,731	1,623,025	1,332,627	1,540,917	1,645,651	1,661,606	1,581,560	1,647,529	1,652,692
General administrative services	437,411	468,112	523,670	377,382	394,065	357,243	421,339	380,415	451,291	468,334
School administrative services	377,121	349,906	362,922	320,149	393,189	348,324	466,606	493,810	483,202	469,234
Central Services	442,953	456,614	555,680	446,075	417,722	449,670	470,825	527,658	527,828	555,688
Plant operations and maintenance	1,105,274	1,200,623	1,189,694	1,218,936	1,237,291	1,127,121	1,163,247	1,234,433	1,206,369	1,296,083
Pupil transportation	591,623	494,102	510,442	605,773	569,581	594,165	601,361	676,207	509,546	662,016
Unallocated employee benefits	3,641,524	3,212,443	2,872,543	3,167,513	3,316,299	3,874,419	3,537,290	3,898,212	4,153,414	4,601,638
Charter Schools	3,167	19,851	11,576	10,258						
Capital outlay	1,971,797	1,104,969	143,003	54,016	227,679	49,932	153,337	723,523	482,697	626,428
<b>Debt Service:</b>										
Principal	497,778	534,327	592,500	592,500	629,374	641,292	658,305	650,000	700,000	720,000
Interest and Other Charges	819,045	796,447	772,673	747,609	720,813	692,935	664,406	618,255	557,209	526,563
<b>Total expenditures</b>	<b>18,783,674</b>	<b>18,167,150</b>	<b>17,285,825</b>	<b>16,768,154</b>	<b>17,845,930</b>	<b>18,146,231</b>	<b>18,588,560</b>	<b>19,321,325</b>	<b>19,415,030</b>	<b>20,328,378</b>
<b>Excess (Deficiency) of revenues over (under) expenditures</b>	<b>(1,420,108)</b>	<b>(1,899,909)</b>	<b>(416,859)</b>	<b>(51,676)</b>	<b>(81,848)</b>	<b>110,394</b>	<b>201,448</b>	<b>27,547</b>	<b>283,534</b>	<b>(130,752)</b>
<b>Other Financing sources (uses)</b>										
Capital leases (non-budgeted)	97,945				106,956			187,891		293,386
Cancellation of Accounts Payable					30,391					16,143
Cancellation of Contracs Payable										(90,962)
Cancellation of SDA Grant Receivables										536,830
Transfers in	452,069	40,683	5,375			322	102,720	260,372	450,000	(536,830)
Transfers out	(470,311)	(40,683)	(5,375)			(322)	(102,720)	(250,372)	(450,000)	(536,830)
<b>Total other financing sources (uses)</b>	<b>79,703</b>	<b>(0)</b>	<b>(0)</b>	<b>-</b>	<b>137,347</b>	<b>-</b>	<b>-</b>	<b>187,891</b>	<b>-</b>	<b>218,567</b>
<b>Net change in fund balances</b>	<b>\$ (1,340,405)</b>	<b>\$ (1,899,909)</b>	<b>\$ (416,859)</b>	<b>\$ (51,676)</b>	<b>\$ 55,498</b>	<b>\$ 110,394</b>	<b>\$ 201,448</b>	<b>\$ 215,438</b>	<b>\$ 283,534</b>	<b>\$ 87,815</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>7.833%</b>	<b>7.800%</b>	<b>7.721%</b>	<b>8.018%</b>	<b>7.664%</b>	<b>7.373%</b>	<b>7.175%</b>	<b>6.819%</b>	<b>6.634%</b>	<b>6.327%</b>

Source: CAFR Schedule B-2

Note: Noncapital expenditures are total expenditures less capital outlay.  
 Central Services and Administrative Information Technology account classifications were added beginning with year end June 30, 2005.  
 Prior to June 30, 2005, Central Services and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

**WANAQUE BOARD OF EDUCATION**  
**General Fund - Other Local Revenue by Source**  
**Last Ten Fiscal Years**  
**Unaudited**

