

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE TOWNSHIP OF WEST MILFORD SCHOOL DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Township of West Milford School District

Board of Education

West Milford, New Jersey

For the Fiscal Year Ended June 30, 2017

WEST MILFORD BOARD OF EDUCATION

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

INTRODUCTORY SECTION



WEST MILFORD PUBLIC SCHOOLS

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

Alex Anemone, Ed.D.
Superintendent

Barbara Francisco
Business Administrator/Board Secretary

Daniel Novak
Director of Education

Elizabeth McQuaid, OTD
Director of Special Services

"Success Starts Here"

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

Dear Board Members/Citizens:

It is with pleasure that we submit the Comprehensive Annual Financial Report (CAFR) of the West Milford Township School District (District) for the fiscal year ending June 30, 2017. This CAFR includes the District's Basic Financial Statements in accordance with Governmental Accounting Standards Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The CAFR is presented in four sections: Introductory, Financial, Statistical and Single Audit.

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

1. REPORTING ENTITY AND ITS SERVICES:

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

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

Student Enrollment Data

Fiscal Year	Student Enrollment	Percent Change
2016-17	3,524	-2.46%
2015-16	3,613	-2.61%
2014-15	3,710	-1.54%
2013-14	3,768	-1.21%
2012-13	3,814	-2.1%
2011-12	3,896	-1.2%
2010-11	3,944	-1.7%
2009-10	4,013	-2.77%
2008-09	4,124	-3.62%
2007-08	4,279	-2.55%
2006-07	4,391	-2.92%
2005-06	4,523	-2.75%

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

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

2. ECONOMIC CONDITION AND OUTLOOK:

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

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

3. MAJOR INITIATIVES:

The district has chosen Differentiated Instruction as a major focus and has provided significant, targeted and embedded professional development for all staff in grades K-12. This professional development includes readers and writers workshop training, math best practices, hands-on science-based activities, increased technology interaction, gender-based, brain-based training, and assessment improvement.

Supporting the goal of increasing student engagement to maximize academic achievement, the district has implemented the use of Chrome books by students in the typical classroom setting, as well as in PARCC testing. A rich array of professional development events will support this transition across the upcoming school year.

The district continues to expand our use of Google Apps for Education platform, affording educators and students a wide range of educationally focused tools through which to improve teaching and learning. We have adopted a process for aligning our use of technology with language that supports Bloom's Taxonomy.

All district administrators work in partnership with teachers and parents to enrich lessons by embedding New Jersey Student Learning Standards (NJSLs) into instructional practice. Curricula that had been updated to NJSLs is being assessed, refined, enhanced and uploaded to the district's curriculum mapping program, putting the NJSLs directly into everyday lessons, as well as into the long range plans for each educator. The District Supervisor of Guidance and Testing expands the outreach, laser focus and consistent attention on the use of student data to inform practice K-12. In addition to state assessments, the district has adopted the use of Star Math assessments to provide meaningful mathematics benchmarks.

The district has created an ongoing and comprehensive approach to maintaining inter-rater reliability, ongoing professional development and calibration for administrators with regard to the evaluation of teachers. A four day summer institute opened the new school year, and walk through evaluations have been initiated. Co-observations have been increased and a Corrective Action Plan team, comprised of administrators, has been formed. This team meets regularly to maintain a consistent approach under designated protocols, all aligned with NJDOE requirements. Evaluation rubrics for all "Specialists" are currently complete and are being piloted by the DEAC (District Evaluation Advisory Committee), with recommendations for use in 2016-17.

4. INTERNAL ACCOUNTING CONTROLS:

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

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations

related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

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

5. BUDGETARY CONTROLS:

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

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

6. ACCOUNTING SYSTEM AND REPORTS:

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

7. CASH MANAGEMENT:

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

8. RISK MANAGEMENT:

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, cyber liability, and fidelity bonds. Since the 1996-97 school year, the District has carried student and athletic accident and catastrophic injury insurance on every student enrolled in its schools. Through participation in a pooled insurance program, the District enjoys the benefits of distributed risks and reduced premium costs on all lines of insurance. The Board uses the pool to self-insure for workers' compensation, and continues to receive disbursements of surplus funds from prior years.

9. **OTHER INFORMATION:**

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

10. **ACKNOWLEDGMENTS:**

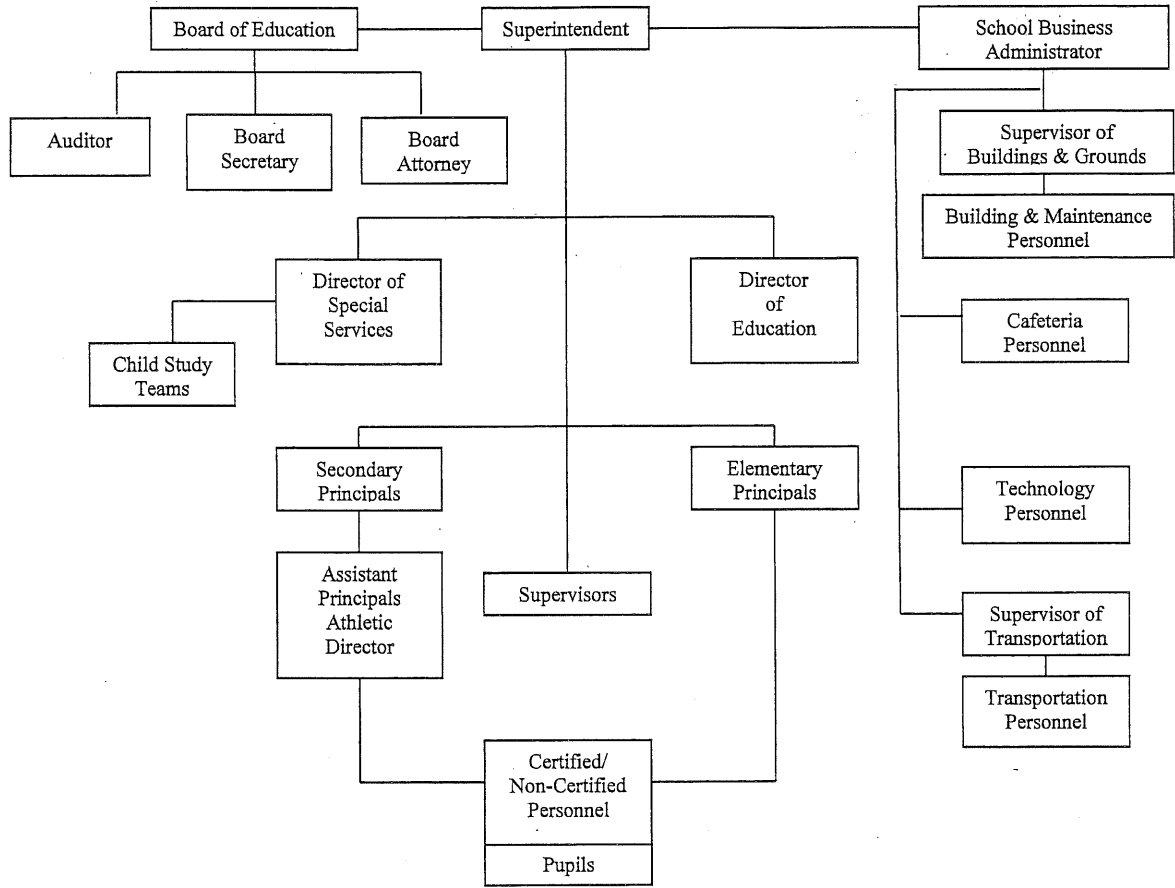
We would like to express our appreciation to the members of the West Milford Township School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial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

Respectfully submitted,



Barbara Francisco
Business Administrator/Board Secretary

WEST MILFORD BOARD OF EDUCATION
 Organizational Chart
 (Unit Control)



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

**WEST MILFORD BOARD OF EDUCATION
ROSTER OF OFFICIALS
June 30, 2017**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
James Foody - President	2017
Theresa Dwyer - Vice President	2018
Gregory Bailey	2018
William Cytowicz	2019
Steven Drew	2019
Nicole Fritz	2017
Glenn Huber	2018
Debbie O'Brien	2019
Rodney Robbins	2017

Other Officials

Alex Anemone - Ed. D. Superintendent

Barbara Francisco - Business Administrator/Board Secretary

Daniel Novak - Director of Education

Elizabeth McQuaid, OTD - Director of Special Services

WEST MILFORD BOARD OF EDUCATION

2016-2017

Consultants and Advisors

ARCHITECTS

LAN Associates
445 Godwin Avenue
Midland Park, New Jersey 07432

DiCara Rubino Architects
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Wayne, New Jersey 07470

Settembrino Architects
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Red Bank, New Jersey 07701

AUDIT FIRM

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Pompton Lakes, New Jersey 07442

BOARD ATTORNEY

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220 Park Avenue
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Florham Park, New Jersey 07932

LABOR NEGOTIATOR

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

SPECIAL EDUCATION ATTORNEY

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

OFFICIAL DEPOSITORY

Lakeland Bank
West Milford, New Jersey

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

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Township of West Milford School District, in the County of Passaic, State of New Jersey, as of and for the year ended June 30, 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 Township of West Milford 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 Township of West Milford Board of Education's basic financial statements. The introductory section, combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the schedule of expenditures of state financial assistance as required by N.J. OMB Circular 15-08 and 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 the schedule of expenditures of state financial assistance as required by 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 the schedule of expenditures of state financial assistance as required by N.J. OMB Circular 15-08 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2017 on our consideration of the Township of West Milford Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance

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

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



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

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

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

Pompton Lakes, New Jersey

November 29, 2017

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

WEST MILFORD TOWNSHIP PUBLIC SCHOOL DISTRICT
WEST MILFORD TOWNSHIP

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

(UNAUDITED)

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

Management's Discussion and Analysis (MD&A) is 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 (2016-2017) and the prior year (2015-2016) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2017 are as follows:

- ◆ General revenues accounted for \$91,863,897 in revenue or 96.53% percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$3,304,675 or 3.47% percent of total revenues of \$95,168,572.
- ◆ The School District had \$97,262,270 in expenses; \$3,304,675 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$91,863,897 were adequate to provide for these programs.
- ◆ The General Fund had \$77,783,085 in revenues and \$77,245,574 in expenditures and (\$1,347,035) in other financing sources/(uses). The General Fund's balance decreased by \$809,524 in 2017. Revenues do not include funds used from fund balance resulting in expenses exceeding revenues.

Using this Comprehensive Annual Financial Report (CAFR)

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

Reporting the School District as a Whole

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

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

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School district as a whole looks at all financial transactions and asks the question, "How did we do financially during 2016-2017?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into consideration all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Enterprise Funds

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

The School District as a Whole

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

Table 1 provides a summary of the School District's net position for 2017 with comparative data.

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	\$ 11,233,619	\$ 8,120,474	\$ 133,361	\$ 137,230	\$ 11,366,980	\$ 8,257,704
Capital Assets, net	25,318,910	21,611,562	65,339	59,175	25,384,249	21,670,737
Total Assets	<u>36,552,529</u>	<u>29,732,036</u>	<u>198,700</u>	<u>196,405</u>	<u>36,751,229</u>	<u>29,928,441</u>
Deferred Outflows						
Deferred Outflows of Resource Related to PERS	<u>11,492,369</u>	<u>5,331,025</u>			<u>11,492,369</u>	<u>5,331,025</u>
Liabilities						
Long-Term Liabilities	48,204,489	33,003,275			48,204,489	33,003,275
Other Liabilities	3,533,513	3,061,861	31,544	11,909	3,565,057	3,073,770
Total Liabilities	<u>51,738,002</u>	<u>36,065,136</u>	<u>31,544</u>	<u>11,909</u>	<u>51,769,546</u>	<u>36,077,045</u>
Deferred Inflows						
Deferred Inflows of Resource Related to PERS	<u>617,067</u>	<u>1,221,362</u>			<u>617,067</u>	<u>1,221,362</u>
Net Assets						
Invested in Capital Assets - Net of Debt	17,423,192	19,535,989	65,339	59,175	17,488,531	19,595,164
Restricted	9,830,847	7,082,783	42,950	47,906	9,873,797	7,130,689
Unrestricted	<u>(31,564,210)</u>	<u>(28,842,210)</u>	<u>58,867</u>	<u>77,415</u>	<u>(31,505,343)</u>	<u>(28,764,795)</u>
Total Net Position	<u>\$ (4,310,171)</u>	<u>\$ (2,223,438)</u>	<u>\$ 167,156</u>	<u>\$ 184,496</u>	<u>\$ (4,143,015)</u>	<u>\$ (2,038,942)</u>

The District's combined net position was (\$4,143,015) on June 30, 2017.

Table 2 shows the changes in net position for fiscal year 2017, with a comparative analysis of district-wide data.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program Revenues:						
Charges for services	\$ 355,762	\$ 364,270	\$ 1,196,099	\$ 1,160,540	\$ 1,551,861	\$ 1,524,810
Operating Grants and Contributions	1,381,712	1,423,795	371,102	355,600	1,752,814	1,779,395
Capital Grants and Contributions						
General Revenues:						
Property taxes	54,067,557	54,080,579			54,067,557	54,080,579
Grants and entitlements	37,327,485	31,309,329			37,327,485	31,309,329
Other	467,602	1,093,234	1,254	1,122	468,856	1,094,356
Transfers			156,547	157,608	156,547	157,608
Total Revenues	93,600,118	88,271,207	1,725,001	1,674,870	95,325,119	89,946,077
Functions/Programs Expenses						
Instruction	54,926,214	48,836,526			54,926,214	48,836,526
Support Services:						
Pupils and instructional staff	15,965,250	14,133,879			15,965,250	14,133,879
General, central & school administration	9,174,776	8,145,732			9,174,776	8,145,732
Operations and maintenance of facilities	8,978,761	8,021,118			8,978,761	8,021,118
Pupil transportation	6,287,804	5,704,056			6,287,804	5,704,056
Interest on debt	130,386	32,777			130,386	32,777
Food service			1,314,371	1,240,543	1,314,371	1,240,543
School Aged Child Care			427,969	471,027	427,969	471,027
Other	56,738	73,497			56,738	73,497
Transfers	156,547	157,608			156,547	157,608
Total Expenses	95,676,476	85,105,193	1,742,340	1,711,570	97,418,817	86,816,763
(Decrease) Increase in Net Position	\$ (2,076,358)	\$ 3,166,014	\$ (17,339)	\$ (36,700)	\$ (2,093,697)	\$ 3,129,314

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 62.71% of revenues for governmental activities for the West Milford Township Public School District for fiscal year 2017. The District's total revenues were \$86,219,093 for the fiscal year ended June 30, 2017. Federal, state and local grants accounted for another 28.89%. The balance of the revenues is from other miscellaneous sources including interest, rentals, tuition, and budgeted fund balance.

Business-Type Activities

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

- ◆ Food service expenses exceeded revenues by \$150,383.
- ◆ Charges for services represent \$792,535 of revenue. This represents amount paid by patrons for daily food services.
- ◆ Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities was \$371,103.

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

- ◆ SACC (School Aged Child Care) expenses exceeded revenues by \$18,548.
- ◆ Charges for services represent \$403,564 of total revenue while non-operating revenues were \$1,111.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions with comparative data from 2016.

Table 3

	<u>Total Cost of Services 2017</u>	<u>Net Cost of Services 2017</u>	<u>Total Cost of Services 2016</u>	<u>Net Cost of Services 2016</u>
Instruction	\$ 54,926,214	\$ 53,390,361	\$ 48,836,526	\$ 47,213,839
Support services				
Pupils and Instructional Staff	15,965,250	15,777,201	14,133,878	13,968,966
General, Central & School Administration	9,174,776	9,174,776	8,145,732	8,145,732
Operation & Maintenance of Facilities	8,978,761	8,978,761	8,021,118	8,021,118
Pupil Transportation	6,287,804	6,274,232	5,704,056	5,703,591
Interest and Fiscal Charges	130,386	130,386	32,777	32,777
Other	56,738	56,738	73,497	73,497
Total expenses	<u>\$ 95,519,929</u>	<u>\$ 93,782,455</u>	<u>\$ 84,947,584</u>	<u>\$ 83,159,520</u>

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

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

General administration, school administration and business include expenses associated with administrative and financial supervision of the District.

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

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

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

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

The School District's Funds

These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., general fund, special revenue fund, capital projects and debt service fund presented in the fund-based statements) had total revenues of \$86,219,093 and expenditures of \$83,522,659. Additionally, there were other financing activities (sources and uses) netting to \$71,435.09 of net financing sources.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2017, and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenue	2017 Amount	Percent of Total	2016 Amount	Percent of Total
Local Sources	\$61,316,973	71.12%	\$55,082,573	69.25%
State Sources	23,425,658	27.17%	22,922,509	28.82%
Federal Sources	1,476,462	1.71%	1,535,250	1.93%
Total	<u>\$86,219,093</u>	<u>100.00%</u>	<u>\$79,540,332</u>	<u>100.00%</u>

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

Expenditures	2017 Amount	Percent of Total	2016 Amount	Percent of Total
Current:				
Instruction	\$29,270,876	35.05%	\$28,908,471	35.60%
Undistributed Expenditures	48,506,040	58.08%	45,388,732	55.90%
Capital outlay	5,220,130	6.25%	6,358,893	7.83%
Debt service:				
Principal	504,559	0.60%	504,559	0.62%
Interest	21,054	0.03%	37,554	0.05%
Total	<u>\$83,522,659</u>	<u>100.00%</u>	<u>\$81,198,209</u>	<u>100.00%</u>

General Fund Budgeting Highlights

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

During the course of the fiscal year 2017, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

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

- ◆ Capital projects were included to address safety and security initiatives. The district continues to identify and address capital improvements using capital reserve funds. In the 2016-17 budget year, Phase I of the High School auditorium renovation began construction. Additionally, the roofs for the High School and Macopin Middle School were replaced as part of a bond referendum approved in December 2015. The referendum qualified the District for debt service aid of 40% of the project costs.

Capital Assets

At the end of the fiscal year 2017, the School District had \$25,384,249 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2017 balances compared to 2016.

	Governmental Activities		Business-Type Activities	
	2017	2016	2017	2016
Land	\$ 2,327,249	\$ 2,327,249		
Construction in Progress	6,803,484	3,675,253		
Building and Improvements	12,556,595	11,606,662		
Machinery and Equipment	3,631,582	4,002,397	\$ 65,339	\$ 59,175
	<u>\$ 25,318,910</u>	<u>\$ 21,611,561</u>	<u>\$ 65,339</u>	<u>\$ 59,175</u>

Overall capital assets increased \$3,713,513 from fiscal year 2016 to fiscal year 2017. The capital asset increase was due primarily to replacements of boilers and roofs of various schools within the District, as well as the purchases of various pieces of equipment.

Debt Administration

At June 30, 2017, the School District had total debt issued of \$11,008,585 with an outstanding balance of \$6,897,117. This debt was issued through serial bonds and loans for school construction and infrastructure. In January 2003 the voters of West Milford Township approved a referendum to improve district facilities in the amount of \$6,173,688 of which \$4,463,000 was issued as debt and the balance came from state grants. In December 2008, the district received an interest free loan from the School Development Authority to fund the remediation of two fuel tanks in the transportation depot. In December 2015, the voters of West Milford Township approved a referendum to replace the roofs at the High School and Macopin School in the amount of \$7,990,000 of which \$6,500,000 was issued as debt in July 2016.

The district maintains a low proportion of debt relative to its maximum overall legal debt margin of \$119,507,258 at June 30, 2017.

Debt Issue	Date of Issue	Amount of Issue	Balance Due
SDA UST Interest Free Loan	12/1/2008	\$ 45,585	\$ 9,117
Bond 2003	7/15/2003	4,463,000	388,000
Bonds of 2016	7/15/2016	6,500,000	6,500,000
Total		<u>\$ 11,008,585</u>	<u>\$ 6,897,117</u>

For the Future

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

The West Milford High School auditorium renovation is scheduled for completion in the next budget year, as well as the High School and Macopin Middle School greenhouse replacements. The District also has in place technology initiatives for students.

