

Westville Board of Education
Comprehensive Annual Financial Report
For the Year Ended June 30, 2017

**SCHOOL DISTRICT
OF
WESTVILLE, NEW JERSEY**

**Westville Board of Education
Westville, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2017**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

**Westville Board of Education
Westville, New Jersey**

For the Fiscal Year Ended June 30, 2017

Prepared by:

Westville Board of Education Administration

OUTLINE OF CAFR

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	1
Organizational Chart	2-5
Roster of Officials	6
Consultants and Advisors	7
	8
FINANCIAL SECTION	
	9
Independent Auditor's Report	10-12
Required Supplementary Information – Part I	13
Management's Discussion and Analysis	14-19
Basic Financial Statements	20
A. District-Wide Financial Statements:	21
A-1 Statement of Net Position	22
A-2 Statement of Activities	23
B. Fund Financial Statements:	24
Governmental Funds:	
B-1 Balance Sheet	25
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	26
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	27
Proprietary Funds:	
B-4 Statement of Net Position	28
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	29
B-6 Statement of Cash Flows	30
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	31
B-8 Statement of Changes in Fiduciary Net Position	32
Notes to the Financial Statements	33-53
Required Supplementary Information – Part II	54
C. Budgetary Comparison Schedules:	55
C-1 Budgetary Comparison Schedule - General Fund	56-66
C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (if applicable)	N/A
C-1b Community Development Block Grant - Budget and Actual (if applicable)	N/A
C-2 Budgetary Comparison Schedule - Special Revenue Fund	67
Notes to the Required Supplementary Information – Part II	68
C-3 Budget-to-GAAP Reconciliation - Note to RSI	69

	Page
Required Supplementary Information – Part III	70
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)	71
L-1 Schedule of the District’s Proportionate Share of the Net Pension Liability - PERS	72
L-2 Schedule of District Contributions - PERS	73
L-3 Schedule of the District’s Proportionate Share of the Net Pension Liability - TPAF	74
Notes to the Required Supplementary Information – Part III	75
Other Supplementary Information	76
D. School Based Budget Schedules (if applicable) :	N/A
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A
E. Special Revenue Fund:	77
E-1 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis	78
E-2 Preschool Education Aid Schedule(s) of Expenditures - Budgetary Basis	79
F. Capital Projects Fund:	N/A
F-1 Summary Schedule of Project Expenditures	N/A
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis	N/A
F-2(a) Schedule(s) of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis	N/A
G. Proprietary Funds:	80
Enterprise Fund:	
G-1 Combining Schedule of Net Position	N/A
G-2 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	N/A
G-3 Combining Schedule of Cash Flows	N/A
Internal Service Fund:	
G-4 Combining Schedule of Net Position	81
G-5 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	82
G-6 Combining Schedule of Cash Flows	83

	Page
H. Fiduciary Funds:	84
H-1 Combining Statement of Fiduciary Net Position	85
H-2 Combining Statement of Changes in Fiduciary Net Position	86
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	87
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	88
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	N/A
I-2 Schedule of Obligations Under Capital Leases	N/A
I-3 Debt Service Fund Budgetary Comparison Schedule	N/A
STATISTICAL SECTION (Unaudited)	89
Introduction to the Statistical Section	90
Financial Trends	
J-1 Net Position by Component	91
J-2 Changes in Net Position	92
J-3 Fund Balances - Governmental Funds	93
J-4 Changes in Fund Balances - Governmental Funds	94
J-5 General Fund Other Local Revenue by Source	95
Revenue Capacity	
J-6 Assessed Value and Estimated Actual Value of Taxable Property	96
J-7 Direct and Overlapping Property Tax Rates	97
J-8 Principal Property Taxpayers	98
J-9 Property Tax Levies and Collections	99
Debt Capacity	
J-10 Ratios of Outstanding Debt by Type	100
J-11 Ratios of General Bonded Debt Outstanding	101
J-12 Direct and Overlapping Governmental Activities Debt	102
J-13 Legal Debt Margin Information	103
Demographic and Economic Information	
J-14 Demographic and Economic Statistics	104
J-15 Principal Employers	105
Operating Information	
J-16 Full-time Equivalent District Employees by Function/Program	106
J-17 Operating Statistics	107
J-18 School Building Information	108
J-19 Schedule of Required Maintenance Expenditures by School Facility	109
J-20 Insurance Schedule	110
J-21 Charter School Performance Framework, Financial Performance, Fiscal Ratios/Renaissance School Project Framework, Financial Performance, Fiscal Ratios	N/A

SINGLE AUDIT SECTION

Page
111

K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	112-113
K-2	Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards and State Financial Assistance Required by Uniform Guidance and New Jersey OMB's Circular 15-08	114-116
K-3	Schedule of Expenditures of Federal Awards, Schedule A	117
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	118
K-5	Notes to the Schedules of Expenditures of Awards and Financial Assistance	119-120
K-6	Schedule of Findings and Questioned Costs	121-123
K-7	Summary Schedule of Prior Audit Findings and Questioned Costs as Prepared by Management	124

INTRODUCTORY SECTION



WESTVILLE SCHOOL DISTRICT

101 Birch Street
Westville, NJ 08093
Phone (856) 848-8203 • Fax: (856) 848-4587
www.westville.k12.nj.us

Shannon Whalen
Superintendent

Christopher M. Rodia
Business Administrator/Board Secretary

November 21, 2017

Honorable President and
Members of the Board of Education
Westville School District
101 Birch Avenue
Westville, New Jersey 08093

Dear Members of the Board:

The comprehensive annual financial report of the Westville School District (District) for the fiscal year ended June 30, 2017, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the Management of the Board of Education (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 comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart, and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, and the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, "Audits of State and Local Governments," and the New Jersey OMB's Circular Letter 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments," for the fiscal year ended June 30, 2017. 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:** Westville School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All Funds and account groups of the District are included in this report. The Westville Board of Education and all its schools constitute the District's reporting entity. The District provides a full range of educational services appropriate to the grade levels pre-kindergarten through six. These include regular as well as special education for Handicapped youngsters. The District completed the 2016-2017 fiscal year with an enrollment of 376, which is 5 students more than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years:

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2016-2017	378.4	+4.79%
2015-2016	361.1	+1.66%
2014-2015	355.2	-3.79%
2013-2014	369.3	+6.88%
2012-2013	345.5	-1.45%
2011-2012	350.6	+5.09%
2010-2011	333.6	-6.00%
2009-2010	354.9	+5.41%
2008-2009	336.7	+2.87%
2007-2008	327.3	-12.99%
2006-2007	376.2	+0.75%

2. **Major Initiatives:** The Board of Education continues to support initiatives which link to student achievement. The shift to the New Jersey Core Standards and the New Generation Science Standards continues to be a focus of the school level and district level professional development through professional learning communities.

The District continues to track individual student growth through the use of local and state assessments. Staff members working in grade level meetings and professional learning communities review the data, determine trends in order to make adjustments to curriculum and unit planning as well as set individual goals with students. This year a new math resource was purchased to support our students and staff with the teaching and learning through math instruction.

3. **Economic Condition and Outlook:** The Borough of Westville is one square mile, which is fully developed with no room for additional growth in either business or housing. The population of the town is expected to remain relatively stable, however, one-third of the residential properties are rental units, which can result in fluctuating enrollments.
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 earlier, tests are made 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. 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 cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance on June 30, 2016.

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. **Debt Administration:** The District has no outstanding debt as of June 30, 2017.
8. **Cash Management:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 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.
9. **Risk Management:** The Board carries various forms of insurance, including but not limited to, general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds through the Gloucester, Salem, and Cumberland School Districts Joint Insurance Fund.
10. **Other Information:** *Independent Audit* – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Petroni & Associates LLC was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984, and the revised *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards (Uniform Guidance)*, and New Jersey OMB's 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 auditor's reports related specifically to the single audit are included in the single audit section of this report.

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

Respectfully submitted,

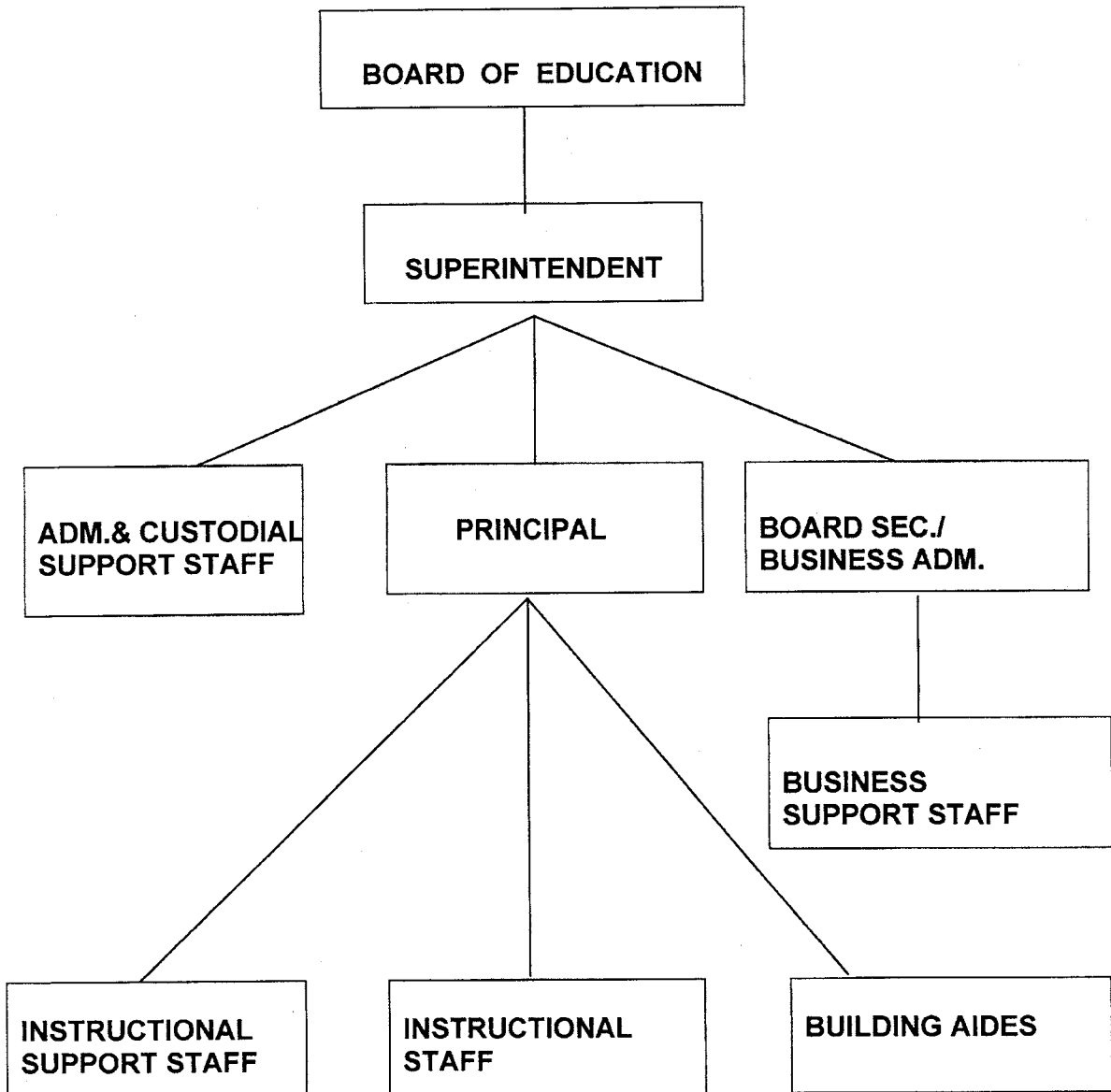
Shannon M. Whalen
Dr. Shannon M. Whalen
Superintendent

Christopher M. Rodia
Christopher M. Rodia
School Business Administrator/
Board Secretary

WESTVILLE BOARD OF EDUCATION

ORGANIZATIONAL CHART

(UNIT CONTROL)



WESTVILLE BOARD OF EDUCATION
Westville, NJ 08093

ROSTER OF OFFICIALS
June 30, 2017

MEMBERS OF THE BOARD OF EDUCATION

Term Expires

Robert Miller, President	2018
Jesse McCullough, Vice President	2017
Colleen Collins	2017
Scott Magill	2017
Wendy Baxter	2018
Kate Burgo	2018
Donna Domico	2019
Lynn Lucas	2019
Alyson Young	2019

OTHER OFFICIALS

Dr. Shannon M. Whalen, Superintendent
Renee Egan, Principal
Christopher Rodia, School Business Administrator/Board Secretary
Richard M. Burr, Treasurer
Joseph F. Betley, Esq., Solicitor

WESTVILLE BOARD OF EDUCATION
Westville, NJ 08093

CONSULTANTS AND ADVISORS

ARCHITECT

Spiezle Architectural Group
120 Sanhican Drive
Trenton, NJ 08618

AUDIT FIRM

Petroni & Associates LLC
102 West High Street, Suite 100
Glassboro, NJ 08028

ATTORNEY

Capehart & Scatchard
Laurel Corporate Center, Suite 300
8000 Midlantic Drive
Mount Laurel, NJ 08054

OFFICIAL DEPOSITORY

First Colonial Community Bank
321 Broadway
Westville, NJ 08093

FINANCIAL SECTION

PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants
102 West High Street, Suite 100 • P.O. Box 279 • Glassboro, NJ 08028
(856) 881-1600 • Fax (856) 881-6860

MEMBER: AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Mary A. Carey, RMA
Wendy G. Fama, CPA
Denise R. Nevico, CPA
Deanna L. Roller, CPA, RMA

INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
Westville School District
101 Birch Avenue
Westville, New Jersey 08093

Report on the Financial Statements

We have audited the accompanying financial statements of the Governmental Activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Westville School District, in the County of Gloucester, State of New Jersey, as of and for the fiscal 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 misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments; the auditor considers internal control relevant to the District's preparation 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 District's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Governmental Activities, each major fund, and the aggregate remaining fund information of the Westville Board of Education 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 and budgetary comparison information 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 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 Westville Board of Education's basic financial statements. The 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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards*, (Uniform Guidance), and the schedule of state financial assistance as required by NJ OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, and the introductory and statistical sections 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, schedules of expenditures of Federal and State Awards, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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, Audit Requirements for Federal Awards* (Uniform Guidance), and the schedule of state financial assistance as required by New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2017, on our consideration of the Westville Board of Education's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* in considering Westville Board of Education's internal control over financial reporting and compliance.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542
Glassboro, New Jersey

November 21, 2017

REQUIRED SUPPLEMENTARY INFORMATION – PART 1

Westville School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017
Unaudited

The discussion and analysis of Westville 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.