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Misc.	Total
2009	66,915		114,161	181,076
2010	33,876	258,841	13,035	305,752
2011	14,261	164,608	96,685	275,554
2012	4,866	204,950	33,264	243,080
2013		88,499	1,314	89,813
2013	322	60,695	28,791	89,808
2014	149	148,222	76,228	224,599
2015	4,299	74,003	26,188	104,490
2016	4,777	151,653	21,359	177,788
2017	5,927	75,073	4,973	85,973

Source: District Records



WANAUKE BOARD OF EDUCATION

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

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2007	24,877,300	483,491,974	0	0	42,143,720	10,828,090	1,600,100	562,941,184	637,511	563,578,695	2.030	1,387,533,751
2008	24,025,200	498,917,774	0	0	40,972,420	10,828,090	1,600,100	576,343,584	677,148	577,020,732	3.093	1,397,873,715
2009	25,113,400	498,394,774	0	0	40,494,020	10,828,090	1,600,100	576,430,384	726,242	577,156,626	2.010	1,372,852,940
2010	24,185,700	502,053,074	0	3,800	41,896,720	10,591,890	1,600,100	580,331,284	0	580,331,284	2.072	1,349,293,848
2011	23,389,700	502,533,744	0	3,800	41,631,020	10,321,790	1,379,200	579,259,254	0	579,259,254	2.217	1,331,630,538
2012	23,115,800	507,724,774	0	3,800	41,574,020	10,321,790	1,379,200	584,119,384	0	584,119,384	2.239	1,295,164,931
2013 (1)	43,414,200	963,498,900	0	5,800	88,604,200	22,020,000	2,178,100	1,119,721,200	0	1,119,721,200	1.186	1,279,388,940
2014	42,582,900	971,990,000	0	132,400	86,700,100	21,736,000	2,178,100	1,125,319,500	0	1,125,319,500	1.209	1,258,043,041
2015	36,099,300	976,794,800	0	132,400	86,193,800	19,791,700	2,178,100	1,121,190,100	0	1,121,190,100	1.242	1,235,743,525
2016	35,921,500	976,142,900	805,300	134,400	86,100,400	19,791,700	2,178,100	1,121,074,300	0	1,121,074,300	1.274	1,257,091,612

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

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

(1) Revaluation Year

**WANAQUE BOARD OF EDUCATION**

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

*(rate per \$100 of assessed value)*

Assessment Year	Wanaque Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Regional School District	Borough of Wanaque	Passaic County	
2007	2.009	0.021	2.030	1.170	1.135	1.185	5.520
2008	1.895	0.021	1.916	1.177	1.330	1.260	5.683
2009	1.991	0.021	2.012	1.227	1.375	1.221	5.835
2010	0.867	1.205	2.072	1.300	1.455	1.285	6.112
2011	0.950	1.27	2.220	1.224	1.518	1.341	6.303
2012	2.089	0.15	2.239	1.220	1.580	1.460	6.499
2013 (1)	1.106	0.079	1.186	0.697	0.868	0.732	3.483
2014	1.133	0.077	1.210	0.631	0.876	0.809	3.526
2015	1.167	0.075	1.242	0.628	0.876	0.850	3.596
2016	1.203	0.071	1.274	0.646	0.895	0.832	3.648