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

Contacting the School District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

WEST MILFORD BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	7,932,121.69	558,019.16	8,490,140.85
Receivables, net	1,089,546.99	30,040.02	1,119,587.01
Internal balances	473,121.34	(473,121.34)	-
Inventory		18,423.55	18,423.55
Restricted assets:			
Capital reserve account - cash	1,238,828.93		1,238,828.93
Maintenance reserve account - cash	500,000.00		500,000.00
Capital assets:			
Land	2,327,249.42		2,327,249.42
Construction in Progress	6,803,483.60		6,803,483.60
Other capital assets, net	16,188,176.85	65,338.92	16,253,515.77
Total Assets	<u>36,552,528.82</u>	<u>198,700.31</u>	<u>36,751,229.13</u>
DEFERRED OUTFLOWS			
Deferred Outflows of Resources Related to PERS	<u>11,492,368.70</u>		<u>11,492,368.70</u>
LIABILITIES			
Accounts payable	2,553,180.13	23,868.25	2,577,048.38
Accrued interest payable	118,041.74		118,041.74
Unearned revenue	40,436.96	7,676.09	48,113.05
Noncurrent liabilities:			
Due within one year	821,853.83		821,853.83
Due beyond one year	48,204,488.86		48,204,488.86
Total liabilities	<u>51,738,001.52</u>	<u>31,544.34</u>	<u>51,769,545.86</u>
DEFERRED INFLOWS			
Deferred Inflows of Resources Related to PERS	<u>617,067.00</u>		<u>617,067.00</u>
NET POSITION			
Invested in capital assets, net of related debt	17,423,191.75	65,338.92	17,488,530.67
Restricted for:			
Other purposes	6,220,506.71	42,950.00	6,263,456.71
Debt service	1.93		1.93
Capital projects	3,610,338.54		3,610,338.54
Unrestricted	(31,564,209.93)	58,867.05	(31,505,342.88)
Total net position	<u>(4,310,171.00)</u>	<u>167,155.97</u>	<u>(4,143,015.03)</u>

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

WEST MILFORD BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:								
Instruction:								
Regular	20,959,559.04	18,460,965.56	342,189.98	1,193,663.26		(37,884,671.36)		(37,884,671.36)
Special education	6,550,955.92	7,194,371.91	-	-		(13,745,327.83)		(13,745,327.83)
Other special instruction	288,722.93	-	-	-		(288,722.93)		(288,722.93)
Other instruction	1,471,638.58	-	-	-		(1,471,638.58)		(1,471,638.58)
Support services:								
Tuition	4,768,523.89	-	-	-		(4,768,523.89)		(4,768,523.89)
Student & instruction related services	7,419,285.84	3,777,439.97	-	188,049.14		(11,008,676.67)		(11,008,676.67)
General administrative services	1,242,662.00	610,084.94	-	-		(1,852,746.94)		(1,852,746.94)
School administrative service	2,448,252.03	3,016,853.55	-	-		(5,465,105.58)		(5,465,105.58)
Central services and Admin. Infor. Tech.	1,066,400.38	790,523.55	-	-		(1,856,923.93)		(1,856,923.93)
Plant operations and maintenance	5,984,941.99	2,993,819.22	-	-		(8,978,761.21)		(8,978,761.21)
Pupil transportation	4,013,625.77	2,274,178.23	13,572.22	-		(6,274,231.78)		(6,274,231.78)
Capital Outlay - Non-depreciable	27,501.00	-	-	-		(27,501.00)		(27,501.00)
Charter School	29,237.00	-	-	-		(29,237.00)		(29,237.00)
Unallocated Benefits	-	-	-	-		-		-
Interest on long-term debt	130,385.94	-	-	-		(130,385.94)		(130,385.94)
Unallocated depreciation and amortization	-	-	-	-		-		-
Total governmental activities	56,401,692.31	39,118,236.93	355,762.20	1,381,712.40		(93,782,454.64)		(93,782,454.64)
Business-type activities:								
Food Service	1,307,301.56	7,069.61	792,534.56	371,101.72		(150,734.89)		(150,734.89)
School Aged Child Care	427,969.48	-	403,564.13	-		(24,405.35)		(24,405.35)
Total business-type activities	1,735,271.04	7,069.61	1,196,098.69	371,101.72		(175,140.24)		(175,140.24)
Total primary government	58,136,963.35	1,551,860.89	1,752,814.12	1,752,814.12		(93,782,454.64)		(93,957,594.88)
General revenues:								
Taxes:								
Property taxes, levied for general purposes, net						53,542,837.00		53,542,837.00
Taxes levied for debt service						524,720.00		524,720.00
Federal and State aid not restricted						37,326,591.61		37,326,591.61
State Aid - Restricted for Debt Service						893.00		893.00
Investment Earnings						1,845.70	1,253.98	3,099.68
State Aid - Capital Outlay						28,682.51		28,682.51
Federal Aid - Capital Outlay						-		-
Bond Proceeds						-		-
Contributed Capital Assets						51,953.81		51,953.81
Transferred to Enterprise Fund						(156,546.80)	156,546.80	-
Miscellaneous Income						385,119.84		385,119.84
Total general revenues, special items, extraordinary items and transfers						91,706,096.67	157,800.78	91,863,897.45
Change in Net Position						(2,076,357.97)	(17,339.46)	(2,093,697.43)
Net Position - Beginning (Restated)							184,495.43	(2,049,317.60)
Net Position—ending						(4,310,171.00)	167,155.97	(4,143,015.03)

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

FUND FINANCIAL STATEMENTS

**WEST MILFORD BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	5,360,717.90		2,571,401.86	1.93	7,932,121.69
Interfund Loan Receivables	31,124.68				31,124.68
Interfund Receivables	638,517.15				638,517.15
Receivables from other governments	798,159.44	84,995.53			883,154.97
Other Accounts Receivable	191,864.35				191,864.35
Restricted cash and cash equivalents	1,738,828.93				1,738,828.93
Total assets	<u>8,759,212.45</u>	<u>84,995.53</u>	<u>2,571,401.86</u>	<u>1.93</u>	<u>11,415,611.77</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund Payables					-
Interfund Loans Payables		31,124.68	150,868.14		181,992.82
Accounts Payable	1,314,616.54	50,158.89			1,364,775.43
Unearned revenue	36,725.00	3,711.96			40,436.96
Total liabilities	<u>1,351,341.54</u>	<u>84,995.53</u>	<u>150,868.14</u>	<u>-</u>	<u>1,587,205.21</u>
Fund Balances:					
Committed to:					
Other Purposes			113,920.79		113,920.79
Assigned to:					
Other Purposes	732,086.35				732,086.35
Designated For Subsequent Year's expenditures	-				-
Restricted for:					
Capital reserve account	1,189,804.82				1,189,804.82
Maintenance reserve account	500,000.00				500,000.00
Excess Surplus	2,048,156.36				2,048,156.36
Excess Surplus Designated for Subsequent Year's Expenditures	2,940,264.00				2,940,264.00
Debt Service Fund				1.93	1.93
Capital Projects Fund			2,306,612.93		2,306,612.93
Unassigned:					
General fund	(2,440.62)				(2,440.62)
Total fund balances (Deficit)	<u>7,407,870.91</u>	<u>-</u>	<u>2,420,533.72</u>	<u>1.93</u>	<u>9,828,406.56</u>
Total liabilities and fund balances	<u>8,759,212.45</u>	<u>84,995.53</u>	<u>2,571,401.86</u>	<u>1.93</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.	(118,041.74)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$46,003,453.01 and the accumulated depreciation is \$24,391,891.41.	25,318,909.87
Accounts Payable for subsequent Pension payment is not a payable in the funds	(1,188,404.70)
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	11,492,368.70
Deferred Inflows of Resources Related to PERS Pension Liability	(617,067.00)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(49,026,342.69)
Net position of governmental activities	<u>(4,310,171.00)</u>

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

WEST MILFORD BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local sources:					
Local tax levy	53,542,837.00			524,720.00	54,067,557.00
Tuition charges	342,189.98				342,189.98
Transportation Fees from Other LEA's	13,572.22				13,572.22
Interest Earned on Capital Reserve Funds	1,845.70				1,845.70
Local Grants		6,623.01			6,623.01
Rents and Royalties	126,793.36				126,793.36
Bond Proceeds			6,500,000.00		6,500,000.00
Miscellaneous	258,326.48				258,326.48
Total - Local Sources	54,285,564.74	6,623.01	6,500,000.00	524,720.00	61,316,907.75
State sources	23,396,082.19		28,682.51	893.00	23,425,657.70
Federal sources	101,438.42	1,375,348.47			1,476,786.89
Total revenues	77,783,085.35	1,381,971.48	6,528,682.51	525,613.00	86,219,352.34
EXPENDITURES					
Current:					
Regular instruction	19,765,895.78	1,193,680.85			20,959,576.63
Special education instruction	6,550,955.92				6,550,955.92
Other special instruction	288,722.93				288,722.93
Other instruction	1,471,638.58				1,471,638.58
Support services and undistributed costs:					
Tuition	4,768,523.89				4,768,523.89
Student & instruction related services	7,231,236.70	188,290.63			7,419,527.33
General administrative services	1,242,662.00				1,242,662.00
School administrative services	2,490,356.76				2,490,356.76
Central Services and Admin. Infor. Tech.	1,066,400.38				1,066,400.38
Plant operations and maintenance	6,005,767.80				6,005,767.80
Pupil transportation	4,353,972.67				4,353,972.67
Unallocated employee benefits	21,129,833.83				21,129,833.83
Capital outlay	850,370.02		4,369,760.08		5,220,130.10
Transfer to Charter School	29,237.00				29,237.00
Debt service:					
Principal				504,558.50	504,558.50
Interest and other charges				21,054.00	21,054.00
Total expenditures	77,245,574.26	1,381,971.48	4,369,760.08	525,612.50	83,522,918.32
Excess (Deficiency) of revenues over expenditures	537,511.09	-	2,158,922.43	0.50	2,696,434.02
OTHER FINANCING SOURCES (USES)					
Capital leases (non-budgeted)	227,981.89				227,981.89
Transfers in - From Capital Projects	143,889.54				143,889.54
Transfers in - From Capital Outlay			1,562,360.00		1,562,360.00
Transfer out to - Enterprise Fund	(156,546.80)				(156,546.80)
Transfer out - to Capital Reserve Account			(143,889.54)		(143,889.54)
Transfers out - General Fund to Capital Projects Fund	(1,562,360.00)				(1,562,360.00)
Total other financing sources and uses	(1,347,035.37)	-	1,418,470.46	-	71,435.09
Net change in fund balances	(809,524.28)	-	3,577,392.89	0.50	2,767,869.11
Fund balance—July 1	8,217,395.19		(1,156,859.17)	1.43	7,060,537.45
Fund balance—June 30	7,407,870.91	-	2,420,533.72	1.93	9,828,406.56

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

**WEST MILFORD BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Total net change in fund balances - governmental funds (from B-2)	2,767,869.11						
Amounts reported for governmental activities in the statement of activities (A-2) are different because:							
<p>Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.</p>							
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Depreciation expense</td> <td style="text-align: right;">(1,526,858.41)</td> </tr> <tr> <td>Contributed Capital Assets</td> <td style="text-align: right;">51,953.81</td> </tr> <tr> <td>Capital outlay</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">5,192,629.10</td> </tr> </table>	Depreciation expense	(1,526,858.41)	Contributed Capital Assets	51,953.81	Capital outlay	5,192,629.10	3,717,724.50
Depreciation expense	(1,526,858.41)						
Contributed Capital Assets	51,953.81						
Capital outlay	5,192,629.10						
<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 assets and is not reported in the statement of activities.</p>							
<p>In the current year, these amounts consist of:</p>							
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Principal Payments on Capital Leases</td> <td style="text-align: right;">403,277.44</td> </tr> <tr> <td>Principal Payments on Bonds Payable</td> <td style="text-align: right;">504,558.50</td> </tr> </table>	Principal Payments on Capital Leases	403,277.44	Principal Payments on Bonds Payable	504,558.50			
Principal Payments on Capital Leases	403,277.44						
Principal Payments on Bonds Payable	504,558.50						
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>							
(Increase) Decrease in Compensated Absences Payable	(245,674.69)						
<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>							
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">District Pension Contributions</td> <td style="text-align: right;">1,131,814.00</td> </tr> <tr> <td>Less: Pension Expense</td> <td style="text-align: right; border-bottom: 1px solid black;">(3,518,613.00)</td> </tr> </table>	District Pension Contributions	1,131,814.00	Less: Pension Expense	(3,518,613.00)	(2,386,799.00)		
District Pension Contributions	1,131,814.00						
Less: Pension Expense	(3,518,613.00)						
<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>							
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Increase in On-behalf State Aid TPAF Pension</td> <td style="text-align: right;">13,829,071.00</td> </tr> <tr> <td>Increase in On-behalf TPAF Pension Expense</td> <td style="text-align: right;">(13,829,071.00)</td> </tr> </table>	Increase in On-behalf State Aid TPAF Pension	13,829,071.00	Increase in On-behalf TPAF Pension Expense	(13,829,071.00)			
Increase in On-behalf State Aid TPAF Pension	13,829,071.00						
Increase in On-behalf TPAF Pension Expense	(13,829,071.00)						
<p>Proceeds from debt issues are a financing source in the government funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.</p>							
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Proceeds of long-term debt</td> <td style="text-align: right;">(6,500,000.00)</td> </tr> <tr> <td>Capital Lease Proceeds</td> <td style="text-align: right;">(227,981.89)</td> </tr> </table>	Proceeds of long-term debt	(6,500,000.00)	Capital Lease Proceeds	(227,981.89)			
Proceeds of long-term debt	(6,500,000.00)						
Capital Lease Proceeds	(227,981.89)						
<p>In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The change in accrued interest is an (increase)/decrease in the reconciliation.</p>							
(109,331.94)							
Change in net position of governmental activities	(2,076,357.97)						

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

WEST MILFORD BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	Business-type Activities -		Total
	Enterprise Funds		
	Food	School Age	Enterprise
	Service	Child Care	Fund
ASSETS			
Current assets:			
Cash and cash equivalents	57,428.38	500,590.78	558,019.16
Other accounts receivable	2,531.95	3,745.00	6,276.95
Intergovernmental receivables:			
State	895.41		895.41
Federal	22,867.66		22,867.66
Inventories	18,423.55		18,423.55
Total current assets	<u>102,146.95</u>	<u>504,335.78</u>	<u>606,482.73</u>
Noncurrent assets:			
Furniture, machinery & equipment	237,934.75	-	237,934.75
Less accumulated depreciation	(172,595.83)	-	(172,595.83)
Total noncurrent assets	<u>65,338.92</u>	<u>-</u>	<u>65,338.92</u>
 Total assets	 <u>167,485.87</u>	 <u>504,335.78</u>	 <u>671,821.65</u>
LIABILITIES			
Current liabilities:			
Accounts Payable	18,316.91	5,682.31	23,999.22
Encumbrances Payable	2,000.00	2,000.00	4,000.00
Interfund Payable:			
General Fund	75,303.95	397,817.39	473,121.34
Deferred Revenue	6,526.09	1,150.00	7,676.09
Total current liabilities	<u>102,146.95</u>	<u>406,649.70</u>	<u>508,796.65</u>
NET POSITION			
Invested in Capital Assets Net of			
Related Debt	65,338.92	-	65,338.92
Contributed Capital		38,950.00	38,950.00
Unreserved retained earnings	-	58,736.08	58,736.08
Total net position	<u>65,338.92</u>	<u>97,686.08</u>	<u>163,025.00</u>

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

WEST MILFORD BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Business-type Activities - Enterprise Fund		Total Enterprise Fund
	Food Service	School Age Child Care	
Operating revenues:			
Charges for services:			
Daily sales - reimbursable lunch programs	528,445.06		528,445.06
Daily sales - non-reimbursable programs	258,516.00		258,516.00
Special functions	5,573.50	-	5,573.50
Program Fees		403,564.13	403,564.13
Total operating revenues	<u>792,534.56</u>	<u>403,564.13</u>	<u>1,196,098.69</u>
Operating expenses:			
Cost of sales- reimbursable	338,827.00		338,827.00
Cost of sales- non-reimbursable	169,558.22		169,558.22
Salaries	250,294.01	366,371.23	616,665.24
Employers share of Social Security	19,147.50	28,390.54	47,538.04
Employee benefits	221,007.45	-	221,007.45
Purchased Prof-Ed. Services		4,356.09	4,356.09
Purchased Technical Services	20,494.24		20,494.24
Other Purchased Professional Services	179,690.48	-	179,690.48
Repairs	14,390.28		14,390.28
General supplies	27,335.62	23,187.93	50,523.55
Equipment	9,420.97		9,420.97
Depreciation	7,069.61	-	7,069.61
Management fees	53,152.01		53,152.01
Miscellaneous	3,774.78	1,047.74	4,822.52
Total operating expenses	<u>1,314,162.17</u>	<u>423,353.53</u>	<u>1,737,515.70</u>
Operating Income (loss)	<u>(521,627.61)</u>	<u>(19,789.40)</u>	<u>(541,417.01)</u>
Non-operating revenues (expenses):			
State sources:			
State school lunch program	11,125.84		11,125.84
Federal sources:			
National school lunch program	275,971.22		275,971.22
School breakfast program	9,303.88		9,303.88
Food distribution program	74,700.78		74,700.78
Interest and investment revenue	143.23	1,110.75	1,253.98
Total non-operating revenues (expenses)	<u>371,244.95</u>	<u>1,110.75</u>	<u>372,355.70</u>
Income (loss) before contributions & transfers	<u>(150,382.66)</u>	<u>(18,678.65)</u>	<u>(169,061.31)</u>
Transfers In (Out)	156,546.80		156,546.80
Change in net position	6,164.14	(18,678.65)	(12,514.51)
Total Net Position - Beginning	<u>59,174.78</u>	<u>116,364.73</u>	<u>175,539.51</u>
Total Net Position—Ending	<u>65,338.92</u>	<u>97,686.08</u>	<u>163,025.00</u>

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

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

	Business-type Activities - Enterprise Funds		Total Enterprise Fund
	Food Service	School Age Child Care	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	794,910.40	401,139.13	1,196,049.53
Receipts / (payments) for interfunds	10,307.23	(38,282.25)	(27,975.02)
Payments to employees	(250,294.01)	(366,371.23)	(616,665.24)
Payments to suppliers	(1,050,677.89)	(56,046.91)	(1,106,724.80)
Net cash provided by (used for) operating activities	<u>(495,754.27)</u>	<u>(59,561.26)</u>	<u>(555,315.53)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	10,922.35		10,922.35
Federal Sources	354,943.43		354,943.43
Operating subsidies	156,546.80		156,546.80
Net cash provided by (used for) non-capital financing activities	<u>522,412.58</u>	<u>-</u>	<u>522,412.58</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(13,233.75)		(13,233.75)
Net cash provided by (used for) capital and related financing activities	<u>(13,233.75)</u>	<u>-</u>	<u>(13,233.75)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	143.23	1,110.75	1,253.98
Net cash provided by (used for) investing activities	<u>143.23</u>	<u>1,110.75</u>	<u>1,253.98</u>
Net increase (decrease) in cash and cash equivalents	13,567.79	(58,450.51)	(44,882.72)
Balances—beginning of year	<u>43,860.59</u>	<u>559,041.29</u>	<u>602,901.88</u>
Balances—end of year	<u><u>57,428.38</u></u>	<u><u>500,590.78</u></u>	<u><u>558,019.16</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	(521,627.61)	(19,658.43)	(541,286.04)
Adjustments to reconcile operating loss to net cash provided (used for) operating activities			
Depreciation	7,069.61	-	7,069.61
(Increase) / decrease in accounts receivable	(1,872.15)	(1,150.00)	(3,022.15)
(Increase) / decrease in inventories	(4,781.18)		(4,781.18)
Increase / (decrease) in accounts payable	11,110.84	5,551.34	16,662.18
Increase / (decrease) in encumbrances payable	(209.00)	(4,746.92)	(4,955.92)
Increase / (decrease) in interfund payable	10,307.23	(38,282.25)	(27,975.02)
Increase / (decrease) in deferred revenue	4,247.99	(1,275.00)	2,972.99
Total adjustments	<u>25,873.34</u>	<u>(39,902.83)</u>	<u>(14,029.49)</u>
Net cash provided by (used for) operating activities	<u><u>(495,754.27)</u></u>	<u><u>(59,561.26)</u></u>	<u><u>(555,315.53)</u></u>

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

**WEST MILFORD BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and cash equivalents	865,057.00	352,732.99	390,763.11
Interest Receivable on Investments	526.59	-	
	<u>865,583.59</u>	<u>352,732.99</u>	<u>390,763.11</u>
Total assets	<u>865,583.59</u>	<u>352,732.99</u>	<u>390,763.11</u>
LIABILITIES			
Payable to State Government	7,811.42		
Interfund accounts payable:			
General Fund			14,527.67
Payable to student groups			364,007.39
Flexible Spending			4,511.78
Payroll deductions and withholdings			7,716.27
	<u>7,811.42</u>	<u>-</u>	<u>390,763.11</u>
Total liabilities	<u>7,811.42</u>	<u>-</u>	<u>390,763.11</u>
NET POSITION			
Held in trust for unemployment claims and other purposes	<u>857,772.17</u>		
Reserved for scholarships		<u>352,732.99</u>	

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

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

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>
ADDITIONS		
Plan Member Contributions	67,299.44	
Total Contributions	<u>67,299.44</u>	<u>-</u>
Investment earnings:		
Interest	7,927.95	814.89
Net investment earnings	<u>7,927.95</u>	<u>814.89</u>
Total additions	<u>75,227.39</u>	<u>814.89</u>
DEDUCTIONS		
Unemployment claims	53,691.36	
Scholarships awarded		12,172.10
Total deductions	<u>53,691.36</u>	<u>12,172.10</u>
Change in net position	21,536.03	(11,357.21)
Net position—beginning of the year	<u>836,236.14</u>	<u>364,090.20</u>
Net position—end of the year	<u><u>857,772.17</u></u>	<u><u>352,732.99</u></u>

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

**NOTES TO THE BASIC
FINANCIAL STATEMENTS**

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2017**

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Board of Education (“Board”) of the Township of West Milford School District (“District”) is an instrumentality of the State of New Jersey, established to function as an educational institution. The Township of West Milford School District is a Type II district located in the County of Passaic, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in grades K-12. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board’s duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

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

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 elementary schools and a middle school, located in the Borough of Woodland Park. 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 Township of West Milford School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the board’s accounting policies are described below.

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 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 governmental function is self-financing or draws from the general revenues of the Board.

Fund Financial Statements:

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

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

**Township of West Milford 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 following is a description of the Proprietary Funds of the Board:

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

The Board's Enterprise Fund is comprised of the Food Service Fund and the School Age Child Care.

FIDUCIARY FUNDS

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

B. Measurement Focus:

District-wide Financial Statements

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

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus: (continued)

Fund Financial Statements

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

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

C. Basis of Accounting:

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

Revenues - Exchange and Non-exchange Transactions

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

Nonexchange transactions, in which the Board receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting: (continued)

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

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

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

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 did not make any material supplemental budgetary appropriations during the fiscal year.

**Township of West Milford 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)

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

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

E. Encumbrances:

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

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

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

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.

**Township of West Milford 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)

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

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

G. Tuition Revenues/Receivable:

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

H. Tuition Payable:

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

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.

**Township of West Milford 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 29, 1993 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their estimated fair market value on the date received. The Board maintains a capitalization threshold of \$2,000.00. The Board does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not.

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

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

**Township of West Milford 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.

**Township of West Milford 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.

**Township of West Milford 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, 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.

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

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

T. Operating Revenues and Expenses:

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

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2017**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

U. Extraordinary and Special Items:

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

V. Allocation of Indirect Expenses:

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

W. Use of Estimates:

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

X. Recent Accounting Pronouncements:

The 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.

**Township of West Milford 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. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68. This Statement is effective for fiscal years beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for fiscal years beginning after June 15, 2016. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

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

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

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.

**Township of West Milford 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. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which establishes the criteria for identifying the applicable pension plans and addresses measurement and recognition for pension liabilities, expense and expenditures; note disclosures of descriptive information about the plan, benefit terms, and contributions items; and required supplementary information presenting required contribution amounts for the past 10 fiscal years. The District is currently reviewing what effect this Statement might have on future financial statements.