Financial Highlights

Key financial highlights for 2017 are as follows:

- General revenues accounted for \$5,995,588 in revenue or 93 percent of all revenues. Program specific revenues in the form of charges for services and operating grants accounted for \$429,044 or 7 percent to total revenues of \$6,424,632.
- The School District had \$6,343,226 in expenses; only \$429,044 of these expenses were offset by program specific charges for services and grants.
- Among major funds, the General Fund had \$5,995,588 in revenues and \$5,659,301 in expenditures. The General Fund's balance increased \$334,786 over 2016.

Using this Generally Accepted Accounting Principles Report (GAAP)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Westville 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 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. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Westville School District, the General Fund is by far the most significant fund.

Reporting the School District as a Whole

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 2017?" The Statement of Net Position and the Statement of Activities 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 account, 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 those assets. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position 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

Westville School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017
Unaudited

Statement of Net Position and the Statement of Activities (Continued)

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 reports Governmental Activities. Governmental Activities are the activities where most of the School District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation, and extracurricular activities. The School District does not have any business like activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major Governmental Funds are 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 Assets and the Statement of Activities) and Governmental Funds is reconciled in the financial statements.

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 compared to 2016.

Westville School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017
Unaudited

The School District as a Whole (Continued)
Table 1 - Net Position

	<u>2017</u>	<u>2016</u>
ASSETS		
Current & other assets	\$ 988,825	\$ 426,978
Capital assets	<u>3,694,565</u>	<u>3,836,489</u>
Total assets	<u>4,683,390</u>	<u>4,263,467</u>
Deferred outflows	<u>504,000</u>	<u>218,329</u>
LIABILITIES		
Long-term liabilities	104,657	130,703
Other liabilities	327,513	103,001
Net pension liability	<u>1,735,517</u>	<u>1,304,113</u>
Total liabilities	<u>2,167,687</u>	<u>1,537,817</u>
Deferred Inflows		<u>5,682</u>
NET POSITION		
Invested in capital assets, net of debt	3,694,565	3,836,489
Restricted	614,316	253,410
Unrestricted	<u>(1,289,178)</u>	<u>(1,151,602)</u>
Total net position	<u>\$ 3,019,703</u>	<u>\$ 2,938,297</u>

Unrestricted net position, the part of net position that can be used to finance day to day activities, without constraints established by grants or legal requirements of the School District, decreased by \$137,576.

Westville School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017
Unaudited

The School District as a Whole (Continued)

Table 2 shows the changes in net position for fiscal year 2017 with comparative data from 2016.

Table 2 - Changes in Net Position

	2017	2016
REVENUES:		
Program revenues:		
Charges for services	\$ 132,980	\$ 161,400
Operating grants & contributions	296,064	341,390
General revenues:		
Property taxes	2,639,586	2,780,610
Grants & entitlements	3,241,115	3,144,963
Other	114,887	270,475
Total revenues	6,424,632	6,698,838
EXPENSES:		
Instruction	2,542,360	2,858,140
Support	3,640,640	3,758,278
Interest on long-term debt		3,780
Capital outlay	18,302	18,302
Depreciation	141,924	143,121
Total expenses	6,343,226	6,781,621
Change in net position	\$ 81,406	\$ (82,783)

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 41 percent of revenues for Governmental Activities for the Westville School District for fiscal year 2017.

Instruction comprises 40 percent of the District expenses. Support services expenses make up 57 percent of the expenses.

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 for the fiscal year 2017 with comparative data from 2016. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Westville School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017
Unaudited

Governmental Activities (Continued)
Table 3 - Statement of Activities

	2017		2016	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 2,542,360	\$ 2,289,454	\$ 2,858,140	\$ 2,583,711
Support services:				
Tuition	212,078	212,078	321,439	321,439
Student & instructional related services	765,740	589,602	904,080	675,719
School administrative services	103,412	103,412	265,631	265,631
General & business administrative services	276,901	276,901	114,294	114,294
Plant operations & maintenance	249,839	249,839	299,239	299,239
Pupil transportation	265,109	265,109	330,574	330,574
Employee benefits	1,767,561	1,767,561	1,523,021	1,523,021
Interest on long-term debt			3,780	3,780
Capital outlay	18,302	18,302	18,302	18,302
Depreciation	141,924	141,924	143,121	143,121
Total expenses	<u>\$ 6,343,226</u>	<u>\$ 5,914,182</u>	<u>\$ 6,781,621</u>	<u>\$ 6,278,831</u>

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

Pupils and instructional staff expenses include the activities involved with assisting staff with the content and process of teaching to students.

General administration, school administration, and business administration expenses 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.

Employee benefits include the board share of health benefits and the state on-behalf payments for TPAF pension and social security.

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

The School District's Funds

The School District's major funds are accounted for using the modified accrual basis of accounting. All Governmental Funds had total revenues of \$6,291,652 and expenditures of \$5,957,265.

Westville School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017
Unaudited

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 cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of the fiscal 2017 year, 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.

The General Fund revenues exceeded the expenditures and other financing sources of the School District for the year by \$334,786.

Capital Assets

At the end of the fiscal year 2017, the School District had \$3,694,565 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2017 balances compared to 2016.

Table 4 - Capital Assets (Net of Depreciation) at June 30, 2017

	2017	2016
Buildings and building improvements	\$ 3,670,396	\$ 3,806,916
Machinery and equipment	24,169	29,573
	<u>\$ 3,694,565</u>	<u>\$ 3,836,489</u>

Capital assets decreased by \$141,924 from fiscal year 2016 to fiscal year 2017.

Debt Administration

At June 30, 2017, the School District had \$104,657 as outstanding debt. Of this amount \$104,657 is for compensated absences.

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 Christopher Rodia, School Business Administrator/Board Secretary at Gateway Business Services, 775 Tanyard Road, Woodbury Heights, NJ 08097 or e-mail at: crodia@gatewayhs.com.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

WESTVILLE SCHOOL DISTRICT
Statement of Net Position
June 30, 2017

	Governmental Activities	Total
ASSETS		
Cash and cash equivalents	\$ 514,684	\$ 514,684
Receivables, net	321,295	321,295
Due from other funds	1,329	1,329
Restricted assets:		
Capital reserve account - cash	151,517	151,517
Capital assets, net	3,694,565	3,694,565
Total assets	4,683,390	4,683,390
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension	504,000	504,000
LIABILITIES		
Deficit in cash	212,169	212,169
Accounts payable	112,596	112,596
Deferred revenue	2,748	2,748
Noncurrent liabilities:		
Due beyond one year	104,657	104,657
Net pension liability	1,735,517	1,735,517
Total liabilities	2,167,687	2,167,687
NET POSITION		
Invested in capital assets, net of related debt	3,694,565	3,694,565
Restricted for:		
Other purposes	614,316	614,316
Unrestricted	(1,289,178)	(1,289,178)
Total net position	\$ 3,019,703	\$ 3,019,703

See accompanying notes to the basic financial statements.

WESTVILLE SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental activities:						
Instruction:						
Regular	\$ 1,500,151				\$ (1,500,151)	\$ (1,500,151)
Special education	951,954		\$ 252,906		(699,048)	(699,048)
Other special instruction	70,626				(70,626)	(70,626)
Other instruction	19,629				(19,629)	(19,629)
Support services:						
Tuition	212,078				(212,078)	(212,078)
Student & instructional related services	765,740	\$ 132,980	43,158		(589,602)	(589,602)
School administrative services	103,412				(103,412)	(103,412)
General & business administrative services	276,901				(276,901)	(276,901)
Plant operations & maintenance	249,839				(249,839)	(249,839)
Pupil transportation	265,109				(265,109)	(265,109)
Employee benefits	1,767,561				(1,767,561)	(1,767,561)
Capital outlay	18,302				(18,302)	(18,302)
Unallocated depreciation	141,924				(141,924)	(141,924)
Total governmental activities	<u>6,343,226</u>	<u>132,980</u>	<u>296,064</u>		<u>(5,914,182)</u>	<u>(5,914,182)</u>
Total primary government	<u>\$ 6,343,226</u>	<u>\$ 132,980</u>	<u>\$ 296,064</u>		<u>\$ (5,914,182)</u>	<u>\$ (5,914,182)</u>
General revenues:						
Taxes:						
Property taxes, levied for general purposes					\$ 2,639,586	\$ 2,639,586
Federal and state aid not restricted					3,241,115	3,241,115
Tuition					63,919	63,919
Miscellaneous income					50,968	50,968
Total general revenues, special items, extraordinary items, and transfers					<u>5,995,588</u>	<u>5,995,588</u>
Change in net position					<u>81,406</u>	<u>81,406</u>
Net position - beginning					<u>2,938,297</u>	<u>2,938,297</u>
Net position - end					<u>\$ 3,019,703</u>	<u>\$ 3,019,703</u>

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

WESTVILLE SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2017

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
ASSETS					
Cash and cash equivalents	\$ 495,715				\$ 495,715
Receivables from other governments	41,329	\$ 205,751	\$ 42,723		289,803
Other receivables	31,492				31,492
Interfund accounts receivable	1,429				1,429
Restricted cash and cash equivalents	151,517				151,517
Total assets	\$ 721,482	\$ 205,751	\$ 42,723		969,956
LIABILITIES AND FUND BALANCES					
Liabilities:					
Deficit in cash		\$ 169,546	\$ 42,623		212,169
Accounts payable	\$ 70,076	42,520			112,596
Interfund accounts payable			100		100
Deferred revenue		2,748			2,748
Total liabilities	70,076	214,814	42,723		327,613
Fund balances:					
Restricted for:					
Excess surplus - current year	276,837				276,837
Excess surplus - prior year - designated for subsequent year's expenditures	148,689				148,689
Capital reserve	151,517				151,517
Assigned to:					
Designated by the BOE for subsequent year's expenditures	37,273				37,273
Unassigned:					
General fund	37,090				37,090
Special revenue fund		(9,063)			(9,063)
Total fund balances	651,406	(9,063)			642,343
Total liabilities and fund balances	\$ 721,482	\$ 205,751	\$ 42,723		
Amounts reported for Governmental Activities in the Statement of Net Position (A-1) are different because:					
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. The cost of assets is \$6,688,962 and the accumulated depreciation is \$2,994,397 (See Note 6).					3,694,565
Internal Service Funds are used by Management to charge the cost of certain activities to individual funds. Assets and liabilities of the Internal Service Fund are included in Governmental Activities in the Statement of Net Position.					18,969
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 (See Note 7).					(104,657)
Net pension liability adjustment for GASB 68 & 71					(1,231,517)
Net position of Governmental Activities					\$ 3,019,703

See accompanying notes to the basic financial statements.

WESTVILLE SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
REVENUES:					
Local sources:					
Local tax levy	\$ 2,639,586				\$ 2,639,586
Tuition charges	63,919				63,919
Miscellaneous	50,968				50,968
	2,754,473				2,754,473
State sources	3,226,300	\$ 90,313			3,316,613
Federal sources	14,815	205,751			220,566
Total revenues	5,995,588	296,064			6,291,652
EXPENDITURES:					
Current:					
Regular instruction	1,524,347				1,524,347
Special education instruction	697,148	254,806			951,954
Other special instruction	70,626				70,626
Other instruction	19,629				19,629
Support:					
Tuition	212,078				212,078
Student & instruction related services	592,550	43,158			635,708
School administrative services	103,412				103,412
Other administrative services	276,901				276,901
Plant operations and maintenance	249,839				249,839
Pupil transportation	265,109				265,109
Unallocated benefits	1,629,360				1,629,360
Capital outlay	18,302				18,302
Total expenditures	5,659,301	297,964			5,957,265
Excess (deficiency) of revenues over expenditures	336,287	(1,900)			334,387
Other financing sources (uses):					
Transfers in		1,501			1,501
Transfers out	(1,501)				(1,501)
Total other financing sources (uses)	(1,501)	1,501			
Net change in fund balances	334,786	(399)			334,387
Fund balance - July 1	316,620	(8,664)			307,956
Fund balance - June 30	\$ 651,406	\$ (9,063)			\$ 642,343

See accompanying notes to the basic financial statements.

WESTVILLE SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
 of Governmental Funds to the Statement of Activities

Total net change in fund balances - Governmental Funds (from B-2)		\$ 334,387
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, in 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 period.</p>		
Depreciation expense	\$ (141,924)	(141,924)
Internal Service Funds are used by Management to charge the costs of certain activities to individual funds. Net revenue (expense) of Internal Service Funds if reported with Governmental Activities.		2,948
In the Statement of Activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount the difference is an addition to the reconciliation.		26,045
Pension contributions are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the contributions are adjusted for actuarial valuation adjustments		(140,050)
Change in net position of Governmental Activities		\$ 81,406

See accompanying notes to the basic financial statements.

WESTVILLE SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2017

	<u>Governmental Activities - Internal Service Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	<u>\$ 18,969</u>
NET POSITION	
Unrestricted	<u><u>\$ 18,969</u></u>

See accompanying notes to the basic financial statements.

WESTVILLE SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2017

	<u>Governmental Activities - Internal Service Fund</u>
Operating revenues:	
Fees from other LEA's	<u>\$ 132,980</u>
Operating expenses:	
Salaries - supervisor of instruction	107,151
Salaries - secretarial/clerical	19,340
Other salaries	250
Employee benefits	788
Purchased professional - educational services	780
Other purchased services	667
General supplies	<u>1,056</u>
Total operating expenses	<u>130,032</u>
Operating income (loss)	2,948
Total net position - beginning	16,021
Total net position - ending	<u><u>\$ 18,969</u></u>

See accompanying notes to the basic financial statements.