Source: District Records and Municipal Tax Collector

**Note:**

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

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

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

(1) Revaluation Year

WANAQUE BOARD OF EDUCATION

Principal Property Tax Payers,  
Current Year and Nine Years Ago

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
North Jersey District Water Supply Comm.	\$ 21,221,300	1	1.90%	\$ 16,164,800	1	1.89%
Wanaque Convalescent Center LP	9,500,000	2	0.85%	9,240,300	3	1.08%
Wanaque Building Associates	7,269,300	3	0.65%	3,450,000	5	0.40%
Omni II LLC	6,600,000	4	0.59%			
Arrow Shed LLC	5,201,400	5	0.47%			
Algonquin Gas Transmission	4,494,900	6	0.40%	2,086,390	7	0.24%
Shree Badha Shivan, LLC	3,645,000	7	0.33%			
Ringwood Park Plaza Realty	2,793,000	8	0.25%			
Haskell Town Center LLC	2,697,300	9	0.24%			
Mountain Lakes Estates	2,625,000	10	0.23%			
Pulte Communications				13,074,700	2	1.53%
Arrow Group Ind.				2,500,000	6	0.29%
DeRubbio & McCauly				5,666,200	4	0.66%
Wanaque Realty Corp				1,996,500	8	0.23%
Haskell Properties				1,517,500	9	0.18%
Theodor DeLaura				623,800	10	0.07%
Total	\$ 66,047,200		5.91%	\$ 56,320,190		6.57%

Source: Municipal Tax Assessor office

**WANAQUE BOARD OF EDUCATION**

**Property Tax Levies and Collections,  
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	11,343,260	11,343,260	100.00%	-
2009	11,167,407	11,167,407	100.00%	-
2010	11,642,356	11,642,356	100.00%	-
2011	12,283,963	12,283,963	100.00%	-
2012	12,959,939	12,959,939	100.00%	-
2013	13,137,681	13,137,681	100.00%	-
2014	13,485,309	13,485,309	100.00%	-
2015	13,753,723	13,753,723	100.00%	-
2016	14,098,944	14,098,944	100.00%	-
2017	14,509,868	14,509,868	100.00%	-

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

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

WANAQUE BOARD OF EDUCATION

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities				Total District	Percentage of Personal Income	Per Capita <sup>a</sup>
	General Obligation Bonds	Loans Payable	Capital Leases				
2008	17,826,000	321,793	146,784	18,294,577	4.21%	1,592	
2009	17,341,000	272,466	98,003	17,711,469	3.77%	1,467	
2010	16,841,000	221,566	69,716	17,132,282	3.54%	1,411	
2011	16,301,000	168,973	41,688	16,511,662	3.81%	1,484	
2012	15,726,000	114,599	89,141	15,929,740	3.52%	1,403	
2013	15,141,000	58,307	68,831	15,268,138	3.22%	1,331	
2014	14,541,000		47,567	14,588,567	3.00%	1,256	
2015	13,815,000		238,496	14,053,496	2.84%	1,191	
2016	13,115,000		114,700	13,229,700	2.56%	1,117	
2017	12,395,000		279,447	12,674,447	2.28%	1,078	

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

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding				Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding			
2008	17,826,000		17,826,000		3.09%	1,551
2009	17,341,000		17,341,000		3.00%	1,436
2010	16,841,000		16,841,000		2.90%	1,387
2011	16,301,000		16,301,000		2.81%	1,465
2012	15,726,000		15,726,000		2.69%	1,385
2013	15,141,000		15,141,000		1.35%	1,320
2014	14,541,000		14,541,000		1.29%	1,252
2015	13,815,000		13,815,000		1.23%	1,170
2016	13,115,000		13,115,000		1.17%	1,107
2017	12,395,000		12,395,000		1.11%	1,054

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

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

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

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

**WANAQUE BOARD OF EDUCATION**  
**Direct and Overlapping Governmental Activities Debt**  
**Year Ended June 30, 2017**

<u>Governmental Unit</u>	<u>Debt Outstanding (1)</u>	<u>Estimated Percentage Applicable<sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Borough of Wanaque	21,185,310	100.000%	21,185,310
<b>Other debt</b>			
Passaic County	361,427,569	2.671%	9,653,730
Passaic County Utility Authority	51,080,000	2.671%	<u>1,364,347</u>
Subtotal, overlapping debt			32,203,388
<b>Wanaque Borough School District Direct Debt</b>			<u>12,395,000</u>
<b>Total direct and overlapping debt</b>			<u>\$ 44,598,388</u>