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

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

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

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 82, *Pension Issues - an Amendment of GASB Statements No. 67, No. 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statement No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement 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.

**Township of West Milford 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 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.

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 \$13,602,929.57 was exposed to custodial credit risk.

**Township of West Milford 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)

Investments

Investment Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

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 Statements	Enterprise Fund	District Wide Financial Statements
State Aid	\$ 798,159.44	\$ 895.41	\$ 799,054.85
Federal Aid	84,995.53	22,867.66	107,863.19
Interfunds	669,641.83	-	14,527.67
Other	<u>191,864.35</u>	<u>6,276.95</u>	<u>198,141.30</u>
Gross Receivables	1,744,661.15	30,040.02	1,119,587.01
Less:			
Allowance for Uncollectables	<u> -</u>	<u> -</u>	<u> -</u>
Total Receivables Net	<u>\$1,744,661.15</u>	<u>\$30,040.02</u>	<u>\$1,119,587.01</u>

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2017**

NOTE 5. INTERFUND BALANCES AND ACTIVITY

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

Due to the General Fund from the Payroll Agency Account for interest earned on account and to set up Flexible Spending Account.	\$14,527.67
Due to the General Fund from the Food Service Enterprise Fund for Salaries, Health Benefits, Budget amount to Cover the Deficit and State Aid receipts.	75,303.95
Due to the General Fund from the Capital Projects Fund for interest earned, cancellation of projects and cash receipts.	150,868.14
Due to the General Fund from the School Age Child Care Enterprise Fund for salaries and health benefits.	<u>397,817.39</u>
	<u>\$638,517.15</u>

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

Interfund transfers for the year ended June 30, 2017 consisted of the following: \$156,546.80 from the general fund to the enterprise fund to provide resources to fund the food service operations.

NOTE 6. INTERFUND LOAN RECEIVABLE

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

\$31,124.68

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2017**

NOTE 7. 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>Deductions</u>	<u>Adjustments</u>	Balance <u>6/30/17</u>
Governmental Activities:					
Capital Assets Not Being Depreciated:					
Land	2,327,249.42				2,327,249.42
Construction in Progress	<u>3,675,252.87</u>	<u>4,337,686.08</u>	<u>(1,209,455.35)</u>	<u> </u>	<u>6,803,483.60</u>
Total Capital Assets Not Being Depreciated	<u>6,002,502.29</u>	<u>4,337,686.08</u>	<u>(1,209,455.35)</u>	<u> </u>	<u>9,130,733.02</u>
Capital Assets Being Depreciated:					
Building and Improvements	29,023,163.13	1,720,703.78	(15,200.00)	(83,377.75)	30,645,289.16
Machinery & Equipment	<u>10,977,787.59</u>	<u>395,648.40</u>	<u>(286,658.50)</u>	<u>(10,883.35)</u>	<u>11,075,894.14</u>
Totals at Historical Cost	<u>40,000,950.72</u>	<u>2,116,352.18</u>	<u>(301,858.50)</u>	<u>(94,261.10)</u>	<u>41,721,183.30</u>
Less Accumulated Depreciation:					
Building and Improvements	(17,416,500.82)	(771,278.70)	15,200.00	83,884.87	(18,088,694.65)
Equipment	<u>(6,975,390.59)</u>	<u>(755,579.71)</u>	<u>286,658.50</u>	<u> </u>	<u>(7,444,311.80)</u>
Total Accumulated Depreciation	<u>(24,391,891.41)</u>	<u>(1,526,858.41)</u>	<u>301,858.50</u>	<u>83,884.87</u>	<u>(25,533,006.45)</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>15,609,059.31</u>	<u>589,493.77</u>	<u> </u>	<u>(10,376.23)</u>	<u>16,188,176.85</u>
Governmental Activities					
Capital Assets, Net	<u>21,611,561.60</u>	<u>4,927,179.85</u>	<u>(1,209,455.35)</u>	<u>(10,376.23)</u>	<u>25,318,909.87</u>
Business Type Activities:					
Equipment:					
Food Services	229,407.97	13,233.75	(4,706.97)		237,934.75
School Age Child Care	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>229,407.97</u>	<u>13,233.75</u>	<u>(4,706.97)</u>	<u> </u>	<u>237,934.75</u>
Less Accumulated Depreciation:					
Equipment:					
Food Services	(170,233.19)	(7,069.61)	4,706.97		(172,595.83)
Community School	<u>(170,233.19)</u>	<u>(7,069.61)</u>	<u>4,706.97</u>	<u> </u>	<u>(172,595.83)</u>
Business Type Activities					
Capital Assets, Net	<u>59,174.78</u>	<u>6,164.14</u>	<u> </u>	<u> </u>	<u>65,338.92</u>

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2017**

NOTE 7. CAPITAL ASSETS (continued)

Depreciation expense was charged to functions as follows:

Instruction:

Regular Education	\$ 905,791.79
Special Education	63,287.40
Student & Instruction Related Services	123,557.98
School Administration	43,375.51
General Administration	23,659.43
Plant Operations & Maintenance	140,633.59
Pupil Transportation	202,893.28
Central Services & Admin. Info. Tech.	<u>23,659.43</u>
 Total Depreciation Expense	 <u><u>\$1,526,858.41</u></u>

NOTE 8. LONG-TERM OBLIGATION ACTIVITY

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

	Balance <u>June 30, 2016</u>	<u>Issued</u>	<u>Retired</u>	Balance <u>June 30, 2017</u>	Due Within <u>One Year</u>
Capital Lease Payable	\$ 1,173,896.67	\$ 227,981.89	\$ (403,277.44)	\$ 998,601.12	\$392,295.33
Compensated Absences	3,152,190.88	554,830.39	(309,155.70)	3,397,865.57	-
Bonds Payable	888,000.00	6,500,000.00	(500,000.00)	6,888,000.00	425,000.00
Net Pension Liability-PERS	28,636,912.00	9,095,847.00	-	37,732,759.00	-
Petroleum UST Remediation Upgrade and Closure Fund Payable	<u>13,675.50</u>	<u>-</u>	<u>(4,558.50)</u>	<u>9,117.00</u>	<u>4,558.50</u>
	<u><u>\$33,864,675.05</u></u>	<u><u>\$16,378,659.28</u></u>	<u><u>\$(1,216,991.64)</u></u>	<u><u>\$49,026,342.69</u></u>	<u><u>\$821,853.83</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.

Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2017

NOTE 8. LONG-TERM OBLIGATION ACTIVITY (continued)

A. Bonds Payable (continued)

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

<u>Issue</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Balance June 30, 2017</u>
School Bonds of 2003	7/15/03	2.25-3.30%	9/15/17	\$ 388,000.00
School Bonds of 2016	7/15/16	1.00-2.00%	7/15/29	<u>6,500,000.00</u>
				<u>\$6,888,000.00</u>

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	388,000.00	182,652.00	570,652.00
2019	425,000.00	115,375.00	540,375.00
2020	450,000.00	111,000.00	561,000.00
2021	500,000.00	105,625.00	605,625.00
2022	500,000.00	97,500.00	597,500.00
2023-2027	2,740,000.00	328,600.00	3,068,600.00
2028-2030	<u>1,885,000.00</u>	<u>57,750.00</u>	<u>1,942,750.00</u>
	<u>6,888,000.00</u>	<u>998,502.00</u>	<u>7,886,502.00</u>

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

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

<u>Year Ending June 30,</u>	<u>Principal</u>
2018	\$4,558.50
2019	<u>4,558.50</u>
	<u>\$9,117.00</u>

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2017**

NOTE 8. LONG-TERM OBLIGATION ACTIVITY (continued)

C. Capital Leases Payable:

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

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	\$424,225.77
2019	314,831.46
2020	244,204.37
2021	<u>75,936.13</u>
Total Minimum Lease Payments	1,059,197.73
Less: Amount representing interest	<u>(60,596.56)</u>
Present Value of net minimum lease	<u>\$998,601.17</u>

Maturities of capital leases payable are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	\$ 392,295.33
2019	296,114.07
2020	235,395.06
2021	<u>74,796.71</u>
Total	<u>\$998,601.17</u>

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2017**

NOTE 9. PENSION PLANS

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

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

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.

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

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2017**

NOTE 9. PENSION PLANS: (continued)

Service retirement benefits of 1/55th 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 1/60th 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

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2017**

NOTE 9. PENSION PLANS: (continued)

Service retirement benefits of 1/55th 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 1/60th 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</u>	<u>PERS</u>	<u>DCRP</u>
<u>Ending</u> 6/30/17	\$1,131,814.00	\$37,741.60
6/30/16	1,096,760.00	37,608.08
6/30/15	1,028,799.00	32,163.48

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2017.**

NOTE 9. PENSION PLANS (continued)

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

<u>Year</u> <u>Ending</u>	<u>Pension</u> <u>Contributions</u>	<u>Post-Retirement</u> <u>Medical</u> <u>Contributions</u>	<u>NCGI</u> <u>Premium</u>	<u>Long-Term</u> <u>Disability</u>
6/30/17	\$3,085,676.00	\$2,664,226.00	\$111,801.00	\$7,353.00
6/30/16	2,196,916.00	2,746,227.00	109,436.00	-
6/30/15	1,439,498.00	2,449,614.00	103,565.00	-

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$2,198,527.19 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 \$37,732,759.00 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 0.1274011928 percent, which was a decrease of 0.0001688232 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$3,518,367.00. At June 30, 2017, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2017**

NOTE 9. PENSION PLANS (continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$701,712	\$ -
Changes of assumptions	7,816,175	-
Net difference between projected and actual earnings on pension plan investments	1,438,778	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	347,299	617,067
District contributions subsequent to the measurement date	<u>1,188,405</u>	<u>-</u>
Total	<u>\$11,492,369</u>	<u>\$617,067</u>

The \$1,188,405.00 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	\$2,241,653
2018	2,241,653
2019	2,597,030
2020	2,181,885
2021	694,444

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.

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2017**

NOTE 9. PENSION PLANS (continued)

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

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	0.1274011928%	0.1275700160%

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.

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2017**

NOTE 9. PENSION PLANS (continued)

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

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).

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:

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2017**

NOTE 9. PENSION PLANS (continued)

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

<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>	

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.

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2017**

NOTE 9. PENSION PLANS (continued)

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

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

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

	June 30, 2016		
	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	\$46,236,872	\$37,732,579	\$30,711,548

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.

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.

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2017**

NOTE 9. 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)

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>226,609,466.00</u>
	<u>\$226,609,466.00</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 0.2880639774%.

For the year ended June 30, 2017, the District recognized on-behalf pension expense and revenue of \$17,026,548.00 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:

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

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2017**

NOTE 9. 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)

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:

<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>	

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2017**

NOTE 9. 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)

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.

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

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

NOTE 10. POST-RETIREMENT BENEFITS:

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

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2017**

NOTE 10. POST-RETIREMENT BENEFITS (continued)

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/financial1/2016divisioncombined.pdf>

NOTE 11. DEFERRED COMPENSATION

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

Equitable	Vanguard
Lincoln Investment Planning	Vanguard Retirement Annuity
Metlife	AIG Retirement

NOTE 12. RISK MANAGEMENT

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

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

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2017**

NOTE 12. RISK MANAGEMENT (continued)

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

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

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

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

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

<u>Fiscal Year</u>	<u>Interest Earnings/</u>			<u>Balance</u>
	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>State of NJ Reimbursement</u>	
2016-2017	\$7,927.95	\$67,299.44	\$53,691.36	\$857,772.17
2015-2016	2,108.02	65,700.23	45,997.03	836,236.14
2014-2015	1,780.82	47,203.43	111,725.91	814,424.92

NOTE 13. CAPITAL RESERVE ACCOUNT

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

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). A district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unappropriated revenue or unexpended line-item

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2017**

NOTE 13. CAPITAL RESERVE ACCOUNT (continued)

appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A.19:60-2. Pursuant to N.J.A.C. 6A:23A-2.14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Beginning balance, July 1, 2016	\$1,021,869.58
Interest earnings	1,845.70
Capital Projects Excess Transferred Back	143,889.54
Deposit - Board resolution	<u>250,000.00</u>
Budgeted withdrawal from Capital Reserve	<u>(227,800.00)</u>
Ending balance, June 30, 2017	<u>\$1,189,804.82</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 were for use in a DDE approved facilities project, consistent with the District's long-range facilities plan.

NOTE 14. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by the Board of Education resolution adopted on June 26, 2012 in the amount of \$500,000.00. The account is maintained in the general fund. The maintenance reserve account is used to accumulate funds for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A. 18A:7G-9). EFCFA requires that upon district completion of a school facilities project, the district must submit a plan for the maintenance of that facility. All such plans must include a provision for a maintenance reserve fund.

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	\$550,000.00
Budgeted withdrawal from Maintenance Reserve	<u>(50,000.00)</u>
Ending balance, June 30, 2017	<u>\$500,000.00</u>

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2017**

NOTE 15. FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1) - Of the \$7,407,870.91 General Fund fund balance at June 30, 2017, \$732,086.35 is reserved for encumbrances; \$4,988,420.36 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7; \$2,940,264.00 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2018; \$1,189,804.82 has been reserved in the Capital Reserve Account; \$500,000.00 has been reserved in the Maintenance Reserve Account; and \$(2,440.62) is unreserved and undesignated.

Debt Service Fund - Of the \$1.93 Debt Service Fund fund balance at June 30, 2017 of \$-0- has been appropriated and included as anticipated revenue for the year ending June 30, 2017; and \$1.93 is unreserved and undesignated.

NOTE 16. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended, the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2017 is \$4,988,420.36 of which \$2,048,156.36 is the result of current year operations.

NOTE 17. INVENTORY

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

Food	\$14,530.55
Supplies	<u>3,893.00</u>
	<u>\$18,423.55</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.

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2017**

NOTE 18. RETROACTIVE RESTATEMENT DUE TO UPDATED CAPITAL ASSET INVENTORY AND FOR IMPLEMENTATION OF GASB NO. 68:

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

	Governmental Activities
Net Position at June 30, 2016	\$(2,223,436.80)
Restatement of Capital Assets	<u>(10,376.23)</u>
Net Position at June 30, 2016 - Restated	<u>\$(2,233,813.03)</u>

NOTE 19. CONTINGENT LIABILITIES

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

Litigation - The District's Counsel advises us there is one matter for which no litigation has been filed at the present time and it would be premature and inappropriate to offer an assessment for this matter.

NOTE 20: SUBSEQUENT EVENT

The District has evaluated subsequent events through November 29, 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 SCHEDULES

**WEST MILFORD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	53,542,837.00		53,542,837.00	53,542,837.00	-
Tuition - Individuals	40,000.00		40,000.00	39,577.50	(422.50)
Tuition From Other LEAS Within the State	235,000.00		235,000.00	137,565.39	(97,434.61)
Tuition - Other	-		-	165,047.09	165,047.09
Transportation Jointure Fees	40,000.00		40,000.00	13,572.22	(26,427.78)
Interest Income on Operating Accounts	-		-	34,219.70	34,219.70
Interest Earned on Capital Reserve Funds	-		-	1,845.70	1,845.70
Rents and Royalties	130,000.00		130,000.00	126,793.36	(3,206.64)
Other Restricted Miscellaneous Revenues	270,000.00		270,000.00	224,106.78	(45,893.22)
Total - Local Sources	<u>54,257,837.00</u>	<u>-</u>	<u>54,257,837.00</u>	<u>54,285,564.74</u>	<u>27,727.74</u>
State Sources:					
Equalization Aid	10,288,587.00		10,288,587.00	10,288,587.00	-
Categorical Special Education Aid	2,243,826.00		2,243,826.00	2,243,826.00	-
Categorical Security Aid	313,229.00		313,229.00	313,229.00	-
Categorical Transportation Aid	1,658,498.00		1,658,498.00	1,658,498.00	-
Nonpublic School Transportation Aid	-		-	24,579.00	24,579.00
Extraordinary Aid	850,000.00		850,000.00	665,006.00	(184,994.00)
Adjustment Aid	20,389.00		20,389.00	20,389.00	-
PARCC Readiness Aid	36,250.00		36,250.00	36,250.00	-
Per Pupil Growth Aid	36,250.00		36,250.00	36,250.00	-
Professional Learning Comm Aid	34,480.00		34,480.00	34,480.00	-
On-behalf TPAF Pension (non-budgeted)	-		-	3,085,676.00	3,085,676.00
On-behalf TPAF NCGI Premium (non-budgeted)	-		-	111,801.00	111,801.00
On-behalf TPAF Post Retirement Medical (non-budgeted)	-		-	2,664,226.00	2,664,226.00
On-Behalf TPAF Long-Term Disability Insurance (non-budgeted)	-		-	7,353.00	7,353.00
TPAF Social Security (Reimbursed - Non-Budgeted)	-		-	2,198,527.19	2,198,527.19
Total State Sources	<u>15,481,509.00</u>	<u>-</u>	<u>15,481,509.00</u>	<u>23,388,677.19</u>	<u>7,907,168.19</u>
Federal Sources:					
Medicaid Reimbursement	61,118.00		61,118.00	96,267.13	35,149.13
SEMI - ARRA	-		-	5,171.29	5,171.29
Total Federal Sources	<u>61,118.00</u>	<u>-</u>	<u>61,118.00</u>	<u>101,438.42</u>	<u>40,320.42</u>
TOTAL REVENUES	<u>69,800,464.00</u>	<u>-</u>	<u>69,800,464.00</u>	<u>77,775,680.35</u>	<u>7,975,216.35</u>
EXPENDITURES:					
GENERAL CURRENT EXPENSES:					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	827,185.00	5,682.50	832,867.50	831,346.31	1,521.19
Grades 1-5 - Salaries of Teachers	6,879,325.10	(5,682.50)	6,873,642.60	6,822,772.17	50,870.43
Grades 6-8 - Salaries of Teachers	4,065,131.20	(5,000.00)	4,060,131.20	4,043,424.68	16,706.52
Grades 9-12 - Salaries of Teachers	6,660,495.70	(239,500.00)	6,420,995.70	6,383,516.66	37,479.04
Regular Programs - Home Instruction:					
Salaries of Teachers	56,148.62	-	56,148.62	47,510.14	8,638.48
Purchased Professional-Educational Services	5,000.00	9,300.00	14,300.00	13,946.71	353.29
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	534,760.00	10,000.00	544,760.00	542,984.08	1,775.92
Purchased Professional-Educational Services	21,682.00	4,628.83	26,310.83	26,310.83	-
Purchased Technical Services	7,035.00	(1,800.00)	5,235.00	3,750.50	1,484.50
Rentals	31,784.00	-	31,784.00	31,784.00	-
Travel	11,516.76	-	11,516.76	7,227.22	4,289.54
General Supplies	1,201,627.58	(1,969.45)	1,199,658.13	904,194.27	295,463.86
Textbooks	197,966.07	(6,649.00)	191,317.07	93,922.32	7,394.75
Other Objects	19,717.00	-	19,717.00	13,205.89	6,511.11
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>20,429,374.03</u>	<u>(230,989.62)</u>	<u>20,198,384.41</u>	<u>19,765,895.78</u>	<u>432,488.63</u>
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities					
Salaries of Teachers	301,342.25	32,000.00	333,342.25	332,570.19	772.06
Other Salaries for Instruction	136,568.00	43,000.00	179,568.00	179,240.73	327.27
General Supplies	3,221.00	-	3,221.00	3,184.92	36.08
Textbooks	415.00	-	415.00	413.99	1.01
Total Learning and/or Language Disabilities	<u>441,546.25</u>	<u>75,000.00</u>	<u>516,546.25</u>	<u>515,409.83</u>	<u>1,136.42</u>
Behavioral Disabilities:					
Salaries of Teachers	429,518.60	58,700.00	488,218.60	487,154.46	1,064.14
Other Salaries for Instruction	187,794.00	19,300.00	207,094.00	194,316.53	12,777.47
Purchased Professional-Educational Services	95,000.00	-	95,000.00	95,000.00	-
General Supplies	17,682.35	(2,733.37)	14,948.98	12,009.52	2,939.46
Other Objects	1,000.00	(678.00)	322.00	-	322.00
Total Behavioral Disabilities	<u>730,994.95</u>	<u>74,588.63</u>	<u>805,583.58</u>	<u>788,480.51</u>	<u>17,103.07</u>
Multiple Disabilities:					
Salaries of Teachers	122,940.00	59,000.00	181,940.00	181,695.82	244.18
Other Salaries for Instruction	95,657.00	(21,000.00)	74,657.00	72,005.87	2,651.13
General Supplies	1,500.00	(225.00)	1,275.00	1,071.80	203.20
Total Multiple Disabilities	<u>220,097.00</u>	<u>37,775.00</u>	<u>257,872.00</u>	<u>254,773.49</u>	<u>3,098.51</u>
Resource Room/Resource Center:					
Salaries of Teachers	3,700,872.10	(61,000.00)	3,639,872.10	3,628,438.36	11,433.74
Other Salaries for Instruction	655,548.00	(64,000.00)	591,548.00	573,004.62	18,543.38
General Supplies	23,115.00	26.91	23,141.91	21,508.57	1,633.34

WEST MILFORD BOARD OF EDUCATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2017