WESTVILLE SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2017

	<u>Governmental Activities - Internal Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from other LEA's	\$ 132,980
Payments to employees	(126,741)
Payments for employee benefits	(787)
Payments to suppliers	(2,504)
	2,948
Net cash provided by (used for) operating activities	2,948
Balances - beginning of year	16,021
Balances - end of year	\$ 18,969
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 2,948
Net cash provided by (used for) operating activities	\$ 2,948

See accompanying notes to the basic financial statements.

WESTVILLE SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Unemployment Compensation Trust	Agency Fund
ASSETS		
Cash and cash equivalents	\$ 73	\$ 59,408
Interfund receivable	1,583	
	1,656	59,408
LIABILITIES		
Payroll deductions and withholdings		37,887
Payable to student groups		18,609
Interfund payable		2,912
		\$ 59,408
NET POSITION		
Held in trust for unemployment claims	\$ 1,656	

See accompanying notes to the basic financial statements.

WESTVILLE SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

	Unemployment Compensation Trust
ADDITIONS:	
Contributions	\$ 5,490
Interest earned	15
Total additions	5,505
DEDUCTIONS:	
Unemployment claims	15,128
Change in net position	(9,623)
Net position - beginning of year	11,279
Net position - end of year	\$ 1,656

See accompanying notes to the basic financial statements.

NOTES TO THE FINANCIAL STATEMENTS

**WESTVILLE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

The Westville School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials who are responsible for the fiscal control of the District. A Superintendent is appointed by the Board and is responsible for the administrative control of the District.

The financial statements of the Board of Education of Westville 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. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB). The more significant accounting policies established in (GAAP) and used by the District are discussed below.

A. Reporting Entity

The Westville School District is a Type II District located in the County of Gloucester, 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-6.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's Board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

B. Basic Financial Statements – District-Wide Statements

The District's basic financial statements include both District-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds.) Both the District-wide and fund financial statements categorize primary activities as either governmental or business-type. The District's general, special revenue, capital projects, and debt service are classified as Governmental Activities. The District does not have a Business-type Activity. Fiduciary Funds are excluded from the Government-wide financial statements.

**WESTVILLE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements – District-Wide Statements (Continued)

In the District-wide Statement of Net Position, both the Governmental Activities columns (a) are presented on a consolidated basis by column; (b) and are reported on a full accrual, economic resource basis which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position are reported in three parts: invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

The District-wide Statement of Activities reports both the gross and net costs of each of the District's functions. The functions are also supported by general government revenues (property taxes, tuition, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenue, operating, and capital grants. Program revenues must be directly associated with the function (regular instruction, special education, student and instruction related services, etc.). Operating grants include operating specific and discretionary (either operating or capital) grants while the capital grants column reflects capital specific grants.

The net costs (by function) are normally covered by general revenue (property taxes, tuition, interest income, etc.).

The District does not allocate indirect costs such as depreciation expense, on-behalf TPAF Pension contributions, and reimbursed TPAF Social Security Contributions.

The District-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

C. Basic Financial Statements - Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in either the Governmental or Business-type Activities categories. Non-major funds by category are summarized into a single column. GASB 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements. The State of 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 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 District's Fiduciary Funds are presented in the fiduciary fund financial statement by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the District-wide statements.

**WESTVILLE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statements - Fund Financial Statements (Continued)

The District reports the following Governmental Funds:

GOVERNMENTAL FUNDS

The focus of the Governmental Funds' measurement (in the fund statements) is upon determination of financial position and change in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the Governmental Funds of the District:

General Fund - The General Fund is the general operating fund of the District. 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 non-instructional equipment which are classified in the Capital Outlay Subfund.

As required by the New Jersey State Department of Education, the District included budgeted capital outlay in this fund. Generally accepted accounting principles 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 governments, (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 temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

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.

PROPRIETARY FUNDS

The focus of the Proprietary Funds measurement is upon the determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to business in the private sector. The following are descriptions of the Proprietary Funds of the District:

**WESTVILLE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statements - Fund Financial Statements (Continued)

Internal Service Fund - The Internal Service Fund accounts for the financing of services provided by one department to other departments of the School District, or to other governments on a cost-reimbursement basis.

FIDUCIARY FUNDS

The Fiduciary Fund category is comprised of Trust and Agency Funds. Trust Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and therefore are not available to support District's programs. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported on the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Both Governmental and Business-type Activities in the District-wide financial statements and the Proprietary and Fiduciary Fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The Governmental Funds financial statements are reported on the modified accrual basis of accounting. Under this method, revenues are recorded when they become both susceptible to accrual; i.e. both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenue from federal, state, or other grants designated for payment of specific school district expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenues until earned. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, claims and judgments, and compensated absences, are recorded when due.

E. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budgets are submitted to the county office for approval and are approved as long as the District budget is within State mandated CAP's, there is no public vote on the budget. If the budget exceeds State mandated CAP's, the voters have an opportunity to approve or reject the budget at the regular election held in November. 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 NJAC 6:23-2(g). Budget amendments/transfers of appropriations may be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and, under certain circumstances, require approval by the County Superintendent of Schools. All budget amounts presented in the accompanying supplementary information reflect the

**WESTVILLE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets/Budgetary Control (Continued)

original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

F. 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 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 District has received advances are reflected in the balance sheet as deferred 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.

G. Cash and Cash Equivalents

Cash and cash equivalents include petty cash, change funds, cash in banks, money market accounts, 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 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.

For purposes of determining cash equivalents the District considers all investments with an original maturity of three months or less as cash equivalents.

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

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of Governmental Unit

**WESTVILLE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Cash and Cash Equivalents (Continued)

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.

NJSA 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 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 of at least 5% 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.

H. Inventories

Inventories are recorded as expenditures during the year of purchase.

I. Interfund Transactions

Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in Governmental Funds. Repayment from funds responsible for particular expenditures/expenses, to the funds that initially paid for them, are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the Statement of Net Position, except for amounts due between Governmental and Agency Funds, which are presented as internal balances.

J. Capital Assets

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the assets' lives are not capitalized. The capitalization threshold used by school districts in the State of New Jersey is \$2,000.

All reported capital assets, except for land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the estimated useful lives;

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Site improvements	20
Building & improvements	20-50
Machinery & equipment	7-20

The District does not possess any material amounts of infrastructure capital assets, such as sidewalks and underground pipes. Such items are considered to be part of the cost of buildings or other improvable property.

**WESTVILLE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Government Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences." A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy and negotiated agreement with the various employee unions.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the Scholl District's past experience of making termination payments. Salary-based payments for the employer's share of social security and Medicare taxes are included.

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.

L. Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

M. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on 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, contractually required pension contributions and compensated absences that are paid from Governmental Funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

N. 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 balance of any borrowing used for the acquisition, construction, or improvement of those assets. Funds are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted funds are available.

**WESTVILLE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Fund Balance

The School District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District's classifications, and policies for determining such classifications, are as follows:

Non-spendable - The non-spendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

Restricted - The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, which, for the School District, is the Board of Education. Such formal action consists of an affirmative vote by the Board of Education, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

Assigned - The assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the business administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes.

Unassigned - The unassigned fund balance classification is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers Restricted Funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of Committed Funds, then Assigned Funds, and finally Unassigned Funds, as needed.

**WESTVILLE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Revenues

Substantially all Governmental Fund revenue is accrued. Property taxes are susceptible to accrual and under New Jersey State statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable." Subsidies and grants, which finance either capital or current operations, are reported as non-operating revenue based on GASB No. 33. In applying GASB No. 33 to grant revenues, the provider recognizes liabilities and expenses and recipient recognizes receivables and revenue when the applicable eligibility requirements are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

Q. Expenditures

Expenses are recognized when the related fund liability is incurred.

R. Accrued Salaries and Wages

Certain school district employees who provide services to the School District over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account.

S. 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, and medical and dental benefits, were allocated based on salaries of that program. 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. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

T. Extraordinary and Special Items

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence.

U. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

**WESTVILLE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

V. Recent Accounting Pronouncements Not Yet Effective

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." This statement, which is effective for fiscal periods beginning after June 15, 2017, is anticipated to have an effect on the District's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 81, "Irrevocable Split-Interest Agreements." This statement, which is effective for fiscal periods beginning after December 15, 2016, will not have any effect on the District's financial reporting.

In November 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 83, "Certain Asset Retirement Obligations." This statement, which is effective for fiscal periods beginning after June 15, 2018, will not have any effect on the District's financial reporting.

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, "Fiduciary Activities." This statement, which is effective for fiscal periods beginning after December 31, 2018, will not have any effect on the District's financial reporting.

In March 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 85, "Omnibus 2017." This statement, which is effective for fiscal periods beginning after June 15, 2017, will not have any effect on the District's financial reporting.

In May 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 86, "Certain Debt Extinguishment Issues." This statement, which is effective for fiscal periods beginning after June 15, 2017, will not have any effect on the District's financial reporting.

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, "Leases." This statement, which is effective for fiscal periods beginning after December 15, 2019, will not have any effect on the District's financial reporting.

NOTE 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is based on New Jersey statutes requiring cash to be deposited only in New Jersey banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA), or in qualified investments established in NJSA 18A:20-37 that are treated as cash equivalents. The carrying amount of the District's cash and cash equivalents at June 30, 2017 and 2016, was \$513,513 and \$94,444. As of June 30, 2017 and 2016, \$0 of the District's bank balance of \$793,353 and \$220,447, respectively, was exposed to Custodial Credit Risk.

**WESTVILLE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 3: INVESTMENTS

As of June 30, 2017, the District did not have any investments.

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

Credit Risk - NJSA 18A:20-37 limits District investments to those specified in the Statutes. The type of allowable investments are: Bonds of the United States of America or of the District or the local units in which the 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 Intergovernmental and other receivables. All receivables are considered collectible in full. A summary of the principal items of the receivables are as follows:

	Governmental Activities
State aid	\$ 84,052
Federal aid	205,751
Other	31,492
	<u>\$ 321,295</u>

NOTE 5: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remain on the balance sheet as of June 30, 2017:

	Interfund Receivable	Interfund Payable
General fund	\$ 1,429	
Capital projects fund		\$ 100
Unemployment compensation fund	1,583	
Agency fund		2,912
	<u>\$ 3,012</u>	<u>\$ 3,012</u>

**WESTVILLE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 6: CAPITAL ASSETS

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

	Balance July 1, 2016	Additions	Disposals	Balance June 30, 2017
Governmental activities:				
Building & building improvements	\$ 6,309,344			\$ 6,309,344
Machinery & equipment	379,618			379,618
Totals at historical cost	<u>6,688,962</u>			<u>6,688,962</u>
Less: accumulated depreciation for				
Building & building improvements	2,502,425	\$ 136,520		2,638,945
Machinery & equipment	350,048	5,404		355,452
Total accumulated depreciation	<u>2,852,473</u>	<u>141,924</u>		<u>2,994,397</u>
Governmental activities capital assets, net	<u>\$ 3,836,489</u>	<u>\$ (141,924)</u>		<u>\$ 3,694,565</u>

Depreciation was charged as an unallocated expense since it could not be specifically identified to one program/function for governmental activities.

NOTE 7: GENERAL LONG-TERM DEBT

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 Board are General Obligation Bonds.

Long-Term Obligation Activity

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

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017	Due Within One Year
Compensated absences	\$ 130,702	\$ 3,419	\$ 29,464	\$ 104,657	
	<u>\$ 130,702</u>	<u>\$ 3,419</u>	<u>\$ 29,464</u>	<u>\$ 104,657</u>	<u>None</u>

Bonds Payable

During the year ended June 30, 2017, the Board had no bonds issued or outstanding.

Bonds Authorized but Not Issued

As of June 30, 2017, the Board had no authorized but not issued debt.

WESTVILLE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8: PENSION FUNDS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System, (PERS) or the Teachers' Pension and Annuity Fund (TPAF), cost-sharing, multiple-employer defined benefit pension plans, which have been established by state statute and is 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, P.O. Box 295, Trenton, New Jersey 08625-0295 or can be accessed on the internet at: <http://www.state.nj.us/treasury/pensions/actuarial-rpts.shtml>.

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

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of NJSA 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.

Funding Policy - The contribution policy is set by NJSA 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and NJSA 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Effective with the first payroll to be paid on or after October 1, 2011, the employee contributions for TPAF and PERS increased from 5.5% of employee's annual compensation, as defined, to 6.5%. Subsequent increases will be phased in over 7 years (each July 1) to bring the total pension contribution rate to 7.5% as of July 1, 2018. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for, cost-of-living adjustments, non-contributory death benefits, and post-retirement medical premiums. The current TPAF and PERS rate is 7.2% of covered payroll. The District's contributions to PERS for the years ending June 30, 2017, 2016, and 2015, were \$52,058, \$49,946, and \$45,178, respectively, equal to the required contributions for each year.

**WESTVILLE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 8: PENSION FUNDS (CONTINUED)

During the fiscal year ended June 30, 2017, the State of New Jersey contributed \$535,511 to the TPAF for normal and post-retirement benefits on behalf of the District. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the District \$186,725 for TPAF members, as calculated on their base salaries. These amounts have been included in the financial statements, and the combining and individual fund and account group statements, and schedules, as revenues and expenditures, in accordance with GASB 27.

The District's total payroll for the years ended June 30, 2017, 2016, and 2015, were \$3,79,571, \$3,519,958, and \$3,411,157, respectively. Covered payroll was \$367,422, \$391,083, and \$409,679, for PERS and \$2,692,827, \$2,688,407, and \$2,718,815, for TPAF, for the same years.