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

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

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

(1) Debt information as of December 31, 2016

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

	2014	2015	2016	[A]	[A/3]	2017	2018	2009	2010	2011	2012	2013	2014	2015	2016	2017
Equalized valuation basis	1,258,043,041	1,235,743,525	1,257,091,612	\$ 3,750,878,178	\$ 1,250,292,726											
Average equalized valuation of taxable property																
Debt limit ( 3 % of average equalization value)	[B]	[C]														
Net bonded school debt	37,508,782	12,395,000														
Legal debt margin	[B-C]															
	\$ 25,113,782															
	Fiscal Year															
Debt limit	\$ 36,944,417	\$ 40,225,350	\$ 41,562,194	\$ 41,186,170	\$ 41,186,170	\$ 40,530,510	\$ 39,760,893	\$ 39,061,844	\$ 35,839,193	\$ 37,731,755	\$ 37,508,782	\$ 38,233,193	\$ 39,061,844	\$ 35,839,193	\$ 37,731,755	\$ 37,508,782
Total net debt applicable to limit	18,147,793	17,613,466	17,062,566	16,469,973	16,469,973	15,840,599	15,199,307	14,541,000	13,815,000	13,115,000	12,395,000	22,024,193	24,520,844	22,024,193	24,616,755	25,113,782
Legal debt margin	\$ 19,118,417	\$ 22,884,350	\$ 24,721,194	\$ 24,885,170	\$ 24,885,170	\$ 24,689,911	\$ 24,561,586	\$ 24,520,844	\$ 22,024,193	\$ 24,616,755	\$ 25,113,782	\$ 24,561,586	\$ 24,520,844	\$ 22,024,193	\$ 24,616,755	\$ 25,113,782
Total net debt applicable to the limit as a percentage of debt limit	48.25%	43.11%	40.52%	39.58%	39.08%	38.23%	37.23%	37.23%	38.55%	34.76%	33.05%	38.23%	37.23%	38.55%	34.76%	33.05%

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



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

Year	Population <sup>a</sup>	Personal Income (thousands of dollars) <sup>b</sup>	Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2008	11,495	434,855,850	37,830	3.3%
2009	12,077	469,759,069	38,897	4.3%
2010	12,144	484,630,608	39,907	8.4%
2011	11,128	433,235,296	38,932	8.6%
2012	11,357	452,088,099	39,807	9.0%
2013	11,469	474,483,999	41,371	8.3%
2014	11,612	485,660,288	41,824	13.3%
2015	11,804	494,080,028	41,857	6.2%
2016	11,848	517,603,576	43,687	5.0%
2017	11,759	554,895,451	47,189	4.6%

**Source:**

<sup>a</sup> U.S. Bureau of the Census, Population Division, (Estimates July 1, 2007-2016)

<sup>b</sup> Personal income of the District is based on the County Information.

<sup>c</sup> U.S. Department of Commerce, County Information 2006-2015.

<sup>d</sup> N.J. Department of Labor

WANAQUE BOARD OF EDUCATION

Principal Employers,  
Current Year and Eight Years Ago

2017

2009

INFORMATION IS NOT AVAILABLE

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

<u>Function/Program</u>	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Instruction										
Regular	60	61	62	56	57	65	65	66	58	60
Special education	19	19	20	40	50	26	22	22	29	27
Other instruction	13	20	18	-		20	23.5	24.5	21	31
Support Services:										
Tuition	13	13.5	11.0	-						
Student & instruction related services	2	2	2	13	16	11	13.5	13	14.5	17
General administrative services	8	8	8	7	6	9	8	7	8.5	8.5
Business administrative services	4	4	2	3	3	3.5	3.5	4	4	4
Plant operations and maintenance	1	-	3	3	15	2	2	2	2	2
Pupil transportation	11	3	-	12	-	-	-	-	-	-
<b>Total</b>	<b>131</b>	<b>131</b>	<b>126.0</b>	<b>134.0</b>	<b>147.0</b>	<b>136.5</b>	<b>137.5</b>	<b>138.5</b>	<b>137.0</b>	<b>149.5</b>