Exhibit C-1
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	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Textbooks	3,500.00	-	3,500.00	2,637.18	862.82
Miscellaneous Expenditures	1,000.00	-	1,000.00	-	1,000.00
Total Resource Room/Resource Center	4,384,035.10	(124,973.09)	4,259,062.01	4,225,588.73	33,473.28
Autism:					
Salaries of Teachers	119,343.95	61,000.00	180,343.95	179,229.63	1,114.32
Other Salaries for Instruction	91,631.00	59,000.00	150,631.00	147,265.50	3,365.50
General Supplies	-	18,621.00	18,621.00	14,645.18	3,975.82
Total Autism	210,974.95	138,621.00	349,595.95	341,140.31	8,455.64
Preschool Disabilities - Part-Time:					
Salaries of Teachers	192,628.60	29,500.00	222,128.60	220,659.69	1,468.91
Other Salaries for Instruction	129,329.00	30,500.00	159,829.00	159,435.87	393.13
General Supplies	2,771.94	(518.49)	2,253.45	1,259.49	993.96
Total Preschool Disabilities - Part-Time	324,729.54	59,481.51	384,211.05	381,355.05	2,856.00
Home Instruction					
Purchased Professional - Educational Services	15,000.00	29,300.00	44,300.00	44,208.00	92.00
Total Home Instruction	15,000.00	29,300.00	44,300.00	44,208.00	92.00
TOTAL SPECIAL EDUCATION - INSTRUCTION	6,327,377.79	289,793.05	6,617,170.84	6,550,955.92	66,214.92
Basic Skills/Remedial - Instruction					
Salaries of Teachers	279,950.00	(65,000.00)	214,950.00	209,809.37	5,140.63
General Supplies	2,800.00	(150.27)	2,649.73	2,472.44	177.29
Textbooks	100.00	-	100.00	-	100.00
Total Basic Skills/Remedial - Instruction	282,850.00	(65,150.27)	217,699.73	212,281.81	5,417.92
Bilingual Education - Instruction					
Salaries of Teachers	68,820.00	5,000.00	73,820.00	73,820.00	-
Other Purchased Services (400-500 series)	600.00	-	600.00	522.44	77.56
General Supplies	2,257.00	-	2,257.00	2,098.68	158.32
Miscellaneous Expenditures	130.00	-	130.00	-	130.00
Total Bilingual Education - Instruction	71,807.00	5,000.00	76,807.00	76,441.12	365.88
School-Spon. Co/Extra Curr. Actvts. - Instruction					
Other Salaries	213,838.50	11,821.00	225,659.50	191,387.25	34,272.25
Total School-Spon. Co/Extra Curr. Actvts. - Instruction	213,838.50	11,821.00	225,659.50	191,387.25	34,272.25
School-Sponsored Athletics - Instruction					
Salaries	98,948.72	-	98,948.72	95,626.68	3,322.04
Other Salaries	506,681.00	-	506,681.00	473,691.00	32,990.00
Communications	1,200.00	-	1,200.00	1,098.00	102.00
Miscellaneous Purchased Services	171,300.00	(5,958.00)	165,342.00	146,336.91	19,005.09
General Supplies	94,932.00	-	94,932.00	81,130.75	13,801.25
Miscellaneous Expenditures	56,900.00	(31.83)	56,868.17	43,792.49	13,075.68
Total School-Sponsored Athletics - Instruction	929,961.72	(5,989.83)	923,971.89	841,675.83	82,296.06
Other Suppl/At-Risk Prog - Instruction					
Salaries of Reading Specialists	438,640.00	-	438,640.00	438,575.50	64.50
Total Other Suppl/At-Risk - Instruction	438,640.00	-	438,640.00	438,575.50	64.50
Total Instruction	28,693,849.04	4,484.33	28,698,333.37	28,077,213.21	621,120.16
Undistributed Expenditures - Instruction (Tuition)					
Tuition to Other LEAS Within the State - Special	467,451.46	(27,628.14)	439,823.32	438,692.42	1,130.90
Tuition to County Voc. School Dist. - Regular	581,350.50	(16,379.50)	564,971.00	564,971.00	-
Tuition to County Voc. School Dist. - Special	164,446.85	(67,609.55)	96,837.30	96,837.30	-
Tuition to CSSD & Reg. Day Schools	7,208.00	131,488.00	138,696.00	138,696.16	0.84
Tuition to Priv. Sch. for the Disabled W/I State	3,450,161.65	38,642.00	3,488,803.65	3,448,749.73	40,053.92
Tuition - State Facilities	32,306.00	-	32,306.00	32,306.00	-
Tuition - Other	100,000.00	(51,362.00)	48,638.00	48,272.28	365.72
Total Undistributed Expenditures - Instruction (Tuition)	4,802,924.46	7,150.81	4,810,075.27	4,768,523.89	41,551.38
Undist. Expend.-Attendance and Social Work					
Salaries	104,770.00	-	104,770.00	104,770.00	-
Total Undist. Expend. - Attendance and Social Work	104,770.00	-	104,770.00	104,770.00	-
Undist. Expenditures- Health Services					
Salaries of Other Professional Staff	731,930.00	-	731,930.00	728,984.50	2,945.50
Other Purchased Professional Services	41,475.00	(1,400.00)	40,075.00	26,210.00	13,865.00
Purchased Technical Services	41,060.00	(17,700.00)	23,360.00	18,124.75	5,235.25
General Supplies	25,953.20	5,860.00	31,813.20	26,777.38	5,035.82
Total Undist. Expenditures- Health Services	840,418.20	(13,240.00)	827,178.20	800,096.63	27,081.57
Undist. Expend.-Speech, OT, PT and Related SVCS					
Salaries of Teachers	774,456.44	(13,000.00)	761,456.44	760,264.57	1,191.87
Salaries of Other Professional Staff	338,124.00	52,000.00	390,124.00	387,565.19	2,558.81
Purchased Professional - Educational Services	226,146.00	(11,400.00)	214,746.00	203,617.49	11,128.51
General Supplies	26,720.00	(11,979.56)	14,740.44	13,579.08	1,161.36
Total Undist. Expend.-Speech, OT, PT and Related SVCS	1,365,446.44	15,620.44	1,381,066.88	1,365,026.33	16,040.55
Undist. Expend. - Extraordinary Services					
Other Purchased Professional Services	84,768.00	(38,069.25)	46,698.75	46,698.75	-
Total Undist. Expend. - Extraordinary Services	84,768.00	(38,069.25)	46,698.75	46,698.75	-

**WEST MILFORD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017**

**Exhibit C-1
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	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expenditures - Guidance					
Salaries of Other Professional Staff	900,693.45	14,000.00	914,693.45	912,908.73	1,784.72
Salaries of Secretarial and Clerical Assistants	176,024.50	(14,000.00)	162,024.50	158,645.18	3,379.32
Other Salaries	-	1,000.00	1,000.00	720.00	
Purchased Professional - Educational Services	850.00	-	850.00	691.74	158.26
Other Purchased Prof. And Tech. Services	22,036.08	(3,000.00)	19,036.08	17,504.00	1,532.08
General Supplies	5,532.79	7,088.07	12,620.86	11,214.65	1,406.21
Total Undist. Expenditures - Guidance	<u>1,105,136.82</u>	<u>5,088.07</u>	<u>1,110,224.89</u>	<u>1,101,684.30</u>	<u>8,260.59</u>
Undist. Expenditures -Child Study Teams					
Salaries of Other Professional Staff	1,644,492.50	45,959.88	1,690,452.38	1,688,669.72	1,782.66
Salaries of Secretarial and Clerical Assistants	243,856.88	2,540.12	246,397.00	245,080.29	1,316.71
Purchased Professional - Educational Services	22,310.72	-	22,310.72	-	22,310.72
Rentals	1,456.00	-	1,456.00	1,356.00	100.00
General Supplies	30,200.00	(200.00)	30,000.00	28,332.59	1,667.41
Miscellaneous Expenditures	2,855.00	(390.37)	2,464.63	1,520.00	944.63
Total Undist. Expenditures -Child Study Teams	<u>1,945,171.10</u>	<u>47,909.63</u>	<u>1,993,080.73</u>	<u>1,964,958.60</u>	<u>28,122.13</u>
Undist. Expend.-Improv. Of Inst. Serv.					
Sal of Supervisor of Instruction	915,674.37	(1,000.00)	914,674.37	854,520.91	60,153.46
Sal of Secr and Clerical Assist.	34,050.00	(5,000.00)	29,050.00	25,000.00	4,050.00
Travel	6,615.76	10,055.00	16,670.76	12,193.56	4,477.20
General Supplies	1,000.00	-	1,000.00	900.74	99.26
Miscellaneous Expenditures	6,448.00	7,093.00	13,541.00	13,110.14	430.86
Total Undist. Expend.-Improv. Of Inst. Serv.	<u>963,788.13</u>	<u>11,148.00</u>	<u>974,936.13</u>	<u>905,725.35</u>	<u>69,210.78</u>
Undist. Expend.-Edu. Media Serv./Library					
Salaries	677,540.00	5,000.00	682,540.00	682,220.00	320.00
General Supplies	103,256.00	(595.69)	102,660.31	100,032.38	2,627.93
Miscellaneous Expenditures	360.00	-	360.00	175.00	185.00
Total Undist. Expend.-Edu. Media Serv./Library	<u>781,156.00</u>	<u>4,404.31</u>	<u>785,560.31</u>	<u>782,427.38</u>	<u>3,132.93</u>
Undist. Expend.-Instr. Staff Training Serv.					
Salaries of Supervisors of Instruction	44,090.82	-	44,090.82	43,568.99	521.83
Other Purchased Prof. and Tech. Services	23,750.00	64,070.00	87,820.00	87,117.32	702.68
Travel	1,550.00	8,735.00	10,285.00	5,264.46	5,020.54
General Supplies	1,350.00	-	1,350.00	350.00	1,000.00
Miscellaneous Expenditures	147,741.00	(94,326.00)	53,415.00	23,548.59	29,866.41
Total Undist. Expend.-Instr. Staff Training Serv.	<u>218,481.82</u>	<u>(21,521.00)</u>	<u>196,960.82</u>	<u>159,849.36</u>	<u>37,111.46</u>
Undist. Expend.-Support Serv.-Gen. Admin					
Salaries	398,944.00	-	398,944.00	386,235.44	12,708.56
Salaries of Secretarial and Clerical Assistants	277,869.00	-	277,869.00	273,231.25	4,637.75
Legal Services	128,551.88	20,000.00	148,551.88	136,560.82	11,991.06
Audit Fees	81,632.50	(5,000.00)	76,632.50	34,632.50	42,000.00
Architectural/Engineering Services	92,200.00	10,000.00	102,200.00	84,409.85	17,790.15
Other Purchased Professional Services	9,500.00	5,200.00	14,700.00	14,601.60	98.40
Purchased Technical Services	59,575.00	(2,479.82)	57,095.18	49,151.98	7,943.20
Rentals	4,960.00	-	4,960.00	4,956.00	4.00
Communications / Telephone	216,519.36	(10,277.80)	206,241.56	158,261.17	47,980.39
Travel	4,250.00	1,154.00	5,404.00	4,178.39	1,225.61
BOE Other Purchased Services	2,500.00	250.00	2,750.00	2,640.63	109.37
Miscellaneous Purchased Services	33,957.00	(15,000.00)	18,957.00	18,920.00	37.00
General Supplies	28,760.00	1,200.00	29,960.00	16,673.41	13,286.59
Judgment Against The School District	20,000.00	(15,200.00)	4,800.00	1,000.00	3,800.00
Miscellaneous Expenditures	33,860.57	(2,933.25)	30,927.32	29,067.80	1,859.52
BOE Membership Dues and Fees	30,650.00	(500.00)	30,150.00	28,141.16	2,008.84
Total Undist. Expend.-Support Serv.-Gen. Admin.	<u>1,423,729.31</u>	<u>(13,586.87)</u>	<u>1,410,142.44</u>	<u>1,242,662.00</u>	<u>167,480.44</u>
Undist. Expend. - Support Serv. - School Admin.					
Salaries of Principals/Asst. Principals/Prog. Dir	1,587,069.78	(33,000.00)	1,554,069.78	1,551,764.22	2,305.56
Salaries of Secretarial and Clerical Assistants	925,900.76	(20,000.00)	905,900.76	888,511.36	17,389.40
Purchased Professional-Educational Services	22,894.99	1,330.00	24,224.99	22,094.91	2,130.08
Purchased Technical Services	750.00	-	750.00	31.96	718.04
Rentals	10,490.00	-	10,490.00	10,480.00	10.00
General Supplies	19,740.00	910.78	20,650.78	12,917.37	7,733.41
Miscellaneous Expenditures	5,855.00	(334.61)	5,520.39	4,556.94	963.45
Total Undist. Expend. - Support Serv. - School Admin.	<u>2,572,700.53</u>	<u>(51,093.83)</u>	<u>2,521,606.70</u>	<u>2,490,356.76</u>	<u>29,119.86</u>
Undist. Expend. - Central Services					
Salaries of Other Professional Staff	98,285.00	1,965.40	100,250.40	100,250.40	-
Salaries of Secretarial and Clerical Assistants	387,441.00	(1,893.40)	385,547.60	385,131.57	416.03
Purchased Technical Services	24,000.00	-	24,000.00	23,453.99	546.01
Travel	900.00	-	900.00	480.91	419.09
General Supplies	12,650.00	-	12,650.00	11,173.64	1,476.36
Miscellaneous Expenditures	6,300.00	-	6,300.00	4,488.90	1,811.10
Total Undist. Expend. - Central Services	<u>529,576.00</u>	<u>72.00</u>	<u>529,648.00</u>	<u>524,979.41</u>	<u>4,668.59</u>
Undist. Expend. - Admin. Info. Technology					
Other Salaries	424,719.00	13,928.00	438,647.00	437,088.64	1,558.36
Purchased Technical Services	103,800.00	-	103,800.00	102,399.52	1,400.48
Travel	3,000.00	-	3,000.00	1,558.61	1,441.39
General Supplies	500.00	-	500.00	374.20	125.80
Total Undist. Expend. - Admin. Info. Technology	<u>532,019.00</u>	<u>13,928.00</u>	<u>545,947.00</u>	<u>541,420.97</u>	<u>4,526.03</u>
Undist. Expend.-Required Maint For Sch Fac.					
Other Salaries	396,826.60	-	396,826.60	388,799.58	8,027.02
Cleaning, Repair and Maintenance Services	290,744.21	31,048.60	321,792.81	318,977.22	2,815.59

WEST MILFORD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

Exhibit C-1
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	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
General Supplies	119,567.39	23,000.00	142,567.39	140,017.25	2,550.14
Total Undist. Expend.-Required Maint For Sch Fac.	807,138.20	54,048.60	861,186.80	847,794.05	13,392.75
Undist. Expend. - Custodial Services					
Salaries of Non-Instructional Aides	219,335.56	3,000.00	222,335.56	222,038.39	297.17
Other Salaries	2,407,269.56	(50,000.00)	2,357,269.56	2,337,032.47	20,237.09
Purchased Professional and Technical Services	16,879.00	-	16,879.00	15,170.00	1,709.00
Cleaning, Repair and Maintenance Services	188,800.94	(11,911.00)	176,889.94	162,343.30	14,546.64
Rental of Land & Bldg. Oth. Than Lease Pur Agrmt	75,861.60	3,783.37	79,644.97	79,453.41	191.56
Other Purchased Property Services	113,750.00	4,775.00	118,525.00	118,472.10	52.90
Insurance	712,720.00	28,698.00	741,418.00	740,949.68	468.32
General Supplies	251,274.99	20,100.00	271,374.99	268,568.78	2,806.21
Energy (Natural Gas)	328,220.00	(57,575.00)	270,645.00	256,718.22	13,926.78
Energy (Electricity)	557,500.00	(11,000.00)	546,500.00	538,184.96	8,315.04
Energy (Oil)	97,650.00	(49,000.00)	48,650.00	47,776.26	873.74
Miscellaneous Expenditures	33,139.00	5,100.00	38,239.00	38,232.31	6.69
Total Undist. Expend. - Custodial Services	5,002,400.65	(114,029.63)	4,888,371.02	4,824,939.88	63,431.14
Undist. Expend. - Care and Upkeep of Grounds					
Other Salaries	209,274.00	-	209,274.00	208,635.11	638.89
General Supplies	22,500.00	(16,800.00)	5,700.00	5,186.37	513.63
Total Care and Upkeep of Grounds	231,774.00	(16,800.00)	214,974.00	213,821.48	1,152.52
Security					
Other Salaries	90,861.00	37,000.00	127,861.00	119,212.39	8,648.61
Other Purchased Professional and Technical Services	2,000.00	(2,000.00)	-	-	-
Total Security	92,861.00	35,000.00	127,861.00	119,212.39	8,648.61
Total Undist. Expend.-Oper. And Maint. Of Plant Serv.	6,134,173.85	(41,781.03)	6,092,392.82	6,005,767.80	86,625.02
Undist. Expend.-Student Transportation Serv.					
Salaries of Non-Instructional Aides	44,000.00	-	44,000.00	43,801.30	198.70
Sal. For Pupil Trans(Bet Home & Sch)-Reg	2,036,243.76	(77,000.00)	1,959,243.76	1,742,635.20	216,608.56
Sal. For Pupil Trans(Bet Home & Sch)-Sp Ed	810,563.71	(336,000.00)	474,563.71	391,709.62	82,854.09
Sal. For Pupil Trans(Other than Bet. Home & Sch)	172,905.98	33,270.00	206,175.98	184,141.61	22,034.37
Sal. For Pupil Trans(Bet. H&S) - NonPublic Sch	40,830.96	-	40,830.96	38,735.38	2,095.58
Management Fee - ESC & CTSA Trans. Program	32,640.00	-	32,640.00	15,028.84	17,611.16
Other Purchased Prof. and Technical Serv.	68,700.00	(27,000.00)	41,700.00	40,427.06	1,272.94
Cleaning, Repair, & Maint. Services	50,410.00	(3,000.00)	47,410.00	10,285.02	37,124.98
Rental Payments - School Buses	1,210.00	-	1,210.00	468.00	742.00
Lease Purchase Payments - School Buses	340,459.00	-	340,459.00	317,901.70	22,557.30
Contract Serv. - Aid in Lieu Pymts-NonPub Sch	163,982.00	-	163,982.00	117,325.87	46,656.13
Contr Serv (Bet. Home and Sch)-Vendors	701,500.00	-	701,500.00	663,103.42	38,396.58
Contr Serv (Oth. Than Bet Home&Sch)-Vend	37,905.00	-	37,905.00	30,116.75	7,788.25
Contract Serv.(Spl. Ed. Students)-ESCs & CTSA	585,700.00	-	585,700.00	427,165.47	158,534.53
Misc. Purchased Services - Transportation	1,986.00	-	1,986.00	1,069.30	916.70
Transportation Supplies	463,130.18	-	463,130.18	328,571.85	134,558.33
Miscellaneous Expenditures	6,975.00	-	6,975.00	1,486.28	5,488.72
Total Undist. Expend.-Student Transportation Serv.	5,559,141.59	(409,730.00)	5,149,411.59	4,353,972.67	795,240.22
UNALLOCATED BENEFITS					
Social Security Contributions	890,000.00	60,000.00	950,000.00	936,112.66	13,887.34
TPAF/PERS Special Assessments	-	2,626.39	2,626.39	2,626.39	-
Other Retirement Contributions - PERS	1,221,218.00	(35,000.00)	1,186,218.00	1,170,718.60	15,499.40
Workmen's Compensation	379,984.00	(133,184.39)	246,799.61	228,558.00	18,241.61
Health Benefits	11,105,665.42	(48,500.00)	11,057,165.42	10,294,751.46	762,413.96
Tuition Reimbursement	111,000.00	-	111,000.00	105,000.00	6,000.00
Other Employee Benefits	280,290.00	48,500.00	328,790.00	324,483.53	4,306.47
TOTAL UNALLOCATED BENEFITS	13,988,157.42	(105,558.00)	13,882,599.42	13,062,250.64	820,348.78
ON-BEHALF CONTRIBUTIONS:					
On-behalf TPAF Pension (non-budgeted)	-	-	-	3,085,676.00	(3,085,676.00)
On-behalf TPAF NCGI Premium (non-budgeted)	-	-	-	111,801.00	(111,801.00)
On-behalf TPAF Post Retirement Medical (non-budgeted)	-	-	-	2,664,226.00	(2,664,226.00)
On-Behalf TPAF Long-Term Disability Insurance (non-budgeted)	-	-	-	7,353.00	-
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	2,198,527.19	(2,198,527.19)
TOTAL ON-BEHALF CONTRIBUTIONS	-	-	-	8,067,583.19	(8,060,230.19)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	13,988,157.42	(105,558.00)	13,882,599.42	21,129,833.83	(7,239,881.41)
TOTAL UNDISTRIBUTED EXPENDITURES	42,951,558.67	(589,258.72)	42,362,299.95	48,288,754.03	(5,921,709.86)
TOTAL GENERAL CURRENT EXPENSES	71,645,407.71	(584,774.39)	71,060,633.32	76,365,967.24	(5,305,333.92)
CAPITAL OUTLAY					
Equipment					
Grades 1-5	7,700.84	-	7,700.84	-	7,700.84
Undist. Expend. - Instruction - Instructional Equipment	23,385.00	26,385.99	49,770.99	39,342.14	10,428.85
Undist. Expend. - Speech, OT, PT, and Related - Instructional Equipment	-	5,077.00	5,077.00	5,077.00	-
Undist. Expend. - Required Maint for School Fac.	-	22,430.40	22,430.40	22,430.40	-
Undist. Expend. - Custodial Services	17,575.00	-	17,575.00	17,574.41	0.59
Undist. Expend. - Care and Upkeep of Grounds	13,788.00	-	13,788.00	13,535.75	252.25
Undist. Expend. -Security	-	15,161.00	15,161.00	15,161.00	-
School Buses - Special	25,000.00	-	25,000.00	21,832.00	3,168.00
Total Equipment	87,448.84	69,054.39	156,503.23	134,952.70	21,550.53

WEST MILFORD BOARD OF EDUCATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2017