For the year ended June 30, 2017, the District recognized pension expense of \$192,110. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 324,808	
Net difference between expected and actual experience	25,683	
Net difference between projected and actual earning on pension plan investments	86,706	
Changes in proportion and differences between District contributions and proportionate share of contributions	14,745	
Employer contributions subsequent to the measurement date	52,058	
	\$ 504,000	None

\$52,058 reported as deferred outflows of resources related to pensions resulting from School District project contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	Amount
June 30,	
2018	\$ 102,496
2019	102,496
2020	117,782
2021	100,229
Thereafter	28,939
	\$ 451,942

**WESTVILLE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 8: PENSION FUNDS (CONTINUED)

Additional Information – Collective balances at June 30, 2015 and 2016, are as follows:

	June 30, 2015	June 30, 2016
Collective deferred outflows of resources	\$ 3,578,755,666	\$ 7,815,204,785
Collective deferred inflows of resources	993,410,455	
Collective net pension liability	22,447,996,119	29,617,131,759
District's proportion	0.0058094861%	0.0058598421%

Defined Contribution Retirement Program - The Defined Contribution Retirement Program (DCRP) is a cost-sharing, multiple-employer defined contribution pension fund which was established on July 1, 2007, under provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (NJAC 43:15C-1 et seq.). The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provision are established by NJSA 43:15C-1 et seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right, under the current law, to make temporary reductions in member rates based on the existence of surplus normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the School District's contributes amounts for each pay period to Prudential Financial, not later than the fifth business day after the date on which the employee is paid for that pay period. The School District's contributions for the years ending June 30, 2017, 2016, and 2015, were \$4,604, \$5,254, and \$5,915 for covered employees.

NOTE 9: POST-RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions 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, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program 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.

**WESTVILLE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 10: DEFERRED COMPENSATION

The Board offers its employees a choice of various 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:

Edward Jones
Life of South West

Lincoln Investment Planning, Inc.
ING/Reliastar

NOTE 11: COMPENSATED ABSENCES

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences." A liability for compensated absences attributable to services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee, is accrued as the employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy and negotiated agreements with the various employee unions.

The liability for vested compensated absences is recorded in the District-wide *Statement of Net Position*. The current portion of the compensated absence balance is not considered material to the governmental funds total liabilities and, is therefore not shown separately from the amount due in more than one year.

NOTE 12: LABOR CONTRACTS

As of June 30, 2017, the District has a total of approximately 120 employees. Of this total, approximately 34 employees are represented by the Westville Education Association whose union agreement expires on June 30, 2020.

NOTE 13: 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.

Property and Liability Insurance:

The District maintains commercial insurance coverage for property, liability, student accidents, and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. Any potential liability of the District, with respect to loss claims, would be equal to the deductibles associated with policies and events which may exceed coverage limits. There have been no significant reductions in insurance coverage amounts.

**WESTVILLE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 13: RISK MANAGEMENT (CONTINUED)

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. This 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:

Year Ended June 30,	Interest Contributions	District Contribution	Employee Contribution	Amount Reimbursed	Ending Balance
2017	\$ 15		\$ 5,490	\$ 15,128	\$ 1,656
2016	22		5,876	5,872	4,542
2015	19		5,576	1,105	4,490

NOTE 14: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Westville Board of Education by inclusion of \$65,713 in the original 2007-2008 annual capital outlay budget, 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). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual General Fund Budget certified for taxes or by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to NJSA 19:60-2. Pursuant to NJAC 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Beginning balance - July 1, 2016	\$ 1,513
Interest earnings	4
Deposits approved by resolution	150,000
Ending balance - June 30, 2017	<u>\$ 151,517</u>

The June 30, 2017, LRFP balance of local support costs, of uncompleted capital projects at June 30, 2017, is \$333,190.

**WESTVILLE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 15: FUND BALANCE APPROPRIATED

Restrictions of fund balances of Governmental Funds are established to either (1) satisfy legal covenants that require a portion of the fund balance to be segregated or (2) identify the portion of the fund balance that is not appropriate for future expenditures.

The District follows the State of New Jersey's minimum fund balance policy for New Jersey Public School Districts (NJSA 18A:7F-7). Pursuant to that policy, an undesignated fund balance of 2% of the general fund budget or \$250,000, whichever is greater may be maintained.

Specific classifications of fund balance are summarized below:

Restricted

General Fund - In accordance with NJSA 18A:7F-7, \$425,526 is restricted as excess surplus (\$148,689 of the total restricted amount has been appropriated and included as anticipated revenue for the year ending June 30, 2018).

Assigned

General Fund - The District has appropriated and included as an anticipated revenue for the year ending June 30, 2018, \$37,273 of General Fund balance as of June 30, 2017. As of June 30, 2017, the District had no encumbrances outstanding for purchase orders and contracts signed by the District, but not completed, as of the close of the fiscal year.

Unassigned

General Fund - As of June 30, 2017, \$37,090 of fund balance was unassigned.

Special Revenue Fund - As of June 30, 2017, the fund balance was a deficit of \$9,063.

NOTE 16: CALCULATION OF EXCESS SURPLUS

The designation of Reserve Fund Balance - Excess surplus is a required calculation pursuant NJSA 18A:7F-7, as amended. 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 \$425,526.

NOTE 17: DEFICIT FUND BALANCES

The District has a deficit fund balance of \$9,063 in the Special Revenue Fund as of June 30, 2017, as reported in the fund statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the state is recording the June state aid payment(s) in the subsequent fiscal year, the School District cannot recognize the June state aid payment(s)

**WESTVILLE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 17: DEFICIT FUND BALANCES (CONTINUED)

on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payment(s), the Special Revenue Fund balance deficit does not alone indicate that the District is facing financial difficulties.

NOTE 18: CONTINGENT LIABILITIES

The District participates in federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The 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.

It is the opinion of the administration and legal counsel, that there exists no litigation or contingent liability that may be pending against the Westville School District that would have a material or adverse effect on the Board or the financial position of the District.

NOTE 19: ECONOMIC DEPENDENCY

The District is heavily reliant on state aid and local tax levy to fund the District's operations. State sources accounted for approximately 52% of the District's 2016-2017 General Fund revenue, while local tax levy accounted for approximately 43%.

NOTE 20: TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because NJSA 54:4-75 and NJSA 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district Board of Education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at NJSA 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

The Borough of Westville did not have any tax abatements for the year ended December 31, 2016.

**WESTVILLE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 21: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2017 and November 21, 2017, the date that the financial statements were available to be issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

WESTVILLE SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 2,639,586		\$ 2,639,586	\$ 2,639,586	
Tuition	141,000		141,000	63,919	\$ (77,081)
Miscellaneous	15,000		15,000	50,968	35,968
Total - local sources	<u>2,795,586</u>		<u>2,795,586</u>	<u>2,754,473</u>	<u>(41,113)</u>
State sources:					
Categorical transportation aid	3,994		3,994	3,994	
Categorical special education aid	174,074		174,074	174,074	
Equalization aid	2,284,324		2,284,324	2,284,324	
Categorical security aid	20,739		20,739	20,739	
PARCC readiness aid	3,250		3,250	3,250	
Per pupil growth aid	3,250		3,250	3,250	
Professional learning community aid	3,280		3,280	3,280	
Extraordinary aid				15,819	15,819
Nonpublic school transportation reimbursement				522	522
TPAF post-retirement medical (on-behalf/non-budgeted)				243,147	243,147
TPAF pensions contributions (on-behalf/non-budgeted)				291,812	291,812
TPAF long term disability (on-behalf/non-budgeted)				552	552
Reimbursed TPAF social security contributions (non-budgeted)				186,725	186,725
Total - state sources	<u>2,492,911</u>		<u>2,492,911</u>	<u>3,231,488</u>	<u>738,577</u>
Federal sources:					
Medicaid reimbursement	16,103		16,103	14,815	(1,288)
Total revenues	<u>\$ 5,304,600</u>		<u>\$ 5,304,600</u>	<u>\$ 6,000,776</u>	<u>\$ 696,176</u>

WESTVILLE SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current expense:					
Regular programs - instruction:					
Pre-school - salaries of teachers		\$ 4,000	\$ 4,000	\$ 3,800	\$ 200
Kindergarten - salaries of teachers	\$ 260,067	3,166	263,233	244,448	18,785
Grades 1-5 - salaries of teachers	961,957	(8,054)	953,903	953,568	335
Grades 6-8 - salaries of teachers	171,962	1,656	173,618	172,831	787
Regular programs - home instruction:					
Salaries of teachers	1,500	3,652	5,152	5,152	
Regular programs - undistributed instruction:					
Other salaries for instruction	49,005	20,287	69,292	68,955	337
Other purchased services	25,500	(8,034)	17,466	17,465	1
General supplies	60,259	(17,162)	43,097	41,128	1,969
Textbooks	19,020		19,020	17,000	2,020
Other objects	1,500		1,500		1,500
Total regular programs - instruction	1,550,770	(489)	1,550,281	1,524,347	25,934
Special education instruction:					
Learning and/or language disabilities:					
Salaries of teachers	84,710	594	85,304	83,795	1,509
Other salaries for instruction	36,849	15,115	51,964	44,589	7,375
General supplies	1,900		1,900	1,675	225
Total learning and/or language disabilities	123,459	15,709	139,168	130,059	9,109

WESTVILLE SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Special education instruction:					
Behavioral disabilities:					
Salaries of teachers	60,265	340	60,605	54,499	6,106
Other salaries for instruction	16,694		16,694		16,694
Total behavioral disabilities	76,959	340	77,299	54,499	22,800
Resource room/resource center:					
Salaries of teachers	334,885	3,116	338,001	337,390	611
Other salaries for instruction	107,713	(32,806)	74,907	69,192	5,715
General supplies	600		600	259	341
Total resource room/resource center	443,198	(29,690)	413,508	406,841	6,667
Preschool disabilities - part-time:					
Salaries of teachers	83,660	(12)	83,648	83,237	411
Other salaries for instruction	18,640	3,666	22,306	22,213	93
General supplies	1,137	(97)	1,040	299	741
Total preschool disabilities - part-time	103,437	3,557	106,994	105,749	1,245
Total special education - instruction	747,053	(10,084)	736,969	697,148	39,821
Basic skills/remedial instruction:					
Salaries of teachers	124,858	(17,982)	106,876	70,063	36,813
General supplies	1,350		1,350	563	787
Total basic skills/remedial instruction	126,208	(17,982)	108,226	70,626	37,600
Bilingual education:					
General supplies	286		286		286
Total bilingual education	286		286		286

WESTVILLE SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-spon. cocurricular activities - instruction:					
Salaries	4,000	8,372	12,372	12,372	
Other purchased services	5,000	2,000	7,000	6,927	73
General supplies	600		600	330	270
Other objects	150		150		150
Total school-spon. cocurricular activities - instruction	9,750	10,372	20,122	19,629	493
Total instructions	2,434,067	(18,183)	2,415,884	2,311,750	104,134
Undistributed expenditures - instruction:					
Tuition to other LEA's within the state - regular	25,986	(2,000)	23,986	15,228	8,758
Tuition to CSSD & regional day schools	106,900	89,950	196,850	196,850	
Tuition to private schools for the disabled - within state	167,913	(89,950)	77,963		77,963
Total undistributed expenditures - instruction	300,799	(2,000)	298,799	212,078	86,721
Undistributed expenditures - attendance & social work:					
Purchased professional - technical services	4,000		4,000	2,028	1,972
Total undistributed expenditures - attendance & social work	4,000		4,000	2,028	1,972
Undistributed expenditures - health services:					
Salaries	58,665	(5,889)	52,776	52,081	695
Purchased professional - technical services	1,500	(35)	1,465	214	1,251
Supplies and materials	450	75	525	523	2
Other objects	75		75		75
Total undistributed expenditures - health services	60,690	(5,849)	54,841	52,818	2,023

WESTVILLE SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed expenditures - speech, OT, PT & related services:					
Salaries	196,790	1,536	198,326	198,033	293
Supplies and materials	300	113	413	413	
Total undistributed expenditures - speech, OT, PT & related services	197,090	1,649	198,739	198,446	293
Undistributed expenditures - child study team:					
Salaries of other professional staff	79,520	(229)	79,291	75,558	3,733
Purchased professional - educational services	110,000	(380)	109,620	105,120	4,500
Purchased professional - technical services	145,000		145,000	102,702	42,298
Supplies and materials	1,756		1,756	762	994
Other objects		605	605	605	
Total undistributed expenditures - child study team	336,276	(4)	336,272	284,747	51,525
Undistributed expenditures - improvement of inst. services:					
Salaries of other professional staff	1,000		1,000		1,000
Purchased professional - educational services	35,000		35,000	1,160	33,840
Other purchased services	2,000		2,000		2,000
Supplies and materials	3,962	113	4,075	4,075	
Total undistributed expenditures - improvement of inst. services	41,962	113	42,075	5,235	36,840

WESTVILLE SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. expend. - edu. media serv./school library:					
Salaries of technology coordinators	47,769		47,769	47,769	
Other purchased services	800		800		800
Supplies and materials	700		700	332	368
Total undist. expend. - edu. media serv./school library	49,269		49,269	48,101	1,168
Undist. expend. - instructional staff training					
Other salaries	1,000		1,000		1,000
Purchased professional - educational services	250		250	40	210
Other purchased services	2,500		2,500	1,135	1,365
Supplies and materials	600		600		600
Total undist. expend. - instructional staff training	4,350		4,350	1,175	3,175
Undist. expend. - supp. serv. - general administration:					
Salaries	22,417		22,417	22,321	96
Legal services	2,000	4,954	6,954	6,954	
Audit fees	12,000		12,000	11,350	650
Other purchased professional services	40,000	(4,000)	36,000	35,945	55
Purchased technical services	5,000		5,000	4,000	1,000
Communications/telephone	18,000	236	18,236	18,236	
Other purchased services	500	4,735	5,235		5,235
BOE - other purchased services	500		500		500
Miscellaneous purchased services	7,000		7,000	1,337	5,663
General supplies	1,600		1,600	358	1,242
Miscellaneous expenditures	400		400		400
BOE membership dues and fees	3,500		3,500	2,911	589
Total undist. expend. - supp. serv. - general administration	112,917	5,925	118,842	103,412	15,430