Source: District Personnel Records

WANAUKE BOARD OF EDUCATION  
Operating Statistics  
Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio Elementary	Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
2007-2008	969	15,495,054	15,991	12.59%	86	11.3	992.9	957.8	1.08%	96.46%
2008-2009	950	15,731,407	16,559	3.56%	93.5	10.2	949.7	905.1	-5.83%	95.30%
2009-2010	941	15,819,249	16,811	1.52%	93.5	10.2	918.2	909.7	-3.32%	96.67%
2010-2011	942	15,373,936	16,321	-2.92%	79.2	11.8	934.5	893.8	1.78%	94.88%
2011-2012	932	16,268,064	17,455	6.95%	90.5	10.4	942.8	907.5	0.89%	96.18%
2012-2013	965	16,762,091	17,370	-0.49%	91.0	10.6	951.7	906.7	-0.09%	95.30%
2013-2014	926	17,112,512	18,480	6.39%	90.0	10.3	915.5	877.4	-3.80%	95.84%
2014-2015	952	17,329,547	18,203	-1.50%	93.0	10.2	958.0	917.2	-4.64%	95.75%
2015-2016	955	17,695,124	18,529	1.79%	90.0	10.6	947.6	908.7	-0.01%	95.90%
2016-2017	949	18,455,388	19,447	4.96%	94.0	10.1	945.1	902.7	-0.01%	95.52%

Sources: District records

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and capital outlay

b Teaching staff includes only full-time equivalents of certificated staff.

c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

WANAQUE BOARD OF EDUCATION  
 School Building Information  
 Last Ten Fiscal Years

District Building	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Elementary</b>										
Haskell School (1917)										
Square Feet	70,225	70,225	70,225	70,225	70,225	70,255	70,255	70,255	70,255	70,255
Capacity (students)	469	469	469	469	469	469	469	469	469	469
Enrollment	403	407	407	403	403	413	413	428	432	436
<b>Wanaque School (1971)</b>										
Square Feet	81,800	81,800	81,800	81,800	81,800	81,800	81,800	81,800	81,800	81,800
Capacity (students)	574	574	574	574	574	574	574	574	574	574
Enrollment	566	543	543	535	539	538	538	538	523	513
<b>Other</b>										
Central Administration (1905)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Square Feet										
Central Administration (1965)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Square Feet										
Central Administration (1917)	2,260	2,260	2,260	2,260	2,260	2,260	2,260	2,260	2,260	2,260
Square Feet										

Number of Schools at June 30, 2016  
 Elementary = 2

Source: District Facilities Office

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

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

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

*School Facilities	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
HASKELL SCHOOL	135,100	127,468	127,800	85,183	71,465	73,836	68,147	40,961	70,792	55,927
WANAQUE SCHOOL	157,044	138,090	122,658	89,983	84,527	71,307	66,395	49,038	81,777	65,555
<b>GRAND TOTAL</b>	<b>292,144</b>	<b>265,558</b>	<b>250,458</b>	<b>175,166</b>	<b>155,992</b>	<b>145,143</b>	<b>134,542</b>	<b>89,999</b>	<b>152,569</b>	<b>121,482</b>

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

WANAQUE BOARD OF EDUCATION

Insurance Schedule  
June 30, 2017

	<u>Coverage</u>	<u>Deductible</u>
Package - NJSBAIG		
Property	\$ 33,948,172	\$ 5,000
Crime coverage	250,000	1,000
Comprehensive general liability	11,000,000	
Business auto coverage	11,000,000	
Auto Physical Damage	Actual Cash Value	1,000
Environmental Impairment - American Safety	1,000,000	100,000
Boiler and machinery - New Jersey School Board Association Ins. Group	100,000,000	1,000
Excess Liability - Torus/Markel Insurance Co.	29,000,000	
Educators Legal Liability - QBE	11,000,000	5,000
Workers Compensation - New Jersey School Board Association Ins. Group	2,000,000	
Supplemental Indemnity	7 day waiting period	
Public Officials Surety Bonds - NJSIG		
Treasurer of School Monies	250,000	1,000
Board Secretary	200,000	1,000
Student Accident Coverage - Bollinger/Zurich Association Ins. Group		
Catastrophic Aggregate Limit	5,000,000	Full Excess
Catastrophic Cash Benefit	1,000,000	

Source: District Records

**SINGLE AUDIT SECTION**



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the Borough of Wanaque School District, in the County of Passaic, New Jersey, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 10, 2017.