Exhibit C-1
 Page 5 of 5

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Facilities Acquisition and Const. Serv.					
Construction Services	388,118.37	515,720.00	903,838.37	459,934.43	443,903.94
Assessment for Debt Service on SDA Funding	27,501.00	-	27,501.00	27,501.00	-
Total Facilities Acquisition and Const. Serv.	<u>415,619.37</u>	<u>515,720.00</u>	<u>931,339.37</u>	<u>487,435.43</u>	<u>443,903.94</u>
Assets Acquired Under Capital Leases (non-budgeted)					
School Buses - Regular	-	-	-	227,981.89	(227,981.89)
Total Assets Acquired Under Capital Leases (non-budgeted)	<u>-</u>	<u>-</u>	<u>-</u>	<u>227,981.89</u>	<u>(227,981.89)</u>
TOTAL CAPITAL OUTLAY	<u>503,068.21</u>	<u>584,774.39</u>	<u>1,087,842.60</u>	<u>850,370.02</u>	<u>237,472.58</u>
Transfer of Funds to Charter Schools	29,237.00	-	29,237.00	29,237.00	-
TOTAL EXPENDITURES	<u>72,177,712.92</u>	<u>(0.00)</u>	<u>72,177,712.92</u>	<u>77,245,574.26</u>	<u>(5,067,861.34)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,377,248.92)</u>	<u>0.00</u>	<u>(2,377,248.92)</u>	<u>530,106.09</u>	<u>2,907,355.01</u>
Other Financing Sources (Uses):					
Capital Leases (non-budgeted)	-	-	-	227,981.89	227,981.89
Capital Outlay - Transfer to Capital Projects	(1,562,360.00)	-	(1,562,360.00)	(1,562,360.00)	-
Capital Projects - Transfer to Capital Reserve Fund	-	-	-	143,889.54	143,889.54
Transfer to - Enterprise Fund	-	-	-	(156,546.80)	(156,546.80)
Total Other Financing Sources:	<u>(1,562,360.00)</u>	<u>-</u>	<u>(1,562,360.00)</u>	<u>(1,347,035.37)</u>	<u>215,324.63</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(3,939,608.92)</u>	<u>0.00</u>	<u>(3,939,608.92)</u>	<u>(816,929.28)</u>	<u>3,122,679.64</u>
Fund Balance, July 1	<u>2,256,100.18</u>	<u>-</u>	<u>2,038,600.18</u>	<u>9,662,067.19</u>	<u>4,201,900.25</u>
Fund Balance, June 30	<u>(1,683,508.74)</u>	<u>0.00</u>	<u>(1,901,008.74)</u>	<u>8,845,137.91</u>	<u>7,324,579.89</u>
Recapitulation of excess (deficiency) of revenues under expenditures:					
Adjustment for prior year encumbrances	(433,637.53)	-	(433,637.53)	(433,637.53)	-
Budgeted Fund Balance	(3,228,171.39)	-	(3,228,171.39)	(500,326.99)	2,727,844.40
Budgeted Withdrawal from Capital Reserve	(227,800.00)	-	(227,800.00)	(227,800.00)	-
Budgeted Transfer from Maintenance Reserve	(50,000.00)	-	(50,000.00)	(50,000.00)	-
Increase in capital reserve:					
Principal	-	-	-	393,889.54	393,889.54
Interest	-	-	-	1,845.70	1,845.70
	<u>(3,939,608.92)</u>	<u>-</u>	<u>(3,939,608.92)</u>	<u>(816,029.28)</u>	<u>3,123,579.64</u>
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				1,189,804.82	
Maintenance Reserve				500,000.00	
Excess Surplus				2,048,156.36	
Excess Surplus - Designated for Subsequent Year's Expenditures				2,940,264.00	
Assigned Fund Balance:					
Year End Encumbrances				732,086.35	
Unassigned Fund Balance				<u>1,434,826.38</u>	
				8,845,137.91	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not recognized on GAAP basis				(1,437,267.00)	
				<u>7,407,870.91</u>	

WEST MILFORD BOARD OF EDUCATION
 BUDGETARY COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	-	10,127.43	10,127.43	6,415.47	(3,711.96)
Federal Sources	1,342,535.00	44,923.94	1,387,458.94	1,369,523.66	(17,935.28)
Total Revenues	1,342,535.00	55,051.37	1,397,586.37	1,375,939.13	(21,647.24)
EXPENDITURES:					
Instruction					
Salaries of Teachers	407,535.00	(127,666.52)	279,868.48	277,735.03	2,133.45
Tuition to Private Schools for the Disabled within NJ	925,000.00	(21,469.00)	903,531.00	903,531.00	-
General Supplies	-	10,548.43	10,548.43	5,806.47	4,741.96
Miscellaneous Expenditures	-	378.00	378.00	378.00	-
Total Instruction	1,332,535.00	(138,209.09)	1,194,325.91	1,187,450.50	6,875.41
Support Services					
Salaries of Other Professional Staff	10,000.00	-	10,000.00	10,000.00	-
Salaries of Secretarial & Clerical Assistants	-	200.00	200.00	200.00	-
Social Security Contributions	-	51,561.88	51,561.88	51,561.38	0.50
Health Benefits	-	27,875.00	27,875.00	27,875.00	-
Purchased Professional - Educational Services	-	78,017.00	78,017.00	66,609.30	11,407.70
Travel	-	5,064.02	5,064.02	4,565.58	498.44
Miscellaneous Purchased Services	-	23,360.98	23,360.98	22,741.11	619.87
General Supplies	-	7,181.58	7,181.58	4,936.26	2,245.32
Total Support Services	10,000.00	193,260.46	203,260.46	188,488.63	14,771.83
Total Expenditures	1,342,535.00	55,051.37	1,397,586.37	1,375,939.13	21,647.24
Total Outflows	1,342,535.00	55,051.37	1,397,586.37	1,375,939.13	21,647.24
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-

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

**WEST MILFORD BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGET COMPARISON SCHEDULE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017**

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

		General Fund			Special Revenue Fund
Sources/inflows of resources					
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	77,775,680.35	[C-2]		1,375,939.13
Difference - budget to GAAP:					
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.					
Add: Prior Year Encumbrances		N/A			6,313.54
Less: Current Year Encumbrances		N/A			(281.19)
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognized the related expense (GASB 33).					
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.					
		(1,437,267.00)			
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.					
		1,444,672.00			
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	77,783,085.35	[B-2]		1,381,971.48
 Uses / outflows of resources					
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	77,245,574.26	[C-2]		1,375,939.13
Differences - budget to GAAP					
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.					
Add: Prior Year Encumbrances		N/A			6,313.54
Less: Current Year Encumbrances		N/A			(281.19)
Total revenues as reported on the statement of revenues expenditures, and changes in fund balances - governmental funds	[B-2]	77,245,574.26	[B-2]		1,381,971.48

**REQUIRED SUPPLEMENTARY INFORMATION
PART III**

**West Milford Board of Education
Schedules of Required Supplementary Information
Schedule of District's Proportionate Share of Net Pension Liability - PERS
Last 10 Fiscal Years***

Fiscal Year Ending June 30,	District's Proportion Share of the Net Pension Liability (Asset)		District's Proportion Share of the Net Pension Liability (Asset)		District's Covered Payroll -PERS Employee's		District's Proportion Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll		Plan Fiduciary Net Position as a percentage of the total Pension Liability
	Proportion Share of the Net Pension Liability (Asset)	Proportion Share of the Net Pension Liability (Asset)	Proportion Share of the Net Pension Liability (Asset)	Proportion Share of the Net Pension Liability (Asset)	District's Covered Payroll -PERS Employee's	District's Covered Payroll -PERS Employee's	Proportion Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	Proportion Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	
2015	0.1247985140%	\$ 23,365,197	\$ 8,721,195	267.91%			267.91%	52.08%	
2016	0.1275700160%	28,636,912	8,485,838	337.47%			337.47%	47.93%	
2017	0.1274011928%	37,732,759	8,609,095	438.29%			438.29%	40.14%	

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

**West Milford Board of Education
Schedules of Required Supplementary Information
Schedule of District's Contributions - PERS
Last 10 Fiscal Years***

Fiscal Year Ending June 30,	Contractually Required Contribution	Contributions in Relation to the		Contribution Deficiency (Excess)	District's PERS Covered- Employee Payroll	Contributions as a Percentage of PERS Covered- Employee Payroll
		Contractually Required Contributions	Contractually Required			
2015	\$ 1,028,799	\$ (1,028,799)	\$ -	\$ 8,721,195	11.80%	
2016	1,096,760	(1,096,760)	-	8,485,838	12.92%	
2017	1,131,814	(1,131,814)	-	8,609,095	13.15%	

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

West Milford Board of Education
Schedules of Required Supplementary Information
Schedule of District's Proportionate Share of Net Pension Liability - TPAF
*Last 10 Fiscal Years**

Fiscal Year Ending June 30,	District's		District's		State's		District's		Plan Fiduciary Net Position as a percentage of the total Pension Liability
	Proportion Share of the Net Pension Liability (Asset)	Proportion Share of the Net Pension Liability (Asset)	Proportion Share of the Net Pension Liability Associated with the District (Asset)	Proportionate Share of the Net Pension Liability Associated with the District (Asset)	District's Covered Payroll - TPAF Employee's	Proportion Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	Proportion Share of the Net Pension Liability as a percentage of the total Pension Liability		
2015	0.2941957073%	\$ 0.2941957073%	\$ 157,238,031	\$ 29,048,328	0.00%	0.00%	33.64%		
2016	0.2854159332%	\$ 0.2854159332%	180,395,058	29,529,656	0.00%	0.00%	28.71%		
2017	0.2880639774%	\$ 0.2880639774%	226,609,466	30,487,554	0.00%	0.00%	28.75%		

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

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

**West Milford Board of Education
Note to Required Schedules of Supplementary Information - Part III
For the fiscal year ended June 30, 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

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 4.13% 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

**WEST MILFORD BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2017**

	Title I Part - A	Title I Improving Basic Programs Carryover	Title II Part - A	Title II Teacher/Principal Training & Recruiting & Carryover	Total 2017
REVENUES:					
Federal sources	903,531.00	596.94	103,532.01	300.00	1,369,523.66
Local sources	6,415.47				6,415.47
Total Revenues	909,946.47	361,563.71	596.94	300.00	1,375,939.13
EXPENDITURES:					
Instruction:					
Salaries of Teachers	-	259,852.55	17,882.48		277,735.03
Tuition	903,531.00				903,531.00
General supplies	5,806.47				5,806.47
Miscellaneous Expenditures	378.00				378.00
Total instruction	909,715.47	259,852.55	17,882.48	-	1,187,450.50
Support Services:					
Salaries of Other Professional Staff	-	10,000.00			10,000.00
Salaries of Secretarial & Clerical Assistants	-	200.00			200.00
Social Security Contributions	-	49,732.62	460.74	1,368.02	51,561.38
Health Benefits	-	27,875.00			27,875.00
Purchased Professional - Ed. Services	-	939.30			66,609.30
Travel	-				4,565.58
Miscellaneous Purchased Services	231.00	10,563.03		300.00	22,741.11
General Supplies	-	2,401.21	136.20	2,398.85	4,936.26
Total support services	231.00	101,711.16	596.94	85,649.53	188,488.63
Total Expenditures	909,946.47	361,563.71	596.94	103,532.01	1,375,939.13
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-

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

	I.D.E.A. Part B		Education Foundation Mini-Grant	Target Field Trip Grant	Total Carried Forward to (Ex. E-1)
	Basic	Preschool			
REVENUES:					
Federal sources	866,101.00	37,430.00	5,715.47	700.00	903,531.00
Local sources					6,415.47
Total Revenues	866,101.00	37,430.00	5,715.47	700.00	909,946.47
EXPENDITURES:					
Instruction:					
Salaries of Teachers					-
Tuition	866,101.00	37,430.00	5,715.47	91.00	903,531.00
General supplies				378.00	5,806.47
Miscellaneous Expenditures					378.00
Total instruction	866,101.00	37,430.00	5,715.47	469.00	909,715.47
Support Services:					
Salaries of Other Professional Staff					-
Salaries of Secretarial & Clerical Assistants					-
Employee benefits					-
Purchased professional - Ed. Services					-
Purchased property services					-
Travel					-
Other purchased services				231.00	231.00
Supplies and materials					-
Total support services	-	-	-	231.00	231.00
Total Expenditures	866,101.00	37,430.00	5,715.47	700.00	909,946.47
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-

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

REVENUE AND OTHER**FINANCING SOURCES:**

Bond Proceeds	6,500,000.00
Transfer from capital outlay	1,562,360.00
	<hr/>
Total Revenues	8,062,360.00

EXPENDITURES AND OTHER**FINANCING USES:**

Other Purchased Professional and Technical Services	49,335.24
Architectural/Engineering Services	93,185.92
Construction Services	4,227,238.92
	<hr/>

Total Expenditures	4,369,760.08
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Excess (deficiency) of Revenues Over (under) Expenditures	3,692,599.92
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Other Financing Sources (Uses)

Operating Transfer Out:

Cancelled Grants Receivable	(49,024.11)
Cancelled Capital Projects Transferred to Capital Reserve	(143,889.54)
	<hr/>

Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and other Financing Sources (Uses)	3,499,686.27
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Fund Balance - beginning of year	(1,053,135.55)
	<hr/>

Fund Balance - ending	2,446,550.72
	<hr/> <hr/>

Unrestricted Fund Balance	2,446,550.72
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Reconciliation to Governmental Funds Statements (GAAP):

SDA Grants Receivable not Recognized on GAAP Basis	(26,017.00)
	<hr/>

Fund Balance per Governmental Funds (GAAP)	2,420,533.72
	<hr/> <hr/>

Recapitulation Capital Projects Fund Balance:

Restricted for Capital Projects	2,306,612.93
Committed Fund Balance	113,920.79
	<hr/>

Total Fund Balance - Restricted for Capital Projects	2,420,533.72
	<hr/> <hr/>

**WEST MILFORD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS
WESTBROOK ROOF REPLACEMENT
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES:				
Transfer from Capital Outlay	826,000.00	-	826,000.00	826,000.00
Total Revenues	826,000.00	-	826,000.00	826,000.00
EXPENDITURES AND OTHER FINANCING SOURCES:				
Instructional Support	6,063.51		6,063.51	6,063.51
Architectural/Engineering Services		13.20	13.20	13.20
Construction Services	659,414.81	22,266.49	681,681.30	819,923.29
Total Expenditures	665,478.32	22,279.69	687,758.01	826,000.00
Excess (Deficiency) or Revenues Over (under) Expenditures	160,521.68	(22,279.69)	138,241.99	-
Additional Project Information:				
Project Numbers			N/A	
Grant Date			N/A	
Loans Authorization Date			N/A	
Loans Authorized			N/A	
Loans Issued			N/A	
Original Authorized Costs			826,000.00	
Additional Authorized Costs			-	
Revised Authorized Costs			826,000.00	
Percentage Increase (Decrease) over Original Authorized Costs			0.000%	
Percentage of Completion			83.26%	

**WEST MILFORD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS
MACOPIN ROOF REPLACEMENT
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES:				
Bond Proceeds		2,702,641.00	2,702,641.00	2,702,641.00
Total Revenues	-	2,702,641.00	2,702,641.00	2,702,641.00
EXPENDITURES AND OTHER FINANCING SOURCES:				
Architectural/Engineering Services		30.59	30.59	37,592.43
Other Purchased Professional and Technical Services		16,649.95	16,649.95	-
Construction Services	615,593.16	2,033,984.90	2,649,578.06	3,284,577.57
Total Expenditures	615,593.16	2,050,665.44	2,666,258.60	3,322,170.00
Excess (Deficiency) or Revenues Over (under) Expenditures	<u>(615,593.16)</u>	<u>651,975.56</u>	<u>36,382.40</u>	<u>(619,529.00)</u>
Additional Project Information:				
Project Numbers			N/A	
Grant Date			N/A	
Loans Authorization Date			N/A	
Loans Authorized			N/A	
Loans Issued			N/A	
Original Authorized Costs			3,322,170.00	
Additional Authorized Costs			-	
Revised Authorized Costs			3,322,170.00	
Percentage Increase over Original Authorized Costs			0.00%	
Percentage of Completion			80.26%	

**WEST MILFORD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS
HIGH SCHOOL ROOF REPLACEMENT
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES:				
Bond Proceeds		3,797,359.00	3,797,359.00	3,797,359.00
Total Revenues	-	3,797,359.00	3,797,359.00	3,797,359.00
EXPENDITURES AND OTHER FINANCING SOURCES:				
Architectural/Engineering Services		30.59	30.59	52,543.42
Other Pruchased Professional and Technical Services		22,992.79	22,992.79	
Construction Services	1,080,880.79	1,909,001.00	2,989,881.79	4,615,376.58
Total Expenditures	1,080,880.79	1,932,024.38	3,012,905.17	4,667,920.00
Excess (Deficiency) or Revenues Over (under) Expenditures	<u>(1,080,880.79)</u>	<u>1,865,334.62</u>	<u>784,453.83</u>	<u>(870,561.00)</u>
Additional Project Information:				
Project Numbers			N/A	
Grant Date			N/A	
Loans Authorization Date			N/A	
Loans Authorized			N/A	
Loans Issued			N/A	
Original Authorized Costs			4,667,830.00	
Additional Authorized Costs			-	
Revised Authorized Costs			4,667,830.00	
Percentage Increase over Original Authorized Costs			0.00%	
Percentage of Completion			64.05%	

**WEST MILFORD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS
HIGH SCHOOL BOILER REPLACEMENT
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

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

**WEST MILFORD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS
WESTBROOK BOILER REPLACEMENT
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	Prior Periods	Current Year	Cancellation	Totals	Revised Authorized Cost
REVENUES AND OTHER FINANCING SOURCES:					
State Sources - SDA Grant	214,409.00		(23,192.11)	191,216.89	191,216.89
Transfer from Capital Reserve	321,614.00			321,614.00	321,614.00
Total Revenues	536,023.00	-	(23,192.11)	512,830.89	512,830.89
EXPENDITURES AND OTHER FINANCING SOURCES:					
Purchased Professional and Technical Services	9,041.82			9,041.82	9,041.82
Construction Services	424,938.20	13,801.80	65,049.07	503,789.07	503,789.07
Total Expenditures	433,980.02	13,801.80	65,049.07	512,830.89	512,830.89
Excess (Deficiency) or Revenues Over (under) Expenditures	102,042.98	(13,801.80)	(88,241.18)	-	-
Additional Project Information:					
DOE Project Number				5650-100-14-1003	
SDA Project Number				5650-100-14-G2NE	
SDA Grant Number				G5-5764	
Grant Date				3/31/2014	
Loans Authorization Date				N/A	
Loans Authorized				N/A	
Loans Issued				N/A	
Original Authorized Costs				536,023.00	
Additional Authorized Costs					
Revised Authorized Costs				536,023.00	
Percentage Increase over Original Authorized Costs				0.00%	
Percentage of Completion				100.00%	

**WEST MILFORD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS
PARADISE KNOLL BOILER REPLACEMENT
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Cancellation</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES:					
State Sources - SDA Grant	317,218.00	-	(25,832.00)	291,386.00	291,386.00
Transfer from Capital Reserve	475,828.00	-		475,828.00	475,828.00
Total Revenues	793,046.00	-	(25,832.00)	767,214.00	767,214.00
EXPENDITURES AND OTHER FINANCING SOURCES:					
Construction Services	663,663.80	24,709.73	78,840.47	767,214.00	767,214.00
Total Expenditures	663,663.80	24,709.73	78,840.47	767,214.00	767,214.00
Excess (Deficiency) or Revenues Over (under) Expenditures	<u>129,382.20</u>	<u>(24,709.73)</u>	<u>(104,672.47)</u>	<u>-</u>	<u>-</u>
Additional Project Information:					
DOE Project Number				5650-080-14-1002	
SDA Project Number				5650-080-14-G2ND	
SDA Grant Number				G5-5763	
Grant Date				3/31/2014	
Loans Authorization Date				N/A	
Loans Authorized				N/A	
Loans Issued				N/A	
Original Authorized Costs				793,046.00	
Additional Authorized Costs				-	
Revised Authorized Costs				793,046.00	
Percentage Increase (Decrease) over Original Authorized Costs					0.000%
Percentage of Completion					96.74%

**WEST MILFORD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS
HIGH SCHOOL SCIENCE LAB UPDATES
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

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

**WEST MILFORD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS
HIGH SCHOOL STEP REPLACEMENT
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES:				
Transfer from Capital Reserve	65,200.00		65,200.00	65,200.00
Total Revenues	65,200.00	-	65,200.00	65,200.00
EXPENDITURES AND OTHER FINANCING SOURCES:				
Construction Services		65,200.00	65,200.00	65,200.00
Total Expenditures	-	65,200.00	65,200.00	65,200.00
Excess (Deficiency) or Revenues Over (under) Expenditures	65,200.00	(65,200.00)	-	-
Additional Project Information:				
Project Numbers			N/A	
Grant Date			N/A	
Loans Authorization Date			N/A	
Loans Authorized			N/A	
Loans Issued			N/A	
Original Authorized Costs			65,200.00	
Additional Authorized Costs			-	
Revised Authorized Costs			65,200.00	
Percentage Increase (Decrease) over Original Authorized Costs			0.000%	
Percentage of Completion			100.00%	

**WEST MILFORD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS
HIGH SCHOOL AUDITORIUM
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES:			
Transfer from Capital Outlay	1,562,360.00	1,562,360.00	1,562,360.00
Total Revenues	<u>1,562,360.00</u>	<u>1,562,360.00</u>	<u>1,562,360.00</u>
EXPENDITURES AND OTHER FINANCING SOURCES:			
Architectural/Engineering Services	93,111.54	93,111.54	93,111.54
Purchased Professional and Technical Services	9,692.50	9,692.50	9,692.50
Construction Services	<u>158,275.00</u>	<u>158,275.00</u>	<u>1,459,555.96</u>
Total Expenditures	<u>261,079.04</u>	<u>261,079.04</u>	<u>1,562,360.00</u>
Excess (Deficiency) or Revenues Over (under) Expenditures	<u>1,301,280.96</u>	<u>1,301,280.96</u>	<u>-</u>
Additional Project Information:			
Project Numbers		N/A	
Grant Date		N/A	
Loans Authorization Date		N/A	
Loans Authorized		N/A	
Loans Issued		N/A	
Original Authorized Costs		1,562,360.00	
Additional Authorized Costs		-	
Revised Authorized Costs		1,562,360.00	
Percentage Increase (Decrease) over Original Authorized Costs		0.000%	
Percentage of Completion		16.71%	