WESTVILLE SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. expend. - supp. serv. - school administration:					
Salaries of principals/asst. principals/program directors	118,422		118,422	118,422	
Salaries of secretarial and clerical assistants	40,093	(150)	39,943	39,642	301
Other purchased services	1,500	4,657	6,157	683	5,474
Supplies and materials	2,000	228	2,228	2,180	48
Other objects	1,500		1,500	1,394	106
Total undist. expend. - supp. serv. - school administration	163,515	4,735	168,250	162,321	5,929
Undist. expend. - central services:					
Salaries	34,542	159	34,701	34,701	
Purchased professional services	65,000	(199)	64,801	64,657	144
Purchased technical services	15,000		15,000	14,050	950
Miscellaneous purchased services	5,000		5,000		5,000
Supplies and materials	940	232	1,172	1,172	
Total undist. expend. - central services	120,482	192	120,674	114,580	6,094
Undist. expend. - required maintenance for school facilities:					
Cleaning, repair, and maintenance services	35,000		35,000	21,094	13,906
Total undist. expend - required maintenance for school facilities	35,000		35,000	21,094	13,906

WESTVILLE SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. expend. - custodial services:					
Salaries	101,646	(2,371)	99,275	94,311	4,964
Cleaning, repair, and maintenance services	25,000		25,000	4,781	20,219
Other purchased property services	5,000		5,000	1,175	3,825
Insurance	7,000		7,000	7,000	
General supplies	13,600		13,600	6,341	7,259
Energy (electricity)	110,000	(18,483)	91,517	87,569	3,948
Salaries of non-instructional aides	18,000	2,924	20,924	20,549	375
Energy (gas/heat)	15,000		15,000	7,019	7,981
Total undist. expend. - custodial services	295,246	(17,930)	277,316	228,745	48,571
Undist. expend. - student transportation services:					
Management fees - ESC & CTSA	50		50		50
Contract services (bet. home & school) joint agreements	60,000	(26,015)	33,985	32,556	1,429
Contract services (sp. ed. students) joint agreements	90,000	(46,097)	43,903	43,903	
Contract services (sp. ed. students) ESC's & CTSA's	80,840	89,597	170,437	170,437	
Contract services - aid in lieu of payments	5,000	13,213	18,213	18,213	
Total undist. expend. - student transportation services	235,890	30,698	266,588	265,109	1,479

WESTVILLE SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Unallocated benefits - employee benefits:					
Social security contributions	62,000		62,000	40,568	21,432
Other retirement contributions - PERS	57,000		57,000	56,698	302
Unemployment compensation	23,334		23,334		23,334
Workmen's compensation	15,000	4,875	19,875	19,875	
Health benefits	799,547	(31,496)	768,051	744,112	23,939
Tuition reimbursement	12,000		12,000	12,000	
Other employee benefits	6,600	8,900	15,500	15,496	4
Unused sick payments		18,375	18,375	18,375	
Total unallocated benefits - employee benefits	975,481	654	976,135	907,124	69,011
On-behalf contributions:					
On-behalf TPAF pensions contributions (non-budgeted)				291,812	(291,812)
On-behalf TPAF OPEB (post-retirement medical) contrib. (non-budgeted)				243,147	(243,147)
On-behalf TPAF long term disability (non-budgeted)				552	
Reimbursed TPAF social security contributions (non-budgeted)				186,725	(186,725)
Total on-behalf contributions				722,236	(721,684)
Total personal services - employee benefits	975,481	654	976,135	1,629,360	(652,673)
Total undistributed expenditures	2,932,967	18,183	2,951,150	3,329,249	(377,547)
Total general current expense	5,367,034		5,367,034	5,640,999	(273,413)

WESTVILLE SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Facilities acquisitions and construction services:					
Assessment for debt service	18,302		18,302	18,302	
Total facilities acquisitions and construction services	<u>18,302</u>		<u>18,302</u>	<u>18,302</u>	
Total capital outlay	<u>18,302</u>		<u>18,302</u>	<u>18,302</u>	
Total expenditures	<u>5,385,336</u>		<u>5,385,336</u>	<u>5,659,301</u>	<u>(273,413)</u>
Excess (deficiency) of revenues over (under) expenditures	(80,736)		(80,736)	341,475	969,589
Other financing sources:					
Operating transfer out:					
Transfer to special revenue fund	(22,472)		(22,472)	(1,501)	(20,971)
Total other financing sources	<u>(22,472)</u>		<u>(22,472)</u>	<u>(1,501)</u>	<u>(20,971)</u>
Excess (deficiency) of revenues and other financing sources					
Over (under) expenditures and other financing sources (uses)	(103,208)		(103,208)	339,974	948,618
Fund balance - July 1	<u>540,683</u>		<u>540,683</u>	<u>540,683</u>	
Fund balance - June 30	<u>\$ 437,475</u>		<u>\$ 437,475</u>	<u>\$ 880,657</u>	<u>\$ 948,618</u>

WESTVILLE SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Recapitulation:					
Restricted fund balance:					
Capital reserve				\$ 151,517	
Excess surplus - designated for subsequent year's expenditures				148,689	
Excess surplus - current year				276,837	
Assigned fund balance:					
Designated for subsequent year's expenditures				37,273	
Unassigned fund balance				266,341	
				<u>880,657</u>	
Reconciliation to governmental fund statements (GAAP):					
Last state aid payment not recognized on GAAP basis				(229,251)	
Fund balance per Governmental Funds (GAAP)				<u>\$ 651,406</u>	

WESTVILLE SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State sources	\$ 90,712		\$ 90,712	\$ 90,712	
Federal sources	236,003		236,003	205,751	\$ 30,252
Total revenues	\$ 326,715		\$ 326,715	\$ 296,463	\$ 30,252
EXPENDITURES:					
Instruction:					
Salaries of teachers	\$ 171,766		\$ 171,766	\$ 167,966	\$ 3,800
Other salaries for instruction	16,689		16,689	14,917	1,772
Tuition	91,713		91,713	71,111	20,602
General supplies	5,152		5,152	812	4,340
Total instruction	285,320		285,320	254,806	30,514
Support services:					
Salaries	1,312		1,312	600	712
Personal services - employee benefits	41,241		41,241	28,178	13,063
Purchased professional - educational services	18,234		18,234	14,380	3,854
Other purchased services	3,050		3,050		3,050
General supplies	30		30		30
Total support services	63,867		63,867	43,158	20,709
Total expenditures	349,187		349,187	297,964	51,223
Other financing sources:					
Transfer in from general fund	22,472		22,472	1,501	20,971
Total outflows	\$ 326,715		\$ 326,715	\$ 296,463	\$ 30,252

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

WESTVILLE SCHOOL DISTRICT
 Required Supplementary Information
 Budget-to-GAAP Reconciliation
 Note to RSI
 For the Fiscal 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	\$ 6,000,776	\$ 296,463
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	None	None
State aid payment recognized for GAAP purposes in the current year, previously recognized for budgetary purposes.	224,063	8,664
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(229,251)	(9,063)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - Governmental Funds	\$ 5,995,588	\$ 296,064
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	\$ 5,659,301	\$ 297,964
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - Governmental Funds	\$ 5,659,301	\$ 297,964

REQUIRED SUPPLEMENTARY INFORMATION - PART III

SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSIONS (GASB 68)

WESTVILLE SCHOOL DISTRICT
 Schedule of the District's Proportionate Share of the Net Pension Liability - PERS
 Last Three Fiscal Years

	Fiscal Year Ended		
	June 30, 2015	June 30, 2016	June 30, 2017
District's proportion of the net pension liability (asset)	0.0054802026%	0.0058094861%	0.0058598421%
District's proportionate share of the net pension liability (asset)	\$ 1,026,044	\$ 1,304,113	\$ 1,735,517
District's covered- employee payroll	371,523	398,965	355,578
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	276.17%	326.87%	488.08%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%
Measurement Date	June 30, 2014	June 30, 2015	June 30, 2016

WESTVILLE SCHOOL DISTRICT
 Schedule of District Contributions - PERS
 Last Three Fiscal Years

	Fiscal Year Ended		
	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>
Contractually required contribution	\$ 45,178	\$ 49,946	\$ 52,058
Contributions in relation to the contractually required contribution	45,178	49,946	52,058
Contribution deficiency (excess)	<u>None</u>	<u>None</u>	<u>None</u>
District's covered-employee payroll	\$ 371,523	\$ 398,965	\$ 355,578
Contributions as a percentage of covered-employee payroll	12.16%	12.52%	14.64%
Measurement Date	June 30, 2014	June 30, 2015	June 30, 2016

WESTVILLE SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability - TPAF
Last Three Fiscal Years

	Fiscal Year Ended		
	June 30, 2015	June 30, 2016	June 30, 2017
District's proportion of the net pension liability (asset)	0.0263434159%	0.0258683929%	0.0257305330%
District's proportionate share of the net pension liability (asset)	\$ 14,080,096	\$ 16,349,929	\$ 20,241,275
District's covered-employee payroll	2,521,121	2,646,972	2,589,541
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	558.49%	617.68%	781.65%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%
Measurement Date	June 30, 2014	June 30, 2015	June 30, 2016

The data in the above schedule represents the allocation of the State of New Jersey's obligation *on behalf* of the District.

The Teachers' Pension and Annuity Fund (TPAF) On-behalf Payments is a Cost Sharing, Multi-Employer Defined Benefit Plan with a Special Funding Situation - 100% Legal Obligation of the State of New Jersey (State).

Since the State is the only entity with a legal obligation, the District's proportionate share percentage determined under paragraph 48 of GASB No. 68 is zero percent. Accordingly, the District did not recognize any portion of the TPAF collective net pension liability on the Statement of Net Position (A-1). Also on the A-1, and for the same reasons, the District did not recognize any portion of TPAF collective deferred outflows of resources and TPAF deferred inflows of resources.

WESTVILLE SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – PART III
JUNE 30, 2017

NOTE 1: CONTRIBUTIONS

The contribution policy for PERS is set by NJSA 15A and requires contributions by active members and contributing employers. The District's contribution amount was based on an actuarially determined rate which includes the normal cost and unfunded accrued liability.

NOTE 2: 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 actuarial valuation used the following actuarial assumptions:

Inflation rate	3.08%
Salary increases:	
Through 2026	1.65 – 4.150% based on age
Thereafter	2.65 – 5.15% based on age
Investment rate of return	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Tables for male and female active participants. For local employees, mortality tables are setback 2 years for males and 7 years for females. In addition, the table provides 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. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 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).

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

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report at: <http://www.nj.gov/treasury/pensions/employer-home.shtml>.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

WESTVILLE SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2017

	Title I	Title II Part A	IDEA Basic	Preschool Education Aid (Exhibit E-2)	Total 2017
REVENUES:					
Federal sources	\$ 106,749	\$ 13,511	\$ 85,491		\$ 205,751
State sources				\$ 90,712	90,712
Total revenues	\$ 106,749	\$ 13,511	\$ 85,491	\$ 90,712	\$ 296,463
EXPENDITURES:					
Instruction:					
Salaries of teachers	\$ 85,081	\$ 10,690		\$ 72,195	\$ 167,966
Other salaries for instruction				14,917	14,917
Tuition			\$ 71,111		71,111
General supplies	459			353	812
Total instruction	85,540	10,690	71,111	87,465	254,806
Support services:					
Salaries of teachers	600				600
Personal services - employees benefits	20,609	2,821		4,748	28,178
Purchased professional - educational services			14,380		14,380
Total support services	21,209	2,821	14,380	4,748	43,158
Total expenditures	106,749	13,511	85,491	92,213	297,964
Other financing sources (uses):					
Transfer in from general fund				(1,501)	(1,501)
Total outflows	\$ 106,749	\$ 13,511	\$ 85,491	\$ 90,712	\$ 296,463

WESTVILLE SCHOOL DISTRICT
Special Revenue Fund
Preschool Education Aid Schedule of Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2017

	Total		Variance
	Budgeted	Actual	
EXPENDITURES:			
Instruction:			
Salaries of teachers	\$ 75,995	\$ 72,195	\$ 3,800
Other salaries for instruction	16,689	14,917	1,772
General supplies	2,500	353	2,147
Total instruction	<u>95,184</u>	<u>87,465</u>	<u>7,719</u>
Support services:			
Personal services - employees benefits	17,500	4,748	12,752
Other purchased services	500		500
Total support services	<u>18,000</u>	<u>4,748</u>	<u>13,252</u>
Total expenditures	<u>\$ 113,184</u>	<u>\$ 92,213</u>	<u>\$ 20,971</u>

CALCULATION OF BUDGET & CARRYOVER

Total revised 2016-17 Preschool Education Aid Allocation	\$ 90,712
Add: Actual ECPA/EPA Carryover (June 30, 2016)	1,501
Add: Budgeted Transfer from the General Fund 2016-17	1,501
Total Preschool Education Aid Funds Available for 2016-17 Budget	<u>93,714</u>
Less: 2016-17 Budgeted Preschool Education Aid (including prior-year budgeted carryover)	<u>(113,184)</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2017	(19,470)
Add: June 30, 2017, Unexpended Preschool Education Aid	<u>20,971</u>
2016-17 Preschool Education Aid Carryover	<u>\$ 1,501</u>
2016-17 Preschool Education Aid Carryover Budgeted for Preschool Programs 2017-18	<u>None</u>

PROPRIETARY FUNDS

WESTVILLE SCHOOL DISTRICT
 Internal Service Fund
 Combining Schedule of Net Position
 For the Fiscal Year Ended June 30, 2017

	<u>Curriculum Consortium Program</u>
ASSETS	
Cash and cash equivalents	<u>\$ 18,969</u>
NET POSITION	
Unrestricted	<u><u>\$ 18,969</u></u>

WESTVILLE SCHOOL DISTRICT
Internal Service Fund
Combining Schedule of Revenues, Expenses,
and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2017