### ***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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



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

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

Newton, New Jersey

October 10, 2017

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

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

### Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Borough of Wanaque School District in the County of Passaic, New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplements* and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Borough of Wanaque Board of Education's major federal and state programs for the year ended June 30, 2017. The Borough of Wanaque Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

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

### Auditor's Responsibility

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

the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Wanaque Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on Each Major Federal and State Program***

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

### **Report on Internal Control Over Compliance**

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

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

Honorable President and  
Members of the Board of Education

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

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



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

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

Newton, New Jersey

October 10, 2017

BOROUGH OF WANAEUE SCHOOL DISTRICT  
Schedule of Expenditures of Federal Awards  
for the Fiscal Year Ending June 30, 2017

Federal Grantor/Pass- Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period From / To	Balance at June 30, 2016		Balance at June 30, 2017		MEMO Cumulative Total Expenditures
						(Accounts Receivable)	Deferred Revenue	(Accounts Receivable)	Deferred Revenue	
<b>U.S. Department of Education:</b>										
<b>Passed-Through State Department Of Education:</b>										
General Fund:										
Medicaid Assistance Program	93.778	1605NJ5MAP	N/A	6,097.24	7/1/15-6/30/16	(6,097.24)	-	(34,784.92)	6,097.24	6,097.24
Medicaid Assistance Program	93.778	1605NJ5MAP	N/A	34,784.92	7/1/16-6/30/17	(6,097.24)	-	(34,784.92)	34,784.92	34,784.92
Total General Fund										40,882.16
<b>U.S. Department of Agriculture</b>										
<b>Passed-Through State Department Of Education:</b>										
Enterprise Fund:										
Food Distribution Program	10.550	16161NJ304N1099	N/A	38,651.27	7/1/15-6/30/16	(4,622.99)	710.22	(37,680.36)	1,681.13	37,680.36
National School Lunch Program	10.555	16161NJ304N1099	N/A	102,012.51	7/1/15-6/30/16	(4,622.99)				102,012.51
National School Lunch Program	10.555	16161NJ304N1099	N/A	104,346.42	7/1/16-6/30/17	(486.84)		(7,015.22)		104,346.42
School Breakfast Program	10.553	16161NJ304N1099	N/A	5,892.49	7/1/15-6/30/16					5,892.49
School Breakfast Program	10.553	16161NJ304N1099	N/A	12,423.75	7/1/16-6/30/17	(20.69)		(1,405.49)		12,423.75
Special Milk Program	10.556	16161NJ304N1099	N/A	299.31	7/1/15-6/30/16					299.31
Special Milk Program	10.556	16161NJ304N1099	N/A	297.52	7/1/16-6/30/17	(5,130.52)	710.22	(237.52)	1,681.13	297.52
Total Enterprise Fund								(6,444.14)	1,681.13	282,952.36
<b>U.S. Department of Education</b>										
<b>Passed-Through State Department Of Education:</b>										
Special Revenue Fund:										
Title I - Improving Basic Programs	84.010	S010A150030	NCLB544016	110,423.00	9/1/15-8/31/16	(44,061.41)		(2,112.59)		110,423.00
Title I - Improving Basic Programs	84.010	S010A150030	NCLB544017	146,604.00	9/1/16-8/31/17			(146,604.00)	(0.41)	146,604.00
Title II - Part A - Teacher & Principal Training/Recruiting	84.367	S367A150029	NCLB544016	27,235.00	9/1/15-8/31/16	(14,560.00)		(4,217.00)		27,235.00
Title II - Part A - Teacher & Principal Training/Recruiting	84.367	S367A150029	NCLB544017	25,732.00	9/1/16-8/31/17			(17,491.00)		25,732.00
I.D.E.A. Part B - Basic Regular	84.027	H027A150100	IDEA544016	243,528.00	9/1/15-8/31/16	(7,163.00)		(75,867.96)		243,528.00
I.D.E.A. Part B - Basic Regular	84.027	H027A150100	IDEA544017	233,145.00	9/1/16-8/31/17	(4,142.00)		(13,525.00)		233,145.00
I.D.E.A. Part B, Preschool	84.173	H173A150114	IDEA544016	13,460.00	9/1/15-8/31/16			(13,525.00)		13,460.00
I.D.E.A. Part B, Preschool	84.173	H173A150114	IDEA544017	13,525.00	9/1/16-8/31/17	(69,926.41)	710.22	(417,094.55)		13,525.00
Total Special Revenue Fund								(180,788.37)	1,681.13	805,410.96
Total Federal Financial Awards				499,520.09		(81,154.17)	710.22	(606,627.52)	1,681.13	1,109,245.48