WEST MILFORD BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

PROJECT DESCRIPTION	APPROPRIATION	EXPENDITURES		CANCELED - CAPITAL PROJECTS	UNEXPENDED BALANCE
		PRIOR YEARS	CURRENT YEAR		
Westbrook Roof Replacement	826,000.00	665,478.32	22,279.69		138,241.99
Macopin Roof Replacement	2,702,641.00	615,593.16	2,050,665.44		36,382.40
High School Roof Replacement	3,797,359.00	1,080,880.79	1,932,024.38		784,453.83
High School Boiler Replacement	1,059,455.14	993,556.66			65,898.48
Westbrook Boiler Replacement	536,023.00	433,980.02	13,801.80	88,241.18	-
Paradise Knoll Boiler Replacement	793,046.00	663,663.80	24,709.73	104,672.47	-
High School Science Lab	833,250.00	712,956.94			120,293.06
High School Step Replacement	65,200.00	-	65,200.00		-
High School Auditorium	1,562,360.00	-	261,079.04		1,301,280.96
	12,175,334.14	5,166,109.69	4,369,760.08	192,913.65	2,446,550.72

**WEST MILFORD BOARD OF EDUCATION
COMBINING STATEMENT OF NET POSITION
ENTERPRISE FUNDS
JUNE 30, 2017**

	<u>Food Service Program</u>	<u>School Age Child Care</u>	<u>Totals</u>
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	57,428.38	500,590.78	558,019.16
Other accounts receivable	2,531.95	3,745.00	6,276.95
Accounts receivable:			
State	895.41		895.41
Federal	22,867.66		22,867.66
Inventories	18,423.55		18,423.55
	<u>102,146.95</u>	<u>504,335.78</u>	<u>606,482.73</u>
Noncurrent Assets:			
Capital Assets:			
Equipment	237,934.75		237,934.75
Less Accumulated Depreciation	(172,595.83)		(172,595.83)
Total Capital Assets (Net of Accumulated Depreciation)	<u>65,338.92</u>	-	<u>65,338.92</u>
Total Assets	<u>167,485.87</u>	<u>504,335.78</u>	<u>671,821.65</u>
LIABILITIES			
CURRENT LIABILITIES:			
Accounts Payable	18,316.91	5,682.31	23,999.22
Encumbrances Payable	2,000.00	2,000.00	4,000.00
Interfund Payable:			
General Fund	75,303.95	397,817.39	473,121.34
Deferred Revenue			
Prepaid Sales	6,526.09		6,526.09
Tuition Deposit		1,150.00	1,150.00
Total Current Liabilities	<u>102,146.95</u>	<u>406,649.70</u>	<u>508,796.65</u>
Total Liabilities	<u>102,146.95</u>	<u>406,649.70</u>	<u>508,796.65</u>
NET POSITION			
Invested in Capital Assets Net of Related Debt	65,338.92		65,338.92
Contributed Capital		38,950.00	38,950.00
Unrestricted		58,736.08	58,736.08
Total Net Position	<u>65,338.92</u>	<u>97,686.08</u>	<u>163,025.00</u>

**WEST MILFORD BOARD OF EDUCATION
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	Food Service Program	School Age Child Care	Totals
OPERATING REVENUES:			
Local sources:			
Daily sales - reimbursable programs	528,445.06		528,445.06
Daily sales - non-reimbursable programs	258,516.00		258,516.00
Special functions/Miscellaneous	5,573.50		5,573.50
Program Fees		403,564.13	403,564.13
Total operating revenues	<u>792,534.56</u>	<u>403,564.13</u>	<u>1,196,098.69</u>
OPERATING EXPENSES:			
Salaries	250,294.01	366,371.23	616,665.24
Cost of sales- reimbursable	338,827.00		338,827.00
Cost of sales- non-reimbursable	169,558.22		169,558.22
Employers share of Social Security	19,147.50	28,390.54	47,538.04
Employee Benefits	221,007.45		221,007.45
Purchased Professional-Educational Services		4,356.09	4,356.09
Purchased Technical Services	20,494.24		20,494.24
Other Purchased Professional Services	179,690.48		179,690.48
General Supplies	27,335.62	23,187.93	50,523.55
Repairs	14,390.28		14,390.28
Equipment	9,420.97		9,420.97
Depreciation	7,069.61		7,069.61
Management fees	53,152.01		53,152.01
Miscellaneous	3,774.78	1,047.74	4,822.52
Total operating expenses	<u>1,314,162.17</u>	<u>423,353.53</u>	<u>1,737,515.70</u>
Operating Income (Loss)	<u>(521,627.61)</u>	<u>(19,789.40)</u>	<u>(541,417.01)</u>
NON-OPERATING REVENUES (EXPENSES):			
State sources:			
State school lunch program	11,125.84		11,125.84
Federal sources:			
School breakfast program	9,303.88		9,303.88
National school lunch program	275,971.22		275,971.22
Food distribution program	74,700.78		74,700.78
Interest and investment revenue	143.23	1,110.75	1,253.98
Total non-operating revenues (expenses)	<u>371,244.95</u>	<u>1,110.75</u>	<u>372,355.70</u>
Income (Loss) Before Contribution & Transfers	<u>(150,382.66)</u>	<u>(18,678.65)</u>	<u>(169,061.31)</u>
Operating transfer in (out)	156,546.80		156,546.80
Change in Net Position	6,164.14	(18,678.65)	(12,514.51)
Total Net Position - Beginning	<u>59,174.78</u>	<u>116,364.73</u>	<u>175,539.51</u>
Total Net Position - Ending	<u>65,338.92</u>	<u>97,686.08</u>	<u>163,025.00</u>

**WEST MILFORD BOARD OF EDUCATION
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	Food Service Program	School Age Child Care	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	794,910.40	401,139.13	1,196,049.53
Receipts / (payments) for interfunds	10,307.23	(38,282.25)	(27,975.02)
Payments to employees for services	(250,294.01)	(366,371.23)	(616,665.24)
Payments to suppliers	(1,050,677.89)	(56,046.91)	(1,106,724.80)
Net cash provided by (used for) Operating Activities	<u>(495,754.27)</u>	<u>(59,561.26)</u>	<u>(555,315.53)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
State Sources	10,922.35		10,922.35
Federal Sources	354,943.43		354,943.43
Operating subsidies	156,546.80		156,546.80
Net cash provided by (used for) non-capital financing activities	<u>522,412.58</u>	<u>-</u>	<u>522,412.58</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of Capital Assets	(13,233.75)		(13,233.75)
Net Cash Provided by (used for) Capital and Related Financing Activities	<u>(13,233.75)</u>	<u>-</u>	<u>(13,233.75)</u>
CASH FLOW FROM INVESTING ACTIVITIES:			
Interest on cash equivalents	143.23	1,110.75	1,253.98
Net Cash Provided by (used for) Investing Activities	<u>143.23</u>	<u>1,110.75</u>	<u>1,253.98</u>
Net Increase (Decrease) in Cash and Cash Equivalents	13,567.79	(58,450.51)	(44,882.72)
Balances-Beginning of Year	43,860.59	559,041.29	602,901.88
Balances-End of Year	<u>57,428.38</u>	<u>500,590.78</u>	<u>558,019.16</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	(521,627.61)	(19,789.40)	(541,417.01)
Adjustments to reconcile operating income (loss) to cash provided (used for) operating activities:			
Depreciation	7,069.61	-	7,069.61
Changes in assets and liabilities:			
(Increase)/decrease in accounts receivable	(1,872.15)	(1,150.00)	(3,022.15)
(Increase)/decrease in inventory	(4,781.18)		(4,781.18)
Increase/(decrease) in accounts payable	11,110.84	5,682.31	16,793.15
Increase/(decrease) in encumbrances payable	(209.00)	(4,746.92)	(4,955.92)
Increase/(decrease) in interfund payable	10,307.23	(38,282.25)	(27,975.02)
Increase/(decrease) in deferred revenue	4,247.99	(1,275.00)	2,972.99
Total adjustments	<u>25,873.34</u>	<u>(39,771.86)</u>	<u>(13,898.52)</u>
Net cash provided by (used for) operating activities	<u>(495,754.27)</u>	<u>(59,561.26)</u>	<u>(555,315.53)</u>

**WEST MILFORD BOARD OF EDUCATION
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017**

	Unemployment Compensation Trust Fund	John Wallisch Scholarship	Vogel Scholarship	Agency Fund
ASSETS:				
Cash and cash equivalents	865,057.00	346,899.69	5,833.30	390,763.11
Interest Receivable on Investments	526.59			
TOTAL ASSETS	865,583.59	346,899.69	5,833.30	390,763.11
LIABILITIES:				
Payable to Student Groups				364,007.39
Payable to State Government	7,811.42			
Payroll Deductions and Withholdings				7,716.27
Flexible Spending				4,511.78
Interfund Accounts Payable:				
General Fund		-		14,527.67
Total liabilities	7,811.42	-	-	390,763.11
NET POSITION:				
Held in Trust for unemployment				
Claims and Other Purposes		346,899.69		
Reserved for Other Purposes	857,772.17	5,833.30		

WEST MILFORD BOARD OF EDUCATION
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Unemployment Compensation Trust Fund</u>	<u>John Wallisch Scholarship</u>	<u>Edward Vogel Scholarship</u>
OPERATING REVENUES:			
Local sources:			
Interest on Investments	7,927.95	789.77	25.12
Contributions	<u>67,299.44</u>		
Total operating revenues	<u>75,227.39</u>	<u>789.77</u>	<u>25.12</u>
OPERATING EXPENSES:			
Scholarships		11,672.10	500.00
Unemployment Claims	<u>53,691.36</u>		
Total operating expenses	<u>53,691.36</u>	<u>11,672.10</u>	<u>500.00</u>
OPERATING INCOME (LOSS)	21,536.03	(10,882.33)	(474.88)
Net Position, July 1	<u>836,236.14</u>	<u>357,782.02</u>	<u>6,308.18</u>
Net Position, June 30	<u><u>857,772.17</u></u>	<u><u>346,899.69</u></u>	<u><u>5,833.30</u></u>

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

	Balance July 1, 2016	Cash Receipts	Cash Disbursements	Balance June 30, 2017
ELEMENTARY SCHOOLS:				
Apshawa	10,817.53	13,446.90	16,806.32	7,458.11
Maple Road	2,126.45	11,847.46	12,454.60	1,519.31
Marshall Hill	12,726.52	10,232.40	10,919.42	12,039.50
Paradise Knoll	2,723.75	13,244.50	13,524.23	2,444.02
Upper Greenwood Lake	1,831.27	13,962.98	13,362.37	2,431.88
Westbrook	1,980.20	14,373.56	13,652.07	2,701.69
MIDDLE SCHOOL:				
Macopin Middle School	64,306.76	397,113.99	387,510.18	73,910.57
SENIOR HIGH SCHOOL:				
West Milford Athletics	95,620.89	83,779.01	89,131.78	90,268.12
West Milford High School	155,234.51	304,773.11	289,031.42	170,976.20
OTHER STUDENT ACTIVITY ACCOUNTS:				
Learning Unlimited	197.99	2,685.00	2,625.00	257.99
	<u>347,565.87</u>	<u>865,458.91</u>	<u>849,017.39</u>	<u>364,007.39</u>

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

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Assets:				
Cash and Cash Equivalents	20,996.81	48,627,182.90	48,621,423.99	26,755.72
Total Assets	<u>20,996.81</u>	<u>48,627,182.90</u>	<u>48,621,423.99</u>	<u>26,755.72</u>
Liabilities and Reserves:				
Net Payroll		26,039,269.55	26,039,269.55	-
Payroll Deductions and Withholdings	7,194.68	22,557,920.88	22,557,399.29	7,716.27
Flexible Spending Account	(739.76)	27,464.80	22,213.26	4,511.78
Interfund Accounts Payable General Fund	14,541.89	2,527.67	2,541.89	14,527.67
Total Liabilities and Reserves	<u>20,996.81</u>	<u>48,627,182.90</u>	<u>48,621,423.99</u>	<u>26,755.72</u>

**WEST MILFORD BOARD OF EDUCATION
GENERAL LONG TERM DEBT ACCOUNT GROUP
STATEMENT OF SERIAL BONDS
JUNE 30, 2017**

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Amount	Interest Rate	Balance July 1, 2016	Increased	Retired	Balance June 30, 2017
School Bonds of 2016	7/15/2016	6,500,000.00	7/15/2018	425,000.00	1.00%				
			7/15/2019	450,000.00	1.00%				
			7/15/2020	500,000.00	1.25%				
			7/15/2021	500,000.00	2.00%				
			7/15/2022	525,000.00	2.00%				
			7/15/2023	525,000.00	2.00%				
			7/15/2024	550,000.00	2.00%				
			7/15/2025	550,000.00	2.00%				
			7/15/2026	590,000.00	2.00%				
			7/15/2027	600,000.00	2.00%				
			7/15/2028	625,000.00	2.00%				
			7/15/2029	660,000.00	2.00%		6,500,000.00		6,500,000.00
						888,000.00		500,000.00	388,000.00
School Bonds of 2003	7/15/2003	4,463,000.00	9/15/2017	388,000.00	3.30%	888,000.00		500,000.00	388,000.00
						888,000.00	6,500,000.00	500,000.00	6,888,000.00

WEST MILFORD BOARD OF EDUCATION
GENERAL LONG TERM DEBT ACCOUNT GROUP
SCHEDULE OF PUBLIC SCHOOL FACILITIES LOAN ASSISTANCE PROGRAM
JUNE 30, 2017

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Amount	Balance July 1, 2016	Retired	Balance June 30, 2017
NJ Economic Authority Underground Storage Tank Laon # LO4215	12/1/2008	45,585.00	12/1/2017 12/1/2018	4,558.50 4,558.50	13,675.50	4,558.50	9,117.00

**WEST MILFORD BOARD OF EDUCATION
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

SERIES	Interest Rate Payables	Amount of Original Issue	Amount Outstanding on July 1, 2016	Issued in Current Year	Retired in Current Year	Amount Outstanding on June 30, 2017
2 - 2012 Ford F-450 Trucks	4.900%	100,500.00	20,825.81		20,825.81	-
6 - 2014 - 54 Passenger School Buses	3.200%	511,769.64	207,991.86		102,236.86	105,755.00
5 - 2015 - School Buses (3-54 Pass., 2-24 Pass.)	3.900%	330,169.21	197,947.09		63,738.53	134,208.56
6 - 2016 - Buses, 1 - Backhoe, 1 - Trailer, & 1 - Ford F-250	3.600%	688,524.20	540,690.96		127,935.84	412,755.12
30 Digital Copiers	3.700%	222,361.26	206,440.95		42,104.73	164,336.22
4 - 2017 24 Passenger Buses	1.696%	227,981.89	-	227,981.89	46,435.67	181,546.22
TOTAL			<u>1,173,896.67</u>	<u>227,981.89</u>	<u>403,277.44</u>	<u>998,601.12</u>

**WEST MILFORD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	Original Budget	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:				
Local sources:				
Local tax levy	524,720.00	524,720.00	524,720.00	-
Total revenues - local sources	<u>524,720.00</u>	<u>524,720.00</u>	<u>524,720.00</u>	<u>-</u>
State sources:				
Debt service aid type II	893.00	893.00	893.00	-
Total state sources	<u>893.00</u>	<u>893.00</u>	<u>893.00</u>	<u>-</u>
Total Revenues	<u>525,613.00</u>	<u>525,613.00</u>	<u>525,613.00</u>	<u>-</u>
EXPENDITURES				
Regular debt service:				
Interest	21,054.00	21,054.00	21,054.00	-
Redemption of principal	504,559.00	504,559.00	504,558.50	0.50
Total regular debt service	<u>525,613.00</u>	<u>525,613.00</u>	<u>525,612.50</u>	<u>0.50</u>
Total Expenditures	<u>525,613.00</u>	<u>525,613.00</u>	<u>525,612.50</u>	<u>0.50</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	0.50	0.50
Fund Balances, July 1	0.43	0.43	1.43	0.50
Fund Balances, June 30	<u>0.43</u>	<u>0.43</u>	<u>1.93</u>	<u>1.00</u>
Recapitulation of excess (deficiency) of revenues under expenditures:				
Budgeted Fund Balance	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
			0.50	0.50
Recapitulation:				
Unassigned Fund Balance			1.93	1.93
			<u>1.93</u>	<u>1.93</u>

STATISTICAL SECTION

OUTLINE OF NJ DOE STATISTICAL TABLES SECTION (GASB 44)

Exhibit #

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WEST MILFORD BOARD OF EDUCATION

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Invested in capital assets, net of related debt	9,176,136	8,795,665	8,902,363	10,125,208	10,738,769	11,157,970	12,491,734	14,625,039	19,535,989	17,423,192
Restricted	1,490,121	2,038,403	1,997,474	3,188,664	5,053,261	7,995,387	8,164,505	7,957,499	7,082,783	9,630,847
Unrestricted	(2,878,590)	(4,046,037)	(3,499,861)	(3,647,211)	(3,180,197)	(3,584,990)	(3,767,616)	(28,031,456)	(28,842,210)	(31,564,210)
Total governmental activities net position	7,787,666	6,788,031	7,399,976	9,666,662	12,611,832	15,568,367	16,888,623	(5,448,918)	(2,223,437)	(4,310,171)
Business-type activities										
Invested in capital assets, net of related debt	395,468	366,937	338,406	309,875	298,436	298,436	247,464	123,999	59,175	65,339
Restricted	38,950	38,950	38,950	38,950	38,950	38,950	38,950	48,552	47,906	42,950
Unrestricted	118,047	46,859	5,665	(53,859)	(119,973)	(90,952)	33,812	143,241	77,415	58,736
Total business-type activities net position	552,465	452,745	383,021	294,965	217,412	246,434	320,226	315,792	184,495	167,025
District-wide										
Invested in capital assets, net of related debt	9,571,604	9,162,602	9,240,769	10,435,083	11,037,205	11,456,405	12,739,198	14,749,038	19,595,164	17,488,531
Restricted	1,529,071	2,077,353	2,036,424	3,227,614	5,092,211	8,034,337	8,203,455	8,006,050	7,130,689	9,873,797
Unrestricted	(2,760,543)	(3,999,178)	(3,494,196)	(3,701,070)	(3,300,171)	(3,675,942)	(3,733,804)	(27,888,215)	(28,764,795)	(31,505,474)
Total district net position	8,340,131	7,240,776	7,782,997	9,961,627	12,829,245	15,814,800	17,208,849	(5,133,127)	(2,038,942)	(4,143,146)

Source: CAFR Schedule A-1

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

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities										
Instruction										
Regular	30,163,185	29,516,709	28,309,740	27,864,663	28,465,802	29,091,197	30,060,451	33,688,879	35,397,999	39,420,542
Special education	8,948,132	8,944,668	8,866,736	8,666,728	9,217,726	9,232,990	9,811,680	10,880,659	11,785,583	13,745,328
Other special education	728,267	726,528	702,040	380,544	207,229	312,632	375,189	307,127	313,341	288,723
Other instruction	746,874	779,251	1,208,269	1,218,450	1,249,692	1,202,128	1,198,725	1,262,218	1,339,603	1,471,639
Support Services:										
Tuition	3,127,907	3,588,139	4,058,939	3,449,330	4,516,967	5,077,971	4,606,754	4,687,173	4,113,329	4,768,524
Student & instruction related services	8,321,687	8,255,422	8,622,575	8,506,512	8,275,763	8,434,225	8,762,336	9,566,003	10,020,550	11,196,967
General administrative services	1,279,089	1,286,359	1,333,057	1,394,335	1,460,440	1,474,288	1,579,493	1,564,216	1,715,623	1,852,747
School administrative services	3,559,923	3,557,762	3,715,249	3,718,570	3,680,436	3,553,425	3,614,528	4,174,086	4,803,145	5,465,106
Central Services and Admin. Info. Tech.	1,185,059	1,189,371	1,224,589	1,279,707	1,315,933	1,359,028	1,331,554	1,548,677	1,626,964	1,856,924
Plant operations and maintenance	7,028,292	6,926,124	6,987,080	6,734,278	6,749,522	6,877,873	7,153,738	7,936,484	8,021,118	8,978,761
Pupil transportation	5,353,062	5,349,136	5,272,089	5,238,761	5,533,660	5,433,960	5,452,455	5,751,379	5,704,056	6,287,804
Charter Schools	14,632					31,679		33,960	27,501	29,237
Interest on Long term debt	149,214	132,764	123,634	105,318	94,337	80,093	64,698	49,060	28,340	130,386
Capital Outlay - Non-depreciable				19,610	11,889	16,878	27,501	27,501	32,777	27,501
Unallocated Benefits	1,352,044	(3,695)	56,662	622,847	300,873			17,208		17,656
Total governmental activities expenses	71,957,367	70,248,537	70,480,639	69,199,652	71,080,269	72,146,488	74,060,781	81,494,628	84,947,584	95,620,188
Business-type activities:										
Food service	1,393,714	1,387,683	1,272,593	1,262,573	1,330,478	1,339,026	1,261,766	1,233,017	1,240,543	1,314,371
School Aged Child Care	570,212	569,673	552,112	541,640	518,337	395,816	238,844	286,769	471,027	428,100
Total business-type activities expense	1,963,926	1,957,356	1,824,704	1,804,213	1,848,815	1,734,842	1,500,610	1,519,786	1,711,569	1,742,472
Total district expenses	73,921,293	72,205,893	72,305,343	71,003,864	72,929,063	73,881,330	75,561,391	83,014,414	86,659,153	97,262,660
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	200,630	240,881	408,801	309,027	385,869	98,189	144,926	346,766	363,804	342,190
Plant operations and maintenance	60,912	82,327								
Pupil transportation	68,191	76,942								
Operating grants and contributions	1,791,396	1,568,499	1,816,634	2,317,854	1,649,917	1,578,803	1,466,993	1,405,774	1,423,795	1,381,971
Capital grants and contributions	84,081	86,500		126,156	40,504					
Total governmental activities program revenues	2,205,211	2,065,150	2,225,435	2,753,037	2,076,290	1,739,860	1,631,325	1,787,288	1,786,064	1,737,734
Business-type activities:										
Charges for services:										
Food service	1,066,716	1,044,001	961,768	888,069	919,117	805,601	787,385	762,535	763,809	792,535
Adult Community School	566,618	560,139	486,903	481,414	441,759	439,791	324,504	395,322	396,731	403,564
Operating grants and contributions	244,363	235,765	255,781	246,204	280,669	296,511	339,714	353,519	355,600	371,102
Total business type activities program revenues	1,877,718	1,839,905	1,704,452	1,615,688	1,641,545	1,541,903	1,451,603	1,511,375	1,516,140	1,567,200
Total district program revenues	4,082,929	3,895,055	3,929,888	4,368,725	3,717,835	3,281,763	3,082,928	3,298,662	3,304,204	3,304,934