	Curriculum Consortium Program
Operating revenues:	
Fees from other LEA's	\$ 132,980
Operating expenses:	
Salaries - supervisor of instruction	107,151
Salaries - secretarial/clerical	19,340
Other salaries	250
Employee benefits	788
Purchased professional - educational services	780
Other purchased services	667
General supplies	1,056
Total operating expenses	130,032
Operating income (loss)	2,948
Total net position - beginning	16,021
Total net position - ending	\$ 18,969

WESTVILLE SCHOOL DISTRICT
Internal Service Fund
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2017

	<u>Curriculum Consortium Program</u>
Cash flows from operating activities:	
Receipts from other LEA's	\$ 132,980
Payments to employees	(126,741)
Payments for employee benefits	(787)
Payments to suppliers	(2,504)
	2,948
Net cash provided by (used for) operating activities	2,948
Balance - beginning of year	16,021
	\$ 18,969
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 2,948
	\$ 2,948
Net cash provided by (used for) operating activities	\$ 2,948

FIDUCIARY FUNDS

WESTVILLE SCHOOL DISTRICT
Combining Statement of Fiduciary Net Position
For the Fiscal Year Ended June 30, 2017

	Unemployment Compensation Trust	Agency Funds	Total 2017
ASSETS			
Cash and cash equivalents	\$ 73	\$ 59,408	\$ 59,481
Interfund receivable	1,583		1,583
Total assets	<u>\$ 1,656</u>	<u>\$ 59,408</u>	<u>61,064</u>
LIABILITIES			
Payroll deductions and withholdings		\$ 37,887	37,887
Due to student groups		18,609	18,609
Interfund payable		2,912	2,912
Total liabilities		<u>\$ 59,408</u>	<u>59,408</u>
NET POSITION			
Held in trust for unemployment claims	<u>\$ 1,656</u>		<u>1,656</u>
Total net position	<u>\$ 1,656</u>		<u>\$ 1,656</u>

WESTVILLE SCHOOL DISTRICT
Combining Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2017

	Unemployment Compensation Trust	<u>Total 2017</u>
ADDITIONS:		
Contributions	\$ 5,490	\$ 5,490
Interest earned	15	15
Total additions	<u>5,505</u>	<u>5,505</u>
DEDUCTIONS:		
Unemployment claims	15,128	15,128
Change in net position	<u>(9,623)</u>	<u>(9,623)</u>
Net position - beginning	11,279	11,279
Net position - end	<u><u>\$ 1,656</u></u>	<u><u>\$ 1,656</u></u>

WESTVILLE SCHOOL DISTRICT
 Student Activity Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2017</u>
SCHOOLS:				
Elementary School	<u>\$ 12,478</u>	<u>\$ 52,635</u>	<u>\$ 46,504</u>	<u>\$ 18,609</u>

WESTVILLE SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2017

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
ASSETS				
Cash and cash equivalents	\$ 55,649	\$ 3,574,905	\$ 3,589,755	\$ 40,799
Total assets	<u>\$ 55,649</u>	<u>\$ 3,574,905</u>	<u>\$ 3,589,755</u>	<u>\$ 40,799</u>
LIABILITIES				
Accrued salaries and wages		\$ 1,912,637	\$ 1,912,637	
Payroll deductions and withholdings	\$ 52,585	1,660,516	1,675,214	\$ 37,887
Interfund payable	3,064	1,752	1,904	2,912
Total liabilities	<u>\$ 55,649</u>	<u>\$ 3,574,905</u>	<u>\$ 3,589,755</u>	<u>\$ 40,799</u>

STATISTICAL SECTION
(Unaudited)

WESTVILLE SCHOOL DISTRICT
Statistical Section

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	91-95
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	96-99
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	100-103
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	104-105
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	106-110

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The District implemented GASB Statement 34 in the fiscal year ending June 30, 2004; schedules presenting District-wide information include information beginning in that year.

WESTVILLE SCHOOL DISTRICT
 Net Position by Component
 Last Ten Fiscal Years
 Unaudited

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities:										
Invested in capital assets, net of related debt	\$ 3,487,552	\$ 3,536,332	\$ 3,602,865	\$ 3,637,316	\$ 3,657,409	\$ 3,687,501	\$ 3,736,594	\$ 3,790,610	\$ 3,836,489	\$ 3,694,565
Restricted	637,962	679,054	452,015	448,258	315,654	423,372	593,890	395,734	253,410	614,316
Unrestricted	21,632	(104,064)	(99,631)	(18,315)	156,791	51,916	4,465	(1,165,264)	(1,151,602)	(1,289,178)
Total governmental activities net position	\$ 4,147,146	\$ 4,111,322	\$ 3,955,249	\$ 4,067,259	\$ 4,129,854	\$ 4,162,789	\$ 4,334,949	\$ 3,021,080	\$ 2,938,297	\$ 3,019,703
District-wide:										
Invested in capital assets, net of related debt	\$ 3,487,552	\$ 3,536,332	\$ 3,602,865	\$ 3,637,316	\$ 3,657,409	\$ 3,687,501	\$ 3,736,594	\$ 3,790,610	\$ 3,836,489	\$ 3,694,565
Restricted	637,962	679,054	452,015	448,258	315,654	423,372	593,890	395,734	253,410	614,316
Unrestricted	21,632	(104,064)	(99,631)	(18,315)	156,791	51,916	4,465	(1,165,264)	(1,151,602)	(1,289,178)
Total District-wide net position	\$ 4,147,146	\$ 4,111,322	\$ 3,955,249	\$ 4,067,259	\$ 4,129,854	\$ 4,162,789	\$ 4,334,949	\$ 3,021,080	\$ 2,938,297	\$ 3,019,703

Source: District records

WESTVILLE SCHOOL DISTRICT
 Changes in Net Position
 Last Ten Fiscal Years
 Unaudited

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses:										
Governmental activities:										
Instruction:										
Regular	\$ 1,305,649	\$ 1,534,367	\$ 1,527,965	\$ 1,391,395	\$ 1,380,231	\$ 1,490,696	\$ 1,387,452	\$ 1,520,723	\$ 1,567,127	\$ 1,500,151
Special education	932,447	823,287	929,670	969,231	619,840	950,855	1,054,731	1,128,926	1,150,823	951,954
Other special instruction	155,131	213,086	201,945	295,844	621,575	212,674	218,897	163,824	122,558	70,626
Other instruction	16,094	11,846	17,212	7,042	13,364	11,989	15,003	16,926	17,632	19,629
Support services:										
Tuition	67,008	34,268	100,000	162,752	200,200	67,573	44,907	218,219	321,439	212,078
Student & instructional related services	650,252	662,833	712,985	725,959	758,747	803,234	858,451	932,247	904,080	765,740
School administration services	124,340	131,493	140,306	141,789	149,321	154,302	157,614	159,848	265,631	103,412
General & business administrative services	299,945	302,863	251,795	252,795	224,347	212,485	220,109	222,483	114,294	276,901
Plant operations & maintenance	294,746	314,078	342,117	321,982	301,733	276,095	293,345	296,944	299,239	249,839
Pupil transportation	80,278	73,146	108,327	103,723	127,491	135,891	161,889	233,416	330,574	265,109
Employee benefits	1,021,014	896,985	967,697	1,022,245	1,153,178	1,334,024	1,245,583	1,313,923	1,523,021	1,767,561
Interest on long-term debt	58,445	50,979	43,212	33,600	28,755	23,473	17,735	11,160	3,780	
Capital outlay		11,629	2,485	15,852	16,949	11,869	17,414	18,302	18,302	18,302
Unallocated depreciation	134,263	136,376	138,940	139,908	139,907	139,908	141,043	142,980	143,121	141,924
Total governmental activities expenses	5,139,612	5,197,236	5,484,656	5,584,117	5,735,638	5,825,068	5,834,173	6,379,921	6,781,621	6,343,226
Total District-wide expenses	5,139,612	5,197,236	5,484,656	5,584,117	5,735,638	5,825,068	5,834,173	6,379,921	6,781,621	6,343,226
Program revenues:										
Governmental activities:										
Charges for services	130,215	137,505	142,150	144,665	145,705	145,435	152,430	157,100	161,400	132,980
Operating grants & contributions	544,875	327,146	375,614	415,888	322,015	361,492	325,382	372,282	341,390	296,064
Total governmental activities program revenues	675,090	464,651	517,764	560,553	467,720	506,927	477,812	529,382	502,790	429,044
Total District program revenues	675,090	464,651	517,764	560,553	467,720	506,927	477,812	529,382	502,790	429,044
Net (expense)/revenue:										
Governmental activities	(4,464,522)	(4,732,585)	(4,966,892)	(5,023,564)	(5,267,918)	(5,318,141)	(5,356,361)	(5,850,539)	(6,278,831)	(5,914,182)
Total district-wide net expense	\$ (4,464,522)	\$ (4,732,585)	\$ (4,966,892)	\$ (5,023,564)	\$ (5,267,918)	\$ (5,318,141)	\$ (5,356,361)	\$ (5,850,539)	\$ (6,278,831)	\$ (5,914,182)
General revenues & other changes in net position:										
Governmental activities:										
Property taxes levied for general purposes	\$ 1,710,375	\$ 1,635,551	\$ 1,700,973	\$ 1,976,358	\$ 2,015,885	\$ 2,100,420	\$ 2,179,240	\$ 2,276,162	\$ 2,587,830	\$ 2,639,586
Taxes levied for debt service	142,677	141,003	136,076	176,464	188,755	193,230	192,735	191,160	192,780	
Federal and state aid restricted	2,729,191	2,759,521	2,714,090	2,704,607	2,918,332	2,908,137	2,942,586	3,036,081	3,144,963	3,241,115
Tuition received	138,356	130,773	155,215	262,666	129,549	121,356	121,880	66,013	187,942	63,919
Miscellaneous income	59,695	29,913	104,465	15,479	77,992	28,155	92,080	55,090	82,225	50,968
Prior year (receivable) payable canceled						(222)		6,638	308	
Total governmental activities	4,780,294	4,696,761	4,810,819	5,135,574	5,330,513	5,351,076	5,528,521	5,631,144	6,196,048	5,995,588
Total District-wide	\$ 4,780,294	\$ 4,696,761	\$ 4,810,819	\$ 5,135,574	\$ 5,330,513	\$ 5,351,076	\$ 5,528,521	\$ 5,631,144	\$ 6,196,048	\$ 5,995,588
Change in net position:										
Governmental activities	\$ 315,772	\$ (35,824)	\$ (156,073)	\$ 112,010	\$ 62,595	\$ 32,935	\$ 172,160	\$ (219,395)	\$ (82,783)	\$ 81,406
Total District	\$ 315,772	\$ (35,824)	\$ (156,073)	\$ 112,010	\$ 62,595	\$ 32,935	\$ 172,160	\$ (219,395)	\$ (82,783)	\$ 81,406
Source: District records										

WESTVILLE SCHOOL DISTRICT
 Fund Balances - Governmental Funds
 Last Ten Fiscal Years
 Unaudited

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General fund:										
Restricted				\$ 232,470	\$ 315,411	\$ 423,372	\$ 593,890	\$ 353,775	\$ 188,302	\$ 577,043
Assigned				234,646	222,039	185,976	89,628	41,959	65,108	37,273
Unassigned				79,929	43,365	26,200	25,459	37,917	63,210	37,090
Reserved	\$ 596,867	\$ 642,139	\$ 379,772							
Unreserved	160,982	18,541	97,718							
Total general fund	<u>\$ 757,849</u>	<u>\$ 660,680</u>	<u>\$ 477,490</u>	<u>\$ 547,045</u>	<u>\$ 580,815</u>	<u>\$ 635,548</u>	<u>\$ 708,977</u>	<u>\$ 433,651</u>	<u>\$ 316,620</u>	<u>\$ 651,406</u>
All other governmental funds:										
Restricted				\$ 243	\$ 243					
Unassigned				(12,027)	(11,452)	\$ (14,340)	\$ (8,864)	\$ (8,664)	\$ (8,664)	\$ (9,063)
Unreserved, reported in:										
Special revenue fund	\$ (16,099)	\$ (12,016)	\$ (12,035)							
Capital projects fund	41,095	29,466	243							
Debt service fund		1	1							
Total all other governmental funds	<u>\$ 24,996</u>	<u>\$ 17,451</u>	<u>\$ (11,791)</u>	<u>\$ (11,784)</u>	<u>\$ (11,209)</u>	<u>\$ (14,340)</u>	<u>\$ (8,864)</u>	<u>\$ (8,664)</u>	<u>\$ (8,664)</u>	<u>\$ (9,063)</u>

Source: District records

WESTVILLE SCHOOL DISTRICT
 Changes in Fund Balances - Governmental Funds
 Last Ten Fiscal Years
 Unaudited