See accompanying notes to schedules of expenditures of federal awards and state financial assistance.

**BOROUGH OF WANAEUE SCHOOL DISTRICT**  
**Schedule of Expenditures of State Financial Assistance**  
**for the Fiscal Year Ending June 30, 2017**

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From / To	Balance at June 30, 2016		Cash Received	Budgetary Expenditures	Canceled	Balance at June 30, 2017 (Accounts Receivable)	Budgetary Receivable	MEMO Cumulative Total Expenditures
				Deferred Revenue (Accts Receivable)							
<b>State Department of Education:</b>											
<b>General Fund:</b>											
Reimbursed TPAF Social Security	16-495-034-5095-003	557,455.00	7/1/15-6/30/16	(27,313.84)	27,313.84						557,455.00
Reimbursed TPAF Social Security	17-495-034-5095-003	551,148.42	7/1/16-6/30/17		523,978.36		(551,148.42)		(27,170.66)	(178,479.00)	551,148.42
Equalization Aid	17-495-034-5120-078	1,845,547.00	7/1/16-6/30/17		1,667,068.00		(1,845,547.00)			(52,950.00)	1,845,547.00
Special Education Categorical Aid	17-495-034-5120-089	547,530.00	7/1/16-6/30/17		494,560.00		(547,530.00)			(4,969.00)	547,530.00
Special Education Aid	17-495-034-5120-014	47,456.00	7/1/16-6/30/17		42,867.00		(47,456.00)			(4,589.00)	47,456.00
Security Aid	17-495-034-5120-084	23,490.00	7/1/16-6/30/17		21,219.00		(23,490.00)			(2,271.00)	23,490.00
PARCC Readiness Aid	17-495-034-5120-098	9,240.00	7/1/16-6/30/17		8,346.00		(9,240.00)			(894.00)	9,240.00
Per Pupil Growth Aid	17-495-034-5120-097	9,240.00	7/1/16-6/30/17		8,346.00		(9,240.00)			(894.00)	9,240.00
Additional Adjustment Aid	17-495-034-5120-085	1.00	7/1/16-6/30/17		1.00		(1.00)			-	1.00
Professional Learning Community Aid	17-495-034-5120-101	9,230.00	7/1/16-6/30/17		8,337.00		(9,230.00)			(893.00)	9,230.00
Extraordinary Special Education Costs Aid	16-100-034-5120-473	148,666.00	7/1/15-6/30/16	(148,666.00)	148,666.00				(161,014.00)	148,666.00	
Extraordinary Special Education Costs Aid	17-100-034-5120-473	161,014.00	7/1/16-6/30/17				(161,014.00)		(161,014.00)	161,014.00	
Lead Testing for Schools Aid	17-100-034-5120-104	9,554.00	7/1/16-6/30/17				(9,554.00)		(9,554.00)	9,554.00	
On-behalf TPAF Pension	17-495-034-5094-002	799,858.00	7/1/16-6/30/17		799,858.00		(799,858.00)				799,858.00
On-behalf TPAF NCGI Premium	17-495-034-5094-007	28,981.00	7/1/16-6/30/17		28,981.00		(28,981.00)				28,981.00
On-behalf TPAF Post Retirement Medical	17-495-034-5094-001	690,612.00	7/1/16-6/30/17		690,612.00		(690,612.00)				690,612.00
On-behalf TPAF Long-Term Disability Ins.	17-495-034-5094-004	2,301.00	7/1/16-6/30/17		2,301.00		(2,301.00)				2,301.00
Non Public Transportation Aid	16-495-034-5120-014	14,467.00	7/1/15-6/30/16	(14,467.00)	14,467.00				(11,764.00)	14,467.00	
Non Public Transportation Aid	17-495-034-5120-014	11,764.00	7/1/16-6/30/17	(190,446.84)	4,486,941.20		(11,764.00)		(209,502.06)	(240,970.00)	11,764.00
<b>Total General Fund</b>							<b>(4,746,966.42)</b>				<b>5,467,554.42</b>
<b>Debt Service Fund:</b>											
School Construction Debt Service Aid	17-495-034-5120-075	423,831.00	7/1/16-6/30/17		423,831.00		(423,831.00)				423,831.00
<b>Total Debt Service Fund</b>											
<b>Capital Projects Fund:</b>											
New Jersey School Development Authority	5440-070-14-1003	34,240.00	3/31/14-12/31/15	(16,507.60)				16,507.60			17,732.40
New Jersey School Development Authority	5440-070-14-1004	34,240.00	3/31/14-12/31/15	(28,091.20)				28,091.20			6,148.80
New Jersey School Development Authority	5440-070-14-1007	105,440.00	3/31/14-12/31/14	(27,540.00)				27,540.00			77,900.00
New Jersey School Development Authority	5440-070-14-1008	36,320.00	3/31/14-8/1/14	(18,823.46)				18,823.46			17,496.54
<b>Total Capital Projects Fund</b>											<b>119,277.74</b>
<b>State Department of Agriculture Enterprise Fund:</b>											
State School Lunch Program	16-100-010-3350-023	3,699.48	7/1/15-6/30/16	(162.13)	162.13						3,699.48
State School Lunch Program	17-100-010-3350-023	3,175.82	7/1/16-6/30/17		2,936.71		(3,175.82)		(239.11)		3,175.82
<b>Total Enterprise Fund</b>											<b>6,875.30</b>
<b>Total State Financial Assistance</b>											<b>6,075,578.44</b>
<b>Less: On-Benefit Pension and Annuity Aid</b>											<b>1,519,451.00</b>
<b>Total For State Financial Assistance Determination</b>											<b>4,556,127.44</b>