WEST MILFORD BOARD OF EDUCATION

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

	2008	2009	2010	2011	Fiscal Year Ending June 30,		2014	2015	2016	2017
					2012	2013				
Net (Expense)/Revenue										
Governmental activities	(69,752,156)	(68,193,387)	(68,255,203)	(66,446,615)	(69,003,979)	(70,406,628)	(72,429,456)	(79,707,341)	(83,159,519)	(93,782,455)
Business-type activities	(86,208)	(117,451)	(120,252)	(188,525)	(207,270)	(192,939)	(49,007)	(8,411)	(195,430)	(175,271)
Total district-wide net expense	<u>(69,838,364)</u>	<u>(68,310,838)</u>	<u>(68,375,456)</u>	<u>(66,635,140)</u>	<u>(69,211,249)</u>	<u>(70,599,567)</u>	<u>(72,478,463)</u>	<u>(79,715,751)</u>	<u>(83,354,949)</u>	<u>(93,957,726)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	44,904,812	45,830,611	47,613,275	49,379,479	50,367,069	51,252,781	52,002,781	53,042,837	53,542,837	53,542,837
Taxes levied for debt service	461,728	400,118	539,427	529,103	516,668	472,983	493,553	497,390	537,742	524,720
Unrestricted grants and contributions	22,422,612	20,442,256	20,260,882	18,357,737	20,819,342	21,354,201	20,949,646	28,431,736	31,308,436	37,326,592
Restricted State Aid	59,332	9,644	215,305	307,846	11,305	4,809	4,771	893	893	893
Miscellaneous income	718,526	523,110	283,281	234,283	362,856	499,600	416,011	973,247	1,093,234	467,602
Transfers	(964)	(11,988)	(45,000)	(95,148)	(128,091)	(221,211)	(117,049)	(135,588)	(157,608)	(156,547)
Total governmental activities	<u>68,566,047</u>	<u>67,193,732</u>	<u>68,867,149</u>	<u>68,713,300</u>	<u>71,949,149</u>	<u>73,363,163</u>	<u>73,749,713</u>	<u>82,810,515</u>	<u>86,325,533</u>	<u>91,706,097</u>
Business-type activities:										
Investment earnings	19,927	5,744	5,528	5,322	1,626	750	830	1,213	1,122	1,254
Transfers		11,988	45,000	95,148	128,091	221,211	117,049	135,588	157,608	156,547
Miscellaneous income							4,921			
Total business-type activities	<u>19,927</u>	<u>17,732</u>	<u>50,528</u>	<u>100,470</u>	<u>129,717</u>	<u>221,961</u>	<u>122,800</u>	<u>136,801</u>	<u>158,730</u>	<u>157,801</u>
Total district-wide	<u>68,585,973</u>	<u>67,211,463</u>	<u>68,917,677</u>	<u>68,813,769</u>	<u>72,078,866</u>	<u>73,585,124</u>	<u>73,872,513</u>	<u>82,947,316</u>	<u>86,484,263</u>	<u>91,863,898</u>
Change in Net Position										
Governmental activities	(1,186,109)	(999,636)	611,946	2,266,685	2,945,171	2,956,535	1,320,257	3,103,174	3,166,014	(2,076,358)
Business-type activities	(66,281)	(99,719)	(69,724)	(68,055)	(77,553)	29,022	73,793	128,390	(36,700)	(17,470)
Total district	<u>(1,252,391)</u>	<u>(1,099,355)</u>	<u>542,221</u>	<u>2,178,630</u>	<u>2,867,618</u>	<u>2,985,557</u>	<u>1,394,050</u>	<u>3,231,565</u>	<u>3,129,314</u>	<u>(2,093,828)</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.

WEST MILFORD BOARD OF EDUCATION

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	1,356,615	1,864,727	1,792,611							
Unreserved	974,455	(73,481)	415,586							
Restricted				1,811,336	4,886,360	6,449,112	7,228,611	7,029,480	7,469,447	6,678,225
Assigned				1,148,511	379,385	1,429,374	868,416	879,734	770,194	732,086
Unassigned				(15,822)	93,389	(120,308)	(10,028)	7,639	(22,246)	(2,441)
Total general fund	2,331,070	1,791,246	2,208,197	2,944,025	5,359,134	7,758,178	8,086,989	7,916,852	8,217,395	7,407,871
All Other Governmental Funds										
Committed	-	-	-	-	-	-	-	-	91,595	113,921
Unreserved, reported in:										
Capital projects fund	133,506	40,168	71,350	95,350	33,424	213,102	213,115	44,806	(1,248,454)	2,306,613
Debt service fund	133,506	133,507	133,514	133,477	133,477	83,477	43,478	3,479	1	2
Total all other governmental funds	133,506	173,675	204,864	228,827	166,901	296,579	256,593	48,285	(1,156,857)	2,420,536

Source: CAFR Schedule B-1

WEST MILFORD BOARD OF EDUCATION

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

	Fiscal Year Ending June 30,				
	2008	2009	2010	2011	2012
Revenues					
Tax levy	\$ 45,366,540	\$ 46,230,729	\$ 48,152,702	\$ 49,908,582	\$ 50,883,737
Tuition charges	200,630	240,881	408,801	255,472	385,869
Bond Proceeds	-	-	-	-	-
Miscellaneous	867,629	693,166	291,106	299,489	372,057
State sources	22,587,474	20,573,182	18,437,155	18,543,693	20,306,624
Federal sources	1,665,867	1,482,017	3,847,820	2,428,092	2,164,739
Total revenue	<u>70,688,140</u>	<u>69,219,974</u>	<u>71,137,585</u>	<u>71,435,328</u>	<u>74,113,026</u>
Expenditures					
Instruction					
Regular Instruction	20,615,167	20,795,687	20,347,000	19,699,743	19,555,480
Special education instruction	5,636,187	5,828,684	5,723,652	5,497,356	5,800,049
Other special instruction	728,267	726,528	702,040	380,544	207,229
Other instruction	746,874	779,251	1,208,269	1,218,450	1,249,692
Support Services:					
Tuition	3,127,907	3,588,139	4,058,939	3,449,330	4,516,967
Student & instruction related services	6,479,688	6,584,963	6,902,795	6,836,582	6,569,916
General administrative services	997,914	1,062,968	1,108,044	1,168,446	1,212,227
School Administrative services	2,448,583	2,518,888	2,627,667	2,613,394	2,487,571
Central Services	807,170	853,317	876,929	920,894	927,077
Plant operations and maintenance	5,715,129	5,706,855	5,699,575	5,456,611	5,348,346
Pupil transportation	4,415,864	4,522,632	4,533,433	4,474,641	4,702,925
Unallocated employee benefits	17,620,127	16,135,861	15,901,286	16,782,270	17,744,396
Charter Schools	14,632				
Capital outlay	715,163	1,124,107	405,802	1,947,214	1,812,231
Debt Service:					
Principal	371,860	272,373	422,453	422,000	422,591
Interest and Other Charges	149,198	137,387	126,560	112,923	98,925
Total expenditures	<u>70,589,732</u>	<u>70,637,640</u>	<u>70,644,446</u>	<u>70,980,399</u>	<u>72,655,622</u>
Excess (Deficiency) of revenues over (under) expenditures	98,408	(1,417,666)	493,139	454,929	1,457,405
Other Financing sources (uses)					
Capital leases (non-budgeted)	396,504	930,000		400,000	1,023,880
Transfers in			150,000	1,044,420	33,160
Transfers out	(964)	(11,988)	(195,000)	(1,139,567)	(161,250)
Total other financing sources (uses)	<u>395,540</u>	<u>918,012</u>	<u>(45,000)</u>	<u>304,852</u>	<u>895,789</u>
Net change in fund balances	<u>\$ 493,948</u>	<u>\$ (499,654)</u>	<u>\$ 448,139</u>	<u>\$ 759,782</u>	<u>\$ 2,353,194</u>
Debt service as a percentage of noncapital expenditures	0.746%	0.589%	0.782%	0.775%	0.736%

Source: District Records, B-2

Note: Noncapital expenditures are total expenditures less capital outlay.

Central Services and Administrative information Technology account classifications were added beginning with year end June 30, 2005.

Prior to June 30, 2005, Central Services and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

WEST MILFORD BOARD OF EDUCATION

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

	Fiscal Year Ending June 30,				
	2013	2014	2015	2016	2017
Revenues					
Tax levy	\$ 51,725,764	52,496,334	53,540,227	54,080,579	54,067,557
Tuition charges	98,189	144,926	346,766	363,804	342,190
Bond Proceeds	-	-	-	-	6,500,000
Miscellaneous	597,352	448,735	610,068	638,189	407,161
State sources	21,278,620	20,886,222	21,799,652	22,922,509	23,425,658
Federal sources	1,624,309	1,521,870	1,518,859	1,535,250	1,476,787
Total revenue	<u>75,324,234</u>	<u>75,498,087</u>	<u>77,815,572</u>	<u>79,540,331</u>	<u>86,219,353</u>
Expenditures					
Instruction					
Regular Instruction	19,786,858	21,423,864	21,463,410	21,013,763	20,959,577
Special education instruction	5,766,819	6,416,302	6,120,814	6,241,764	6,550,956
Other special instruction	312,632	375,190	307,127	313,341	288,723
Other instruction	1,202,128	1,188,725	1,262,218	1,339,603	1,471,639
Support Services:					
Tuition	5,077,971	4,606,754	4,687,173	4,113,329	4,768,524
Student & instruction related services	6,612,463	6,994,280	7,029,828	7,090,211	7,419,527
General administrative services	1,222,241	1,309,895	1,182,703	1,266,389	1,242,662
School Administrative services	2,448,554	2,537,685	2,557,967	2,516,280	2,490,357
Central Services	967,380	951,232	1,012,607	1,014,190	1,066,400
Plant operations and maintenance	5,462,355	5,755,279	5,936,973	5,737,746	6,005,768
Pupil transportation	4,579,307	4,584,600	4,470,002	4,219,835	4,353,973
Unallocated employee benefits	18,248,736	17,462,024	18,592,142	19,402,412	21,129,834
Charter Schools		31,679	33,960	28,340	29,237
Capital outlay	639,243	1,437,578	3,004,287	6,358,893	5,220,130
Debt Service:					
Principal	443,227	468,895	484,559	504,559	504,559
Interest and Other Charges	84,565	69,428	53,724	37,554	21,054
Total expenditures	<u>72,854,479</u>	<u>75,613,410</u>	<u>78,199,493</u>	<u>81,198,209</u>	<u>83,522,918</u>
Excess (Deficiency) of revenues over (under) expenditures	2,469,755	(115,323)	(383,921)	(1,657,877)	2,696,434
Other Financing sources (uses)					
Capital leases (non-budgeted)	100,500	511,770	330,169	910,885	227,982
Transfers in			1,544,113	2,538,568	1,706,250
Transfers out	(221,211)	(117,049)	(1,679,701)	(2,696,176)	(1,862,796)
Total other financing sources (uses)	<u>(120,711)</u>	<u>394,721</u>	<u>194,581</u>	<u>753,277</u>	<u>71,435</u>
Net change in fund balances	<u>\$ 2,349,044</u>	<u>279,398</u>	<u>(189,340)</u>	<u>(904,600)</u>	<u>2,767,870</u>
Debt service as a percentage of noncapital expenditures	0.731%	0.726%	0.716%	0.724%	0.671%

WEST MILFORD BOARD OF EDUCATION

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

<u>Fiscal Year Ended June 30,</u>	<u>Interest on Investments</u>	<u>Rentals</u>	<u>Tuition</u>	<u>Transportation</u>	<u>Misc.</u>	<u>Total</u>
2008	232,660	60,912		68,191	414,850	776,614
2009	133,421	82,327		76,942	306,155	598,846
2010	63,809	77,899		71,826	63,501	277,035
2011	60,499	81,719		53,556	92,064	287,838
2012	46,986	88,709			224,197	359,891
2013	19,159	109,034		62,868	307,527	498,588
2014	18,279	147,723	144,926	18,142	247,066	576,136
2015	20,754	134,298	346,766	34,747	414,551	951,116
2016	1,870	137,174	363,804	465	482,709	986,023
2017	1,846	126,793	342,190	13,572	258,326	742,728

Source: District Records, B-2

WEST MILFORD BOARD OF EDUCATION

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2007	53,119,700	1,325,390,400	25,342,100	680,400	89,266,900	10,267,800	550,000	1,504,617,300	4,906,228	1,509,523,528	2.870	3,803,218,990
2008	52,613,700	1,329,724,000	27,901,100	649,700	90,219,000	9,966,200	550,000	1,511,622,700	4,217,482	1,515,840,182	3.051	3,849,018,002
2009	50,170,500	1,338,144,200	27,339,200	627,200	87,695,100	9,632,400	550,000	1,514,158,600	4,206,117	1,518,364,717	3.171	3,718,109,968
2010	49,109,000	1,319,511,100	28,708,100	614,700	87,182,100	9,662,900	550,000	1,495,337,900	4,044,415	1,499,382,315	3.329	3,443,184,019
2011	48,452,100	1,315,875,500	26,443,500	602,800	87,243,300	9,704,500	550,000	1,488,871,700	3,915,095	1,492,786,795	3.408	3,303,719,395
2012	59,623,200	2,438,581,300	46,780,300	637,900	213,512,900	21,006,400	1,863,100	2,782,005,100	1,854,099	2,783,859,199	1.859	3,095,361,334
2013	81,400,000	2,424,966,800	49,039,000	649,300	208,093,500	18,993,600	1,863,100	2,785,005,300	1,648,987	2,786,654,287	1.884	2,998,856,585
2014	58,415,600	2,408,541,400	47,275,700	602,100	206,092,900	43,988,000	1,643,600	2,766,559,300	1,935	2,768,494,300	1.935	3,061,922,394
2015	71,583,700	2,400,609,100	45,479,600	568,800	203,852,000	42,403,800	1,643,600	2,766,140,600	100	2,767,784,200	1.958	3,009,175,013
2016	71,726,400	2,395,301,900	46,594,900	551,500	203,171,500	42,229,100	1,643,600	2,761,218,900				

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

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

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

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

b Tax rates are per \$100 of assessed value

WEST MILFORD BOARD OF EDUCATION

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

Fiscal Year Ended June 30,	West Milford Board of Education					Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Township of West Milford	Passaic County	
2007	2.697	0.296	2.99	1.26	1.19	5.44
2008	2.778	0.273	3.051	1.331	1.265	5.647
2009	2.914	0.257	3.171	1.409	1.279	5.859
2010	3.065	0.264	3.329	1.478	1.310	6.117
2011	1.929	1.480	3.409	1.502	1.321	6.232
2012	1.842	0.017	1.859	0.832	0.691	3.382
2013	1.866	0.018	1.884	0.840	0.752	3.476
2014	1.917	0.018	1.935	0.883	0.758	3.577
2015	1.936	0.019	1.955	0.909	0.802	3.666
2016	1.939	0.019	1.958	0.925	0.826	3.709

Source: District Records and Municipal Tax Collector

Note:

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

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

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

WEST MILFORD BOARD OF EDUCATION

Principal Property Tax Payers,
Current Year and Nine Years Ago

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
City of Newark	\$ 39,490,500	1	1.43%	\$ 25,488,100	1	1.68%
Tenneco Pipeline	25,284,400	2	0.92%			
Inserra/WMLLC	17,096,800	3	0.62%	6,850,000	2	0.45%
West Milford Shopping Plaza	11,000,000	4	0.40%	6,102,900	3	0.40%
Bald Eagle Senior Living	9,995,500	5	0.36%			
Sprint - Overland Park	6,457,800	6	0.23%			
Bald Eagle Square	4,950,000	7	0.18%	2,320,100	7	0.15%
Lakeland State Bank	4,880,000	8	0.18%	4,617,200	4	0.30%
69 Maple Ave	4,650,000	9	0.17%	3,045,000	6	0.20%
Storage Mall West Milford LLC	4,249,100	10	0.15%			
Bald Eagle Inc.				4,600,000	5	0.30%
Castranova				1,732,600	8	0.11%
LGP Realty of West Milford LLC				1,582,400	9	0.10%
Wesstor, LLC				1,582,200	10	0.10%
Total	\$ 128,054,100		4.64%	\$ 57,920,500		3.82%

Source: Municipal Tax Assessor's Office

WEST MILFORD BOARD OF EDUCATION

Property Tax Levies and Collections,
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	45,366,540	45,366,540	100.00%	-
2009	46,230,729	46,230,729	100.00%	-
2010	48,152,702	48,152,702	100.00%	-
2011	49,908,582	49,908,582	100.00%	-
2012	50,896,172	50,896,172	100.00%	-
2013	51,725,764	51,725,764	100.00%	-
2014	52,496,334	52,496,334	100.00%	-
2015	53,540,227	53,540,227	100.00%	-
2016	54,080,579	54,080,579	100.00%	-
2017	54,067,557	54,067,557	100.00%	-

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

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

WEST MILFORD BOARD OF EDUCATION

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Loans Payable	Capital Leases			
2008	4,148,000	148,748	968,118	5,264,866	0.0036%	191
2009	3,913,000	156,959	1,422,161	5,492,120	0.0036%	198
2010	3,533,000	114,506	916,644	4,564,150	0.0038%	174
2011	3,133,000	92,505	816,590	4,042,095	0.0038%	153
2012	2,733,000	69,914	1,214,688	4,017,602	0.0038%	152
2013	2,313,000	46,687	740,945	3,100,632	0.0038%	117
2014	1,868,000	22,792	740,945	2,631,737	0.0037%	99
2015	1,388,000	18,234	680,940	2,087,174	0.0037%	78
2016	888,000	13,676	1,173,897	2,075,572	0.0038%	78
2017	6,888,000	9,117	998,601	7,895,718	N/A	N/A

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

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

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2008	4,148,000		4,148,000	0.27%	150
2009	3,913,000		3,913,000	0.26%	141
2010	3,533,000		3,533,000	0.24%	134
2011	3,133,000		3,133,000	0.21%	118
2012	2,733,000		2,733,000	0.10%	103
2013	2,313,000		2,313,000	0.08%	87
2014	1,868,000		1,868,000	0.07%	70
2015	1,388,000		1,388,000	0.05%	52
2016	888,000		888,000	0.03%	33
2017	6,888,000		6,888,000	N/A	N/A

- Note:** Details regarding the district's outstanding debt can be found in the notes to the financial statements.
- a** See Exhibit NJ J-6 for property tax data.
 - b** Population data can be found in Exhibit NJ J-14.

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

WEST MILFORD BOARD OF EDUCATION

Direct and Overlapping Governmental Activities Debt
Year Ended June 30, 2017

<u>Governmental Unit</u>	(1) Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Township of West Milford	34,890,011	100.000%	34,890,011
Other debt			
Passaic County	361,427,569	6.394%	23,109,679
Passaic County Utility Authority	51,080,000	6.394%	3,266,055
Utilities Authority	5,089,252	100.000%	5,089,252
Subtotal, overlapping debt			66,354,997
West Milford Township School District Direct Debt			6,888,000
Total direct and overlapping debt			<u>\$ 73,242,997</u>

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

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

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

(1) Debt Information as of December 31, 2016

WEST MILFORD BOARD OF EDUCATION

Legal Debt Margin Information,
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2017

Equalized valuation basis					
2014	\$	2,903,914,654			
2015	\$	3,061,922,394			
2016	\$	3,009,175,013			
[A]	\$	<u>8,975,012,061</u>			
equalized valuation of taxable property	[A/3]	\$	2,991,670,687		
Debt limit (4% of average	[B]		119,666,827		
Net bonded school debt	[C]		6,897,117		
Legal debt margin	[B-C]	\$	<u>112,769,710</u>		

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total net debt applicable to limit	\$ 141,268,802	\$ 149,786,778	\$ 151,437,293	\$ 146,639,134	\$ 139,371,303	\$ 131,113,321	\$ 125,220,894	\$ 119,942,363	\$ 119,507,258	\$ 119,666,827
Legal debt margin	<u>4,148,000</u>	<u>3,913,000</u>	<u>3,533,000</u>	<u>3,133,000</u>	<u>2,802,914</u>	<u>2,359,687</u>	<u>1,890,792</u>	<u>1,406,234</u>	<u>901,676</u>	<u>6,897,117</u>
	\$ 137,120,802	\$ 145,873,778	\$ 147,904,293	\$ 143,506,134	\$ 136,568,389	\$ 128,753,634	\$ 123,330,102	\$ 118,536,129	\$ 118,605,582	\$ 112,769,710

Total net debt applicable to the limit as a percentage of debt limit	3.49%	2.94%	2.33%	2.14%	2.14%	1.80%	1.51%	1.17%	0.75%	5.76%
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Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

WEST MILFORD BOARD OF EDUCATION

Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (thousands of dollars) (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2007	27,528	1,070,756,616	38,897	4.2%
2008	27,568	1,100,156,176	39,907	5.7%
2009	27,746	1,080,207,272	38,932	8.4%
2010	26,277	1,046,008,539	39,807	8.5%
2011	26,459	1,094,635,289	41,371	9.0%
2012	26,503	1,108,461,472	41,824	8.6%
2013	26,610	1,113,814,770	41,857	7.6%
2014	26,709	1,166,836,083	43,687	6.0%
2015	26,770	1,263,249,530	47,189	5.1%
2016	26,605	N/A	N/A	4.4%

Source:

- (1) U.S. Bureau of the Census, Population Division, (Estimates July 1, 2007-2016)
(2) Personal Income of the District is based on the County information.
(3) U.S. Department of Commerce, County information 2006-2015.
(4) N.J. Department of Labor.