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
Tax levy	\$ 1,853,052	\$ 1,776,554	\$ 1,837,049	\$ 2,152,822	\$ 2,204,640	\$ 2,293,650	\$ 2,371,975	\$ 2,467,322	\$ 2,780,610	\$ 2,639,586
Tuition charges	138,356	130,773	155,215	262,666	129,549	121,356	121,880	66,013	187,942	63,919
Interest earnings	40,343	23,589	16,571	23	7,426	5,359	2,446	2,268	1,505	1,669
Miscellaneous	479	6,324	87,894	15,456	70,566	25,240	89,634	53,537	81,759	49,299
State sources	3,114,254	2,896,207	2,470,733	2,823,417	2,951,153	3,046,068	3,036,738	3,122,961	3,231,603	3,316,613
Federal sources	159,812	190,460	618,971	297,078	289,194	221,117	231,230	284,687	253,711	220,566
Total revenue	5,306,296	5,023,907	5,186,433	5,551,462	5,652,528	5,712,790	5,853,903	5,996,788	6,537,130	6,291,652
Expenditures:										
Instruction:										
Regular instruction	1,301,542	1,534,367	1,527,965	1,391,395	1,380,231	1,448,344	1,429,009	1,515,438	1,559,312	1,524,347
Special education instruction	932,447	823,287	929,670	969,231	619,840	950,855	1,054,731	1,128,926	1,150,823	951,954
Other special instruction	155,131	213,086	201,945	295,845	621,575	212,674	218,897	163,824	122,558	70,626
Other instruction	16,094	11,846	17,212	7,042	13,364	11,989	15,003	16,926	17,632	19,629
Support services:										
Tuition	67,008	34,268	100,000	162,752	200,200	67,573	44,907	218,219	321,439	212,078
Student & instruction related services	531,229	562,924	579,707	589,290	621,199	654,632	705,447	775,331	743,449	635,708
School administrative services	124,340	131,493	140,306	141,789	149,321	154,302	157,614	159,848	265,631	103,412
Other administrative services	299,945	302,863	251,795	252,795	224,347	212,485	220,109	222,483	114,294	276,901
Plant operations & maintenance	294,746	314,078	342,117	321,982	301,733	276,096	293,345	296,944	299,239	249,839
Pupil transportation	80,278	73,146	108,327	103,723	127,491	135,891	161,889	233,416	330,574	265,109
Employee benefits	1,005,683	879,499	948,651	1,022,245	1,153,178	1,330,783	1,248,762	1,320,514	1,518,436	1,629,360
Capital outlay	116,552	36,785	48,958	35,211	16,949	11,869	32,550	35,298	18,302	18,302
Debt services:										
Principal	155,000	160,000	159,000	155,000	160,000	170,000	175,000	180,000	189,000	
Interest	58,445	50,979	43,212	33,600	28,755	23,473	17,735	11,160	3,780	
Total expenditures	5,138,440	5,128,621	5,398,865	5,481,900	5,618,183	5,660,966	5,774,998	6,278,327	6,654,469	5,957,265
Excess (deficiency) of revenues over (under) expenditures	167,856	(104,714)	(212,432)	69,562	34,345	51,824	78,905	(281,539)	(117,339)	334,387
Other financing sources (uses):										
Prior year receivable not recorded	21,200									
Prior year (receivable) payable canceled	(2,327)					(222)		6,413	308	
Total other financing sources (uses)	18,873					(222)		6,413	308	
Net change in fund balance	\$ 186,729	\$ (104,714)	\$ (212,432)	\$ 69,562	\$ 34,345	\$ 51,602	\$ 78,905	\$ (275,126)	\$ (117,031)	\$ 334,387
Debt service as a percentage of noncapital expenditures	4.44%	4.32%	3.93%	3.59%	3.49%	3.55%	3.47%	3.16%	2.99%	

Source: District records

WESTVILLE SCHOOL DISTRICT
 General Fund Other Local Revenue by Source
 Last Ten Fiscal Years
 Unaudited

Fiscal Year Ended June 30,	Homeless Tuition	Miscellaneous	Annual Totals
2008		\$ 479	\$ 479
2009		6,324	6,324
2010	\$ 84,709	3,185	87,894
2011		15,479	15,479
2012	68,677	1,889	70,566
2013	19,240	3,556	22,796
2014	60,328	29,306	89,634
2015	47,013	8,077	55,090
2016	38,623	43,602	82,225
2017	15,991	34,977	50,968

Source: District records

WESTVILLE SCHOOL DISTRICT
 Assessed Value and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years
 Unaudited

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
2008	1,349,900	121,303,300	21,150,400	11,120,000	6,317,700	161,241,300	242,563	161,483,863	260,554,783	1.124
2009	1,366,600	121,349,500	16,897,500	15,245,800	6,317,700	161,177,100	229,196	161,406,296	284,664,606	1.125
2010	1,389,900	121,518,000	13,909,100	18,484,800	6,317,700	161,619,500	236,623	161,856,123	290,464,342	1.117
2011	1,340,600	121,692,200	14,557,500	17,044,800	6,285,200	160,920,300	223,436	161,143,736	298,263,290	1.238
2012	1,317,300	121,462,400	14,532,000	17,044,800	6,210,200	160,566,700	197,031	160,763,731	288,284,470	1.356
2013	2,753,600	191,459,070	27,124,600	35,202,400	11,642,400	268,182,070	347,069	268,529,139	261,684,269	0.838
2014	2,267,400	190,951,470	25,496,700	33,368,400	11,034,600	263,118,570	328,424	263,446,994	244,656,105	0.886
2015	2,376,800	190,783,270	25,951,100	31,439,400	10,579,100	261,129,670	227,089	261,356,759	261,356,759	0.928
2016	2,260,300	174,483,200	23,193,200	26,906,600	10,172,500	237,015,800	227,783	237,243,583	251,787,293	1.104
2017	2,145,800	174,631,100	22,918,300	26,787,600	10,143,100	236,625,900	214,936	236,840,836	250,163,793	1.145

Source: Municipal Tax Assessor

WESTVILLE SCHOOL DISTRICT
 Direct and Overlapping Property Tax Rates
 (Rate Per \$100 of Assessed Value)
 Last Ten Fiscal Years
 Unaudited

Fiscal Year Ended June 30,	Westville School District Direct Rate			Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Gateway High School Tax Rate	Borough of Westville	Local Library	Gloucester County	
2008	1.038	0.087	1.125	1.643	1.537		2.102	6.407
2009	1.028	0.089	1.117	1.690	1.536		0.987	5.330
2010	1.146	0.092	1.238	1.730	1.537		1.019	5.524
2011	1.245	0.111	1.356	1.723	1.499	0.059	0.969	5.606
2012	0.766	0.072	0.838	0.978	0.951	0.032	0.537	3.336
2013	0.811	0.075	0.886	0.968	1.032	0.031	0.561	3.478
2014	0.853	0.075	0.928	0.977	1.066	0.030	0.569	3.570
2015	1.018	0.086	1.104	1.096	1.218	0.036	0.692	4.146
2016	1.066	0.079	1.145	1.183	1.253	0.035	0.711	4.327
2017	1.234		1.234	1.211	1.288	0.035	0.711	4.479

Source: Municipal Tax Collector

WESTVILLE SCHOOL DISTRICT
 Principal Property Taxpayers
 Current Year and Nine Years Ago
 Unaudited

	2017			2008		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Sunoco Inc.	6,153,700	1	2.48%	1,658,300	4	1.03%
712 Broadway LLC	2,929,300	2	1.18%	1,977,500	2	1.23%
Peligrino Enterprises LLC	2,350,000	3	0.95%	1,250,000	7	0.78%
Woodbine Norse LLC	2,150,100	4	0.87%			
FRZ Commercial Real Estate LLC	2,130,900	5	0.86%			
Westville Norse LLC	2,013,500	6	0.81%			
Arber Properties LLC	2,000,000	7	0.80%	1,110,000	9	0.69%
Brown's Westville LLC	1,750,000	8	0.70%			
RAAB Family Partnership LP	1,659,500	9	0.67%	1,169,800	8	0.73%
Individual Taxpayer 1	1,453,000	10	0.58%	1,300,000	6	0.81%
AMC Delancy I-295 Partners LP				3,841,600	1	2.38%
Journey LLC				1,724,300	3	1.07%
EJB LLC				1,587,100	5	0.98%
Individual Taxpayer 2				1,102,300	10	0.68%
	<u>24,590,000</u>		<u>9.83%</u>	<u>16,720,900</u>		<u>6.68%</u>

Source: Municipal Tax Assessor

WESTVILLE SCHOOL DISTRICT
Property Tax Levies and Collections
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	\$ 1,853,052	\$ 1,853,052	100.00%	
2009	1,776,554	1,776,554	100.00%	
2010	1,837,049	1,837,049	100.00%	
2011	2,152,822	2,144,822	99.63%	\$ 8,000
2012	2,204,640	2,204,640	100.00%	
2013	2,293,650	2,293,650	100.00%	
2014	2,371,975	2,371,975	100.00%	
2015	2,467,322	2,467,322	100.00%	
2016	2,780,610	2,780,610	100.00%	
2017	2,639,586	2,639,586	100.00%	

Source: District records including the Certificate and Report of School Taxes

WESTVILLE SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Governmental Activities				Total District	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BAN's)			
2008	\$ 1,348,000				\$ 1,348,000	0.74%	301
2009	1,188,000				1,188,000	0.65%	266
2010	1,029,000				1,029,000	0.58%	240
2011	874,000				874,000	0.47%	204
2012	714,000				714,000	0.37%	168
2013	544,000				544,000	0.28%	128
2014	369,000				369,000	0.19%	87
2015	189,000				189,000	N/A	45
2016	0				0	N/A	N/A
2017	0				0	N/A	N/A

N/A - At the time of CAFR completion this data was not available.

WESTVILLE SCHOOL DISTRICT
 Ratios of General Bonded Debt Outstanding
 Last Ten Fiscal Years
 Unaudited

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions			
2008	\$ 1,348,000		\$ 1,348,000	0.84%	301
2009	1,188,000		1,188,000	0.73%	266
2010	1,029,000		1,029,000	0.64%	240
2011	874,000		874,000	0.54%	204
2012	714,000		714,000	0.27%	168
2013	544,000		544,000	0.21%	128
2014	369,000		369,000	0.14%	87
2015	189,000		189,000	0.08%	45
2016	0		0	0.00%	N/A
2017	0		0	0.00%	N/A

N/A - At the time of CAFR completion, this data was not available.

WESTVILLE SCHOOL DISTRICT
 Direct and Overlapping Governmental Activities Debt
 as of June 30, 2017
 Unaudited

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Westville Borough (1)	\$ 4,265,111	100.00%	\$ 4,265,111
Gloucester County General Obligation Debt (2)	228,443,500	0.95%	2,177,057
Gateway Regional School District Debt (1)	5,500,000	27.90%	1,534,574
Subtotal, overlapping debt			7,976,742
Westville - District direct debt			0
Total direct and overlapping debt			<u>\$ 7,976,742</u>

Sources:

- (1) Borough of Westville annual debt statement
- (2) Gloucester County - The County's debt was apportioned to the Borough of Westville by dividing the Borough's taxable assessed property values by the total taxable assessed property values for Gloucester County, which results in an apportionment rate of 0.957%.

* The source for this computation was the Abstract of Ratables.

WESTVILLE SCHOOL DISTRICT
 Legal Debt Margin Information
 Last Ten Fiscal Years
 Unaudited

	Legal Debt Margin Calculation
	2016 \$ 248,530,512
	2015 249,201,766
	2014 251,327,883
	<u>\$ 749,060,161</u>
Average equalized valuation of taxable property	<u>\$ 249,686,720</u>
Debt limit (2 1/2% of average equalized value)	\$ 6,242,168
Total net debt applicable to limit	0
Legal debt margin	<u>\$ 6,242,168</u>

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 6,372,151	\$ 6,937,701	\$ 7,254,048	\$ 7,274,410	\$ 7,042,679	\$ 6,624,152	\$ 6,252,972	\$ 6,210,983	\$ 6,214,811	\$ 6,242,168
Total net debt applicable to limit	1,348,000	1,188,000	1,029,000	874,000	714,000	544,000	369,000	189,000	0	0
Legal debt margin	<u>\$ 5,024,151</u>	<u>\$ 5,749,701</u>	<u>\$ 6,225,048</u>	<u>\$ 6,400,410</u>	<u>\$ 6,328,679</u>	<u>\$ 6,080,152</u>	<u>\$ 5,883,972</u>	<u>\$ 6,021,983</u>	<u>\$ 6,214,811</u>	<u>\$ 6,242,168</u>
Total net debt applicable to the limit as a percentage of debt limit	26.77%	21.15%	17.12%	12.01%	10.14%	8.21%	5.90%	3.04%	0.00%	0.00%

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

WESTVILLE SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Population	Personal Income	Per Capita Personal Income *	Unemployment Rate
2008	4,474	\$ 182,047,060	\$ 40,690	7.00%
2009	4,466	182,440,566	40,851	10.30%
2010	4,285	177,446,135	41,411	10.90%
2011	4,274	185,867,712	43,488	11.30%
2012	4,258	190,898,914	44,833	10.90%
2013	4,244	191,697,236	45,169	13.20%
2014	4,224	196,851,072	46,603	9.40%
2015	4,224	206,126,976	48,799	7.80%
2016	4,211	N/A	N/A	7.40%
2017	N/A	N/A	N/A	N/A

Source: Population and unemployment data provided by the NJ Department of Labor and Workforce Development.

Personal income has been estimated based upon the municipal population and per capita personal income presented.

Per capita personal income estimated based upon the Census published by the U.S. Bureau of Economic Analysis.

N/A - At the time of CAFR completion this data was not available.

* Represents information for Gloucester County.

WESTVILLE SCHOOL DISTRICT
Principal Employers
Current Year and Nine Years Ago
Unaudited

Employer	2017			2008		
	Employees	Rank	% of Total Municipal Employment	Employees	Rank	% of Total Municipal Employment
Inspira Health	1,825	1	N/A			
Kennedy Memorial Hospital	1,675	2	N/A			
Washington Township School District	1,607	3	N/A			
Rowan University	1,483	4	N/A			
County of Gloucester	1,384	5	N/A	Information Not Available		
Missa Bay LLC	950	6	N/A			
Monroe Township School District	804	7	N/A			
US Foodservices	725	8	N/A			
Exxon Mobil Research & Engineering	540	9	N/A			
LaBrea Bakery	525	10	N/A			
	<u>11,518</u>					

Source: Gloucester County Department of Economic Development and School District.

Note: The information provided is for the County of Gloucester. Information at the municipal level is not available.