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

**NOTE 1. GENERAL**

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include the activity of all Federal and State Award programs of the Board of Education, Borough of Wanaque School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of Federal Awards and State Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 2 (C) and 2(D) to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and N.J. OMB Circular 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 3. RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(10,833.00) for the general fund and \$(10,058.00) for the special revenue fund. See Note for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.



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

Additionally, as discussed further in Note 6, the State of New Jersey makes contributions on-behalf of the District for TPAF post-retirement medical and pension contributions. The total amount of these contributions during 2017 fiscal year was \$1,521,752.00.

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 34,784.92	\$4,736,133.42	\$4,770,918.34
Special Revenue Fund	407,036.55	-	407,036.55
Debt Service Fund	-	423,831.00	423,831.00
Food Service Fund	<u>3,175.82</u>	<u>154,748.06</u>	<u>157,923.87</u>
Total Financial Awards	<u>\$444,997.29</u>	<u>\$5,314,712.48</u>	<u>\$5,759,709.76</u>

**NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5. OTHER**

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

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2017. The amount reported as TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2017.

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

On-behalf State programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's financial statements and the amount subject to State single audit and major program determination.

**NOTE 7. INDIRECT COST RATE**

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

**BOROUGH OF WANAQUE DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

*Section I - Summary of Auditor's Results*

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?            yes   X   no

**Federal Awards**

N/A



**BOROUGH OF WANAQUE SCHOOL DISTRICT  
SCHEDULE OF FINANCIAL, FEDERAL AND STATE FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

*Section II - Schedule of Financial Statement Findings*

NONE

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

No matters were reported.

**BOROUGH OF WANAQUE SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Status of Prior Year Findings**

There were no prior audit findings.