WEST MILFORD BOARD OF EDUCATION

Principal Employers,
Current Year and ten Years Ago

Employer	2017		2008	
	Employees	Rank (Optional)	Employees	Rank (Optional)
		Percentage of Total Employment		Percentage of Total Employment

No Data is available for this schedule

WEST MILFORD BOARD OF EDUCATION

Full-time Equivalent District Employees by Function/Program,

Last Ten Fiscal Years

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Instruction										
Regular	252.80	243.50	240.75	239.00	235.76	248.00	240.30	238.80	237.20	239.20
Special education	118.10	105.10	104.10	116.60	101.60	111.50	109.40	110.20	102.30	101.30
Other special education	11.50	10.00	10.00	9.00	10.50	12.00	14.40	11.20	16.50	17.00
Other instruction	1.00	1.00	1.00	1.00	1.00	2.00	3.00	1.00	1.00	1.00
Support Services:										
Student & instruction related services	71.30	68.20	68.00	54.80	53.65	52.50	66.00	56.60	53.10	56.50
General administrative services	7.00	7.05	7.05	8.05	8.29	10.50	14.00	14.10	10.00	10.75
School administrative services	35.75	38.75	38.75	39.50	38.75	42.00	37.90	39.70	40.35	36.60
Central services and Admin.Infor. Tech.	12.45	11.85	11.85	12.00	13.70	12.00	16.00	11.10	15.28	20.20
Plant operations and maintenance	67.25	84.75	84.40	80.00	55.25	47.00	60.65	60.55	63.55	65.25
Pupil transportation	67.50	65.50	65.00	63.00	56.95	58.50	61.30	53.45	50.60	55.85
Food Service	26.50	32.00	32.00	32.00	29.00	29.00	17.35	15.06	15.00	15.00
Adult Community School	22.00	22.00	22.00	22.00	22.00	22.00	-	-	-	-
Total	693.15	689.70	684.90	676.95	626.45	647.00	640.30	611.76	604.88	618.65

Source: District Budget Records

WEST MILFORD BOARD OF EDUCATION

Operating Statistics

Last Ten Fiscal Years

Pupil/Teacher Ratio

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2008	4,385	69,353,511	15,816	5.46%	382	1:13	1:11	1:12.5	4,278.7	4,063.2	-2.69%	94.96%
2009	4,209	69,103,773	16,418	3.81%	375	1:12.8	1:9.7	1:11.4	4,124.1	3,904.1	-3.61%	94.67%
2010	4,013	69,689,631	17,366	5.77%	356	1:13	1:22	1:13	4,001.0	3,808.0	-2.98%	95.18%
2011	4,009	68,498,262	17,086	-1.61%	335	1:18	1:08	1:09	3,944.5	3,752.2	-1.41%	95.12%
2012	3,896	70,321,875	18,050	5.64%	307	1:12	1:14	1:12	3,797.3	3,615.9	-3.73%	95.22%
2013	3,814	73,637,509	19,307	6.97%	302	1:23	1:11	1:26	3,685.5	3,494.4	-2.94%	94.81%
2014	3,768	73,637,509	19,718	4.79%	319	1:11	1:24	1:23	3,597.6	3,444.3	-2.39%	95.74%
2015	3,710	74,984,506	20,211	2.50%	308	1:15	1:29	1:14	3,597.3	3,442.2	-0.01%	95.69%
2016	3,613	74,297,203	20,564	1.75%	308	1:12	1:12	1:12	3,484.5	3,334.9	-3.14%	95.71%
2017	3,377	77,776,917	23,031	12.00%	320	1:11	1:11	1:10	3,387.9	3,225.8	-2.77%	95.22%

Sources: District records

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-4

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

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

WEST MILFORD BOARD OF EDUCATION

School Building Information

Last Ten Fiscal Years

District Building	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Elementary										
Apshawa (1996)										
Square Feet	37,172	37,172	37,172	37,172	37,172	37,172	37,172	37,172	37,172	37,172
Capacity (students)	367	367	367	367	367	367	367	367	367	367
Enrollment	323	323	306	290	269	264	264	260	276	276
Maple Road (1968)										
Square Feet	46,947	46,947	46,947	46,947	46,947	46,947	46,947	46,947	46,947	46,947
Capacity (students)	373	373	373	373	373	373	373	373	373	373
Enrollment	365	365	334	336	329	327	327	282	274	275
Marshall Hill (1959)										
Square Feet	37,546	37,546	37,546	37,546	37,546	37,546	37,546	37,546	37,546	37,546
Capacity (students)	486	486	486	486	486	486	486	486	486	486
Enrollment	382	382	342	338	325	307	307	289	294	265
Paradise Knoll (1955)										
Square Feet	30,547	30,547	30,547	30,547	30,547	30,547	30,547	30,547	30,547	30,547
Capacity (students)	350	350	350	350	350	350	350	350	350	350
Enrollment	300	300	302	303	302	302	302	324	296	280
Upper Greenwood Lake (1966)										
Square Feet	36,155	36,155	36,155	36,155	36,155	36,155	36,155	36,155	36,155	36,155
Capacity (students)	456	456	456	456	456	456	456	456	456	456
Enrollment	362	362	317	313	313	283	283	328	302	298
Westbrook(1973)										
Square Feet	42,339	42,339	42,339	42,339	42,339	42,339	42,339	42,339	42,339	42,339
Capacity (students)	508	508	508	508	508	508	508	373	373	373
Enrollment	463	463	427	410	399	395	395	366	362	351

WEST MILFORD BOARD OF EDUCATION

School Building Information

Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Middle School										
Macopin (1959)	105,066	105,066	105,066	105,066	105,066	105,066	105,066	105,066	105,066	105,066
Square Feet	869	869	869	869	869	869	869	869	869	869
Capacity (students)	677	677	651	665	627	604	615	576	540	526
Enrollment										
High School										
West Milford (1976)	182,514	182,514	182,514	182,514	182,514	182,514	182,514	182,514	182,514	182,514
Square Feet	1,840	1,840	1,840	1,840	1,840	1,840	1,840	1,840	1,840	1,840
Capacity (students)	1,439	1,439	1,334	1,294	1,242	1,220	1,182	1,173	1,149	1,106
Enrollment										
Other										
Administration Building (1976)	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Square Feet										
Transportation Office (1976)	980	980	980	980	980	980	980	980	980	980
Square Feet										
Transportation Garage (1976)	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Square Feet										
Transportation Garage (2005)	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Square Feet										
Maintenance Pole Barn (1985)	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Square Feet										
Hillcrest Community Center (1925)	7,005	7,005	7,005	7,005	7,005	7,005	7,005	7,005	7,005	7,005
Square Feet										

Number of Schools at June 30, 2015

- Elementary = 6
- Middle School = 1
- High School = 1
- Other = 6

Source: District Facilities Office

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

WEST MILFORD BOARD OF EDUCATION

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

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

*School Facilities	Project # (s)	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
WEST MILFORD HIGH SCHOOL	N/A	273,852	157,713	282,992	205,938	191,318	178,467	239,311	220,842	174,358	\$ 164,948
APSHAWA	N/A	42,595	63,120	26,474	46,534	52,637	65,872	45,143	31,514	49,061	162,735
MACOPIN	N/A	135,015	110,186	160,368	125,260	144,038	125,260	130,533	97,611	78,430	90,362
MAPLE ROAD	N/A	53,892	59,152	57,431	67,017	24,319	67,017	49,342	30,680	92,761	26,451
MARSHALL HILL	N/A	39,206	51,590	36,144	51,995	86,234	24,524	45,387	36,486	89,533	32,050
PARADISE KNOLL	N/A	48,323	59,523	30,093	51,938	42,999	51,938	6,940	37,404	34,380	45,207
UPPER GREENWOOD LAKE	N/A	55,514	57,576	99,891	34,252	47,783	34,252	47,367	78,659	49,287	35,566
WEST BROOK	N/A	81,532	53,068	64,160	31,903	69,634	31,903	47,685	68,528	56,618	45,568
ADMINISTRATION	N/A	12,054	41,713	14,351	47,971	65,360	47,971	8,158	4,953	8,351	2,995
HILLCREST	N/A				5,231						52
MAINTENANCE POLE BARN	N/A	88,914	73,257	92,437	36,569	45,634	12,098	5,116	32,403	14,836	26,033
TRANSPORTATION GARAGE	N/A	16,897	15,378	21,653	14,901	17,074	14,901	1,651	29,112	39,986	76,887
TOTAL SCHOOL FACILITIES		847,794	742,276	865,994	714,278	792,261	654,203	626,633	668,192	687,653	708,802

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

Source: District Records

WEST MILFORD BOARD OF EDUCATION

Insurance Schedule
June 30, 2017
Unaudited

	<u>Coverage</u>	<u>Deductible</u>
Property & Casualty		
Building & Contents including Equipment Breakdown	121,358,108	5,000
Commercial General Liability:		
Per Occurrence	1,000,000	
Personal and Advertising Injury Limit	1,000,000	
Damage to Rented Premises	1,000,000	
Product/Completed Operations Aggregate	2,000,000	
General Aggregate - Policy Limit	2,000,000	
Medical Expenses	10,000	
Employee Benefits Liability	1,000,000	
Business Income with Extra Expense	5,000,000	
Limited Pollution Liability Extension	1,000,000	
Boiler & Machinery Blanket Property Limit	100,000,000	Varies
Employee Dishonesty including Faithful Performance	500,000	5,000
Forgery or Alteration	50,000	1,000
Ordinance or Law Coverage B&C	3,500,000	5,000
Form C Loss Inside & Outside Money & Securities	50,000	1,000
EDP Equipment Coverage	2,500,000	5,000
Earthquake - Blanket Coverage	5,000,000	5% of Limit
Flood (Outside Zones A,V or B)	5,000,000	50,000
(Zone B)	2,000,000	100,000
(Zone A or V)	1,000,000	500,000
Commercial Automobile	1,000,000	
Towing & Labor	5,000	
Comprehensive & Collision	Symbol 2 & 8	1,000
	<u>Limit</u>	<u>Retention</u>
Commercial Umbrella - American Guarantee & Liability Ins. Policy AUC 1051786 02	9,000,000	10,000
Excess Liability - Fireman's Fund Policy SHX-000-2454-6541	50,000,000	10,000
School Board Legal Liability E&O Darwin National Assurance Company Policy - 0202-0853	1,000,000	
Includes Personal Injury Extension		
Insuring Agreement A & C		25,000
Insuring Agreement B		50,000
Public Official Bonds - Hanover Insurance Company Barbara Francisco - Business Admin. Board Sec. Bond term 7/31/16-7/31/17	450,000	N/A

WEST MILFORD BOARD OF EDUCATION

Insurance Schedule
June 30, 2017
Unaudited

	<u>Coverage</u>	<u>Premium</u>
Technology E&O - XL Catlin		
Policy - MTP004157203		
Combined Policy Aggregate Limit	4,000,000	25,000
Claims Made Form - Retro Date Coverage		7/1/2013
Environmental Impairment Liability - Site Specific - Chubb (Ace American Insurance Co.)		
Claims Made Form		
Policy PPL_G27064607005		
Each Occurrence	1,000,000	
Per Names Insured Sublimit	3,000,000	
Self-Insured - Retention		25,000
Program Aggregate	10,000,000	
<u>Storage Tank Third Party Liability - Nautilus Insurance Co.</u>		
Claims Made Form		
Policy -CST2003317-15		
Each Claim	1,000,000	5,000
Total all Claims	1,000,000	
Coverage E: Defense (Occ/Total)	250,000	
Retro Date Coverages A and B		
140 High Crest Drive & 41 Henery Road		7/1/1998
51 Highlander Drive		7/30/2011
Nautilus Insurance policy term 7/30/16-7/30/17		
<u>NFIP Flood Insurance Policy - Harleysville Ins. Co. of NJ</u>		
Policy-99029942812016		
Building	100,000	1,000
Contents	50,000	1,000
Nationwide Policy Term 4/11/16-4/11/17		

SINGLE AUDIT

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the Township of West Milford School District, in the County of Passaic, New Jersey, as of and for the year ended June 30, 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 November 29, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matters that were required to be reported to the Board of Education of the Township of West Milford School District in the separate Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance dated November 29, 2017.

Purpose of this Report

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



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

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

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

Pompton Lakes, New Jersey

November 29, 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
Township of West Milford School District
County of Passaic
West Milford, New Jersey

Report on Compliance for Each Major Federal and State Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Township of West Milford Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States 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 standards, the Uniform Guidance and N.J. OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements

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

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

Opinion on Each Major Federal and State Program

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

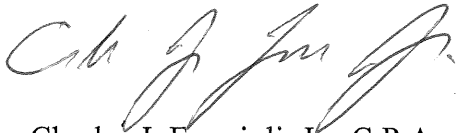
Report on Internal Control Over Compliance

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

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

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

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



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Certified Public Accountants

Pompton Lakes, New Jersey

November 29, 2017

WEST MILFORD 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 Award Identification Number (FAIN)	Grant State Project Number	Award Amount	Grant Period From / To	June 30, 2016		June 30, 2017		MEMO Cumulative Total Expenditures
						(Accounts Receivable)	Unearned Revenue	(Accounts Receivable)	Unearned Revenue	
Passed-through State Department of Education:										
General Fund:										
U.S. Department of Health and Human Services:										
Medicaid Reimbursement	93.778	NJ16065MAP	N/A	96,267.13	7/1/16-6/30/17					*
Medicaid Reimbursement	93.778	NJ16065MAP	N/A	127,425.05	7/1/15-6/30/16	(69,438.08)				*
ARRA - Special Education Medicare Initiative	93.778	NJ16065MAP	N/A	5,171.29	7/1/16-6/30/17					*
Total General Fund				208,863.47		(69,438.08)				193,774.59
U.S. Department of Agriculture										
Passed - through State Department of Education:										
Enterprise Fund:										
U.S.D.A. Commodities Program	10.550	NJN161613041099	N/A	74,700.78	7/1/16-6/30/17		2,541.21			*
National School Lunch Program	10.555	NJN161613041099	N/A	275,971.22	7/1/16-6/30/17					*
National School Lunch Program	10.555	NJN161613041099	N/A	272,037.41	7/1/15-6/30/16	(17,060.60)		(22,030.42)		275,971.22
School Breakfast Program	10.553	NJN161613041099	N/A	9,303.88	7/1/16-6/30/17					*
School Breakfast Program	10.553	NJN161613041099	N/A	10,038.98	7/1/15-6/30/16	(774.61)		(837.24)		9,303.88
Total Enterprise Fund				562,746.27		(17,835.21)	2,541.21	(22,867.66)	2,541.21	567,351.49
U.S. Department of Education										
Passed - through State Department of Education:										
Special Revenue Fund:										
Title I - Improving Basic Programs	84.010	S010A160030	NCLB5650-17	361,322.22	9/1/16-8/31/17					*
Title I - Improving Basic Programs	84.010	S010A160030	NCLB5650-16	341,260.00	9/1/15-8/31/16	(63,934.40)		(66,066.71)		361,322.22
						(63,934.40)		(66,066.71)		307,905.02
Title II - A -Teacher & Principal Training & Recruiting	84.367	S367A160029	NCLB5650-17	103,532.01	9/1/16-8/31/17					*
Title II - A -Teacher & Principal Training & Recruiting	84.367	S367A160029	NCLB5650-16	114,331.00	9/1/15-8/31/16	(22,340.89)		(19,210.01)		106,945.89
						(22,340.89)		(19,210.01)		210,468.90
I.D.E.A. Part B, Basic Regular	84.027	H027A150100	IDEA5650-17	866,101.00	9/1/16-8/31/17					*
I.D.E.A. Part B, Preschool	84.173	H173A150114	IDEA5650-17	37,430.00	9/1/16-8/31/17					*
Total Special Revenue Fund				1,369,523.66		(76,275.29)	2,541.21	(85,276.72)	2,541.21	1,783,227.14
Total Federal Financial Awards				1,866,342.16		(163,548.58)	2,541.21	(108,144.38)	2,541.21	2,544,293.22

WEST MILFORD 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	June 30, 2016		Cash Received	Budgetary Expenditures	Adjustment	MEMO	
				(Accounts Receivable)	Due to Grantor				June 30, 2017 (Accounts Receivable)	Budgetary Receivable
State Department of Education:										
General Fund:										
Equalization Aid	17-495-034-5120-078	10,288,587.00	7/1/16-6/30/17			9,277,930.00	(10,288,587.00)		(1,010,657.00)	10,288,587.00
Transportation Aid	17-495-034-5120-014	1,658,498.00	7/1/16-6/30/17			1,495,582.00	(1,658,498.00)		(162,916.00)	1,658,498.00
Special Education Categorical Aid	17-495-034-5120-089	2,243,826.00	7/1/16-6/30/17			2,023,413.00	(2,243,826.00)		(220,413.00)	2,243,826.00
Security Aid	17-495-034-5120-084	313,229.00	7/1/16-6/30/17			282,460.00	(313,229.00)		(30,769.00)	313,229.00
Adjustment Aid	17-495-034-5120-085	20,389.00	7/1/16-6/30/17			18,386.00	(20,389.00)		(2,003.00)	20,389.00
PARCC Readiness Aid	17-495-034-5120-098	38,250.00	7/1/16-6/30/17			32,689.00	(38,250.00)		(5,561.00)	38,250.00
Per Pupil Growth Aid	17-495-034-5120-097	36,250.00	7/1/16-6/30/17			32,689.00	(36,250.00)		(3,561.00)	36,250.00
Professional Learning Comm. Aid	17-495-034-5120-101	34,480.00	7/1/16-6/30/17			31,093.00	(34,480.00)		(3,387.00)	34,480.00
Extraordinary Special Education Aid	17-100-034-5120-473	685,065.00	7/1/16-6/30/17		(635,065.00)	635,065.00	(685,066.00)			685,066.00
Extraordinary Special Education Aid	16-100-034-5120-473	635,065.00	7/1/15-6/30/16							635,065.00
Nonpublic Transportation Aid	17-495-034-5120-014	24,579.00	7/1/16-6/30/16				(24,579.00)			24,579.00
Nonpublic Transportation Aid	16-495-034-5120-014	32,886.00	7/1/16-6/30/16		(32,886.00)	32,886.00				32,886.00
On-Behalf TPAF Pension	17-495-034-5094-006	3,085,676.00	7/1/16-6/30/17			3,085,676.00	(3,085,676.00)			3,085,676.00
On-Behalf TPAF NCGI Premium	17-495-034-5094-007	111,801.00	7/1/16-6/30/17			111,801.00	(111,801.00)			111,801.00
On-Behalf TPAF Post Retirement Medical	17-495-034-5094-001	2,664,226.00	7/1/16-6/30/17			2,664,226.00	(2,664,226.00)			2,664,226.00
On-Behalf TPAF Long Term Disability	17-495-034-5094-004	7,353.00	7/1/16-6/30/17			7,353.00	(7,353.00)			7,353.00
Reimbursed T.P.A.F. - Social Security	17-495-034-5094-003	2,198,527.19	7/1/16-6/30/17			2,089,952.97	(2,198,527.19)			2,198,527.19
Total General Fund					(667,951.00)	21,821,201.97	(23,388,677.19)		(1,437,267.00)	24,056,628.19
Debt Service Fund:										
School Construction Debt Service Aid	17-495-034-5120-075	893.00	7/1/16-6/30/17			893.00	(893.00)			893.00
Total Debt Service Fund						893.00	(893.00)			893.00
Capital Projects Fund:										
New Jersey School Development Auth.	5650-100-14-1003	214,409.00	N/A		(61,435.62)	28,662.51		(23,192.11)		214,409.00
New Jersey School Development Auth.	5650-080-14-1002	317,218.00	N/A		(42,288.00)			(25,832.00)		317,218.00
Total Capital Projects Fund					(103,723.62)	28,662.51		(49,024.11)		531,627.00
State Department of Agriculture Enterprise Fund:										
State School Lunch Program	17-100-010-3350-023	11,125.84	7/1/16-6/30/17		(691.92)	10,230.43	(11,125.84)			11,125.84
State School Lunch Program	16-100-010-3350-023	10,983.11	7/1/16-6/30/16			691.92				10,983.11
Total Enterprise Fund						10,922.35	(11,125.84)			22,108.95
Total State Financial Assistance					(772,366.54)	21,861,699.83	(23,400,696.03)	(49,024.11)	(1,437,267.00)	24,611,257.14
Less: On-Behalf TPAF Pension Aid						5,869,056.00	(5,869,056.00)			5,861,703.00
Total For State Aid Financial Assistance Determination					(772,366.54)	15,992,643.83	(17,531,640.03)	(49,024.11)	(1,437,267.00)	18,749,554.14

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NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$7,405.00 for the general fund and \$6,032.35 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (continued)

Additionally, as discussed further in Note 9, 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 \$5,869,056.00.

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 101,438.42	\$23,396,082.19	\$23,497,520.61
Special Revenue Fund	1,375,023.79	-	1,375,023.79
Capital Projects Fund	-	28,682.51	28,682.51
Debt Service Fund	-	893.00	893.00
Food Service Fund	<u>359,975.88</u>	<u>11,125.84</u>	<u>371,101.72</u>
Total Financial Awards	<u>\$1,836,438.09</u>	<u>\$23,436,783.54</u>	<u>\$25,273,221.63</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. FEDERAL AND STATE LOANS OUTSTANDING

The Township of West Milford School District had the following loan balances outstanding at June 30, 2017:

	<u>Amount Outstanding</u>
N.J. Economic Authority Underground	<u>\$9,117.00</u>

NOTE 6. OTHER

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

The amount reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 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 7. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

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

NOTE 8. INDIRECT COST RATE

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

**TOWNSHIP OF WEST MILFORD SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to basic financial statements noted? yes X no

Federal Awards

Internal Control over major federal programs:

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

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

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

Identification of major federal programs:

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

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

Auditee qualified as low-risk audited? X yes no

**TOWNSHIP OF WEST MILFORD SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(continued)**

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

State Award

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

Auditee qualified as low-risk auditee? X yes no

Internal Control over major state programs:

- 1) Material weakness(es) identified? yes X no
- 2) Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

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

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

Identification of major state programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
<u>17-495-034-5120-078</u>	State Aid Public: <u>Equalization Aid</u>
<u>17-495-034-5120-089</u>	<u>Categorical Special Education Aid</u>
<u>17-495-034-5120-084</u>	<u>Security Aid</u>
<u>17-495-034-5120-098</u>	<u>PARCC Readiness Aid</u>
<u>17-495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>17-495-034-5120-085</u>	<u>Adjustment Aid</u>
<u>17-495-034-5120-101</u>	<u>Professional Learning Community Aid</u>

**TOWNSHIP OF WEST MILFORD 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.