WESTVILLE SCHOOL DISTRICT
Full-time Equivalent District Employees by Function/Program
Last Ten Fiscal Years
Unaudited

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Instruction										
Regular	30	31	31	31	30	30	30	31	31	27.5
Special education	8	7	7	7	7	7	7.5	7.5	7.5	10
Support Services										
Student & instruction related services	13	15	15	15	14	15	20	21	21	
General administration	3	3	2	2	4	4	4	4	4	
Plants operations and maintenance	3	3	3	3	3	3	3	3	2.5	24.5
Total	<u>57</u>	<u>59</u>	<u>58</u>	<u>58</u>	<u>58</u>	<u>59</u>	<u>64.5</u>	<u>66.5</u>	<u>66.0</u>	<u>62.0</u>

Source: District Personnel Records

WESTVILLE SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures	Cost per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio Elementary	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change Average Daily Enrollment	Student Attendance Percentage
2008	335	\$ 4,808,443	\$ 14,354	13.87%	38	9.8	327	308	-13.08%	94%
2009	345	4,880,857	14,147	-1.44%	38	9.8	337	322	3.06%	96%
2010	355	5,147,695	14,501	2.50%	38	9.8	355	335	5.34%	94%
2011	338	5,258,089	15,556	7.28%	38	8.9	333	317	-6.20%	95%
2012	361	5,412,479	14,993	-3.62%	37	9.8	351	332	5.41%	95%
2013	347	5,455,624	15,722	4.86%	37	9.8	346	329	-1.42%	95%
2014	372	5,549,713	14,919	-5.11%	37.5	9.8	369	350	6.65%	95%
2015	362	6,051,869	16,718	12.06%	38.5	9.2	355	338	-3.79%	95%
2016	371	6,443,387	17,368	3.89%	38.5	9.6	361	343	1.69%	95%
2017	376	5,938,963	15,795	-9.05%	35.0	9.6	378	353	4.71%	93%

Source: Enrollment based on annual October District count.

WESTVILLE SCHOOL DISTRICT
 School Building Information
 Last Ten Fiscal Years
 Unaudited

District Building	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Elementary										
Square Feet	58,250	58,250	58,250	58,250	58,250	58,250	58,250	58,250	58,250	58,250
Capacity (students)	410	410	410	410	410	410	410	410	410	410
Enrollment	335	345	355	338	361	347	372	362	371	376

Number of Schools at June 30, 2017
 Elementary = 1

Source: District Office

WESTVILLE SCHOOL DISTRICT
 Schedule of Required Maintenance Expenditures by School Facility
 Last Ten Fiscal Years
 Unaudited

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

* School Facilities	Gross Square Footage	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
Elementary	58,250	\$ 24,300	\$ 24,167	\$ 26,304	\$ 30,976	\$ 29,469	\$ 18,044	\$ 20,566	\$ 25,852	\$ 33,485	\$ 21,094	\$ 254,257

* School facilities as defined under EFCFA.
 (NJAC 6A:26-1.2 and NJAC 6:24-1.3)

Source: District records.

WESTVILLE SCHOOL DISTRICT
Insurance Schedule
June 30, 2017
Unaudited

The Westville School District has retained insurance through the Gloucester, Cumberland, Salem School Districts Joint Insurance Fund. The following is a summary of the coverage obtained through this fund.

	Coverage	
I. Property, Inland Marine and Automobile Physical Damages		
A. Limit of Liability	\$ 150,000,000	Per Occurrence
1. GCSSDJIF Self Insured Retention	250,000	Per Occurrence
2. Member District Deductible	500	Per Occurrence
3. Perils Included	"All Risk"	
B. Property Valuation		
1. Buildings and Contents	Replacement Cost	
2. Contractors Equipment	Actual Cash Value	
3. Automobiles	Actual Cash Value	
II. Boiler and Machinery		
A. Limit of Liability	125,000,000	
1. GCSSDJIF Self Insured Retention	None	
2. Member District Deductible	1,000	
III. Crime		
A. Limit of Liability	500,000	
1. GCSSDJIF Self Insured Retention	250,000	
2. Member District Deductible	500	
IV. General and Automobile Liability		
A. Limit of Liability	20,000,000	
1. GCSSDJIF Self Insured Retention	250,000	
2. Member District Deductible	None	
V. Workers' Compensation		
A. Limit of Liability	Statutory	
1. GCSSDJIF Self Insured Retention	250,000	
2. Member District Deductible	None	
VI. Educator's Legal Liability		
A. Limit of Liability	20,000,000	
1. GCSSDJIF Self Insured Retention	100,000	
2. Member District Deductible	None	
VII. Pollution Legal Liability		
A. Limit of Liability	3,000,000	
1. GCSSDJIF Self Insured Retention	None	
2. Member District Deductible	25,000	
VIII. Cyber Liability		
A. Limit of Liability	1,000,000	
1. GCSSDJIF Self Insured Retention	None	
2. Member District Deductible	25,000	
IX. Violent Malicious Acts		
A. Limit of Liability	1,000,000	
1. GCSSDJIF Self Insured Retention	None	
2. Member District Deductible	15,000	
Public employees' faithful performance bonds - Hardenburgh Insurance		
Surety Bond - Richard Burr, Treasurer	170,000	
Surety Bond - Christopher Rodia, Business Administrator/ Board Secretary	2,000	

Source: District records.

SINGLE AUDIT SECTION

PETRONI & ASSOCIATES LLC

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EXHIBIT K-1

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

Independent Auditor's Report

Honorable President and
Members of the Board of Education
Westville School District
101 Birch Avenue
Westville, New Jersey 08093

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Westville School District, in the County of Gloucester, 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 Westville School District's basic financial statements, and have issued our report thereon dated November 21, 2017.

Internal Control Over Financial Reporting

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542
Glassboro, New Jersey

November 21, 2017

PETRONI & ASSOCIATES LLC

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EXHIBIT K-2

REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE REQUIRED BY UNIFORM GUIDANCE AND NEW JERSEY OMB'S CIRCULAR 15-08

Independent Auditor's Report

The Honorable President and
Members of the Board of Education
Westville School District
101 Birch Avenue
Westville, New Jersey 08093

Report on Compliance for Each Major State Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Westville School District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards*, (Uniform Guidance), *New Jersey State Aid/Grant Compliance Supplement*, *Audits of States*, *Local Governments*, and *Non-Profit Organizations*, and the audit requirements as prescribed by

the Office of School Finance, Department of Education, State of New Jersey, and New Jersey OMB's Circular 15-08, Single Audit Policy for recipients of Federal Grants, State Grants, and State Aid. Those standards and the Uniform Guidance and New Jersey OMB's 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 state program occurred. An audit includes examining, on a test basis, evidence about the Westville School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

Management of Westville School District 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 Westville School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with New Jersey OMB's Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Westville School District'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 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 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 Uniform Guidance and New Jersey OMB's Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedules of Expenditures of Federal Awards and State Financial Assistance Required by Uniform Guidance and New Jersey OMB's Circular 15-08

We have audited the financial statements of Westville School District as of and for the year ended June 30, 2017, and have issued our report thereon dated November 21, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by Uniform Guidance and New Jersey OMB's Circular 15-08 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditure of federal awards and state financial assistance are fairly stated in all material respects in relation to the financial statements as a whole.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542
Glassboro, New Jersey

November 21, 2017

WESTVILLE SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2016	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2017			Cumulative Total Expenditures
					From	To							Accounts Receivable	Deferred Revenue	Due to Grantor	
U.S. Department of Education																
General Fund:																
Medical Assistance Program	94.778	1705NJSMAP	N/A	\$ 14,815	7/1/16	6/30/17			\$ 14,815	\$ 14,815						\$ 14,815
					7/1/15	6/30/16										
U.S. Department of Education																
Special Revenue Fund:																
Title I, Part A	84.010A	S010A160030	NCLB574017	110,471	7/1/16	6/30/17				106,749		\$ (106,749)				106,749
Title I, Part A	84.010A	S010A150030	NCLB574016	116,903	7/1/15	6/30/16	\$ (64,954)		64,954							116,293
Title II- Part A	84.367A	S367A160029	NCLB574017	14,085	7/1/16	6/30/17				13,511		(13,511)				13,511
Title II- Part A	84.367A	S367A150029	NCLB574016	18,048	7/1/15	6/30/16	(11,865)		11,865							18,048
IDEA Part B, Basic	84.027	H027A160100	FT574017	108,593	7/1/16	6/30/17				85,491		(85,491)				85,491
IDEA Part B, Basic	84.027	H027A150100	FT574016	114,108	7/1/15	6/30/16	(69,453)		69,453							114,108
IDEA Part B Preschool	84.173	H173A150114	FT574016	2,833	7/1/15	6/30/16	(2,833)		2,833							2,833
Total Special Revenue Fund							(149,105)		149,105	205,751		(205,751)				457,033
Total Federal Financial Awards							\$ (149,105)		\$ 163,920	\$ 220,566		\$ (205,751)				\$ 471,848

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

WESTVILLE SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year Ended June 30, 2017

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2016	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balances	Balance at June 30, 2017			MEMO	
			From	To	Deferred Revenue (Accounts Receivable)				(Accounts Receivable)	Deferred Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education													
General Fund:													
Categorical Special Education Costs Aid	17-495-034-5120-089	\$ 174,074	7/1/16	6/30/17		\$ 174,074	\$ 174,074					\$ 17,407	\$ 174,074
Equalization Aid	17-495-034-5120-078	2,284,324	7/1/16	6/30/17		2,284,324	2,284,324					208,393	2,284,324
Security Aid	17-495-034-5120-084	20,739	7/1/16	6/30/17		20,739	20,739					2,074	20,739
Transportation Aid	17-495-034-5120-014	3,994	7/1/16	6/30/17		3,994	3,994					399	3,994
PARCC Readiness Aid	17-495-034-5120-098	3,250	7/1/16	6/30/17		3,250	3,250					325	3,250
Per Pupil Growth Aid	17-495-034-5120-097	3,250	7/1/16	6/30/17		3,250	3,250					325	3,250
Professional Learning Community Aid	17-495-034-5120-101	3,280	7/1/16	6/30/17		3,280	3,280					328	3,280
Extraordinary Aid	17-100-034-5120-473	15,819	7/1/16	6/30/17						\$ (15,819)			15,819
Extraordinary Aid	16-100-034-5120-473	36,229	7/1/15	6/30/16	\$ (36,229)	36,229							36,229
Nonpublic School Transportation Reimbursement	N/A	522	7/1/16	6/30/17			522			(522)			522
Nonpublic School Transportation Reimbursement	N/A	1,044	7/1/15	6/30/16	(1,044)	1,044							1,044
Reimbursed TPAF Social Security Aid	17-495-034-5094-003	186,725	7/1/16	6/30/17		177,719	186,725			(9,006)			186,725
Reimbursed TPAF Social Security Aid	16-495-034-5094-003	193,055	7/1/15	6/30/16	(9,433)	9,433							193,055
On-Behalf TPAF Pension Contribution	17-495-034-5094-006	291,812	7/1/16	6/30/17		291,812	291,812						291,812
On-Behalf TPAF Postretirement Medical Contributions	17-495-034-5094-001	243,147	7/1/16	6/30/17		243,147	243,147						243,147
On-Behalf TPAF Long Term Disability	17-495-034-5094-004	552	7/1/16	6/30/17		552	552						552
Total General Fund					(46,706)	3,252,847	3,231,488			(25,347)		229,251	3,461,816
Special Revenue Fund:													
Preschool Education Aid	17-495-034-5120-086	90,712	7/1/16	6/30/17		90,712	90,712					9,063	90,712
Preschool Education Aid	11-495-034-5120-086	120,351	7/1/10	6/30/11	1,501					\$ 1,501			118,645
Total Special Revenue Fund					1,501	90,712	90,712			1,501		9,063	209,357
Total State Financial Assistance					\$ (45,205)	\$ 3,343,559	\$ 3,322,200			\$ (25,347)	\$ 1,501	\$ 238,314	\$ 3,671,173
Less: On-Behalf TPAF Pension System Contributions							\$ 535,511						
Total for State Financial Assistance-Major Program Determination							\$ 2,786,689						

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

WESTVILLE SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2017

NOTE 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Westville School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting. This bases of accounting are described in Note 1 to the Board's basic financial statements. The information these schedules are presented in accordance with the requirements of 2 CFR 200 – *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey OMB's Circular 15-08. Therefore, some amounts presented in these schedules 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 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 one or more deferred June state aid payments in the current budget year, which is mandated pursuant to NJSA 18A:22-44.2. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of one or more June state aid payments in the subsequent year. The Special Revenue Fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The Special Revenue Fund also recognizes the one or more June state aid payments in the current budget year, consistent with NJSA 18A:22-4.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$5,188 for the General Fund and \$399 for the Special Revenue Fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

WESTVILLE SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2017

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 14,815	\$ 3,226,300	\$ 3,241,115
Special Revenue Fund	205,751	90,313	296,064
	<u>\$ 220,566</u>	<u>\$ 3,316,613</u>	<u>\$ 3,537,179</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: OTHER

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. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2017.

NOTE 6: ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT MAJOR PROGRAM DETERMINATION

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are excluded from State single audit 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 amounts subject to State single audit and major program determination.

NOTE 7: INDIRECT COST RATE

The Borough of Westville School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

WESTVILLE SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? _____ Yes _____ X _____ No

2) Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes _____ X _____ None reported

Noncompliance material to financial statements noted? _____ Yes _____ X _____ No

Federal Awards

N/A

Internal Control over major programs:

1) Material weakness(es) identified? _____ Yes _____ No

2) Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes _____ None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a)? _____ Yes _____ No

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

Dollar threshold used to distinguish between type A and type B programs: _____

Auditee qualified as low-risk auditee? _____ yes _____ no

WESTVILLE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Section I - Summary of Auditor's Results (Continued)

State Awards

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 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 issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with NJ OMB's Circular Letter 15-08? Yes X No

Identification of major programs:

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

WESTVILLE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Section II – Financial Statement Findings

No matters were reported

Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs

FEDERAL AWARDS

N/A

STATE AWARDS

No matters were reported

WESTVILLE SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Finding 2016-001: IRS Forms 1099 were not filed for 2015.

Current Status: Corrective action was taken.

Finding 2016-002: The District had a remaining balance in Petty Cash of \$164.26 that was not deposited within the District's depository as of June 30, 2016.

Current Status: Corrective action was taken.

Finding 2016-003: The District transferred from advertised appropriation accounts in excess of 10 percent for multiple budget line items.

Current Status: Corrective action was taken.

Finding 2016-004: The District was unable to substantiate that the Board Secretary's and Treasurer's monthly financial reports to the Executive County Superintendent for the December month-end were filed.

Current Status: Corrective action was taken.

Finding 2016-005: The District was unable to substantiate that the Board Secretary's and Treasurer's annual financial reports to the Executive County Superintendent were filed.

Current Status: Corrective action was taken.